



Strasbourg, 13.12.2016  
SWD(2015) 460 final

PART 1/6

## COMMISSION STAFF WORKING DOCUMENT

### IMPACT ASSESSMENT

**Initiative to partially revise Regulation (EC) No 883/2004 of the European Parliament and of the Council on the coordination of social security systems and its implementing Regulation (EC) No 987/2009**

*Accompanying the document*

**Proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 883/2004 on the coordination of social security systems and regulation (EC) No 987/2009 laying down the procedure for implementing Regulation (EC) No 883/2004**

**(Text with relevance for the EEA and Switzerland)**

{COM(2016) 815 final}

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### IMPACT ASSESSMENT

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#### 1. Introduction and background

##### 1.1. EU rules on social security coordination

The right of EU citizens to freely move to and live in any EU country, along with their family members, is one of the four fundamental freedoms enshrined in EU law and a cornerstone of EU integration.

Free movement would not be possible without the guarantee that citizens do not lose their social security protection when moving to another Member State. A system of social security coordination is essential if freedom of movement is to work in practice. It is for this reason that Article 48 of the Treaty on the Functioning of the European Union (TFEU) has assigned to the legislator the competence to make arrangements to secure the right to benefits and the payment of the benefits to persons resident in another EU Member State. EU rules on social security coordination have existed since the 1950s for this purpose. They may be considered the "oil" that eases the wheels of free movement, facilitating the process of mobility but not compelling or incentivising mobility itself.<sup>1</sup>

The essence of social security coordination is about 'linking' a person to a social security system, determining where he or she needs to pay social security contributions and where to claim for social security benefits, if required. It also ensures that previous periods of insurance, work or residence in other countries are taken into account when a person claims benefits.

The rules coordinate rather than harmonise: they do not address the national conditions for affiliation or entitlement, nor do they envisage introducing a minimum level of protection, or oblige Member States to introduce new benefits in their social security systems. Member States therefore retain the autonomy to design their social security systems to meet national requirements. There remain significant differences in both the range and level of social protection provided in different EU Member States, which can be a source of political tension and public debate. The coordination rules offer no guarantee that transferring one's residence or professional activities to another Member State is neutral as regards social security. Given the disparities in social security legislation, such transfer may work to one's advantage or not, depending on the circumstances.

The rules on the coordination of social security have been adapted several times to ensure that they reflect legal and societal changes in Europe.<sup>2</sup>

The current rules, Regulation (EC) No 883/2004 and the Implementing Regulation (EC) No 987/2009, came into force on 1 May 2010 and now apply to both workers (and their family members) and citizens who are, or have been, covered by the social security legislation of a Member State and who are in a cross border situation.

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<sup>1</sup> Benton, M., *Reaping the benefits? Social security coordination for mobile EU citizens*, MPI Policy Brief. Series, November 2013, <http://www.migrationpolicy.org/pubs/MPIEurope-SocialSecurity-MobileCitizens.pdf>.

<sup>2</sup> The current rules can be found in Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems, OJ L 166, 30.4.2004, p. 1; Regulation (EC) No 987/2009 of the European Parliament and of the Council of 16 September 2009 laying down the procedure for implementing Regulation (EC) No 883/2004 on the coordination of social security systems, OJ L 284.

EU law, in particular Regulation (EC) No 883/2004, establishes four key principles which subject to limited exceptions must be observed by all national authorities when applying national social security legislation:

- a) non-discrimination on grounds of nationality;
- b) the aggregation of periods of insurance, employment or residence;
- c) the waiving of residence rules meaning that benefits in cash can be exported to another Member State; and
- d) the application of a single legislation in terms in respect of liability to contribute and entitlement to benefits.

The material scope of the Regulation (EC) No 883/2004 extends to all legislation concerning the following branches of social security: sickness (including long-term care benefits); maternity and equivalent paternity benefits; invalidity pensions; old-age pensions; survivors' benefits; benefits in respect of accidents at work and occupational diseases; death grants; unemployment benefits; pre-retirement benefits; and family benefits. This list is exhaustive. Consequently, a branch of social security which is not mentioned is in principle outside the scope of the regulation. This is the case, for instance, for housing allowances or social assistance.

Over and above these social security benefits, the coordination regulation also applies to special non-contributory cash benefits listed in an annex (Annex X to Regulation (EC) No 883/2004).

It should also be noted that since 1 June 2003, citizens from third countries who are legally residing in an EU Member State and whose situation is not confined within a single Member State also have rights under the EU social security coordination rules.<sup>3</sup>

## 1.2. Social and economic context

With 11 million EU citizens of working age (over 14 million<sup>4</sup> for all ages) resident in another Member State, free movement – or the ability to live, work and study anywhere in the Union – is the EU right most cherished by Europeans.<sup>5</sup> The main motivation for EU citizens to make use of free movement is work-related, followed by family reasons.

Today, 8.3 million EU citizens of working age are economically active<sup>6</sup> and live in another EU country, representing 3.4% of the total EU labour force<sup>7</sup>. Furthermore, 1.6 million frontier workers and other cross-border workers<sup>8,9</sup> work in a Member State other than the one in which they reside, and some 1.45 million workers are posted<sup>10,11</sup>. Third-country nationals who live and work in more than one Member State are also part of the intra-EU mobile labour force and therefore participate to the much needed mobility of workforce across EU countries<sup>12,13</sup>.

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<sup>3</sup> Regulation (EU) No 1231/10 extends the effect of Regulation (EC) No 883/2004 on the coordination of social security systems to third country nationals in a cross-border situation who would not otherwise be covered by these rules. This instrument replaced Regulation (EC) No 859/2003 which extended the earlier Regulation (EC) No 1408/71 on social security coordination to third country nationals.

<sup>4</sup> 14.3 million, EU LFS data 2014.

<sup>5</sup> On 1 January 2014, 17.9 million citizens were living in a Member State other than their own. In Eurobarometer surveys, more than two thirds of Europeans consider that free movement of people within the EU has economic benefits for their country (67%).

<sup>6</sup> Economically active: working or looking for work.

<sup>7</sup> There are 8.3 million active EU28 nationals living in another EU Member State, while 9.3 million active EU28 nationals live in another EU/EFTA Member State. There are 8.4 million active EU28/EFTA nationals living in another EU Member State, while 9.4 million active EU28/EFTA nationals living in another EU/EFTA Member State (EUROSTAT, EU LFS 2015)

<sup>8</sup> Cross-border workers are those who work in a country different than the one in which they reside; frontier workers are cross-border workers who return to their place of residence at least once a week.

<sup>9</sup> 1.2 million towards EU countries and 0.4 million towards EFTA countries.

<sup>10</sup> Posted workers are those who have their employment contract in the home country, but work temporarily in another country, in the framework of a cross-border service provision.

<sup>11</sup> Data based on Portable Documents A1 (PD A1) issued for posting workers to other Member States in 2014, collected through the Administration Commission for the Coordination of Social Security Systems and analysed in European Commission, *Report on A1 portable documents issued in 2014* (2015).

<sup>12</sup> Though there is a lack of reliable statistical data, as shown in the EMN study (2013), *Intra-EU mobility of third-country nationals*

### 1.2.1 Free movement of workers

#### *Recent trends in free movement of workers<sup>14</sup>*

Of the 8.3 million active EU movers, around 4.3 million have moved to their current country of residence in 2004 or later ('recent movers'): over one third of these recent movers reside in the United Kingdom and around one fifth in Germany, and other important countries of recent active movers are Spain and Italy<sup>15</sup>.

While still significantly below the level of the US, intra-EU labour mobility further increased between 2012 and 2014. Flows from East to West continue to account for the bulk of movements, to a great extent driven by differences in GDP per capita and wages<sup>16</sup>: in 2013, about two-thirds of the intra-EU mobility flows were from Eastern Member States to the West<sup>17</sup>. Labour mobility has attenuated disparities in unemployment, and was reflected in the increasing importance of South to North mobility, from countries more affected by the financial and economic crisis to countries that were less affected: while in 2008 about 8% of the EU mobility flows to the main destination countries originated in the South, by 2013 this doubled to 17%<sup>18</sup>. Spain, Italy, and France, where large numbers of 'older' waves of EU movers still reside, have become less important as destination countries. In terms of total inflows, as it has been the case for the past 10 years, the United Kingdom remains the most important destination country, followed by Germany.

Figures from 2012 and 2014 confirm a slight decrease in mobility of young people compared to older ones, most likely due to high rates of youth unemployment also in important destination countries due to the economic crisis. Between 2008 and 2012, following the onset of the economic crisis, there has been a large increase in the share of highly educated people moving to another country (among all EU-28/EFTA movers). This share has not increased further between 2012 and 2014.

#### *Characteristics of mobile EU citizens*

Mobile EU citizens<sup>19</sup> are more likely to be of working age (15-64) than nationals of host countries (78.0% vs. 65.7%); those of working age are more likely to be in employment (69.2%) than nationals (65.2%) and third country nationals (53.2%); EU mobile citizens have a significantly higher activity rate than nationals (78.3% versus 72.3%), although in some prominent countries of residence, like Germany, France and Spain, employment among recent mobile EU citizens is lower than among nationals, while in some other prominent destinations like the United Kingdom and Italy the employment rate of recent EU mobile is actually considerably higher than that of nationals<sup>20</sup>. Mobile EU citizens also have a slightly higher unemployment rate (11.7% versus 9.9%), and more recent mobile EU workers even higher: this is likely to be linked to the fact that mobile EU workers, and immigrants in general, tend to be more vulnerable to business-cycle fluctuations than natives, and more recently arrived mobile EU workers more than long-established ones.<sup>21</sup>

#### *Cross-border workers*

In addition to the 8.3 mobile EU workers, who work and live in another country, cross-border (or frontier) workers are EU citizens who live in an EU country and work in another one. In 2014, there

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[http://ec.europa.eu/dgs/home-affairs/what-we-do/networks/european\\_migration\\_network/reports/docs/emn-studies/intra-eu-mobility/emn-synthesis\\_report\\_intra\\_eu\\_mobility\\_final\\_13th\\_august\\_2013.pdf](http://ec.europa.eu/dgs/home-affairs/what-we-do/networks/european_migration_network/reports/docs/emn-studies/intra-eu-mobility/emn-synthesis_report_intra_eu_mobility_final_13th_august_2013.pdf)

<sup>13</sup> Highly mobile workers represent a specific group of workers; they may belong to different categories (e.g. posted workers, workers working in more than one Member State...) and may be particularly present in certain sectors. For instance, around 2 million workers are engaged in international road transport operations and carry out work on the territory of different Member States, often only for brief periods of time (Commission estimate based on the number of Community licences).

<sup>14</sup> For more information, see *2015 Annual Report on Labour Mobility*, European Commission (2015).

<sup>15</sup> See Figure 1 in Annex I.

<sup>16</sup> For the importance of GDP in explaining flows, see European Commission (2015), *Labour Market and Wage Developments in Europe*.

<sup>17</sup> Calculations based on *2015 Annual Report on Labour Mobility*, cit. above.

<sup>18</sup> Calculations based on *2015 Annual Report on Labour Mobility*, cit. above.

<sup>19</sup> A total of 11 million EU/EFTA citizens of working age live in another EU Member State than their country of citizenship (which comprises the 8.4 million living and economically active).

<sup>20</sup> See *2015 Annual Report on Labour Mobility*, cited above.

<sup>21</sup> EUROSTAT/LFS (2013-2014); *2015 Annual Report on Labour Mobility*, cit. above.

were about 1.6 million people who worked in a different EU or EFTA country from the one in which they resided: about 1.2 million worked in another EU country (accounting for 0.6% of the employed EU population), and 382.000 worked in an EFTA country (making up 5.4% of the EFTA employed population).

The analysis above has been prepared with reference to data from 2014. As this report had been approved by the Regulatory Scrutiny Board prior to the publication of the Annual Report on Labour Mobility 2016, the authors have not substantially revised the data described above to include the latest statistics available in relation to the reference year 2015. However, it should be noted that in 2015 there was a slight increase in the numbers of working-age EU-28 citizens who are working or seeking work in one of the 28 EU Member States other than their country of citizenship to 8.5 million. This variation is not anticipated to have a material impact upon the analysis contained in this report.

### 1.3. Policy context

Evidence points strongly to the economic benefits of labour mobility:<sup>22</sup> the single market provides broader economic opportunities than the sum of segmented markets, and labour mobility helps correct imbalances between high and low unemployment regions by matching labour supply with demand. This contributes to job creation, promoting economic growth,<sup>23</sup> competitiveness and innovation.<sup>24</sup> Labour mobility also helps to address skills mismatches across borders (skills gaps). This has been particularly important in the context of the current economic and unemployment crisis where some countries are facing higher unemployment (in particular amongst young highly qualified people), while others face a shortage of skilled workers due to demographic trends within their own population. Within the European Monetary Union, mobility may serve to mitigate cyclical adjustment measures in response to asymmetric shocks<sup>25</sup>. Intra-EU labour mobility may have prevented even stronger spikes in unemployment during the crisis<sup>26</sup>, and empirical analysis also suggests that intra-EU labour mobility has played a significant equilibrating role during the crisis notwithstanding the low levels of labour mobility.<sup>27</sup> Available estimates suggest that up to a quarter of the asymmetric labour market shock could be absorbed by migration within a year<sup>28</sup>.

Between 2004 and 2009, the GDP of EU-15 has increased by around 1%<sup>29</sup> in the long-run as a result of mobility<sup>30</sup> and even more in major destination countries, such as Ireland, the United Kingdom, Spain or Italy. The effect of mobility since 2004 on the unemployment rate and wages in the destination countries has been estimated to be marginal, at least in the long-run<sup>31</sup>. The impact tends to be short-term, moderate and concentrated on specific groups, in particular the low-skilled workers, whilst it could also lead to reductions in the price of services and to consumer surpluses.<sup>32</sup>

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<sup>22</sup>See review of studies in European Commission, ESDE 2011 (chapter 6); EPC (2013);

<sup>23</sup>Baas and Brücker, *The macroeconomic consequences of migration diversion: evidence for Germany and the UK*, 2012, NORFACE ERA-NET (TEMPO).

<sup>24</sup>European Commission, *Mobile researchers lead to higher research impacts and more innovation*, 2015

[https://ec.europa.eu/commission/content/mobile-researchers-lead-higher-research-impacts-and-more-innovation\\_en](https://ec.europa.eu/commission/content/mobile-researchers-lead-higher-research-impacts-and-more-innovation_en).

<sup>25</sup>Labour Market and Wage Developments in Europe 2015, European Commission.

<sup>26</sup>ESDE 2015.

<sup>27</sup>Chaloff, Jonathan, *et al.* (2012), "Free labour mobility and economic shocks: the experience of the crisis", in OECD, *Free Movement of Workers and Labour Market Adjustment: Recent Experiences from OECD Countries and the European Union*, OECD Publishing. The impacts of labour mobility on unemployment in the EU27/EFTA area may have been reduced by about 6% at the maximum during the crisis, yet this has to be compared with the low share of mobile workers.

<sup>28</sup>OECD (2014), *Matching Economic Migration with Labour Market Needs*, OECD Publishing, Paris.

<sup>29</sup>"The level of output in the EU-15 may have risen by about 0.7 per cent over the six year period to 2009 as a result of the population movements, adding about 0.1 percentage points to GDP growth per annum on average" NIESR 2011, *Labour mobility within the EU - The impact of enlargement and the functioning of the transitional arrangements*.

<sup>30</sup>On the positive effects of intra-EU labour mobility following recent enlargements, see, for instance, European Commission, *Report from the Commission to the Council on the Functioning of the Transitional Arrangements on Free Movement of Workers from Croatia* (2015)

<sup>31</sup>NIESR 2011

<sup>32</sup>European Commission, ESDE 2011, chapter 6, pp.275-276; Constant A.F., *Do migrants take the jobs of native workers?* IZA (2014); Perini G, *Do immigrant workers depress the wages of native workers?* IZA (2014); M. Foged and G. Peri, *Immigrants' Effect on Native Workers: New Analysis on Longitudinal Data\**, IZA Discussion Paper No. 8961 (March 2015), arguing that immigration had positive effects on native unskilled wages, employment and occupational mobility; and Dustmann, C., Frattini, T. and Preston, I. (2013), "The Effect of Immigration along the Distribution of Wages", *Review of Economic Studies*, 80 (1), 145–173, arguing that although immigration depresses native wages below the 20th percentile of the wage distribution, it leads to slight wage increases in the upper part of the wage distribution,

Finally, to EU citizens, the wider freedom of movement is the right most closely associated with EU citizenship<sup>33</sup>; 56% of European citizens see it as the most positive achievement of the EU<sup>34</sup>; 67% of EU citizens think that free movement brings economic benefits for their country's economy<sup>35</sup>.

Notwithstanding its overall economic benefits, the impact of labour mobility on the ground is subject to debate both in countries of destination and countries of origin. Concerns have been raised, notably in some countries of destination, in relation to potential negative effects of free movement of workers and posting of workers such as the exploitation of mobile EU workers<sup>36</sup> with adverse effects on local jobs and wages, pressure on local services, socio-economic inclusion, and poverty migration (mobility of unskilled workers who are at risk of losing their job and representing a welfare burden). Also, in spite of evidence to the contrary<sup>37</sup>, concerns have sometimes been raised about the risk of *benefit tourism*, i.e. the idea that mobility is driven by differences in welfare benefits, or by fraudulent behaviour.

Specific concerns have also been raised in some countries of origin, in relation to the adverse long-term effects on economic development and consequences for access to essential services such as healthcare, represented by the sudden outflow of workers, and particularly young workers (youth drain), and highly educated workers (brain drain), including health workers<sup>38</sup>. This is only partially compensated by return migration (which made up 20% of migration flows in 2013) or remittances.

A general challenge, as highlighted above, is the fact that these popular concerns are difficult to substantiate with hard facts and data, and often appear to be based on negative perceptions and anecdotal accounts rather than well-founded on evidence. They also do not always acknowledge the distinction between requirements imposed by EU law and the responsibility of Member States to exercise national competencies to enforce the correct application of the rules and invest in detection and prevention of abusive behaviour.

Commission President Juncker, in his Political Guidelines, has underlined that "free movement of workers is one of the pillars of the internal market", a fundamental right enshrined in the Treaty. However, at the same time he also underlined that the internal market must be fair and that there is no place for abuse and fraud in the EU<sup>39</sup>.

One of the Commission's priorities is work towards a deeper and fairer Internal Market. In the 2015 Work Programme, it has been underlined that "It will be important to support labour mobility, especially in cases of persistent vacancies and skills mismatches, including across borders, while supporting the role of national authorities in fighting abuse or fraudulent claims."

A balanced approach to mobility is therefore needed both in order to maximise the benefits, while minimising possible unwanted consequences: measures should be taken to facilitate mobility, but efforts should also focus on supporting national authorities to prevent fraud, abuse and error and renewing efforts to ensure rules are clear, fair and enforceable. The Commission has indicated that it will help public authorities to better implement and enforce existing rules and that it will revise the rules where necessary to adapt them to the economic and social challenges raised by today's mobility.

Achieving a modernised system of social security coordination that responds to the social and economic reality in Member States has been one of the central drivers for the Commission to continue the modernisation process of social security coordination that started more than a decade ago.

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and has an overall positive wage effect. Bratsberg and Raam, *Immigration and Wages: Evidence from Construction*, 2011, NORFACE ERA-NET (MI3).

<sup>33</sup> Flash Eurobarometer (EB) 365, February 2013 [http://ec.europa.eu/public\\_opinion/flash/fl\\_365\\_en.pdf](http://ec.europa.eu/public_opinion/flash/fl_365_en.pdf).

<sup>34</sup> Standard EB 79, May 2013 [http://ec.europa.eu/public\\_opinion/archives/eb/eb79/eb79\\_en.htm](http://ec.europa.eu/public_opinion/archives/eb/eb79/eb79_en.htm).

<sup>35</sup> Flash Eurobarometer 365 (2013).

<sup>36</sup> See European Union Agency for Fundamental Rights (2015), *Severe labour exploitation: workers moving within or into the European Union*.

<sup>37</sup> Giulietti, C., *The welfare magnet hypothesis and the welfare take-up of migrants*, IZA (2014).

<sup>38</sup> Health professionals rank first on the number of decisions taken on recognition of professional qualifications for the purpose of permanent establishment within the EU Member States, EEA countries and Switzerland ([http://ec.europa.eu/internal\\_market/qualifications/regprof/index.cfm?action=stat\\_ranking&b\\_services=false](http://ec.europa.eu/internal_market/qualifications/regprof/index.cfm?action=stat_ranking&b_services=false)).

<sup>39</sup> [http://ec.europa.eu/commission/2014-2019/president\\_en](http://ec.europa.eu/commission/2014-2019/president_en).



Achieving greater clarity over the social security coordination system is an important step to face the challenges and controversies that exist over intra-EU mobility and to address demographic challenges ahead of us.

### *Coherence with other EU policies*

This initiative may be seen to complement a number of existing, recent and planned initiatives in this policy field including:

- Directive 2004/38/EC of the European Parliament and of the Council of 29 April 2004 on the right of citizens of the Union and of their family members to move and reside freely within the territory of the Member States;<sup>40</sup>
- the Communication on Free movement of EU Citizens and their families: five actions to make a difference (COM(2013)837final);
- the 2013 citizenship report (COM(2013)269);
- the Directive 2014/54/EU on measures facilitating the exercise of rights conferred on workers in the context of freedom of movement for workers;
- the proposal (COM/2014/06final) for a regulation on a European network of Employment Services, workers' access to mobility services and the further integration of labour markets, which aims to enhance access of workers to intra-EU labour mobility support services, thus supporting fair mobility and increasing access to employment opportunities throughout the Union;
- the Decision (EU) 2016/344 of the European Parliament and of the Council of 9 March 2016 on establishing a European Platform to enhance cooperation in tackling undeclared work, which will bring together different national enforcement authorities of the EU Member States to exchange best practices, develop expertise and analysis and support cross-border operational actions;
- the proposal for a Directive of the European Parliament and of the Council (COM(2016) 128 final) amending Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services
- The EU policy framework for legal migration, including the EU Blue Card Directive<sup>41</sup> and Single Permit Directive,<sup>42</sup> measures for seasonal workers,<sup>43</sup> intra-corporate transferees,<sup>44</sup> for students and researchers<sup>45</sup>, measures for family reunification<sup>46</sup> and long term residents;<sup>47</sup>
- the ongoing work on a comprehensive European Agenda on Migration, which is aimed at building up a coherent and comprehensive approach to reap the benefits and address the challenges deriving from migration, including make Europe an attractive destination for the talent and entrepreneurship of students, researchers and workers;

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<sup>40</sup> Directive 2004/38/EC of the European Parliament and of the Council of 29 April 2004 on the right of citizens of the Union and of their family members to move and reside freely within the territory of the Member States amending Regulation (EEC) No 1612/68 and repealing Directives 64/221/EEC, 68/360/EEC, 72/194/EEC, 73/148/EEC, 75/34/EEC, 75/35/EEC.

<sup>41</sup> Council Directive 2009/50/EC of 25 May 2009 on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment.

<sup>42</sup> Directive 2011/98/EU of the European Parliament and of the Council of 13 December 2011 on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State.

<sup>43</sup> Directive 2014/36/EU of the European Parliament and of the Council of 26 February 2014 on the conditions of entry and stay of third-country nationals for the purpose of employment as seasonal workers.

<sup>44</sup> Directive 2014/66/EU of the European Parliament and of the Council of 15 May 2014 on the conditions of entry and residence of third-country nationals in the framework of an intra-corporate transfer.

<sup>45</sup> Council Directive 2004/114/EC of 13 December 2004 on the conditions of admission of third-country nationals for the purposes of studies, pupil exchange, unremunerated training or voluntary service. In March 2013, the Commission made a proposal to further improve current rules, including by setting clearer time limits for national authorities to decide on applications, providing for increased access to the jobseeking markets, and facilitating intra-EU movement.

<sup>46</sup> Council Directive 2003/86/EC of 22 September 2003 on the right to family reunification.

<sup>47</sup> Council Directive 2003/109/EC of 25 November 2003 concerning the status of third-country nationals who are long-term residents

- ongoing work on the European Network of Employment Services strengthening the European job mobility portal (EURES) and the cooperation between employment services;
- ongoing work on the Investment Plan for Europe;
- The planned Internal Market Strategy for Goods and Services.
- Ongoing work to implement the Electronic Exchange of Social Security Information (EESSI): an IT system that will help social security bodies across the EU exchange information more rapidly and securely – as required by Regulation (EC) No 883/2004 and its Implementing Regulation;
- The planned initiative for a Fresh Start to address the challenges of work-life balance faced by working families;
- The planned review of the disability strategy 2010-2020 assessing progress to ensure the effective implementation of the UN Convention on the Rights of Disabled Persons across the EU.

In addition, work on this initiative may be seen in the context of the deepening of EMU, and policies addressing demographic ageing and structural reform in labour markets while promoting a social agenda to support the economic recovery ensuring a Triple A social rating for Europe.

Furthermore, work has been conducted with regard to the European Parliament resolution of 16 January 2014 calling for the respect for the fundamental right of free movement in the EU.

## **2. OBJECTIVES & SCOPE OF THE INITIATIVE**

### **2.1. Objectives of the review**

The **key policy objective** of this initiative is to continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules. It does not envisage granting new rights to EU citizens but on the contrary clarifying the current methods of coordination.

This initiative serves to facilitate the exercise of the right to free movement by ensuring social security coordination is efficient and effective and does not act as a deterrent to free movement. It is in the interests of all parties to design co-ordination rules that allow full exercise of rights of citizens whilst ensuring coordination requirements for both citizens and Member States are clear and transparent and thereby easy to apply and enforce. It is also important the rules are fair (in particular in relation to the relative balance of responsibility between Member States who receive or have received social security contributions and the obligation to pay benefits) and that perceptions of unfairness are properly investigated and addressed when they arise. Further, the rules should be efficient in terms of cost, administrative burden and risk of fraud or administrative error. Finally the rules should be effective in relation to meeting the overall goals of coordination in particular safeguarding the continuity of social security protection as citizens move from from one Member State to another.

This overarching policy objective underpins and informs all elements of this partial review, however, more specific objectives are included in each distinct area under consideration.

### **2.2. Scope of the review**

To achieve this overall objective, this impact assessment report considers the impact of possible improvements to the rules in four distinct areas:

- Long-term care benefits,
- Unemployment benefits,
- Access to social benefits for economically inactive mobile EU citizens,

- Family benefits.

These areas have been identified following the Commission's services assessment of the extent to which the current legal framework still ensures the effective coordination of social security rights.

Regulation (EC) No 883/2004 and the Implementing Regulation (EC) No 987/2009 came into force on 1 May 2010. They contain formal review obligations which have obliged the Administrative Commission for Social Security Coordination ('Administrative Commission')<sup>48</sup> and the Commission Services to review and assess the implementation and effectiveness of particular provisions contained within the EU Social Security Rules and obligations undertaken by declaration.

In addition to these formal review obligations, the Commission's work has been informed by ongoing dialogue with the Member States within the framework of the Administrative Commission and of course feedback and complaints from citizens, social partners and other stakeholders, which identify on the one hand where the rules are effective and on the other hand where problems arise. In April 2011, one year after the adoption of Regulations (EC) nos 883/2004 and 987/2009, Member States took part in an informal evaluation exercise in Budapest. This discussion concluded that while the rules were functioning well, there were some areas where improvements were necessary, in particular in the field of long-term care benefits, where the lack of a bespoke legislative framework for coordination was causing difficulties in practice.

In the field of unemployment benefits, the Council took the decision in December 2011 to review the effect of adding a new provision on unemployment benefits for self-employed frontier workers within a period of two years after its application. At this meeting and at the request of a majority of Member States, the Commission issued a declaration that the review would be an occasion to open up a broader discussion on the current coordination provisions in the field of unemployment benefits and to assess the need for a review of its principles.

In addition, in relation to the views of stakeholders, the Commission's work has been informed by reports from expert networks, such as TreSS and FreSSco, in particular the 2013 Think Tank Report *Key challenges for the social security regulations in the perspective of 2020*.<sup>49</sup>

In light of the difficulties relating to long-term care benefits and unemployment benefits (the competence for paying unemployment benefits to frontier workers and export of unemployment benefits), a first analysis already took place in 2013/2014 on the coordination of these benefits. The Impact Assessment Board gave a positive opinion on the Impact Assessment Report on 21 January 2014. In view of the finishing mandate of the Barroso II Commission, the adoption of any legislative measures was not pursued in 2014.

Meanwhile, following developments in the Court's case law and in the socio-economic reality the scope of the partial review was expanded to also respond to challenges in the field of family benefits and access of economically inactive EU citizens to social benefits.

A Problem Tree showing the inter-relationship between the problems and drivers across the four strands of this revision exercise is set out below together with a option tree summarising the options that have been considered for each strand and how they relate to the general and specific policy objectives.

For coherency reasons, the assessment of the '2014' and '2015' policy options has been combined in this Impact Assessment report, with the underlying data for the '2014' analysis updated where appropriate.

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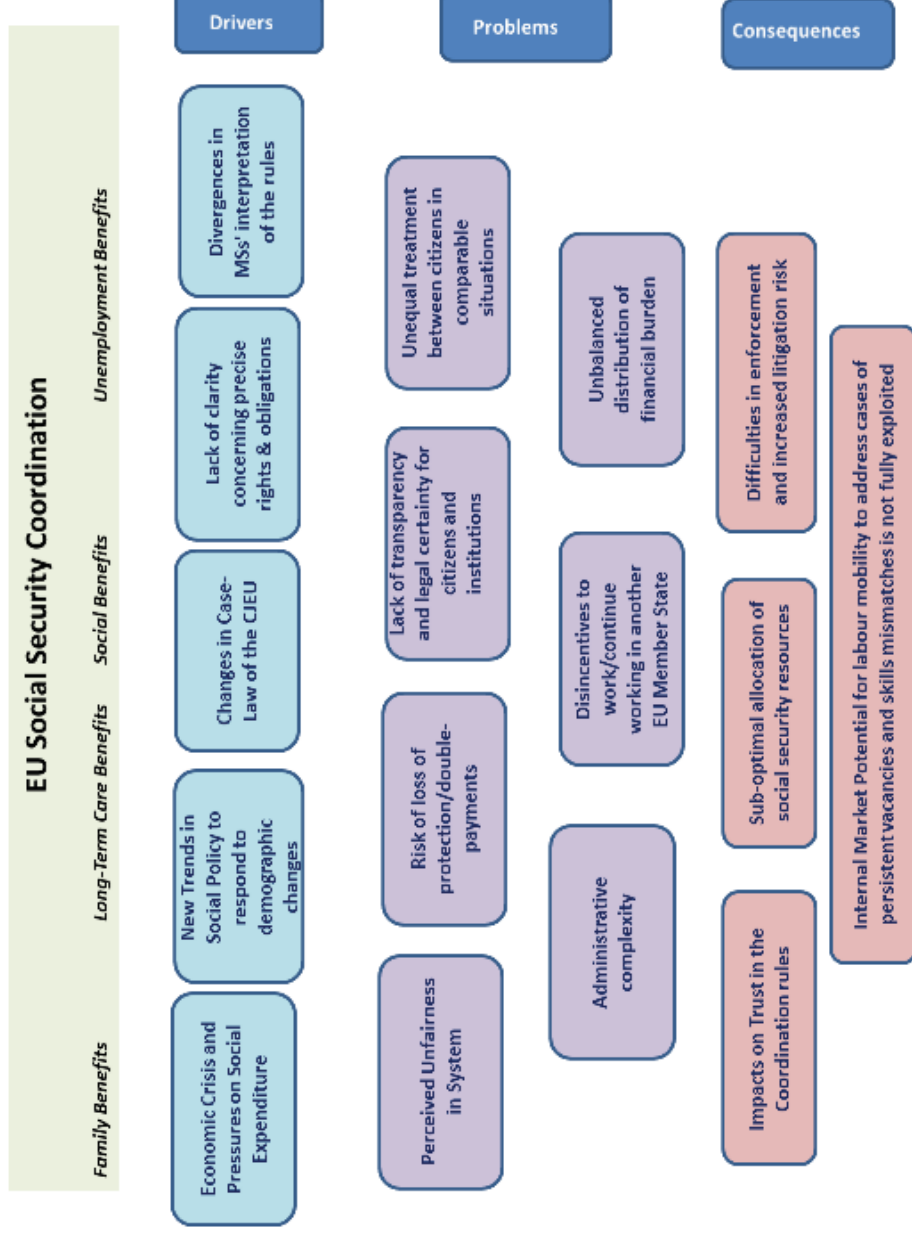
<sup>48</sup> The Administrative Commission is comprised of Member States' representatives. Norway, Iceland, Lichtenstein and Switzerland participate as observers. The committee is responsible for dealing with administrative matters, questions of interpretation arising from the provisions of regulations on social security coordination, and for promoting and developing collaboration between EU countries. The European Commission also participates in the meetings and provides its Secretariat.

<sup>49</sup> The report may be consulted at:

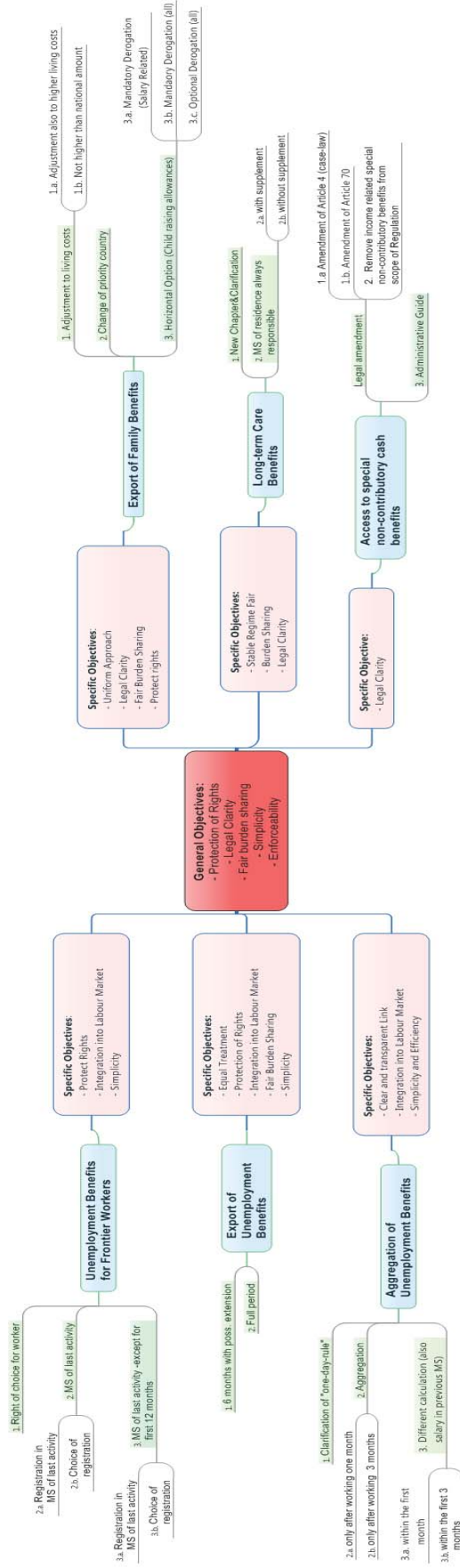
[http://www.tress-network.org/TRESS/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESSIII\\_ThinkTank%20Report%202013.pdf](http://www.tress-network.org/TRESS/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESSIII_ThinkTank%20Report%202013.pdf)

Finally, the revision will also include a number of proposals for technical amendments to the coordination rules. The amendments will clarify the rules, but will not substantially revise them and are not subject to a formal Impact Assessment. For further details of these proposals please see Annex XX of this report.

Combined problem tree on the partial review of Regulation (EC) No 883/2004 of the European Parliament and of the Council on the Coordination of Social Security Systems and its Implementing Regulation (EC) No 987/2009



Option Tree and Objectives for Revision of Regulations (EC) Nos 883/2004 and 987/2009



### 2.3. Methodology used for the purpose of the impact assessment

For the purpose of this report, each section will summarise the economic,<sup>50</sup> social and regulatory impacts<sup>51</sup>, of each policy option under consideration compared to the baseline scenario. In addition, the analysis assesses other impacts which have been identified as relevant before making an overall assessment of the effectiveness in achieving the specific objectives of the initiative, their efficiency (cost-effectiveness/even burden sharing) and coherence with the general objectives of the EU.

In relation to **social rights**, the impact assessment primarily examines the impact of an option in relation to clarity, simplification and protection of rights.<sup>52</sup> When assessing possible limitations in the access of mobile EU citizens to certain benefits, the assessment refers to the maximum potential impact, since Member States are always allowed to be more generous than what is prescribed in EU law when granting benefits to mobile EU citizens. The impact on rights recognised under the EU Charter of Fundamental Rights has also been assessed.<sup>53</sup>

As regards **economic impacts**, the report focuses upon the direct costs for Member States for providing social security benefits and the relative distribution financial costs between Member States. In line with the legal basis for the EU Social Security Coordination rules the scope of the initiative is to coordinate not harmonise social security legislation between Member States. Therefore, while the impact of EU measures is assessed, this is distinguished from impact that already stems from differences between Member State social security schemes. This means the options do not assess the payment of 'contributions' by insured persons or employers (levies earmarked for social security purposes) into national social security schemes before the contingency occurs.<sup>54</sup> The impact on taxation is also left aside, as under Regulation (EC) No 883/2004 only contributions are coordinated, while general taxation is not. When assessing the economic impact of possible limitations in the access of mobile EU citizens to certain benefits, the methodology assumes the maximum potential impact were Member States to rely upon derogations which are permitted (but not required) by EU law.

In addition, an assessment has been made of the **other impacts** associated with each option specifically regulatory costs, the impact on the risk of fraud and abuse) and fair burden sharing between Member States. In relation to secondary impacts, some cautious estimates of the impact upon mobility flows have been done on the basis of studies in a selected number of States: however, also in

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<sup>50</sup> Quantified to the extent possible on the basis of the information in Annexes V, IX, X, XIII, XIV.

<sup>51</sup> In line with the new better regulation guidelines it is essential that social aspects are considered on equal footing by the Commission services and the Regulatory Scrutiny Board. In assessing social impacts, simplification and clarification of the coordination rules in Regulation (EC) No 883/2004 and protection of rights of mobile EU workers have been assessed. This also includes possible effects with regard to the risk of fraud and abuse. For the options concerning the competence for paying unemployment benefits to frontier and cross-border workers, the re-integration into the labour market is also assessed.

<sup>52</sup> Relating to policy domain v in the Impact Assessment Guidelines under the social pillar: Social protection, health, coordination of social security and educational systems.

<sup>53</sup> The rights deriving from the Charter of Fundamental Rights of the European Union against which the options are assessed are the following:

- the protection of personal data (Article 8),
- freedom to choose an occupation and the right to engage in work in another Member State (Article 15);
- right to property (Article 17);
- non-discrimination (Article 21);
- best interests of the child (Article 24)
- the rights of the elderly (Article 25),
- integration of persons with disabilities (Article 26),
- the right to family and professional life (Article 33)
- social security and social assistance (Article 34);
- health care (Article 35);
- freedom of movement and residence (Article 45).

<sup>54</sup> For instance, under the current situation as well as under each of the proposed options, a worker will continue to pay contributions in the State in which he/she is insured. It should be noted the level of benefits paid and contributions imposed is a matter of competence for the Member States and outside the scope of the EU social security rules.

light of the very low numbers of people who would be affected, such secondary impacts are estimated to be marginal.<sup>55</sup>

Furthermore the report seeks to examine the **overall impact** of each option with reference to coherence of each option with the general, specific objectives as set out in section 2.1 and depicted in the option tree on page 12 of this report. Where relevant, this assessment also considers overall coherence with the other EU policy initiatives and objectives referred to in section 1.3 of this report.<sup>56</sup>

Each chapter of this report provides a summary and more detailed table of results of the impact of a policy option. The degree to which options are relevant, effective and efficient are indicated on a scale from one to three : ++ for a highly positive assessment, + for a moderate positive assessment, - for a negative assessment. Where a option has both a negative and a positive aspect, a +/- is indicated, highlighting the mixed impact. The sign 0 is used to indicate that the option is considered to be neutral in comparison to the baseline scenario.

The combined effect of this analysis has been used to make an assessment of overall effectiveness and overall efficiency. Effectiveness has been measured by a qualitative assessment of the effectiveness of an option in achieving the the general and specific objectives and its score in respect of the social, economic and other impacts referred to above. By contrast overall efficiency has been assessed by reference to the overall effectiveness of each option compared to its financial impact (economic and regulatory costs). The rationale used to underpin these overall assessments is explained in the conclusions to each section of the report.

No impact on the competitiveness of specific sectors is foreseen by any of the options, as the subject matter does not concern commercial activities of enterprises.<sup>57</sup>

The coordination rules are directly addressed to Member States and their institutions and only concern the services provided under the public social security system. Small and medium size enterprises (SMEs) are not directly affected. They will provide their services under the conditions set by the national legislation. In the public online consultation, private organisations and public and private employers had the opportunity to react.

Whilst it is true that mobility in itself entails movements between Member States and that these movements are accompanied by vehicle emissions, no significant environmental impact<sup>58</sup> is expected from the options under consideration because of the marginal secondary impacts on mobility in comparison to general mobility flows.

Several studies, using different analytical models and methodologies, have been used to prepare the impact assessments.<sup>59</sup> In general, the studies rely on a combination of data sourced through EU-wide surveys such as the Labour Force Survey or data published by Eurostat. This has been complimented by data collected from national competent authorities within the framework of the Administrative Commission, in particular with reference to the payment of social security benefits within the framework of the EU Social Security Rules or the issuance of portable documents attesting to rights acquired under the Regulations on the basis of the sources identified in Annex IV. Since options on the coordination of long-term care benefits, coordination of unemployment benefits for frontier workers and export of unemployment benefits had been assessed in 2013-2014, an update with more recent and newly available data has been conducted in 2015.<sup>60</sup>

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<sup>55</sup> For more information on who is affected and on the methodology, please refer to Annexes III and IV.

<sup>56</sup> Secondary impacts are not considered in the final comparison in recognition of the limitations of the data available to conduct this assessment

<sup>57</sup> In case C-218/00, *CISAL*, EU:C:2002:36, the Court decided that public social security institutions cannot be regarded as economic undertakings within the meaning of Articles 102 and 102 TFEU.

<sup>58</sup> Impact on the climate, air quality, water quality and resources, biodiversity, soil quality and resources and waste production and recycling.

<sup>59</sup> For a detailed description of the analytical models and the methodologies used in each studies, please refer to Annexes V-XIX, and XXVI.

<sup>60</sup> Annex XXVI.



It should be noted that some statistical analysis is based on citizenship (Labour force survey) and therefore identify EU mobile citizens/workers (those living/working in another country than their country of citizenship) – while other data (administrative data collection) are based on headcounts of case where citizenship is not collected and that therefore constitutes a broader definition of mobility, i.e. includes not only EU mobile citizens/workers but also nationals returning to their country of citizenship as well as third-country nationals moving between EU Member States. In light of this, the Impact assessment adopts a broad definition of mobility which takes into account that in addition to EU mobile citizens other groups also benefit from coordination. In addition, as there is no precise statistical data on the number of frontier workers within the legal meaning of the coordination Regulations, it has been assumed for statistical purposes that all cross-border workers residing in a neighbouring country are frontier workers.

Since quantitative analyses have been mainly based on administrative data provided by Member States, it has to be underlined that not all Member States were able to provide data on the different benefits, nor was all data complete.

When reliable quantitative information on the total impact of the proposed initiative was not available, the analysis has been based on a qualitative assessment and structured interviews conducted with officials in representative Member States. Any limitations to this data are highlighted in the relevant chapter.

An overview of the analytical models used for the impact assessment is provided in Annex IV.

#### **2.4. Stakeholder feedback**

As the preparatory work for the "Revision of Regulation (EC) No 883/2004 and Regulation (EC) No 987/2010" began in 2009, stakeholders were consulted on several occasions on the different elements which were considered in the impact assessment:

1. Member States were consulted on coordination of long-term care benefits, export of unemployment benefits, aggregation of unemployment benefits, coordination of unemployment benefits for frontier workers, export of family benefits and access to special non-contributory cash benefits for economically inactive persons, within the framework of the Administrative Commission.
2. National administrations were also consulted via a specialised online survey on the coordination of long-term care benefits, export of unemployment benefits and coordination of unemployment benefits for frontier workers. Also, a group of national organisation in charge of the payment of family benefits sent a position paper.
3. Social partners were consulted on the coordination of long-term care benefits, coordination of unemployment benefits for frontier workers and export of unemployment benefits in the framework of the Advisory Committee for the Coordination of Social Security Systems, and on the coordination of family benefits, long-term care benefits, and unemployment benefits during a dedicated hearing.
4. NGOs were consulted on the coordination of family benefits, long-term care benefits, and unemployment benefits during an ad-hoc consultation workshop.
5. Two online consultations were also launched, one on the coordination of long-term care benefits, export of unemployment benefits and coordination of unemployment benefits for frontier workers which took place between December 2012 and February 2013; the other one on the coordination of unemployment benefits and the coordination of family benefits which took place between July and October 2015.

It has to be noted that the different consultations presented different degrees of specificity in relation to the options assessed, and due to the high level of complexity of some topics, and the late definition of some options, some consultations have been kept very wide (e.g. the public consultation on aggregation of unemployment benefits; export of family benefits and social security coordination rules on the posting of employed and self-employed persons). The views of different stakeholders are

presented in the assessment of each option, a more detailed description of the consultation process is included in Annex II.

## 2.5. Definitions

Throughout the report, reference is made to the “competent Member State”, “Member State of residence”, “Member State of last activity”, “insured persons”, “frontier workers”, “cross-border workers”, “mobile EU workers” meaning the following within the framework of Regulation (EC) No 883/2004<sup>61</sup>:

- “Member State” – Regulations (EC) Nos 883/2004 and 987/2009 apply to all countries within the EEA and Switzerland. Within this report, the term “Member State” is sometimes used to refer not only apply to EU-28 States but also Iceland, Liechtenstein, Norway and Switzerland.
- “competent Member State”: Member State in which the institution with which the person is insured is located, or the institution paying the social security benefit;
- “Member State of residence”: Member State where the institution which is competent to provide benefits in the place where the person resides is located;
- “Member State of last activity”: Member State where an unemployed person was most recently working before becoming unemployed
- “insured person” any person satisfying the national legal conditions to have the right to benefits, taking into account the provisions of this Regulation;
- “cross-border worker”: a person who resides in another Member State than the State of activity as an employed or self-employed person. This can be divided into two subsets:
  - (i) “frontier worker”: any person pursuing an activity as an employed or self-employed person in a Member State and who resides in another Member State to which he/she returns as a rule on a daily or weekly basis. These States need not be neighbouring countries. A person working in Finland who returns every week on Friday evening to his/her home in Portugal is a frontier worker. Distance is irrelevant;
  - (ii) “other cross-border worker”: a cross-border worker who is not a frontier worker in the legal sense because he/she does not return to the Member State of residence on a daily or weekly basis;
- “Mobile EU worker”: a worker who has moved his work or place of residence to another Member State.”

## 3. Why should the EU act?

Social security coordination concerns cross-border situations where no Member State can act alone. Coordination measures at EU level in the field of social security are required by Article 48 TFEU and necessary to guarantee that the right to free movement can be exercised. Without such coordination, free movement may be hindered, since people would be less likely to move if it meant losing social security rights acquired in another Member State.

The EU coordinating legislation replaces the numerous pre-existing bilateral agreements. The creation of an EU framework in this field ensures a uniform interpretation and protection of rights of mobile EU citizens and their family members that could not be achieved by the Member States alone at national level since this could potentially conflict with the Regulations.

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<sup>61</sup> See Annex XIII for the full glossary of terms.

This not only simplifies social security coordination for Member States, but also ensures equal treatment of EU citizens who are insured in accordance with national social security legislation. An effective and efficient coordination system at EU level requires that it takes account of changes in Member States' national social security legislation and keeps track with changes in social reality that affect the coordination of social security systems to achieve a fair and just distribution of financial burden between Member States. Taking action at EU level aims to ensure a uniform interpretation and creates a common basis that applies to all Member States. Conversely, without such an update of the Regulations the financial and administrative burdens would be likely to be greater, as the provisions would not meet changing needs of the Member States.

#### **4. Long-term care benefits**

##### **4.1. Current Coordination Rules for Long-term Care Benefits**

According to the OECD definition, long-term care benefits are a holistic type of benefits that bring together a range of services for persons who are dependent on help with basic activities of daily living over an extended period of time. Such benefits can be provided in kind or in cash. Examples include allowances (of a fixed or differential amount) to compensate for the additional expenditure resulting from the recipients' condition of reliance on care (cash benefits) or the provision, direct payment or reimbursement of the costs of home care services, specialised home adaptations or equipment (benefits in kind).

Under the EU coordination rules, long-term care benefits are mentioned by Regulation (EC) No 883/2004 at several occasions. However, these benefits have so far not been expressly defined, nor coordinated within the scope of Regulation (EC) No 883/2004 (leaving aside the clarification in Art. 1 (va) that also long-term care benefits in kind have to be regarded as benefits in kind for the application of the sickness chapter).

The Court of Justice considered that long-term care benefits for the purposes of Regulation (EC) No 883/2004 are benefits intended to improve the state of health and quality of life of persons reliant on care and as such, are intended to supplement sickness insurance benefits (irrespective of classification under national law). If these benefits are granted on the basis of an objective and legally defined position (i.e. in a non-discretionary way), they are covered by the Regulation. As a rule, long-term care benefits are designed to promote the independence of persons reliant on care, in particular from the financial point of view. Typically, they promote home care in preference to care provided in hospital but also consist of grants, aids or subsidies for people staying in residential care facilities.

The conditions for the grant of the benefit or the underlying method of financing do not affect the classification of a benefit. The fact that a benefit is non-contributory or that its grant is not linked to payment of a sickness insurance benefit, is according to the Court, of irrelevant to its classification as a long-term care benefit.

In the absence of a comprehensive and coherent coordination regime well suited to the particularities of long-term care benefits, the Court has consequently decided that long-term care benefits should be coordinated in line with the coordination rules applicable to sickness benefits.<sup>62</sup> According to these rules, long-term care benefits in kind are to be provided by the Member State of residence and reimbursed by the competent Member State. Long-term care benefits in cash are to be provided and paid by the competent Member State, including export to entitled persons residing in another Member State. Residence for social security purposes, according coordination Regulations, means the place where the person habitually resides. Competence of a Member State is established according to the conflict rules laid down in these Regulations. In line with these rules, the Member State where a person works is responsible for sickness benefits even if the person resides in another Member State.

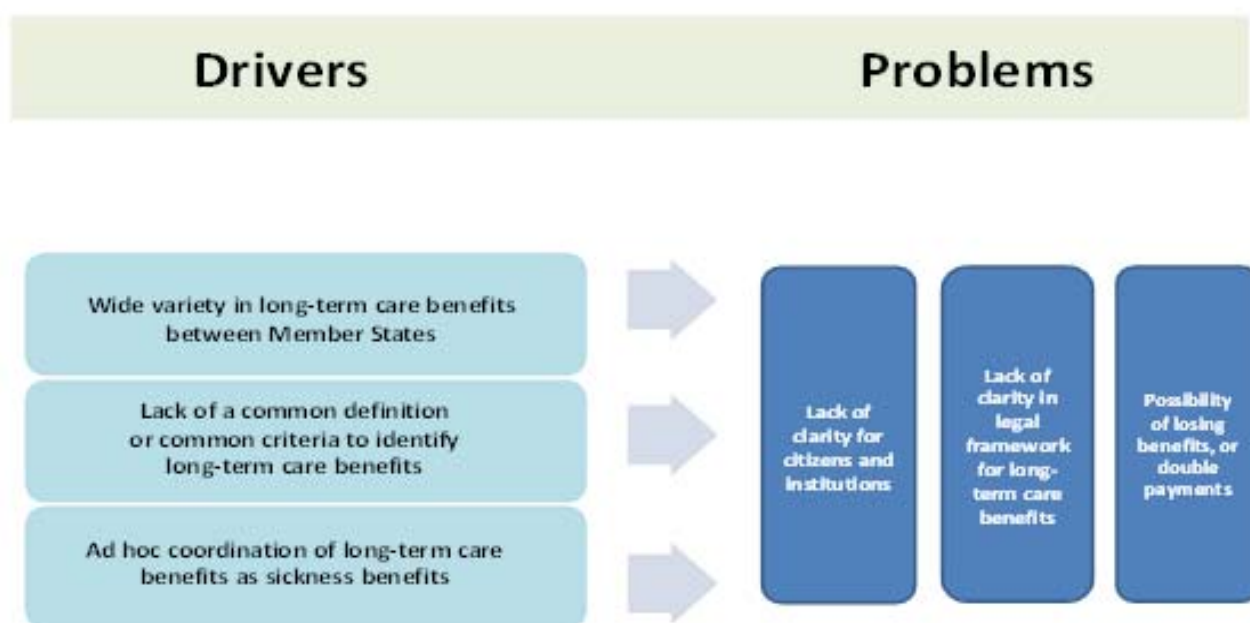
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<sup>62</sup> Such clarifications are made by the Court on a case-by-case basis. At least 11 such cases were dealt with by the Court since the first time in 1998, most of them concerning Germany, Austria and the United Kingdom, whose legislation provided for benefits having features of long-term care benefits.

For pensioners, it is the State primarily responsible for their pension that is competent for sickness benefits, even if they reside in another Member State. Family members of these categories of persons are also covered by the said rules.

Regulation (EC) No 883/2004 also contains an anti-overlapping provision<sup>63</sup> which applies in situations where a person receives long-term care benefits in kind from the State of residence and long-term care benefits in cash from competent Member State and both benefits are intended for the same purpose. The benefits in cash have priority over the benefits in kind and the competent Member State will deduct from the benefits in cash the amount for which it reimburses the State of residence for the long-term care benefits in kind.

#### 4.2. Problems with the coordination of long-term care benefits



##### *Lack of clarity for citizens and institutions*

There is a low level of understanding of the coordination rules for the recipients of long term care benefits leading to confusion for both citizens and competent institutions.

Slightly more than 80% of the individual respondents to the EU Public Consultation claimed either not to know (44%) or to have only a vague idea (38%) about the current rules on care benefits for elderly and/or disabled persons when moving within the EU. These figures contrast with the 18% of individuals who claimed to know the current rules. In addition, almost 57% of the participants declared that they did not know in which country they could apply for long-term care benefits if they or their family members would be in need of them. 16% of the individuals were not even aware of the possibility to apply for long-term care benefits while living outside the Member State in which one is insured. Moreover, 24% of the respondents replying on behalf of organisations (national administrations, social partners and trade unions, civil society and NGOs and private companies) were of the view that intra-EU migrants are not sufficiently aware of their rights.

A driver behind this problem is a lack of common definition or criteria to identify long-term care benefits as a relatively new strand of social security rights. During the final years of the twentieth century Member States have invested in the design of special schemes for persons in need of care.

<sup>63</sup> Article 34 of Regulation (EC) No 883/2004.

The main purpose of these new schemes was to help the ageing population for which traditional assistance from other family members was no longer readily available.

An additional driver is that at the national level, long-term care benefits are very diverse, either based on insurance legislation (Belgium, France, Austria, Germany, the Netherlands, Luxembourg, Spain, Portugal, Italy, Greece) or on residence legislation (Sweden, Denmark, Finland, United Kingdom, Ireland), some being universal (Nordic countries, the United Kingdom), while others are not (Estonia, Latvia, Lithuania, Poland, Czech Republic, Hungary, Slovakia, Romania, Bulgaria, Croatia)<sup>64</sup>. Benefits having characteristics of the long-term care benefits can be divided over several branches of social security in some Member States, whereas in others separate legislation specific to long-term care exists. This may lead to difficulties when more than one country is involved<sup>65</sup>.

This lack of clarity has direct consequences for EU citizens who have or wish to exercise their right to free movement, especially those who are vulnerable in light of their need for long-term care.

#### *Lack of clarity in legal framework for long-term care benefits*

While it is clear that sickness benefits are traditionally intended to improve the state of health and invalidity schemes are traditionally intended to compensate for the loss of income due to invalidity, there is not one and the same principle that applies to long-term care benefits. Although coordinated as sickness benefits, long-term care benefits still have a number of distinctive features which differentiate them from traditional sickness benefits. In particular, they are typically awarded for a longer period of time than sickness benefits and may also have the purpose of compensating for loss of income or other social risks faced by the claimant. This leads to lack of a common understanding at EU level of what long-term care benefits are and how they should be coordinated, which can lead to different outcomes for citizens and competent institutions. In the past three years (mid-2012 – mid-2015), the Commission services received around 450 complaints or queries related to problems linked to coordination of sickness and long-term care benefits. This shows that the current ad-hoc system of coordination is an ongoing source of uncertainty.

Drivers behind this problem may be identified as the lack of a common definition or common criteria to identify long-term care benefits, which, when recognizing the wide variety of different models of long-term care provision between the Member States, results in a disparate approach. Not all the benefits that correspond to the identified common characteristics at EU level are recognised as long-term care benefits by the Member States. For instance, Greece, Italy, Portugal, Romania and Slovakia have indicated that they do not have any long-term care benefits which fall in the scope of Regulation (EC) No 883/2004, while information available shows that such benefits exist in these countries. Also, Member States apply differing definitions in their national legislation, if they have a definition at all. Bulgaria, Greece, Malta, Norway, Romania, Slovakia and the United Kingdom do not have in their national law a definition of long-term care benefits. This does not mean that no long-term care benefits exist, but that the benefits might be related to other social insurance risks, such as invalidity or old age.<sup>66</sup>

A further driver may be regarded as the "ad-hoc" system of coordination of long-term care benefits, which is not always applied consistently either by national authorities or the Court. In its recent case-law<sup>67</sup>, the Court acknowledged that long-term care benefits may have characteristics of invalidity benefits and old-age pensions. The Court may continue connecting long-term care benefits to other social security risks than sickness, depending on the individual characteristics of the benefits. Such an

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<sup>64</sup> For an overview of the welfare systems, see page 18 of Annex V.

<sup>65</sup> For example, some Member States, like Spain, consider a specific financial guarantee for persons in need of nursing care as independent long-term care benefit, whereas in France it is paid as a supplement to the pension.

<sup>66</sup> Austria, France, Finland, Hungary, Italy, Latvia, Lithuania, Poland, Slovenia, Slovakia, Sweden referred to the relationship with other branches of social security in the questionnaire on long-term care benefits carried out by the trESS Network for the purpose of Analytical Study 2012.

<sup>67</sup> Case 388/09, *Da Silva Martins*, EU:C:2011:439, p. 48, Case C-503/09, *Lucy Stewart*, EU:C:2011:500.

ad-hoc coordination system contributes to legal uncertainty, inconsistent approaches by national institutions and unpredictable outcomes for citizens.

In a survey of stakeholders, the lack of a uniform application and understanding of EU law by Member States and the lack of awareness among mobile citizens were identified as significant problems<sup>68</sup>. The authorities<sup>69</sup> confirmed that poor coordination and disputes follow from the lack of consensus concerning the treatment of long-term care benefits across the Member States. The general view shared by these authorities is that the system is unclear, administratively burdensome and unstable.

The lack of legal clarity over classification of these benefits and their coordination increases the likelihood of infringement proceedings and leaves it up to the Court to decide on a case-by-case, and fragmented, basis which national benefits are to be considered a long-term care benefit. Moreover, the Court only has the option of applying the existing coordination principles when categorising new benefits and thus categorising them with the benefits which they seem to resemble most closely. In these circumstances, the Court has determined in its case law a distinction between long-term care benefits in cash and sickness benefits within the strict sense<sup>70</sup>. It is likely that the Court will continue its reasoning on that basis, and by connecting the long-term care benefits to other social security risks on a case-by-case basis, which will not be helpful to come to a common understanding of long-term care benefits.

This can have a number of adverse consequences for the potential users of these benefits. For example, there may be difficulties in applying some of the traditional coordination mechanisms, such as the aggregation of periods<sup>71</sup>, the prevention of overlapping<sup>72</sup>, the priority rules in case there is a concurrent right from two Member States<sup>73</sup> or the rules to provide supplements if a person would have been entitled to a higher benefit from the State of insurance.<sup>74</sup>

While successful infringement procedures may lead to a change in the legislation or national general practices, such successes are on a case by case basis and the advantages for individual citizens are limited, as the specific effects for them have to be established by national courts. Furthermore, infringement procedures may take a long time. In case of non-compliance, the case will be referred to the Court and the rights of EU citizens will still be on hold.

#### *Possibility of losing benefits, or double payments*

There is a risk that a person may lose out on long-term care benefits if they are not properly classified and coordinated. Another, more far-reaching situation is the one in which a person receives neither benefits in cash or kind, as he or she moved from a State that only has benefits in kind (= non exportable), to a State which only has benefits in cash to the detriment of the fundamental rights of the person concerned.

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<sup>68</sup> Online consultation carried out among public authorities by Deloitte Consulting in 2012.

<sup>69</sup> Twenty-two replies were received from public authorities in Belgium, Bulgaria, Cyprus, Denmark, Finland, France, Greece, Hungary, Iceland, Ireland, Liechtenstein, Norway, Portugal, Romania, Switzerland and United Kingdom. See Annex II.

<sup>70</sup> Case C-388/09 *da Silva Martins*, EU:C:2011:439.

<sup>71</sup> If the entitlement to long-term care benefits is dependent on the completion of periods, equivalent periods fulfilled in another Member State should be taken into account if necessary for the opening of the right to long-term care benefits.

<sup>72</sup> Long-term care benefits differ from country to country. They could be paid in the form of a monthly allowance to persons, or take the form of benefits in kind. In cross-border situations, there is a risk of accumulating benefits in cash and in kind from different Member States. If a person is entitled to benefits in cash from the competent Member State and at the same time can claim benefits in kind intended for the same purpose from the Member State of residence or stay that will have to be reimbursed by the competent Member State, the amount of the benefits in cash shall be reduced by the amount of the benefit in kind which could be claimed from the competent Member State.

<sup>73</sup> Family members of insured persons can have a derived right to sickness benefits from the family member, or an independent right in the Member State of residence, e.g. on the basis of their residence there. It is laid down in Article 32 of Regulation (EC) No 883/2004 that an independent right shall take priority over a derivative rights, except where the independent right in the Member State of residence exists directly and solely on the basis of the residence in that State.

<sup>74</sup> In cases where the reimbursement of costs incurred on the benefits in kind provided in the State of stay, calculated under the rules in force in that State, is less than the amount which application of the legislation in force in the State of affiliation would afford, the competent institution, upon the request of the person concerned, will reimburse him/her the difference, within the limits of the costs actually incurred.

As with the problem above, the drivers behind this problem are the lack of a common definition or common criteria to identify long-term care benefits, which when recognizing the wide variety of different models of long-term care provision between the Member States results in a disparate approach. To distinguish between the benefits in kind and in cash, the Administrative Commission prepared a simple 'yes/no' list without any further description of these benefits<sup>75</sup>. In such a list for long-term care benefits, 11 Member States have declared that they do not have cash benefits. Another 10 Member States have said that they do not have benefits in kind. These declarations appear inconsistent with the Commission's own research.

The current "yes/no" list for long-term care benefits has proved to be inadequate. The user percentage of long-term care benefits in cash is only equal to zero in Belgium, Bulgaria, Ireland, Hungary and the Netherlands<sup>76</sup>. Also, all Member States have benefits in kind and in cash that can qualify as 'long-term care benefits'<sup>77</sup>.

Solely listing benefits by means of a yes/no list may have the consequence that a mobile citizen may either lose rights or alternatively lead to a duplication of rights leading to inefficient allocation of welfare budgets between Member States. The current anti-overlapping provision in Regulation (EC) No 883/2004 deals with the situation where a person receives long-term care benefits in kind from the State of residence and long-term care benefits in cash from competent Member State and both benefits are 'intended for the same purpose'. However, the current system makes it difficult for Member States to be clear over whether two benefits are 'provided for the same purpose'. In particular, a competent Member State providing long-term care benefits in cash is unable to verify whether or not the person in receipt of sickness benefits in kind from the State of residence for the same purpose and the same time period; this would only reveal itself when the competent Member States receives a claim for reimbursement from the Member State of residence which normally happens only annually. In cases of overlap, the competent Member State is effectively taking on extra information obligations to process claims for something that a person is already receiving.

**Example illustrating the risk of double payments:** an Austrian pensioner with long-term care needs moves to Germany after his retirement. He receives a full Austrian pension (and has no pension entitlement from Germany or any other Member State). In accordance with the rules of Regulation (EC) No 883/2004, Austria is the 'competent Member State' for providing long-term care benefits in cash. Consequently, Austria has to export care allowances in cash, for example, a cash benefit intended to cover the costs of a home carer. The German system also provides care benefits in kind which can be claimed by the pensioner, such as trained carers who visit elderly persons to provide assistance their home.

Austria will reimburse the costs for the benefits in kind provided by Germany. The Austrian care allowance might no longer be necessary as the person already receives home care in Germany. It is therefore necessary for the Member State to compare, in line with the anti-overlapping rule, the two benefits to determine if they are intended for the same purpose and are paid for the same period of time in order to prevent double-payments.

For instance, in 2012, 2570 persons exported *Pflegegeld* from Austria to another Member State (Table 75 in Annex V), of which 70% of this long-term care benefit in cash was exported to Germany. This is an important share, which makes the comparison with the benefits in kind in Germany even more relevant.

It is noticed that the existing anti-accumulation rules at Article 34 are not working effectively in this regard.

<sup>75</sup> See 'list of cash benefits and benefits in kind as referred to in Article 34 of Regulation (EC) No. 883/2004.'

(<http://ec.europa.eu/social/main.jsp?catId=868&langId=en>), state of play for EU-27 in May 2010, and the MISSOC tables.

<sup>76</sup> See the 2015 Ageing Report. Table 25 in Annex XXVI. Moreover, based on the 2012 Ageing Report none of the countries showed a user percentage equal to zero.

<sup>77</sup> See the mapping of systems of long-term care benefits in Annex XXI.

### 4.3. Baseline scenario

In total, there are 1.8 million persons covered by the Regulation who live in another Member State than the one in which they are insured against sickness. Out of them, 45.000 mobile citizens use long-term care benefits in kind and 35.000 mobile citizens use cash long-term care benefits<sup>78</sup>.

The demographic changes in the EU (ageing population) and national legislative developments (new types of benefits) are drivers for Member States to continue developing special schemes for persons in need of care. On the basis of the demographic projections<sup>79</sup>, the effect of ageing itself is expected to result in an increase of need for long-term care and of public spending on long-term care benefits from 1.6% of GDP in 2013 to 1.8 % of GDP in 2020 and 2.0% of GDP in 2030. The budgetary impact of the baseline scenario in 2013 is of 792.796.846 EUR<sup>80</sup>.

The differences in the concept of long-term care benefits and their treatment across Member States can undermine the effective functioning of the reimbursement and mechanism of deduction for the avoidance of double payments. In order to avoid the competent Member State reimbursing costs for benefits in kind that overlap with the benefits in cash that it provides directly to the person concerned, it is necessary to have a clear overview of benefits that are provided for the same purpose. The number of cross-border users of long-term care benefits, who are today 80.000 (45.000 receiving long-term care benefits in kind and 35.000 long-term care in cash ) might increase by 11% in 2020 in comparison to 2013 and by 28% in 2030<sup>81</sup>.

A lack of clear classification also limits the efficiency gains that might otherwise be foreseen by the launch of the Electronic Exchange for Social Security Information (EESSI) scheduled for launch by the end of 2016 with a deadline for full implementation in all Member State by the end of 2018 which will introduce common structured electronic documents and a uniform procedure for all national authorities to follow when processing claims social security benefits.<sup>82</sup> In the absence of clear classification, EESSI will have limited potential to support national institutions to process long-term care benefits in a consistent and efficient manner.

Furthermore, non-action increases the risk of loss of confidence in the EU rules for citizens and institutions. Keeping the current framework can also have knock-on effects on the administrative costs for the Member States. Finally, it might also imply costs for citizens seeking to enforce their rights in a legally uncertain environment.

### 4.4. Objectives for coordination of long-term care benefits coordination rules

As with all elements of this review exercise, the **general policy objective** of this initiative is to continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.

In relation to long-term care in particular, this is reflected in the need to ensure coherence and clarity in the rules applied to long-term care benefits and lay down a stable coordination system, while recognising that the current inconsistent approach by Member States creates legal uncertainty for citizens and national institutions and consequent difficulties in uniform application of these rules.

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<sup>78</sup> See the synoptic overview in Annex III and table 2.18 in Annex XXVI.

<sup>79</sup> The total fertility rate (TFR) is projected to rise from 1.59 in 2013 to 1.68 by 2030 and further to 1.76 by 2060 for the EU as a whole. However, during the same period, the proportion of young people (aged 0-19) is projected to remain fairly constant by 2060, while the total age-dependency ratio (people aged below 20 and aged 65 and above over the population aged 20-64) is projected to rise from 64.9% to 94.5%. European Commission: The 2015 Ageing Report: Economic and Budgetary Projections for the 28 EU Member States (2013-2060): Graph I.1.2.

<sup>80</sup> Estimate based on data LFS and 2015 Ageing Report.

<sup>81</sup> As follows from Table 27 in Annex XXVI.

<sup>82</sup> Annex VI, p17.

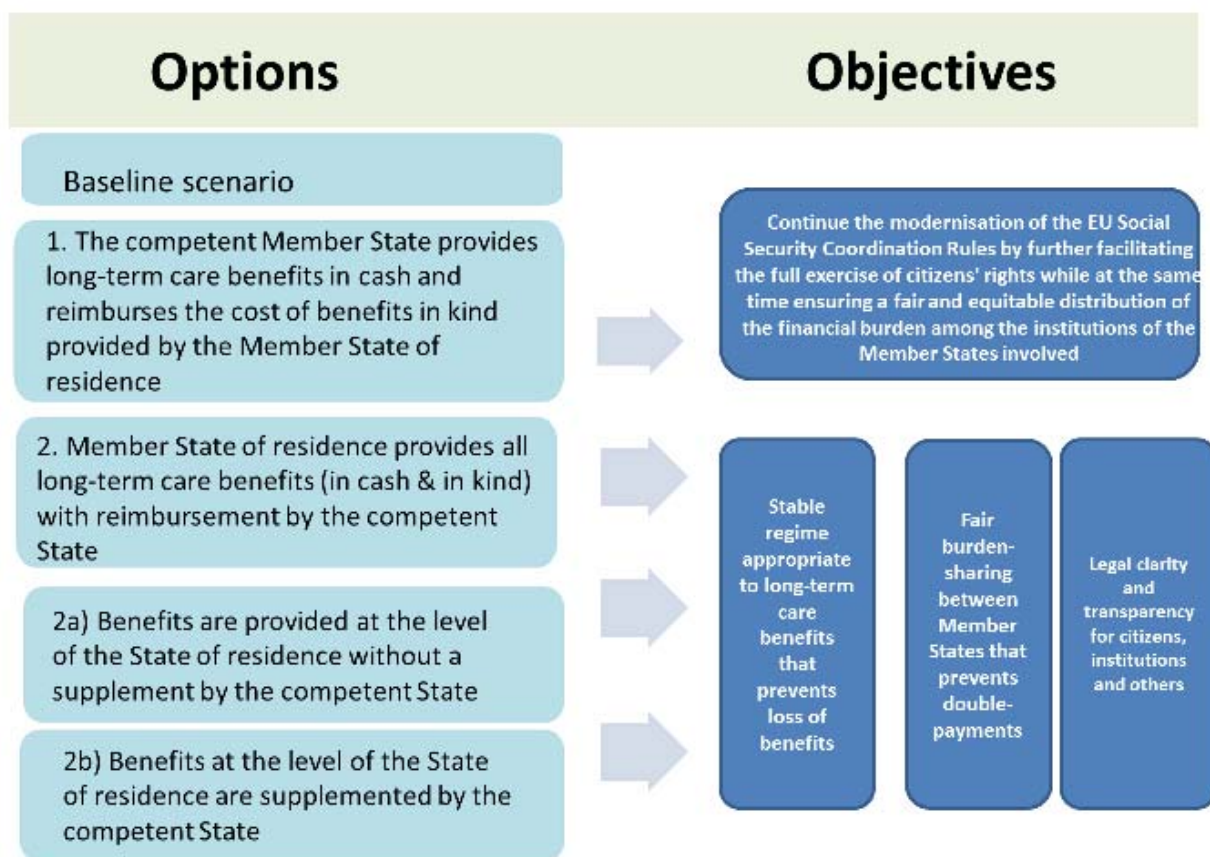


In addition to the general objective, the **specific objectives** in the field of long-term care benefits are:

- To establish a **stable regime appropriate to long-term care benefits** which prevents loss of benefits and lays a basis for effective and efficient coordination;
- To ensure a **fair and equitable sharing of the financial burden between Member States**: to prevent double payment of sickness benefits in cash and ensure that the financial burden for paying long-term care benefits to persons who are insured in the competent Member State are shared proportionally between that Member State and the State of residence.
- To bring **legal clarity and transparency for citizens, institutions and other stakeholders** on coordination rules applicable to them so that they are ensured what the citizens' rights to long-term care are when exercising their right to freedom of movement.

#### 4.5. What are the various options to achieve the objectives concerning long-term care benefits?

A number of policy options have been identified to meet the objectives set out in Section 1.4.



##### 4.5.1 Option 0: Baseline scenario

No explicit legal framework is laid down in the coordination Regulations for long-term care. Following the interpretation given by the Court, the existing rules on sickness benefits apply to long-term care benefits.

The Member States in their national legislations, or in case of disagreements, the Court, decide on a case-by-case basis which national benefits are to be considered as long-term care benefits.

#### *4.5.2 Option 1: The competent Member State provides long-term care benefits in cash and reimburses the cost of benefits in kind provided by the Member State of residence*

This option applies the existing rules on sickness benefits to long-term care benefits and complements them with some specific rules that take account of the characteristics of long-term care benefits.

Similarly to sickness benefits, long-term care benefits in kind are to be provided by the Member State of residence in accordance with its legislation and reimbursed in full by the competent Member State. This can be done at the actual or at fixed level of expenses, depending on the national system, as shown in the accounts of the Member State of residence<sup>83</sup>.

Long-term care benefits in cash are to be provided and paid by the competent Member State in accordance with its legislation, including to the entitled persons residing in another Member State. By agreement between the Member States, benefits in cash may, however, be provided by the Member State of residence at the expense of the competent State and in accordance with the legislation of the latter<sup>84</sup>.

The following clarifications distinguishing the long-term care area from the sickness rules on coordination are also proposed:

1) Inserting a new definition of long-term care benefits in Article 1 of Regulation (EC) No 883/2004 that takes into account the characteristics of long-term care benefits and facilitates their distinction from sickness benefits in a strict sense. Specifically, this could be accomplished by introducing a new chapter in the Regulation for long-term care benefits, based on the same principles as the sickness chapter but allowing for the key distinctions between these two types of benefits.

2) Defining the risk of 'long-term care' in Article 3(1) of Regulation (EC) No 883/2004 so it clearly falls as a distinct field of social security falling within the material scope of the EU rules;

3) Drawing up a list of long-term care benefits per Member State that covers all benefits that are included or excluded for the purposes preventing double payment of long-term care benefits by the institutions. This should be possible on the basis of the common elements in the definition and the existing analysis of national systems.<sup>85</sup>

#### *4.5.3 Option 2: The Member State of residence provides all long-term care benefits with reimbursement by the competent Member State*

Under this option the State of residence grants long-term care benefits in cash and in kind as they exist under its national system. This is different from the baseline scenario, under which the competent Member State pays the long-term care cash benefits directly to the insured person. By making only one Member State responsible for providing long-term care benefits in cash and in kind, the risk of overlapping or a total loss of benefits in kind is reduced.

Similarly to sickness benefits, the competent Member State shall reimburse expenses for long-term care benefits in kind. This can be done at the actual or at fixed level of expenses, depending on the national system, as shown in the accounts of the Member State of residence. An additional reimbursement procedure for long-term care benefits in cash would however need to be introduced between the Member States.

The situation can occur where the level of the long-term care benefits in the State of residence is lower than in the competent Member State. The two sub-options described below explore the possibilities for offering more favourable treatment of the persons concerned, in particular by giving the best benefits from two countries. The sub-options are partly inspired by the coordination system

<sup>83</sup> See Articles 17 and 35 of Regulation (EC) No 883/2004.

<sup>84</sup> See Article 21(1) of Regulation (EC) No 883/2004.

<sup>85</sup> Annex XXI.

that applies to family benefits in Regulation (EC) No 883/2004. In the field of family benefits, if two rights coincide, the person is entitled to the highest amount that he/she is entitled to under either of the two systems (for more information see Chapter 7.1).

*4.5.3.1. Sub-option 2a) The benefits are provided at the level of the Member State of residence without a supplement by the competent Member State*

Under this sub-option, all long-term care benefits are provided by the Member State of residence at the level as determined by its legislation, irrespective of where the person is insured. The person concerned will not receive a 'top-up' from the competent Member State; even its benefits are higher than those in the Member State of residence.

*4.5.3.2. Sub-option 2b) The benefits at the level of the Member State of residence are supplemented by the competent Member State*

Under sub-option 2b, the person receives a supplement from the competent Member State in the event that the benefits in the Member State of residence, or the amount of reimbursement, are at a lower level than in the competent Member State. The 'top up' will be paid to the amount to which the person would have been entitled in the competent Member State and will be paid directly to the person concerned.

A person is insured in Member State A and resides in Member State B, where he applies for home care. The home care services costs EUR 5.100 including a service user charge of EUR 1.100 paid for by the insured person. The amount corresponding to the level of cover provided by the insurance system of Member State B is EUR 4.000. This amount is paid by the institution of Member State B and is to be refunded by the institution of Member State A.

But if the level of cover under the system of Member State A is higher, e.g. EUR 6.000, the person will also be able to receive the actual costs incurred in terms of the service user charge of EUR 1.100 from Member State A.

*4.5.4 Discarded options*

Three options were considered but discarded from assessment:

*a) The introduction of a safeguarding provision*

The competent Member State would award the long-term care benefits in cash for persons who reside outside that Member State. In a situation where the legislation of the competent Member States does not provide for long-term care benefits in cash and at the same time benefits in kind are non-existent in the Member State of residence, the Member State of residence should grant the long-term care benefits in cash existing under its legislation to avoid that a person is left with nothing. The competent Member State would then reimburse the benefits in cash provided by the Member State of residence.

This option would be less clear than the baseline scenario and would give rise to a lot of uncertainties for the Member State of residence about when benefits are or are not available in the competent Member State<sup>86</sup>. Although the right to a benefit for the person concerned would be guaranteed, this option does not provide legal certainty about when the Member State of residence would provide benefits, what benefits would be concerned and what amount.

*b) Make the Member State of residence responsible for providing all long-term care benefits without reimbursement by the competent Member State*

<sup>86</sup> The following sources supported the analysis: trESS Analytical Study 2012, *Legal impact assessment for the revision of Regulation (EC) No 883/2004 with regard to the coordination of long-term care benefits*, to be consulted at: [http://www.tress-network.org/tress2012/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESS\\_Analytical%20Study%202012.pdf](http://www.tress-network.org/tress2012/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESS_Analytical%20Study%202012.pdf), p. 37-40 and Deloitte, *Consulting Study for the impact assessment for revision of Regulations (EC) Nos 883/2004 and 987/2009*, 6 December 2013, pages. 130-13, Tables 53 and 54. The study can be found in Annex V to this report.

The Member State of residence would be competent for providing all the long-term care benefits, in cash and in kind, on the basis of its own legislation, thereby applying its own conditions for entitlement and granting benefits at the level set in that Member State. The long-term care benefits would remain fully at the expense of the Member State of residence.

Only one Member State is involved in providing long-term care benefits and this will make the system administratively easier to handle. However, the Member State of residence will be faced with an increase in applications for long-term care benefits, both from persons who are not insured against sickness benefits in that Member State and who have not contributed to financing the system of long-term care benefits (e.g. pensioners who are covered for health care in the country from which they receive a pension) without recourse to any reimbursement. Moreover, the system could provide an incentive to move to a country with more 'generous' long-term care benefits. This option would therefore put too great a burden on the administrative and financial organisation of the system of long-term care benefits in the Member State of residence.

*c) Make the competent Member State responsible for providing all long-term care benefits to insured persons residing abroad (export).*

Under this option the competent Member State would become responsible for providing all long-term care benefits to insured persons who are residing abroad. Where benefits are only available in the form of services, the competent Member State would reimburse the relevant services provided for in the Member State of residence according to the rates applicable in the Member State of residence.

This option would introduce a slight improvement in the protection of rights of the person concerned, as all persons in need of long-term care will be treated equally in the competent Member State (=Member State of insurance) and will not have their benefits reduced when they move to another Member State. However, this option would have significant practical challenges, including the necessity of increased information exchange between Member States. The benefits in kind available in both countries would need to be compared to assess if the benefits in kind in the Member State of residence could be provided under the same conditions as the competent Member State. If no benefits in kind are available in the Member State of residence the competent Member State would have to 'value' these benefits in cash. In all, this option would not contribute to an even financial burden sharing between Member States, and would make the system harder to administer for the competent Member State.

#### **4.6. Stakeholder Support**

##### *4.6.1 Baseline Scenario*

In discussions in the Administrative Commission<sup>87</sup>, the baseline scenario received support from 10 delegations<sup>88</sup>; two delegations explicitly opposed the option<sup>89</sup>. In the stakeholders' EU public consultation<sup>90</sup> this option received support corresponding to replies from 18% of individuals<sup>91</sup>, 17% of social partners<sup>92</sup> and 12% of NGOs<sup>93</sup>.

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<sup>87</sup> Discussions took place in meetings of the Administrative Commission in the period 2009 to 2013. A Working Party dedicated to the revision of the provisions on the coordination of long-term care benefits was held on 10 October 2013. The consultation within the Administrative Commission concerns a consultation at expert level. The views expressed at the level of the Administrative Commission do not necessarily represent the Government's view.

<sup>88</sup> Belgium, Greece, Spain, Hungary, Malta, Poland, Sweden, Estonia as well as the United Kingdom and France without declaring their definite position.

<sup>89</sup> Italy, Luxembourg.

<sup>90</sup> A public consultation between December 2012 and February 2013 invited citizens and organisations to provide their views on the main problems linked to the coordination of long-term care benefits.

<sup>91</sup> Out of 127 requested records relating to 6 different options considered.

<sup>92</sup> Out of 12 social partners providing responses relating to 6 options considered.

<sup>93</sup> Out of 8 NGOs providing responses relating to 6 options considered.

#### 4.6.2 *Option 1: The competent Member State provides long-term care benefits in cash and reimburses the cost of benefits in kind provided by the Member State of residence*

Option 1 gained the most support from the delegations in the Administrative Commission, whereby 12 delegations explicitly supported this option, seven other Member States did not object its elements without taking definite position and none of the Member States declared to be against<sup>94</sup>. Although the opinions differed as regards their exact design, all delegations recognised the importance and the need to have a definition and a list of long-term care benefits. The outcome of the public consultation provided for the same result as the baseline scenario as the consultation did not make distinction between it and option 1.

#### 4.6.3 *Option 2: The Member State of residence provides all long-term care benefits with reimbursement by the competent Member State*

Option 2 did not receive explicit support from any delegation in the Administrative Commission, four Member States being against<sup>95</sup>. The complexity and the administrative burden of supplement system is generally the main reason for the low support for this option among national public authorities. One of the comments was that when the system of providing long-term care benefits is decentralised and local municipalities are responsible for providing long-term care benefits, this option will be difficult to implement<sup>96</sup>. In the stakeholders' consultation option 2a) received support corresponding to replies from 19% of individuals, 17% of social partners and 50% of NGOs, while option 2b) was supported by 6% of individuals, 25% of social partners and none of the NGOs.

#### 4.6.4 *Discarded options*

Although delegations in the Administrative Commission were not explicitly consulted on the discarded options, the discussion was not limited to the selected options and possibility was given to present any additional ideas. None of the delegations supported any of the discarded options.

In the public consultation<sup>97</sup>, option a) received support from 14% of individuals, 8% of social partners and 12% of NGOs, option b) was supported by 19% of individuals, 17% of social partners and 50% of NGOs<sup>98</sup> and option c) received support from 38% of individuals, 33% of social partners and 25% of NGOs.

### 4.7. **What are the Impacts of the Different Options?**

For all of the options assessed, the potentially affected groups are the same. The options are specifically targeted at cross-border workers, retired former cross-border workers, other mobile pensioners and the family members of the said categories of entitled persons.

The fact there is no specific coordination regime and a common definition, made it difficult to collect data on long-term care benefits as limited data exists at national level. Administrative data on long-term care benefits are only available in specific forms dealing with the coordination rules of the sickness chapter.

For the purposes of assessing the impact, two types of data sources were used: secondary data (available literature and reports at EU and Member States' level, particularly the trESS network reports; replies to the online public EU Consultation on the need to revise of the current rules; available statistical data with regard to mobility patterns and the use of long-term care benefits in cross-border cases) and primary data, collected through interviews and a consultation of the

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<sup>94</sup> Luxembourg, Spain, Italy, Portugal, Lithuania, Poland, Belgium, Malta, Sweden, Czech Republic, Hungary and Latvia explicitly supported the option, whilst Austria, Germany, France, Ireland, Slovenia, Slovakia and Greece, without taking definite position, supported some elements of this option or did not object it.

<sup>95</sup> Belgium, Germany, France and Sweden.

<sup>96</sup> In Sweden for example, 290 municipalities in the future would also need to provide long-term care benefits in cash and set up a reimbursement mechanism.

<sup>97</sup> A public consultation between December 2012 and February 2013 invited citizens and organisations to provide their views on the main problems linked to the coordination of long-term care benefits.

<sup>98</sup> The results are identical to those for option 2a, as no distinction was made in the public consultation as to responsibility for reimbursement of the cost of the benefits provided by the Member State of residence.

stakeholders (findings from strategic interviews with Commission officials; findings from interviews with stakeholders at EU level, e.g. European umbrella organisations; findings from interviews with key stakeholders at national level (health insurers, healthcare providers); replies to the EU-wide web-based survey among responsible public authorities; new, generated statistical data with regard to mobility patterns and the use of long-term care benefits in cross-border cases; findings from the 13 workshops/group interviews and 8 phone interviews on the administrative costs and administrative burden related to the policy options).

For further information about the methodology see section 2.3 and Annex IV.

The Table below illustrates a summary of impacts of the different options:

Type of impact	Clarification	Simplification	Protection of rights	Fundamental rights	Economic impacts	Regulatory costs	Risk of fraud and abuse	Equitable burden sharing Member State	Coherence with EU objectives	Overall Effectiveness	Overall Efficiency (cost vs effectiveness)
<b>Baseline Scenario</b>	0	0	0	0	0 <sup>99</sup>	0	0	0	0	0	0
<b>Option 1</b>	++	+	+	+	0	0	+	0	+	++	+
<b>Option 2a</b>	++	+	+/-	+/-	+	-	-	+/-	+	+	+
<b>Option 2b</b>	+	--	++	+	--	--	-	+/-	+	-	-

<sup>99</sup> The budgetary impact of the baseline scenario in 2013 has been estimated at 792.79 million euros. This is an estimate based on LFS data and the 2015 Ageing Report.

The following Tables demonstrate specific impacts for each of the considered policy options:

<b>Policy Option 1: The competent Member State provides long-term care benefits in cash and reimburses the cost of benefits in kind provided by the Member State of residence</b>		
<b>Social impacts</b>		
Clarification	++	This option will coordinate long-term care benefits under a separate umbrella, taking into account their specific characteristics. The creation of a common EU definition of long-term care benefits and a concrete list of the benefits is an important step towards more clarity and a uniform approach will lead to greater clarity and a uniform approach, while preserving the method currently applied to sickness benefits.
Simplification	+	This option will not fundamentally change the principles of the baseline as regards the differences between benefits in kind and in cash. However, the proposed option will make it easier for Member States and citizens to understand and apply the coordination provisions on national long-term care benefits. The option also offers a greater stability as it maintains the main principles currently applied under the baseline scenario.
Protection of rights	+	This option will contribute to expediting the process by which persons that require care receive the benefits by removing much of the uncertainty over the status of the various long-term care benefits. There will be no doubt about which benefits can be claimed in a cross-border situation. Nevertheless, the actual receipt of the benefits remains dependent on the distinction between benefits in cash and in kind and the limitation that benefits in kind cannot be exported. Theoretically, an insured person could still be excluded from their benefits, for example, when the competent Member State only grants long-term care benefits in kind and the State of residence only has benefits in cash.
<b>Financial impact</b>	0	This option would involve no economic impact in comparison to the baseline scenario, as Member States will continue to pay the long-term care benefits under the same coordination rules as before. The impact would only manifest itself if benefits that are currently outside the scope of the existing rules would be included in the list. For detailed budgetary impact for individual Member States see Tables 2.19-2.23 in Annex XXVI.
<b>Impacts on fundamental rights</b>	+	This option will contribute to a smoother application of the coordination provisions for long-term care benefits and hence to freedom of movement and residence (Article 45), and facilitate the access to social security and social assistance (Article 34). It would ensure that citizens, despite any vulnerability or care-need they might have, are not disadvantaged in exercising their right to free movement within the EU in accordance with the rights of the elderly (Article 25) and the integration of persons with disabilities (Article 26). There is no impact on the right of property, as rights acquired under the national legislation of the competent Member State and the State of residence are maintained on the same footing.
<b>Other impacts</b>		
Regulatory Costs	0	The information obligations for institutions and citizens under this option will remain the same as under the baseline scenario as no



		new obligations will be introduced. The option facilitates the comparison of benefits in kind and in cash and could lead to fewer disputes between institutions. In an initial phase the new legal definition may increase the administrative burden for Member States and impact the exchange of information between Member States. In the long term the clarification would save time and money for Member States, especially in light of increasing demand for long-term care benefits.
Risk of fraud and abuse	+	In general, additional clarifications will always make the legal situation clearer for the persons concerned and the institutions. Specifying the national benefits concerned will reduce the risk of overlapping payments.
Fair burden sharing between Member States	0	There are no fundamental changes in comparison to the current situation. Depending on the definition of long-term care benefits and the benefits to be included in the list, some benefits which would currently not be coordinated under the Sickness Chapter could be more or less beneficial for a Member State.
<p>Coherence with General, Specific and wider EU Objectives:</p> <p>Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.</p> <ul style="list-style-type: none"> <li>• Establish a stable regime appropriate to long-term care benefits;</li> <li>• Ensure a fair and equitable sharing of the financial burden between Member States;</li> <li>• Bring legal clarity and transparency for citizens, institutions and other stakeholders on coordination rules applicable to them.</li> </ul>	+	This option, by introducing a legal basis for the already applicable rules, leads to stability of the already applied regime appropriate to long-term care benefits, while remaining compatible with the system currently applied under the baseline scenario. In parallel, it achieves legal clarity and transparency on the rules applicable both for citizens and institutions as well as other stakeholders. Although benefits in kind are provided by the residence State, costs of all cash and in kind benefits provided are at the expense of the competent Member State which ensures a fair distribution of the financial burden. This option however will not solve existing mismatches in case the competent Member State has no benefits in cash and the State of residence has no benefits in kind.

**Policy Option 2a: The benefits are provided by the Member State of residence without a supplement by the competent Member State even if the benefits in the Member State of residence, or the amount of reimbursement, are at a lower level than in the competent Member State**

**Social impacts**

Clarification	++	Under this option, the same clarifying measures will be provided as under option 1 so that the person will always know that he or she needs to claim the benefits under the legislation of the Member State of residence. There will be no doubts even if it is not clear under the relevant legislation whether a certain benefit is a benefit
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		in cash or in kind.
Simplification	+	Only one Member State is exclusively competent to provide long-term care benefits to the person concerned. Priority rules against overlapping will be superfluous, which will simplify the procedure for mixed-type systems but there will need to be an additional reimbursement procedure for cash benefits.
Protection of rights	+/-	This option would ensure that the persons concerned are always protected at the same level as all other persons in the Member State of residence. Affiliation to the system of the State of residence needs to be assimilated in cases where a person is not covered by the legislation of the State of residence. This in itself can be seen as positive in comparison to the baseline scenario. However, depending on the system or level of long-term care benefits in the Member State of residence, a person might be better or worse off in comparison to the level of benefits in the competent Member State as the level of protection will depend solely on the level of benefits in the residence State.
<b>Financial impact</b>	+	<p>Long-term care benefits in cash shall be provided by the State of residence and no longer by the competent Member State. This implies a considerable decrease of the budget which is needed to finance the cross-border use of long-term care benefits in cash (from € 203 Million to € 111 Million or a decrease of 45% (Annex XXVI– Tables 2.19 and 2.20)). The details of the estimates reveal that whereas more persons are using long-term care benefits in cash, the average amount is much lower. The total budgetary impact is estimated at € 701 million, which corresponds to a decrease of 12% in comparison to the baseline scenario (Annex XXVI – Tables 2.19 and 2.20).</p> <p>On the level of Member States an especially positive impact (less spending) is observed for Austria (decrease of 61% of expenditure on long-term care benefits in comparison to now), Italy (-53%) and Czech Republic (-41%) (Annex XXVI – Table 2.20).</p> <p>Primarily, a negative impact (more spending) in comparison to the other options is observed for the Slovak Republic (increase of 75% of expenditure on long-term care benefits in comparison to the baseline scenario), Croatia (+66%) and Hungary (+50%). These countries have a rather low level of sickness benefits in cash. They also have a rather low user rate of long-term care benefits in their country. Under this option, Member States will have to reimburse benefits in kind and in cash provided to persons who are insured under their social security systems, but who reside in another Member State where the level of long-term care benefits is higher. This could entail paying more than permitted under national legislation.</p> <p>Member States in which no crucial negative or positive financial impact is observed are: Estonia, Luxembourg, Sweden, Denmark, Cyprus and France.</p> <p>For detailed budgetary impact for individual Member States see Tables 2.19-2.23 in Annex XXVI.</p>
<b>Impacts on fundamental rights</b>	+/-	The impact is the same as for option 1 however; the impact on the right of property will vary as depending on the system or level of long-term care benefits in the Member State of residence, a person

		might be better or worse of in comparison to the level of benefits in the competent Member State.
<b>Other impacts</b>		
Regulatory Costs	-	As only one Member State is competent for providing long-term care benefits, this option does not require further implementing arrangements or priority rules to avoid overlapping. The competent Member State and the State of residence will however need to set up a new reimbursement mechanism for benefits in cash. This option may be difficult to implement in Member States where the system providing long-term care benefits is decentralised. The State of residence will have to assume entitlement for benefits in cash for a person who is insured in another Member State and will be confronted with an increase in cases (from 45.000 to 80.000 per year, based on current estimations of recipients of cross-border long-term care - table 2.18 - Annex XXVI). The administrative costs for long-term care are expected to diminish in comparison to the baseline scenario, but the relative share of the regulatory costs in the total budget for long-term care could increase slightly (combined impact for both benefits in cash and in kind - table 55 - Annex V).
Risk of fraud and abuse	-	The risk of fraud and abuse is slightly higher than in the baseline scenario. Member States with more generous long-term care benefits warned that this option could lead persons to move to a Member with a higher level of benefits and claim long-term care benefits there. This in itself is not fraud or abuse, but it can contribute to the perception of so-called 'opportunistic behaviour'.
Fair burden sharing between Member States	+/-	Both the competent Member State and the Member State of residence contribute to the costs of granting the benefit to the person concerned. The competent Member State will have to reimburse the costs made in the Member State of residence, according to the level of the State of residence – even if this is higher or the Member State of residence would anyhow provide the benefits on the basis of its national legislation. This may entail a higher or lower share of burden depending on the respective level of benefits in the Member States concerned.
Coherence with General, Specific and wider EU Objectives:  Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.  <ul style="list-style-type: none"> <li>• Establish a stable regime appropriate to long-term care benefits;</li> <li>• Ensure a fair and equitable sharing of the financial burden between Member States;</li> <li>• Bring legal clarity and transparency for citizens, institutions and other stakeholders on coordination</li> </ul>	+	This option introduces a stable regime appropriate to long-term care benefits. The regime however differs from the currently applied rules and thus will require adaptation before full stability is achieved. In parallel, the option brings legal clarity and transparency on the rules applicable both for citizens and institutions as well as other stakeholders. Although the overall costs for the spending on long-term care benefits in cash is decreased, this option might be less effective at achieving the objective of a fair and equitable distribution of financial burden between Member States as the costs are always reimbursed at the level of the residence State. Also, introducing a separate reimbursement procedure for long-term care benefits in cash which will require setting up of a new system for the exchange of information between Member States will entail additional regulatory costs compared to the baseline scenario.

rules applicable to them.		
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**Policy Option 2b: The competent Member State provides a supplement to the beneficiary in the event that the benefits in the Member State of residence, or the amount of reimbursement, are at a lower level than in the competent Member State**

<b>Social impacts</b>		
Clarification	+	Under this option, the person will always know that he/she needs to claim the benefits under the legislation of the Member State of residence. However, the person may also need to introduce a claim for paying the supplement in the competent Member State, which can only be done after the initial claim has been paid by the Member State of residence.
Simplification	--	This option is more complex than the baseline scenario as it opens simultaneous entitlements under the legislation of several Member States. Priority rules will have to be drawn up and a procedure will need to be developed for the calculation of the supplement and how the supplements shall be settled. <sup>100</sup> Moreover, the option deviates from currently applied sickness logic which is consistent with the Court's case-law.
Protection of rights	++	The social impact is the same as for option 1 and in addition the insured person will always receive the highest benefit to which he/she would have been entitled to in the competent Member State.
<b>Financial impact</b>	--	<p>It is estimated that the total expenditure for long-term care benefits would increase to € 1.4 billion, of which € 1.15 billion is for benefits in kind (an increase of 95% in comparison to the baseline scenario) and € 253 million for benefits in cash (an increase of 25%) (Annex XXVI – Table 2.24). The differences are caused by the supplement, which is estimated at € 560 million for long-term care benefits in kind and € 142 million for long-term care benefits in cash which come from the account of the competent Member State.</p> <p>This option has no positive budgetary impact on any of the Member States. The highest increase in comparison to the current scenario is estimated to take place in Sweden (+318%), the Netherlands (+297%) and Finland (+ 248%).</p> <p>For detailed budgetary impact for individual Member States see Tables 2.19-2.23 in Annex XXVI.</p>
<b>Impacts on fundamental rights</b>	+	The impact is the same as for option 1 and in addition the insured person will always receive the highest benefit to which he/she would have been entitled to in the competent Member State.

<sup>100</sup> It may not be possible to directly replicate the existing system for calculation of a differential supplement in the field of family benefits and still respond to the specifics of long-term care..

<b>Other impacts</b>		
Regulatory Costs	--	This option is more complex than the baseline scenario as it opens simultaneous entitlements under the legislation of two Member States: one to be provided with the actual benefit and the other for receiving the supplement. A procedure to compare the level of benefits between the competent Member State and the State of residence needs to be set up, as well as a procedure to settle the payment of the supplement. It will necessitate an additional exchange of information between the Member State of residence and the Member State competent for paying the supplement.
Risk of fraud and abuse	-	The risk of fraud and abuse is slightly higher than in the baseline scenario. Member States with more generous long-term care benefits warned that this option could lead persons to move to a Member with a higher level of benefits and claim long-term care benefits there. This in itself is not fraud or abuse, but it can contribute to a perception of so-called 'opportunistic behaviour'.
Fair burden sharing between Member States	+/-	As the supplement is paid directly to the person concerned, it will not contribute to even burden sharing between Member States, but will only increase the total costs of the benefits provided by these Member States.  Both the competent Member State and the Member State of residence have their share in granting the benefit to the person concerned. The competent Member State will have to reimburse the costs made in the Member State of residence, according to the level of the State of residence –even in this is higher or the Member State of residence would anyhow provide the benefits on the basis of its national legislation. If the level of benefits in the State of residence is lower, the competent Member State will also have to 'top up' the benefits to the level applicable under its own legislation.
Coherence with General, Specific and wider EU Objectives:  Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.  <ul style="list-style-type: none"> <li>• Establish a stable regime appropriate to long-term care benefits;</li> <li>• Ensure a fair and equitable sharing of the financial burden between Member States;</li> <li>• Bring legal clarity and transparency for citizens, institutions and other stakeholders on coordination rules applicable to them.</li> </ul>	+	This option introduces a stable regime appropriate to long-term care benefits and offers the maximum level of protection to the person. The regime however differs from the currently applied rules and thus will require adaptation before full stability is achieved. In parallel, the option brings legal clarity and transparency on the rules applicable both for citizens and institutions as well as other stakeholders. The payment of the supplement for benefits provided in residence State increases the costs for the competent Member State. This option is thus less effective at achieving the objective of a fair and equitable distribution of financial burden between Member States. Furthermore, the priority rules and calculation rules for the reimbursement of the benefits and provision of the supplement need to be introduced as well as an administrative procedure for settling supplements.

Based on the above tables, some preliminary conclusions can be drawn on the strengths and weaknesses of the different options and their overall effectiveness, efficiency and relevance in achieving the various objectives while avoiding excessive costs.

Option 1 which introduces the legal basis for the already applicable rules, contributes positively to bringing legal certainty, transparency and stability of the already applied regime appropriate to long-term care benefits, while remaining compatible with similar system applicable to sickness benefits. These effects are maximised by the inclusion of clarifications under a separate Chapter categorising the rules for long-term care benefits separately and offering a clear distinction with the provisions on sickness benefits and social assistance. Citizens and institutions will benefit from the clarification of these rules. This option however will not solve existing mismatches in case the competent Member State has no benefits in cash and the State of residence has no benefits in kind. This option will have low implementation costs as it brings clarification without drastically changing the system of coordination and the information obligations following from that system. In light of the effectiveness at achieving the objectives this option is considered the most cost efficient<sup>101</sup>. It is also coherent with wider EU Policy objectives, in particular, the planned review of the disability strategy 2010-2020 assessing progress to ensure the effective implementation of the UN Convention on the Rights of Disabled Persons across the EU and the ongoing work to promote a social agenda to support the economic recovery ensuring a Triple A social rating for Europe, which advocates greater efficiency in allocation of social protection to challenge examples of multiple benefits overlapping, poorly targeted cash or in-kind benefits (services). The option was supported by a significant majority of experts from Member States.

Sub-option 2a ensures a common understanding and increased transparency for citizens and institutions and introduces a stable regime appropriate to long-term care benefits. The regime however differs from the currently applied rules which are consistent with the logic applied to sickness benefits and the Court's case-law and thus, will require adaptation before full stability is achieved. The overall costs for the spending on long-term care benefits in cash will decrease, caused by a lower level of benefits in the State of residence, however this cost saving needs to be counter-balanced against the fact this option is less effective at achieving the objective of a fair and equitable distribution of financial burden between Member States. It should be also noted that while the costs will indeed decrease in some Member States, a negative impact (more spending) may also be observed for other Member States in comparison to the baseline scenario and some Member States of residence may be required to pay more than permitted under their national legislation to reimburse costs spent by the Member State of residence. In the alternative, the option may result in less beneficial result for persons insured under the competent State's system compared to those insured persons who remained resident in that State. Introducing a separate reimbursement procedure for long-term care benefits in cash will require setting up a new system for the exchange of information between Member States and information obligations for the person concerned who has no 'insurance link' with the State of residence. This will entail additional regulatory costs compared to the baseline scenario. The option may be difficult to implement in decentralised systems providing long-term care benefits. The option is, however, coherent with wider EU Policy objectives for the same reasons as set out in relation to option 1. Option 2 did not receive explicit support from any delegation in the Administrative Commission mainly on grounds of the perceived administrative burden.

Sub-option 2b ensures a common understanding and increased transparency for citizens and institutions and introduces a stable regime appropriate to long-term care benefits. It offers the maximum level of protection to the person, albeit this not being the aim of the Regulations. The person concerned will open simultaneous entitlements under the legislations of more than one Member State. Similarly to sub-option 2a, the regime differs from the currently applied rules and thus, will require adaptation before full stability is achieved. Priority rules and calculation rules for the reimbursement of the benefits and provision of the supplement need to be introduced as well as an administrative procedure for settling supplements. This option is therefore less efficient than the

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<sup>101</sup> Table 2.21 in Annex XXVI.

current situation. The payment of the supplement will increase the costs especially for the competent Member State, which has to reimburse the costs of all long-term care benefits provided by the State of residence and pay the supplement up to the level in its national legislation directly to the person concerned meaning it is less efficient than the other options. The coherence of the option with the wider EU Policy Agenda is the same as for option 1. Option 2 did not receive explicit support from any delegation in the Administrative Commission.

## 5. Unemployment Benefits

### 5.1. Current Coordination Rules for Unemployment Benefits

‘Unemployment benefits’ are benefits granted if the risk of loss of employment materialises.<sup>102</sup> Typically an unemployed person is required to register as a person seeking for employment with the employment service which is providing the benefit. Unemployed persons are usually required to be fit for work, available for work and actively seeking work.

The coordination rules for unemployment benefits deal with three different areas and concern three different scenarios, namely:

- a) the aggregation of periods of insurance completed by mobile workers in different member States,
- b) the export of unemployment benefits for unemployed persons who want to move to another Member State for the purpose of seeking employment there,
- c) the determination of the Member State which is competent for providing unemployment benefits for frontier and other cross-border workers.

The rules of coordination in respect of these three areas are briefly summarised below:

#### 5.1.1 *Rules as regards the principle of aggregation*

The principle of aggregation of periods of social security protection is a basic principle of the coordination rules, which ensures previous periods completed in another Member State are recognized for the purposes of establishing entitlement. In respect of unemployment, the rules require that only periods of insurance, employment and self-employment completed in different Member States have to be aggregated. This can be explained by the fact that national unemployment schemes are not based on periods of residence but rather periods of insured employment. The qualifying period varies from at least 4 months in France to 24 months in the Slovak Republic. Most Member States apply a qualifying period of some 12 months<sup>103</sup>.

The Court has determined that the recognition of those periods depends on the rules applicable in the competent Member State.<sup>104</sup> This means that even periods of employment which did not qualify as an insurance period in the country where they have been completed must be taken into account for the purpose of aggregation, if such periods would be covered by the unemployment insurance in the State providing the benefit.

**Example: Denmark** provides coverage in case of unemployment on a voluntary basis. According to the interpretation of the Court, it is therefore possible that a mobile worker who elected not to be covered by the unemployment insurance during a period of employment in Denmark would nevertheless receive unemployment benefits from another Member State where they subsequently become insured on the basis of the Danish periods of employment if those periods would qualify as insured periods against the risk of unemployment in that Member State.

<sup>102</sup> Case C-228/07, *Petersen*, paragraph 28; Case C-404/04, *De Cuyper*, paragraph 27.

<sup>103</sup> Figure 2 in PACOLET, J. and DE WISPELAERE, F., *Aggregation of periods for unemployment, Network Statistics FMSSFE, European Commission*, June 2015, Annex XXI.

<sup>104</sup> Case 388/87, *Warmerdam-Steggerda*, EU:C:1989:196.

Moreover, the current rules require an aggregation of periods only subject to the condition that the person concerned has most recently completed periods of insurance, employment or self-employment in the Member State concerned. This particular condition applies only to mobile workers who move to another country, i.e. who change their residence and claim unemployment benefits under the legislation of their new country of residence. It does not apply to cross-border workers, who by definition, already have their residence in another State.

This provision is based on the general principle that the Member State which has received the contributions shall also bear the burden of the unemployment benefits. This requirement of ‘most recent’ insurance also encourages the search for work in that Member State. As a result, it is not possible for an unemployed person to simply move to another Member State or to return to his or her State of origin and claim unemployment benefits in that State based on the principle of aggregation of periods completed in another Member State without having first been employed and insured in that Member State.

**Example:** Michael loses his job in Member State A and moves or returns to Member State B without having registered as unemployed person in Member State A. In this case, Michael will only be entitled to receive unemployment benefits from Member State B when he has most recently been insured there, i.e. if he obtains employment in Member State B after his return but once again becomes involuntarily unemployed.

The calculation of unemployment benefits in the event that a person had completed periods of employment in more than one Member State are based on the principle that unemployed persons should receive their unemployment benefit from the Member State of last activity in accordance with the legislation applicable in that State.<sup>105</sup> Consequently, the competent institution needs to take into account exclusively the salary or professional income received in respect of the last activity as an employed or self-employed person<sup>106</sup>.

This rule does not affect Member States where unemployment benefits are paid on a flat-rate basis<sup>107</sup>, or those Member States which base the calculation of their benefits on the salary earned at the moment when the person became unemployed<sup>108</sup>. Most Member States, however, base their calculation on average salaries earned during a reference period of 3,<sup>109</sup> 6,<sup>110</sup> 12<sup>111</sup> or even 24 months<sup>112</sup>.

### 5.1.2 *The principle of export of unemployment benefits*

One of the basic principles of social security coordination is the requirement that cash benefits shall be paid irrespective of the place of residence of the beneficiary. In the area of unemployment benefits, however, export is only possible subject to the specific conditions set out below and only for a limited period of time.

An unemployed person who goes to another Member State in order to seek work must

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<sup>105</sup> This principle does to cross-border workers who resided during their economic activity in another Member State than the Member State where the activity was performed.

<sup>106</sup> Article 62(1) of Regulation (EC) No 883/2004.

<sup>107</sup> Ireland, Malta, Poland, United Kingdom.

<sup>108</sup> Table 9 in Annex VII: The Netherlands take the daily wage into account. Belgium refers to the average salary earned in the last position.

<sup>109</sup> Croatia, Czech Republic, Denmark, Luxembourg.

<sup>110</sup> Iceland, Spain, Switzerland.

<sup>111</sup> Austria, Cyprus, France, Germany, Hungary, Latvia, Norway, Portugal, Romania, Sweden.

<sup>112</sup> Bulgaria, Italy, Slovak Republic.



- have been registered with the employment service of the competent Member State for a period of at least four weeks,<sup>113</sup>
- register with the unemployment service of the Member State where he/she is looking for work within seven days after departing,
- comply with the control procedures organized by the unemployment service of that Member State.

Jobseekers who intend to look for work in another country shall request a certificate, namely the Portable Document U2 (PD U2 – *Retention of unemployment benefits*) before departure which certifies their right to continue to draw unemployment benefit. They should take care to return before expiry of the maximum period, because if they return later, without the explicit permission of the employment service of the state which is paying the benefits, they risk losing all remaining entitlement to benefits.<sup>114</sup>

In the new country of stay, the jobseeker will be treated by the employment service exactly the same way as any other jobseeker in this country. If the institution of this country becomes aware of any circumstance which might affect entitlement to benefits, it will immediately inform the competent institution and the jobseeker by issuing the document U3. This document informs the unemployed person of the situation and advises him of his right of appeal to the competent institution if he/she does not agree in order to ensure the continuation of the benefit payment.

The periods for which an unemployment benefit can be exported are limited. The original maximum period of three months under Regulation 1408/71 was extended by Regulation No 883/2004 to a minimum period of three months and a maximum period of six months.

### 5.1.3 *Coordination of unemployment benefits as regards frontier and other cross-border workers*

Cross-border workers are workers who reside in another Member State than the State of activity. The current rules differentiate between which Member State is competent for providing unemployment benefits as regards to frontier works and other cross-border workers and between the situations, that a cross-border worker is wholly, partially or intermittently unemployed. They provide that:

- Frontier workers shall receive their unemployment benefits from the competent institution in their Member State of residence if they are wholly unemployed, and
- from the institution of the Member State of activity if they are only partially or intermittently unemployed.
- The same applies to other cross-border workers if they are only partially or intermittently unemployed.
- If they are wholly unemployed, they have a right of choice, i.e. they can return to their country of residence and claim unemployment benefits from the institution of that State or remain in the country of previous activity and claim benefits there.

To compensate the institution of the Member State for the fact that they are obliged to provide benefits without having received contributions, the rules provide for a reimbursement of benefits paid for the first three months or five months. The five-month reimbursement applies when the beneficiary had been insured in the Member State of previous activity for at least 12 months within the last 24 months.

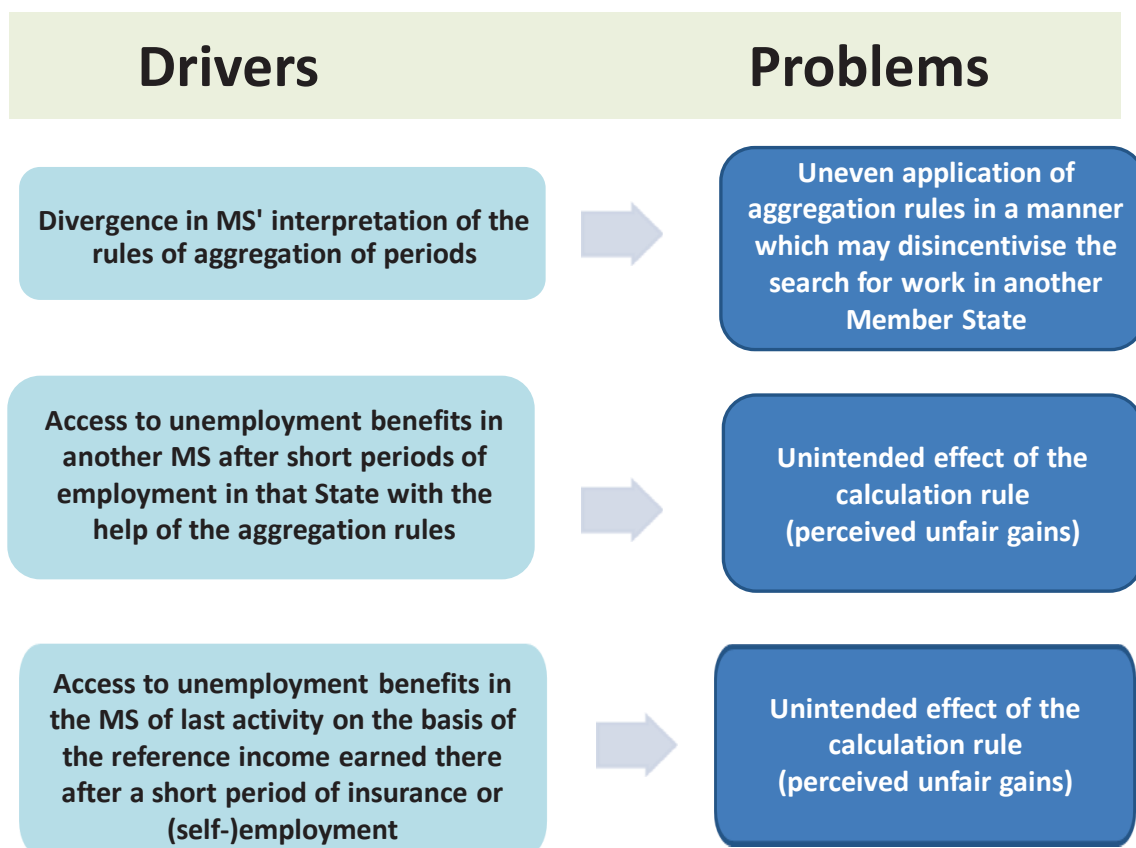
There are specific rules for frontier workers who were formerly self-employed. If they reside in a country where there is no unemployment insurance for self-employed persons, they shall be entitled to receive unemployment benefit from the institution in the country of last activity to which they had been affiliated.

<sup>113</sup> The underlying idea of this precondition is that an unemployed person should at first exhaust all possibilities of finding a new job in his former country of employment before extending the search for employment to other countries. This period can be shortened, however, by the institution concerned.

<sup>114</sup> Unless otherwise provided for under the legislation of the competent Member State.

## 5.2. Aggregation of periods for unemployment benefits

### 5.2.1 Problems with the aggregation of periods for unemployment benefits and the drivers behind them



#### 5.2.1.1 Uneven application of the rules on aggregation of periods in a manner which leave workers without protection and may disincentivise the search for work in another Member State

Although the Court considered that a uniform interpretation of the principle of aggregation is a prerequisite for its application<sup>115</sup>, the condition<sup>116</sup> that periods have to be aggregated by the institution as soon as the unemployed person has 'most recently' completed periods of insurance, employment or

<sup>115</sup> Case C-12/93 *Drake* EU :C:1994:336, paragraph 26; case 69/79, *Jordens-Vosters*, EU:C:1980:7, paragraphs 6 and 11.

<sup>116</sup> This specific conditions has been justified by the Court in the case C-12/93 *Drake* EU :C:1994:336, paragraph 26: "Article 51 of the Treaty and Regulation 1408/71 provide only for the aggregation of insurance periods completed in different Member States and do not regulate the conditions under which those insurance periods are constituted." In the case 69/79, *Jordens-Vosters*, EU:C:1980:7, paragraphs 6 and 11, the Court stated: 'It is well established that the requirement that Community law be applied uniformly within the Community implies that the concepts to which that law refers should not vary according to the particular features of each system of national law but rest upon objective criteria defined in a Community context.' 'The essential object of Regulation No 1408/71 adopted under Article 51 of the Treaty is to ensure that social security schemes governing workers in each Member State moving within the Community are applied in accordance with uniform Community criteria. To this end it lays down a whole set of rules founded in particular upon the prohibition of discrimination on grounds of nationality or residence and upon the maintenance by a worker of his rights acquired by virtue of one or more social security schemes which are or have been applicable to him.'

self-employment is not uniformly applied. This is due to the fact that the length of the required period of 'most recent insurance' or (self-) employment is not specified in EU law. Most Member States take the view that 'any' period of insurance or (self-)employment (even one day) will suffice in order to trigger the application of the principle of aggregation. Some Member States<sup>117</sup>, however, have specifically defined periods for the application of the aggregation principle in their national law, for example because periods of insurance or (self-) employment are expressed in weeks and not in days, or as they understand a 'period' to comprise a longer period of time and that mere insurance or (self-) employment is not sufficient.

In **Finland**, section 9 of Chapter 5 of the Unemployment Security Act (1290/2002) requires that periods of insurance or employment completed in another State shall only be taken into account if the person concerned has pursued an activity as an employed person in Finland for at least four weeks or as a self-employed person for at least four months immediately before becoming unemployed.

In **Denmark**, section 2 of the Danish Ordinance No 490 stipulates that a person who has not been a member of a Danish unemployment insurance fund within the last five years but has been insured in another Member State will have his or her periods of insurance completed in another Member State taken into account subject to, among other conditions, that the person must have worked continuously in Denmark for at least 296 working hours in the past 12 weeks or three months, or for partially employed persons 148 working hours in the past 12 weeks or three months. In case of self-employment, the equivalent condition is eight full weeks within a period of 12 weeks or three months prior to the unemployment.

A further difficulty is that there is no uniform application of the jurisprudence regarding the recognition of periods completed in another Member State for the purpose of aggregation. The case-law of the Court<sup>118</sup> in this respect is not consistently applied. This leads to the situation that some Member States also aggregate periods of employment or self-employment for which no contributions have been paid, while others do not. According to an internal survey carried out by Poland as a follow-up to the debate in the Administrative Commission, 18 Member States do not aggregate periods of non-insured (self-) employment completed in another Member State whose legislation does not provide for unemployment insurance coverage. This number is even higher (24) if the person voluntarily decides not to insure him/herself in the State of activity and afterwards claims that he/she has fulfilled periods of employment there.

Moreover, a debate was launched on this issue in 2011 in the Administrative Commission showed that many Member States take the view that the wide interpretation of the Court leads to unjustified results. There was support from seven delegations to change the rules on aggregation<sup>119</sup>.

The driver behind these related problems is that Member States do not have the same understanding as regards the recognition of periods to be aggregated or the condition of most-recent insurance. This applies in particular with respect to the practice described above whereby some Member States require under national law a specific period of insurance before applying the aggregation rules.

The consequence of this uneven application of the rules is legal uncertainty which may result in the situation that an unemployed person who has not been insured for long enough in the competent Member State is neither entitled to unemployment benefits in the State of last activity nor in the former State where they previously worked.

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<sup>117</sup> For example Finland and Denmark.

<sup>118</sup> Case 388/87, *Warmerdam-Steggerda*, EU:C:1989:196

<sup>119</sup> Czech Republic, Germany, Austria, the Netherlands, Spain, Denmark.

**Example:** Dorothea has worked for five years in Sweden and then decides to move to Denmark to take up a new position there. Unfortunately, she is dismissed after a probation period of two months. As she does not fulfil the conditions set out in the Danish law (three months of insurance), she cannot aggregate her insurance periods to claim unemployment benefits in Denmark. At the same time, she will be refused unemployment benefits in Sweden, as she is no longer insured there.

Had Dorothea spent her working life in Denmark (including the five years in Sweden), then she would have been entitled to unemployment benefits in Denmark.

It may also have the unwanted effect of dis-incentivising the search for work in another Member State. The fear that taking up a position in another Member State could lead to a loss of social protection, might discourage mobile EU workers from exercising their right to freedom of movement thereby constituting an obstacle to that freedom. This would run counter to the objectives of the Treaty. The Court has repeatedly held that the aim of Articles 45 TFEU and 48 TFEU would not be achieved if, as a consequence of the exercise of their right to freedom of movement, mobile workers were to lose the social security advantages afforded them by the legislation of one Member State, especially where those advantages correspond to contributions which they have paid.<sup>120</sup>

#### 5.2.1.2 Access to unemployment benefits in another Member State after short periods of employment in that State with the help of the aggregation rules may lead to unintended gains

The most-recent-insurance requirement is intended to prevent unemployed persons from moving to a new Member State and immediately claiming unemployment benefits without first having contributed to that scheme.

In light of this aim it is doubtful whether it was the legislator's intent that unemployment benefits should be paid by a new Member State in situations where a worker had been employed only for an extremely short period, e.g. for only one day. A number of Member States<sup>121</sup> argue that it is not appropriate that simply taking up insurance in a Member State already suffices for making this Member State responsible for providing unemployment benefits, when the entitlement to those benefits is to a large extent based on periods of insurance completed in another Member State. They argue that their respective schemes should be protected from claims of mobile workers who have not in any substantial way contributed to the financing of their scheme<sup>122</sup>.

This reasoning also plays a role in the case law concerning the rights of jobseekers to 'social advantages'<sup>123</sup> under Regulation (EU) No 492/2011. For instance, in joined cases C-22/08 and C-23/08, *Vatsouras and Koupatanze*<sup>124</sup>, the Court has concluded that jobseekers enjoy the right to equal treatment under Article 45 TFEU and hence are entitled to receive jobseekers allowance on the same footing as nationals of the Member State in which they are looking for work. However, a Member State may decide to grant such an allowance only after it has been possible to establish a 'real link' between the jobseeker and the labour market of that State<sup>125</sup>.

<sup>120</sup> See case C-548/11, *Mulders*, EU:C:2013:249, paragraph 47 and the case law cited therein

<sup>121</sup> For instance: Denmark, Finland, Austria, France, Greece, Ireland and Romania.

<sup>122</sup> See for example Barslund, M, Busse, M. and Schwarzwalder, J., *Labour Mobility in Europe: An untapped resource?*, CEPS Policy Brief No. 327, March 2015, Brussels, p. 4.

<sup>123</sup> The Court has held that social advantages means all the advantages which, whether or not linked to a contract, are generally granted to national workers primarily because of their objective status as workers or by virtue of the mere fact of their residence on the national territory and whose extension to workers who are nationals of other Member States therefore seems likely to facilitate the mobility of such workers within the Community. This has been held to cover, for example, public transport fare reductions for large families, child raising allowances, funeral payments, minimum subsistence payments, study grants. See, for instance Case C-85/96, *Martinez Sala*, EU:C:1998:217.

<sup>124</sup> Joined cases C-22/08 and C-23/08, *Vatsouras and Koupatanze* ECLI:EU:C:2009:344, paragraphs 36-38.

<sup>125</sup> See also Cases C-224/98, *D'Hoop*, EU:C:2002:432, paragraph 28 and C-258/04, *Ioannidis*, EU:C:2005:559, paragraph 31.

The available statistics for 23 Member States who were in a position to provide quantitative data in this respect for 2013<sup>126</sup> show that in 42% of the approximately 25.000 cases, aggregation was applied before 3 months of periods of insurance or (self-)employment had been completed<sup>127</sup>. When looking at the Member States of 'destination' (United Kingdom, Belgium, Spain, France) relatively more requests for aggregation were received within a period of 30 days, whereas in the Member States of 'origin' (Hungary, Romania, Bulgaria, Poland, Slovakia), the majority of requests for aggregation of periods were received after a period of three months. This could indicate that mobile EU workers are more likely to stay in or return to the 'higher wage' Member States directly after they have become unemployed. It is likely that this trend will continue due to a greater availability and use of temporary or precarious working arrangements and the willingness of people to adjust their quantity of work (part-time, on call, informal work, etc.) before returning home<sup>128</sup>.

### 5.2.1.3 Calculation of unemployment benefits in the Member State of last activity only on the basis of the reference income earned therein may lead to unintended results after a short period of insurance or (self-)employment

Under the current rules, Member States cannot take into account salaries or professional income earned during the reference period in different Member States, as they are only allowed to base the calculation on salaries or professional income earned in their own territory. Although being administratively easier to apply, this can also lead to situations where the calculation of the unemployment benefit is based on salaries or professional income earned during a period which is much shorter than the reference period fixed under national law. It cannot always be assumed that the salary or professional income received during such a short period in one Member State is equal or at least comparable to the salary or professional income received during the reference period in another Member State. As a consequence, the current rules concerning the calculation of unemployment benefits may lead to unintended results.

**Example:** Under **Austrian** law, the basic amount of earnings-related unemployment benefit amounts to 55% of the average insured net earnings of the last calendar year. If a person has previously worked in Germany and has worked in Austria for only four weeks before becoming unemployed again, he/she would receive unemployment benefit in Austria only on the basis of the average salary earned within the four weeks when he or she was employed there. The lower or higher average salary earned in Germany during the reference period of one year would have no bearing on the amount of his or her unemployment benefit in Austria.

In the situation above, it can be questioned to what extent the salary earned during four weeks in Austria properly reflects the 'reference earnings' of the worker concerned<sup>129</sup>.

Some Member States also fear that this may provide a 'pull factor' for opportunistic behaviour and undermine the sense of the unemployment benefits coordination provisions. Such a concern has been articulated by six delegations of the Administrative Commission<sup>130</sup> and also by the legal experts FreSsco.<sup>131</sup>

<sup>126</sup> Table 6 in Annex VII. (Annex XII)

<sup>127</sup> Table 2 in Annex XII.

<sup>128</sup> European Commission, *Economic and Social Developments in Europe*, December 2014, p.48 and OECD Employment Outlook 2015, table 1.7, p.30.

<sup>129</sup> This aspect is also highlighted by FUCHS, B. (ed.), GARCIA DE CORTAZAR, C., BETTINA, K. and PÖLTL, M., *Assessment of the Impact of amendments to the EU social security coordination rules on aggregation of periods or salaries for unemployment benefits*, Analytical report 2015, FreSsco, European Commission, June 2015 (Annex VII).

<sup>130</sup> Austria, the Netherlands, Finland, Germany, Ireland, Norway, Denmark.

<sup>131</sup> The same view has been taken by the authors of the FreSsco report FUCHS, B. (ed.), GARCIA DE CORTAZAR, C., BETTINA, K. and PÖLTL, M., *Assessment of the impact of amendments to the EU social security coordination rules on aggregation of periods or salaries for unemployment benefits*, Analytical report 2015, FreSsco, European Commission, June 2015. On the other hand, whereas sometimes mobility can be at the advantage of a worker, in other situations this could not be the case. The coordination rules do not always offer more 'advantageous' benefits to mobile workers. For instance, the current rules also have as an effect those in cases of 'return migration' a person could be faced with a lower level of benefits. For instance, a

The problem is exacerbated by the large differences between remuneration levels and the calculation method of unemployment benefits. On the other hand, it is mitigated by the fact that 11 Member States<sup>132</sup> apply a maximum ceiling to earnings that can be taken into account. For example, in the case of Belgium the lowest amount of benefits to be paid per day amounts to €36.66 and the highest amount to € 61.66 regardless of actual earnings.

### 5.2.2 *Baseline scenario*

In the 23 Member States for which data are available for the year in 2013, 24.821 cases of aggregation of periods for unemployment were reported. In relation to the total annual inflow of migrants of working age in those States, this represents 2.1%. Given, however, that some large EU-15 Member States (e.g. Germany and Italy) did not provide data and thus are not included in the above figures, the total number of aggregation cases is likely to be higher.

On average, 0.11% of total unemployment spending by the reporting Member States could be related to aggregation of periods.<sup>133</sup> The total expenditure for unemployed benefits reported by 23 Member States for the 24.821 cases of mobile EU workers who had to rely on periods of aggregation was around € 100 million, of which € 36 (36%) million for workers who had worked for less than 30 days, € 15 million (15%) for workers who had worked between 1 and 3 months, and € 46 million (46%) for workers who had worked 3 months or more.<sup>134</sup> In absolute terms, France (€ 53 million) and Belgium (€ 20.5 million) are the main spending Member States, which can be explained by the higher number of aggregation cases and the higher average spending per unemployed persons in comparison to other Member States. Romania (€ 2157), Cyprus (€ 3890) and Latvia (€ 4908) can be found on the lower end, influenced by the low number of cases for aggregation and the lower annual average expenditure per unemployed person.

As the Member State of last activity has to assume the costs for providing unemployment benefits, it is also this State which is affected by the provisions on the calculation of those benefits. The current rules stipulate that the calculation of unemployment benefits shall only be based on the earnings received in the Member State of last activity. This leads to higher expenditure in all cases where the reference earnings in the Member State of last activity are higher than in the Member State of previous activity. In the reverse situation, this provision results in savings.<sup>135</sup>

The evolution of those numbers in the future will depend to a large extent on the evolution of the number of new intra-EU movers, their risk of becoming unemployed and the qualifying period. Moreover, the budgetary impact will also be influenced by the evolution of the unemployment benefit and the average duration of unemployment.

If we assume that working age mobility flows will grow between 2015 and 2020 at the same rate as they have grown for the overall flows year on year between 2010 and 2013 (5.6%),<sup>136</sup> and if we assume that 2.1% of the total annual inflow of migrants of working age will continue to rely on aggregation, then we could estimate that in 2020 there would be some 33.000 cases of aggregation in the 28 Member States.

If, alternatively, we assume that working age mobility flows will grow between 2015 and 2020 by the same absolute amount per year as the overall flows year on year have grown between 2010 and 2013 (66.000),<sup>137</sup> and if we still assume that 2.1% of the total annual inflow of migrants of working age will continue to rely on aggregation, then we could estimate that in 2020 there would be some 32.000 cases of aggregation in the 28 Member States.

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Portuguese worker who has worked in the Netherlands for one year and decides to return to Portugal, where he falls unemployed after two months, will receive unemployment benefits based on the salary received in Portugal, without taking account of the potentially higher earnings in the Netherlands.

<sup>132</sup> Belgium, Bulgaria, Germany, Spain, Croatia, France, Italy, Cyprus, Netherlands, Austria and Sweden.

<sup>133</sup> Annex XIV, Table 10.

<sup>134</sup> Annex XIV, Table 10.

<sup>135</sup> Annex XIV, Table 2.

<sup>136</sup> Rate is based on average of year on year absolute growth of population all ages based on Eurostat Migration flows data migr\_imm1ctz.

<sup>137</sup> Average of year on year absolute growth of population all ages based on Eurostat Migration flows data migr\_imm1ctz.

Not undertaking action in the field of aggregation could lead to increased public disenchantment and exacerbate criticism of, and anxiety about the consequences of free movement. It could lead to the situation that (more) Member States apply their own interpretation of the current rules in a restrictive way thus reducing legal certainty and risking that mobile EU workers will lose out on rights. If Member States were free to apply the EU legal provisions on the coordination of unemployment benefits at their discretion, the intended uniform application of these provisions could no longer be guaranteed.

### *5.2.3 Objectives for review of the coordination rules on aggregation of periods*

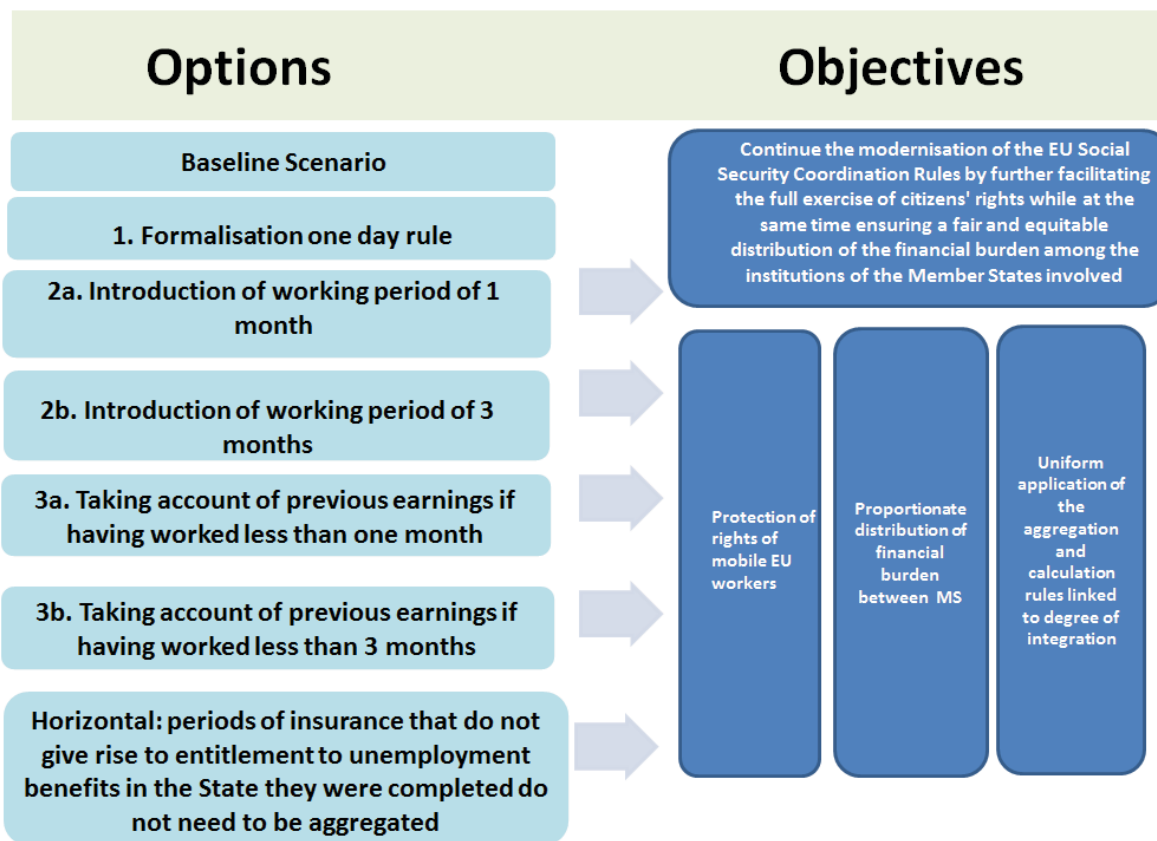
The **general policy objective** of this initiative is to continue the modernisation of the EU Social Security Coordination Rules by further enabling the citizens to exercise their rights while at the same time ensuring legal clarity and a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.

In relation to the rules on aggregation of periods for the purpose of fulfilling qualifying periods set up under national law for entitlement to unemployment benefits, this means in particular to provide clarity in order to avoid divergent interpretations and to ensure a uniform application of the rules by all Member States. At the same time, there is also a need to consider the underlying reasons for the current discrepancies and to see how they can be taken into account without depriving mobile citizens of the rights in case of unemployment which they may have acquired in different Member States.

In view of this general objective, the **specific objective** in this field can be defined as follows:

- Ensure a **uniform and consistent** application of the **aggregation and calculation rules** in a way that also reflects the degree of integration of a worker in the insurance system of a Member State.
- Ensure mobile EU workers benefit from **protection of rights** when they move to another Member State to take up employment there.
- Ensure a proportionate distribution of financial burden between Member States.

### *5.2.4 What are the various options to achieve the objectives concerning the aggregation of periods of unemployment benefits?*



#### 5.2.4.1 Option 0 : baseline scenario

If the status quo were to be maintained, aggregation can only be applied from the moment when an unemployed mobile person, has ‘most recently’ completed a period of insurance or (self-)employment under the national unemployment insurance scheme, regardless of the duration of that employment. Where the amount of the unemployment benefit is determined as a proportion of previous salary of professional earnings, only the wages or incomes earned in the competent Member State are taken into account.

#### 5.2.4.2 Option 1: Formalization of the "one day rule"

A uniform interpretation of the requirement of ‘most-recent insurance can be achieved by introducing a minimum period of prior employment in the text of Regulation (EC) No 883/2004. Option 1 entails that the principle of aggregation can be invoked after one day of insurance or (self-)employment under their system. This is shortest minimum insurance or employment requirement that can be applied. The unemployment benefit shall be calculated on the basis of the salary earned or professional income in the State of last activity.

**Example: David moves from Member State A to Member State B and works there for two weeks before becoming unemployed.** Under this option, he could claim unemployment benefit immediately in A based on his (aggregated) periods of insurance completed in B. The amount of the benefit will be calculated on the basis of the wage earned during the two weeks of work in A.

#### 5.2.4.3 Option 2: Introduction of a minimum period of insurance or (self-)employment of one or three months

Instead of interpreting a period of insurance or (self-) employment as one day, reference to a longer period of time can be considered as well. About half of the EU Member States use qualifying periods of 50 or 52 weeks. Lithuania and Slovakia have qualifying periods of 64 weeks or longer. If the



employment history of the mobile worker in the Member State which has to aggregate should sufficiently represent the link to the labour market in that State, introducing a minimum period of insurance or work of:

a) at least one month (**option 2a**), or

b) at least three months (**option 2b**)

has been completed in the Member State of last activity.<sup>138</sup>

The periods are chosen with a view to enable the persons concerned to establish a ‘sufficient link’ to the social security system of the competent Member State without depriving them of their rights. This would also allow continuing applying the rule that unemployment benefits are only calculated on the basis of the salary or professional income earned in the territory of the competent Member State as the previously competent Member State would calculate the level of unemployment benefits on the basis of the calculation rules applicable there.

**Example: David moves from Member State A to Member State B and works there for four months before becoming unemployed.** David becomes entitled to unemployment benefits in B based on his insurance periods in A because by working for four months he has completed in excess of one month (option 2a) or three months (option 2b) of insurance or (self-)employment in Member State B. The amount of the benefit would be calculated on the basis of the wage earned during the four month period of work in B.

When discussing this option in the Administrative Commission, a number of Member States clearly pointed out that a person should not lose out on rights when he/she is not able to make a claim for aggregation and that a solution should be found for these situations<sup>139</sup>. In general, other stakeholders emphasized the need to respect the right of equal treatment.

It is obvious that the condition of one month of previous employment (option 2a) is easier to fulfil than the condition of three months of employment (option 2b)<sup>140</sup>. However, the urgency to satisfy this condition is greatly reduced if the mobile worker can benefit from unemployment benefits paid by the Member State of previous activity in such a case.

A gap in protection could indeed occur if a mobile worker like David would become unemployed after a period of employment of for instance two weeks. In this case, he may not be able to claim unemployment benefits in the Member State of previous activity due to the fact that he was not ‘most recently’ insured in that State.

To overcome this situation, i.e. to allow the unemployed person to stay in the State of last activity to search for new work there, both options should be combined with a provision that the previous Member State of activity should export the unemployment benefit in accordance with its national legislation.<sup>141</sup> This means that the previously competent Member State will have to apply its rules as if the unemployed person were still insured there, irrespective of the fact that the unemployment occurred in the Member State of last activity and that the unemployed person resides in that State<sup>142</sup>. To this end, it shall suffice that the unemployed person registers and makes him/herself available to the employment services in the Member State of last activity and that he/she adheres to the obligations applied to jobseekers in that Member State.

<sup>138</sup> The length of these periods coincides with the current practice in some Member States (Denmark and Finland).

<sup>139</sup> Portugal, Poland, Germany, Hungary, Austria, France, Greece, Ireland and Romania.

<sup>140</sup> The three months also correspond to the current right to claim an export of unemployment benefits for at least such a period and to the rule contained in Articles 6 and 24(2) of the Free Movement Directive 2004/38, according to which an inactive person may move to another Member State without any further requirement regarding his income, but at the same time also without a right to social assistance benefits in the host Member State.

<sup>141</sup> The options with regard to the export of unemployment benefits are discussed in paragraph 5.3.4.

<sup>142</sup> According to the case-law of the Court (Case C-308/84, *Naruschawicus*, EU:C:1996:28, paragraph 26), the requirement of ‘availability’ cannot have as a direct or indirect effect that a person should be required to change his or her residence.

This means that an unemployed person shall not be forced to return to the previously competent Member State to register with the employment services there.

**Example:** If David had been in employment for only two weeks in Member State B in the example above, he cannot claim unemployment benefits in Member State B as he does not satisfy the condition of at least one or three months of employment there.

However, by using the export provision, he will nevertheless be able to receive unemployment benefits from Member State A on the basis of his earnings and his periods of insurance there. He will have to register with the employment services in Member State B, which will follow-up on his job searching activities on behalf of the employment service in Member State A and which will report back to Member State A.

Option 2a and 2b only apply to the specific situation where a person has moved his or her residence to another State and then becomes unemployed after having completed less than one or three months of insurance or (self-)employment. These options hence do not affect frontier and other cross-border workers, that is to say those workers whose place of residence already was, and remains, in another Member State than the Member State of last activity during their unemployment.

#### *5.2.4.4 Option 3: Taking into account previous earnings received in another Member State if a person has worked less than one or three months in the competent Member State*

This option aims to establish a stronger link with the level of the previously earned salary or professional income ('reference earnings').

Option 3 reflects this idea, but only in case where the person concerned has worked for a period shorter than:

- one month (**option 3a**), or
- three months (**option 3b**) in the competent Member State.

These two sub-options allow Member States that calculate their unemployment benefit by reference to previous average earnings to take into account also reference earnings that have been received in the territory of another Member State.

**Example: David moves from Member State A to Member State B and works there for two weeks before becoming unemployed.** Under this option, he could claim unemployment benefit immediately in Member State B based on his (aggregated) periods of insurance completed in Member State A. However, his unemployment benefit will be calculated on the basis of an average of the salaries in Member States A and B.

Imagine that the reference period for calculating unemployment benefits in Member State B is 12 months. Imagine David has worked for 12 months in Member State A and 2 weeks in Member State B. David has earned a monthly salary of € 1000 in Member State A and € 500 in Member State B. The unemployment benefit in Member State B will be calculated on the basis of the following salary:  $(2/52 * € 500) + (50/52 * 1000) = € 19.23 + € 961.53 = € 980.76$ .

Option 3 is an alternative to option 2. Both options lead to the result that in case of short employment in the new Member State of less than one or three months, the calculation of the unemployment benefit is (also) based on earnings received in the Member State of previous activity. However, under option 2, the benefit is paid by and at the expense of the institution of the Member State of previous activity, whereas under option 3, benefits are paid by the Member State of last activity.

#### *5.2.4.5 Horizontal option: clarification of the conditions for the recognition of periods to be aggregated*

This option can be combined with each of the previous options, as its aim is to clarify the conditions under which a person has a right to base his or her claim or unemployment benefits on periods completed in another Member State.

The current Article 61 is the source of much controversy between Member States, as is shown by the results of the survey carried out within the Administrative Commission under the Polish Presidency in 2011. This holds especially true when it comes to the question of whether periods of employment always provide for coverage in the Member State in which they were fulfilled. In order to ensure a uniform interpretation of Article 61 (1) of Regulation (EC) No 883/2004, it is important the legal text be as clear and unequivocal as possible. This could either be done by introducing this clarification in Article 61, or by applying the general rule on the aggregation of periods in Article 6 of Regulation (EC) No 883/2004.

A uniform aggregation rule can accommodate Member States' desires that periods that do not give entitlement to unemployment benefits in the Member State where they were completed are not taken into account for the purposes of aggregation.

#### *5.2.4.6 Discarded Option*

The idea to introduce a reimbursement mechanism between the Member State of most recent Employment and Member State of previous employment as an alternative to Option 2a and b was considered but has been discarded, as the current problems with the reimbursement mechanism for unemployed frontier workers show that such a mechanism is likely to create disputes and delays between the institutions involved.

#### *5.2.5 Stakeholders' views on the different options*

##### *5.2.5.1 Option 0 : baseline scenario*

In consultations with stakeholders, maintaining the status quo was supported by ten delegations in the Administrative Commission<sup>143</sup> Further in the public consultation only 40% of organisations and 33% of individuals indicated support that the current rules should be changed.<sup>144</sup> However, some of the social partners and NGO representatives<sup>145</sup> took the view that they could accept a change of the rules if the rights of mobile citizens continue to be safeguarded.

##### *5.2.5.2 Option 1: Formalization of the "one day rule"*

Ten delegations supported this option<sup>146</sup>. In addition, in the public consultation only 40% of organisations and 33% of individuals indicated support for moving from the prevailing practice that one day of insurance suffices, however, amongst the comments from respondents there was support for consistent practices among Member States.

Eight delegations<sup>147</sup> indicated that they could accept option 1 if in return the calculation rule would be amended, or vice versa, as either one of the rules is needed to establish a 'genuine link' with the unemployment insurance system.

##### *5.2.5.3 Option 2: Introduction of a minimum period of insurance or (self-)employment of at least one month (option 2a) or three months (Option 2b)*

Option 2a was supported by three delegations in the Administrative Commission<sup>148</sup>. Option 2b gained support from 10 delegations<sup>149</sup> of which 5<sup>150</sup> made an explicit written request to introduce a minimum period of insurance or (self-) employment in Article 61. There is also support from an employer

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<sup>143</sup> The Bulgarian, Czech, Estonian, German, Croatian, Italian, Polish, Portuguese, Slovakian, and Slovenian delegations supported this option.

<sup>144</sup> A public consultation between July and October 2015 invited citizens and organisations to provide their views on the main problems linked to the coordination of unemployment benefits, family benefits and posting of workers.

<sup>145</sup> A global consultation with social partners and NGOs took place.

<sup>146</sup> The Bulgarian, Czech, Estonian, German, Croatian, Italian, Polish, Portuguese, Slovakian, and Slovenian delegations supported this option.

<sup>147</sup> The Bulgarian, Italian, Portuguese, Belgian, Estonian, Irish, Polish and Swedish delegations

<sup>148</sup> The Finnish, Luxembourgish and Hungarian delegations.

<sup>149</sup> The Austrian, Danish, Greek, French, Irish, Latvian, Lithuanian, Maltese, Romanian and United Kingdom delegations.

<sup>150</sup> Austria, France, Greece, Ireland and Romania.

association<sup>151</sup>. Less than half of the respondents to the public consultation commented on the principle of aggregation, but amongst that group there was general support for the idea of consistent practices between Member States. In addition there was general support of introducing a minimum employment/ contribution period at EU level. At the same time, many argued that the Member State where the contributions are paid – namely the Member State of (the last) employment – should provide the unemployment benefits. Among organisations responding to the consultation, the proposed period was at least one month, while among individuals there was greater support for a minimum qualifying period of insurance of at least three months (or longer).

#### *5.2.5.4 Option 3: Taking into account previous earnings received in another Member State if a person has worked less than one month (option 3a) or three months (option 3b) in the competent Member State*

This issue has been raised by six delegations<sup>152</sup> in the Administrative Commission, where they have proposed to introduce a stronger link between the salary or professional income earned and the amount of the unemployment benefit awarded. Although only a minority of respondents to the public consultation commented on the issue of "reference earnings", among those that did there was general support for the principle that unemployment benefits should be calculated by reference to earnings for the entire reference period including those earned in another Member State.

### *5.2.6 What are the Impacts of the Different Options on aggregation of periods of insurance or (self-)employment*

#### *5.2.6.1 Introduction*

For all of the options assessed, the potentially affected groups are the same. The options are specifically targeted at mobile EU workers, that is to say: workers who have moved their residence to the new State of activity. Hence, they do not concern frontier workers or other cross-border workers. National governments will have to administer the rules in the framework of their national legal systems and allocate resources to the national, regional or local institutions to apply the principle of aggregation. At the executive level, national, regional or even local institutions providing unemployment benefits to workers will have to deal with claims for aggregation of periods of insurance or (self-)employment.

In relation to fundamental rights all options aim to facilitate the exercise of the right to engage in work in another Member State (Article 15) by clarifying the provisions on aggregation of unemployment benefits. They also respect the right to social security benefits (Article 34). In terms of respecting equal treatment and the right to free movement under Article 45 of the Charter as well as Article 45 TFEU, the Court has held that the legislator can attach conditions to the rights granted by Article 45 TFEU<sup>153</sup>, as long as mobile workers are not put at an unjustified disadvantage in comparison to national workers, for example where they will have to pay social security contributions in which there is no return<sup>154</sup>. Although the options are directly targeted at mobile EU workers, a difference in treatment can be justified only if it is based on objective considerations distinct from the nationality of the persons concerned and is proportionate to the legitimate aim pursued under national law.

In relation to the economic impact, it has to be pointed out that the aggregation of periods is a mechanism to open, retain or recover a right to unemployment benefits. The principle as such does not have a direct budgetary impact, whereas the direct consequence of applying that principle, namely the payment of unemployment benefits, has. A detailed overview is provided in Annex XXII. It has to be

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<sup>151</sup> UEAPME.

<sup>152</sup> Austria, the Netherlands, Finland, Germany, Ireland and Norway.

<sup>153</sup> Case C-62/91, *Gray*, EU: C:1992:177, paragraph 11.

<sup>154</sup> See, to that effect, Cases C-393/99 and C-394/99, EU:C:2002:182, paragraph 51, C-493/04, *Piatkowski*, EU:C:2006:167, paragraph 34, C-345/09, *Van Delft*, EU:C:2011:57, paragraphs 100 and 101; C-388/09, *da Silva Martins*, EU:C:2011:439, paragraph 72 and 73.

noted that a total of 23 Member States<sup>155</sup> (Belgium, Bulgaria, Denmark, Estonia, Spain, France, Croatia, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Poland, Romania, Slovakia, Finland, Sweden, United Kingdom, Liechtenstein, Norway, Switzerland) provided quantitative data, of which three Member States (France, Spain and Estonia) were not able to provide a breakdown by Member State of origin. The missing data for a number of large Member States, in particular EU-15 Member States, have entailed some limitations in the assessment of some of the options<sup>156</sup>. The full study is attached in Annex XIV.<sup>157</sup>

Based on the data from the administrative questionnaire on the aggregation of periods for unemployment the budgetary impact of the current rules and the different alternative options could be calculated. Member States had to provide a breakdown by Member State of origin and a breakdown by length of insurance. The reported cases have been multiplied by the annual average expenditure per unemployed person (also by taking into account the annual average duration of the payment of the unemployment benefit) in order to estimate the public unemployment spending. Option 3 (change of the calculation method) required more detailed information about the unemployed recent migrant worker's salary. No information on the salary earned in the competent Member State as well as in the Member State of origin was collected via the administrative questionnaire. Therefore, wage data published by Eurostat has been used.

The analysis solely focuses upon the cost to the competent Member State for the provision of unemployment benefits. It is recognised that in relation to option 1 and 2 there could be a shift in the competence for other social security benefits (in particular for family and sickness benefits) for the cases where a person has worked for an insufficient period in the Member State of last employment to qualify for aggregation of unemployment benefits meaning that competence shifts to the Member State of previous employment. However, insufficient data is available to quantify the economic impact resulting therefrom.

When looking in particular at economic impact, regulatory costs and secondary impact for option 2, as already explained above<sup>158</sup>, this option has evolved during the impact assessment, notably by making the Member State of previous employment responsible for exporting unemployment benefits for those workers who have not completed a period of insurance of one or three months in the Member State of last employment. For this reason, a quantitative assessment has only been made for the first version of the option, whereas a qualitative assessment could be made for the final version of the option.

There are large differences between the salaries across the 23 Member States surveyed<sup>159</sup>, and it should be borne in mind that data limitations are even more significant than for the other options as the economic impact for this option could only be estimated for some 14 Member States. The estimated budgetary impacts do not take into account the 'flattening' of the level of unemployment benefits due to a ceiling of earnings applicable in some Member States or minimum or maximum amount of benefits. The negative impact thus can be mitigated by such a ceiling.

The regulatory costs for both public administrations and citizens were assessed through a number of interviews with public officials working for administrations dealing with the aggregation of unemployment benefits (both as Member States of last employment and of previous employment) in six Member States (Germany, Denmark, the Netherlands, Poland, Romania, the United Kingdom). The full study is attached to this report in Annex XVII.<sup>160</sup>

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<sup>155</sup> For the purpose of Social security coordination rules, the term Member State refers to the EU-28 + Switzerland, Norway, Liechtenstein and Iceland.

<sup>156</sup> For a detailed reporting on the questionnaire on the aggregation of periods for unemployment, see Annex XII.

<sup>157</sup> Pacolet, J. & De Wispelaere, F., *Aggregation of periods or salaries for unemployment benefits - Analysis of the economic impact of the options*, 2015 (Annex XIV).

<sup>158</sup> See above, chapter 4.3 (Option 2 – Introduction of a minimum period of insurance or (self-)employment of one or three months).

<sup>159</sup> Table 17, Annex XIV.

<sup>160</sup> Katrine Julie Abrahamsen, Monica Lind, Peter G. Madsen, *Administrative costs of handling aggregation of periods or salaries for unemployment benefits*, 2015 (Annex XVII).

The proposed policy options can also have an incidence on mobility decision and mobility patterns of mobile EU workers. The secondary impacts of the options in terms of inflows and outflows of EU citizens were estimated on the basis of case studies in eight Member States (Germany, Denmark, France, the Netherlands, Italy, Poland, Romania, and the United Kingdom). They provide an indication on the direction and the general magnitude of the variation generated by the implementation of the policy options. The full study is attached to this report in Annex XIX.<sup>161</sup>

Finally, the options have been compared to the baseline scenario and with regard to their effectiveness in achieving the general and specific objectives of the initiative, their efficiency (cost-effectiveness/even burden sharing), coherence with the general objectives of the EU and their impacts as assessed below.<sup>162</sup>

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<sup>161</sup> Michele Raitano, Matteo Luppi, Riccardo Conti, Diego Teloni, *Secondary effects following a change of regulations on the aggregation of periods or salaries for unemployment benefits*, 2015 (Annex XIX).

<sup>162</sup> Secondary impacts are not considered in the final comparison in recognition of the limitations of the data available to conduct this assessment.

### 5.2.6.2 Summary of the impact of different options concerning the aggregation of periods for entitlement to unemployment benefits

Type of impact	Clarification of	Simplification	Protection of rights	Fundamental rights	Economic impacts	Regulatory costs	Risk of fraud and abuse	Equitable burden sharing Member State	Coherence with General, Specific and EU objectives	Overall Effectiveness	Overall Efficiency (cost effectiveness vs)
<b>Baseline Scenario</b>	0	0	0	0	0 <sup>163</sup>	0 <sup>164</sup>	0	0	0	0	0
<b>Option 1</b>	+	+	+	+	0	+/-	-	-	-	++	++
<b>Option 2a</b>	+	+	+	+	+/- <sup>165</sup>	+/-	+	+	+	0	+
<b>Option 2b</b>	+	+/-	+	+	+/-	+/-	+	++	0	0	++
<b>Option 3a</b>	+/-	+/-	+/-	+	- <sup>166</sup>	- <sup>167</sup>	+	-	0	+	-
<b>Option 3b</b>	+/-	-	+	+	- <sup>168</sup>	+/- <sup>169</sup>	+	-	+	+	-
<b>Horizontal Option</b>	+	+	+/-	0	0	+	+	+	+	+	+

<sup>163</sup> € 100 m is the budget devoted to aggregation of UB in 23 reporting Member States, equating to on average, 0.11% of total unemployment spending by the reporting Member States - Annex XIV, Table 10.

<sup>164</sup> Costs for handling aggregation of UB varies between € 100 – 40,000 in selected Member States.

<sup>165</sup> Decrease of €21 million (-22%) for Member State of last employment (= Member State of residence), but corresponding increase for Member State of previous employment.

<sup>166</sup> Small decrease (-3.2%).

<sup>167</sup> Increase by 28%.

<sup>168</sup> Small decrease (-4.1%).

<sup>169</sup> Increase by 29%.

### 5.2.6.3 Impacts of Policy Option 1: Formalisation of the "one day rule"

Policy Option 1: Formalisation of the "one-day-rule"		
<b>Social impacts</b>		
Clarification	+	Clarity of the legal rule on aggregation will be improved by eliminating the divergent interpretations on the application of the aggregation rule, thereby increasing legal certainty.
Simplification	+	A uniform interpretation of the rules on aggregation will contribute to simplifying the aggregation procedure for the institutions concerned as they will all apply it as from the same moment. A limited number of Member States (Denmark, Finland) would have to change their national legislation.
Protection of rights	+	Uniform application of the principle, that aggregation takes place after one day of insurance, employment or self-employment in the competent Member State will facilitate access for mobile EU citizens to their rights to unemployment benefits, as Member States will apply a consistent approach to aggregation of periods completed in another Member State.
<b>Economic impacts</b>		
Financial impact	0	On average, 0.11% of the total unemployment spending (around € 100m) by the reporting Member States is related to aggregation of periods. This option is likely to entail a slight increase of expenditure for those Member States <sup>170</sup> which currently require in a longer period of insurance or (self-)employment before aggregation is applied in accordance with their national legislation. However, as 26 Member States currently apply the one day rule as the 'standard' period for triggering aggregation the overall impact is expected to be negligible. <sup>171</sup>
Impact on fundamental rights	+	This option aims to facilitate the exercise of to the right to engage in work in another Member State (Article 15 of the Charter), as well as to a better protection of rights for workers who have made use of their right to free movement (Article 45 of the Charter). The right to property (Article 17 of the Charter) will be respected as well, as periods acquired in a previous Member State can be added to periods of insurance or (self-)employment as of the first day of insurance or (self-) employment in the host Member State and no 'gap' in the protection of the worker can occur. The principle of equal treatment (Article 21 of the Charter) is also respected as nationals and non-nationals are subject to the same conditions as regards their rights to unemployment benefits.

<sup>170</sup> Denmark and Finland.

<sup>171</sup> There may be an increase could be expected in the number of workers being able to claim unemployment benefits in those Member States that today require a longer period of work than one day before aggregation can take place, for instance Denmark (now applying a three-month period for those who have not yet been a member of an unemployment insurance fund for at least five years) and Finland (now applying a one-month period).



<b>Other impacts</b>		
Regulatory Costs	+/-	This option will not have a significant effect on the administrative burden of institutions as it will reflect existing practice in 26 of the 28 Member States. A marginal increase of aggregation cases and the corresponding regulatory costs may occur in those Member States that today require a longer period of work than one day before aggregation of previous periods of employment can take place (Denmark and Finland).
Risk of fraud and abuse	-	In principle, the requirement of one day of employment may be used by some mobile workers or employers to engage in bogus employment, although there is no evidence in this respect.
Fair burden sharing between Member States	-	This option does not contribute to a fairer sharing of burden between Member States as a Member State may become responsible for providing unemployment benefits even in cases where they have received a relatively (very) small part of the social security contributions.
Mobility	0	In terms of mobility flows, it is estimated that a formalisation of the "one day rule" could result in a negligible increase in workers and jobseekers movements towards those countries that today require a longer period of work than one day before aggregation of previous periods of unemployment can take place. Considering the low number of aggregation cases even in countries that apply the one day rule, the increase in flows is expected to be very limited. <sup>172</sup>
Coherence with General, Specific and wider EU Objectives:  Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.  <ul style="list-style-type: none"> <li>• Ensure a <b>uniform and consistent</b> application of the <b>aggregation and calculation rules</b> reflecting the degree of integration in the Member State.</li> <li>• Ensure mobile EU workers benefit from <b>protection of rights</b></li> <li>• Ensure a proportionate distribution of financial burden between Member States</li> </ul>	-	This option introduces legal clarity and simplicity for unemployed persons and is easy to implement from an administrative point of view for the majority of Member States. It also has negligible budgetary impact. On the other hand; it fails to require a genuine link with the unemployment insurance system in the State of last activity. This option in itself is therefore not the most effective option to strike a balance between the aims of protecting mobile workers and requiring a certain degree of integration in the labour market and insurance system of the State of last activity, before it becomes responsible for the payment of benefits. It is neutral in relation to coherence with wider EU policy objectives.

<sup>172</sup> See table 3.1.1, Annex XIX.

5.2.6.4 Impacts of Policy Option 2: Introduction of a minimum period of insurance or (self)-employment of one month (sub option 2a) or three months (sub option 2b)

Policy Option 2: Introduction of a minimum period of insurance or (self)-employment of one month (sub option 2a) or three months (sub option 2b)		
<b>Social impacts</b>		
Clarification	+	Clarity of the legal rule on aggregation will be improved by eliminating the divergent interpretations.
Simplification	+	A uniform interpretation of the rules on aggregation will contribute to simplifying the aggregation procedure for the institutions concerned as they will all apply it as from the same moment. A limited number of Member States (Denmark, Finland) would have to change their national legislation. A small number of citizens, who do not have the requisite minimum period of insurance may experience a change in the competent Member State responsible for their unemployment benefits as competence would revert to the Member State of previous activity. However, such administrative arrangements would be largely dealt with by the competent institutions.
Protection of rights	+	Uniform application of the principle, that aggregation takes place after one month (option 2a) or three months (option 2b) of insurance, employment or self-employment in the competent Member State can affect those mobile EU citizens who claim their right to unemployment benefits within a period of one (option 2a) or three (option 2b) months. As a consequence, a group of 6.742 (1month) or 10.082 (3 months) mobile EU workers concerned would not be entitled to unemployment benefits in the last State of activity as long as they have not fulfilled this minimum period meaning they would have no right to unemployment benefits from the competent State. This would negatively affect their right to free movement.  However, this disadvantage will to a large extent be compensated by an export of unemployment benefits from the Member State of previous activity.
<b>Economic impacts</b>		
Financial impact	+/-	This option is likely to entail a slight increase of expenditure for the Member States of previous employment (to a larger extent under sub option 2b than under sub option 2a), but a corresponding decrease of expenditure for the Member States of last activity (37% for option 2a vs 51% for option 2b). Overall, there will be a positive impact with a decrease of the expenditure of €21 million (22%) for 2a) and of approximately € 29 million (42%) for 2b) <sup>173</sup>  The most significant reductions will occur in Belgium (€ 6.8 million

<sup>173</sup> This is based on a calculation of €51 million (€36 million for workers with less than 30 days of insured work + €15 million workers with less than 3 months who will not fulfil the minimum period for aggregation minus €22 million (amount to be paid by the previous Member State responsible for unemployment benefits considering a 3 month entitlement (see Annex XIV Table 16).

		<p>for 2a and €12.8million for 2b ), Spain (€ 3.1 million for 2a and €4.5million for 2b) and France (€ 25 million for 2a and €33 million for 2b)<sup>174</sup>, being the Member States with currently the highest number of aggregation cases.</p> <p>While increases in public employment expenditure in the Member States of previous employment: of € 3.4 million in respect of option 2a and €6.5 million in respect of option 2b (both calculations assuming an entitlement for 3 months), with the Netherlands (€ 1 million in respect of option 2a and €2million in respect of 2b ) and France (€ 0.4 million in respect of 2a and €0.6 million in respect of 2b) being the most affected countries<sup>175</sup>.</p> <p>Furthermore, there could be a shift in the competence for other social security benefits (in particular for family and sickness benefits) for the 6,471 (one month) or 10,082 (3 months) cases from the Member State of last employment to the Member State of previous employment. However, insufficient data is available to quantify the economic impact resulting therefrom.</p>
Impact on fundamental rights	+	<p>Under option 2, the rights of mobile EU workers will be protected through securing export from the previously competent Member State. Limiting the time for the export of unemployment benefits is one of the conditions which are permitted<sup>176</sup>. In terms of respecting the principle of proportionality, the introduction of a minimum period of work and (self-) employment the objective of establishing a sufficient link to the social security system of the host Member State<sup>177</sup> is balanced with safeguards to ensure continuity of protection for the worker.<sup>178</sup> The right to property (Article 17) is respected by ensuring that the person can receive unemployment benefits from the previously competent Member State, at least during the period of export.</p>
<b>Other impacts</b>		
Regulatory Costs	+/-	<p>This sub option does not impose new information obligations on unemployed persons or require new implementing arrangements for the institutions. It does however result in shifting the responsibility between Member States. Where previously an unemployed mobile EU worker could apply for aggregation in the State of last activity to claim unemployment benefits there, he/she now needs to apply for an export of unemployment benefits from the previously competent Member State. To that end there may be additional administrative tasks for the respective Member States of most recent employment and previous employment.</p> <p>On the basis of the interviews conducted with national administrations, it is estimated that the administrative tasks for the institutions of the Member State of last employment would remain almost unchanged. Interviewees from Germany, Denmark, Netherlands and United Kingdom expect a reduction in the number of cases – see also <i>mobility</i> below – which would translate into a</p>

<sup>174</sup> Tables 10, 11 and 14 Annex XIV.

<sup>175</sup> Tables 12 and 15 Annex XIV.

<sup>176</sup> Joined cases 41/79, 121/79 and 796/79, *Testa*, EU:C:1980:163, paragraph 14.

<sup>177</sup> Case C-62/91, *Gray*, EU: C:1992:177, paragraph 12.

<sup>178</sup> In terms of respecting equal treatment and the right to free movement under Article 45 of the Charter as well as Article 45 TFEU, the Court of Justice has held that the legislator can attach conditions to the rights granted by Article 45, as long as mobile workers are not put at an unjustified disadvantage in comparison to national workers, for example where they will have to pay social security contributions in which there is no return..

		<p>marginal reduction of the total regulatory costs in Germany (€300 for option 2a and €400 for 2b), Denmark (€200 for 2a and 2b) and Poland (€350 for 2a and €2700 for 2b)<sup>179</sup>.</p> <p>In the Member States of previous employment, a corresponding increase is to be expected, though it was not possible to quantify it<sup>180</sup>.</p>
Risk of fraud and abuse	+	In particular option 2b ensures a clearer link between the State responsible for awarding benefits and where contributions have been paid, but could also provide for an incentive to accept part-time or low-paid employment in the Member State of last activity just for the purpose of being able to claim unemployment benefits.
Fair burden sharing between Member States	++	This option – in particular sub option 2b - contributes to a fairer sharing of burden between Member States as their institutions become responsible for providing unemployment benefits only to those mobile workers who had been a member of the scheme and who had therefore contributed to the financing of the scheme for a substantial period. In comparison to the baseline scenario, a reduction of approximately € 3.6 million (37%) in the expenditure for unemployed benefits for people needing aggregation for 23 reporting Member States can be estimated.
Mobility	0	An estimation (on the basis of the case studies aimed at measuring the effects generated by this option in terms of intra-EU mobility) <sup>181</sup> , which did not take into account the fact of making the Member State of previous employment competent, concluded that a reduction in the mobility flows could occur, notably towards Denmark (up to 6%), Italy (up to 4.5% for 2a and 6% for 2b), France (up to 2.5% for 2a and 3.4% for 2b) and Germany (up to 2.5% for 2a and 3.3% for 2b). In the United Kingdom, the impact of option 2a could be rather moderate (a decrease of 0.6%) <sup>182</sup> . These results are driven by the country-specific figures on migration flows, average levels of unemployment benefits and income differentials <sup>183</sup> . However, these reductions are likely to disappear if, as proposed now under this option, the Member State of previous employment would become responsible for paying unemployment benefits. <sup>184</sup>
Coherence with General, Specific and wider EU Objectives:	+	<p>This option (whether applied for one or three months) more effectively strikes a balance between the protection of workers and the protection of unemployment insurance schemes in the Member State of last activity as they require a certain degree of integration in the labour market and the insurance system of the State of last activity before benefits become due. This applies in particular for option 2b. The rights of the workers remain safeguarded if they become entitled to unemployment benefits from the Member State of previous activity although such export shall be limited to a period of six months.</p> <p>Both options are coherent with the wider EU objective of supporting</p>
<p>Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative</p>		

<sup>179</sup> Tables 3-1, 3-2, 3-3 and 3-4, Annex XVII.

<sup>180</sup> Page 23, Annex XVII. However, it was possible to quantify (minimal) changes for the Member State of previous employment, but only for the previous version of the option, which did not foresee the Member State of previous employment becoming competent for unemployment benefits: see Tables 3-5, 3-6, 3-7, 3-8, Annex XVII.

<sup>181</sup> Annexe IV, XIX. This analysis was based upon Behavioural (dis)incentives to move to another Member State to take up employment there can be linked to the costs of moving, the (long-term) perspective of staying in employment in the new Member State set off against the risk of falling unemployed and the level of benefits in the previously competent Member State.

<sup>182</sup> Figure 4.1, Annex XIX.

<sup>183</sup> Page 22, Annex XIX.

<sup>184</sup> Pages 29-30, Annex XIX.

<p>simplicity and enforceability of the rules.</p> <ul style="list-style-type: none"> <li>• Ensure a <b>uniform and consistent</b> application of the <b>aggregation and calculation rules</b> reflecting the degree of integration in the Member State.</li> <li>• Ensure mobile EU workers benefit from <b>protection of rights</b></li> </ul> <p>Ensure a proportionate distribution of financial burden between Member States</p>		<p>fair mobility (fair for both jobseekers and tax-payers) and increasing access to employment opportunities throughout the Union.</p>
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*5.2.6.5 Impacts of Policy Option 3: Taking into account previous earnings if a person has worked less than one month (sub-option 3a) or three months (sub-option 3b) in the competent Member State*

<b>Policy Option 3: Taking into account of previous earnings if a person has worked less than one (sub option 3a) or three months (sub option 3b) in the competent Member State</b>		
<b>Social impacts</b>		
Clarification	+/-	Clarity of the legal rule on aggregation will be improved in combination with the baseline scenario.
Simplification	+/-	In combination with the baseline scenario, a uniform interpretation of the rules on aggregation will be achieved. On the other hand, the options would also result in an increase in the administrative burden for workers applying for unemployment benefits, as they would have to wait longer before receiving benefits, and they would face increased requirements to provide the relevant information themselves.
Protection of rights	+/-	This can be to the advantage of the unemployed person concerned, for example when he or she moves from a Member State with a higher wage to a Member State with a lower wage. But it could also cause a disadvantage in the reverse situation, where the worker could be faced with a lower level of unemployment benefits but is residing in a Member State with a comparatively higher cost of living. However, there is a risk that the additional information exchanges between Member States required to determine the correct salary may lead to delays for the determination of the average level of reference earnings and payment of benefits to the disadvantage of the unemployed person.
<b>Economic impacts</b>		
Financial impact	-	<p>Option 3a would result in a reduction of 3.2% of the budget devoted to the aggregation of unemployment benefits in comparison to the baseline scenario for the 14 reporting Member States; option 3b would result in a reduction by 4.1% in the budget devoted to the aggregation of unemployment benefits.</p> <p>It would have a positive budgetary impact on Belgium (€ 1.4 million</p>

		<p>for 3a or € 2.3 million for 3b), Denmark (€ 80.000 for 3a or €78.000 for 3b), the Netherlands (€26.000 for 3a or €40.000 for 3b) and Finland (€34.000 for 3a or €90.000 for 3b), being Member States with a higher level of wages, compared to the Member States where the mobile EU workers were previously working. There could be a negative financial impact for Bulgaria (€ 36.000 for 3a or €230.000 for 3b), Latvia (€ 5.000 for 3a and 3b), Hungary (€ 5.000 for 3a or €6.000 for 3b), Slovakia (€ 200.000 for 3a or €370.000 for 3b) and Sweden (€25.000 for 3a and €50.000 for 3b), as relatively low wage Member States, compared to the Member State of previous employment.</p> <p>There would be no impact for those Member States which do not use previous earnings as reference for the calculation of unemployment benefits.<sup>185</sup></p>
Impact on fundamental rights	+	<p>These options aim to facilitate the exercise of to the right to engage in work in another Member State (Article 15 of the Charter), as well as to take a balanced approach to free movement and the right to social security (Articles 34 and 45 of the Charter). Taking into account a previously earned salary or professional income does not compromise the right to equal treatment (Article 21 of the Charter), as the unemployment benefit paid to national workers is generally calculated over their average income during a certain reference period. The right to property (Article 17 of the Charter) is also respected as this sub option does not affect the entitlement to unemployment benefits as such.</p>
<b>Other impacts</b>		
Regulatory Costs	-	<p>These option will have a significant effect on the administrative burden of institutions, as they may become obliged to deal with a variety of different salary statements of other Member States and to interpret the content thereof. The options would also lead to an increase in man hours devoted to collect information on the income earned in the previous Member State and to calculate the amount of unemployment benefits. It is estimated that there will be an increase by 28-9% in the administrative tasks of Member States of last employment, mainly due to an increase in man hours devoted to collect information and calculate unemployment benefit.</p> <p>This may translate into an increase in the total annual cost of handling aggregation of unemployment benefits for Germany (€ 8,700 for 3a or €43,000 for 3b), Denmark (€ 700 for 3a or €900 for 3b) and the Netherlands (€ 1,300 for 3a or €1000).<sup>186</sup></p> <p>Also, a further increase could be expected for Germany (€ 4,800 for 3a and b) and Denmark (€ 900 for 3a and b) which as Member State of previous employment have to provide the Member State responsible for aggregating periods and calculating the unemployment benefits with additional information.<sup>187</sup></p> <p>This option would also result in an increase in the administrative burden for workers as they would face increased requirements to provide the relevant information themselves<sup>188</sup>.</p>

<sup>185</sup> Ireland, Malta, Poland and the United Kingdom.

<sup>186</sup> Tables 3-1, 3-2, 3-3 and 3-4, Annexe XVII.

<sup>187</sup> Tables 3-5, 3-6, 3-7, 3-8, Annexe XVII.

<sup>188</sup> Page 25, Annexe XVII.

Risk of fraud and abuse	+	From the point of view of the Member States, changing to the calculation mechanism in such a way could contribute to reducing 'possible' artificial conduct to obtain an unfair advantage <sup>189</sup> . On the other hand, this sub option could also provide a disincentive for a person to accept employment in a lower wage Member State if this person receives an unemployment benefits which are based on a much higher salary or professional income. <sup>190</sup>
Fair burden sharing between Member States	-	This option does not contribute to a fairer sharing of burden between Member States. Although it could for higher wage Member States mean that the amount of the unemployment benefits would be lower, lower-wage Member State may be required to pay a higher amount than under national law. This may also happen in cases where the beneficiaries have paid a relatively small part of the contributions.
Mobility	-	A moderate reduction in the mobility flows could occur as a result of this option, notably in Denmark (up to 1.9% for 3a and b) and in Italy (up to 1.7% for 3a and 2.2% for 3b) <sup>191</sup> . These results mainly concern flows of mobile EU citizens coming from Poland and Romania towards Germany, Denmark, Italy, the Netherlands and the United Kingdom and coming from the United Kingdom, Germany and Italy towards France. <sup>192</sup>
Coherence with General, Specific and wider EU Objectives:  Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.  <ul style="list-style-type: none"> <li>• Ensure a <b>uniform and consistent</b> application of the <b>aggregation and calculation rules</b> reflecting the degree of integration in the Member State.</li> <li>• Ensure mobile EU workers benefit from <b>protection of rights</b></li> <li>• Ensure a proportionate distribution of financial burden between Member States</li> </ul>	0	Options 3a and b aim at establishing a better reflection of the previously earned reference salary or professional income in calculating the level of the unemployed benefits. Thereby would avoiding 'random' results in levels of unemployment benefits based on extreme short periods of insurance which disrupt the balance of financial burden. However, they would also entail an increase of regulatory costs, as it would require more exchange of information between the institutions of the Member States to receive information on the last earned salary or professional income, and would thus lead to potential delays in providing the unemployment benefits to the detriment of workers' rights. In addition, these options would possibly provide a financial advantage only for Member States with a high level of earnings, not for those with a comparatively lower wage level. The uncertain outcomes means this option therefore may be considered less coherent with the wider EU objective of supporting fair mobility and increasing access to employment opportunities throughout the Union.

<sup>189</sup> See Annex VII, p. 47.

<sup>190</sup> It is true that the same could occur under option 2, if benefits calculated on the earnings received in the previous Member State are paid. However, such a payment would only be made for the limited export period of three or six months, whereas option 3 would entail a payment based on those earnings for the whole period of entitlement.

<sup>191</sup> Figure 4.1, Annex XIX. These can be explained by the differences in average earnings in the Member State of origin compared to the Member State of destination and average levels of unemployment benefits p26-29 Annex XIX.

<sup>192</sup> Pp. 26-29, Annex XIX.

5.2.6.6 Impacts of Horizontal Policy Option: Clarification regarding the recognition of periods for the purpose of aggregation

<b>Horizontal Policy Option: clarification regarding the recognition of periods for the purpose of aggregation of periods of insurance, employment or self-employment</b>		
<b>Social impacts</b>		
Clarification	+	Clarity of the legal rule on aggregation will be improved by eliminating the complications introduced by divergent interpretation of the rules.
Simplification	+	Whilst differences between the nature of the periods continue to exist, a uniform interpretation of the rules on aggregation will contribute to simplifying the aggregation procedure for the institutions concerned.
Protection of rights	+/-	A uniform application of the rules on aggregation would partially improve the protection of rights. It would ensure equal treatment in all cases where the rules will have to be applied and there is no risk that a person might lose out on rights due to existing different interpretations. On the other hand, if it were to be decided that periods of (self-) employment are only those periods that provide for cover under the legislation of the Member State in which they were fulfilled, this means a restriction in comparison to the baseline scenario (although this restriction is already applied by a majority of Member States). Nevertheless, the person that pursues an activity which does not afford any cover under an unemployment scheme in the competent State does not (and cannot) have any legal expectation that such period should give rise to an entitlement to unemployment benefit from an unemployment scheme of a different State. On the contrary, the result that such uninsured period will not be taken into account by any other State preserves the principle of equal treatment and puts national and mobile workers on exactly same footing.
<b>Economic impacts</b>		
Financial impact	0	This option will not have a substantial budgetary impact for Member States. If there is any marginal impact to be noticed, this would be positive. The social security coordination provisions will take into account insured periods only reflecting contributions or levies paid to the social scheme or public finance.
Impacts on fundamental rights	0	As regards option 3, taking into account a previously earned salary or professional income does not compromise the right to equal treatment (Article 21), as the unemployment benefit paid to national workers is generally calculated over their average income during a certain reference period. The right to property (Article 17) is also respected as this sub option does not affect the entitlement to unemployment benefits as such.



<b>Other impacts</b>		
Regulatory Costs	+	The impact is expected to be positive, as Member States will not be required to investigate periods of insurance not normally recognised or recorded under their national legislation. Thereby the clarification could lead to fewer disputes between Member States.
Risk of fraud and abuse	+	The clarification reduces the risk of abuses claims made with reference to periods of employment in respect of which no record exists.
Fair burden sharing between Member States	+	This option could contribute to a fairer sharing of burden between Member States if it were clear that all periods under all circumstances need to confer an entitlement to unemployment benefits in the country in which they are fulfilled.
<p>Coherence with General, Specific and wider EU Objectives:</p> <p>Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.</p> <ul style="list-style-type: none"> <li>• Ensure a <b>uniform and consistent</b> application of the <b>aggregation and calculation rules</b> reflecting the degree of integration in the Member State.</li> <li>• Ensure mobile EU workers benefit from <b>protection of rights</b></li> <li>• Ensure a proportionate distribution of financial burden between Member States</li> </ul>	+	The horizontal option responds to the general objective as it provides for a clear and uniform rule for the recognition of periods completed in another Member State for aggregation purposes. the purpose of aggregation providing ention the acquisition of unemployment benefits. This option is also considered efficient and coherent with the wider EU objective of supporting fair mobility and increasing access to employment opportunities throughout the Union.

### 5.2.7 Conclusions

The baseline scenario, from a merely administrative point of view, is the easiest option to implement and it has the support of a large number of stakeholders. It can however lead to uneven results when it comes to the protection of the mobile EU worker due to the unilateral introduction of minimum periods of insurance or (self-)employment by some Member States. The fact that the requirement of a 'genuine' link with the unemployment insurance system and labour market of a Member State is not explicitly expressed in the current rules may lead to unintended gains.

Option 1 introduces legal clarity and simplicity for unemployed persons and is relatively easy to implement from an administrative point of view for the majority of Member States. It also has a minor budgetary impact only for those Member States which currently apply a minimum period of insurance

or (self-)employment. On the other hand, it fails like the baseline scenario to require a genuine link with the unemployment insurance system in the State of last activity. Eight delegations<sup>193</sup> have expressed in the Administrative Commission the view that they could accept option 1 if in return the calculation rule would be amended, or vice versa, as either one of the rules is needed to establish a 'genuine link' with the unemployment insurance system. This option in itself is therefore not the most effective option to strike a balance between the aims of protecting mobile workers and requiring a certain degree of integration in the labour market and insurance system of the State of last activity, before it becomes responsible for the payment of benefits. It is neutral in relation to coherence with wider EU policy objectives.

Options 2a and 2b more effectively strike a balance between the protection of workers and the protection of unemployment insurance schemes in the Member State of last activity as they require a certain degree of integration in the labour market and the insurance system of the State of last activity before benefits become due. This applies in particular for option 2b. The rights of the workers remain safeguarded if they become entitled to unemployment benefits from the Member State of previous activity although such export shall be limited to a period of six months. Taking into account the relative costs compared to the effectiveness of achieving objectives option 2b offers superior efficiency to option 2a (both are more efficient than the baseline). The idea to introduce a reimbursement mechanism instead has been discarded, as the current problems with the reimbursement mechanism for unemployed frontier workers show that such a mechanism is likely to create disputes and delays between the institutions involved. Both options are coherent with the wider EU objective of supporting fair mobility (fair for both jobseekers and tax-payers) and increasing access to employment opportunities throughout the Union.

Options 3a and 3b aim at establishing a better reflection of the previously earned reference salary or professional income in calculating the level of the unemployed benefits. They would avoid 'random' results in levels of unemployment benefits based on extreme short periods of insurance. However, this aim would be achieved in a less effective and efficient way than under option 2<sup>194</sup>. They would also entail an increase of regulatory costs, as it would require more exchanges of information between the institutions of the Member States to receive information on the last earned salary or professional income, and would thus lead to potential delays in providing the unemployment benefits. In addition, these options would possibly provide a financial advantage only for Member States with a high level of earnings, not for those with a comparatively lower wage level. The uncertain outcomes means this option therefore may be considered less coherent with the wider EU objective of supporting fair mobility (fair for both jobseekers and tax-payers) and increasing access to employment opportunities throughout the Union.

The horizontal option responds to the general objective as it provides for a clear and uniform rule for the recognition of periods completed in another Member State for aggregation purposes. Taking into account the negligible anticipated costs of this option compared to the potential success in realising objectives this option is also considered efficient and coherent with the wider EU objective of supporting fair mobility (fair for both jobseekers and tax-payers) and increasing access to employment opportunities throughout the Union.

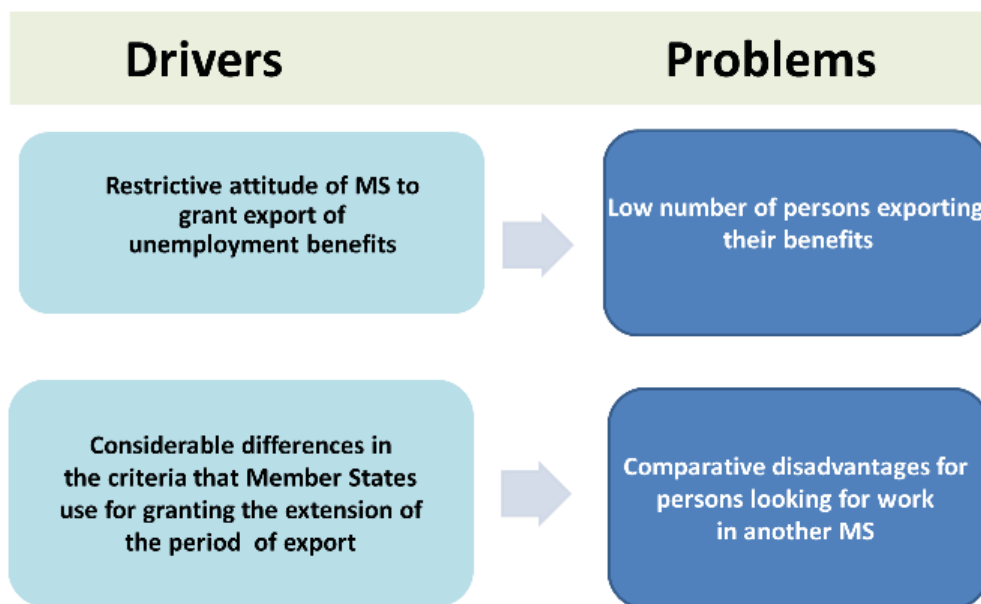
### 5.3. Export of Unemployment Benefits

#### 5.3.1 *Problems with the limited export of unemployment benefits and drivers behind them*

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<sup>193</sup> The Bulgarian, Italian, Portuguese, Belgian, Estonian, Irish, Polish and Swedish delegations.

<sup>194</sup> It should be borne in mind, that unemployment benefits paid by the Member State of previous activity in accordance with options 2 are also calculated on the basis of reference earnings received in those States, and not on the earnings received for only a short period in the Member State of last activity.



*5.3.1.1 There are currently low numbers of persons exporting their unemployment benefits and the period of export does not give a realistic chance for a jobseeker to find work in another Member State*

A worker who has acquired an entitlement to unemployment benefits has a right to look for a job in another Member State while retaining the unemployment benefit for a limited period of time. Under the current rules the period of export is limited to a minimum of three months and a maximum of six months.

The right to export unemployment benefits is either certified by the Portable Document U2 (PD U2 – *Retention of unemployment benefits*) or at request of the institution in the host State by the Structured Electronic Document U008 (SED U008). Statistical data about the number of PD U2/SED U008 issued<sup>195</sup> shows that the mobility of jobseekers is rather limited, because only approximately 27.000 unemployed persons have exported their unemployment benefits in 2013 and in 2014<sup>196</sup> representing on average only 1 out of 1.000 unemployed persons received this document in 2013 and in 2014. Spain (3,128), Portugal (1.751), Germany (± 1.600) and France (1.510) issued the highest number of PD U2 during the second semester of 2013, whereas Malta (6) and Romania (3) issued the fewest.

There is anecdotal evidence that the period of three months generally considered too short to respond to the aspiration of unemployed persons that they will find abroad. Nine individual respondents to the public consultation had requested the export of unemployment benefits at some point in their lives.<sup>197</sup> Out of these nine, five reported problems when asking to receive their benefits abroad. In the public consultation, a mobile worker living in Sweden and with a full-time job pointed out that “With the current high unemployment and fierce competition it is almost impossible to find a job in 3 months, considering you have to create a new network, learn a new language, get into a new culture and the society as a whole. I would really like to see the rules changed to be the same for every Member State concerning exporting / receiving unemployment benefit for at least 6 months.”

<sup>195</sup> Pacolet, J. and De Wispelaere, F., Export of unemployment benefits – PD U2 Questionnaire, Network Statistics FMSSFE, European Commission, June 2014, p25.

<sup>196</sup> Pacolet, J. and De Wispelaere, F., Export of unemployment benefits – PD U2 Questionnaire, Network Statistics FMSSFE, European Commission, June 2014, 25 p.

<sup>197</sup> A public consultation between December 2012 and February 2013 invited citizens and organisations to provide their views on the main problems linked to the export of unemployment benefit.

There is also statistical evidence that a prolongation of the export period is likely to enhance the chances of the unemployed person to find a job. The available statistical data show an average success rate between 11% (average percentage of the reporting sending Member States) and 8% (average percentage of reporting receiving Member States). The figures also show an increase of the total success rate by 3 percentage points in case a prolongation was granted.<sup>198</sup>

Drivers behind these problems are that Member States do not consistently promote the right to export unemployment benefits. Under the current rules, the competent institution can decide if, depending on the circumstances of the case, an extension of the export period of another three months will be granted. Currently nine Member States structurally do not grant an extension of the export period,<sup>199</sup> even if this would increase the person's chances of finding employment in one of these Member States.

Furthermore, the negotiations in Council on the Chapter on Unemployment Benefits in the coordination Regulations showed that Member States are reluctant to grant a prolonged export of their unemployment benefits. This is not only due to considerations of financial interests, but also by concerns regarding the possibilities to supervise the jobseeking activities of the unemployed person. One of the drivers for the more stringent attitude of some countries seems to be inspired by (potential) difficulties in the mutual cooperation between Member States for monitoring the person's jobseeking activities, as well as the fear that the person is not genuinely looking for work. These factors seem to be mutually reinforcing and give a clear signal that the mutual cooperation mechanism needs to be strengthened. This is also confirmed by the online consultation by Deloitte Consulting<sup>200</sup> which shows that the current cooperation mechanism is not regarded as a sufficient safeguard that all necessary checks are performed due to the fact that employment services in the host State have no financial incentive to verify jobseeking efforts undertaken by those unemployed persons. Member States find it much more difficult to trust information confirming active jobsearch from foreign employment services institutions than from their own institutions. Public authorities in Austria, Czech Republic, Hungary, Italy, Lithuania, the Netherlands, Poland and Portugal who believe that the export of unemployment benefits could lead to increased risk of misuse of rights, proposed, among other measures, that the host Member State should assume more responsibility for jobseekers who have exported their unemployment benefit from another Member State.<sup>201</sup>

However, there is no evidence<sup>202</sup> that points to a wide-scale abuse of the system. The Final Report of the Ad-hoc Group on Combatting Fraud and Error through the exchange of personal data within the framework of the Administrative Commission<sup>203</sup> shows that difficulties and obstacles in exchanging data do not derive from the Regulations, but are rather due to a lack of cooperation, prioritisations, long delays in answering and fragmented replies, as well as to limitations in domestic law in certain Member States to exchange personal data with institutions across the border. It is anticipated that these issues will be greatly reduced by the introduction of the Electronic Exchange for Social Security Information (EESSI) scheduled for launch by the end of 2016 with a deadline for full implementation in all Member State by the end of 2018 which will introduce common structured electronic documents and a uniform procedure for all national authorities to follow when processing claims for social security benefits has the potential to address the concerns raised by competent Member States concerning the need to monitor a jobseeker's compliance with active labour market requirements when seeking work in another Member State.<sup>204</sup>

Increased mobility can play a key role in tackling EU-wide unemployment. Whilst some areas of the EU are experiencing an acute unemployment crisis, there exist about 2 million positions that have

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<sup>198</sup> Pacolet, J. and De Wispelaere, F., Export of unemployment benefits – PD U2 Questionnaire, Network Statistics FMSSFE, European Commission, October 2015, 25 p. 15.

<sup>199</sup> Cyprus, Denmark, Finland, France, Hungary, Italy, Ireland, the Netherlands and the United Kingdom.

<sup>200</sup> Mentioned by representatives of public authorities from Austria, Hungary, Czech Republic, Ireland, Italy, Lithuania, the Netherlands, Poland, Portugal and Slovenia.

<sup>201</sup> See Annex II, p. 7.

<sup>202</sup> Following the annual discussion on Fraud and Error within the framework of the Administrative Commission.

<sup>203</sup> To be published on <https://circabc.europa.eu>.

<sup>204</sup> Annex VI, p17.

remained unfilled for a significant period of time, according to information by the EURES network. Export of unemployment benefit allows a citizen to search for work in another Member State without becoming a burden to the social security system of that State. Instead, they continue to receive benefits to which they contributed in their 'home' Member State. The consequences of the comparatively small percentage of persons using the possibility to look for employment in another Member State points very clearly that the current rules are not achieving their full potential. EU rules on export and coordination should take this into account, whilst at the same time recognising the concerns of Member States in this respect.

### *5.3.1.2 Member States apply inconsistent criteria in determining whether to grant the extension of the export period leading to comparative disadvantages for persons looking for work in another Member State*

Under the current rules Member States have a discretion to determine whether they export unemployment benefits only for the minimum period of three months or the maximum period of six months. However, the restrictive attitude from Member States towards granting export in general is also reflected in granting an extension of the export period beyond three months. The results of a survey carried out by the trESS network<sup>205</sup> and a questionnaire launched within the framework of the Administrative Commission<sup>206</sup> show that still a considerable number of Member States do not let their institutions make use of this discretion at all, or only exceptionally:

- 3 months, no extension: Cyprus, Denmark, Finland, France, Croatia, Greece, Sweden, Hungary, Italy, Ireland, the Netherlands and the United Kingdom;
- 3 months, possibility to extend: Austria, Belgium, Bulgaria, Spain, Germany, Luxembourg, Malta, Romania, Estonia, Latvia, Lithuania, Slovenia, Slovakia, Poland, Portugal;
- 6 months by default<sup>207</sup>: Czech Republic and Malta.

The main reasons for not granting an extension of the export period vary as well. Sometimes, the national legislation does not allow for an extension or does not contain any criteria for granting an extension (e.g. the United Kingdom). Other Member States have developed their own criteria. In Germany for example, the expected national demand for labour in the coming months, the individual reasons for a preferred work abroad and better integration opportunities are taken into account in the decision of whether to extend the export period.

Luxembourg and Romania grant the extension every time upon an individual request. In some Member States, such as Belgium, the extension of export is exceptional and can only be granted if there is proof that the intensive search for employment and a further stay are indispensable in the light of ongoing applications. Similarly, the Austrian institutions request proof of whether there is a job offer available in the home country before granting an extension and the Spanish authorities ask the unemployed person to prove that he or she is likely to find work during the extended period. Also, Latvia, Lithuania, Estonia, Slovenia, Bulgaria and Slovakia examine every case individually after the expiry of the the three months of export.

Unemployed persons in countries which never grant an extension of the period of export are put at a disadvantage compared to those who get their benefit from more 'generous' institutions. They therefore have more limited support in their search for work in another Member State.

The consequence of this problem is that there is inconsistent treatment of applications to extend the period of export of unemployment benefits across the EU and mobile jobseekers face inconsistent treatment when they seek work in another Member State depending on which Member State is

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<sup>205</sup> Think tank report 2012, *Coordination of Unemployment Benefits*, to be consulted at: [http://www.tress-network.org/tress2012/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESS\\_ThinkTankReport2012.pdf](http://www.tress-network.org/tress2012/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESS_ThinkTankReport2012.pdf).

<sup>206</sup> Pacolet, J. and De Wispelaere, F., Export of unemployment benefits – PD U2 Questionnaire, Network Statistics FMSSFE, European Commission, June 2014, 25 p.

<sup>207</sup> i.e. PDs U2 had immediately been granted for the maximum period from the outset.

competent for payment of the unemployment benefits. Once again this suggests the EU social security rules are not achieving their full potential to support the internal market by facilitating intra-EU mobility in particular to target asymmetrical spikes in unemployment or to address skills mismatches or shortages in skilled workers.

### 5.3.2 Baseline scenario

There are about 24.000 persons exporting unemployment benefits to another Member State, representing only 0.1% of all unemployed persons in the EU<sup>208</sup>. Only limited data is available on the countries to which unemployed persons export their benefits in table 65 in Annex V.<sup>209</sup> From that table it follows that persons mainly apply to export their benefits to a neighbouring country. For example, Belgium issued the highest number of PD U2 forms for persons moving to France. Unemployed persons in Poland, Denmark and the Netherlands tend to look for work in Germany. The United Kingdom is also a preferred destination of jobseekers, most probably for linguistic reasons. On the basis of the current spread over the destination countries, a large influx of unemployed persons in either of these countries not to be expected.

Based on the projections of the 2015 Ageing report, assuming that the unemployment rate in the EU will diminish between 2015 and 2020, and assuming that the rate of unemployed persons exporting unemployment benefits will remain stable at 0.1%, then we could expect that the number of people exporting unemployment benefits when moving abroad under the current scenario would decrease to around 23,000 in 2020 and 19,000 in 2030. However, as this report only describes the effect of the demographic development and as other factors such as the general evolution of the economy in the different Member States has a more decisive impact on the rate of unemployment and on movements of unemployed persons between Member States, these projections alone do not necessarily present the likely future trends in this area.

Providing the right to export unemployment benefits is, in itself, not sufficient to encourage people to work where they are most needed, or where the chances of finding a job are higher. A person's motivation to move is always a combination of 'push factors' in the home country and 'pull factors' in the receiving country. The decision to move is inspired by better prospects for the future and the potential costs are carefully weighed against the knowledge of the potential costs associated with the migration<sup>210</sup>. If we look at the reasons to move for unemployed persons, 24% declared that they wish to move to a particular country due to the employment opportunities there, while 43% wish to earn more money.<sup>211</sup>

Not undertaking action in the field of export of unemployment benefits would maintain the current divergences as regards the application of the existing rules. It would also stifle the mobility of jobseekers between national labor markets and not only deprive them of a chance of finding more suitable employment, but also the Member States of a chance to fill in persistent vacancies and to even out skill mismatches.

The Electronic Exchange for Social Security Information (EESSI) scheduled for launch by the end of 2016 with a deadline for full implementation in all Member State by the end of 2018 which will introduce common structured electronic documents and a uniform procedure for all national authorities to follow when processing claims for social security benefits has the potential to address the concerns raised by competent Member States concerning the need to monitor a jobseeker's

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<sup>208</sup> European Commission, *Export of Unemployment Benefits* (2015).

<sup>209</sup> See also Pacolet, J. and De Wispelaere, F., Export of unemployment benefits – PD U2 Questionnaire, Network Statistics FMSSFE, European Commission, June 2014, 25 p. However, no data with regard to the bilateral flows between Member States are available. Different reasons to export the unemployment benefit might appear (a lower unemployment rate compared to the competent Member State, familiarity with the Member State where looking for employment, 'return' of the mobile worker to his/her country of birth etc.).

<sup>210</sup> European Policy Centre *Making progress towards the completion of the Single European Labour Market*, EPC Issue Paper no. 75, May 2013, p. 17. [http://www.epc.eu/documents/uploads/pub\\_3529\\_single\\_european\\_labour\\_market.pdf](http://www.epc.eu/documents/uploads/pub_3529_single_european_labour_market.pdf). and Drinkwater and Garapich, *Migration Plans and Strategies of Recent Polish Migrant to England and Wales: Do they Have Any and How do they Change?* NORFACE-ERA NET (TEMPO), Nov. 2013.

<sup>211</sup> European Commission, *Geographical and labour market mobility*, Special Eurobarometer Review N. 337, June 2010, p. 36.

compliance with active labour market requirements when seeking work in another Member State. Electronic exchange will provide a more consistent and efficient means for Member States to cooperate and exchange information in cases of export of unemployment benefits.<sup>212</sup>

### 5.3.3 Objectives for review on the export of unemployment benefits

The **general policy objective** of this initiative is to continue the modernisation of the EU Social Security Coordination Rules by further enabling the citizens to exercise their rights while at the same time ensuring legal clarity and a fair and equitable distribution of the financial burden among the institutions of the Member States involved.

In relation to the rules on export of unemployment benefits, this means in particular to ensure that jobseekers can benefit from the opportunities of the European labour market and exert their right to free movement without having to fear a loss of their benefit entitlements. As long as they can enjoy their acquired rights to unemployment cash benefits, they are less likely to become a burden on the welfare system of the host Member State to which they went in order to seek employment there. It also generally supports financial equilibrium within the internal market by serving to mitigate cyclical adjustment measures in response to asymmetric shocks<sup>213</sup> spikes in unemployment and skill mismatches between Member States.<sup>214</sup>

In view of this general objective, the **specific objective** in this field can be defined as follows:

- **Protection of rights** of unemployed persons when they move to another Member State to take up employment there.
- **Promotion of integration** of unemployed persons **into the labour market across the EU.**
- Provision of a **systematic and easy to administer cooperation and control mechanism** in order to monitor the fulfilment of their rights and obligations.

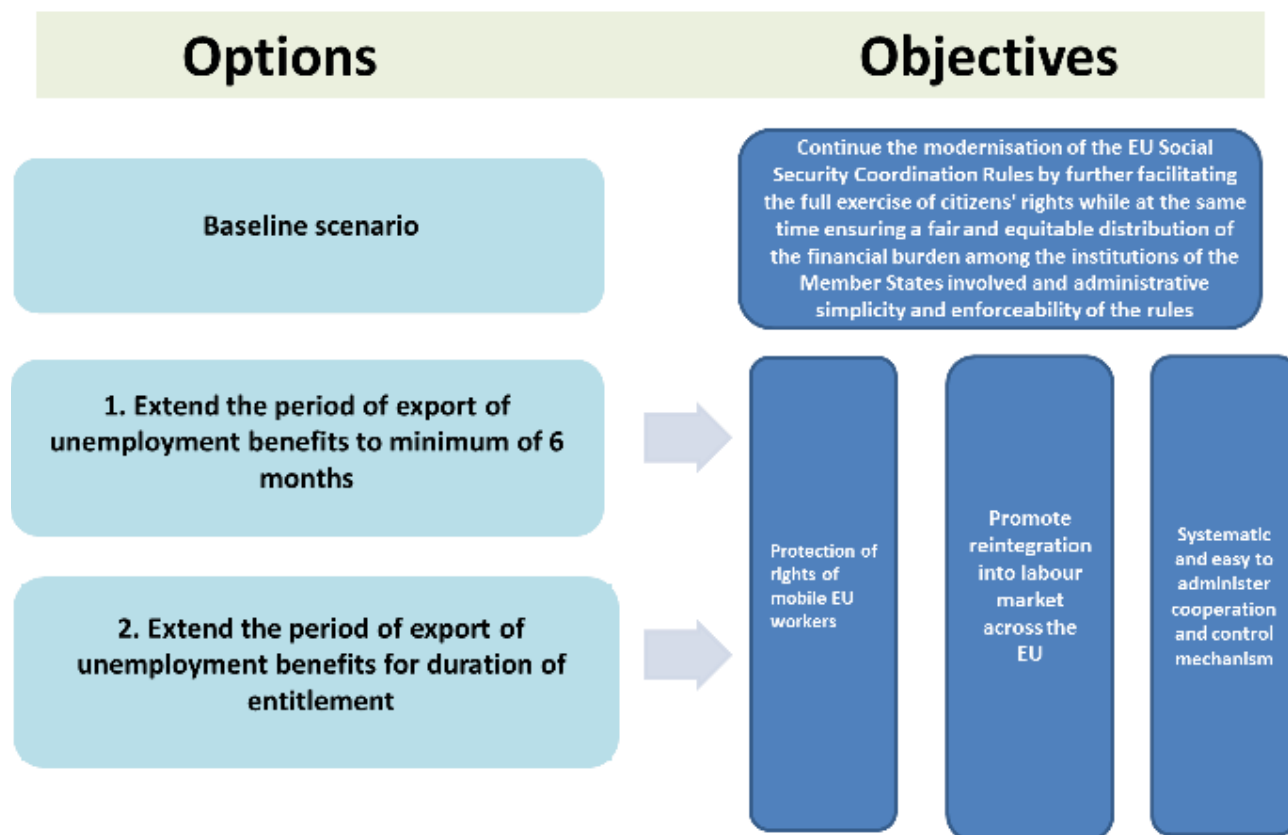
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<sup>212</sup>Annex VI, p17.

<sup>213</sup>Labour Market and Wage Developments in Europe 2015, European Commission.

<sup>214</sup>ESDE 2015.

### 5.3.4 What are the various options to achieve the objectives concerning the export of unemployment benefits?



#### 5.3.4.1 Option 0: baseline scenario

Under the status quo, export of unemployment benefits can be granted for a period of three months with a possibility for extension of up to six months.

#### 5.3.4.2 Option 1: Extend the period for export of unemployment benefits to a minimum period of 6 months (or end of entitlement period if shorter)

This option can be combined with the previous options as all unemployed persons have the opportunity to look for a job in another Member State while maintaining their right to unemployment benefits. Clear guidance, provided by the Commission, on the correct application of the export period of unemployment benefits could be helpful to attain more uniformity in the interpretation of this particular export rule.

The time limit of 6 months is chosen for several reasons and aims at increasing the number of persons exporting their benefit. The first one is the increased chances of finding a job after a period of 6 months. Based on figures provided by 9 Member States, the average success rate increases by 3 percentage points if an extension from 3 to 6 months is granted.<sup>215</sup>

<sup>215</sup> Pacolet, J. and De Wispelaere, F., Export of unemployment benefits – PD U2 Questionnaire, Network Statistics FMSSFE, European Commission, October 2015. Based on figures provided for 2014 on PDs U2 or SEDs U008 issued in the year 2014, they calculated an average total success rate, i.e. the percentage of unemployed persons exporting their unemployment benefit who have found work abroad of between 11% (average percentage of the reporting sending Member States) and 8% (average percentage of the reporting receiving Member States). This rate increases by 3 percentage points in case of prolongation of the export period up to 6 months.



The period of six months also coincides with the period that was seen as appropriate for a person to find a job independently of active labour market assistance<sup>216</sup>. It is also the time limit awarded to jobseekers under EU law<sup>217</sup> for having a right-to-reside as a jobseeker. An extension of the period will also be beneficial for the unemployed cross border workers who wish to return to their State of residence and look for work there.<sup>218</sup> It is also beneficial to mobile EU workers who have not completed a sufficient periods of insurance or (self-)employment to apply for aggregation of periods.<sup>219</sup> In addition, the competent institution paying the unemployment benefits can decide to extend export of unemployment benefits beyond the period of six months on the basis of an individual assessment of the chances and efforts made to find employment in another Member State.

#### *5.3.4.3 Option 2: Provide for export of unemployment benefits until the end of the entitlement period.*

This option stipulates that an unemployed person has the right to search for a job in another Member State and to receive unemployment benefits for as long as the entitlement to such benefits under national legislation of the competent Member State lasts. The availability for the labour market in another Member State should be considered parallel to the availability to the labour market in the competent Member State.

In relation to both options, ensuring improved support for Member States to address their concerns over the administrative burden caused by benefit coordination is important. Therefore in relation to both options extension of the export period will be coupled with a reinforced cooperation mechanism to facilitate the information exchange between Member States and to increase mutual trust over performing effective checks on the person's jobseeking activities. The verification procedure will consist of:

- a) The possibility to ask for 'ad hoc' checks by the employment services in the receiving State.
- b) Introducing a system of automatic reporting by the employment services in the 'receiving State' to the employment services of the competent Member State. An automatic process, expedited by EU law, could help to remove much of the problems quoted by administrations involving delays in receiving the information they need to verify jobseeking activities.
- c) Introducing a legal basis in Regulation (EC) No 883/2004 for "data matching" (i.e. the comparison of bulk data of insured persons). Such data transmission can take place in a case where there is no actual doubt about the accuracy of the information provided to enable Member States to identify any fraud or error in the proper implementation of the Regulations. For example, it allows Member State A to provide Member State B with personal data which Member State B will check against its own data in order to identify any inconsistencies which would affect the proper application of the Regulations. This "data-matching" may be used by Member States to identify whether there is fraud and error in the payment of unemployment benefits to persons living outside the paying State, by comparing lists of persons in receipt of such exported benefits living in State B against data held on persons in employment by that State.

Under this option, the delivery of support services to assist any person interested in matching, placement and recruitment through the EURES network can be an important complement to the person's jobseeking activities<sup>220</sup>.

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<sup>216</sup> Grubb, David, *Key features of successful activation strategies*, PES to PES dialogue conference "Activation and integration: working with individual action plans" OECD Employment and Analysis Policies Division, Brussels, 8-9 March 2012.

<sup>217</sup> *Antonissen* C-292/89 ECLI:EU:C:1991:80158, 30.4.2004, p. 77..

<sup>218</sup> For more information about the rules that apply to cross-border workers see paragraph 5.4

<sup>219</sup> For more information about the rules that apply to aggregation of unemployment benefits see paragraph 5.2.

<sup>220</sup> Receiving assistance with matching, recruitment and placement for, including in gaining access to both active labour market measures and information and advice on social security as proposed in the Communication on the reformed EURES network.

### 5.3.5 Stakeholder Support on amending the rules on the export of unemployment benefits

#### 5.3.5.1 Option 1: Extend the period for export of unemployment benefits to a minimum period of 6 months

Based on the first consultation in the Administrative Commission of Member States' opinions as regards the extension of the export period, 8 delegations<sup>221</sup> have indicated to support his option. 16% of the individual respondents to the public consultation supported this option and no clear preference was identified among the respondents from social partners.

#### 5.3.5.2 Option 2: Provide for export of unemployment benefits until the end of the entitlement period

None of the experts within the Administrative Commission seemed to support this option explicitly. Three delegations<sup>222</sup> seemed flexible to introduce this option. The results of the online consultation by Deloitte Consulting show that 79% of the public authorities think that the risk of misuse or abuse of rights is particularly high if the unemployment benefits would be provided until the end of a persons' entitlement, according to the rule of the Member State which provides them.

On the other hand, it seems that almost 60% of the individual respondents to the public consultation support this option and 18% of the representatives of social partners.

All delegations recognised the importance of reinforcing the cooperation mechanism while keeping the administrative burden on an acceptable level.

#### 5.3.5.3 What are the impacts of the Different Options on the export of unemployment benefit

The options have been compared to the baseline scenario and with regard to their effectiveness in achieving the specific objectives of the initiative, their efficiency (cost-effectiveness/even burden sharing), coherence with the general objectives of the EU and their impacts as assessed above.<sup>223</sup>

Figures for all EU-Member States on the export of unemployment benefits have become available via the administrative PD U2 Questionnaire launched in 2015 within the framework of the Administrative Commission (for 2013). Additional data available for Belgium has been used to describe the impact of the prolongation period on finding a job abroad. Finally, figures of Eurostat (based on the LFS) were used to calculate the average duration of the unemployment period.

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<sup>221</sup> Czech Republic, Luxembourg, Portugal, Italy, Malta, Slovakia, Slovenia and Romania.

<sup>222</sup> Czech Republic, Italy and Portugal.

<sup>223</sup> Secondary impacts are not considered in the final comparison in recognition of the limitations of the data available to conduct this assessment.

### 5.3.5.4 Summary of the impact of different options concerning the export of unemployment benefits

Type of impact	Clarification	Simplification	Protection of rights	Fundamental rights	Economic impacts	Regulatory costs	Risk of fraud and abuse	Equitable burden sharing Member State	Coherence with General, Specific and EU objectives	Overall Effectiveness	Overall Efficiency (cost effectiveness vs)
<b>Baseline Scenario</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Option 1</b>	+ <sup>224</sup>	+	+	+	+/- <sup>225</sup>	-	+	+	++	++	++
<b>Option 2</b>	+ <sup>226</sup>	+	+	+	+/-	-	+	+/-	+	+	+

<sup>224</sup> Duration of export up to 6 months is no longer at the discretion of Member State.

<sup>225</sup> The economic impact is expected to be neutral, because the duration of export does not affect the overall period of entitlement.

<sup>226</sup> No discretion as regards duration of export.

### 5.3.5.5 Impact of Policy Option 1: extension of the export period up to a minimum of 6 months

Policy Option 1: extension of the export period up to a minimum of 6 months		
<b>Social impacts</b>		
Clarification	+	This option eliminates the uncertainty derived from the degree of flexibility applied by the national institutions. There would be a clear and uniform standard for all persons wishing to take their unemployment benefits with them when looking for a job in another Member State.
Simplification	+	This option would make an end to the widely varying practices that currently exist across Member States. The period of six months also coincides with the periods that was seen as appropriate for jobsearch within the framework of freedom of movement and in which persons can find a job independently of active labour market assistance <sup>227</sup> .
Protection of rights	+	This option would ensure that the persons concerned can retain their entitlement to unemployment benefit for a longer period than under the existing rules. It would also allow them to make better use of the possibilities offered by the host Member State to find suitable employment.
<b>Economic impacts</b>		
Financial impact	+/-	This option does not affect substantially the duration, nor the amount of unemployment benefits paid by the competent Member State. It does not have any significant financial impact on the Member States, either at an individual or aggregate level, as it does not create a right for unemployment benefits, but only maintains an existing right to benefit in case of search of employment in another Member State.
Impacts on fundamental rights	+	This option contributes to the freedom to choose an occupation and the right to engage in work in another Member State (Article 15), as well as to a better protection of rights for workers who have made use of their right to free movement (Article 45). There is no impact on the right to property (Article 17) as acquired rights to unemployment benefits are maintained.
<b>Other impacts</b>		
Regulatory Costs	-	Improving and standardising unemployment benefit export between Member State, including introducing a new co-operation and control mechanism, will contribute to reducing the administrative burden that is often cited by Member States as being experienced by their competent institutions. Currently the length of time for which Member States will export unemployment benefit

<sup>227</sup> Grubb, David, Key features of successful activation strategies, PES to PES dialogue conference “Activation and integration: working with individual action plans”, OECD Employment Analysis and Policies Division, Brussels 8-9 March 2012.

		varies between Member States, necessitating separate processes for granting an extension of the period of export. Setting up the reinforced cooperation mechanism requires an increased effort in comparison to the baseline scenario, for the person concerned to inform the employment services and for the employment services to communicate the follow-up on the unemployed person's job searching activities. It is not expected that this will have a substantial impact on the administrative burden of the individual Member States. The total number of PD U2 forms issued is still rather moderate and varies between 0,001% and 1,26% of the total population of unemployed persons in 2013.
Risk of fraud and abuse	+	Combined with the intended introduction of a reinforced cooperation mechanism, it is expected that this option will entail a lower risk of fraud and abuse than the current rules.
Fair burden sharing between Member States	+	During the export period, the person concerned remains covered by the legislation of the Member State which provides the benefit. This reduces the risk that the person concerned has to rely on welfare benefits from the host Member State if he stays there beyond the current minimum export period of three months. Moreover, the investment that an employment service in the host state may make in cooperation activities may pay itself back when the person actually succeeds in finding a job in that country, starts working and paying social security contributions.
Coherence with General, Specific and wider EU Objectives:  Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.  <ul style="list-style-type: none"> <li>• Ensure a <b>uniform and consistent</b> application of the export rules.</li> <li>• Offer jobseekers the best chance of (re)integrating into the labour market</li> <li>• Provide for a systematic and easy to administer cooperation and control mechanism to monitor the fulfilment of obligations by the jobseeker in exchanges between Member States</li> </ul>	++	By setting a minimum period for the export of unemployment benefits that is longer than the current three months, <u>option 1</u> is effective in providing opportunities for job searching activities in another Member State supporting better allocation of labour force (and human capital) within the internal market and indirectly resulting in savings in terms of public funds devoted to payments of unemployment benefits and social assistance. <sup>228</sup> A new cooperation mechanism that would be more effective and efficient than the current one would reduce the fear of fraud and error. This option may therefore be considered coherent with the wider EU objective of supporting fair mobility and increasing access to employment opportunities throughout the Union while limiting the time in which a jobseeker does not have direct access to activation measures and support from the competent Member State. It is also aligned with 2013 citizenship report (COM(2013)269) which as its key action 1 refers to the proposal to extend the export of unemployment benefits to six months.

<sup>228</sup> European Policy Centre, Making progress towards the completion of the Single European Labour Market, available at: [http://www.epc.eu/documents/uploads/pub\\_3529\\_single\\_european\\_labour\\_market.pdf](http://www.epc.eu/documents/uploads/pub_3529_single_european_labour_market.pdf).

5.3.5.6 Impact of Policy Option 2: extension of the period of export of unemployment benefits until the end of the entitlement period

Policy Option 2: extension of the period of export of unemployment benefits until the end of the entitlement period.		
<b>Social impacts</b>		
Clarification	+	The adoption of this option could have positive effects in comparison to the baseline scenario, as the period of export will be subject to a uniform rule with no room for differing interpretation or practices.
Simplification	+	A direct link between the export and the entitlement period will be aligned with national rights in a way mobile workers may find easier to understand.
Protection of rights	+	This option would ensure that the persons concerned retain their entitlement to unemployment benefit for the whole period in case of search for work in another Member State. It would also allow them to make full use of the possibilities offered by the host Member State to find suitable employment. Figure 2.1 in Annex IX shows that 55.5% jobseekers exit unemployment after 12 months and 75% after 24 months. The increases are proportionally not as substantial as between 3 and 6 months.
<b>Economic impacts</b>		
Financial impact	+/-	The impact is the same as for option 1.
Impacts on fundamental rights	+	The impact is the same as for option 1.
<b>Other impacts</b>		
Regulatory Costs	-	The impact of this option on the administrative burden is the same as for option 1.
Risk of fraud and abuse	+	Combined with the intended introduction of a reinforced cooperation mechanism, it is expected that this option will entail a lower risk of fraud and abuse than the current rules.
Fair burden sharing between Member States	+/-	The effect is the same as for option 1, although potentially for an even longer period.
Coherence with General, Specific and wider EU Objectives: Continue the modernisation of the EU Social Security Coordination	+	Extension until the end of the entitlement period under <u>option 2</u> will allow a person to perform jobseeking activities in another Member State throughout the full entitlement period and it complies with the 2013 citizenship report (COM(2013)269) proposal to extend the export of unemployment benefits to six

<p>Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.</p> <ul style="list-style-type: none"> <li>• Ensure a <b>uniform and consistent</b> application of the export rules.</li> <li>• Offer jobseekers the best chance of (re)integrating into the labour market</li> <li>• Provide for a systematic and easy to administer cooperation and control mechanism to monitor the fulfilment of obligations by the jobseeker in exchanges between Member States</li> </ul>		<p>months. However, the effects on length of time spent unemployed are in the long-term unclear and it is uncertain longer entitlement to unemployment benefits actually increases likelihood of reintegration into the labour market. It could increase the administrative burden for the State of destination, through needing to actively monitor the person's employment situation over a longer period. Moreover, there will be little incentive for the country to which the person has gone to provide active labour market assistance throughout the full period of the payment of the unemployment benefit, if that institution has no power to control the payment of unemployment benefits or is not compensated financially by the competent Member State. This measure may therefore be considered less effective in achieving the wider EU objective of supporting fair mobility (fair for both jobseekers and tax-payers) and increasing access to employment opportunities throughout the Union and promoting access to labour market activation measures.</p>
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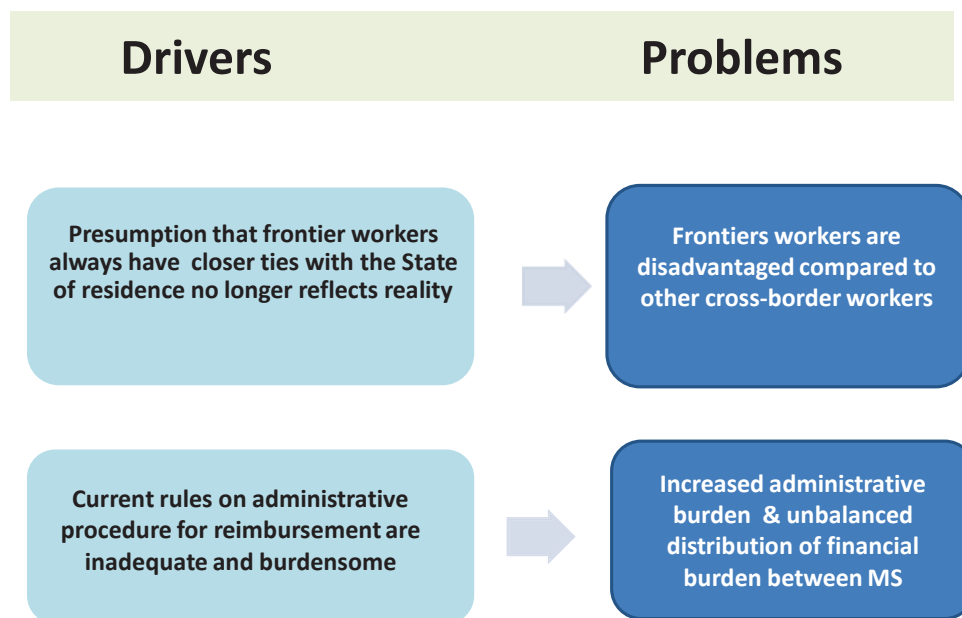
### 5.3.6 Conclusions

By setting a minimum period for the export of unemployment benefits that is longer than the current three months, option 1 is more effective in providing opportunities for job searching activities in another Member State. It will involve communication between Member States for an extended period of time and an effective cooperation mechanism to take away the fear of fraud and error in Member States. This option may therefore be considered coherent with the wider EU objective of supporting fair mobility (fair for both jobseekers and tax-payers in the competent Member State) and increasing access to employment opportunities throughout the Union while limiting the time in which a jobseeker does not have direct access to activation measures and support from the competent Member State. It is also aligned with 2013 citizenship report (COM(2013)269) which as its key action 1 refers to the proposal to extend the export of unemployment benefits to six months.

Although extension until the end of the entitlement period under option 2 will allow a person to perform jobseeking activities in another Member State throughout the full entitlement period, it will not be effective if not accompanied by an established control mechanism that will allow competent Member States to follow up on the jobseeking activities of the person. The effects on length of time spent unemployed are in the long-term unclear. It could increase the administrative burden for the State to which the person has gone, through needing to actively monitor the person's employment situation. Moreover, there will be little incentive for the country to which the person has gone to provide active labour market assistance throughout the full period of the payment of the unemployment benefit, if that institution has no power to control the payment of unemployment benefits or is not compensated financially by the competent Member State. This measure may therefore be considered less effective in achieving the wider EU objective of supporting fair mobility (fair for both jobseekers and tax-payers) and increasing access to employment opportunities throughout the Union and promoting access to labour market activation measures even if it complies with the 2013 citizenship report (COM(2013)269) proposal to extend the export of unemployment benefits to six months. This option is therefore not the most effective, or efficient option. The results of the online consultation by Deloitte Consulting show that 79% of the public authorities think that the risk of misuse or abuse of rights is particularly high if the unemployment benefits would be provided until the end of a persons' entitlement, according to the rule of the Member State which provides them.

#### 5.4. The rules on the provision of unemployment benefits for frontier and other cross-border workers

##### 5.4.1 Problems with the coordination rules on the provision of unemployment benefits for frontier and other cross-border workers



##### 5.4.1.1 Frontier workers are disadvantaged compared to other cross-border workers

The legislator has made an explicit choice in Regulation (EC) No 883/2004 that a frontier worker should receive unemployment benefits in the State of residence. This is a derogation from the general principle that a person pursuing a gainful activity should be affiliated to the social security scheme of the State in the territory of which he/she is employed or self-employed (*lex loci laboris principle*).

However, this derogation is not applied consistently:

- 1) It applies only to frontier workers, but not to other cross-border workers. Cross-border workers who do not return on a regular basis to their country of residence have a right of choice, i.e. they can remain in their country of activity and claim unemployment benefits there or they can claim unemployment benefits from the country of residence, provided they return to that country.
- 2) Moreover, the derogation only applies to frontier workers who are wholly unemployed, whereas frontier workers, who are only partially or intermittently unemployed continue to receive their unemployment benefit from the country of last activity.
- 3) In addition, it does not necessarily apply to those frontier workers who were formerly self-employed. If they reside in a country where there is no unemployment insurance for self-employed persons, they shall be entitled to receive unemployment benefit from the institution in the country of last activity to which they had been affiliated.

The derogation for unemployed frontier workers is based on the assumption that, as a rule, they have closer ties to the Member State of residence than to the Member State of previous employment and therefore better prospects of finding a job there. Moreover, unemployed persons have to register with the employment service which is competent for them in order to receive their benefits and they are required to be available for work. It has been assumed that this condition can more easily be fulfilled in



the country of residence than in the State of previous employment and that, for this reason, frontier workers can get their benefits in the State of residence under more favourable conditions.<sup>229</sup>

However, this assumption appears to be flawed when looking at the latest statistics<sup>230</sup>. An estimated average of 927.000 cross-border workers<sup>231</sup> (76% of the total number of cross-border workers) were employed for longer than 12 months in the State of activity before becoming unemployed which indicates that they have established a strong link to the labour market of the State of activity. Compared to that, only 287.000 cross-border workers (or 24% of the total number of cross-border workers) had been employed less than 12 months in their State of activity.

Moreover, distances can nowadays more easily be bridged by modern means of transport and also by electronic means of communication which are more and more frequently used by employment services of Member States also for the purpose of registration and supervision of the jobseeking activities of an unemployed person.

Another problem derives from the fact that it is not always easy to distinguish between frontier workers and other cross-border workers. A number of Member States have pointed out in the discussions within the Administrative Commission<sup>232</sup> that it has become more and more difficult to assess in practice if a person is a frontier worker or another cross-border worker. Large distances can be more easily overcome nowadays, so that it cannot be excluded that for example, a person who works in Brussels returns every weekend to London and is therefore a frontier worker. The Member States concerned have therefore questioned if it is still justified to make a distinction between frontier workers and other cross-border workers on the basis of their commuting patterns.

It has also to be acknowledged that a consequence of the current different treatment of unemployed frontier workers and other cross-border workers may disadvantage the first group in comparison to the latter, especially when the legislation of the State of last employment would have resulted in a more favourable level of unemployment benefits for the unemployed frontier worker. This became apparent in the Case C-443/11 *Jeltes*<sup>233</sup> and there are also numerous complaints (28 from August-December 2012 and 35 in the period of January-September 2013) showing that the current rules are not always in the interest of the workers' concerned. Being bound to claim unemployment benefit in their country of residence, they are at a significant disadvantage compared to cross-border workers, who have right of choice. As cross-border workers tend to work in countries where comparatively higher wages and benefits are paid, there is some evidence that, as a general rule, they will be entitled to higher unemployment benefits when they are allowed to claim them in their country of last activity. There is a difference of 68% between the amount of the unemployment benefits paid by the State of last activity and the State of residence.<sup>234</sup>

**Example:** The Austrian authorities in the framework of the Impact Assessment Study presented the case of a Hungarian frontier worker, who resided in Hungary and worked for a period of 30 years in Austria, after which he became unemployed. An average monthly salary of € 2000 gives entitlement to three months of unemployment benefits in Hungary of around € 340 per month. Had the frontier worker applied for unemployment benefits in Austria, he would have been entitled to € 1100 for a period of at least nine months.

<sup>229</sup> For these reasons and in spite of the inherent flaws, the compatibility of this provision with the principle of free movement of persons had been confirmed by the Court in the Case C-443/11, *Jeltes*, EU:C:2013:224, paragraph 51.

<sup>230</sup> Pacolet, J. & De Wispelaere, F., *Update of the analytical studies for an impact assessment for revision of Regulations (EC) Nos 883/2004 and 987/2009: coordination of LTC benefits and unemployment benefits*, HIVA - KU Leuven, September 2015, See Annex XXVI.

<sup>231</sup> Average figure for the years 2013 and 2014.

<sup>232</sup> Czech Republic, Poland, Finland, Spain, Portugal, Slovenia, Latvia.

<sup>233</sup> Case C-443/11, *Jeltes*, EU:C:2013:224.

<sup>234</sup> Tables 2.7 and 2.8 in Annex XXVI.

#### 5.4.1.2 *The reimbursement procedure for unemployment benefits between Member States is inadequate and burdensome*

Regulation (EC) No 883/2004 introduces a reimbursement mechanism between the State of last activity and the State of residence to compensate for the fact that the institution in the Member State of residence has to provide unemployment benefits to unemployed cross-border workers without having collected any contributions or taxes for the period of last activity carried out in another Member State. From a financial and administrative point of view, the reimbursement mechanism is not satisfactory.

The current mechanism only partially covers the additional expenses incurred in the Member State of residence. This is due to a number of limitations:

1) The amount of reimbursement to be paid by the State of last activity is capped at the amount that the State of last activity would pay under its national legislation. As a result the actual reimbursement by the State of last activity to the State of residence, on average, is 23% lower than the amount of the claims representing the amount of unemployment benefit paid by the State of residence<sup>235</sup>. For Luxembourg and the Netherlands, the discrepancy is 0%; i.e. they pay out the entirety of the benefit reimbursement that is claimed from them. At the other end of the scale are Romania, Bulgaria and Poland which reimburse, on the average, only 5% or less of the amount claimed.

2) Reimbursement is limited in time. The competent Member State is only obliged to reimburse the first three months of the unemployment benefit payment. This period is extended to 5 months if the person has been insured in the competent Member State for at least 12 months in the preceding 24 months. Any unemployment benefit payments beyond that period are not reimbursed creating a disproportionate burden for the Member State of residence.

3) The reimbursement only covers the 'gross amount' of the unemployment benefit, i.e. the full amount of those benefits before any deductions (e.g. taxes or contributions levied on the benefit). It does not cover other benefits which may become payable due to the fact that the State of residence also becomes responsible for other social security benefits (e.g. health care or family benefits).

Table 2.7 in Annex XXVI gives a complete overview of the division of costs between the competent Member State and the State of residence. Based on the average amount of unemployment benefits, the yearly expenditure by the State of residence on unemployment benefits to cross-border workers is estimated at € 277 million, of which € 238 million is related to frontier workers and € 39 million to other cross-border workers (Annex XXVI, table 2.7<sup>236</sup>). Of the yearly expenditure on unemployment benefits, 67% is paid by the State of residence and 33% is paid by the State of last activity on average<sup>237</sup>. However, these figures mask very large discrepancies in the share of the burden shared by the Member States of last activity and of residence. For example, in the cases of countries with a very low number of incoming cross-border workers, the cost is mainly borne by the State of residence.

This demonstrates quite clearly that the current system is particularly disadvantageous for States of residence with a high number of 'outgoing' frontier workers or with a higher level of unemployment benefits compared to the States of last activity<sup>238</sup>. Member States that are net 'exporters' of frontier workers can, in a time of economic downturn, find themselves confronted with a much larger number of former frontier workers claiming an unemployment benefit for which the State of residence never received social security contributions.

Another problem is that the reimbursement procedure is administratively burdensome. It requires that for each single case, that information is exchanged on the working period of the person concerned, the

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<sup>235</sup> Annex XXVI - Table 2.3.

<sup>236</sup> In order to estimate the budgetary impact of the baseline scenario, the estimated number of unemployed cross-border workers (based on the LFS and the unemployment rates of the 2015 Ageing Report) is multiplied by the annual unemployment benefit per unemployed person taking into account the annual average duration of the payment of the unemployment benefit.

<sup>237</sup> After reimbursement, these percentages are 55% and 45%.

<sup>238</sup> Table 2.2 in Annex XXVI.

reimbursement period and payment dates<sup>239</sup>. The debtor Member State then has to check if reimbursement has not already been applied for the same periods, or if the ceiling under national legislation has been reached. If a request for reimbursement is refused, or only partially accepted, further exchange on the reasons for refusing the requests is needed. Delays of reimbursement are mentioned as a common problem by 22% of the respondents on behalf of organisations<sup>240</sup> to the EU public consultation. This leads to uncertainty in the Member State of residence if and when it will receive the reimbursement requested from the Member State of last activity.

It follows from the online consultation by Deloitte Consulting<sup>241</sup> that the long processing time of a case is seen as very problematic for claimants of unemployment benefits, because as long as a Member State does not have the required information about a claimant, it is not able to make a decision about the unemployment benefit. Communication between institutions of Member States is perceived as an area with margin for improvement. Problems of delays are reported by public authorities in the online survey by Deloitte Consulting and the public consultation. Only 10% of the respondents to the Deloitte survey think that the communication with other Member States in dealing with individual claims for unemployment benefits is effective and smooth. About 25% of the respondents describe the communication as ineffective and slow.

Member States have therefore agreed on an administrative procedure for the reimbursement of unemployment benefits in Decision U4 of the Administrative Commission<sup>242</sup>. Although this Decision constitutes a good step towards a joint interpretation of the reimbursement mechanism, it is not applied consistently across the EU. Member States even have started questioning its value, despite it being applicable as of 2012 only. The Decision states that reimbursement can be claimed ‘regardless of the eligibility conditions for unemployment benefits laid down by the legislation of the creditor State.’ This is not complied with by a State which makes the reimbursement conditional upon the fulfilment of sufficient periods of contributions, because it argues that otherwise, the maximum amount payable under its own legislation is zero. In December 2013, the Commission received a letter from the Chair of the Administrative Commission raising the collective concern that one particular Member State is not applying Decision U4 in a correct way.

Another problem concerns disputes about the determination of the place of residence. In these situations, it is frequently extremely difficult to verify retroactively where the place of residence of the person concerned had actually been during his or her past period of employment.<sup>243</sup>

In the online consultation carried out by Deloitte consulting, 72% of the respondents from public authorities indicated that the current rules are not uniformly understood and applied by the Member States. A recurrent concern is the reimbursement procedure between Member States which are not sufficiently detailed and clear. 40% of the participating public administrations in the online consultation by Deloitte consulting reported that the EU rules create significant administrative costs for national administrations. The reimbursement was repeatedly mentioned as a source of burden mainly due to slow and ineffective communication between Member States.

<sup>239</sup> Institutions at national, regional and local level to that end exchange information via 'Structured Electronic Documents' (SEDs). SEDs U 20 to U 27 are developed to communicate in cases when reimbursement is requested: U 20 (Reimbursement Request), U 21 (Reimbursement Full Acceptance), U 22 (Reimbursement Non Acceptance), U 23 (Partial Acceptance of Request for Reimbursement), U 24 (Reimbursement Payment Notification), U 25 (Reimbursement Receipt/Closing Notification), U 26 (Charging Interest (in case of delay)), and U 27 (Reply on Charging Interest). A number of Member States (Belgium, Czech Republic, Germany, Austria, Slovakia and Finland) apply reimbursement on the basis of fixed amounts.

<sup>240</sup> The group 'organisations' consists of national administrations, social partners and trade unions, civil society and non-governmental organisations and a private company.

<sup>241</sup> Annex II.

<sup>242</sup> Administrative Commission for the Coordination of Social Security Systems, Decision No U4 of 13 December 2011 concerning the reimbursement procedures under Article 65(6) and (7) of Regulation (EC) No 883/2004 and Article 70 of Regulation No 987/2009, OJ C. 5, 25.2.2012.

<sup>243</sup> This issue had been raised by Poland, the Czech Republic and Malta in the 342nd and 343rd meeting of the Administrative Commission in 2015.

### 5.4.2 *Baseline Scenario*

There are some 1.2 million cross-border workers employed in the EU28 who are potentially affected by the provisions on unemployment benefits<sup>244</sup>. It can be assumed that some 793,000 of them are frontier workers, because they reside in a neighbouring country.<sup>245</sup> Applying the national unemployment rates on those figures, results in an estimate of 91,700 unemployed cross-border workers 53,500 of whom are frontier workers.

The evolution of those numbers in the future will depend to a large extent on the evolution of the number of frontier workers and other cross-border workers and the unemployment rates. Cross-border work has increased over the last 10 years in absolute figures largely due to the accessions of the new Member States. However, in relative terms (% of employed population) it remained at a low level (from 0.5% in 2006 to 0.7% in 2014). If we assume that the number of cross-border workers remain stable in relative terms as a % of the employed population between 2015 and 2020, then we could expect some 1.3 million cross-border workers in 2020, but the numbers of unemployed cross-border workers may indeed go down as a lower unemployment rate is projected for 2020<sup>246</sup>.

Not undertaking action in the field of coordination of unemployment benefits would mean maintaining rules which no longer reflect the real interests of the persons concerned and it would mean to maintain the current reimbursement procedure with all its inherent flaws.

### 5.4.3 *Objectives for review of the existing rules on the provision of unemployment benefits for frontier and other cross-border workers*

The **general policy objective** of this initiative is to continue the modernisation of the EU Social Security Coordination Rules by further enabling the citizens to exercise their rights while at the same time ensuring legal clarity and a fair and equitable distribution of the financial burden among the institutions of the Member States involved.

In relation to the rules on the provision of unemployment benefits for frontier and other cross-border workers, this means in particular to remove unjustified differentiations and to strengthen the link between the acquisition and the provision of unemployment benefits, i.e. between the payment of contributions by the insured person and the payment of benefits for the insured persons.

In view of this general objective, the **specific objective** in this field can be defined as follows:

- Frontier and other cross-border workers, who reside in another Member State than the State of last activity, shall benefit from the same **protection of rights** in case of unemployment.
- Frontier and other cross-border workers, who reside in another Member State than the State of last activity, shall benefit from the **best available opportunities of reintegration** in the labour market.
- **The financial burden** for paying unemployment benefits **shall be distributed** between the competent Member State of last activity and the Member State of residence in a manner that corresponds to contributions or taxes received in a way which is **easy to administer** and achieves **fair results**.

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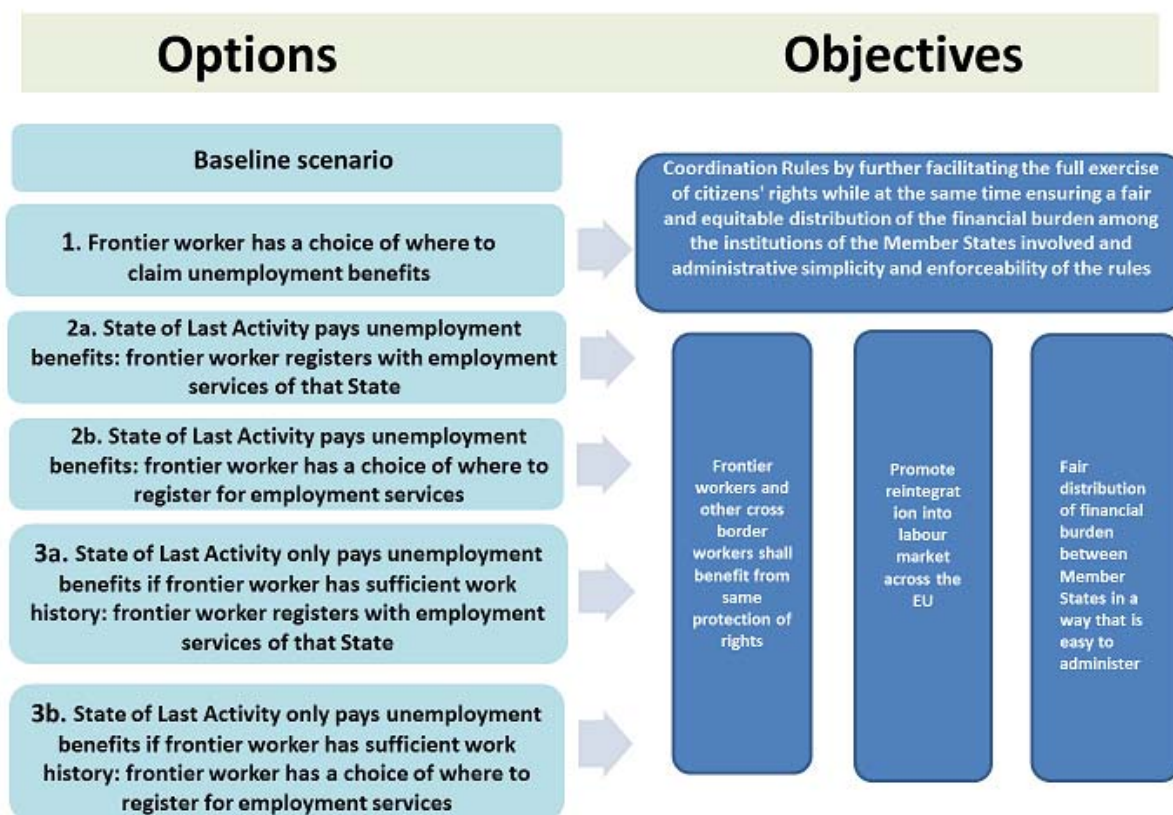
<sup>244</sup> 2015 Annual Report on Labour Mobility.

<sup>245</sup> This is a gross estimation, because there are no figures available on the number of frontier workers in the sense of the legal definition contained in Regulation (EC) No 883/2004.

<sup>246</sup> 2015 Annual Report on Labour Mobility, European Commission (2015).

#### 5.4.4 What are the various options to achieve the objectives concerning the provision of unemployment benefits for frontier and other cross-border workers

A number of policy options have been identified to meet the objectives set out above.



##### 5.4.4.1 Option 0: baseline scenario

Under the status quo, unemployed cross-border workers who are not frontier workers can choose either to remain available to the employment services in the territory of the competent Member State or to make themselves available to the employment services in the territory of the Member State where he/she resides. In the first case, they receive their unemployment benefits from the Member State where they were last employed, in the second case from the Member State where they reside.

Frontier workers, i.e. those cross-border workers who return to their State of residence on a regular daily or at least weekly basis do not have this right of choice, as they can claim their unemployment benefits only from the employment service at their place of residence.

A reimbursement system has been established in order to compensate for situations in which the Member State of residence is obliged to pay unemployment benefits to former cross-border workers without having benefited from their contributions or taxes during their previous economic activity.

##### 5.4.4.2 Option 1: Introduce a right of choice for frontier workers to receive unemployment benefits from the Member State of last activity, or the Member State of residence

This option ‘copies’ the baseline scenario by offering frontier workers the same right of choice as other cross-border workers currently enjoy under the status quo. This option thus abolishes the distinction between frontier workers and other cross-border workers as regards the State in which they can claim the benefits, while offering the best chance of reintegrating into the labour market across the EU.

The choice would imply making oneself available to the employment services in the Member State where the benefits are claimed. This requires that the competent Member State creates a legal fiction

of residence and pays the unemployment benefits *as if* the person resided on its territory. If the person decides to be available for the labour market of the State of former activity and is claiming benefits there, this State should pay the unemployment benefits *as if* he/she resided on its territory.

The choice for one Member State does not exclude that the unemployed frontier worker may also go and look for work in the other Member State. To increase the opportunities to find work the unemployed frontier worker may also register with the employment services in the Member State *not* paying the benefit as a supplementary step which does not affect the obligations that the unemployed person needs to fulfil in the State paying the benefits. Therefore, the obligations and/or jobseeking activities in the Member State which pays the benefit take priority over any obligations in the second Member State.

#### *5.4.4.3 Option 2: Provide for the payment of unemployment benefits by the Member State of last activity*

This option aims to ensure that the country which has received the contributions or income tax is the one that should pay the benefit. It will also abolish the distinction between frontier and other cross-border workers. The sub-options differ as regards the country in which the person registers with the employment services and is available for the labour market.

##### *5.4.4.3.1 Option 2a: The unemployed cross-border worker shall register with the employment services in the State of last activity*

Under this option, the unemployed cross-border worker registers with the employment services of the State of last activity and will claim benefits there.

This option assumes that the worker is to a certain degree integrated into the labour market of the State of last activity and is orienting towards finding a job in this Member State. If the person rather wishes to return to the State of residence to look for work there, he/she can make use of the right to export the unemployment benefits from the competent Member State to the Member State of residence. Whilst the unemployed worker still needs to comply with the obligations in the State of last activity, the employment services in the Member State of residence will carry out verification procedures and provide assistance with jobseeking activities on behalf of the competent institution.

##### *5.4.4.3.2 Option 2b: The unemployed cross-border worker is awarded the choice to register with the unemployment services in the State of last activity, or the State of residence*

This option is the same as option 2a when it comes to the payment of the benefit, but offers the unemployed cross-border worker the opportunity to either register with the employment services in the State of last activity, or in the Member State of residence.

The aim of this option is to offer cross-border workers whose habitual place of residence is far away from their place of last activity the opportunity to fulfil the jobseeking activities in their Member State of residence. If the legislation of the competent Member State requires participation in activation measures, training and physical presence, a person will satisfy these criteria by performing the obligations in the State of residence.

Secondly, this option also aims to facilitate the check on jobseeking obligations by the employment services in the State of residence on behalf of the State of last activity<sup>247</sup>.

As the Member State of residence will be made responsible for following up on the jobseeking activities of the person concerned, but will not reap the financial benefits from these activities, incentives will require introduction for the Member State of residence to check this. In this respect, the employment services in the State of residence should be given discretionary power to mandate extra activity that meets the needs of the regional labour market. Enhanced mobility support services and improved exchanges of information within the EURES network could contribute to providing

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<sup>247</sup> The CJEU has concluded in the *Caves Krier* case (Case C-379/11) that a Member State may not make the registration of a jobseeker subject to the condition of residence on its territory.

assistance to persons on behalf of the employment services in another Member State. In addition, the public employment services (PES) are encouraged to develop partnerships to promote a coherent service package to employers as regards intra-EU labour mobility<sup>248</sup>.

*5.4.4 Option 3: Provide for the payment of unemployment benefits by the Member State of last activity only in situations where the cross-border worker has worked there for a sufficiently representative period (at least 12 months)*

When discussing this option in the Administrative Commission, it was noticeable to what extent the delegations were divided between keeping the system as it is now<sup>249</sup>, and moving to a coordination system under which the State of last activity is paying the unemployment benefits. The delegations in favour of the status quo feared that a change of the coordination system would not provide adequate protection for the person and would put a heavy financial burden on the State of last activity in case of short periods of employment there. Moreover, this option would require more stringent monitoring and control measures from the labour market authorities in the Member State paying the benefits.

The divide between Member States was the reason to develop a third option that could meet the concerns raised<sup>250</sup>. This option only makes the State of last activity competent if the cross-border worker is deemed to have a 'sufficient link' with the labour market of the State of last activity. This 'sufficient link' is reflected in the duration of insurance for unemployment benefits in the State of last activity. The rationale for this option is that Member States will not be confronted with claims for unemployment benefits after only a very short period of insurance in that Member State. Moreover, the option aims at a better correlation between the level of the benefit and the earning level of the person concerned.

The link with the labour market of the State of last activity arises from the insurance under an unemployment scheme of that State for at least the last 12 months before becoming unemployed. This length of the period is based on the average length of the reference periods in Member States<sup>251</sup>, the distribution of the average duration of current unemployment spells among cross-border workers, plus the fact that nearly all conflict rules in Regulation (EC) No 883/2004 refer to the period of 12 months as a reference period for establishing either a connection to the social security system of a Member State<sup>252</sup>, or for acquiring rights<sup>253</sup>.

It is also based on the assumption that having been insured in another Member State for at least 12 months<sup>254</sup> creates a close link with the labour market of the State of last activity, which gives the unemployed cross-border worker a good chance of finding suitable employment in that State. If the person wishes to register with the employment services in the State of residence, he/she can opt to export the unemployment benefits from the State of last activity.

In the situation where a person has not fulfilled the reference period in the State of last activity, the Member State of residence is competent for paying the unemployment benefits,<sup>255</sup> therefore rendering the current reimbursement mechanism redundant. Also under this option, two sub-options can be

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<sup>248</sup> The Commission Staff Working Document on Reforming EURES to meet the goals of Europe 2020 (SWD(2012) 100 final) sets out the goals and lines along which the EURES reform will take place.

<sup>249</sup> Germany, Ireland, Denmark, the Netherlands, Austria, Greece, Slovakia.

<sup>250</sup> This option is a compromise solution and no explicit consultation has taken place.

<sup>251</sup> Source: [www.missoc.org](http://www.missoc.org). The reference period should be sufficiently long enough to avoid parallel entitlements in two Member States at the same time.

<sup>252</sup> Title II of Regulation (EC) No 883/2004.

<sup>253</sup> For example pension rights: only periods of insurance or residence of at least a year will be taken into account for calculating pension rights.

<sup>254</sup> How the 'insurance' is established, is a matter of national law. Regulation (EC) No 883/2004 defines as a period of insurance "periods of contribution, employment or self-employment as defined or recognized as periods of insurance by the legislation under which they were completed or considered as completed, and all periods treated as such, where they are regarded by the said legislation as equivalent to periods of insurance" (Article 1 (t)). It must be stressed that Regulation (EC) No 883/2004 cannot take away rights that have been acquired independently on the basis of national legislation. If the national reference period in the State of last activity is shorter than 12 months, the person can choose if he would like to receive the unemployment benefits from that Member State.

<sup>255</sup> If the Member State of residence has no unemployment benefit system for self-employed frontier workers, the Member State of last Portugal, without taking account of the potentially higher earnings in the Netherlands activity will have to export the unemployment benefits as is currently the case.

explored that differ as regards the possibilities to register with the employment services in the State (not) paying the benefits:

*5.4.4.4.1 Option 3a: The unemployed person shall register with the employment services in the State of last activity*

In the situation where the State of last activity is competent to pay the unemployment benefits, the unemployed cross-border worker is required to register with the employment services in the State of last activity.

*5.4.4.4.2 Option 3b: The unemployed person is awarded the choice to register with the unemployment services in the State of last activity, or the State of residence*

Under this option, the competent Member State will remain responsible for paying the unemployment benefits, whereas the unemployed cross-border worker can register with the employment services in the State of residence. The employment services of the State of residence will follow up on performing the checks on the jobseeking activities on behalf of the competent Member State. Enhanced mobility support services and improved exchanges of information for the EURES network could be used to provide assistance to persons on behalf of the employment services in another Member State.

*5.4.5 Stakeholder support for the different options concerning the provision of unemployment benefits for frontier and other cross-border workers*

*5.4.5.1 Option 1: Introduce a right of choice for frontier workers to receive unemployment benefits from the Member State of last activity, or the Member State of residence*

Only one delegation of the Administrative Commission seemed to support this option. Concerns were expressed that rather than the employment opportunities, the level of the benefits could be a decisive factor for making the choice. The option was supported by almost half of the individual respondents to the public consultation and 29% of the respondents who are representatives of the social partners.<sup>256</sup>

*5.4.5.2 Option 2: Provide for the payment of unemployment benefits by the Member State of last activity either with registration with the employment services in the State of last activity (2a) or giving the worker a choice of registering with the employment services in the State of last activity or the State of residence (2b)*

When presenting this option to the Administrative Commission, it was favoured by nine delegations for reasons of simplification<sup>257</sup>. Looking at the results of the public consultation, 40% of the individual respondents and 47% of the social partners supported this option.

*5.4.5.3 Option 3: Provide for the payment of unemployment benefits by the Member State of last activity only in situations where the cross-border worker has worked there for a sufficiently representative period either with registration with the employment services in the State of last activity (3a) or giving the worker a choice of registering with the employment services in the State of last activity or the State of residence (3b)*

These options were developed in direct response to feedback from Member States in the Administrative Commission to address concerns about the potential financial burden on the State of

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<sup>256</sup> A public consultation between December 2012 and February 2013 invited citizens and organisations to provide their views on the main problems linked to the coordination of unemployment benefits for cross-border workers.

<sup>257</sup> Czech Republic, Spain, Portugal, Poland, Italy, Romania, Slovenia, France and Malta.



last activity in case of short periods of employment there and the need for robust monitoring and control measures from the labour market authorities in the Member State paying the benefits. Option 3 (and its sub-options) was developed as a compromise in response to this feedback but no formal consultation on this option has taken place.

#### *5.4.6 Impact assessment of the different options concerning the provision of unemployment benefits for frontier and other cross-border workers frontier workers*

These options are assessed for the specific group of frontier workers and cross-border workers. It has not been possible to give quantitative estimations for the possible secondary effects on their mobility.

As the number of outgoing and incoming cross-border workers differs between Member States, an assessment of the economic impact has to combine both situations. Moreover, the reimbursement mechanism has to be taken into account. Calculations are based on the assumption that frontier workers claim benefits in their country of residence and other cross-border workers will choose the highest amount and based on the assumption that they will receive the country-specific average amount for an average duration of unemployment.<sup>258</sup>

Based on Labour force Survey (LFS) data for 2013 and 2014, an estimation of the number of cross-border workers has been made. In the further analysis we considered all workers who worked in another country than the country of residence as cross-border workers. Workers who worked in a neighbouring country are considered as frontier workers. This is different from the legal definition provided in Regulation (EC) No 883/2004. National unemployment rates from Eurostat were applied to the number of cross-border workers in order to estimate the number of unemployed cross-border workers. The unemployment rates of the country of last activity and not of the country of residence have been applied on the number of cross-border workers. In order to estimate the budgetary impact of the baseline scenario, the estimated number of unemployed cross-border workers are multiplied by the annual unemployment benefit per unemployed by taking into account the annual average duration of the payment of the unemployment benefit (on the basis of ESSPROS, Eurostat figures and the LFS).

There are no reliable figures on the administrative cost for handling claims for unemployment benefits for cross-border workers. A stylised and cautious estimate on the regulatory costs on the basis of a limited number of Member States comes to the conclusion<sup>259</sup>, that in all cases, in which the State of residence pays the unemployment benefit, this results in an additional administrative cost of around € 43 for the handling of a PD U1 in the State of residence and some € 20 in the State of last activity. For the processing of a reimbursement claim, the regulatory costs are estimated at € 20 in both countries. Multiplying this estimated standard cost with the total number of cases results in a total administrative cost for the payment of the unemployment benefit has been used to estimate the regulatory costs.

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<sup>258</sup> Source: Table 2.4 in Annex XXVI.

<sup>259</sup> See Table 2.9 of Annex XXVI.

### 5.4.6.1 Summary of the impact of different options concerning the provision of unemployment benefits for frontier and other cross-border workers

Type of impact	Clarification	Simplification	Protection of rights	Fundamental rights	Economic impacts	Regulatory costs	Risk of fraud and abuse	Risk of and burden sharing Member State	Coherence with General, Specific and EU objectives	Overall Effectiveness	Overall Efficiency (cost vs effectiveness)
<b>Baseline Scenario</b>	0	0	0	0	0 <sup>260</sup>	0 <sup>261</sup>	0	0	0	0	0
<b>Option 1</b>	-	-	++	+	- <sup>262</sup>	+ <sup>263</sup>	-	-	+	+	-
<b>Option 2a</b>	+	+	+	+	- <sup>264</sup>	+ <sup>265</sup>	+/-	+/-	++	+	+
<b>Option 2b</b>	+	+/-	+	+	- <sup>266</sup>	- <sup>267</sup>	+/-	+/-	+	+	-
<b>Option 3a</b>	+	+	+	+	- <sup>268</sup>	+ <sup>269</sup>	+	+	++	++	++
<b>Option 3b</b>	+	+/-	+	+	- <sup>270</sup>	- <sup>271</sup>	+	+	+	++	+

<sup>260</sup> € 416 m is budget devoted to the payment of unemployment benefits to frontier and other cross-border workers. This figure also takes the effect of the reimbursement mechanism into account. Table 2.4 in Annex XXVI.

<sup>261</sup> € 9.9 m is the cost of handling unemployment benefits for frontier and other cross-border workers.

<sup>262</sup> Budget devoted to the payment of unemployment benefits increases to € 556 m.

<sup>263</sup> The regulatory costs decrease to € 4.9 m. See Table 2.9 of Annex XXVI.

<sup>264</sup> Budget devoted to the payment of unemployment benefits increases to € 499 m.

<sup>265</sup> The regulatory costs decrease to € 3.7 m.

<sup>266</sup> Budget devoted to the payment of unemployment benefits increases to € 499 m.

<sup>267</sup> Regulatory costs will increase due to additional cooperation and control mechanisms.

<sup>268</sup> Budget devoted to the payment of unemployment benefits increases to € 442 m.

<sup>269</sup> The regulatory costs decrease to € 5.1 m.

<sup>270</sup> Budget devoted to the payment of unemployment benefits increases to € 442 m.

<sup>271</sup> Regulatory costs will increase due to additional cooperation and control mechanisms.

5.4.6.2 Impacts of Policy Option 1: Introduce a rights of choice for frontier workers to receive unemployment benefits either in the State of last activity or State of residence.

Policy Option 1: Introduce a right of choice for frontier workers to receive unemployment benefits either in the State of last activity or the State of residence		
<b>Social impacts</b>		
Clarification	-	For the workers and public institutions, this option will cause a significant increase in uncertainty as the choice is only made at the moment when a person falls unemployed.
Simplification	-	In comparison to the baseline, this option does not lead to a simplification, as the right of choice is only made at the moment when the person claims unemployment benefit. It also requires effective follow-up of the jobseeking activities of the unemployed person who does not reside in the Member State paying the benefit.
Protection of rights	++	This option contributes to optimise a frontier worker's chances of resuming employment under the most favourable conditions by providing the worker with the maximum amount of freedom to decide where they have the best chances of finding work
Financial impact	-	This option will lead to an overall increase of the annual unemployment benefit expenditure for cross-border workers of 34% (€ 556 million instead of € 416 million under the baseline scenario <sup>272</sup> ) due to the fact that the persons concerned are likely to choose the scheme providing the highest benefit (Annex IX – Table 2.10 and Annex XXVI – Table 2.4). The estimated effect differs for the individual Member States depending on the average amount of benefits paid by the Member States concerned. For 8 Member States <sup>273</sup> this is the most expensive option and the least expensive option for 9 Member States <sup>274</sup> .
Impacts on fundamental rights	+	This option contributes to the freedom to choose an occupation and the right to engage in work in another Member State (Article 15), as well as to a better protection of rights for workers who have made use of their right to free movement (Article 45). There is no incidence on the right to property (Article 17) as acquired rights to unemployment benefits are maintained.
<b>Other impacts</b>		
Regulatory Costs	+	This option will reduce the number of reimbursement cases between Member States, as they will be distributed between the State of last activity and the State of residence. The unemployed person makes his/her choice explicit by applying for unemployment benefits, thereby providing all the

<sup>272</sup> Calculations are based on the average amount of unemployment benefits paid in 2013/2014 and an assumed average duration of payment of 3 months.

<sup>273</sup> Czech Republic, Denmark, Germany, Ireland, Spain, Luxembourg, Netherlands and Finland, see Table 2.6 in Annex .

<sup>274</sup> Bulgaria, Estonia, Latvia, Hungary, Poland, Portugal, Slovak Republic, Sweden and the United Kingdom.

		information required under the national legislation. If the unemployed person wishes to receive the unemployment benefit from the State of residence, they can request a PD U1 from the State of last activity and submit it to the institution where they claim unemployment benefit. If the unemployed person opts to receive unemployment benefits from the State of last activity, this will result in a 'permanent export' of the unemployment benefits by that State, necessitating information exchange between the institution in the State of residence and in the competent Member State on the follow-up of the jobseeking activities of the person concerned. The administrative cost for the State of residence is estimated at € 4.9 million (Annex XV - Table 15 and Annex XXVI – Table 2.9). This is a decrease of 50% in comparison to the baseline scenario (of € 9.9 million euro). The costs for issuing PD U1s by the State of last activity drops from € 51.400 to € 18.500; a decrease in the administrative burden of 64% (Annex XV - Table 14 <sup>275</sup> ).
Risk of fraud and abuse	-	This option itself does not lead to an increased risk of fraud and abuse, as the person concerned is subject to the same obligations as any other unemployed person in the Member State of which he or she chooses to receive the unemployment benefits. The risk of 'opportunistic behaviour' rather relates to the choice from which country to receive unemployment benefits. As was indicated by many public authorities in the stakeholder consultation, the labour market chances may frequently not outweigh the choice for the most generous unemployment benefits.
Fair burden sharing between Member States	-	This option is likely to put an additional burden in particular on the Member States with comparatively high unemployment benefits and will therefore not lead to a more equitable distribution of the financial burden for Member States.
Coherence with General, Specific and wider EU Objectives:  Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.  <ul style="list-style-type: none"> <li>• Frontier and other cross-border workers, who reside in another Member State than the State of last activity, shall benefit from the same <b>protection of rights</b> in case of unemployment.</li> <li>• Frontier and other cross-border workers, who reside in another Member State than the State of last activity, shall benefit from the <b>best available opportunities of reintegration</b></li> </ul>	+	The unemployed frontier worker is offered the greatest flexibility to re-integrate into the labour market of their choice. It will eventually reduce the administrative burden of processing reimbursement and will shift a part of the financial burden from the State of residence to the State of last activity. However, this is fully dependent on the choice that the person makes and this option entails great uncertainty for the Member States. This option also entails an overall increase in budgetary costs. It could also encourage the unemployed person to choose the State with the most generous unemployment benefits, rather than the one with the best prospects for re-integration. However, this may still be considered coherent with the wider EU policy objective to promote greater support and labour activation measures to promote reintegration into the labour market.

<sup>275</sup> This calculation is based on stylized estimates.

<p>in the labour market.</p> <ul style="list-style-type: none"> <li>• <b>The financial burden</b> for paying unemployment benefits <b>shall be distributed</b> between the competent Member State of last activity and the Member State of residence in a manner that corresponds to contributions or taxes received in a way which is <b>easy to administer</b> and achieves <b>fair results</b>.</li> </ul>		
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*5.4.6.3 Impacts of Policy Option 2a: Member State of last activity provides the unemployment benefits to frontier workers and other cross-border workers – registration for employment services in Member State of last activity*

<b>Policy Option 2a: Introduce the rule in Regulation (EC) No 883/2004 according to which the Member State of last activity provides the unemployment benefits to frontier workers and other cross-border workers – requirement to register with the employment services in the Member State of last activity</b>		
<b>Social impacts</b>		
Clarification	+	This option will bring more clarity for the unemployed cross-border workers and the institutions, as it will always be the institution in the Member State of last activity that pays out the benefit. The person will receive all benefits from the same source, which will provide welcome clarification in relation to cases where a person receives another benefit from the of last State (i.e. a partial invalidity benefit).
Simplification	+	One system will apply to all unemployed persons and there will no longer be a distinction between frontier and other cross-border workers. A direct link will be established between benefits and contributions and there is no need for a reimbursement mechanism. Persons residing at a large distance from the Member State of last activity may face more difficulties in meeting the eligibility conditions, as they will have to travel a longer way for this purpose to their competent employment service, but these could be mitigated by an option to claim an export of their unemployment benefits to their Member State of residence. This means that persons who prefer to orientate to the labour market of the State of residence can return to that State by using the right to export their unemployment benefits. This means that the unemployed person can be more responsive to the relative likelihood of finding a job in the different Member States, and can direct his or her efforts to the Member State with the best job opportunities in their particular field.
Protection of rights	+	This option ensures that cross-border workers are not treated differently from other workers in the same situation, who work and reside in the same Member State. It also ensures that unemployment benefits are paid under the conditions and at the amount acquired by the payment of contributions.

Financial impact	-	The total expenditure on unemployment benefits will increase from € 415 million to € 499 million; an increase of 20% in comparison to the current scenario. This is due to the fact that cross-border workers use to work in countries with comparatively higher wages and correspondingly higher benefits (see (Annex XV - Table 2.2 and Annex XXVI – Table 2.4). The estimated effect differs for the individual Member States depending on the average amount of benefits paid and depending on the relation of frontier workers to other cross-border workers residing in the Member State concerned. <sup>276</sup> From a Member States' perspective, very short period of employment can have a negative financial impact, when no contributions were received in proportion to the cost for paying the unemployment benefit.
Impacts on fundamental rights	+	This option eliminates differences in treatment between frontier workers and other cross-border workers and contributes to the freedom to choose an occupation and the right to engage in work in another Member State (Article 15) as well as to a better protection of rights for workers who have made use of their right to free movement (Article 45). The right of property (Article 17) is protected, as the person directly receives the benefits from the State to which he/she lastly paid contributions.
<b>Other impacts</b>		
Regulatory Costs	+	Only one Member State will be competent for paying unemployment benefits and monitoring the availability of the person to the labour market. The unemployed person can apply directly to the institution in the Member State in which he/she was insured during the last employed activity. Reimbursement arrangements are no longer necessary. Member States will have to waive residence conditions for persons registering with their employment services and may have to make changes to their administrative procedures to check upon persons residing outside their territory. It is also the cheapest option, as the total regulatory costs are reduced from around € 9.9 million to € 3.7 million, i.e. to 37% of the costs under the baseline scenario (Annex XXVI – Table 2.9).
Risk of fraud and abuse	+/-	This option itself does not lead to an increased risk of fraud and abuse, as all unemployed persons are subject to the same obligations as any other unemployed person in the Member State of last activity. However, in the case of export of unemployment benefits there may be a perceived risk that jobseeking obligations are not fully complied with (see section 5.3.1).
Fair burden sharing between Member States	+/-	This option will lead to a more equitable distribution of the costs related to the payment of benefits for Member States who have a relatively large number of unemployed frontier workers residing in that Member State. It will also remove the obligation to reimburse the Member State of residence. However, it may also lead to the situation that benefits have to be provided by a

<sup>276</sup> It is the most expensive option for Greece, Cyprus, Malta, Austria and the United Kingdom

		Member State after a relatively short period of insurance.
<p>Coherence with General, Specific and wider EU Objectives:</p> <p>Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.</p> <ul style="list-style-type: none"> <li>• Frontier and other cross-border workers, who reside in another Member State than the State of last activity, shall benefit from the same <b>protection of rights</b> in case of unemployment.</li> <li>• Frontier and other cross-border workers, who reside in another Member State than the State of last activity, shall benefit from the <b>best available opportunities of reintegration</b> in the labour market.</li> <li>• <b>The financial burden</b> for paying unemployment benefits <b>shall be distributed</b> between the competent Member State of last activity and the Member State of residence in a manner that corresponds to contributions or taxes received in a way which is <b>easy to administer</b> and achieves <b>fair results</b>.</li> </ul>	++	<p>This option restores the direct link between receiving unemployment benefits and availability for the labour market. The financial and administrative burden shifts to the State of last activity, leading to an absolute increase in terms of financial and administrative burden in States that have a high number of incoming cross-border and frontier workers, although overall in fewer Member States this option has the lowest budgetary impact. Moreover, this option does not prevent the Member State of last activity becoming competent even after a very short period of activity there, which would in reality not contribute to an even burden sharing. This option provides for some flexibility for the person concerned, who can continue looking for work in the State of last activity or, by making use of the export of benefits, can return to the Member State of residence to look for employment there. However, where the person is residing far away from the place where he/she is registered with the employment services, he/she can experience difficulties in following up on the jobseeking activities. This therefore may not be considered entirely coherent with the wider EU policy objective to promote greater support and labour activation measures to promote reintegration into the labour market.</p>

*5.4.6.4 Impacts of Policy Option 2b: Member State of last activity provides the unemployment benefits to frontier workers and other cross-border workers – choice of registration for employment services in either Member State of last activity or State of residence*

<b>Policy Option 2b: Introduce the rule in Regulation (EC) No 883/2004 according to which the Member State of last activity provides the unemployment benefits to frontier workers – choice to register with the employment services in the Member State of last activity, or the Member State of residence</b>		
<b>Social impacts</b>		
Clarification	+	This option will bring more clarity for the unemployed person and the institution, as it will always be the institution in the Member State of last activity that pays out the benefit for all unemployed persons. On the other hand, it contributes to optimise a frontier worker's chances of resuming employment under the most favourable conditions, either in the Member State of last activity, or in the State of residence
Simplification	+/-	One system will apply to all unemployed persons and there will no longer be a distinction between frontier and other cross-border workers. A direct link will be established between benefits and contributions and there is no need for a reimbursement mechanism. However, the split of competences

		between the payment of the benefits and the responsibility to follow-up on the jobseeking activities of the person concerned calls for new arrangements between the competent Member State and the State of residence.
Protection of rights	+	<p>This option ensures that all cross-border workers are treated equally. They would also get the same benefits under the same conditions as workers who work and reside in the Member State in which they pursued their activity.</p> <p>From the point of view of the Member States this is also positive; as it is in their interest to allow their unemployed persons to look for work in the Member State where they are most likely to find it. Therefore, the impact in comparison to the baseline scenario is considered as being positive.</p>
Financial impact	-	The economic impact is the same as for option 2a. The costs for the introduction of the cooperation mechanism will depend on the specifics of the mechanism and could therefore not be quantified.
Impacts on fundamental rights	+	The impact on fundamental rights is the same as for option 2a.
<b>Other impacts</b>		
Regulatory Costs	-	The impact on regulatory costs is the same as for option 2a. However, additional cooperation and control mechanisms need to be established, as the responsibility for paying unemployment benefits and checking availability for work can lie with different institutions. The cooperation mechanism should not only include regular reporting on the situation of the unemployed person, but also provide for incentives for the employment services in the State of residence to actively follow-up on the jobseeking activities, and possible financial compensation for providing active labour market measures on behalf of another Member State. This could have a negative impact on the administrative burden in comparison to the baseline scenario, depending, in each case, on the actual measures taken.
Risk of fraud and abuse	+/-	This option itself does not lead to an increased risk of fraud and abuse, as all unemployed persons are subject to the same obligations as any other unemployed person in the Member State of last activity. There may be a need to incentivise the employment services in the State of residence to actively follow-up on the jobseeking activities.
Fair burden sharing between Member States	+/-	From the perspective of providing the unemployment benefits, this option establishes a direct link between receiving contributions and providing unemployment benefits. It will also



		remove the obligation to reimburse the Member State of residence. Active labour market assistance measures will, in the first place, be at the expense of the employment services in the State of residence. However, it may also lead to the situation that benefits have to be provided by a Member State after a relatively short period of insurance.
<p>Coherence with General, Specific and wider EU Objectives:</p> <p>Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.</p> <ul style="list-style-type: none"> <li>• Frontier and other cross-border workers, who reside in another Member State than the State of last activity, shall benefit from the same <b>protection of rights</b> in case of unemployment.</li> <li>• Frontier and other cross-border workers, who reside in another Member State than the State of last activity, shall benefit from the <b>best available opportunities of reintegration</b> in the labour market.</li> <li>• <b>The financial burden</b> for paying unemployment benefits <b>shall be distributed</b> between the competent Member State of last activity and the Member State of residence in a manner that corresponds to contributions or taxes received in a way which is <b>easy to administer</b> and achieves <b>fair results</b>.</li> </ul>	+	<p>This option offers the person concerned the opportunity to register with employment services in the State of residence. This option provides the unemployed persons a right of choice as regards their registration which may be convenient for them in particular in those situations where their place of residence is far away from the place where the competent institution in the Member State of last activity is located. They may also prefer to deal with their local institution for linguistic reasons. There is however also a drawback to this option as the current rules only provide for an export of cash benefits, but not necessarily also for the provision of training and reactivation measures in a country different from the one where the competent institution is located. This therefore may not be considered coherent with the wider EU policy objective to promote greater support and labour activation measures to promote reintegration into the labour market. The institution in the State of residence may want to be compensated for these type of activities provided to the person concerned.</p>

*5.4.6.5 Impacts of Policy Option 3a: Member State of last activity provides the unemployment benefits to frontier workers and other cross-border workers only if person has worked there for 12 months– registration for employment services in Member State of last activity*

<b>Policy Option 3a: Introduce a rule in Regulation (EC) No 883/2004 that the State of last activity only pays unemployment benefit if the person has worked there for a sufficiently representative period , i.e. for 12 months – registration with the State of last activity</b>		
<b>Social impacts</b>		
Clarification	+	<p>This option establishes a direct causal link between the level of integration in the labour market of a Member State and compensation for lost employment periods. The link with the labour market arises from the length of the contributions paid in the State of activity and will provide a balanced reflection of the relationship between the contribution period and acquiring the right to unemployment benefits.</p>

Simplification	+	There will be a 'switch' between the competent Member State and the State of residence dependent on the employment duration of the former cross-border workers. The impact for persons residing at a large distance from the Member State of last activity will be the same as 2a.
Protection of rights	+	The unemployed person will always receive unemployment benefits from the State with which he/she has the closest link with the labour market, either from the State of last activity or the State of residence.
<b>Financial impact</b>	-	<p>This option will lead to an increase of 6% in budgetary costs for Member States from € 416 million to € 442 million (Annex IX – Table 2.10 and Annex XXVI – Table 2.4<sup>277</sup>). For 6 Member States, this option has the lowest budgetary impact, whereas for 5 Member States, it is the most costly option (Annex X – Table 2.6 and Annex XXVI – Table 2.4). Many 'outgoing' (seasonal) workers have their place of residence in these countries. They are mostly employed less than 12 months, which means that they will have to claim unemployment benefits in their State of residence.</p> <p>When looking at the distribution of unemployment benefits for incoming cross-border workers, under this option 12% of the total unemployment benefit will be paid by the State of residence and 88% by the State of last activity (Annex XXVI – Table 2.7). The Member State of last activity thus has a higher share in the payment of unemployment benefits than under the current scenario (68%), but it is guaranteed that it has received contributions corresponding to at least 12 months of insurance. Based on 2.2c of Annex XXVI, 53.800 unemployed frontier workers would receive unemployment benefits in the State of last activity on the basis of their insurance for at least 12 months there. In the baseline scenario, only the 28.500 cross-border workers can claim unemployment benefits from the State of last activity (73.700 – 45.200 frontier workers). This explains why the 70-30% division between the State of last activity and the State of residence moves to 88%-12% under this option, as more frontier workers will receive unemployment benefits from the State of last activity.</p>
<b>Impacts on fundamental rights</b>	+	The impact on fundamental rights is the same as for option 2. The right to property (Article 17) is protected, as the person will always have an entitlement to unemployment benefits corresponding to the period of contributions paid into a system.
<b>Other impacts</b>		
Regulatory Costs	+	Depending on the employment history of the person during the

<sup>277</sup> The same calculation method has been used as for option 1. Calculations are based on the assumption that the 'sufficiently representative period' is set at 12 months.

		<p>last 12 months, the competence for paying unemployment benefits will switch between the State of last activity and the State of residence. Member States do not have to apply the aggregation rules for determining the period of 12 months (it concerns a minimum period that the person must have worked in the State of last activity) and hence there is additional information exchange needed between the competent Member State and the State of residence as regards the reference period of 12 months. For the opening of the right to unemployment benefits the information obligations for the person and the information exchanges between Member States or the purposes of aggregation will be the same as under the baseline scenario. In combination with the annulment of the reimbursement procedure, this option has a positive impact on administrative burden for the institutions in comparison to the baseline scenario. The total amount of the regulatory costs for this option are estimated at around € 5.1 million, a reduction of approximately 4.8 million or 51% of the baseline scenario. As verification of jobseeking activities and benefit payment will both be dealt with by the same institution in the State of last activity, this option can help reduce administrative burden caused by 'cross-border' monitoring of the beneficiary.</p>
Risk of fraud and abuse	+	<p>This option itself does not lead to an increased risk of fraud and abuse. There is no incentive for 'opportunistic behaviour' due to the binding effect of the conflict rule. Moreover, this option excludes the possibility that a person can claim unemployment benefit in a Member State after having worked there for only one day, or too short a period to have a genuine link with the labour market of the State of last activity. Periods of insurance in other Member States cannot be aggregated for the calculation of the 12 month period to avoid 'forum shopping'. Verification of jobseeking activity and benefit payment are linked and carried out by the same institution. This makes ensuring applicable jobseeking activities are being carried out easier for the institutions of the State of last activity.</p>
Fair burden sharing between Member States	+	<p>This option ensures that the cost of the unemployment benefits are divided between the relevant Member State in a way that is proportional to level of contributions or income tax received by the competent Member State. A reimbursement mechanism is no longer needed.</p>
<p>Coherence with General, Specific and wider EU Objectives:</p> <p>Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.</p> <ul style="list-style-type: none"> <li>• Frontier and other cross-border workers, who reside in another Member State than the State of last activity, shall benefit from the same <b>protection of rights</b> in case of unemployment.</li> </ul>	++	<p>This is a 'compromise' solution. It not only restores the direct link between receiving contributions and paying unemployment benefits, but also guarantees a 'sufficiently close link' in terms of received contributions and labour market integration. It may therefore be considered to promote greater efforts by the worker to reintegrate into the labour market by requiring the worker to register with the employment services in this location in a manner aligned to wider EU policy objectives on active labour market policy. This can meet the objective of proportionate sharing of the burden between Member States.</p>

<ul style="list-style-type: none"> <li>• Frontier and other cross-border workers, who reside in another Member State than the State of last activity, shall benefit from the <b>best available opportunities of reintegration</b> in the labour market.</li> <li>• <b>The financial burden</b> for paying unemployment benefits <b>shall be distributed</b> between the competent Member State of last activity and the Member State of residence in a manner that corresponds to contributions or taxes received in a way which is <b>easy to administer</b> and achieves <b>fair results</b>.</li> </ul>		
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*5.4.6.6 Impacts of Policy Option 3b: Member State of last activity provides the unemployment benefits to frontier workers and other cross-border workers only if worker has worked there for 12 months– choice of registration for employment services in either Member State of last activity or State of residence.*

<b>Policy Option 3b: Introduce the rule in Regulation (EC) No 883/2004 that the State of last activity only pays unemployment benefit if the person has worked there for a sufficiently representative period – choice of registration</b>		
<b>Social impacts</b>		
Clarification	+	This option establishes a direct causal link between the level of integration in the labour market of a Member State and compensation for lost employment periods. The link with the labour market arises from the contributions paid in the State of activity and will provide a balanced reflection of the relationship between the contribution period and acquiring the right to unemployment benefits.
Simplification	+/-	Member States' institutions may have to apply a greater amount of flexibility when it comes to recognising the availability for the labour market in another Member State with availability in the competent Member State and procedures need to be set up for that purpose for both the citizen and the national authority.
Protection of rights	+	This option will be beneficial for persons receiving unemployment benefits from the State of last activity and residing far away from the State of last activity. It will contribute to optimising the unemployed person's chances of resuming employment under the most favourable conditions, either in the State of residence or in the State of last activity.

<b>Financial impact</b>	-	The impact is the same as for option 3a.  The costs for the introduction of the cooperation mechanism will be dependent on the specifics of the mechanism and could therefore not be quantified.
<b>Impacts on fundamental rights</b>	+	The impact on fundamental rights is the same as for option 2a.
<b>Other impacts</b>		
Regulatory Costs	-	Depending on the employment history of the person during the last 12 months, responsibility for paying unemployment benefits will switch between the State of last activity and the State of residence. Member States do not have to apply the aggregation rules for determining the period of 12 months and the Member State of last activity only needs to take into account the periods effectively fulfilled within its territory. A reimbursement procedure is no longer necessary, but additional cooperation and control mechanisms need to be established, as responsibility for paying the unemployment benefits and checking the availability for work lie with different institutions. The cooperation mechanism should not only include regular reporting on the situation of the unemployed person, but also provide for incentives for the employment services in the State of residence to actively follow-up on the jobseeking activities of the person, and possible financial compensation for providing active labour market measures to the person on behalf of another Member State. This will have a negative impact in comparison to the baseline scenario.
Risk of fraud and abuse	+	This option itself does not lead to an increased risk of fraud and abuse. There is no opportunity for the unemployed person to go 'forum shopping' due to the binding effect of the conflict rule. Moreover, this option excludes the possibility that a person can claim an unemployment benefit in a Member State after having worked there for only one day, or too short a period to have a genuine link with the labour market of the State of last activity. The employment services in the State of residence may need to be incentivised to actively follow-up on the jobseeking activities without the responsibility for the payment.
Fair burden sharing between Member States	+	From the perspective of providing the unemployment benefits, this option establishes a direct link between receiving contributions and providing unemployment benefits. There is no need for reimbursement of the unemployment benefits. Active labour market assistance measures will, in the first place, be at the expense of the employment services in the State of residence.
Coherence with General, Specific	+	This option offers the person concerned the opportunity to register with the employment services in the State of residence.

<p>and wider EU Objectives:</p> <p>Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.</p> <ul style="list-style-type: none"> <li>• Frontier and other cross-border workers, who reside in another Member State than the State of last activity, shall benefit from the same <b>protection of rights</b> in case of unemployment.</li> <li>• Frontier and other cross-border workers, who reside in another Member State than the State of last activity, shall benefit from the <b>best available opportunities of reintegration</b> in the labour market.</li> <li>• <b>The financial burden</b> for paying unemployment benefits <b>shall be distributed</b> between the competent Member State of last activity and the Member State of residence in a manner that corresponds to contributions or taxes received in a way which is <b>easy to administer</b> and achieves <b>fair results</b>.</li> </ul>		<p>From the point of view of the need for a sufficiently close link with the labour market, it seems more difficult to justify why payment of benefits should be separated from availability for the labour market. Without a cooperation and reimbursement mechanism, the incentive for the institution in the State of residence to actively support the unemployed person could be low. This therefore may not be considered coherent with the wider EU policy objective to promote greater support and labour activation measures to promote reintegration into the labour market. This option is more effective for the unemployed person concerned, but has as an important drawback in that it necessitates setting up a new cooperation mechanism, which may increase regulatory burden contrary to the objective of establishing an easy to administer system.</p>
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#### 5.4.7 Conclusions – Combination of Preferred Options

Except for the horizontal option on the recognition of periods for the purpose of their aggregation, all the other options cannot be seen in isolation. A compromise is required between the objective to ensure a proportionate distribution of the financial burden, the objective of providing a uniform and consistent application of the aggregation and calculation rules that reflect the degree of integration of the worker with the insurance system and the objective to ensure the best conditions for the unemployed person for reintegration in the labour market and to protect him/her against the loss of rights.

Such a compromise should aim at ensuring that a Member State becomes responsible for paying the unemployment benefit only after a sufficient link had been established by the mobile worker to the scheme in question, it should aim at ensuring administrative simplicity which means that – where possible – the full administrative procedure of registration, determination and payment of benefits, and assistance in offering job opportunities should be in the hand of one institution and that this competent institution should be, where possible, the institution which is in close distance to the place of residence of the beneficiary. Should the latter not be the case, then an extended period for exporting unemployment benefits will allow the unemployed person to stay in or return to the Member State with which he/she has the closest ties and the highest probability of finding a job.

From the comparison of the options under Section 7, it follows that:

For the coordination of unemployment benefits, the best compromise would be a combination of option 2b for the aggregation of periods in combination with the horizontal option regarding the

recognition of periods for the purpose of aggregation, option 1 for the export of unemployment benefits, and option 3a for competence and registration, of.

This combination of options would ensure that:

- a) Periods completed in another Member State are only taken into account by way of aggregation, where those periods would also have been considered as periods of insurance in that Member State where they have been completed;
- b) The Member State of last activity becomes competent for the aggregation of periods in all cases in which the insured person had been most recently insured that State for at least three months;
- c) The Member State of previous activity becomes competent and has to export the benefit whenever this condition has not been satisfied;
- d) Cash benefits are exported, i.e. are paid to unemployed persons looking for a job in another Member State than the competent one for an extended period of at least six months in order to provide sufficient time for an effective job search;
- e) The Member State of last activity would remain competent for providing unemployment benefits to frontier and other cross-border workers in all cases where those persons have been insured there for at least 12 months, because it can be assumed that this suffices to create a strong link to the labour market of this State;
- f) The Member State of residence becomes competent for those who have not satisfied this requirement and thus have not established such a strong link.

## 6. Access by economically inactive mobile citizens to certain social benefits

### 6.1. Introduction

For a number of years social security institutions have had to deal with two distinct sets of EU rules regarding access to welfare benefits by economically inactive citizens from other EU Member States. On the one hand, Regulation (EC) No 883/2004 which provides for equal treatment in relation to social security benefits. On the other hand, Directive 2004/38/EC on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States (“the Free Movement Directive”)<sup>278</sup> which applies limitations and conditions to the residence of EU citizens and their families in other Member States and contains a number of exceptions from equal treatment as regards access to Member States' social assistance systems. Although Regulation (EC) No 883/2004 and Directive 2004/38/EC were negotiated partly at the same time and adopted by the EU legislators on the same day (30 April 2004), Regulation (EC) No 883/2004 makes no reference to the Directive; nor does the Directive make any reference to the coordination Regulation. The relationship between the two sets of rules has therefore not been entirely clear.

Social assistance encompasses all assistance schemes established by the public authorities to which recourse may be made by an individual who does not have resources sufficient to meet his own basic needs and those of his family. By reason of that fact, such an individual may, during his period of residence, become a burden on the public finances of the host Member State which could have consequences for the overall level of assistance which may be granted by that State.

Regulation (EC) No 883/2004 extends to all legislation concerning defined categories of social security. The material scope is exhaustive. Consequently, a branch of social security which is not mentioned, is in principle, outside the scope of the regulation. This is the case, for instance, for social assistance.

However, some benefits, falling within the Regulation, the so-called special non-contributory cash benefits (SNCBs), have characteristics both of social security legislation and of social assistance. SNCBs are defined as benefits which are provided under legislation which, because of its personal scope, objectives and/or conditions for entitlement, has characteristics both of the social security legislation and of social assistance (Article 70(1) Regulation (EC) No 883/2004).

SNCBs can either provide supplementary, substitute or ancillary cover against the risks covered by the branches of social security, and which guarantee the persons concerned "a minimum subsistence income having regard to the economic and social situation in the Member State concerned" or “solely specific protection for the disabled, closely linked to the said person's social environment in the Member State concerned” (Article 70(2)(a) Regulation (EC) No 883/2004).

If all conditions for belonging to the SNCB category are satisfied and if the claimant falls within the personal scope of Regulation (EC) No 883/2004, SNCBs are provided exclusively in the Member State where the persons concerned reside, in accordance with its legislation and are not exportable.

As explained below, the access of economically inactive EU citizens and jobseekers to social benefits constituting social assistance in the Member State where they are not nationals has been the subject of rulings from the Court of Justice in recent years, which have clarified the relationship between the Regulation and the Free Movement Directive. At the time of preparing this Impact Assessment Report the jurisprudence of the Court of Justice was limited to finding that SNCBs could be subject to the conditions of the Free Movement Directive.

On 14 June 2016 the Court gave its ruling in the case of C-308/14 European Commission v United Kingdom holding that access of economically inactive EU citizens to classic social security benefits (not constituting social assistance within the meaning of the Free Movement Directive) could also be subject to such conditions.<sup>279</sup> This ruling has impacted on the base line scenario and hence also on the

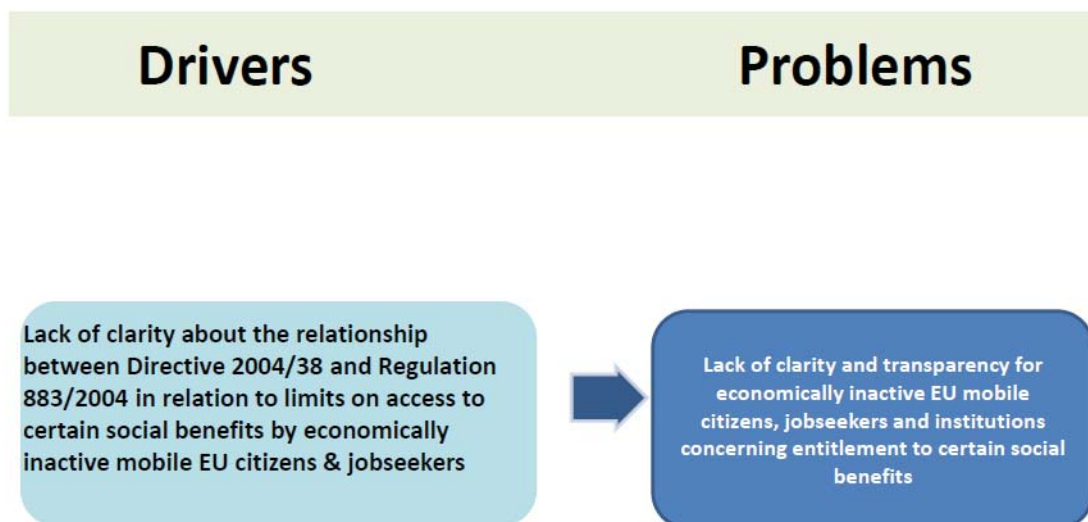
<sup>278</sup> OJ L158, 30.4.2004, p.77.

<sup>279</sup> C-308/14 European Commission v United Kingdom.



impact assessment of alternative options compared to that scenario. Following the judgment, codifying the case law of the Court by introducing a dynamic reference to the limitations to equal treatment in the Free Movement Directive implies that, in relation to economically inactive persons, Member States may make the access both to social assistance and social security benefits, subject to fulfilling the conditions referred to in that Directive. The situation is different in respect of jobseeker whose right of residence is conferred directly by Article 45 of the Treaty on the Functioning of the European Union. As a consequence, for economically inactive citizens, options 1a and 1b have become virtually the same; and option 1c and 2 have been overtaken by the jurisprudence. It should be noted, however, that following this judgment option 1a must be understood as permitting Member States, for economically inactive citizens, to derogate from the principle of equal treatment in respect of social security as well as social assistance where such a person does not fulfil the conditions for legal residence as set out in the Free Movement Directive, while for jobseekers that limitation is only possible in relation to social assistance. As this report had been approved by the Regulatory Scrutiny Board prior to the aforementioned judgment, the authors have not substantially revised the options described below or the analysis of their impact, which does not reflect this differentiated treatment of economically inactive citizens and jobseekers.

## 6.2. Problems with access by economically inactive mobile citizens to certain social benefits



### 6.2.1 *Lack of clarity and transparency for economically inactive mobile EU citizens and institutions concerning entitlement to certain social benefits*

According to the recent jurisprudence of the CJEU, Member States may choose to limit equal treatment for special non-contributory cash benefits claimed by economically inactive citizens and jobseekers to the extent permitted by the Free Movement Directive. Specifically the Free Movement Directive provides that there is no obligation for Member States to award social benefits for an economically inactive citizen for the first three months of residence and after three months Member States may still refuse to award benefits if the person lacks sufficient resources not to impose an unreasonable burden on the host Member State or does not have comprehensive sickness insurance. This is not however apparent from the current wording of Regulation (EC) No 883/2004, which suggests that all mobile citizens are entitled to full equal treatment. In the absence of clear wording within the Regulation, economically inactive EU mobile citizens and jobseekers do not have a clear view of what their rights are. This lack of transparency also affects national social security institutions

which pay such benefits. This is also reflected in the high number of court cases instituted in some Member States (in particular in Germany but also in the United Kingdom) seeking clarity as to the interaction between the Free Movement Directive and Regulation (EC) No 883/2004.<sup>280</sup>

The driver behind these specific problems is the recent jurisprudence of the Court that has changed the previous understanding of the relationship between the Social Security Coordination Rules and the Free Movement Directive. In September 2013 the Court of Justice delivered a judgment in Case C-140/12 *Brey*, subsequently confirmed in Case C-333/13 *Dano* in November 2014, which clarified that Regulation (EC) No 883/2004 on the coordination of social security systems can in certain circumstances be read in conjunction with the provisions of the Free Movement Directive. Both judgments concerned economically inactive EU mobile citizens who were claiming a specific type of minimum subsistence benefit, classified as a “special non-contributory cash benefit” within the meaning of Regulation (EC) No 883/2004. The Court held that these benefits could, under certain conditions, be regarded as social assistance within the meaning of the Free Movement Directive and that therefore the exceptions from equal treatment in the Directive could be applied to such benefits.

These conclusions were confirmed in the Court’s judgment of 15 September 2015 in Case C-67/14 *Alimanovic* where the Court provided clarification of when EU law requires Member States to pay social assistance benefits to jobseekers (mobile jobseekers enjoy a specific legal status under EU law and form a separate category of mobile citizens from economically inactive citizens<sup>281</sup>). In particular, the Court held that special non-contributory cash benefits providing for a minimum level of subsistence and which form part of a scheme which also provides for benefits to facilitate the search for employment<sup>282</sup>, are to be considered as social assistance if this is their predominant function. The Court also held that jobseeking EU citizens who have worked for less than one year, in case of involuntary unemployment retain their status of workers for no less than 6 months as provided for in Article 14(4)b of the Directive. As long as they retain their status as workers, these jobseeking EU citizens benefit from equal treatment and thus are entitled to social assistance benefits for this period of six months. After that period of six months, Member States are not obliged to grant social assistance by virtue of Article 24(2) of the Directive which allows Member States not to confer entitlements to social assistance during the longer period provided for in Article 14(4)b of the Directive. The Court clarified that there was no need to carry out an individual assessment before refusing to grant such benefits beyond the period of six months since such a proportionality test had already been carried out by the legislator by setting the conditions in the Directive.

The recent judgments of the Court mean that Member States can choose to limit equal treatment for special non-contributory cash benefits (and potentially other non-contributory tax financed benefits) claimed by these economically inactive citizens and jobseekers to the extent permitted by the Free Movement Directive. This is not however apparent from the wording of Regulation (EC) No 883/2004, which still suggests that full equal treatment is the rule and furthermore the material scope of this derogation remains unclear pending the judgment of the Court in case C-308/14 *European Commission v United Kingdom*.<sup>283</sup> This means economically inactive EU mobile citizens and jobseekers do not have a clear view of what their rights are. It also affects national social security institutions which pay such benefits: EU legislation does not set out what limitations they can apply to

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<sup>280</sup> There have been 99 first instance court or tribunal decisions in Germany since 1 May 2010 concerning the relationship between Regulation (EC) no 883/2004 and Directive 2004/38/EC, 67 of which have been appealed to a higher national court. There have been 11 first instance court or tribunal decisions in Germany since 1 May 2010 concerning the relationship between Regulation (EC) no 883/2004 and Directive 2004/38/EC, 2 of which have been appealed to a higher national court.

<sup>281</sup> See Recital 9 and Article 14(4)(b) of Directive 2004/38/EC.

<sup>282</sup> the CJEU has held that Member States must accord jobseekers from other Member States equal treatment in respect of “benefits of a financial nature intended to facilitate access to employment in the labour market of a Member State”, provided the jobseeker can show “a genuine link” with “the employment market of that state” Case C-138/02 *Collins* of 23 March 2004, para. 63.

<sup>283</sup> The case C-308/14 *European Commission v United Kingdom* (judgment pending) relates to the question of whether it is possible to require a right of residence as a condition of access to tax financed family benefits. Advocate General Cruz Villalón's indicated in his opinion dated 6 October 2015 that there was nothing to indicate that the findings of the Court in the cases of *Brey* and *Dano* should apply exclusively to social assistance benefits or special non-contributory benefits with which those cases were concerned (paragraph 74). The scope of “social assistance” and whether or not it may include certain classic social security benefits was also raised by a number of Member States in the Reflection Forum of the Administrative Commission in December 2014 and June 2015.

payment of benefits to economically inactive EU mobile citizens and jobseekers. This is also reflected in the high number of court cases instituted in some Member States (in particular in Germany but also in the United Kingdom) seeking clarity as to the interaction between the Free Movement Directive and Regulation (EC) 883/2004.<sup>284</sup>

The consequences of this problem are that there is a lack of clarity and transparency for EU citizens as regards their right to claim special non-contributory cash benefits in their host state in order to have a minimum subsistence. There is also a similar lack of clarity for mobile jobseekers on whether they are entitled to access subsistence jobseekers' benefits when looking for work in their host State. Moreover, social security institutions which are responsible for taking decisions on claims to benefits made by these groups of mobile citizens do not have the necessary legal certainty in the rules. In particular in relation to the question of whether for the purposes of Regulation (EC) No 883/2004, the exceptions from equal treatment in the Directive apply only to special non-contributory cash benefits providing for a minimum level of subsistence, or whether the principle may extend further to other types of "classic" social security benefits for the purposes of the EU social security coordination rules. This question still awaits clarification in the case of C-308/14 *European Commission v United Kingdom*.<sup>285</sup>

### 6.3. *Baseline Scenario*

Out of a total EU-28 mobile population of 14.3 million in 2014<sup>286</sup>, there were an estimated 3.7 million economically inactive mobile EU citizens<sup>287</sup>. If we assume that the 3.1% average yearly growth of mobile EU citizens between 2009 and 2014 continues between 2015 and 2020, and that the ratio between active and non-active mobile EU citizens also remains constant, then we can expect that in 2020, out of a total EU-28 mobile population of 17.5 million<sup>288</sup>, there will be some 4.4 million economically inactive mobile EU citizens<sup>289</sup>.

This group comprises many vulnerable citizens, for example, old-age pensioners, persons with a disability who cannot work, parents temporarily outside of the labour market as they are looking after children. Nearly 80% of economically inactive mobile citizens derive rights (residence rights and/or rights to benefits) from economically active family members with whom they are living in the host Member State and are entitled to equal treatment with the family members of national workers. However, there still remains a significant group of economically inactive mobile EU citizens who cannot derive rights from others. It is this group of EU citizens that is affected by the current lack of clarity and transparency as regards their right to claim certain social benefits in their host state in order to have a minimum subsistence income on which to live.

Mobile jobseekers are also affected by this lack of transparency. There are in the region of 1 million EU jobseekers looking for employment in Member States other than their own<sup>290</sup>. Assuming that the unemployment rate in the EU between 2015 and 2020 remains at 11.7%, and that the share of mobile EU jobseekers over the total EU population also remains constant at 9%, then we can estimate that in 2020 there will be some 1.2 million EU jobseekers looking for employment in Member States other

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<sup>284</sup> There have been 99 first instance court or tribunal decisions in Germany since 1 May 2010 concerning the relationship between Regulation (EC) no 883/2004 and Directive 2004/38/EC, 67 of which have been appealed to a higher national court. There have been 11 first instance court or tribunal decisions in Germany since 1 May 2010 concerning the relationship between Regulation (EC) no 883/2004 and Directive 2004/38/EC, 2 of which have been appealed to a higher national court.

<sup>285</sup> C-308/14 *European Commission v United Kingdom* (ibid).

<sup>286</sup> All ages (LFS, 2014).

<sup>287</sup> All ages except 0-14 (LFS, 2014).

<sup>288</sup> All ages.

<sup>289</sup> All ages except 0-14.

than their own. Moreover, 25% of EU citizens say they would definitely (8%) or probably (17%) consider working in another EU country in the next ten years.<sup>291</sup>

#### 6.4. **Objectives for the review of the rules on access by economically inactive citizens to certain social benefits**

This initiative serves to facilitate the exercise of the right to free movement by creating and enabling a conducive environment. It is in the interest of all parties to design co-ordination rules that allow full exercise of citizens' rights whilst making the requirements of Member States clear, manageable and efficient.

As with other elements of the revision, the **general policy objective** of this initiative is to continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved, and administrative simplicity and enforceability of the rules.

In particular, this is reflected in the need to ensure legal clarity in the rules in relation to the limitations and conditions to the residence of EU citizens and their families in other Member States and the exceptions from equal treatment as regards access to Member States' social assistance systems. This is also an issue of protection of rights as in the absence of clarity in the current rules there is inconsistent treatment of such benefits by different Member States which creates uncertainty for citizens and competent institutions and consequent difficulties in enforceability and litigation risk. Promoting legal certainty is therefore also anticipated to improve effective and efficient administration and reduce administrative burden.

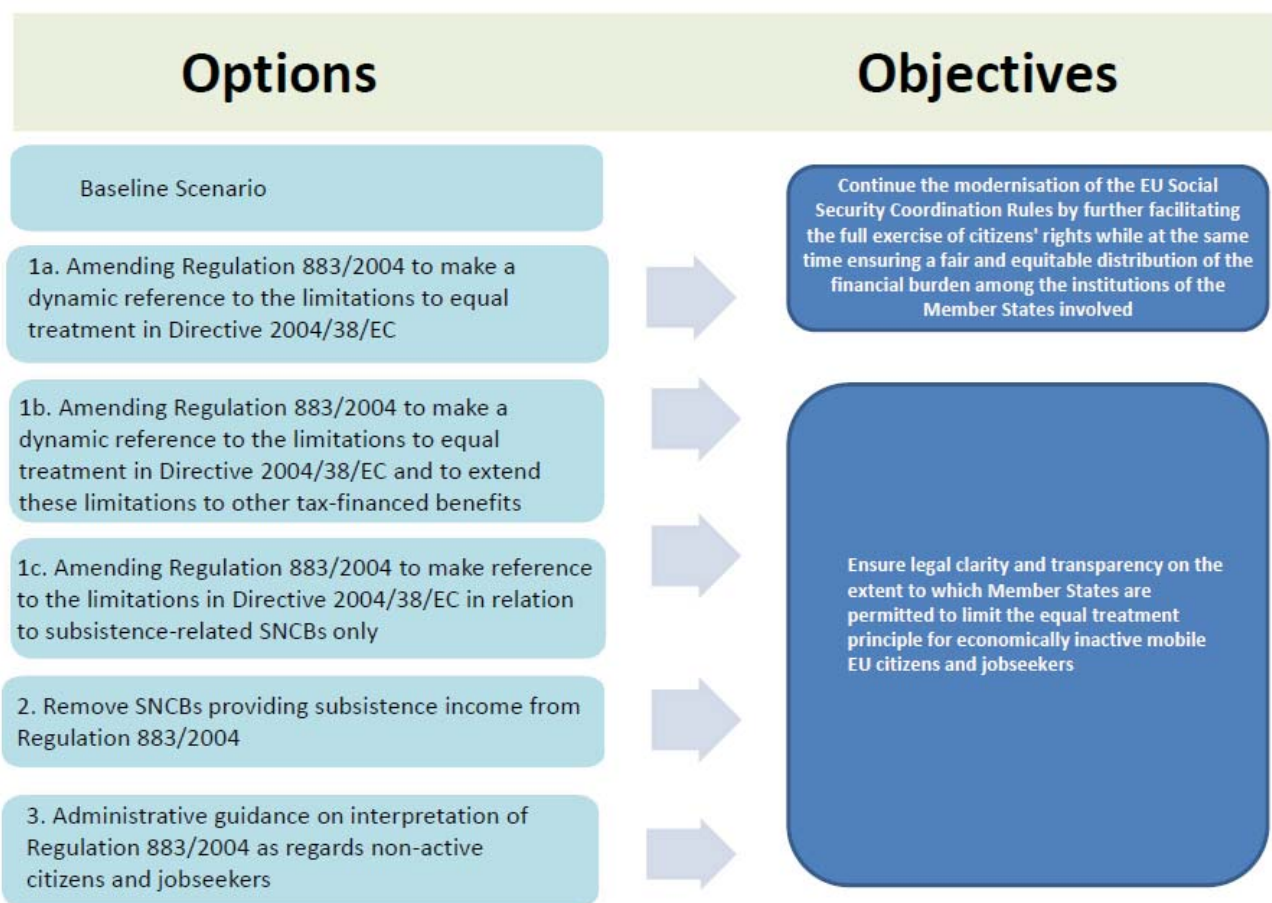
The **specific objective** can be defined as follows:

Ensure legal clarity and transparency on the distinctions between the rights of workers, jobseekers and economically inactive mobile EU citizens, including the extent to which Member States' social security institutions are permitted to limit the equal treatment principle for economically inactive mobile EU citizens and jobseekers who claim certain tax financed social benefits.

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<sup>291</sup> Special Eurobarometer 398 – Internal Market, October 2013.

## 6.5. Options for addressing the problems of access by economically inactive mobile citizens and jobseekers to certain social benefits



### 6.5.1 Option 0: Baseline scenario

The case-law of the Court is directly applicable in national law and this option leaves it to national decision-makers to apply the Court's judgments directly. Where questions of interpretation arise, they can be solved in national courts, which if necessary can refer issues to the Court.

### 6.5.2 Option 1: Amendment of Regulation (EC) No 883/2004 to make reference to the limitations in Directive 2004/38/EC

This option codifies the Court's case-law by stipulating that the equal treatment principle of Regulation (EC) No 883/2004 may be limited in relation to payment of certain social benefits to economically inactive mobile EU citizens and jobseekers.

As the discussion with experts in the Administrative Commission in June 2015 showed, it is possible to take either a broad or a narrow approach to amending Regulation (EC) No 883/2004 to make reference to the Free Movement Directive. Option 1 can therefore be sub-divided into three sub-options:

- Introducing a general amendment to the equal treatment principle in Article 4 of Regulation (EC) No 883/2004 by referring to the possible limitations in Directive 2004/38/EC
- Introducing a general amendment to the equal treatment principle in Article 4 of Regulation (EC) No 883/2004 by referring to the possible limitations in Directive 2004/38/EC, but extending the limitations by analogy to other tax-financed benefits

- Making a more limited amendment to Article 70 of Regulation (EC) No 883/2004, which permits Member States to limit equal treatment only in relation to the specific category of special non-contributory cash benefits, which provide subsistence income.

#### *6.5.2.1 Option 1a Amendment of Article 4 of Regulation (EC) No 883/2004 to make a dynamic reference to the limitations to equal treatment in Directive 2004/38/EC*

This option would permit Member States to apply the provisions of the Free Movement Directive generally to limit equal treatment in Regulation (EC) No 883/2004. This option would permit national legislators to derogate from the principle of equal treatment in respect of social assistance in accordance with the limitations in Directive 2004/38/EC specifically to provide that Member States are not obliged to award social benefits to economically inactive persons or first time jobseekers for the first three months of residence and further are only required to award social benefits to an economically inactive citizen or first time jobseeker after three months of residence if that person has sufficient resources not to pose an unreasonable burden on public finances and has comprehensive sickness insurance. This option does not propose to define the material scope of social assistance within Regulation (EC) No 883/2004 meaning that it can evolve according to the case law of the Court of Justice.

#### *6.5.2.2. Option 1b: Amendment of Article 4 of Regulation (EC) No 883/2004 to make a dynamic reference to the limitations to equal treatment in Directive 2004/38/EC and to extend these limitations by analogy to other tax-financed benefits*

This option would also permit national legislators to derogate from the principle of equal treatment in respect of social assistance in accordance with the limitations in Directive 2004/38/EC as described in option 1a. In addition, it would expressly define the material scope to apply to certain tax-financed social security benefits, specifically non-contributory family benefits, long-term care benefits and sickness benefits for economically inactive EU mobile citizens and jobseekers in the same way as special non-contributory cash benefits, which provide subsistence income.

#### *6.5.2.3 Option 1c Amendment of Article 70 of Regulation (EC) No 883/2004 to make a reference to the limitations in Directive 2004/38/EC in the context of benefits that provide a minimum subsistence income*

This option would make clear that Member States can apply the provisions of the Free Movement Directive to limit equal treatment only in relation to special non-contributory cash benefits providing a minimum subsistence income under Regulation (EC) No 883/2004. This would have the effect of permitting national legislators to derogate from the principle of equal treatment in relation to a limited category of benefits only, namely special non-contributory cash benefits linked to minimum subsistence income payable to economically inactive citizens.

The report of the FreSsco network of experts on free movement of workers and social security coordination identified this as a possible legislative solution for dealing with the Court's recent judgments. It noted that Article 70 of the Regulation would be the appropriate place to incorporate a new provision dealing with access to social assistance benefits.<sup>292</sup>

#### *6.5.3 Option 2: Remove SNCBs providing subsistence income from Regulation (EC) No 883/2004*

This option removes SNCBs which provide a minimum subsistence income from the scope of Regulation (EC) No 883/2004. This would effectively de-classify such benefits as "social security benefits" and would leave them subject to a common, albeit non-coordinated, regime of rules under the Free Movement Directive concerning all benefits classified as social assistance.

The report of the FreSsco network of experts advised against this option on the ground that such a change would be detrimental for both citizens and for social security administrations as many of the practical and protective rules in the social security coordination rules would no longer apply.<sup>293</sup> The option is retained nonetheless as it offers a simple solution for dealing with the impact of the Court's rulings.

#### 6.5.4 *Option 3: Provide administrative guidance*

This option takes a “soft law” approach through which the Commission would draw up administrative guidance on how the Court’s judgments should be interpreted. Such guidelines could deal with both questions of what benefits are covered by the judgments and with the extent to which the rules of the Free Movement Directive limit rights in Regulation (EC) No 883/2004. Such guidance would offer the advantage of containing considerably more detail than a legislative amendment. It is also easier to update and change guidance than in the case of legislation. Moreover, given the opportunities for consultation with national administrators in drawing up this guidance, it should also meet the objectives of ensuring as far as possible a common understanding of the judgments and a uniform application by national social security institutions. This option could stand on its own or be combined with another option.

### 6.6. Stakeholder support

#### 6.6.1 *Baseline Scenario*

This option was supported by nine delegations as a first or second choice in discussions in the Administrative Commission in June 2015<sup>294</sup>. In addition, nine delegations supported the status quo as at least a short-term strategy, given that further judgments of the CJEU are pending<sup>295, 296</sup>.

#### 6.6.2 *Option 1: Amendment of Regulation (EC) No 883/2004 to make reference to the limitations in Directive 2004/38/EC*

##### 6.6.2.1 *Option 1a Amendment of Article 4 of Regulation (EC) No 883/2004 to make a dynamic reference to the limitations to equal treatment in Directive 2004/38/EC*

In discussions in the Administrative Commission in June 2015, eleven Member States supported this option as a first or second choice<sup>297</sup>. However, there was no consensus on exactly how such an amendment should be drafted and some of those Member States were in favour of awaiting the outcome of the pending court cases before adopting a fixed position.

##### 6.6.2.2 *Option 1b Amendment of Article 4 of Regulation (EC) No 883/2004 to make a dynamic reference to the limitations to equal treatment in Directive 2004/38/EC and to extend these limitations by analogy to other tax-financed benefits*

This option has not been subject to discussions with external stakeholders.

##### 6.6.2.3 *Option 1c Amendment of Article 70 of Regulation (EC) No 883/2004 to make a reference to the limitations to equal treatment in Directive 2004/38/EC in the context of SNCBs that provide for a minimum subsistence level*

No Member State expressly supported this proposal.

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<sup>293</sup> See Annex VIII at p.52.

<sup>294</sup> Malta, Hungary, Italy, Poland, Portugal, Finland, Lithuania, Sweden and Spain.

<sup>295</sup> Czech Republic, Germany, France, Lithuania, Latvia, Luxembourg, Netherlands, Sweden and United Kingdom.

<sup>296</sup> Case C-299/14 Garcia-Nieto; Case C-308/14 Commission v United Kingdom.

<sup>297</sup> Austria, Belgium, Czech Republic, Germany, Estonia, France, Ireland, Lithuania, Latvia, Poland, United Kingdom

### 6.6.3 *Option 2: Remove SNCBs providing subsistence income from Regulation (EC) No 883/2004*

In discussions in the Administrative Commission in June 2015, two Member States supported this option<sup>298</sup>. Eight Member States regarded this option as being a backward step in the development of the EU rules on social security coordination.

### 6.6.4 *Option 3: Provide Administrative Guidance*

In discussions in the Administrative Commission in June 2015, four Member States favoured this option<sup>299</sup>.

Consultations with social partners and NGOs indicated mixed views as to whether there was a need for change in relation to access to benefits by economically inactive persons. Some stakeholders advocated stronger enforcement of the existing legislation to ensure public confidence in the current provisions.<sup>300</sup> Other stakeholders emphasised the risks to vulnerable mobile citizens and the importance of ensuring such persons were not left without social protection.<sup>301</sup>

## 6.7. What are the impacts of the Different Options

### 6.7.1 *Introduction*

For all of the options assessed, the potentially affected groups are the same. The options are specifically targeted at mobile economically inactive citizens and jobseekers who are unable to derive rights from an economically active family member.

For the purposes of assessing the impact, a range of criteria has been identified with reference to the general and specific policy objectives and the Commission's Better Regulation Guidelines. In relation to **social impact**, the options are assessed against the criteria of **clarification; simplification; protection of rights** and **impact upon fundamental rights**. This analysis draws upon the findings of the FreSsco Legal Experts report at Annex VIII supplemented by the Commission's Services own analysis and the findings from the stakeholder consultations and the Inter-Service Steering Group.

In relation to the **economic impact** and **regulatory costs** for both public administrations and citizens no specific studies have been conducted as, with the limited exception of Option 1b, the options under consideration are codification of the EU case-law which is already directly applicable and therefore there is no anticipated impact on Member States' budgets. However, potential administrative burden of implementing the various options under consideration have been qualitatively assessed.

In relation to option 1b, it should be noted that the estimated budgetary impact may be an under-estimation for the EU-28. Calculations have been based on data from LFS 2012 of proportion of EU28/EFTA migrants residing less than 1 year in their new Member State of residence including the proportion who live in a household with at least one child where no adults in the household are in work for the age-group 15-64 compared with all ages and the proportion aged over 65. This estimation has limitations as it is not possible to identify what proportion of the identified group are unemployed jobseekers or how long such jobseekers may have been seeking work. There is also no information about the level of income or resources of the identified group or whether or not they are currently in receipt of particular social security benefits. These numbers have then been applied to average expenditure per capita in Member States in relation to long-term care benefits, family benefits and sickness benefits. Such a model does not distinguish between contributory and non-contributory systems and also assumes that EU mobile citizens will make use of such benefits in the same proportions as native citizens. The calculation needs to be construed in light of these multiple limitations.

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<sup>298</sup> Estonia and Ireland.

<sup>299</sup> Spain, Finland, Hungary, Sweden

<sup>300</sup> For example CEC and Business Europe

<sup>301</sup> For example, Eurodiaconia



With reference to coherence with the **general objective**, the options have also been assessed with reference to their impact upon; **legal clarity; risk of fraud and abuse** and ability of Member States to counteract such risks and by reference to the objective of achieving **equitable burden-sharing between Member States** (corresponding to the **specific objective** to ensure legal clarity and transparency on the distinctions between the rights of workers, jobseekers and economically inactive mobile EU citizens, including the extent to which Member States' social security institutions are permitted to limit the equal treatment principle for economically inactive mobile EU citizens and jobseekers who claim certain social benefits).

Finally the assessment considers overall coherence with EU objectives with reference to relevant policies identified at section 1.3 of this report.

### 6.7.2 Summary of the impacts of the options for access by economically inactive mobile citizens and jobseekers to certain social benefits

Type of impact	Clarification	Simplification	Protection of rights	Fundamental rights	Economic impacts	Regulatory costs	Risk of fraud and abuse	Equitable burden sharing Member State	Coherence with EU objectives	Overall Effectiveness	Overall Efficiency (cost vs effectiveness)
<b>Baseline Scenario</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Option 1a</b> Legislative Amendment to Article 4	+	+	+	0	0	+/0	+	0	+	++	++
<b>Option 1b</b> Legislative Amendment to Article 4 and extension of limitations	+	+	-	-	0	-/0	+	0	+/-	++	++
<b>Option 1c</b> Legislative Amendment to Article 70	+	+/-	+	0	0	+/0	+	0	+	+	+
<b>Option 2</b> Remove SNCBs providing for subsistence income from Regulation	++	++	-	0	0	--	-	0	-	-	-
<b>Option 3</b> Administrative Guidance	+/0	++	+/0	0	0	+/0	+	0	+	+	+

### 6.7.3 Impacts of Policy Option 1a: Dynamic reference to Directive 2004/38EC

Policy Option 1a: Amendment of Article 4 of Regulation (EC) No 883/2004 to make a dynamic reference to the limitations to equal treatment in Directive 2004/38/EC		
<b>Social impact</b>		
Clarification	+	The codification of existing case-law would clarify the rights of EU mobile citizens and would enable citizens to make an informed choice when exercising their rights to move to another Member State.
Simplification	+	The codification of existing case-law would also simplify the process whereby EU mobile citizens and national institutions could verify their respective rights and obligations by making explicit the relationship between Regulation (EC) No 883/2004 and the Directive 2004/38/EC. As this measure contains a dynamic reference to the Directive, it is anticipated that it will not require further amendment even if the case law of the CJEU continues to evolve.
Protection of Rights	+	By increasing clarity the application of the case law of the CJEU, legal certainty is also increased thereby facilitating greater uniformity in application by Member States and facilitating the ability of citizens to enforce their rights.
<b>Financial impact</b>	0	There will be no direct impact on Member States' budgets as this measure simply reflects codification of the case-law of the Court.
<b>Impacts on fundamental rights</b>	0	Mere codification of the case-law of the Court. Any impact on fundamental rights already exists in EU law – the amendment to the Regulation will merely reflect this.
<b>Other impacts</b>		
<b>Regulatory costs</b>	+/0	Costs related to lack of clarity/transparency/legal certainty (for instance litigation costs, legal advice, elaboration of administrative guidance) for both citizens and public authorities could be reduced. However, as this option sets out the limits on the equal treatment principle only in very general terms, it is likely that some litigation on the relationship between the Regulation and the Directive would continue. Public administrations may additionally decide themselves to improve clarity by producing detailed guidance at national level (although such measures will be at their own discretion).

<b>Risk of fraud and abuse</b>	+	This option gives greater visibility to the safeguards in EU law against abusive behavior including the need to prevent economically inactive Union citizens from using the host Member State's welfare system to fund their means of subsistence, which may act as a deterrent to such conduct.
<b>Fair burden sharing between Member States</b>	0	As codification of the case-law this option is not anticipated to have a direct impact on the distribution of financial burden between Member States.
<p>Coherence with General, Specific and wider EU Objectives:</p> <p>Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.</p> <p>to ensure legal clarity and transparency on the distinctions between the rights of workers, jobseekers and economically inactive mobile EU citizens, including the extent to which Member States' social security institutions are permitted to limit the equal treatment principle for economically inactive mobile EU citizens and jobseekers who claim certain social benefits.</p>	+	This option will increase legal clarity and transparency on the rights of economically inactive mobile EU citizens and jobseekers and also on the extent to which Member States' social security institutions are permitted to limit the equal treatment principle for such persons in relation to access to certain social benefits. It is anticipated to thereby improve administrative simplicity and enforceability of the rules.

#### 6.7.4 Impacts of Policy Option 1b: Dynamic reference to Directive 2004/38EC and extension of limitations by analogy

<b>Policy Option 1b: Amendment of Article 4 of Regulation (EC) No 883/2004 to make a dynamic reference to the limitations to equal treatment in Directive 2004/38/EC and extend the limitations by analogy</b>		
<b>Social impact</b>		
Clarification	+	The option would clarify the rights of EU mobile citizens and would enable citizens to make an informed choice when exercising their rights to move to another Member State.
Simplification	+	The option would also simplify the process whereby EU mobile citizens and national institutions could verify their respective rights and obligations by making explicit the relationship between Regulation (EC) No 883/2004 and the Directive 2004/38/EC. As this measure expressly defines the material scope to which the conditions of the Directive apply it is possible that it may require further amendment if the case law of the CJEU continues to evolve.

Protection of Rights	-	In relation to any extension of the potential derogation to non-contributory family benefits, long-term care benefits and sickness benefits there will be a loss of rights compared to the baseline scenario. The affected population of economically inactive citizens is estimated at 70.700 of whom approximately 14.000 live in a household with at least one child and of whom 2.500 are aged 65 or older)
<b>Financial impact</b>	0	In relation to an extension of the existing case-law to non-contributory family benefits, there would be a total estimated decrease for the EU-28 of between €37.7 and 79.2 million (equivalent to a reduction of 0.03% to 0.06% of total expenditure on child benefits) <sup>302</sup> in the case of long-term care benefits there would be an average estimated decrease of €31.5 million (equivalent to 0.014% of total expenditure on long-term care benefits) <sup>303</sup> and in relation to sickness benefits there would be an average estimated decrease of €185.1 million (equivalent to 0.017% of total expenditure on sickness benefits) <sup>304</sup>
<b>Impacts on fundamental rights</b>	-	The option is expected to adversely affect the best interests of the child (Article 24), the freedom to choose an occupation and the right to engage in work in another Member State (Article 15), as well as protection of rights for jobseekers who have made use of their right to free movement but who do not retain worker status (Article 45). There may also be an adverse impact on the right to social security and social assistance (Article 34) when compared with the baseline scenario.
<b>Other impacts</b>		
<b>Regulatory costs</b>	-/0	The assessment is likely to be similar to option 1a. However, by extending the limitations of Directive 2004/38/EC by analogy to a wider range of benefit decisions, there may be additional regulatory costs for case handlers in public authorities. Conversely, there may be a reduced risk of ongoing litigation costs as the legislature will have resolved the question of whether or not the limitations of the Directive apply also to tax-financed social security benefits.
<b>Risk of fraud and abuse</b>	+	This option gives greater visibility to the safeguards in EU law against abusive behavior including the need to prevent economically inactive Union citizens from using the host

<sup>302</sup> Estimation based on HIVA's own calculations. It should be noted that the calculation relates to child benefits and therefore the estimated budgetary impact may be an under-estimation for the EU-28. The calculation is made using data in relation to only 9 Member States (although those Member States have on average a higher stock of EU mobile citizens than average) and the calculation needs to be construed in light of these limitations.

<sup>303</sup> Annex XXIV, Table 2, Estimation based on HIVA's own calculations. It should be noted that the calculation relates to average expenditure per capita in Member States which does not distinguish between contributory and non-contributory long-term care benefits systems. It assumes that EU mobile citizens will make use of long-term care benefits in the same proportions as native citizens. The calculation needs to be construed in light of these limitations.

<sup>304</sup> Annex XXIV, Table 3, Estimation based on HIVA's own calculations. It should be noted that the calculation relates to average expenditure on healthcare per capita in Member States using ESSPROS figures. It assumes that EU mobile citizens will make use of healthcare in the same proportions/frequency as native citizens. The calculation needs to be construed in light of these limitations.

		Member State's welfare system to fund their means of subsistence, which may act as a deterrent to such conduct.
<b>Fair burden sharing between Member States</b>	0	This option is not anticipated to have a direct impact on the distribution of financial burden between Member States.
<p>Coherence with General, Specific and wider EU Objectives:</p> <p>Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.</p> <p>to ensure legal clarity and transparency on the distinctions between the rights of workers, jobseekers and economically inactive mobile EU citizens, including the extent to which Member States' social security institutions are permitted to limit the equal treatment principle for economically inactive mobile EU citizens and jobseekers who claim certain social benefits.</p>	+/-	This option may be considered coherent with the wider EU objective of supporting fair mobility (fair for both mobile citizens and tax-payers in the State of destination) but is less coherent with objectives to promote a social agenda in particular in relation to mobility for more vulnerable groups within the Union.

#### 6.7.5 Impacts of Policy Option 1c: Specific reference to Directive 2004/38/EC (SNCBs)

Policy Option 1c: Amendment of Article 70 of Regulation (EC) No 883/2004 to make reference to the limitations in Directive 2004/38/EC in the context of benefits that provide a minimum subsistence income		
Social impact		
Clarification	+	The codification of existing case-law would clarify the rights of EU mobile citizens and would facilitate citizens to make an informed choice when exercising their rights to move to another Member State. In particular, it is specified that in accordance with the jurisprudence of the CJEU, derogation of the principle of equal treatment solely applies to SNCBs providing for a minimum level of subsistence as listed in Annex X of the Regulation, thereby achieving a greater level of legal certainty.
Simplification	+/-	As per option 1a, the codification of existing case-law would also simplify the process whereby EU mobile citizens and national institutions could verify their respective rights and obligations. The precise nature of the codification ensures the scope of application is clear, however, it is possible further amendments may be necessary if the case law of the CJEU continues to evolve leading to trade-offs between clarity and simplicity.

Protection of Rights	+	As Option 1a and for the same reasons.
<b>Financial impact</b>	0	There will be no direct impact on Member States' budgets as this measure simply reflects codification of the case-law of the Court.
<b>Impacts on fundamental rights</b>	0	Mere codification of the case-law of the Court. Any impact on fundamental rights already exists in EU law – the amendment to the Regulation will merely reflect this.
<b>Other impacts</b>		
<b>Regulatory costs</b>	+/-0	Costs related to lack of clarity/transparency/legal certainty (for instance litigation costs, legal advice, elaboration of administrative guidance) for both citizens and public authorities could be reduced. However, as this option sets out the limits on the equal treatment principle only in very general terms, it is likely that some litigation on the relationship between the Regulation and the Directive would continue. Public administrations may additionally decide themselves to improve clarity by producing detailed guidance at national level (although such measures will be at their own discretion).
<b>Risk of fraud and abuse</b>	+	As with Option 1a
<b>Fair burden sharing between Member States</b>	0	As with Option 1a
Coherence with General, Specific and wider EU Objectives:  Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.  to ensure legal clarity and transparency on the distinctions between the rights of workers, jobseekers and economically inactive mobile EU citizens, including the extent to which Member States' social security institutions are permitted to limit the equal treatment principle for economically inactive mobile EU citizens and jobseekers who claim certain social	+	As with Option 1a although it is foreseen that if the case law of the CJEU continues to evolve there may be trade-offs between clarity and simplicity.

benefits.		
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6.7.6 *Impacts of Policy Option 2: Remove SNCBs providing for minimum level of subsistence from scope of Regulation (EC) no 883/2004*

**[Policy Option 2: Remove SNCBs providing subsistence income from Regulation (EC) No 883/2004**

<b>Social impact</b>		
Clarification	++	This option achieves clarity by clearly delineating between social security rights which fall within the scope of Regulation (EC) No 883/2004 in respect of which citizens retain a full right to equal treatment and those to which the limitations in Directive 2004/38/EC apply. This would facilitate citizens to make an informed choice when exercising their rights to move to another Member State.
Simplification	++	This option also achieves simplicity by separating the material scope of Regulation (EC) No 883/2004 from Directive 2004/38/EC apply in a manner which means both citizens and institutions only need to refer to one legal instrument at a time.
Protection of Rights	-	A significant disadvantage of this option is that some of the rules in Regulation (EC) No 883/2004, which can be beneficial for mobile EU citizens (e.g. for example, the rule that social security institutions may not reject documents submitted to them in an official language of another Member State, <sup>305</sup> or the rule of assimilation of facts which requires Member States to take into account facts or events occurring in any Member States as though they had taken place on their own territory. <sup>306</sup> ), would no longer apply. It seems likely that it may become more difficult for mobile EU citizens to claim such benefits in other Member States. Some EU citizens could be discouraged from exercising their free movement rights as a result.
<b>Financial impact</b>	0	There will be no direct impact on Member States' budgets as this measure simply reflects codification of the case-law of the Court.
<b>Impacts on fundamental rights</b>	0	Mere codification of the case-law of the Court. Any impact on fundamental rights already exists in EU law – the guidelines will merely reflect this.
<b>Other impacts</b>		
<b>Regulatory costs</b>	--	While there may be some savings for both citizens and public authorities related to lack of clarity/transparency/legal certainty(for instance litigation costs, legal advice, elaboration of administrative guidance) There would be

<sup>305</sup> Article 76(7) of Regulation (EC) No 883/2004.

<sup>306</sup> Article 5 of Regulation (EC) No 883/2004.



		some noticeable administrative costs for Member State social security institutions arising as a result of (a) changes to procedures and (b) being unable to benefit from the existing cooperation procedures for information exchange and verification provided under the Regulation, (for example, to check with institutions in other Member States the validity of documents or accuracy of facts supplied to them). <sup>307</sup> In addition, institutions would not be able to benefit from the efficiencies of the EESSI electronic information exchange platform due to be launched by the end of 2016 with full implementation by 2018. As institutions may be required to separately establish mechanisms for information exchange to ensure rights and obligations are respected.
<b>Risk of fraud and abuse</b>	-	There may be an increased risk of fraud and abuse because Member States would not be able to benefit from the existing cooperation procedures for information exchange and verification provided under the Regulation, if this option were followed. In addition, the provisions in the Regulation concerning recovery of benefits that are paid in error could also not be used. <sup>308</sup>
<b>Fair burden sharing between Member States</b>	0	As with Option 1a.
Coherence with General, Specific and wider EU Objectives:  Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.  to ensure legal clarity and transparency on the distinctions between the rights of workers, jobseekers and economically inactive mobile EU citizens, including the extent to which Member States' social security institutions are permitted to limit the equal treatment principle for economically inactive mobile EU citizens and jobseekers who claim certain social benefits.	-	As with Option 1a although it is foreseen that there may be trade-offs between clarity and simplicity of establishing a clear separation between Regulation (EC) No 883/2004 and Directive 2004/38/EC and the protection of rights for citizens and regulatory burden/risk of fraud and error for national institutions arising from the loss of application of the Regulation to SNCBs.

### 6.7.7 Impacts of Policy Option 3: Provide Administrative Guidance

#### Policy Option 3: Provide administrative guidance

#### Social impact

<sup>307</sup> Article 5(3) of Regulation (EC) No 987/2009.

<sup>308</sup> Article 71 to 85 of Regulation (EC) No 987/2009.

Clarification	+/0	Guidance could provide detailed explanations on when limitations on the equal treatment principle could be applied and circumscribe closely the group of benefits which are affected (namely special non-contributory cash benefits providing a minimum subsistence income). Although guidance is not legally binding it is more flexible and easier to update and modify and allows to better explain the legal rules to citizens. However, the non binding character of guidance limits its impact.
Simplification	++	Guidance may be provided in a range of accessible formats, giving precise guidance on specific scenarios which may be easier for citizens to understand than legal text.
Protection of Rights	+/0	By increasing clarity the application of the case law of the CJEU, legal certainty is also increased thereby facilitating greater uniformity in application by Member States and facilitating the ability of citizens to enforce their rights.
<b>Financial impact</b>	0	There will be no direct impact on Member States' budgets as this measure simply reflects codification of the case-law of the Court.
<b>Impacts on fundamental rights</b>	0	Mere codification of the case-law of the Court. Any impact on fundamental rights already exists in EU law – the guidelines will merely reflect this.
<b>Other impacts</b>		
<b>Regulatory costs</b>	+/0	Costs related to lack of clarity/transparency (for instance litigation costs, legal advice) for both citizens and public authorities could be reduced. It is anticipated that these savings may be achieved sooner in the light of the relative ease of implementing guidance compared with a legislative measure. But given the non binding character of guidance this measure in isolation may not entirely reduce litigation risk.
<b>Risk of fraud and abuse</b>	+	As with Option 1a although the benefits are anticipated to be greater in light of the increased transparency of the guidance.
<b>Fair burden sharing between Member States</b>	0	As with Option 1a.
Coherence with General, Specific and wider EU Objectives:  Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States	+	As with Option 1a although it is foreseen that there may be trade-offs between clarity and simplicity of establishing clear and accessible guidance and the non-binding nature of guidance which may not be the most effective means of achieving legal certainty or reducing litigation risk.

<p>involved and administrative simplicity and enforceability of the rules.</p> <p>to ensure legal clarity and transparency on the distinctions between the rights of workers, jobseekers and economically inactive mobile EU citizens, including the extent to which Member States' social security institutions are permitted to limit the equal treatment principle for economically inactive mobile EU citizens and jobseekers who claim certain social benefits.</p>		
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## 6.8. *Conclusions*

Based on the above table, the following preliminary conclusions can be drawn.

The baseline scenario is the most straightforward to implement. However, this option does not however, address the objective of ensuring legal clarity and transparency nor the wider EU objective of supporting fair mobility.

Option 1a) introduces legal clarity for economically inactive mobile EU citizens and jobseekers and the persons/institutions involved in the enforcement of the legislation. This option addresses the objective identified and at the same time provides flexibility if the case-law on the relationship between the Directive and the Regulation evolves. This option may be considered coherent with the wider EU objective of supporting fair mobility and reflects the case-law of the CJEU. However, it also means that full clarity on the relationship between the Regulation and the Directive will have to await further jurisprudence from the CJEU.

Option 1b) introduces legal clarity for economically inactive mobile EU citizens and jobseekers and the persons/institutions involved in the enforcement of the legislation. This option addresses the objective identified and at the same time provides flexibility if the case-law on the relationship between the Directive and the Regulation evolves. The extension of the limitations to non-contributory family benefits, long-term care benefits and sickness benefits is anticipated to result in a total cost saving estimated at €37.7 and 79.2 millions in relation to family benefits; €31.5 millions in relation to Long-term care benefits and €185.1 millions in relation to sickness benefits for the EU-28 Member States compared with the baseline (although it is also noted there would be a potential negative impact on the social and fundamental rights of economically inactive EU mobile citizens and jobseekers). This option may be considered coherent with the wider EU objective of supporting fair mobility (fair for both mobile citizens and tax-payers in the State of destination) but less coherent with objectives to promote a social agenda in particular in relation to mobility for more vulnerable groups within the Union.

Option 1c) may be considered to provide greater legal certainty. This option also addresses the objective identified but if the case-law on the relationship between the Directive and the Regulation evolves, further legislative changes might be necessary meaning this may not be the most efficient method of achieving the objective nor the wider EU objective of supporting fair mobility.

Option 2 would not contribute to the attainment of the objective identified. On the contrary, it presents a major draw-back since several beneficial rules of the Regulation would no longer apply. This is therefore considered neither an efficient or effective means of addressing the problems identified nor the wider EU objective of supporting fair mobility or objectives to promote a social agenda.

Option 3, on its own, would be less effective and less efficient in achieving the identified objective since the Regulation would not contain all the elements necessary for its direct applicability to the detriment of both citizens and the persons/institutions involved in its enforcement.

## 7. Family Benefits

### 7.1. Current Coordination Rules for Family Benefits

Family benefits are all benefits in kind or cash intended to help to meet family expenses which arise from the obligation to maintain children.<sup>309</sup> This covers a wide diversity of social security benefits including not only the traditional "child benefits" but also other types of benefits for families e.g. to encourage educational attainment, labour market participation by parents or to replace income during child-raising periods.

The principle of exportability contained within the EU social security coordination rules means that when the child of a worker resides in another State, the worker can export the full amount of the family benefits received from the State of activity to the State where the child resides: in fact, a mobile citizen cannot be denied access to family benefits in cash under the national legislation of a Member State solely on grounds that the person concerned and/or his/her family reside in another Member State. The regulation effectively overrules any residency requirement in national legislation regarding such cash benefits and doesn't allow cash benefits to be reduced, amended, suspended, withdrawn or confiscated.<sup>310</sup>

The EU social security rules provide that primary responsibility for payment of family benefits lies with the Member State of economic activity, on the assumption that the country of employment will usually be the country where a mobile EU citizen pays social security contributions and taxes. However, in the field of family benefits, it is very common that families in a cross-border situation to have overlapping entitlements to family benefits. This is because a child normally has two parents, who may each have independent entitlements to family benefits from different States. To address this issue, the coordination rules provide specific anti-overlapping rules which establish an order of priority for the Member States to make payments.<sup>311</sup> Under these rules, the primary competent Member State will pay its family benefits in full, but entitlement to family benefits in cash under the legislation of the Member State with secondary competence will be suspended up to the amount of the benefits due under the legislation of the State that takes priority (usually the Member State of Employment or in the case of two economically active parents, the place of residence of the child). The current rules also provide that in the event of overlapping entitlements the family concerned will always receive an amount equivalent to the highest level of benefits available.<sup>312</sup> Consequently, if the amount of family benefit provided for by the legislation of the former State is higher than that provided in accordance with the legislation of the other State; the former State will pay a supplement or "top up" corresponding to the difference between the two benefits.

A further important principle in the rules on family benefit coordination is that family benefits are considered benefits for the family as a whole.<sup>313</sup> This means that a family member may have a derived right to claim such benefits even if they reside and work in another Member State and have no personal connection to the social security system of the Member State awarding the benefit.<sup>314</sup>

The current rules include an important safeguard for Member States against the risk of abuse or undue burden on national social security systems. There is no obligation for a country to export a differential

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<sup>309</sup> Article 1(z) Regulation (EC) No 883/2004. The definition expressly excludes advances of maintenance payments and special childbirth and adoption allowances mentioned in Annex 1 of Regulation (EC) No 883/2004.

<sup>310</sup> Article 7 of Regulation (EC) No 883/2004. The current rules do not provide for any such derogation in relation to family benefits while the CJEU has accepted derogation from the principle of export in relation to special non-contributory benefits and unemployment benefits (*Snares*, C-20/96, EU:C:1997:518) although such derogation must be construed narrowly. Article 48 TFEU on the minimum content of the coordination Regulations explicitly mentions two principles: aggregation and exportability of the acquired rights to facilitate the exercise of freedom of movement. For more detailed overview of current EU legal framework, see Annex XXII.

<sup>311</sup> The priority rule is defined in Article 68 of Regulation (EC) no 883/2004. See Annex XXII for details.

<sup>312</sup> The Court has been explicit in its case law by concluding that "the Regulation cannot be applied in such a way as to deprive the worker, by substituting the benefits provided by one Member State for the benefits payable by another Member State, of the most favourable benefits" (Case C-73/79, *Laterza*).

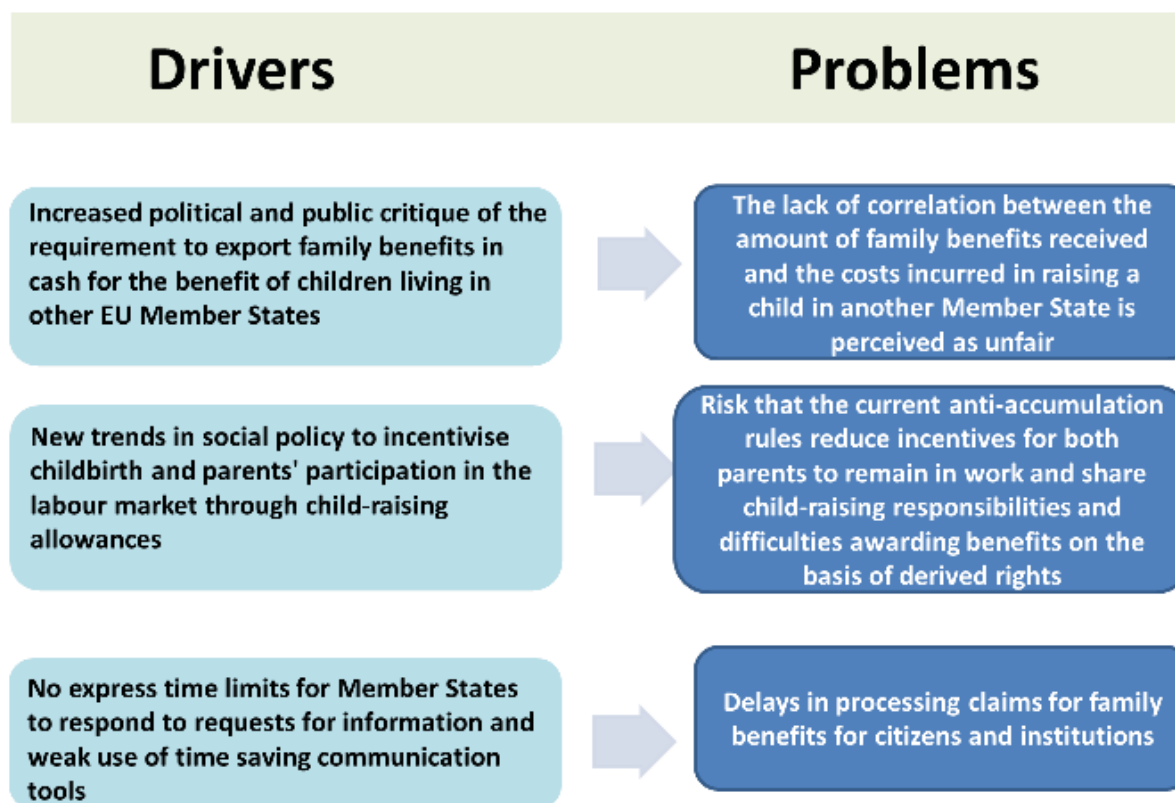
<sup>313</sup> Joined cases C-245/94 and C-312/94 *Hoever and Zachow*.

<sup>314</sup> See for example, Article 68A of Regulation (EC) no 883/2004 and Article 60(1) of Regulation (EC) 987/2009 supporting the rights of a parent or person in loco parentis to assert derived rights.

supplement where a right to family benefit is derived solely on the basis of residence of an EU mobile citizen.<sup>315</sup>

Based on data collected from 19 Reporting Member States and EFTA States in the survey on export of family benefits,<sup>316</sup> a total export of € 983 million in family benefits was declared for 2013, which includes export of child benefits (an important sub-category of family benefits) to 324 thousand households or 506 thousand children living in another Member State. This is equal to a total expenditure of € 942 million. Benefit export amounted to 0.8% of EU-28 expenditure on child and family allowances.<sup>317</sup> On average 1% of child benefits are being exported abroad, which represents 1.6% of total public spending on child benefits.<sup>318</sup>

## 7.2. Problems with the export of family benefits and drivers behind them



### 7.2.1. The lack of correlation between the amount of exported benefits and the costs incurred in raising a child in the State of residence of the child is perceived as unfair

The family benefit systems differ considerably in terms of eligibility criteria, design and generosity across the EU.<sup>319</sup> These differences reflect the diversity in the economic and social context between Member States, which to some extent have been exacerbated by austerity measures adopted in response to the recent economic crisis.<sup>320</sup> For example, in Luxembourg, a family with one child might expect to receive child benefit at the rate of €185 per month, by contrast in Bulgaria, the child benefit

<sup>315</sup> Article 68(2) Regulation (EC) No 883/2004 . In the case of two economically inactive parents, the Member State of residence of the child would have primary competence to pay family benefits in accordance with its national legislation.

<sup>316</sup> Annex XI

<sup>317</sup> In 2012, total family and child allowance expenditure was € 126,043 million. (ESSPROSS, Pacolet 2015)

<sup>318</sup> Table 11, Annex XI (Data based on 16 reporting Member States)

<sup>319</sup> For more details, see section 3, p. 156-169 in Annex XXI.

<sup>320</sup> By mid-2010, austerity measures affecting family policy had either been adopted or announced in 11 Member States (Czech Republic, Denmark, Estonia, Germany, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Spain and the United Kingdom OECD (2011), *Doing Better for Families*).

would be €18 per month.<sup>321</sup> This means that a worker in Luxembourg whose family resides in Bulgaria may be able to export €185 per month to Bulgaria to support his or her family; conversely a worker in Bulgaria whose family resides in Luxembourg would only be entitled to export €18 per month.<sup>322</sup> A worker based in Luxembourg may be entitled to family benefits that represent 190% of the average earnings of a one-earner married couple with two children in Bulgaria, while on average child benefits equal to 10% of the net earnings of household in EU-28/EFTA.<sup>323</sup>

Furthermore, there is a perceived unfairness of the system as in accordance with the statutory definition of family benefits as "all benefits in kind or cash intended to meet family expenses,"<sup>324</sup> the primary objective of such benefits is to help to meet the additional expenses which arise from the obligation to maintain children (e.g. additional or special nutrition, nappies, prams, school books, childcare, etc.). Those expenses will often be linked to the actual costs of goods or services in the place of residence of the child, which means that the level of such expenses can differ significantly from one Member State to another. Viewed from this perspective, recipients of exported family benefits may be in a privileged position compared to nationals because exported benefits may provide a comparatively greater purchasing power in the country of residence.

Such perceptions of unfairness are sustained (reinforced) both by the non-contributory nature of family benefits that are predominantly financed wholly or partially through general taxation<sup>325</sup> and the fact that in the majority of Member States entitlement to family benefits is on the basis of legal residence whereas under the EU social security rules priority is awarded to the State of economic activity.<sup>326</sup> This results in a tension between the EU social security rules and principles of national legislation and leads to the perception that Member States of residence are abdicating their social security responsibilities in relation to children resident within their territory to another Member State.<sup>327</sup> As a consequence of this perceived unfairness, there is a risk of negative attitudes towards migration amongst the general population, as are already observed in the public debate in some Member States, which entails a risk that public and political support for the EU social security coordination rules may be undermined with a subsequent negative impact on labour mobility. There is also a risk of unilateral imposition of restrictive measures by Member States. For example, there have been a number of examples of public criticism of the current EU rules on export of family benefits and counter-proposals by senior politicians challenging the concept of export for family benefits.<sup>328</sup>

This political discourse may be perceived as both a catalyst and a reaction to sentiments expressed by national media outlets and public opinion in some<sup>329</sup> (although by no means all<sup>330</sup>) Member States and

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<sup>321</sup> In 2014, Luxembourg had a GDP per capita in PPS of more than two and a half times above the EU-28 average while Bulgaria had it less than half the EU-28 . <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tec00114&plugin=1>

<sup>322</sup> Family living in Luxembourg may receive a differential supplement from Luxembourg up to the level of the national family benefits. For the definition of differential supplement see the glossary in Annex XXIII.

<sup>323</sup> Annex XI.

<sup>324</sup> Article 1(z) Regulation (EC) No 883/2004 . The definition expressly excludes advances of maintenance payments and special childbirth and adoption allowances mentioned in Annex 1 of Regulation (EC) No 883/2004.

<sup>325</sup> 16 Member States, finance family benefits exclusively through general taxation FreSsco, The relationship between social security coordination and taxation law, 2014.

<sup>326</sup> The priority for social security competence accorded to the Member State of Work is a consistent principle across the EU social security coordination rules for both contribution and non-contribution based social security benefits based on the economic logic that the worker usually pays taxes and contributions in the State of employment (Article 11(3) Regulation (EC) no 883/2004).

<sup>327</sup> A member state of residence will only be obliged to pay a differential supplement if the level of family benefits under its national legislation is higher than that available from the Member State of Work. For the definition of differential supplement see the glossary in Annex XXIII.

<sup>328</sup> Statements by the Austrian Foreign Minister Ziarul Financiar: "*The Austrians control Romania's oil, banks, insurance sector and forests, ...*" page: 3 info: by Păslaru Sorin date: Monday, June 22, 2015; Prime Minister of the United Kingdom's speech at JCB, Staffordshire. It includes proposals made as Leader of the Conservative Party, 28 November 2014 <https://www.gov.uk/government/speeches/jcb-staffordshire-prime-ministers-speech>.

<sup>329</sup> Berlingske Tidende: "*Danskerne vil begrænse vandrende arbejdstageres adgang til velfærdsgoder...*" date: Saturday, June 6, 2015 In Denmark, 83% of the respondents in a new survey say that they agree that foreigners should only receive child benefits if their children are living in the country where their parents work.

<sup>330</sup> . Waterfield, 'Poland attacks David Cameron plan to ban Polish and EU migrants from claiming child benefit', *The Telegraph*, 6 January 2014, available at <http://www.telegraph.co.uk/news/worldnews/europe/poland/10553020/Poland-attacks-David-Cameron-plan-to-ban-Polish-and-EU-migrants-from-claiming-child-benefit.html> (last accessed 17 March 2015). He argued that Polish people contributed about double the amount to the British economy than they withdrew in benefits and that in the long run the United Kingdom is receiving the fiscal

is in spite of studies<sup>331</sup> which consistently show both support for<sup>332</sup> and the positive effect of free movement of workers: mobile EU workers make a positive contribution to the mix of skills, fill labour shortages, increase the GDP, and tend to make a net positive contribution to the national budget (including welfare systems). In addition the evidence demonstrates that mobile workers use welfare benefits no more intensively than the host country's nationals.<sup>333</sup> Further two-thirds of Europeans believe that legal immigrants should have the same rights as national citizens.<sup>334</sup> This belief is also reflected in relation to specific studies on equal rights in the field of welfare and social protection.<sup>335</sup>

Underneath the heated political discourse, the situation is more complex. It is to be noted that despite the widely held view that family benefits correlate to the social and economic environment of the competent Member State, the level of family benefits are not directly linked to the minimum or average wage, subsistence level or living costs in any Member State.<sup>336</sup> Moreover, despite the criticism that the general model for determining competence under the EU social security rules is inappropriate for family benefits, it is significant that in 12 out of 28 Member States, family benefits are financed either through a combination of general taxation and employer/employee contributions, or are exclusively contribution-based.<sup>337</sup>

While some critics believe the current model for coordinating family benefits leads to an unfair distribution of burden between the Member State of Work and the Member State of Residence, this does not acknowledge either the fact that a mobile citizen will normally pay taxes and social security contributions in the State of Work. Nor does such criticism acknowledge the financial contribution of the Member State of residence in providing and financing family benefits in kind (such as subsidized child-care services),<sup>338</sup> or benefits outside the scope of the coordination rules, such as advances to maintenance payments and to special childbirth and adoption allowance.<sup>339</sup> In addition, while family expenses may vary according to the actual costs of goods or services in the place of residence of the child, families in a cross-border situation may also face increased expenses (e.g. travel and communication costs to maintain contact or additional child-care costs for the parent with primary caring responsibilities due to the absence of the other parent). There may also be further socio-economic consequences of family separation for example, the impact on the level and extent of labour market participation that the parent with primary caring responsibilities may engage in and the psychological and emotional consequences for the child.<sup>340</sup>

#### 7.2.2. *Risk that the anti-accumulation rules reduce incentives for both parents to remain economically active and share child-raising responsibilities and difficulties in awarding "parent-centred" benefits on the basis of derived rights*

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contribution of migrants' work, without paying for the education and training that enables them to work. Ziarul Financiar: *"The Austrians control Romania's oil, banks, insurance sector and forests, ..."* page: 3 info: by Păslaru Sorin date: Monday, June 22, 2015.

<sup>331</sup> See review of studies in European Commission, ESDE 2011 (chapter 6); EPC (2013).

<sup>332</sup> Eurobarometer 83, (Spring 2015) "the free movement of people, goods and services within the EU" was regarded as the most positive result of the EU by 57%, ahead of peace (55%) among member states. Both of these items have always been mentioned by at least a half of Europeans since this question was first asked.

<sup>333</sup> See [OECD's International Migration Outlook 2013](#), the Centre for Research and Analysis of Migration study on [Assessing the Fiscal Costs and Benefits of A8 Migration to the UK](#) and the [study](#) by the Centre for European Reform and ICF GHK in association with Milieu Ltd Fact finding analysis on the impact on Member States' social security systems of the entitlements of non-active intra-EU migrants to special non-contributory cash benefits and healthcare granted on the basis of residence.

<sup>334</sup> Special Eurobarometer 380 "Awareness of home affairs", December 2011.

<sup>335</sup> Jurgen Gerhards, Holger Lengfeld, European Citizenship and Social Integration in the European Union, (Routledge 2015).

<sup>336</sup> For example, child allowances in both Luxembourg and Sweden are awarded on a flat rate not related to living costs, average or minimum income and regardless of the relative income level of the recipients. Similarly, Member States don't adjust its level of family benefits to reflect different costs of living within the relevant territory (even where significant variations exist). There may be indirect links to subsistence or minimum wage in relation to certain means-tested family benefits in Belgium, Bulgaria, Croatia and Slovenia. In addition indirect links to cost of living in the Member State concerned is apparent from indexation rules in Austria, Belgium and Slovenia (Annex VI, p.22-25.).

<sup>337</sup> FreSsco, The relationship between social security coordination and taxation law, 2014.

<sup>338</sup> Member State expenditure on family benefits in kind typically ranges between 0.2 and 1.7 percent of GDP . Annex XIII: Table 3.

<sup>339</sup> Article 1(z) Regulation (EC) no 883/2004.

<sup>340</sup> [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2432946](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2432946) <http://opus.bath.ac.uk/46410/>.

The EU social security coordination rules contain a wide definition of family benefits, which include child-raising allowances.<sup>341</sup> A child-raising allowance is a benefit intended to cover wages/income lost when a parent stays home from work to take care of the child and may be calculated by reference to salary or professional income or may be flat-rate.

It is a core principle of the EU social security coordination rules that two Member States are not simultaneously obliged to pay social security benefits for the same purpose in respect of the same period (anti-accumulation principle). This is also the basis of the priority rules for overlapping family benefits explained at section 7.1 above. However, applying the anti-accumulation rules to child-raising allowances is perceived as unfair by some citizens because in contrast to other family benefits a child-raising allowance is intended to cover wages lost when a parent stays home from work to take care of the child. It is therefore perceived as a sum that parent has "earned" and which should be awarded without deduction.<sup>342</sup>

**Example:** David and Marie live with their child in Member State A. David is working in Member State A and Marie is a frontier worker in Member State B. They both work part-time and share child-care responsibilities. Member State A has a child raising allowance calculated with reference to salary while Member State B has a flat-rate child-raising allowance regardless of salary or income. David is entitled to €75 per week based on his salary in Member State A, and Marie is entitled to €25 per week. Member State A is primarily competent to pay child allowance because of child's residence and David's work. Member State B is the secondary competent and obliged to pay only the differential supplement (see Annex XXII for details). In calculating differential supplement, Member State B takes into account the benefits paid in Member State A in line with the anti-accumulation rules. The level of allowance in Member State A (€75) is higher than the amount in Member State B (€25) and therefore Member State B does not pay Marie anything during periods when she takes leave from work to take care of her child. The family gets €75 but it would get €100 if the child-allowance based on individual salary would be treated as individual right and not as an entitlement for the entire family.

Some critics also complain that the application of the anti-accumulation rules undermines the policy objective of promoting greater gender equality by encouraging parents to share child-raising responsibilities as the potential loss in household income that results from the anti-overlapping rules acts as a deterrent against both parents claiming child-raising allowances at the same time.<sup>343</sup> A driver for these challenges is the social security trend among Member States to promote parents' (in particular mothers') participation in the workplace. Reconciliation of work life balance and gender balance is an objective for family policy in 24 Member States,<sup>344</sup> while 22 Member States have a benefit intended to replace income during child-raising periods.<sup>345</sup>

A related problem with the application of the current coordination rules to child-raising allowances is that these are generally considered "parent-centred" rights, intended to protect the individual parent concerned. However, under EU law, family benefits are deemed benefits for the family as a whole. This means that either parent may have a derived right to claim such benefits even if such parent is residing and working in another Member State and has no personal connection to the social security system of the Member State awarding the benefit.<sup>346</sup> Some national authorities complain that there are administrative and practical challenges for their institutions when a claim is made as a derived right by a spouse or partner as it is difficult to determine if national conditions are satisfied. These complexities are exacerbated for salary-related child raising allowances where a claim is made by a

<sup>341</sup> Joined cases C-245/94 and C-312/94 *Hoever and Zachow*.

<sup>342</sup> Annex VI p18 and 26 in relation to Sweden.

<sup>343</sup> For critique of the application of the anti-accumulation rules to salary-related child-raising allowances see Sakslin, M. (2000) 'Social Security Co-ordination – Adapting to Change', *European Journal of Social Security*, 2(2), p184 and Holm, E " Parental Benefits in the Coordination Regulation: Where do they fit in the Swedish Example" *European Journal of Social Security*, Volume 16 (2014), No. 2: p136

<sup>344</sup> The Council of Europe Family Policy Database.

<sup>345</sup> Annex XXV p 7.

<sup>346</sup> For example, David works in country A, while Marie with a child lives and works in country B. Member State A has a salary-related child allowance. David can share part of his parental related benefits entitlements with Marie without any loss to the household income providing that Marie fulfils the conditions under A's national law, i.e. she has taken leave from work to take care of the child.



family member who does not have earnings in the Member State awarding the benefit.<sup>347</sup> Consequently, some Member States refuse to coordinate such benefits as family benefits under the EU Coordination rules, instead classifying them as maternity or equivalent paternity allowances in a manner that circumvents both the anti-accumulation rules and the application of derived rights. The 2012 Nordic Convention<sup>348</sup> excludes benefits intended to compensate for income loss from professional activity when calculating differential supplements for family benefits.<sup>349</sup> In other cases, Member States restrict entitlement to this type of benefit exclusively to a person who is insured under the national social security insurance.<sup>350</sup> Consequently, notwithstanding enforcement action taken by the Commission,<sup>351</sup> very few Member States are currently fully complying with EU law.<sup>352</sup>

The consequence of such divergent approaches is inconsistent treatment of families and uneven distribution of burden between Member States. The other secondary competent Member States are unable to "off-set" such awards when calculating the differential supplement in a manner which may be seen as unfair, if those Member States categorize similar benefits according to the social security rules as family benefits.<sup>353</sup> Likewise, there may be increased accumulation of benefits by families and increased risk of infringement proceedings.

### 7.2.3. Delays in processing claims for family benefits

Situations of overlapping entitlements are very common when insured parents with dependent children live and work in different Member States. The *priority rules* define the process in establishing the primary and secondary competent states and the way to calculate level of benefits and differential supplements.<sup>354</sup> This requires a number of exchanges of information between the Member States and increases time needed to process the claims for the export of family benefits.<sup>355</sup> In addition, a number of sociological changes (that are outside the scope of this initiative such as legalisation of same-sex marriage, increased instances of lone parents, divorce, family breakdown and remarriage)

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<sup>347</sup> See results of FreSsco mapping exercise Annex VI p27.

<sup>348</sup> A multilateral convention based on Regulation (EC) No 883/2004 between Sweden, Denmark, Finland, Norway and Iceland. Iceland and Norway apply Regulations (EC) Nos 883/2004 and 987/2009 pursuant to the 1994 European Economic Area Agreement. According to the Article 8.2 of Regulation (EC) No 883/2004, such agreements shall be based on the principles of the Regulation and in keeping with the spirit thereof.

<sup>349</sup> Article 11 of the Nordic Convention 2012.

<sup>350</sup> For instance, in Austria entitlement to the income replacement scheme requires (among others) that the person concerned has been employed for a minimum period of six months before childbirth under the Austrian social security insurance. Thus, a person who resides in Austria but is working in another Member State and is therefore subject to the social security scheme of that Member State, is not entitled to income replacing cash childcare benefits in Austria. Similarly in Belgium, in order to qualify under the 'professional' scheme, work has to be carried out in Belgium. For more, see Annex VI (p. 37).

<sup>351</sup> European Commission, June Infringement Package: Key Decisions "Commission requests SWEDEN to comply with EU coordination rules in relation to its parental allowance" 18 June 2015 [http://europa.eu/rapid/press-release\\_MEMO-15-5162\\_en.htm](http://europa.eu/rapid/press-release_MEMO-15-5162_en.htm)

<sup>352</sup> Only four of the seventeen Member States who have salary-related child-raising allowances recognise claims based on derived rights See also the FreSsco report by J. De Coninck, 'Reply to an ad hoc request for comparative analysis of salary-related child-raising allowances', FreSsco, European Commission, September 2015. Annex XXV, p14.

<sup>353</sup> Member States where parental benefits are included in the total sum of family benefits will have higher benefits, and are more often obliged to pay supplements. See an evaluation made by the Swedish Social Insurance Agency on the payment of family benefits Försäkringskassan analyserar 2005:3 Utbetalning av familjeförmåner med stöd av EG-lagstiftningen under 2004. p. 20 and Försäkringskassan analyserar 2007:10 Utbetalning av familjeförmåner med stöd av EG-lagstiftningen \_ under 2006. p. 18.

<sup>354</sup> See Annex XXII for details.: if there are overlapping entitlements to family benefits in cash (i.e. entitlements under two or more legislations in respect of the same family member and for the same period) on different bases, the order of priority is as follows: firstly, rights available on the basis of an activity as an employed or self-employed person, secondly, rights available on the basis of receipt of a pension and finally, rights obtained on the basis of residence. In the case of rights available on the same basis, the Member State where the children reside shall be competent by priority right but in cases where a right exists solely on the basis of residence, there shall be no obligation for the secondary competent Member State to export the differential supplement in respect of children residing in another Member State . It should be noted, these rules apply to family benefits in cash, in the case where a child does not reside in the State which has primary competence, the State of residence of the child will usually be responsible for providing benefits in kind (subject to a family fulfilling conditions of entitlement).

<sup>355</sup> Exchanges of information are necessary to establish relative order of competence depending on the place of residence and economic status of both parents and subsequently to calculate the benefit to be awarded based on the family circumstances as a whole (in the case of the secondary competent Member State this will entail calculation of the differential supplement) . Such calculations may be subject to periodic adjustments relating to changes in the families circumstances or changes to the level of family benefits granted by the other Member State . Where a sum has been awarded to the family on a provisional basis (pending final determination of competence by the Member States concerned), there may be a need for additional exchanges and other administrative tasks to arrange recovery of the overpayment; likewise delays in communicating changes of circumstance may also result in the need to initiate recovery procedures.

have increased the complexity of family structures.<sup>356</sup> These new patterns of family formation, and divergences in legislation between the Member States in relation to legal rights for different family structures have increased the need for the exchange of information and necessitate in many cases sensitive and time-consuming investigations to establish entitlement.

There are considerable delays in processing claims in the field of export of family benefits.<sup>357</sup> For example, data from the Latvian national authorities suggest that in over 65% of cases requests for information to other Member State to establish primary competence take longer than two-months for a response and in some cases even more than eight months.<sup>358</sup> Your Europe report a number of complaints received from citizens concerning excessive delays in processing their family benefit claims or receiving payment of family benefits.<sup>359</sup>

The driver for delays primarily relates to the investigations and subsequent exchange of information between competent institutions in the field of export of family benefits. First, there is no common understanding between Member States as to the deadlines for responding to a request for information from another Member State as the EU rules only oblige to exchange the information "without delay".<sup>360</sup> A second driver is the inefficient exchange of information between competent national institutions. Pending the implementation of a pan-European Electronic Exchange for Social Security Information (EESSI)<sup>361</sup> it is permissible for institutions to exchange information via paper and electronic means in a variety of different formats in a manner which also hinders efficient exchange.<sup>362</sup>

The consequences of long procedures are twofold. The families concerned have to wait for a long time before they receive the full amount of benefit they are entitled to. The regulatory costs and burden for national authorities may increase in circumstances where repeated requests need to be made for information or a provisional decision on calculation on benefits transpires to be incorrect necessitating time-consuming recovery or reimbursement procedures.<sup>363</sup>

#### 7.2.4. *Baseline scenario*

##### *Export of family benefits*

The number of EU mobile workers has increased sharply in absolute terms over the last decade, however in terms of the overall active population it has only gone up one percentage point (from 2.1% in 2005 to 3.3% in 2014).<sup>364</sup>

On the basis of the demographic projections<sup>365</sup> there is no reason to anticipate dramatic increases in the expenditure for Member States in the field of family benefits while the increase in the age-dependency ratio may place greater pressures on national administrations to finance such benefits:

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<sup>356</sup> Between 1965 and 2011, the crude marriage rate in the EU-28 declined by close to 50 % while crude divorce rate increased from 0.8 per 1 000 persons in 1965 to 2.0. Further, the rate of births outside marriage has increased. In the EU-28 as a whole, some 40 % of children were born outside marriage in 2012. Eurostat, Marriage and Divorce Statistics, June 2015.

<sup>357</sup> The FreSsco mapping exercise revealed administrative problems and delays in all participating Member States, Annex VI, p.16-17

<sup>358</sup> Note presented by Latvian authorities to the Reflection Forum of the Administrative Commission on Social Security Coordination March 2015.

<sup>359</sup> Your Europe Advice, Quarterly Feedback Report No 11 (First Quarter, January-March 2015)

<sup>360</sup> Articles 68(3) and 76(4) of Regulation (EC) No 883/2004 and Articles 2, 60(2) and (3) of Regulation No (EC) 987/2009. The Regulation expressly provides only that provisional decisions on which Member State has primary competence will become binding after two months.

<sup>361</sup> Decision E1 of the Administrative Commission for Social Security Coordination. 12 June 2009 [C 106, 24/04/2010, p. 9](#)

<sup>362</sup> Administrative problems in the cross-border exchange of data associated with paper exchange of documents were reported by a number of Member States. See Annex VI (p. 17).

<sup>363</sup> Only a small minority of national administrations have a good view on the actual administrative burden or are able to support their arguments with quantitative data or a detailed description of the burden. A detailed analysis for seven Member States shows, that the national administration of primary competence spends on averages around two man-hours per case. For details, see Annex XVI

<sup>364</sup> Eurostat, LFS and European Commission calculations.

<sup>365</sup> The total fertility rate (TFR) is projected to rise from 1.59 in 2013 to 1.68 by 2030 and further to 1.76 by 2060 for the EU as a whole. However, during the same period, the proportion of young people (aged 0-19) is projected to remain fairly constant by 2060, while the total age-dependency ratio (people aged below 20 and aged 65 and above over the population aged 20-64) is projected to rise from 64.9% to 94.5%. European Commission: The 2015 Ageing Report: Economic and Budgetary Projections for the 28 EU Member States (2013-2060): Graph I.1.2.

still, a recent OECD Working Paper<sup>366</sup> concluded that public spending on family cash benefits is significantly associated with an increase in the total fertility rate. The fertility rate is projected to rise from 1.59 in 2013 to 1.64 by 2020 in the 2015 Ageing Report. Moreover, the fertility rate is projected to increase over this period in nearly all Member States, with the exception of France.

Intra-EU cross-border workers (i.e. working in a Member State other than the Member State of residence) are the main group of persons concerned by the export of family benefits. Compared to 2010, the number of cross-border workers increased sharply in absolute terms, but in relative terms (as percentage of the employed population) it has stayed at a relatively stable level of some 0.6% of the working population. It moved only from 0.5% of the employed population in 2006 to 0.7% of the employed population in 2014.<sup>367</sup> There is no indication that the relative level of cross-border workers will change considerably between now and 2020. In the 2015 Ageing Report we even read a projected negative growth of the number of employed persons (20-64) over the projection period (2013 to 2060). However, between 2013 and 2020 the number of employed persons would increase by 4.4 million persons (aged 20 to 64): this would result in a projected increase of 26,500 cross-border workers (+2.1%) between 2013 and 2020 (assuming that 0.6% of the labour force continues being employed as a cross-border worker).

EU mobile workers appear to have relatively fewer children compared to native workers (0.31 compared to 0.48 children in 2014).<sup>368</sup> While this may reflect the reality that EU citizens are more likely to be mobile when they do not have dependents, it is notable that the average for EU mobile workers has increased compared to 0.25 in 2004. In addition, statistics show a 39% increase in the number of permits issued to children wishing to join an EU citizen (18.756 in 2008 compared to 26.076 in 2013).<sup>369</sup> This may imply that as the economic outlook in the EU improves that EU mobile parents will be less inclined to seek work in a different Member State while leaving their children behind (at least in the longer-term). Supporting this assumption is the projections for greater levels of female labour market participation<sup>370</sup> as mothers are more likely to relocate as a family to the Member State of work, while men are proportionately more likely to work remotely from the country where their partners and children reside.<sup>371</sup>

In this way it may be anticipated that the instances of export of family benefits may reduce in the longer term as more mobile workers relocate with their families and because of the expected static or even reduced mobility flows. Likewise, in cases of frontier workers, increased levels of labour market participation by parents is likely to increase instances where the Member State of residence of the child has primary responsibility for payment of family benefits. This trend may increase the numbers of cases of export by the secondary competent Member State but reduce the level of benefits paid. Such trends are likely to result in a clearer alignment between the place of residence of the child and Member State with primary responsibility for payment of Family Benefits in a manner which may reduce the perception of unfairness due to the export of family benefits albeit that ongoing pressures created by the age-dependency ratio may in part counteract the impact of these trends. In conclusion, the total spending on family benefits might increase slightly based on the assumption that is associated with the minor increase in fertility rate, but there is no indication that spending related to the export of family benefits will change in relative terms between now and 2020.

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<sup>366</sup> Adema, W., Ali, N. and Thévenom, O. (2014), 'Changes in Family Policies and Outcomes: Is there Convergence?', *OECD Working Papers*, No. 157, OECD Publishing.

<sup>367</sup> Fries-Tersch, E. and Mabilia, V. (2015), *Annual report on statistics on intra-EU movers*, Network Statistics FMSSFE, European Commission.

<sup>368</sup> Analysis per household with two working age adults . A child is defined as a person aged 0-14, while a working age adult is defined as a person aged 15-64 years. Eurostat Labour Force Survey.

<sup>369</sup> There are no reliable data to compare numbers of EU mobile citizens who reside in a different household to their children and the trend in number of permits serves as a proxy for the reunification intentions of families. Eurostat First permits issued for family reasons by reason, length of validity and citizenship [migr\_resfam]

<sup>370</sup> European Commission: The 2015 Ageing Report: Economic and Budgetary Projections for the 28 EU Member States (2013-2060): Graph I.2.4 shows The total participation rate of women (for the age group 20-64) in the EU is projected to increase by 6 pp compared with 1 pp for men.

<sup>371</sup> See Renee Luthra, Lucinda Platt & Justyna Salamońska, Migrant diversity, migration motivations and early integration: the case of Poles in Gemany, the Netherlands, London and Dublin (LEQS Paper No. 74/2014) and further research cited.

### *Labour market participation of women*

Labour Market Participation for women is increasing rapidly with ILO predicting a participation rate of close to 75% in EU28 by 2020.<sup>372</sup> Likewise, in cases of frontier workers, increased levels of labour market participation by parents is likely to increase instances where the Member State of residence of the child has primary responsibility for payment of family benefits (already based on current LFS data in a households where a couple is living with children, 64% of parents are both economically active compared with 25% where only one parent is working). This trend may increase the numbers of cases of export by the secondary competent Member State but reduce the level of benefits paid per case of export by that Member State. Such trends are likely to result in a clearer alignment between the place of residence of the child and Member State with primary responsibility for payment of Family Benefits in a manner which may reduce the perception of unfairness described above.

However, in light of this trend of increased parents' labour market participation combined with the trend of the ageing population and increased family-carer responsibilities it will be increasingly important that there are flexible family policies to facilitate ongoing participation in the labour market during period of child-raising (and other caring obligations) and that barriers to such participation are minimised. Therefore the number and importance of child raising allowances is expected to increase and without common approach to classifying those benefits the problem of inconsistent treatment of families, uneven distribution of burden between Member States and of infringement proceedings will persist.

### *Delays in processing of family benefits*

It is anticipated that reported delays in the processing of applications for family benefits will be reduced by the recent adoption of the decision F2 by the Administrative Commission for Social Security Coordination which imposes maximum time limits for responding to requests for information and by the launch of the Electronic Exchange for Social Security Information (EESSI) scheduled for launch by the end of 2016 with a deadline for full implementation in all Member State by the end of 2018 which will introduce common structured electronic documents and a uniform procedure for all national authorities to follow when processing claims for family benefits.<sup>373</sup>

It may also be assumed that there will be some improvement in public perceptions towards EU mobile citizens' access to family benefits arising from co-existing initiatives outside the scope of this review such as the Communication on Free movement of EU Citizens and their families: five actions to make a difference (COM(2013)837final) and ongoing research and communication initiatives by the Commission such as the development of annual data collection and reporting on the level of export of family benefits among Member States (including as a percentage of national expenditure on family benefits) as compared to expenditure on family benefits in kind for children resident in a Member State will elucidate the debate.<sup>374</sup>

#### *7.2.5. Objectives for review of existing coordination rules on export*

As with all elements of this review exercise, the **general policy objective** of this initiative is to continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.

In relation to family benefits in particular, this is reflected in the need to examine the reasons for perceptions of unfairness concerning the current rules on family benefits both in relation to fair treatment of mobile families and the balance of financial burden between Member States and to examine if there is a need to change the rules in order to counteract the risk of unilateral actions by some Member States. It also reflected in the need to ensure clarity in the rules as they apply to child-

<sup>372</sup> ILO, Economically Active Population Estimates and Projections.

<sup>373</sup> Annex VI, p17.

<sup>374</sup> See also *Socio-economic inclusion of migrant EU workers in 4 cities*, European Commission (2015).

raising allowances recognising the current inconsistent treatment of such benefits by different Member States which creates uncertainty for citizens and competent institutions and consequent difficulties in enforceability. In recognition of the current administrative complexity and delays in processing family benefits, an important criterion in assessing all options under consideration will be the need for administrative simplicity and clarity.

In addition to the general objective the **specific objectives** in the field of family benefits are defined as follows:

- To ensure a clear and transparent link between the Member State issuing family benefits and the recipients of those benefits;
- To reduce barriers or disincentives to parents' ongoing participation in the labour market;
- To ensure family benefits are processed as efficiently as possible.

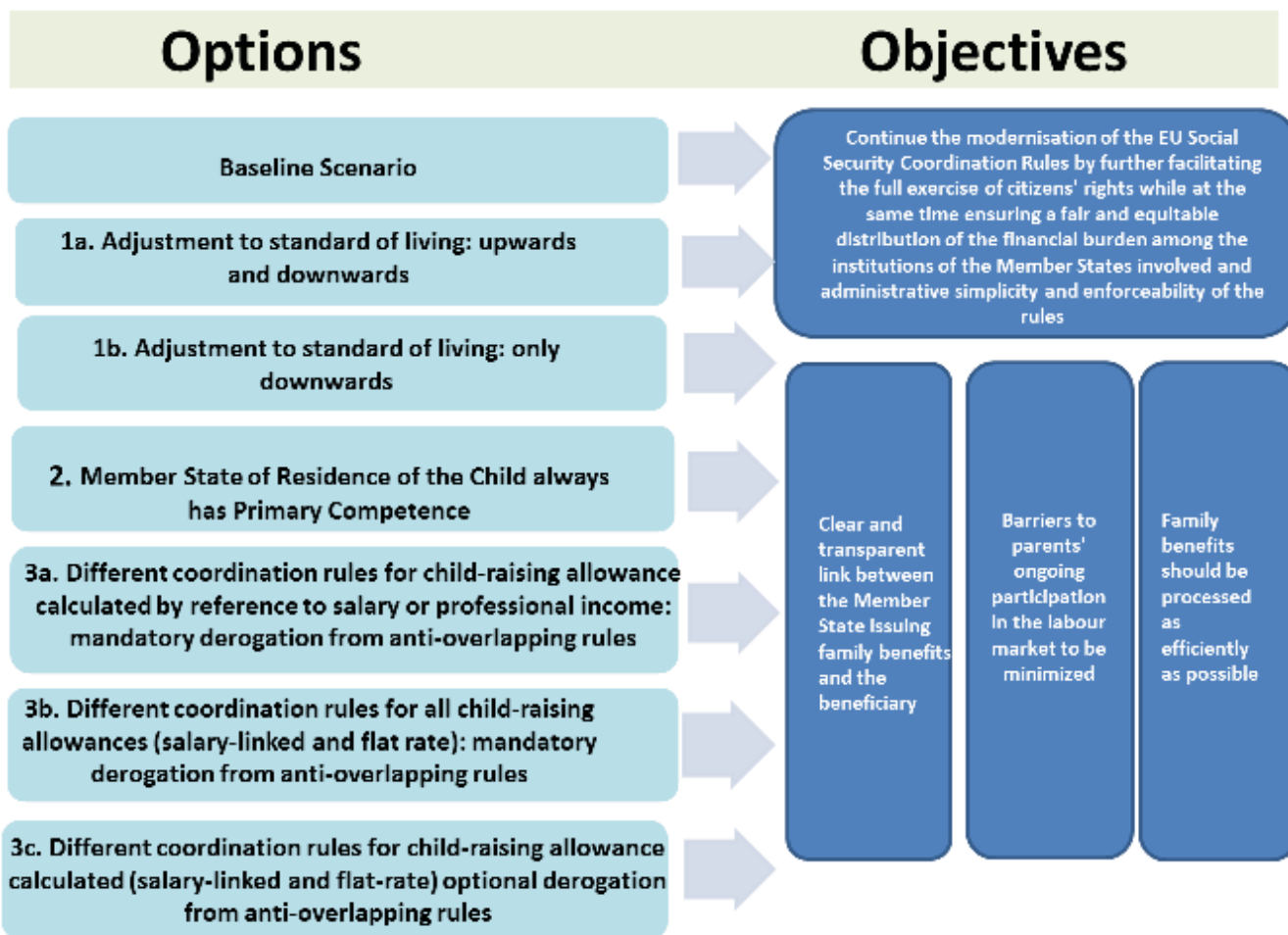
### 7.3. **What are the various options to achieve the objectives concerning export of family benefits**

There will be no specific option proposed for the problem of delays in processing claims for family benefits, as it is anticipated that this issue will be resolved horizontally and through measures already envisaged outside the scope of this initiative.

A number of policy options have been identified to meet the objectives set out in Section 7.2.5. These span from non EU-action all the way to creating specific changes to the legal framework<sup>375</sup>. Whenever a combination of options is possible, this is indicated.

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<sup>375</sup> As the problems relate to the application of Regulation (EC) Nos 883/2004 and 987/2009, all legislative options concern a change to these Regulations.



### 7.3.1. Option 0: Baseline Scenario:

Family benefits are exported to another Member State at the level of the competent Member State (=State of activity of the worker). They are conceptualised as benefits for the entire family and therefore are not regarded as individualised rights but may be transferrable between either parent who satisfies the conditions of entitlement. In cases of overlapping entitlement to family benefits, the rules of priority apply.

**Example<sup>376</sup> 1.B:** Peter works in Member State A (a country with a higher cost of living) and Marie, his non-working spouse, resides with their children in Member State B (which has a lower cost of living). Peter is entitled to Member State A's family benefits at the same amount as if his family were residing in Member State A. Member State B will not pay a differential supplement because the level of family benefits under its national legislation is lower than that provided in Member State A. Either Peter or Marie can make the claim for family benefits from Member State A.

**Example 2.B:** Anna works in Member State B (a country with a lower cost of living) and David, her non-working spouse, resides with their children in Member State A (which has a higher cost of living). Anna is entitled to Member State B's family benefits at the same amount as if her family were residing in Member State B. If the family is also entitled to benefits in Member State A, Member State A will also pay a differential supplement up to the level of family benefits provided under its national legislation. Either Anna or David can make the claim for family benefits from Member States A and B.

<sup>376</sup> The same two examples will be used to present differences in the options for adjusting the level of family benefits. The assumption is that a country with a higher cost of living has also a higher level of family benefits and vice versa.

### 7.3.2. Option 1: Adjustment to standard of living

Option 1 proposes that the amount of exported family benefits would be adjusted according to the standard of living in the Member State of residence of the child(ren) in two variants (Options 1a and 1b).

In developing this option the Commission has identified a risk that such an option may be incompatible with primary law if it were to be applied to family benefits to which a citizen (and in particular a worker) has an autonomous right existing outside the scope of the Regulation. Therefore it is proposed that option 1a and 1b would only apply to the export of non-contributory based family benefits where there is no pre-existing right of export under national law.<sup>377</sup> This safeguard is important as it may exceed the scope of Article 48 TFEU to propose measures that would increase the disparities arising from the absence of harmonisation between national legislation in a manner that may have negative ramifications for mobile workers.<sup>378</sup>

#### 7.3.2.1. Option 1a: Adjustment to standard of living: upwards and downwards

The amount of exported family benefits would be adjusted upwards and downwards according to the living standard in the Member State of residence of child(ren). First, the standard of living between the primary competent Member State and the Member State where the child resides would be compared.<sup>379,380</sup> Second, this coefficient would be applied to the amount of family benefits payable under the national legislation of the primary competent Member State. In a case, where both parents are in employment, the Member State with secondary competence may also apply the coefficient when calculating the differential supplement. Such an approach would reflect the practice applied for adjustment of remuneration (and in certain cases family allowances) of EU civil servants deployed in service outside Belgium and Luxembourg.<sup>381</sup>

**Example 1.1a:** Peter would receive family benefits from Member State A adapted to the living standard in Member State B and therefore a lower amount than under the current rules. If the amount of family benefits in Member State B is lower than the amount in Member State A (the "adjusted amount"), Member State B will pay nothing.

**Example 2.1a:** Anna will receive family benefits from Member State B increased to reflect the living standard in Member State A. If there is also entitlement to family benefits in Member State A, and their level remains higher than the "adjusted amount" paid by Member State B, Member State A will be required to cover the difference by paying a supplement.

#### 7.3.2.2. Option 1b: Adjustment to standard of living: only downwards

<sup>377</sup> This follows the judgment in *Petroni*, C-24/75, EU:C:1975:129 approved in *Jerzak*, C-279/82, EU:C:1983:228 which provides that according to Articles 45 and 48 TFEU, which constitute the basis of the coordination, "limitation may be imposed on migrant workers to balance the social security advantages which they derive from the Community regulations and which they could not obtain without them", but the Regulations may not withdraw or reduce the social security advantages that derive from the legislation of a single Member State.. On the application of this principle on the differential supplement of family benefits, see the judgment in *Dammer*, C-168/88, not available, paragraph 21 . See Annex VI.

<sup>378</sup> Judgment in *Pinna v Caisse d'allocations familiales de la Savoie*, C-41/84, EU:C:1986:1, paragraph 21 . It is to be noted that in this case, the CJEU ruled that a provision the preceding Regulation, that permitted France to pay the family benefits granted by the Member State of residences of the children instead of the family benefits they granted to children residing in France was unlawful because it gave rise to an indirect discrimination on grounds of nationality and that the right to freedom of movement was at stake if the migrant worker received less than the national workers just because his or her spouse and children remained in the Member State of origin . While there are grounds to distinguish Option 1a from Pinna as it proposes adjustment not substitution of benefits and sets objective criteria for ensuring benefits are linked to protective needs irrespective of the place of residence, the CJEU's findings must be given due weight.

<sup>379</sup> For example, using data compiled by Eurostat . It could be argued that the basket of goods taken for these general statistics is not specifically tailored to the needs of a child, however it could be challenging to develop a more specific and regularly updated source of information.

<sup>380</sup> It could be argued that the basket of goods taken for these general statistics is not specifically tailored to the needs of a child, however it could be challenging to develop a more specific and regularly updated source of information.

<sup>381</sup> Under the Articles 64 and 67(4) of Regulation No 31 (EEC), 11 (EAEC), laying down the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Economic Community and the European Atomic Energy Community (OJ 45, 14.6.1962, p. 1385, as amended); the last publication can be found for the period beginning with 1.7.2014 in OJ C 444, 12.12.2014, p. 10. In relation to family allowances, this adjustment only applies if the allowance is directly paid to a person other than the official to whom the custody of the child is entrusted. The model of the EU Staff Regulations could not be applied directly as calculations are based on a coefficient compared to the standard of living in Belgium and Luxembourg not the factor of 100 for the EU-28.

The amount of exported family benefits is adjusted downwards only according to the cost of living standard in the Member State of residence of child(ren). The level of benefit would be limited to the amount provided by the competent Member State. Under this option, a Member State would never pay more than the maximum amount under its national legislation. In cases of overlapping entitlement, the State of residence of the child(ren) will be required to pay a differential supplement in relation to the difference between the "adjusted amount" paid by the primary competent Member State and the amount payable under its own national legislation.

**Example 1.1b:** Peter would receive Member State A's family benefits adapted to the living standard in Member State B and therefore a lower amount than under the current rules. If the amount of family benefits paid in Member State B is lower than the amount paid by Member State A (the "adjusted amount"), Member State B will pay nothing.

**Example 2.1b:** Anna will receive family benefits from Member State B to the maximum rate permitted under national law of Member State B irrespective of the fact that the living standard in Member State A is higher. If there is also entitlement to family benefits in Member State A, and their level remains higher than the "adjusted amount" paid by Member State B, Member State A will be required to cover the difference by paying a supplement.

The same principles in relation to compatibility with Articles 45 and 48 TFEU set out above also apply in relation to Option 1b.

### *7.3.3. Option 2: State of residence of the child always has primary competence*

This option determines new order of priority as follows: 1) country of residence of the child; 2) the country of work; and 3) country of pension. The country of residence of the child has primary responsibility to pay the full amount of family benefits to which the entitlement exists under its national rules. The country of work would top up this amount if the level of family benefits would be higher there.

The principle of priority for the Member State of Residence of the child already exists under the current rules in cases of overlapping rights on the same basis (e.g. where two parents work in different Member States). This option extends this principle to cases where only one parent is in work and is employed in another Member State. The rationale for this proposal is that in the case of family benefits, almost all national legislations are residence based. Therefore it is hoped that the inversion of the priority rules may mean a simpler situation for families in which payments may be processed more quickly.

**Example 1.2:** Marie will receive family benefits from Member State B. If Peter is also entitled to benefits in Member State A, the family would receive a differential supplement from Member State A. The family overall receives the same amount as under the current rules but the division of costs between Member State A and Member State B is different.

**Example 2.2:** David will receive family benefits from Member State A. As the amount of family benefits in Member State B is lower than in the Member State A, Member State B will pay nothing. The family overall receives the same amount as under the current rules but the division of costs between Member State A and Member State B is different.

#### *7.3.4.1 Horizontal Option: Different coordination rules for child-raising allowances: greater emphasis on individual rights and different treatment under the anti-overlapping rules*

This section sets out a number of horizontal options, which may be applied in isolation or in conjunction with any of the options above. As there are no synergies or inter-dependencies between the impacts it is intended to assess the impact of these options separately.

It should be made clear that these options relate solely to the right to claim a social security benefit intended to wholly or partially replace income during periods of child-raising. The option does not



propose to create or extend rights to parental leave which may separately exist under the Parental Leave Directive,<sup>382</sup> national legislation or collective agreement.

#### *7.3.4.2 Different coordination rules for child-raising allowances calculated by reference to salary or professional income: greater emphasis on individual rights and mandatory derogation from the anti-overlapping rules*

Salary-related child raising allowances (or any salary-related components of a benefit which comprises of both salary-related and flat rate elements) would continue to be exportable as family benefits, but would be treated as individual and personal rights which may only be claimed by the parent who is subject to the applicable legislation in question (not by other members of their family). In addition, it is proposed that no anti-overlapping rules would apply to such benefits meaning that they would be payable in full to the parent concerned.

Where under national legislation, parents are permitted to share a salary-related child raising allowance, the parent who is subject to applicable legislation is entitled to the allowance for the maximum duration permitted under national legislation.<sup>383</sup> However, where a family receives a salary-related child raising allowance in more than one Member State, national authorities will be entitled to "off-set" periods of entitlement in another Member State from the overall duration of the benefit (although not the amount).

**Example 1.3a: Peter and Marie live with their child in Member State A (which has a child raising allowance calculated by reference to salary). Marie is a national worker of Member State A. Peter is a posted worker from Member State B. (Member State B has a flat rate allowance).** Member State A is the primarily competent Member State because this is the place of residence of the child. When Marie takes leave to take care of her child she is able to claim the child-raising benefit from Member State A. Peter has no entitlement to salary-related component of the child-raising benefit from Member State A. If Peter claims the child-raising allowance from Member State B, Member State B cannot into account the salary-related benefit from Member State A's child-raising allowance in calculating the level of supplement Peter is entitled to.

**Example 2.3a: David lives and works in Member State A. Anna his wife lives in Member State A but works in Member State B. Both Member State A and Member State B have salary-related child-raising allowances.** Member State A is the primary competent Member State because this is the place of residence of the couple's children. David is able to claim salary-related child-raising benefit during periods he has taken leave to take care of their children. According to Member State A's legislation, each parent is individually entitled to 13 weeks of salary-related child raising allowance. However, as Anna is unable to claim the allowance under Member State A's legislation, David is entitled to 26 weeks of salary-related child-raising benefit (assuming national entitlement conditions are satisfied). Anna is separately entitled to salary-related child-raising benefit under Member State B's law. However, if Anna makes a claim for salary-related child-raising benefit during the same period as David, Member State B will be entitled to take into account periods of benefit that David has already claimed in calculating the length of period of leave although Member State B may not deduct amounts already paid by Member State A when calculating the level of benefit payable to Anna.

#### *7.3.4.3 Different coordination rules for all-child raising allowances (flat rate and salary-related): greater emphasis on individual rights and mandatory derogation from the anti-overlapping rules.*

As a variation to the horizontal option described above, it could also be considered to extend the horizontal option A so it applies to all child-raising allowances regardless of whether they are calculated by reference to salary/professional income or are awarded on a flat-rate basis.

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<sup>382</sup> 2010/18/EU

<sup>383</sup> taking into account restrictions that may separately exist to the labour law right to parental leave under the Parental Leave Directive 2010/18/EU

**Example 1.3b:** Marie will receive the full amount of child-raising allowance but Peter will have no entitlement to child-raising allowances from Member State A. Member State B cannot take into account any of the child-raising allowance paid by Member State A when calculating the level of child-raising allowance Peter is entitled to.

**Example 2.3b:** David and Anna will be treated in the same way as under example 2.3a

#### 7.3.4.4 *Different coordination rules for all-child raising allowances (flat rate and salary-related): greater emphasis on individual rights and optional derogation from the anti-overlapping rules*

As a further variation to the horizontal options described above, it could also be considered to provide that child-raising allowances (either salary-related only or salary-related and flat-rate) should be treated as individual and personal rights which may only be claimed by the parent who is subject to the applicable legislation in question, however, it is only optional rather than mandatory for a secondary competent Member State to exempt such benefits from the anti-overlapping rules. Such an approach would allow national administrations greater flexibility to promote flexible child-raising arrangements in line with national policy objectives of the Member States concerned but the requirement would not be mandatory.

There will be no requirement to allocate the maximum duration of child-raising allowance permitted under national legislation to the parent subject to the applicable legislation concerned and consequently no requirement to "off-set" periods of taken by the other parent under the law of another Member State.

**Example 1.3c:** Marie will receive the full amount of child-raising allowance but Peter will have no entitlement to child-raising allowances from Member State A. Member State B (as secondary competent Member State) will have a choice whether to take into account any of the child-raising allowance paid by Member State A when calculating the level of child-raising allowance Peter is entitled to. This choice will be exercised in relation to all claims for the benefit concerned (not on a case-by-case basis)

**Example 2.3c:** David will receive 13 weeks of child-raising allowance (the normal period for an individual parent under Member State A's law), the duration of the child-raising allowance that Anna receives will depend on the national conditions of Member State B's law.

#### 7.3.5 *Discarded option*

It was also considered that family benefits would be provided by the Member State of residence of child(ren) under its national legislation only, i.e. no export of family benefits. 4 Member States supported this option.<sup>384</sup>

This option has subsequently been discarded by the Commission on grounds it is considered incompatible with the Treaty on Functioning of the European Union, in particular as the refusal to export family benefits has already been ruled contrary to Article 45 TFEU.<sup>385</sup> The right to family benefits is granted to *workers* by reason of their employment in the Member State of employment. Refusing to grant them the right to equal treatment as regards entitlement to family benefit would amount to a violation of primary law.

<sup>384</sup> Luxembourg, Malta (in relation to family benefits specific to the social or economic conditions of the Member State), Finland and the United Kingdom. Annex II.

<sup>385</sup> Joined Cases C-4/95 and C-5/95, *Stöber and Pereira* ECLI: EU: C: 1997:44 (amongst others).

## 7.4. Stakeholder Support

### 7.4.1 *Baseline Scenario*

In discussions in the Administrative Commission in March and June 2015, 16 Member States<sup>386</sup> were in favour of maintaining the status quo in preference to adjusting benefits to option 1a or b or 2. In consultation with stakeholders also indicated the status quo was favoured by a number of national organisations with responsibility for family benefits such as REIF, SVB, CNAF, CCMISA and FAMIFED. In the response to the public consultation only 33% of organisations and 31% of individuals indicated support for legislative change.<sup>387</sup>

### 7.4.2 *Adjustment to standards of living*

#### 7.4.2.1 *Option 1a: Adjustment to standards of living: upwards and downwards*

Three Member States<sup>388</sup> supported this option in the Administrative Commission. NGOs underlined the unfairness of adaptation, since the workers concerned pay the same taxes, but also the fact that, for the competent Member State, adapting family benefits may have unintended consequences if the concerned families were to move to the Member State as a result. In this sense, it was mentioned that the biggest challenge for local authorities is pressure on public services, and not "benefit tourism".<sup>389</sup> Social partners<sup>390</sup> pointed out that the right to family benefits should be considered attached to the worker and not to the place of residence of the family. In their view lowering the family benefits for mobile workers would in any event constitute unequal treatment.<sup>391</sup> In the response to the public consultation, only a minority of respondents commented on the issue of adjustment of family benefits to the place of residence of the child. Among those that did there were mixed responses, with some respondents indicating strong support for this principle and others strong opposition.

#### 7.4.2.2 *Option 1b: Adjustment to standards of living: only downwards*

No Member States expressly supported this option in the Administrative Commission. Stakeholder feedback was similar to Option 1a.

### 7.4.3 *Option 2: Member State of Residence of the child always has primary competence*

10 Member States<sup>392</sup> supported this option as a first or second choice but 9 Member States<sup>393</sup> were expressly opposed to the option in the Administrative Commission. Some social partners emphasized that the right to family benefits should be considered attached to the worker and not to the place of residence of the family.<sup>394</sup> In the response to the public consultation, only a minority of respondents commented on the issue of a change to the order of competence so the place of residence of the child always has primary competence. Among those that did there were mixed responses, with some respondents indicating strong support for this principle (in particular because they considered it would improve the simplicity and efficiency of the rules and create a stronger link to the economic environment where the child resides). However, others expressed strong opposition to the idea of reducing the link between the Member State of Employment and competence for providing family benefits.

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<sup>386</sup> Belgium, Bulgaria, Czech Republic, Estonia, Spain, Croatia, Italy, Latvia, Lithuania, Poland, Portugal, Romania, Slovenia, Slovakia, Finland and Sweden.

<sup>387</sup> A public consultation between July and October 2015 invited citizens and organisations to provide their views on the main problems linked to the coordination of unemployment benefits, family benefits and posting of workers.

<sup>388</sup> Denmark, Ireland and France. Annex II.

<sup>389</sup> For example, EURODIACONIA. Annex II.

<sup>390</sup> Annex II.

<sup>391</sup> For example, ETUC and TUC (Trades Union Congress, United Kingdom). Annex II.

<sup>392</sup> Austria, Estonia, Finland, Ireland, Latvia, Luxembourg, Malta, Slovenia, Sweden and the United Kingdom

<sup>393</sup> Cyprus, Germany, France, Italy, Netherlands, Poland, Portugal, Romania and Slovakia

<sup>394</sup> For example, ETUC and TUC (Trades Union Congress, United Kingdom). Annex II.

#### 7.4.4 *Horizontal Option: Different Coordination of child-raising allowances*

This option was initially not envisaged and was developed in response to the stakeholders' feedback.<sup>395</sup>

In March and June 2015, 4 Member States in the Administrative Commission indicated support for an alternative coordination of salary-related child-raising allowances and action was also recommended by the FreSsco network of experts (see Annex VI<sup>396</sup>).

The Council, the Parliament, the social partners, the Advisory Committee on Equal Opportunities for Women and Men and other stakeholders have called for developing a comprehensive set of measures to address women's under-representation in the labour market and to support more equal sharing of family responsibilities. In June 2015, EPSCO Council Conclusions<sup>15</sup> highlighted that measures could include improving the provision of childcare and long-term care, flexible working time arrangements, addressing financial disincentives for both parents (and single parents) to participate in paid work, as well as supporting smoother transitions for women and men between part-time work and full-time employment, and between care-related leave periods and employment. The European Social Partners have also recognised that work-life balance and gender inequality in the labour market remain serious challenges. They have made "promoting better reconciliation of work, private and family life and gender equality to reduce the gender pay gap" a priority in their new joint work programme for 2015-2017.

### 7.5. What are the Impacts of the Different Options

#### 7.5.1 *Introduction*

For all of the options assessed, the potentially affected groups are the same. The options are specifically targeted at mobile EU parents and their children, that is to say: citizens who either work or reside in a different State to that where their children reside. Hence, it may concern both mobile workers and frontier workers or other cross-border workers. It may also concern non mobile citizens and children who have not exercised their right to freedom of movement but who have a parent or partner (or former partner) who is a mobile citizen.

For the purposes of assessing the impact, a range of criteria has been identified with reference to the general and specific policy objectives for family benefits and the Commission's Better Regulation Guidelines. In relation to **social impact**, the options are assessed against the criteria of **clarification; simplification; protection of rights** and **impact upon fundamental rights** (with reference to the **specific objective** this analysis also includes an assessment of the potential impacts of **barriers or disincentives to parents' ongoing participation in the labour market**). This analysis draws upon the findings of the FreSsco Legal Experts report at Annex VI supplemented by the Commission's Services own analysis and the findings from the stakeholder consultations and the Inter-Service Steering Group.

In relation to **Fundamental rights** all options under consideration aim to facilitate the exercise of the right to engage in work in another Member State (Article 15), as well as to a better protection of rights for workers who have made use of their right to free movement (Article 45). At the same time the options seek to ensure the right to equal treatment (Article 21), the best interests of the child (Article 24), rights of the family in particular to reconcile family and professional life (Article 33(2)), the right to property and social security (Articles 17 and 34).

In relation to the **economic impact**, the options are assessed against the impact on Member States' budgets. It has to be noted that 19 Member States and EFTA countries (Belgium, Czech Republic,

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<sup>395</sup> This option was developed following consultation with Member States in the Administrative Commission in March and June 2015 and feedback from other stakeholders. See Annex II and Annex VI.

<sup>396</sup> SPIEGEL, B. (ed.), CARRASCOSA BERMEJO, D., HENBERG, A. and STRBAN, G., Assessment of the impact of amendments to the EU social security coordination rules on export of family benefits, Analytical Report 2015, FreSsco, European Commission, May 2015 (Annex VI).

<sup>15</sup> 2015 EPSCO Council Conclusions on the Gender Pension Gap.

Denmark, Germany, Estonia, Ireland, Spain, Latvia, Luxembourg, Hungary, Netherlands, Austria, Poland, Romania, Slovakia, Finland, United Kingdom, Iceland and Norway) were able to provide data on the export of family benefits, while 10 (Czech Republic, Germany, Estonia, Latvia, Luxembourg, Hungary, Netherlands, Austria, Slovakia and Iceland) were able to provide a breakdown of exported family benefits by primary and secondary competence<sup>397</sup>. This entails a number of limitations in the assessment of the economic impact of option 2 (reversing priority rules) and the horizontal options (different coordination rules for salary-related child-raising allowances), which will be presented/discussed in full in the section. In particular, for reasons of practicality, the economic analysis has also been conducted based on the assumption that all Member States are in full compliance with the EU social security coordination rules currently in force including in respect of the most recent jurisprudence of the Court of Justice. It should further be noted that in the absence of comprehensive data from the Member States, the economic assessment for the horizontal option is made with reference to ESSPROS figures for parental benefits awarded for children aged 0-3 regardless of whether or not the benefit is indexed to salary or professional income. The estimations must be construed in light of these limitations. The full studies are attached to this report at Annexes XI and XIII<sup>398</sup>.

The **regulatory costs** for both public administrations and citizens in relation to Options 1a, 1b and 2 were assessed through a number of interviews with public officials working for administrations dealing with the export of family benefits (both as primarily competent and secondarily competent Member States) in six Member States (Germany, Denmark, Netherlands, Poland, Romania and the United Kingdom). The full study is attached to this report in Annex XVI.<sup>399</sup> This assessment also takes into account the **specific objective** of **faster and more efficient processing of family benefit claims**.

With reference to coherence with the **general objective**, the options have also been assessed with reference to their impact upon **risk of fraud and abuse** and ability of Member States to counteract such risks and by reference to the objective of achieving **equitable burden-sharing between Member States** (corresponding to the **specific objective** of achieving a **clear and transparent link between Member State paying benefits and recipient**). Finally the assessment considers overall coherence with EU objectives with reference to relevant policies identified at section 1.3 of this report.

The **secondary impacts** of the options on mobility flows was estimated on the basis of case studies in seven Member States (Belgium, Germany, Poland, Romania, Netherlands, Spain and Ireland), with a target population of one-earner families in which the person entitled to the exportability of child benefits works and resides in a Member State different from the one where the dependent family member resides<sup>400</sup>. The full study is attached to this report in Annex XVIII. It should be acknowledged however, that such methodologies are imperfect tools for predicting families' motivations and migration drivers which in practice are likely to be influenced by a far-wider range of factors than purely economic influences.

Finally, when looking in particular at economic impact, regulatory costs and secondary impact for horizontal options a, b and c, it must be noted that these options were developed and refined at a late stage of the impact assessment process. Therefore, in addition to the limitations already highlighted due the limitations on data highlighted above, the late development/refinement of the horizontal options has led to a less detailed assessment of impact, at times only at a qualitative level.

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<sup>397</sup> P. 6, Annex XI

<sup>398</sup> PACOLET and DE WISPELAERE *Export of family benefits, Analysis of the economic impact of the options*, 2015 (Annex XIII).

<sup>399</sup> Julie Abrahamsen, Monica Lind, Peter G. Madsen, *Administrative costs of handling exports of family benefits*, 2015 (Annex XVI).

<sup>400</sup> Michele Raitano, Matteo Luppi, Riccardo Conti, Diego Teloni, *Secondary effects following a change of regulations on the exportation of family benefits*, 2015 (Annex XVIII).

### 7.5.2 Summary table of the impacts of the options for export of family benefits

Type of impact	Clarification	Simplification	Protection of rights	Fundamental rights	Economic impacts	Regulatory costs	Risk of fraud and abuse	Equitable burden sharing Member State	Coherence with EU objectives	Overall Effectiveness	Overall Efficiency (cost vs effectiveness)
<b>Baseline Scenario</b>	0	0	0	0	0 <sup>401</sup>	0 <sup>402</sup>	0	0	0	0	0
<b>Option 1a</b> Adjustment to standards of living: upwards and downwards	-	--	--/+	-	+/- <sup>403</sup>	-- <sup>404</sup>	-	+/-	--	-	-
<b>Option 1b</b> Adjustment to standards of living: only downwards	--	-	--	-	+ <sup>405</sup>	-- <sup>406</sup>	-	++/-	--	-	-
<b>Option 2</b> Member State of residence has primary competence	++	+	+	0	+/- <sup>407</sup>	+/- <sup>408</sup>	+	+/-	+	+	+

<sup>401</sup> €942 m is the budget devoted to exported child benefits in 19 reporting Member States; Annex XIII; Table 9.

<sup>402</sup> Cost for handling export of FB is estimated at on average 1.9 man hours per case for the primary competent Member State and at 1.6 man hours per case for the secondary competent Member State this corresponds to an annual cost in the range of between €40 and €2,000 in selected Member State (variation according to number of cases and labour costs).

<sup>403</sup> Overall decrease of €150m (-15.9%) but increase for Member State with lower cost of living.

<sup>404</sup> Increase of approx. one man-hour per case.

<sup>405</sup> Overall decrease of €156m (-16.6%).

<sup>406</sup> As 1a above.

<sup>407</sup> Decrease of exported benefits of €420m (-30%) but increase in expenditure of State of residence by up to 120%.

<sup>408</sup> Moderate decrease in cases of recovery and overpayments but moderate increase in cases of differential supplement and verification of residence.

<b>Horizontal A</b> Personal rights to salary-linked child-raising allowance mandatory derogation from overlapping rules	++	+	+/-	409 --	+/- <sup>410</sup>	+	+/-	++	++	+
<b>Horizontal B</b> Personal rights for all child-raising allowance mandatory derogation from overlapping rules	++	+	+/-	411 --	+/- <sup>412</sup>	+	+/-	++	++	+
<b>Horizontal C</b> Personal rights for all child-raising allowance optional derogation from overlapping rules	-/+	+	+/-	413 --	+/- <sup>414</sup>	+	+/-	+/-	+/-	+

<sup>409</sup> Estimated Increase in expenditure on exported salary-related child-raising allowances for secondary competent Member State of 62-81%.

<sup>410</sup> Moderate decrease in regulatory costs No need to process/ calculate claims on derived rights. Some new tasks to compare benefits in different Member State.

<sup>411</sup> Estimated Increase in expenditure on exported child-raising allowances for secondary competent Member State of 58-84%.

<sup>412</sup> Same as Horizontal Option a but wider field of application as covers all child-raising benefits.

<sup>413</sup> Maximum impact same as Horizontal Option b (but not all Member States will rely upon the derogation).

<sup>414</sup> Maximum impact same as Horizontal Option b with added advantage that no need to compare duration of claims in other Member States (but not all Member States will rely upon the derogation therefore information exchange for differential supplement may continue).

### 7.5.3 Impacts of Policy Option 1a: Adjustment to standard of living: upwards and downwards

Policy Option 1a: Adjustment to standard of living: upwards and downwards		
<b>Social impacts</b>		
Clarification	-	This option is less transparent than the baseline scenario. There is a significant risk that mobile workers would be less aware of the level of benefits they are entitled to as the amount of the family benefit received would be subject to fluctuations depending on various factors, such as macro-economic criteria or the country of residence of the children during the life-cycle of a family benefit claim. This may affect the citizens' ability to assert and enforce their rights.
Simplification	--	In comparison to the baseline, this option is more complex to apply as it imposes additional obligations for mobile workers and public administrations to state and verify the Member State of residence of the children. Possible changes in the Member State of residence of the children or macro-economic changes would result in additional administrative obligations for the mobile worker and public authorities in changes in the amount of the benefit granted by one and the same Member State.
Protection of rights	--/+	This option will result in EU mobile families receiving either a lower or higher level of family benefits than would normally be awarded by the exporting Member State depending on the cost of living in the country where the child resides. It can be anticipated that the most likely situation is that the family benefits will be lower. Firstly, because trends in labour mobility patterns show a bias in mobility from lower wage destinations towards higher wage destinations. Secondly, because the existing rules relating to the differential supplement already ensure that a family will receive a "top-up" from the secondary competent Member State to the level awarded by that Member State. This existing provision under the baseline scenario already mitigates against the potential disadvantage that a family who resides in a high-cost of living destination but workers in a lower cost of living destination might otherwise experience meaning the positive financial impact for the mobile worker arising from this option are expected to be marginal.
<b>Financial impact</b>	+/-	The adjustment of the amount of exported family benefits could decrease the total expenditure on exported family benefits by € 150 million (15.9%). Member States with a higher cost of living compared to the countries where they currently export family benefits will experience a reduction in their expenditure on exported family benefits – by more than 30% in the case of Germany (€34 million) and Ireland (€4 million), by 13% in the case of Luxembourg, . By contrast, Member States with a lower cost of living compared to the countries where they currently export family benefits will experience an increase in their expenditure on exported family benefits to a level that is higher than permitted under their own national rules. This increase



		would be above 70% for Poland (€ 4 million) and above 40% for Latvia (€ 50,000) <sup>415</sup> , 37% for Estonia, 35% for Slovakia, 21% for Hungary. Extending this analysis to the EU-28, in principle, all Member States with the exception of Denmark (the State with the highest index for comparative price levels <sup>416</sup> ) would have to raise its family benefits at least in respect of export of family benefits to a child resident in Denmark.
<b>Impacts on fundamental rights</b>	-	<p>In the case of a lower adjustment, this option may adversely affect the right to property (in this case social security benefits) (Article 17); the right to equal treatment (Article 21) and the best interests of the child (Article 24) and the right to social security and social assistance (Article 34) when compared with the baseline scenario. In particular, compared to the baseline scenario, workers would receive lower or higher levels of family benefits than their co-workers even though they pay the same taxes and social security contributions. Likewise Member States with a lower cost of living would be required to export family benefits at a higher rate than is awarded to national citizens resident within their territory.</p> <p>Even though there is precedence for deductions from family benefits in the context of the anti-accumulation rules, the fact that these options do not guarantee that the family of a mobile worker will receive a sum at least equivalent to the highest rate available under the overlapping applicable legislation also gives rise to concerns of interference with the right to Property under Article 17.</p>
<b>Other impacts</b>		
Regulatory Costs	--	<p>This option would increase the administrative burden compared with the current rules. The running cases would need further administrative processes as e.g. the updating of the adjustment factors has to be made on a regular basis (even if national amounts do not change). Processing times between the claim being filed and benefit being received could be increased due to the verification of residence. In addition, as application of indexation to rights deriving from worker-status or which exist independently of the application of the Regulation would violate primary law, there will be additional administrative tasks, for example, to distinguish between contributory and non-contributory family benefits in each Member State.</p> <p>On the basis of the interviews conducted with national administrations, it is estimated that the administrative tasks as primarily competent may increase by around one man-hour per case (+49%), mainly due to the increase in the time devoted to the calculation of benefits and the reimbursement activities<sup>417</sup>: The total cost will thus increase of a sum ranging from €12,900 in Romania (+300%) to 1,068,100 (+60%) in Germany<sup>418</sup>.</p> <p>The administrative tasks of secondarily competent Member State, will also increase by around one man-hour per case (+60%), mainly due to the increase in the time devoted to the</p>

<sup>415</sup> Table 13, Annex XIII.

<sup>416</sup> <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tec00120&plugin=1> (last accessed 25 March 2015).

<sup>417</sup> Table 3-1, Annex XVI.

<sup>418</sup> Tables 3-1, 3-2, 3-3 and 3-4, Annex XVI.

		<p>calculation of benefits, as it becomes more complex. this will translate into an increase in the cost per case (ranging from €1.4 in Romania to €58.3 in Denmark).</p> <p>It is not estimated that this option would increase the administrative burden for citizens, though longer processing times of the cases may well have a negative impact in increasing delays between application and receipt of family benefits<sup>419</sup>.</p>
Risk of fraud and abuse	-	<p>Families could be tempted to declare that their children live in a Member State with a higher factor of adjustment (or even in the Member State with primary competence), as far as the amount of the benefits would depend on the children's place of residence. For the Member State with primary competence, the children's place of residence is usually more difficult to determine than, for example, the place of work, so the risk of abuse could increase necessitating additional activities by Member States to counter this risk. Further, the greater complexity entailed in indexation may increase the risk of administrative error by public authorities.</p>
Fair burden sharing between Member States	+/-	<p>This option shifts the burden from the Member States with a higher factor of adjustment, i.e. those where income and costs are higher, to Member States with lower factors of adjustment. In particular, it will require Member States with lower costs of living to export family benefits at a higher rate than payable to national citizens within their own territory. This shift in burden is exacerbated due to the effect of the differential supplement. As compared with the baseline scenario, more Member States with lower income and costs may be required to pay a differential supplement than under the current rules. Taking into account that migration patterns usually are from Member States with lower living standards to those with higher standards, this option would probably shift the burden from the latter to the former. This could result in a certain disruption of the economic logic that assigns the obligation to pay the family benefits to the Member State receiving the contributions and taxes.</p>
Mobility	-/+	<p>This option could entail a moderate reduction of mobility flows of one-earner married persons who would move without his/her family towards Member States with relatively higher cost of living with subsequent consequences for the skills availability to those labour markets.<sup>420</sup> On a sample of six Member States when all factors are neutral it may be expected to have the following impact: Netherlands (-4%), Germany (-3%), Belgium (-1.1%), Spain (-0.9%) and Ireland (-0.7%) – and an increase towards Member States with relatively lower cost of living – Poland (3%) and Romania (8%)<sup>421</sup>. This would entail consequent reductions/increases in the budget devoted to exported family benefits<sup>422</sup>.</p> <p>However, another possible secondary effect could also be that dependent family members would reunite with the working</p>

<sup>419</sup> Page 32, Annex XVI.

<sup>420</sup> Annex XVIII.

<sup>421</sup> Figure 4.1, Annex XVIII.

<sup>422</sup> Figure 5.1, Annex XVIII.

		<p>partner/parent working in another (with higher living cost) Member States, which would counterbalance the effects of the option<sup>423</sup>. The impact of such reunification may potentially have consequences for the education, health, housing and other systems of the Member State of the economically active citizen. In the context of the low flows anticipated no estimates have been carried out for the economic impact of this.</p> <p>This analysis ignores other variables that may influence a family's decision about whether or not to relocate and needs to be viewed accordingly.</p>
<p><b>Coherence with General, Specific and wider EU Objectives:</b></p> <p>Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.</p> <ul style="list-style-type: none"> <li>• Ensure a clear and transparent link between the Member State issuing family benefits and the recipients of those benefits</li> <li>• Remove barriers or disincentives to parents' ongoing participation in the labour market</li> <li>• Ensure family benefits are processed as efficiently as possible</li> </ul>	--	<p>This option achieves a greater correlation between family benefits and the cost of living in a manner likely to address the perceptions of unfairness held by some critics. However, it does not fully achieve the aim of achieving a fair distribution of financial burden as it disrupts the economic logic that the State that receives taxes and social security contributions should have responsibility for paying benefits by transferring the economic burden from the Member State of Work to the State of Residence. It also does not achieve a clear and transparent link between the Member State issuing a benefit and the families in receipt of such benefits as Mobile workers will receive lower level of family benefits than nationals notwithstanding the fact they pay the same level of tax and social security contributions (conversely Member States with comparatively lower costs of living may be required to export family benefits at a higher level than payable to citizens resident on their territory in a manner likely to be perceived as unfair by nationals of that State). The option also reduces clarity and legal certainty compared to the baseline particularly in relation to level of entitlement and which benefits may be subject to indexation. It is likely to be administratively burdensome for both citizens and national authorities to apply. This option may increase rather than reduce disincentives to parents' ongoing participation in the labour market during periods of child-raising (at least in relation to non-contributory benefits) as such benefits will not only be subject to the anti-accumulation rules but also subject to reductions based on place of residence of the child. It may also increase delays in processing family benefits.</p>

#### 7.5.4 Impacts of Policy Option 1b: Adjustment to standard of living: downwards only

Policy Option 1b: Adjustment to standard of living: only downwards		
Social impacts		
Clarification	--	As with Sub-option 1a, and for the same reasons, this option is less clear or easy to understand than the baseline scenario. In addition, changes in the relative cost of living between different Member States means it may be even less clear to workers whether they can expect family benefits to be exported at the

<sup>423</sup> Pp. 33-34, Annex XVIII

		national level or indexed at a lower level.
Simplification	-	As with Sub-option 1a, and for the same reasons, this option is less clear or easy to understand than the baseline scenario.
Protection of rights	--	This option is anticipated to have the same social impact as option 1a, exacerbated further compared to the baseline scenario because it does not improve the protection of rights of beneficiaries residing in a Member State with a higher standard of living and further may increase the lack of clarity concerning the level of family benefits payable as indexation will not be applied consistently in all cases
<b>Financial impact</b>	+	There is expected to be a moderate, decrease of € 156 million (16.6%) in the expenditure on exported family benefits would occur. It is predicted that all reporting Member States would now experience either a reduction or no change to their expenditure on exported family benefits compared to the baseline, which will be nearly 40% for Ireland (€ 4.5 million) and above 30% for Germany (€ 36 million) <sup>424</sup> the change is more negligible for Latvia, Poland, Hungary, Slovakia and the Czech Republic where the estimated impact ranges from 0-0.5% (€0-8,230).
<b>Impacts on fundamental rights</b>	-	This option is anticipated to have the same impact upon fundamental rights as option 1a, exacerbated further because it does not improve the protection of rights of beneficiaries residing in a Member State with a higher standard of living.
<b>Other impacts</b>		
Regulatory Costs	--	As with sub option 1a and for the same reasons, this option is more complex to apply, however, the complexity is anticipated to increase because as opposed to uniformly applying a standard co-efficient across all Member States, national administrations will need to analyse in each case whether the relationship between cost of living requires a Member State to export the national level of benefit or whether a downward adjustment should be applied. It is anticipated that these procedures would fluctuate along with changes to the relative cost of living across the EU-28. As per option 1a, it is estimated that the administrative tasks as primarily competent will increase by around one man-hour per case (+49%), mainly due to the increase in the time devoted to the calculation of benefits and the reimbursement activities <sup>425</sup> this will translate into an increase in the cost per case (ranging from €0.8 in Romania to €58.3 in Denmark). Moreover, a change in the number of cases of export of family benefits could also occur as a result of the introduction of this option <sup>426</sup> - see also <i>mobility</i> below. The total cost will thus increase of a sum ranging from €8,700 (+20%) in Romania to 1,063,500 (+60%) in Germany <sup>427</sup> . Administrative tasks as secondarily competent, are also

<sup>424</sup> Table 14, Annex XIII.

<sup>425</sup> Table 3-1, Annex XVI.

<sup>426</sup> Table 3-3, Annex XVI.

<sup>427</sup> Tables 3-1, 3-2, 3-3 and 3-4, Annex XVI.

		expected to increase by around one man-hour per case (+55%), mainly due to the increase in the time devoted to the calculation of benefits, as they become more complex: this will translate into an increase in the cost per case (ranging from €1.4 in Romania to €58.3 in Denmark).
Risk of fraud and abuse	-	As with Sub-option 1a, and for the same reasons, this option may increase incentives for fraud while the greater complexity may increase the risk of administrative error thereby necessitating greater action by public authorities to mitigate these risks.
Fair burden sharing between Member States	++/-	As with option 1a, this option shifts the burden between Member States due to the effect of the differential supplement. However, this option would bring a financial relief for the Member State with a higher factor of adjustment (as they could reduce their family benefits for children living in Member States with lower factors of adjustment, while Member States with lower factors of adjustment would not see any change in their situation in cases where they have to grant benefits for children residing in Member States with higher factors of adjustment.
Mobility	+/-	<p>Like option 1a, this option could also entail a moderate reduction of mobility flows of the target population (one-earner married persons who would move without his/her family) towards Member States with relatively higher cost of living. For example, in a sample of six Member States, this is expected to impact the Netherlands (-4%), Germany (-3.2%), Belgium (-2.2%), Spain (-0.9%) and Ireland (-1.7%), while no increase would occur towards Member States with relatively lower cost of living<sup>428</sup>. This would entail reductions (Belgium, Germany, Spain, Ireland and Netherlands) in the budget devoted to exported family benefits<sup>429</sup>.</p> <p>However, as per option 1a, another possible secondary effect could also be that dependent family members would reunite with the working partner/parent working in another (with higher living cost) Member States, which, again, would nullify the effects of the option<sup>430</sup>. As stated above, this analysis ignores other variables that may influence a family's decision about whether or not to relocate and needs to be viewed accordingly.</p>
Coherence with General, Specific and wider EU Objectives	--	For the same reasons as Option 1a this option is not considered effective at achieving the General and Specific EU objectives, while it may be considered generally neutral in relation to the wider EU objectives, with the exception of the Fresh Start to address the challenges of work-life balance faced by working families, where it is considered to be likely to be incoherent
		Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.

<sup>428</sup> Figure 4.1, Annex XVIII.

<sup>429</sup> Figure 5.1, Annex XVIII.

<sup>430</sup> Pp. 30-31, Annex XVIII.

<ul style="list-style-type: none"> <li>• Ensure a clear and transparent link between the Member State issuing family benefits and the recipients of those benefits</li> <li>• Remove barriers or disincentives to parents' ongoing participation in the labour market</li> <li>• Ensure family benefits are processed as efficiently as possible</li> </ul>		
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7.5.5 *Impacts of Policy Option 2: Member State of Residence of the Child has primary competence*

Policy Option 2: Member State of Residence of the child always has primary competence		
<b>Social impacts</b>		
Clarification	++	As the Member State which is competent by priority is always the Member State of residence of the children, it is clear which Member State has to start granting its benefits and means the EU rules are aligned with the residence system in place in the majority of Member States. Many disputes which today's coordination could cause (if Member States do not agree on which Member State is the primarily competent one) could be avoided.
Simplification	+	On the one hand this option could be regarded as simpler, as it is always the same Member State that primary competence. There is also likely to be a greater stability in order of competence as the Member State of Residence of the child will remain competent irrespective of the economic status of their parents or the place where the parents work. On the other hand, this option could lead to more cases with differential supplements than today (if we assume that in general the family benefits in Member States to which workers migrate are higher than in the Member State of residence of the children) which may lead to ongoing delays in families receiving the full entitlement to family benefits even if benefits from the State of Residence are processed more rapidly.
Protection of rights	+	Families will receive the same level of benefits as under the baseline, but it is expected that benefits which are provided for by the Member State of residence will be processed more rapidly. In residence-based systems this will ensure a greater alignment between the normal rules for entitlement under national legislation and the EU social security rules. It also in part responds to the perception of some Member States and EU citizens that the State that should have primary responsibility for paying family benefits is the one where the children reside (although the obligation remains for the Member State of Employment to pay a differential supplement where the level of benefits in this State may be higher).

<b>Financial impact</b>	+/-	<p>This option will have the effect of shifting the financial burden from the Member State of work to the Member State of residence in cases of export where only one parent in a EU mobile family is economically active (in cases where both parents are economically active the place of residence of the child already has priority under the current rules). It is estimated that, because of a shift of the expenditure from the Member State of residence of the worker towards the Member State of residence of the children, a decrease of approximately €213 million (approximately 29%) in the expenditure on exported family benefits could occur.<sup>431</sup> However, there would also be an increase in the expenditure of the Member State of residence of the child by up to 120%.<sup>432</sup></p> <p>A case study analysis of the impact on two of the main flows of exported family benefits for which data are available, notably from Luxembourg to France (33% of reported total expenditure for export of family benefits) and from Germany to Poland (11% of reported total expenditure for export of family benefits): the application of this option to these flows would result in a reduction in the expenditure for Luxembourg (€60 million) and Germany (€25 million), and an increase in that of France (€60 million) and Poland (€25 million)<sup>433</sup>.</p>
<b>Impacts on fundamental rights</b>	0	<p>The proposed changes to the rules of priority engages consideration of the right to equal treatment (Article 21), as a workers in the State of Employment will receive lower benefits compared to national workers in that Member State. This may give rise to concerns about discrimination in particular in relation to Member States with either tax and contribution based systems or solely contribution based systems. However, there is already precedence for the Member State of Residence of the Child to assume priority in the case of overlapping entitlement on the same basis (both in the case of economic activity and pension rights). This solution may still be considered proportionate in the context of the legitimate aim to reduce accumulation of benefits particularly as the family will receive the same level of benefits overall and so the right to property (Article 17) and the rights of the child (Article 24) are respected.</p>
<b>Other impacts</b>		

<sup>431</sup> This estimation is subject to limitation as only 10 Member States were able to provide a breakdown of exported family benefits according to primary and secondary competence.

<sup>432</sup> The predictions of increased expenditure by the Member State of residence of the child may be over-estimated as it has not been possible to take into account the existence of means-tested criteria applied by some family benefits in predicting the likely increase in expenditure. Annex XIII Table 26.

<sup>433</sup> Figures 8 and 9, Annex XIII.

Regulatory Costs	+/-	<p>Although not fully supported by the qualitative interviews<sup>434</sup> conducted with national administrations, in general, this option is likely to reduce regulatory costs for national authorities as it provides greater certainty for which Member State has primary competence and therefore takes away the obligation under the current rules of this Member State to grant provisional benefits in the event of dispute of competences.<sup>435</sup> This also safeguards that not so many cases of recovery of overpayments will occur (which is often the case today when the final competence differs from the provisional competence and thus overpayments have to be recovered (Article 6(5) and Title IV, Chapter III of Regulation (EC) No 987/2009) and which may entail administrative burden.</p> <p>However, on the other hand, it is anticipated that this option may result in more cases of the need to calculate a differential supplement than under the current rules (taking into account the incentives for mobility from lower wage to higher wage destinations of employment). Furthermore, this option may increase the importance of verifying the child's place of residence (currently only required in cases of overlapping benefits on the same basis – estimated as being 64% of cases<sup>436</sup>) for both national authorities and citizens.<sup>437</sup></p> <p>On the basis of the interviews conducted with national administrations, it is estimated that the administrative tasks as primarily competent will increase by around one man-hour per case (50%).<sup>438</sup> This will translate into an increase in the cost per case ranging from €0.6 in Romania to €58.3 in Denmark, and an increase of the total cost ranging from €5,600 (+13%) in Romania to €642,700 (+37%) in Germany<sup>439</sup>. Looking at administrative tasks as secondarily competent, these will also increase by around 0.8 man-hours per case (47%), mainly due to the increase in the time devoted to the calculation of benefits, as it becomes more complex<sup>440</sup>. This will translate into an increase in the cost per case ranging from approximately €0.6 in Poland to €50 in Denmark, and in an approximate increase of the total cost ranging from €3,500 (+81%) in Romania to €214,800 (+12%) in Germany<sup>441</sup>.</p>
Risk of fraud and abuse	+	<p>The Member State of residence will check the family in the same way as any other family resident there. Usually checking and evaluating the situation is easier in the same Member State than abroad and also if all residents are subject to the same checking procedures. Problems experienced under the baseline scenario, where sometimes the work of a parent in another</p>

<sup>434</sup> It is acknowledged that there is some tension between the data indicated here and the assessment outlined below. This divergence is a consequence of the qualitative nature of the assessment and the fact the assessment was based on the model of a two parent family in which only one parent was economically active rather than blended results involving blended results from a wider range of families including with two economically active parents.

<sup>435</sup> Article 60(4) of Regulation (EC) No 987/2009.

<sup>436</sup> Estimation based on EU-28 averages for labour market participation in two adult households with at least one child under 14 (LFS 2014).

<sup>437</sup> During the consultation of the Administrative Commission in June 2015, five Member States raised concerns that this may increase administrative burden (Cyprus, Germany, Netherlands, Romania and Slovakia). The FreSsco legal experts have also noted potential challenges with determining habitual residence of children Annex VI, p32-33.

<sup>438</sup> Table 3-1, Annex XVI.

<sup>439</sup> Table 3-2, Annex XVI.

<sup>440</sup> Table 3-5, Annex XVI.

<sup>441</sup> Table 3-6, Annex XVI.



		Member State has not been reported would no longer be an issue, as the Member State of residence is the competent one in all cases.
Fair burden sharing between Member States	+/-	This option shifts the burden in cases of only one working parent abroad from the Member State of work to the Member State of residence. In case of a residence-based scheme this could be regarded as fairer, as already without the Regulation all residents would be entitled to the benefits. This would change if the State of residence has a contributory scheme and, has to grant also benefits for persons not contributing to the scheme. This could result in a certain disruption of the economic logic that the Member State receiving the contributions and taxes pays the benefit.
Mobility	0	As this option envisages a redistribution of competence for funding between Member States, with no change in the benefits paid to the recipients, it is not envisaged that it would entail any mobility change <sup>442</sup> .
Coherence with General, Specific and wider EU Objectives  Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.  <ul style="list-style-type: none"> <li>• Ensure a clear and transparent link between the Member State issuing family benefits and the recipients of those benefits</li> <li>• Remove barriers or disincentives to parents' ongoing participation in the labour market</li> <li>• Ensure family benefits are processed as efficiently as possible</li> </ul>	+	Option 2 introduces legal clarity and simplicity for families and public administrations by establishing a closer alignment between the EU rules and national legislation which generally require residence of a child as a condition of entitlement for family benefits. The rights of families are respected as they will receive the same level of benefits as under the current rules. The rules create a clear and transparent link between the Member State issuing a benefit and the families in receipt of such benefits while retaining the rights deriving from the Member State of Employment. However, it may be regarded as less effective in achieving the general objective of fair and equitable distribution of financial burden between Member States as the effect of this option is to redistribute financial burden away from the Member State of economic activity (which receives a mobile worker's tax and social security contributions) towards the Member State of Residence. In relation to cases where national administrations are not currently required to investigate residence of the child (cases of one economically active parent one economically inactive parent) there may be a slight increase in administrative burden which may in the short term contribute to delays for family members. This option is neutral in relation to wider EU objectives including the Fresh Start to address the challenges of work-life balance faced by working families.

#### 7.5.6 Impacts of Horizontal Policy Option a: Different coordination rules for salary-related child-raising allowances: mandatory derogation from anti-overlapping rules

### Horizontal Option a: Different coordination rules for salary-related child-raising allowances: mandatory derogation from anti-overlapping rules

#### Social impacts

<sup>442</sup> Page 25, Annex XVIII.

Clarification	++	<p>A parent claiming a child-raising allowance will always be entitled to the full level of benefit permitted under national legislation regardless of whether the State where he or she works has primary or secondary competence for family benefits. The question of who has entitlement to claim such benefits is also clarified as it becomes clear there are no derived rights reducing the number of disputes over this issue. This provides greater clarity for parents and national authorities compared with the baseline.</p> <p>However, some parents may find the application of anti-overlapping rules to the maximum duration of child-raising allowances difficult to understand</p>
Simplification	+	<p>This option is simpler to administer for both parents and public authorities compared with the baseline scenario as such benefits are no longer subject to the anti-accumulation rules so the level of benefit to be awarded will be aligned with calculations under national legislation. In addition, the prohibition of claims on the basis of a derived right will mean benefits will be calculated on the basis of actual salaries or professional income earned in the competent Member State. It will no longer necessary to undergo a hypothetical assessment of potential earnings in that State.</p>
Protection of rights	+/-	<p>Under this option, salary-related child raising allowances would be exempt from the anti-accumulation rules, thereby having the advantage that workers would not experience deductions from entitlement under the applicable legislation of the Member State with secondary competence even if the other parent was receiving similar benefits from the Member State with primary competence. In such cases, parents may receive more in benefits than under the current rules in a manner that removes existing disincentives from sharing child-raising responsibilities.</p> <p>However, this option also provides that salary-related child raising allowances would be treated as individual and personal rights which may only be claimed by the parent who is subject to the applicable legislation in question (not by other members of their family). This may have the consequence that some parents currently in receipt of such a benefit as a derived right would no longer have entitlement (although would retain entitlement to any flat-rate child-raising allowances or flat-rate components). The maximum adverse impact could be up to 40% of the number of entitled persons.<sup>443</sup> However, as only a limited number of Member States are currently complying with the requirement to recognise derived rights to employment-related family benefits<sup>444</sup> the adverse effects are likely to be limited in practice.</p>

<sup>443</sup> Table 27 Annex XIII – based on a case-study, the number of incoming-cross border workers who live in a household with one other adult and at least one child aged less than 15.

<sup>444</sup> Only four Member States who have child-raising allowances recognise claims based on derived rights Annex XXV, p14.

<p><b>Financial impact</b></p>	<p>--</p>	<p>Member States with secondary competence may be required to pay more than under the current rules because they will be required to pay a salary-related child-raising allowance in full as they will no longer be entitled to take such benefits into account when calculating the differential supplement.</p> <p>In the absence of comprehensive information on exported child-raising benefits from the Member States<sup>445</sup>, analysis has been conducted using ESSPROS data for Member State expenditure on parental benefits for children aged 0-3. This analysis suggests that this option will lead to an average increase in expenditure of 62% for those Member States who provide a child-raising benefit calculated wholly or partially with reference to salary or professional income exporting benefits to the EU-28 (increasing to an average increase of 81% if only the Member States of residence which have an salary-related child-raising benefit are selected).<sup>446</sup> The extent of the increase may range from 37% (46%) in Slovenia to 210% (432%) in Sweden.<sup>447</sup> It should be noted that this analysis is based on the assumption all Member States concerned are fully complying with the EU social security rules and is made with reference to ESSPROS figures for parental benefits awarded for children aged 0-3 regardless of whether or not the benefit is indexed to salary or professional income or is classified as a family benefit for the purposes of the EU social security rules. The estimations must be construed in light of these limitations.</p> <p>More widely it may also be anticipated that excluding salary-related child-raising allowances from the anti-accumulation rules will increase the level of export for Member States with flat-rate child when acting as the secondary competent Member State. Using the same model of calculation the increase in expenditure compared to the status quo in this case is on average 58% (increasing to an average increase of 84% if only the Member States of residence which have a salary-related, flat-rate or mixed type child-raising benefit are selected).<sup>448</sup></p> <p>A case study on export by Germany as secondary competent Member State of its parental allowance (Elterngeld) to a family of two working parents with two children residing other Member States that also have a salary-related child-raising allowance assuming that such a family is in receipt of the average personal net income for that Member State (one at 100% and the other at 67% of the average wage) anticipates the increase in Germany's expenditure would range from 24% to Poland (increase from €383 to €476) to more than 250% in the</p>
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<sup>445</sup> Only four Member States were able to provide a detailed breakdown of levels of export per benefit type including data on child raising allowances (Germany, Latvia, Hungary and Romania).

<sup>446</sup> Annex XIII Table 24a Average calculated with reference to ESSPROS figures for 13 Member States (Bulgaria, Croatia, Estonia, Finland, Germany, Greece, Hungary, Latvia, Lithuania, Romania, Slovenia, Spain and Sweden . No data was available for Austria, Denmark Italy or Portugal). This analysis assumes that pursuant to the judgment of the CJEU in *Wiering*<sup>446</sup> that a differential supplement should only be calculated by reference to family benefits "of the same kind" that the secondary competent Member State will only make reference to other income-replacement benefits when calculating entitlement to another income-replacement benefit.

<sup>447</sup> Annex XIII Table 24a This analysis is based on the assumption all Member States concerned are fully complying with the EU social security rules and is made with reference to ESSPROS figures for parental benefits awarded for children aged 0-3 regardless of whether or not the benefit is indexed to salary or professional income . The estimations must be construed in light of these limitations.

<sup>448</sup> Table 24b Annex XIII Average calculated with reference to ESSPROS figures for 19 Member States/EEA States (Belgium, Bulgaria, Croatia, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Latvia, Lithuania, Luxembourg, Norway, Poland, Romania, Slovenia, Spain and Sweden. No data was available for Austria, Denmark Italy or Portugal).

		<p>case of Austria (increase from €405 to €1428 paid to the family).<sup>449</sup></p> <p>It is also to be envisaged that some Member States may make savings as a result of this option as they will no longer be obliged to pay salary-related child-raising allowances on the basis of a derived rights, although once again as a number of Member States do not comply with the requirement to grant salary-related benefits on the basis of derived rights the anticipated savings in this regard are limited.</p>
<b>Impacts on fundamental rights</b>	+/-	<p>This option offers superior protection in relation to the rights of the family (Article 33(2)) to reconcile family and professional life by reducing potential disincentives to exercising the right to parental leave. Exempting salary-related child raising allowances from the anti-accumulation rules ensures the right to equal treatment in respect of such benefits as it guarantees mobile citizens working in the Member State of secondary competence would receive a benefit calculated in the same as national workers without deductions and in a manner that promotes the reconciliation of family and professional life. Likewise the right to property (Article 17) is also respected in relation to these workers. While it is noted that some parents may lose entitlement to salary-related child raising allowances currently awarded as a derived right the rights of the family as a whole are protected through the preservation of entitlement for the parent with primary entitlement.</p>
<b>Other impacts</b>		
<b>Regulatory Costs</b>	+/-	<p>In general, this option is likely to reduce administrative burden for national administrations as Member States will be entitled to award salary-related child-raising allowances to EU mobile citizens subject to the applicable legislation in accordance with the normal rules under national legislation. There will no longer be a requirement to include such benefits (which can be subject to fluctuation according to earnings) within the calculation of the differential supplement nor would there be a need to apply a hypothetical calculation in relation to a parent who does not have relevant income or earnings within the competent Member State but who asserts a derived right to benefits.</p> <p>However, it may be anticipated that there will be some increase in administrative tasks for Member States who seek to verify whether or not a benefit available in another Member State should be considered a salary-related child-raising allowance or who wish to exchange information about entitlement to or claims for salary-related child-raising allowance for the other parent in another Member State for the purposes of applying anti-accumulation principles to the duration of a benefit. This will also entail additional administrative tasks for citizens.</p> <p>As this option was developed after commissioning the analysis of regulatory costs at the time of drafting this report it has not possible to draw direct comparisons with the baseline scenario in the same manner as with Options 1a, 1b and 2.</p>

<sup>449</sup>Table 25 Annex XIII.

Risk of fraud and abuse	+	Removal of derived rights is likely to reduce the risk of fraud and abuse as Member States will be able to assess and verify entitlement to salary-related child raising allowances according to their national legislation and normal procedures. However, there will be a need to establish clear policies and procedures to ensure exchanges of information to assess the other parent's entitlement to a benefit in order to apply anti-accumulation principles to the duration of a benefit.
Fair burden sharing between Member States	+/-	This option shifts the burden in cases child-raising allowances to the Member State of work as benefits will be required to be paid in full and for the maximum duration permitted under national legislation (except in cases where there is simultaneous entitlement in another Member State meaning increases to duration may be limited). However, such a change in burden may be considered consistent with the economic logic that assigns the obligation to pay the family benefits to the Member State receiving the contributions and taxes.
Mobility	+	<p>This option may have a slight impact on mobility by removing potential disincentives for parents to move to a different Member State because of the risks that a change in primary competence may have a negative impact on the level of their salary-related child-raising allowances.<sup>450</sup> As noted above there are a range of variables that may influence a family's decision about whether or not to relocate and this prediction needs to be viewed accordingly.</p> <p>As this option was developed after commissioning the analysis of regulatory costs at the time of drafting this report it has not possible to draw direct comparisons with the status quo in the same manner as with Options 1a, 1b and 2.</p>
<p>Coherence with General, Specific and wider EU Objectives</p> <p>Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.</p> <ul style="list-style-type: none"> <li>• Ensure a clear and transparent link between the Member State issuing family benefits and the recipients of those benefits</li> <li>• Remove barriers or disincentives to parents' ongoing participation in the labour market</li> <li>• Ensure family benefits are processed as efficiently as possible</li> </ul>	++	The horizontal options provide greater protection for mobile EU parents in the field of child-raising allowances (calculated by reference to salary/professional income). In general, exempting these benefits from the application of derived rights and the anti-accumulation rules is likely to remove disincentives for parents to share child-raising responsibilities increasing ongoing labour market participation. Other potential disadvantages for EU transnational families concerning duration of a right to benefit are also mitigated (with safeguards to protect over-compensation of families). This option is also likely to decrease regulatory costs for public authorities in administering these benefits by removing the need to calculate the differential supplement and calculate claims on the basis of derived rights increasing administrative simplicity and reducing delays for families in processing claims. By preventing claims on the basis of derived rights to be made in respect of family benefits intended to replace an individual worker's income during periods of child-raising the aim of achieving a clear and transparent link between the Member State issuing the benefit and the recipient is achieved. Although there may be an increase in the economic costs for secondary competent

<sup>450</sup> It is to be noted that the Nordic Council of Ministers identified the inconsistent treatment of parental benefits in the Nordic countries and the application of the anti-accumulation rules to such benefits as a potential cross-border barrier Nordic Council of Ministers, 2012 Freedom of Movement within the Social- and Labour market Area in the Nordic Countries: Summary of obstacles and potential solutions.

		Member States, such an increase is aligned to costs that would otherwise be incurred under national legislation. This option supports the wider EU objectives including in relation to the Fresh Start on maternity and parental leave.
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### 7.5.7 Impacts of Horizontal Policy Option b: Different coordination rules for all child-raising allowances: mandatory derogation from anti-overlapping rules

Horizontal Option b: Different coordination rules for all child-raising allowances (salary-related and flat rate): mandatory derogation from anti-overlapping rules		
<b>Social impacts</b>		
Clarification	++	The impact would be the same as horizontal option a, although the advantages would be greater as this would apply to all child-raising allowances (both salary-related and flat rate)
Simplification	+	The impact would be the same as horizontal option a, although the advantages would be greater as this would apply to all child-raising allowances.
Protection of rights	+/-	The impact would be the same as horizontal option a, although the costs and benefits would be greater as this would apply to all child-raising allowances.
<b>Financial impact</b>	--	<p>The financial impact is similar to horizontal option a, however, the number of Member States affected and the range of economic costs is likely to be greater as a result of the extension to all child-raising allowances.</p> <p>Based on ESSPROS data for Member State expenditure on parental benefits it may be anticipated that this option will lead to an average increase in expenditure for secondary competent Member States with child-raising allowances of 58% exporting benefits to the EU-28 (increasing to an average increase of 84% if only the Member States of residence which have an salary-related, flat rate or mixed child-raising benefit are selected).<sup>451</sup></p> <p>The extent of the increase may range from 32% (43%) in Luxembourg to 210% (474%) in Sweden.<sup>452</sup></p>
<b>Impacts on fundamental rights</b>	+/-	The impact would be the same as horizontal option a, although the impact would be greater as this would apply to all child-raising allowances
<b>Other impacts</b>		
Regulatory Costs	+/-	The impact would be the same as horizontal option a, although the anticipated reduction in regulatory burden would be greater

<sup>451</sup>Annex XIII Table 24b Average calculated with reference to ESSPROS figures for 19 Member States/EEA States (Belgium, Bulgaria, Croatia, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Latvia, Lithuania, Luxembourg, Norway, Poland, Romania, Slovenia, Spain and Sweden . No data was available for Austria, Denmark Italy or Portugal).

<sup>452</sup>Annex XIII Table 24b This analysis is based on the assumption all Member States concerned are fully complying with the EU social security rules and is made with reference to ESSPROS figures for parental benefits awarded for children aged 0-3 regardless of whether or not the benefit is indexed to salary or professional income . The estimations must be construed in light of these limitations.

		as this would apply to all child-raising allowances (and conversely the scope of additional administrative tasks to verify duration of leave taken in another Member State could increase for both national authorities and citizens)
Risk of fraud and abuse	+	The impact would be the same as horizontal option a, although the advantages would be greater as this would apply to all child-raising allowances
Fair burden sharing between Member States	+/-	The impact would be the same as horizontal option a, although the benefits would be greater as this would apply to all child-raising allowances.
Mobility	+	The impact is likely to be similar to horizontal option a
<p>Coherence with General, Specific and wider EU Objectives</p> <p>Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.</p> <ul style="list-style-type: none"> <li>• Ensure a clear and transparent link between the Member State issuing family benefits and the recipients of those benefits</li> <li>• Remove barriers or disincentives to parents' ongoing participation in the labour market</li> <li>• Ensure family benefits are processed as efficiently as possible</li> </ul>	++	For the same reasons as horizontal option a this option may be considered effective at achieving the General and Specific EU objectives and also the wider EU objectives, the Fresh Start to address the challenges of work-life balance faced by working families. Further, as this horizontal option encapsulates both salary-related and flat rate child-raising allowances it is slightly more effective at achieving these aims.

### 7.5.8 Impacts of Horizontal Policy Option c: Different coordination rules for all child-raising allowances: optional derogation from anti-overlapping rules

Horizontal Option c: Different coordination rules for all child-raising allowances (salary-related and flat rate): optional derogation from anti-overlapping rules		
<b>Social impacts</b>		
Clarification	+/-	The impact would be the similar to horizontal option b, although the effects would be mixed depending on whether a member state chooses to disapply the anti-accumulation rules or not. Some citizens may find this confusing.
Simplification	+	The impact would be the similar to horizontal option b, although the effects would be mixed depending on whether a Member State chooses to disapply the anti-accumulation rules or not. Some citizens may find this confusing.

Protection of rights	+/-	The impact would be the similar to horizontal option b, although the effects would be mixed depending on whether a member state chooses to disapply the anti-accumulation rules or not. In addition, as this option does not envisage a measure to ensure that where only one parent in a family is subject to the legislation of a Member State, that parent shall be able to claim the allowances for the maximum duration, some mobile families may face disadvantages in national systems which are designed to incentivise parents to share child-raising allowances by limiting the duration that an individual parent can claim a benefit.
<b>Financial impact</b>	--	The maximum impact would be the similar to horizontal option b, although it may be anticipated that not all Member States will choose to derogate from the anti-overlapping rules. In cases where there is no derogation there will be no change from the baseline.
<b>Impacts on fundamental rights</b>	+/-	The impact would be the similar to horizontal option b, although the effects would be mixed depending on whether a Member State chooses to disapply the anti-accumulation rules or not
<b>Other impacts</b>		
Regulatory Costs	+/-	The impact would be the similar to horizontal option b, although the effects would be mixed depending on whether a member state chooses to disapply the anti-accumulation rules or not. However, no additional administrative tasks are envisaged under this option as competent authorities will not be required to exchange information about the duration of claim for child-raising allowances taken by a parent in another Member State.  This will also not entail any additional administrative tasks for citizens.
Risk of fraud and abuse	+	The impact would be the similar to horizontal option b.
Fair burden sharing between Member States	+/-	The maximum impact would be the similar to horizontal option b, although it may be anticipated that not all Member States will choose to derogate from the anti-overlapping rules.
Mobility	0	No material impact on mobility is anticipated as a result of this measure.
Coherence with General, Specific and wider EU Objectives  Continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.  <ul style="list-style-type: none"> <li>• Ensure a clear and transparent link between the Member State issuing family benefits and the</li> </ul>	+/-	This option has the potential to be just as effective at achieving the General and Specific EU objectives and also the wider EU objectives, the Fresh Start to address the challenges of work-life balance faced by working families as horizontal option b with slightly increased simplicity as it does not entail any additional administrative tasks, meaning it is even more simple to apply. However, as the derogation from the anti-accumulation rules is optional rather than mandatory in practice it is likely to be less effective at achieving the goals and the problems identified concerning disincentives to ongoing labour market participation may continue to subsist.



<p>recipients of those benefits</p> <ul style="list-style-type: none"> <li>Remove barriers or disincentives to parents' ongoing participation in the labour market</li> <li>Ensure family benefits are processed as efficiently as possible</li> </ul>		
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### 7.5.9 Conclusions

Based on the above tables, the following preliminary conclusions can be drawn.

The baseline scenario, from a merely administrative point of view, is the easiest option to implement and it has the support of a large number of stakeholders. It also offers the same or superior levels of protection to workers and their families as the other options. This option maintains a clear and transparent link between the Member State issuing a benefit and the place where a mobile worker pays taxes and social security contributions. It is anticipated in light of the launch of EESSI and implementation of Decision F2 that efficiency and effectiveness of processing family benefit claims will also be increased.

Option 1a and 1b may be the most effective options in achieving a greater correlation between family benefits and the cost of living, however, they do not fully achieve the aim of maintaining a clear and transparent link between the Member State issuing a benefit and the families in receipt of such benefits as mobile workers as the transparency of the award of family benefits will be reduced compared to the baseline particularly in relation to employment-related benefits. These options may increase rather than reduce disincentives to parents' ongoing participation in the labour market during periods of child-raising leave in the field of child-raising allowances related to salary or professional income as such benefits will not only be subject to the anti-accumulation rules but also subject to reductions based on place of residence of the child. They may also increase delays in processing family benefits. Workers and their families will generally be provided with an inferior level of protection compared to the status quo (in particular in relation to option 1b) as workers will receive lower level of family benefits than nationals notwithstanding the fact they pay the same level of tax and social security contributions. Therefore notwithstanding the potential cost savings (particularly in the case of option 1b) these considerations these options are not considered the most effective at achieving the objectives and therefore are not the most efficient options.

Option 2 introduces legal clarity and simplicity for families and public administrations by establishing a closer alignment between the EU rules and national legislation which generally require residence of a child as a condition of entitlement for family benefits. However, it may be regarded as less effective in achieving the general objective of fair and equitable distribution of financial burden between Member States as the effect of this option is to redistribute financial burden away from the Member State of economic activity (which receives a mobile worker's tax and social security contributions) towards the Member State of Residence. The rights of families are respected as they will receive the same level of benefits as under the current rules although there may be a moderate budgetary impact for those Member States which currently have secondary competence for family benefits in particular those that do not currently have to pay the differential supplement because the level of family benefits in the primary competent Member State is higher. In cases where there is only one economically active parent, the increase in economic burden for the Member State of residence of the child and away from the Member State of employment is contrary to the relative distribution of taxes and social security paid by the family to these Member States. Therefore although in many respects this is an effective option, in light of the anticipated increase in costs for the Member State of residence of the child it is not the most efficient.

Horizontal option

The horizontal options provide greater protection for mobile EU parents in the field of child-raising allowances (either calculated by reference to salary/professional income or all types of such benefit), and by exempting these benefits from the application of derived rights and the anti-accumulation rules will also decrease regulatory costs for public authorities in administering these benefits and reduce delays for families in processing claims. By preventing claims on the basis of derived rights to be made in respect of family benefits intended to replace an individual worker's income during periods of child-raising the aim of achieving a clear and transparent link between the Member State issuing the benefit and the recipient is achieved. These options will entail a significant economic impact for Member States as by disapplying the anti-accumulation rules, Member States with secondary competence will experience an increase in expenditure of on average increase of 62-81% in relation to Horizontal Option a and 58-84% for Horizontal Option b. This financial impact may be mitigated by allowing Member States to derogate from the anti-overlapping rules on an optional basis although this option is less effective at reducing disincentives to labour market participation. There is therefore a trade-off between cost and effectiveness. The risk of a loss of protection for parents currently relying on derived rights to such benefits is assessed as low due to the current low levels of compliance with the existing EU law requirement to award family benefits calculated with reference to salary or professional income on the basis of a derived right.

## 8. Overall Conclusion

The **key policy objective** of this initiative is to continue the modernisation of the EU Social Security Coordination Rules by further facilitating the exercise of citizens' rights while at the same time ensuring legal clarity, a fair and equitable distribution of the financial burden among the institutions of the Member States involved and administrative simplicity and enforceability of the rules.

This initiative serves to facilitate the exercise of the right to free movement by ensuring the social security coordination is effective and efficient and therefore does not act as a deterrent to free movement. It is in the interests of all parties to design co-ordination rules that allow full exercise of rights of citizens whilst ensuring coordination requirements for both citizens and Member States are clear and transparent and thereby easy to apply and enforce.

Achieving greater clarity over the social security coordination system is an important step to face the challenges and controversies that exist over intra-EU mobility and to address demographic challenges ahead of us.

Achieving a system of social security coordination that responds to the social and economic reality in Member States has been one of the central drivers for the Commission to continue the modernisation process of social security coordination that started more than a decade ago.

It is important the rules are fair (in particular in relation to the relative balance of responsibility between Member States who receive or have received social security contributions and the obligation to pay benefits) and that perceptions of unfairness are properly investigated so that they can be addressed where such views are well grounded but challenged where a perception is misplaced. Further the rules should be efficient in terms of cost, administrative burden and risk of fraud or administrative error.

Finally the rules should be effective in relation to meeting the overall goals of coordination in particular safeguarding the continuity of social security protection as citizens move from from one Member State to another.

This report has carefully reviewed the existing rules, taking into account the views of stakeholders to identify actions that may be necessary to achieve this overall objective. This impact assessment report has considered the impact of possible improvements to the rules in four distinct areas:

- Long-term care benefits
- Unemployment benefits
- Access to social benefits for economically inactive mobile EU citizens
- Family benefits

In each area, the Report has identified a number of policy options to address the problems identified outlined below against the baseline (preferred options identified in yellow).

Overview of Options Per Area						
Long Term Care Benefits						
<b>Baseline:</b> No specific provisions for long-term care benefits. Competent Member State provides long-term benefits in cash and reimburses the cost of benefits in kind provided by the Member State of residence		<b>Option 1:</b> The competent Member State provides long-term care benefits in cash and reimburses the cost of benefits in kind provided by the Member State of residence. New definition of LTC benefits to facilitate coordination ✓		<b>Option 2a :</b> Member State of residence provides all long-term care benefits (in cash and in kind) with reimbursement by the competent State, at the level of the state of residence without supplement by the competent Member State		<b>Option 2b:</b> As option 2a, but with supplement by competent Member State
Unemployment Benefits						
Aggregation of Periods	<b>Baseline:</b> No minimum insurance period to qualify for aggregation. Divergent approach between MS.	<b>Option 1:</b> formalisation of one-day rule	<b>Option 2a :</b> introduction of minimum insurance requirement of 1 month	<b>Option 2b:</b> introduction of minimum insurance requirement of 3 months ✓	<b>Option 3a :</b> taking account of previous earnings having been insured less than 1 month	<b>Option 3b:</b> taking account of previous earnings having been insured less than 3 months
Export of Unemployment Benefits	<b>Baseline:</b> Export for 3 months with the option to extend to 6 months.	<b>Option 1:</b> Extend period of export of UB to minimum 6 months and possibility of further extension ✓		<b>Option 2:</b> Extend period of export of UB for duration of entitlement		
Rules for cross-border workers	<b>Baseline:</b> frontier workers receive UBs in Member State of residence. All other wholly unemployed persons receive UBs from Member State of last activity.	<b>Option 1:</b> frontier worker chooses where to claim	<b>Option 2a:</b> state of last activity pays UB, and frontier worker registers there	<b>Option 2b:</b> state of last activity pays UB, frontier worker can choose where to register	<b>Option 3a :</b> state of last activity only pays UB after sufficient (at least 12 months) work history and frontier worker registers there ✓	<b>Option 3b:</b> state of last activity only pays UB after sufficient work history and frontier worker chooses where to register
Access for economically inactive persons and jobseekers to social benefits						
<b>Baseline:</b> Economically inactive mobile citizens have no right to benefits for first 3 months. After 3 months only if (i)Sufficient resources(ii) Comprehensive sickness coverage	<b>Option 1a</b> Dynamic reference to Directive 2004/38/EC in equal treatment provisions ✓	<b>Option 1b</b> Amendment of Article 4 of Regulation (EC) No 883/2004 to make a dynamic reference to the limitations to equal treatment in Directive 2004/38/EC and to extend these limitations by analogy to other tax-financed benefits	<b>Option 1c</b> Specific Reference to Directive 2004/38/EC (SNCBs)	<b>Option 2:</b> Removing SNCBs providing subsistence from Regulation (EC) No 883/2004	<b>Option 3:</b> Administrative guidance on interpretation of Regulation (EC) No 883/2004	
Family Benefits						
Export of Family Benefits	<b>Baseline:</b> Family benefits payable in full by Member State of Work including for children living in another Member State.	<b>Option 1a:</b> Adjustment to standards of living: upwards and downwards	<b>Option 1b:</b> Adjustment to standards of living: only downwards	<b>Option 2:</b> Member State of residence has primary competence		

Horizontal Option: Child-raising allowances	<b>Baseline:</b> Family Members have a derived right to family benefits. Anti-overlapping rules apply.	<b>Horizontal Option a:</b> individual rights for salary-related child-raising allowances: mandatory derogation from anti-overlapping rules	<b>Horizontal Option b:</b> Individual rights for all child-raising allowances: mandatory derogation from anti-overlapping rules	<b>Horizontal Option c:</b> individual rights for all child-raising allowances: optional derogation from anti-overlapping rules ✓
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Each of these options has been assessed in relation to their social, economic and regulatory impact as well as their effectiveness and efficiency in meeting the general and specific policy objectives. An overview of the impact in relation to **the preferred options** is set out below:

Table - overview of impact of preferred options (impacts grouped per objective)				
General Objective	Facilitate the exercise of citizens' rights	Ensure legal clarity and transparency for citizens, institutions and other stakeholders on coordination rules applicable to them	Ensure a fair and equitable distribution of the financial burden between Member State	Ensure administrative simplicity and enforceability of the rules
<b>Relevant Impact</b>	-Protection of rights	-Clarification	-Financial impact -Fair burden sharing	-Simplification -Regulatory Costs -Risk of fraud and abuse
<b>Long-term care benefits</b>	+	++	0	+
The competent Member State provides long-term care benefits in cash and reimburses the cost of benefits in kind provided by the Member State of residence	The inclusion of a common definition for long-term care benefits and uniform criteria for classifying these benefits will bring clarity and consistency to the system.  Receipt of benefits will remain subject to national conditions of entitlement and so a move to another Member State may be more or less advantageous depending on the allocation of benefits in kind and cash in the Member States concerned.	This option takes into account the specific characteristics of long-term care benefits, distinguishing them from sickness benefits and other branches of social security, while maintaining the current method of coordination.	No significant economic impact in comparison to the baseline is foreseen as the same rules will continue to apply.  No fundamental changes in burden sharing, but some benefits not currently coordinated as Long-Term Care Benefits could become subject to the rules. This may lead to some additional cases of export, but also contribute to greater efficiencies by avoiding duplication in the allocation of benefits.	The option will make it easier for citizens to identify and understand the application of the coordination provisions on national long-term care benefits.  Information obligations for national administrations will remain the same as under the baseline scenario.  The option facilitates the comparison of benefits in kind and in cash and could lead to fewer cases of duplication and also fewer disputes between institutions concerning reimbursement.
<b>Unemployment benefits: Aggregation</b>	+	+	++	++
introduction of minimum insurance requirement of 3 months	No substantive loss of rights. Approximately 10,082 mobile EU workers will receive export of	Improved clarity of the EU rules on aggregation, eliminating divergent interpretations	Slight increase of expenditure for the Member State of previous employment, but corresponding decrease	A uniform interpretation of the rules on aggregation will contribute to simplifying the aggregation procedure.

	unemployment benefits from the Member State of previous activity instead of the last State of activity.	between Member States.	of expenditure on unemployment benefits for Member States of last activity. Overall decrease of expenditure amounting to approximately € 29 million is expected.	A clearer link between the award of benefits and contributions paid diminishes the risk of random results.  Overall regulatory costs will remain unchanged.
<b>Unemployment benefits: Export</b>	+	+	+	0
Extend period of export of Unemployment Benefits to minimum period of 6 months and possibility of further extension for whole period of entitlement.	About 24,000 persons will have the possibility to retain their rights to unemployment in case of job search in another Member State for a period of six instead of three months.	Clearer and uniform standards for all persons wishing to take their unemployment benefits with them when looking for a job in another Member State.	The extension of the export period is not expected to have any significant financial impact on the Member States, either at individual or aggregate level, as it only maintains an existing right to unemployment benefits in case of job search in another Member State.  Extended export reduces the risk that a jobseeker has to rely on welfare benefits from the host Member State.	Clear and uniform rules regarding the export period will simplify the procedure for citizens and national administrations.  The introduction of a reinforced cooperation mechanism will reduce the risk of fraud and abuse by ensuring that the jobseeker remains subject to supervision in the host State and so cases of non-compliance with activation measures may be detected.
<b>Unemployment benefits: Frontier Workers</b>	+	+	+/-	++
State of last activity only pays Unemployment Benefits after sufficient (at least 12 months) work history and frontier worker registers there. The current reimbursement procedure is abolished.	This option will result in greater consistency in the treatment of frontier and other cross-border workers.  It will also contribute towards an even stronger link between benefits and contributions, creating better chances for the worker to reintegrate into labour market.	Clear and uniform rules for frontier and other cross-border workers	Across the EU-28, there will be an increase of 6% of the overall expenses for unemployment benefits from € 416 million to € 442 million. This is because frontier workers tend to work in countries with (on the average) higher wages and higher benefits.  It contributes to a shift in burden sharing as the cost of the unemployment benefits will be reallocated in a way that is proportionate to level of contributions or income tax received.	Clear and uniform rules for frontier and other cross-border workers will simplify the administrative procedure and thus facilitate enforcement of existing rules for citizens.  Additional information exchanges are needed between the Member State of last activity and the State of residence as regards the reference period of 12 months. However, in combination with the annulment of the reimbursement procedure, this option has an overall positive impact on administrative burden (-50%).
<b>Access for economically inactive persons and jobseekers to social benefits</b>	+	+	0	+
Dynamic reference to Directive 2004/38/EC in equal treatment provisions & Commission guidance	Greater uniformity in the application of rules by Member States and the ability of citizens to enforce their rights	The codification of existing case-law combined with clear guidance would clarify the rights of EU mobile	No direct impact on Member States' budgets as this measure simply reflects codification of the case-law of the Court.	It will be more straightforward to verify rights and obligations.  Costs related to lack of legal certainty for both

	thanks to more clarity in the application of the CJEU case law, leading to greater legal certainty.	citizens and would enable citizens to make an informed choice when exercising their rights to move to another Member State.	No direct impact on the distribution of financial burden between Member States.	citizens and public authorities could be reduced  Greater visibility to the existing safeguards in EU law against "welfare tourism" may act as a deterrent to such conduct.
<b>Export of Family Benefits</b>	0	0	0	0
Baseline: Family benefits payable in full by Member State of Work including for children living in another Member State.	N/A	N/A	N/A	N/A
<b>Horizontal Option: Child-Raising Allowances</b>	+/-	+/-	-	+
Different coordination rules for all child-raising allowances: optional derogation from anti-overlapping rules	Where Member States choose to disapply the anti-accumulation rules, workers will not experience deductions to child-raising benefits facilitating the right for both parents to share child-raising responsibilities.  However, this advantage is limited as not all Member States will apply the derogation  A limited number of family members will lose entitlement on the basis of derived rights.	In cases where a Member State applies the derogation, entitlement will be aligned to national law, making it clearer for parents to understand. However, this advantage is limited as not all Member States will apply the derogation.  Doubts about who has entitlement to claim such benefits are resolved reducing the number of disputes over derived rights.	The maximum financial impact would be an average increase in expenditure on exported child-raising benefits for secondary competent Member States of 84% (in practice this is expected to be more limited as not all Member States will apply the derogation).  Where applied, there would be a shift in the burden to the Member State of work as child-raising allowances benefits will be paid in full by the secondary competent Member State.	The removal of derived rights is likely to reduce administrative burden and the risk of fraud and abuse as Member States will be able to assess and verify entitlement to child raising allowances according to their national legislation and normal procedures.

The likely economic impact on the individual budgets of Member States is set out on the table opposite. As previously highlighted in the methodology, this analysis is limited to the actual social security costs for Member States for providing social security benefits. It has not been possible to analyse the corresponding receipt of 'contributions' (levies earmarked for social security purposes) into national social security schemes before the contingency occurs. The impact on income taxation is also left aside, as under Regulation (EC) No 883/2004 only contributions are coordinated, while general taxation is not. Analysis has been based on administrative data provided by Member States, it has to be underlined that not all Member States were able to provide data on the different benefits, nor was all data complete. Therefore analysis is provided to the extent possible. No economic impact has been provided where it is assumed that these measures are financially neutral as they either do not confer or limit rights or obligations beyond those already existing under national legislation or EU law.

## Indicative budgetary impact of preferred options against baseline scenario, in € ,000, 2013/2014

	Long-Term Care Benefits				Unemployment Benefits				Access to Social Benefits for Economically Inactive Citizens and Jobseekers				Family Benefits						
	Baseline Annual expenditure (in € ,000)	Option Annual Expenditure (in € ,000)	% change	Member State	Baseline Annual expenditure (in € ,000)	Option Annual Expenditure (in € ,000)	% change	Export of Unemployment Benefits: Extend the period for export of unemployment benefits to a minimum period of 6 months (or end of entitlement period if shorter)	Baseline Annual expenditure (in € ,000)	Option Annual Expenditure (in € ,000)	% change	Aggregation of Unemployment Benefits: Introduction of a minimum period of insurance or (self-)employment of three months before aggregation of unemployment benefits	Baseline Annual expenditure (in € ,000)	Option Annual Expenditure (in € ,000)	% change	The amendment of Article 4 of Regulation (EC) No 883/2004 to make reference to the limitations in Directive 2004/38/EC. This could be combined with guidance to provide a more detailed explanation of the rules.	Baseline Annual expenditure (in € ,000)	Option Annual Expenditure (in € ,000)	% change
<b>BE</b>	66,999	66,999	-		67,478	55,044	-18%		20,466	9,692	-53%		n.a.	n.a.	n.a.	83,567	83,567	-	
<b>BG</b>	1,576	1,576	-		236	480	103%		1,319	1,264	-4%		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
<b>CZ</b>	8,098	8,098	-		1,073	2,102	96%		n.a.	n.a.	n.a.		n.a.	n.a.	n.a.	951	951	-	
<b>DK</b>	49,694	49,694	-		7,342	11,709	59%		316	117	-63%		n.a.	n.a.	n.a.	24,384	24,384	-	
<b>DE</b>	166,721	166,721	-		85,752	70,428	-18%		n.a.	n.a.	n.a.		n.a.	n.a.	n.a.	105,760	105,760	-	
<b>EE</b>	1,278	1,278	-		309	159	-49%		64	29	-55%		n.a.	n.a.	n.a.	573	573	-	
<b>IE</b>	6,832	6,832	-		16,569	14,818	-11%		n.a.	n.a.	n.a.		n.a.	n.a.	n.a.	11,577	11,577	-	
<b>EL</b>	3,839	3,839	-		678	981	45%		n.a.	n.a.	n.a.		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
<b>ES</b>	16,126	16,126	-		23,148	20,162	-13%		6,503	1,953	-70%		n.a.	n.a.	n.a.	11	11	-	
<b>FR</b>	41,317	41,317	-		69,820	36,868	-47%		52,962	19,735	-63%		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
<b>HR</b>	572	572	-		168	182	8%		8	7	-6%		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
<b>IT</b>	44,820	44,820	-		23,838	19,221	-19%		n.a.	n.a.	n.a.		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	



CY	711	711	-	513	479	-7%	n.a.	n.a.	n.a.	4	4	0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LV	485	485	-	24	66	175%	n.a.	n.a.	n.a.	5	3	-42%	n.a.	n.a.	n.a.	107	107	n.a.	n.a.
LT	1,121	1,121	-	15	59	293%	n.a.	n.a.	n.a.	53	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LU	129,420	129,420	-	29,501	86,596	194%	n.a.	n.a.	n.a.	525	438	-17%	n.a.	n.a.	n.a.	476,900	476,900	n.a.	n.a.
HU	1,293	1,293	-	520	640	23%	n.a.	n.a.	n.a.	337	326	-3%	n.a.	n.a.	n.a.	336	336	n.a.	n.a.
MT	628	628	-	75	79	5%	n.a.	n.a.	n.a.	11	8	-25%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NL	61,883	61,883	-	55,344	65,275	18%	n.a.	n.a.	n.a.	1,824	1,220	-33%	n.a.	n.a.	n.a.	35,622	35,622	n.a.	n.a.
AT	93,118	93,118	-	16,051	33,257	107%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	147,323	147,323	n.a.	n.a.
PL	6,865	6,865	-	594	606	2%	n.a.	n.a.	n.a.	342	220	-36%	n.a.	n.a.	n.a.	3,995	3,995	n.a.	n.a.
PT	4,572	4,572	-	3,735	4,968	33%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
RO	5,366	5,366	-	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2	1	-33%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SI	1,860	1,860	-	975	1,276	31%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SK	1,851	1,851	-	1,463	730	-50%	n.a.	n.a.	n.a.	441	275	-38%	n.a.	n.a.	n.a.	1,545	1,545	n.a.	n.a.
FI	6,940	6,940	-	1,755	6,633	278%	n.a.	n.a.	n.a.	797	366	-54%	n.a.	n.a.	n.a.	19,359	19,359	n.a.	n.a.
SE	8,585	8,585	-	2,559	2,100	-18%	n.a.	n.a.	n.a.	773	303	-61%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
UK	60,227	60,227	-	6,440	5,919	-8%	n.a.	n.a.	n.a.	43	17	-60%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EU-28	792,797	792,797	-	415,995	441,686	6%	n.a.	n.a.	n.a.	86,794	35,979	-59%	n.a.	n.a.	n.a.	912,010	912,010	n.a.	n.a.

Based on the preceding analysis of the options against these objectives it follows that:

For long-term care benefits, option 1 is the most efficient and effective option to fulfil the objectives for long-term care benefits.

By introducing a legal basis for the already applicable rules, this option introduces a regime appropriate to long-term care benefits, while maintaining continuity with the current system. In parallel, it achieves legal clarity and transparency on the rules applicable both for citizens and institutions as well as other stakeholders. Although benefits in kind are provided by the residence State, costs of all cash and in kind benefits provided are at the expense of the competent Member State which ensures a fair distribution of the financial burden. This option however will not solve existing mismatches in case the competent Member State has no benefits in cash and the State of residence has no benefits in kind.

Option 1 is the most cost-efficient and effective option in facilitating the application of the coordination rules.

For the coordination of unemployment benefits, the best compromise would be a combination of option 3a for competence and registration of frontier workers, option 1 for the export of unemployment benefits, and of option 2b for the aggregation of periods in combination with the horizontal option regarding the recognition of periods for the purpose of aggregation.

This combination of options would ensure that:

- a) The Member State of last activity would remain competent for providing unemployment benefits to frontier and other cross-border workers in all cases where those persons have been insured there for at least 12 months, because it can be assumed that this suffices to create a strong link to the labour market of this State;
- b) The Member State of residence becomes competent for those who have not satisfied this requirement and thus have not established such a strong link;
- c) Periods completed in another Member State are only taken into account, where those periods would also have been considered as periods of insurance in that Member State where they have been completed;
- d) The Member State of last activity becomes competent in all other cases for those who have been insured there for at least three months as regards the aggregation of periods;
- e) The Member State of previous activity becomes competent and has to export the benefit whenever this condition has not been satisfied;
- f) Cash benefits are exported, i.e. are paid to unemployed persons looking for a job in another Member State than the competent one for an extended period of at least six months in order to provide sufficient time for an effective job search and increasing access to employment opportunities throughout the Union.

They are also aligned with the general and specific objectives and wider EU policy objectives on active labour market policy such as the 2013 citizenship report (COM(2013)269) which as its key action 1 refers to the proposal to extend the export of unemployment benefits to six months.

For access to social benefits for economically inactive EU mobile citizens and jobseekers the most efficient option responding to the objectives is the amendment of Article 4 of Regulation (EC) No 883/2004 to make reference to the limitations in Directive 2004/38/EC. To increase the effectiveness of this option it could be combined with option 3, which would allow for a more detailed explanation of the rules. This option would increase legal certainty and clarity and transparency while, at the same time, allowing room for a dynamic interpretation of the Regulation as the case-law of the CJEU concerning the relationship between the Regulation and the Directive develops.

This option will increase legal clarity and transparency on the rights of economically inactive mobile EU citizens and jobseekers and also on the extent to which Member States' social security institutions

are permitted to limit the equal treatment principle for such persons in relation to access to certain social benefits. It is anticipated to thereby improve the administrative simplicity and enforceability of the rules.

For family benefits the most efficient and effective combination responding to the objectives is the combination of the status quo with the horizontal option c. This combination will ensure that primary responsibility for family benefits is retained by the Member State of economic activity where a parent pays taxes and social security contributions in a manner, while the Member State which has secondary competence will pay a differential supplement if its family benefits are higher. This maintains protection for family members and upholds the best interests of the child. By introducing the horizontal option c, it is also possible to protect the individual interests of parents who seek to maintain a balance between work and family life during periods of child-raising by placing a greater emphasis on individual rights and supporting those Member States who are actively promoting flexible and family friendly working practices without imposing this obligation. This option has the potential to be effective at achieving the General and Specific EU objectives and also the wider EU objectives, the Fresh Start to address the challenges of work-life balance faced by working families and is simple to apply. This flexible approach will thereby increasing sustained labour market participation by parents during periods of child-raising. However, as the derogation from the anti-accumulation rules is optional rather than mandatory in practice it is likely to be less effective at achieving the goals and the problems identified concerning disincentives to ongoing labour market participation may continue to subsist. It is anticipated in light of measures already foreseen outside the scope of the revision (the launch of EESSI and implementation of Decision F2) that the aim of improving efficiency of processing family benefit claims will also be achieved.

## 9. How would the impacts be monitored and evaluated?

### 9.1. Monitoring indicators

In accordance with the Better Regulation Guidelines, this section provides an outline of the proposed arrangements for monitoring and evaluation (including the proposed indicators). Final monitoring and evaluation arrangements will be approved at a later stage.<sup>453</sup>

Monitoring will take place on two levels. The first level consists of monitoring the implementation of the proposed action by the Commission at EU Level. In its role as the guardian of the Treaties, the Commission closely monitors and assists Member States and citizens in the implementation of the EU social security coordination and of free movement of workers rules by regularly assessing the national legislations and/or practices in place, investigating potential infringements of EU rules in the Member States, filing observations in preliminary references made by the national courts on questions on the interpretation and application of the EU social security rules and responding to individual questions, complaints, petitions or citizens' queries. For example, the Commission's Your Europe Advice and SOLVIT citizens' advice services publish annual reports identifying the number and nature of citizens concerns on particular topics within EU competence including EU social security coordination.

The second level consists of the monitoring by the Administrative Commission to assess the application of the proposed changes at national level. The Administrative Commission has the specific tasks to<sup>454</sup>:

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<sup>453</sup> Better Regulation Guidelines, Section 2.7, p30.

<sup>454</sup> Article 72 of Regulation (EC) No 883/2004.

- facilitate the uniform application of EU law, especially by promoting exchange of experience and best administrative practices between the Member States;
- foster and develop cooperation between Member States and their institutions in social security matters and facilitate the realisation of actions of cross border cooperation activities in the area of coordination of social security systems;
- modernise the procedures for exchanging information and adapting the information flow between institutions for the purposes of exchanging data by electronic means.

The Commission can request the Member States represented in the Administrative Commission to report on the effective application of the coordination rules in the Member States, especially on the close and effective cooperation between the authorities and institutions in different Member States as one of the key factors for an efficient functioning of the EU rules on the coordination of national social security systems. It is supported by associated networks such as the informal Social Security Coordination Communication Network and National Contact Points on Fraud & Error also comprised of representatives from Member States who are also able to monitor effectiveness of the proposed measures and identify any potential difficulties in application in specific fields.

Moreover, the Member States are under the obligation to compile statistics on the application of Regulation (EC) No 883/2004 and (EC) No 987/2009 and forward them to the Secretariat of the Administrative Commission<sup>455</sup> including in relation to the payment of unemployment benefits; on the coordination of long-term care benefits and the coordination of family benefits to be analysed by the Network of experts on statistics on Free movement of Workers and Social Security Coordination, a consortium of HIVA- KU Leuven, Milieu Ltd, IRIS University Ghent, whose tasks is to collect and analyse the statistical data on an annual basis. Reports are compiled annually on these topics and published on the DG EMPL website.<sup>456</sup>

The Administrative Commission may set up working parties and study groups for special problems. A 'Reflection Forum' was set up in June 2014, consisting of a collective brain storming exercise within the framework of the Administrative Commission on the future challenges for social security coordination. The discussions in the Reflection Forum will provide a platform for analysing, and clarifying issues of common concern on an administrative level and for openly discussing them in the context of social security coordination as part of a wider challenge, irrespective of whether some may be more controversial than others in their political context. The purpose of the Reflection Forum is to frame the discussion of the topics, draw parallels between them and identify specific issues that warrant further action in the future.

The informal Social Security Coordination Communication Network, composed of Member States' representatives dealing with communication issues on EU social security coordination rules, provides feedback to the Commission about the challenges faced in communicating EU rules on social security coordination at national level, and advance proposals in order to improve the quality and availability of information on EU rules on social security coordination. For instance, the revision of the guides on Member States national security systems published by the European Commission to make them more simple, user friendly and adaptable to national website, was based also on a feedback received from the network. The network can thus play a positive role in monitoring the awareness of the rules on long-term care, unemployment benefits, family benefits and access of economically inactive citizens and mobile jobseekers to certain social benefits.

Mechanisms for gathering data in relation to the indicators at both EU level and National Level are already in place with capacity for informing the review on at least and annual basis and therefore there is no need for development of new mechanisms for data collection or to envisage that such methods will entail additional costs for the European Commission or for the Member States to achieve.

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<sup>455</sup> Article 91 of Regulation (EC) No 987/2009.

<sup>456</sup> Publication of reports is at the discretion of the Commission with the exception of sensitive information or any sensitive reference to single Member States.

Indicators based on the data collection consortium HIVA, Milieu Ltd, IRIS University Ghent are foreseen to be monitored on an annual basis, while surveys on the application of the Regulation are envisaged to be less frequent (every 2-3 years).

## 9.2. Operational objectives for the preferred policy options and their monitoring

### 9.2.1 Long-term care benefits

Table 19: Monitoring indicators for Long-term care benefits

Operational objective	Indicator	Definition/Unit of Measurement <sup>457</sup>	Existing data/Sources
Bring legal clarity and transparency for citizens, institutions and stakeholders by introducing a definition for long-term care benefits, group the rules under a separate Chapter and establish a list of long-term care benefits under Regulation (EC) No 883/2004.	Complaints from citizens on Long-term care benefits	- number of queries and complaints from citizens and institutions about difficulties in exercising their rights.	Yes: Incoming correspondence Commission (annually)
	EU litigation on LTC	No. of national and CJEU cases on the interpretation of EU law on long-term care benefits.	Yes: National Courts/ CJEU
	Complaints from national authorities on Long-term care benefits	Experiences from national institutions with the application of the revised legal framework.	No: Survey in the Administrative Commission
Reduce administrative costs and cases of double payments by providing clear rules of when long-term care benefits in cash and in kind are provided for the same purpose and for the same time frame.	Cases of overlapping payments	amount of benefits in cash and the reimbursement for benefits in kind in Euros.	Yes: Survey in the Administrative Commission/ Data collection consortium HIVA, Milieu Ltd, IRIS University Ghent (annually)
	Administrative costs for public authorities	administrative costs per case for processing claims for long-term care benefits in Member State of residence.	Yes: Survey in the Administrative Commission/ Data collection consortium HIVA, Milieu Ltd, IRIS University Ghent (annually)
	Complaints from national authorities on Long-term care benefits	Experiences from national institutions with the application of the revised legal framework.	No: Survey by the Administrative Commission
Reduce the number of conflict situations between institutions, resulting in 1 individual complaints, and fewer preliminary or	Complaints from citizens on Long-term care benefits	Number of complaints from citizens about difficulties in exercising their rights.	Yes: Incoming correspondence Commission (annually)

<sup>457</sup> The benchmark against which the indicators will be evaluated will be the data of application of Regulation (EC) No 883/2004, i.e. 1 May 2010.

infraction procedures to be dealt with by the CJEU.			
	EU Litigation on LTC	No. of national and CJEU cases on the interpretation of EU law on long-term care benefits.	Yes: National Courts/CJEU

### 9.2.2 Unemployment benefits

**Table 20: Monitoring indicators for unemployment benefits**

Operational objective	Indicator	Definition/Unit of Measurement	Existing data/Sources
Reduce the number of complaints concerning access to unemployment benefits by frontier workers and cross-border workers	Complaints on coordination of unemployment benefits by frontier workers/cross-border workers	- number of queries and complaints from frontier workers/cross-border workers about difficulties in exercising their rights	Yes: Incoming correspondence Commission (annually)
	EU Litigation on UBs for frontier/cross-border workers	Number of national and CJEU cases on the interpretation of EU law on unemployment benefits for the frontier and cross-border workers	Yes: National Courts/ CJEU
Ensure a better correlation between the level of the unemployment benefits paid and the contributions received for the frontier, cross-border and mobile EU citizens	Level of contributions received vs level of unemployment benefits paid	overall amounts of contributions received and paid per Member State	Yes: Data collection consortium HIVA, Milieu Ltd, IRIS University Ghent (annually)
Increase the number of persons exporting their benefits	Number of cases of export of unemployment benefits	Number of persons applying for a PD U2	Yes: Data collection consortium HIVA, Milieu Ltd, IRIS University Ghent (annually)
Establish common ground for extending the period of export of unemployment benefits and establish a systematic cooperation and control mechanism to monitor the fulfilment of rights and obligations by the unemployed person when exporting benefits.	Number of exchanges on control measures between Member States	Number of exchanges between Member States in the EESSI system concerning the monitoring of rights and obligations of unemployed person, report on delays and other communication problems	No: Data collection consortium HIVA, Milieu Ltd, IRIS University Ghent (annually)
	Concerns/Recommendations from national authorities on unemployment benefits	Exchange of (best) practices between Member States	No: Survey in the Administrative Commission (2-3 years)
	Number of cases of fraud and error in field of unemployment benefits	Reported number of cases of 'fraud and error'	Yes: Annual discussion on fraud and error in the Administrative Commission (annually)
	Concerns/Recommendations from national authorities on	Feedback from communication activities	Yes: Survey in the Informal Communication Network

	unemployment benefits		(annually)
	Concerns from national authorities on aggregation of unemployment benefits	Survey on use of PD U2	Yes: Survey in the Administrative Commission (annually)
Reduce the number of complaints and infringements by establishing clear rules on the aggregation of periods	Complaints on aggregation of unemployment benefits	- Number of Queries and complaints from citizens about difficulties in exercising their rights	Yes: Incoming correspondence Commission (annually)
	Infringement proceedings	Number of Infringement procedures on aggregation of	Yes: European Commission (annually)
Increase the integration of workers in the insurance system of a Member State	Unemployed mobile persons applying for aggregation of insurance periods	Number of applications for the aggregation of periods by wholly unemployed persons	Yes: Survey in the Administrative Commission on Document PD U1 (annually)
	Concerns/Recommendations from national authorities on unemployment benefits	Exchange of (best) practices between Member States	No: Survey in the Administrative Commission (every 2-3 years)
Reduce administrative costs for public administrations between Member States connected the administrative cooperation and control mechanism for monitoring the fulfilment of rights and obligations of unemployed persons who are exporting their unemployment benefits.	Administrative costs for public authorities	For all Member State: Unemployment rate of cross-border and frontier workers, total yearly expenditure on unemployment benefits for frontier and cross-border workers having worked in that Member State and distribution effects between national and cross-border workers	No: Survey in the Administrative Commission Data collection consortium HIVA, Milieu Ltd, IRIS University Ghent (annually)

### 9.2.3 Access of economically inactive EU citizens and jobseekers to certain social benefits

**Table 21: Monitoring indicators for access by economically inactive citizens and jobseekers to certain social benefits**

Operational objective	Indicator	Definition/Unit of Measurement <sup>458</sup>	Existing data/Sources
Reduce the number of complaints concerning access to certain social benefits	Complaints from citizens on access to social benefits	- number of queries and complaints from citizens and institutions about difficulties in exercising their rights.	Yes: Incoming correspondence Commission (annually)
	EU Litigation on relationship between Social Security Rules and Directive 2004/38/EC	No. of national and CJEU cases on the interpretation of EU law on long-term care benefits.	Yes: National Courts/ CJEU (annually)

<sup>458</sup> The benchmark against which the indicators will be evaluated will be the data of application of Regulation (EC) No 883/2004, i.e. 1 May 2010.

	Complaints from national authorities on access to social benefits	Experiences from national institutions with the application of the revised legal framework.	No: Survey in the Administrative Commission (every 2-3 years)
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#### 9.2.4 Export of family benefits

**Table 22: Monitoring indicators for export of family benefits**

Operational objective	Indicator	Definition/Unit of Measurement	Existing data/Sources
Ensure greater clarity on respective responsibilities of Member States for export of family benefits to families in a cross-border situation	Complaints from citizens on export of family benefits	- number of queries and complaints about difficulties in exercising their rights	Incoming correspondence Commission (annually)
	EU Litigation on Family Benefits	No. of national and CJEU cases on the interpretation of EU law on family benefits	National Courts/ CJEU (annually)
Increase the number of cases in which parents are able to export child-raising benefits and reduce the number of complaints concerning their export ensure clarity and consistency in applying these rules	Export of child-raising allowances	- Survey on export of family benefits	Yes: Survey in the Administrative Commission (annual)
	Complaints from citizens on export of child raising allowances	Queries and complaints about difficulties parents experience in exercising their rights	Yes: Incoming correspondence to the Commission (annually)
	EU Litigation on child-raising allowances	No. of national and CJEU cases on the interpretation of EU law on the export of child-raising allowances	Yes: National Courts/CJEU (annually)
Reduce regulatory costs for public administrations in Member States associated with export of family benefits	Speed of processing claims	Time needed to respond to requests for information	No- Survey in the Administrative Commission (annually)  -No Monitoring by Administrative Commission, Technical Commission and Executive Board (annually)
	Number of exchanges between Member States	Number of exchanges between Member States in the EESSI system, report on delays or other communication problems	No - Data collection consortium HIVA, Milieu Ltd, IRIS University Ghent (annually)



### 9.3. Evaluation

In addition, the Commission will evaluate the revised legal framework 5 years after its application in accordance with the Better Regulation Guidelines.

It is anticipated that the Commission submits to the European Parliament, the Council and the Economic and Social Committee, 5 years after the date of implementation of the amended Regulations, and every 5 years thereafter at the latest, an evaluation report on the application of the new instrument.

**10. Annex I: Procedural Information**

## 10.1. Annex I: Procedural Information

The "Revision of Regulation (EC) No 883/2004 and Regulation (EC) No 987/2010" forms part of the Labour Mobility Package, included in the Commission's 2015 Work Programme. The lead DG for this initiative is EMPL.

The preparatory work started in 2009 with the establishment of an ad hoc expert group on long-term care benefits under the auspices of the Administrative Commission for the Coordination of Social Security Systems.

In 2013 and 2014 the preparatory work on a revision of 883/2004 continued, involving an impact assessment and a draft proposal for legislation. The proposal was drafted in response to the 2011 Council's call for a revision of the rules on unemployment benefits in order to strengthen the link between contributions and benefits, and in view of the need to respond to the introduction of a new type of "long-term care benefit" at national level in view of population change.

An Impact Assessment Steering Group (IASG) was set up to discuss the elements of the proposal initially scheduled for adoption in Spring 2014 (coordination of long-term care benefits; export of unemployment benefits; coordination of unemployment benefits for frontier workers) with representatives of the following Commission's services: SG, SJ, ECFIN, MARKT, HOME, ENTR, SANCO, COMM, JUST, RTD, EAC, TAXUD, REGIO and BEPA. The IASG met six times between June 2012 and November 2013. The minutes of the IASG meeting of 25 November 2013, as well as comments received on the draft Impact Assessment Report after the meeting, are annexed to this report in Annex XXIV.

The adoption of the proposal was originally scheduled for spring 2014. However, in view of the European Parliament elections and the changes in political level playing field, the initiative was put 'on hold' and action to follow it up was left to the new Commission.

Preparatory work was resumed in autumn 2014 and continued throughout 2015.

An Inter-Service Steering Group (ISSG) was set up on 19 December 2014 to discuss the Labour Mobility Package, and concerned the following elements of the proposal: coordination of family benefits, aggregation of unemployment benefits, and access to special non-contributory cash benefits for economically inactive persons, with representatives of the following Commission's services: SG, EMPL, MOVE, JUST, CNCET, ESTAT, HOME, NEAR, GROW, SJ, ENER, REGIO, TAXUD, SANTE, TRADE. The ISSG met 6 times between January 2015 and September 2015.

### 1.1.1 Advice from independent experts

A study supporting the Impact Assessment for the elements of the proposal initially scheduled for adoption in spring 2014 (coordination of long-term care benefits; export of unemployment benefits; coordination of unemployment benefits for frontier workers) was carried out by Deloitte Consulting<sup>459</sup> and a final report was delivered on 6 December 2013. Available data (principally through Labour Force Survey<sup>460</sup> and 2012 Ageing Report<sup>461</sup>) was used to model budgetary impacts for all Member States. Further data was collected in a representative

<sup>459</sup> Deloitte, Consulting *Study for the impact assessment for revision of Regulations (EC) Nos 883/2004 and 987/2009*, 6 December 2013. The study can be found in Annex V to this report.

<sup>460</sup> To be consulted at: <http://epp.eurostat.ec.europa.eu/portal/page/portal/microdata/lfs>.

<sup>461</sup> To be consulted at: [http://ec.europa.eu/economy\\_finance/publications/european\\_economy/2012/pdf/ee-2012\\_2\\_en.pdf](http://ec.europa.eu/economy_finance/publications/european_economy/2012/pdf/ee-2012_2_en.pdf).

sample of 14 Member States<sup>462</sup>, and additional quantitative information to support problem definition and assessment of options was delivered by the HIVA KU Leuven Research Institute for Work and Society (HIVA)<sup>463</sup>.

Six studies supporting the Impact Assessment for the further elements of the revision (coordination of family benefits and aggregation of unemployment benefits) were carried out by a consortium under the lead of Fondazione Giacomo Brodolini<sup>464</sup> and by HIVA – KU Leuven Research Institute for Work and Society (HIVA)<sup>465</sup>, and the final reports were delivered in August 2015. Administrative data from Member States<sup>466</sup> and EU available data<sup>467</sup> were used to model economic impact and administrative burden for Member States.

The training and reporting on European Social Security (trESS) network<sup>468</sup> of independent experts in the field of social security coordination evaluated the coordination of long-term care benefits<sup>469</sup>, export of unemployment benefits and coordination of unemployment benefits for frontier workers<sup>470</sup> and the potential legal impacts of the revision of Regulation (EC) No 883/2004 with regard to coordination of long-term care benefits<sup>471</sup>. These three studies were presented in 2011 and 2012 to the Administrative Commission for the Coordination of Social Security Systems. The evaluations looked into the current legal framework of coordination of long-term care and unemployment benefits, identified the challenges that stem from the application of the current EU rules in these areas and identified possible areas for improvement.

The network of independent experts in the fields of free movement of workers and social security coordination in the European Union (FreSsco) evaluated the potential legal impacts of the Revision of Regulation (EC) No 883/2004 with regard to the coordination of family benefits<sup>472</sup>, the aggregation of unemployment benefits<sup>473</sup>, and access to special non-

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<sup>462</sup> See Annex IV for a complete list of the analytical models used in preparing the impact assessment

<sup>463</sup> Pacolet, J. & De Wispelaere, F., *Additional analysis for the partial revision for the provision on social security coordination in Regulation (EC) No 883/2004*, November 2013 (Annex IX) and Pacolet, J. and De Wispelaere, F., *Analysis of the characteristics and the duration of employed activity by cross-border and frontier workers for the purposes of coordinating unemployment benefits*, November 2013 (Annex X).

<sup>464</sup> Julie Abrahamsen, Monica Lind, Peter G. Madsen, *Administrative costs of handling exports of family benefits*, 2015 (Annex XVI); Katrine Julie Abrahamsen, Monica Lind, Peter G. Madsen, *Administrative costs of handling aggregation of periods or salaries for unemployment benefits*, 2015 (Annex XVII); Michele Raitano, Matteo Luppi, Riccardo Conti, Diego Teloni, *Secondary effects following a change of regulations on the exportation of family benefits*, 2015 (Annex XVIII); Michele Raitano, Matteo Luppi, Riccardo Conti, Diego Teloni, *Secondary effects following a change of regulations on the aggregation of periods or salaries for unemployment benefits*, 2015 (Annex XIX)

<sup>465</sup> PACOLET and DE WISPELAERE *Export of family benefits, Analysis of the economic impact of the options*, 2015 (Annex XIII); Pacolet, J. & De Wispelaere, F., *Aggregation of periods or salaries for unemployment benefits - Analysis of the economic impact of the options*, 2015 (Annex XIV);

<sup>466</sup> PACOLET and DE WISPELAERE, *Export of Family Benefits: Report on the Questionnaire on the Export of Family Benefits*, 2015 (Annex XI), PACOLET and DE WISPELAERE, *Aggregation of periods or salaries for unemployment benefits*, HIVA-KU Leuven, 2015 (Annex XII)

<sup>467</sup> EUROSTAT, LFS

<sup>468</sup> [www.tress-network.org](http://www.tress-network.org).

<sup>469</sup> trESS Think Tank Report 2010, Analysis of selected concepts of the regulatory framework and practical consequences on the social security coordination, to be consulted at: [http://www.tress-network.org/tress2012/EUROPEAN%20RESOURCES/EUROPEANREPORT/ThinkTank\\_SelectedCncepts\\_Final\\_140111.pdf](http://www.tress-network.org/tress2012/EUROPEAN%20RESOURCES/EUROPEANREPORT/ThinkTank_SelectedCncepts_Final_140111.pdf) and the trESS Think Tank Report 2011, Coordination of long-term care benefits-current situation and future prospects, to be consulted at: [http://www.tress-network.org/tress2012/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESSIII\\_ThinkTankReport-LTC\\_20111026FINAL\\_amendmentsEC-FINAL.pdf](http://www.tress-network.org/tress2012/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESSIII_ThinkTankReport-LTC_20111026FINAL_amendmentsEC-FINAL.pdf).

<sup>470</sup> trESS Think tank report 2012, Coordination of Unemployment Benefits, to be consulted at: [http://www.tress-network.org/tress2012/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESS\\_ThinkTankReport2012.pdf](http://www.tress-network.org/tress2012/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESS_ThinkTankReport2012.pdf).

<sup>471</sup> trESS Analytical Study 2012, Legal impact assessment for the revision of Regulation 883/2004 with regard to the coordination of long-term care benefits, to be consulted at: [http://www.tress-network.org/tress2012/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESS\\_Analytical%20Study%202012.pdf](http://www.tress-network.org/tress2012/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESS_Analytical%20Study%202012.pdf)

<sup>472</sup> SPIEGEL, B. (ed.), CARRASCOSA BERMEJO, D., HENBERG, A. and STRBAN, G., *Assessment of the impact of amendments to the EU social security coordination rules on export of family benefits, Analytical Report* 2015, FreSsco, European Commission, May 2015 (Annex VI)

<sup>473</sup> FUCHS, B. (ed.), GARCIA DE CORTAZAR, C., BETTINA, K. and PÖLTL, M., *Assessment of the impact of amendments to the EU social security coordination rules on aggregation of periods or salaries for unemployment benefits*,

contributory cash benefits for economically inactive persons<sup>474</sup>. The three studies were completed in June 2015.

### *Technical amendments to the EU coordination rules*

Outside the scope of this impact assessment report, but included in the revision package are a number of proposals for technical amendments to the EU coordination rules. These amendments aim to bring clarification to a number of coordination provisions, but not to substantially revise them. These amendments will not have a substantial impact and hence their estimated effects will be explained in explanatory notes to the legislative proposal.

Moreover, the package will also include a 'periodic update' of the Regulations to reflect developments in national legislation that have an effect on the coordination of social security systems in the EU. The aim is to ensure legal certainty for institutions and citizens by making technical amendments the wording of EU provisions or by amending certain annexes. This is, for instance, the case where a benefit ceases to exist in a Member State and has to be deleted from a specific annex to the EU Regulation, or where a wording of a specific article has to be corrected or clarified to avoid misinterpretation.

The proposals for these technical amendments are based either on the proposal of a Member State, or a group of Member States, or of the Commission services. They were discussed and agreed by at least a qualified majority of Member States in the Administrative Commission on the Coordination of Social Security Systems.

Finally, the revision package will include a proposal for a governance change concerning the procedure to amend the country-specific annexes to the coordination Regulations, with which the Commission proposes a simpler and faster legislative procedure to adapt the annexes. This element of the proposal is not expected to have social, economic or environment impacts and is therefore also excluded from the scope of this impact assessment. Its limited effects will be outlined in an explanatory note to the proposal.

Further details concerning the Technical Amendments are contained in Annex XX.

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Analytical report 2015, FreSsco, European Commission, June 2015 (Annex VII)

<sup>474</sup> LHERNOULD, J.-P. (ed.), EICHENHOFER, E., RENNUY, N., VAN OVERMEIREN, F. and WOLLENSCHLÄGER, F., *Assessment of the impact of amendments to the EU social security coordination rules to clarify its relationship with Directive 2004/38/EC as regards economically inactive persons*, Analytical Report 2015, FreSsco, European Commission, June 2015

**11. Annex II - Stakeholder consultation**

As the preparatory work for the "Revision of Regulation (EC) No 883/2004 and Regulation (EC) No 987/2010" began in 2009, stakeholders were consulted on several occasions on the different elements which are now subject to revision:

6. Member States were consulted on coordination of long-term care benefits, export of unemployment benefits, aggregation of unemployment benefits, coordination of unemployment benefits for frontier workers, export of family benefits and access to special non-contributory cash benefits for economically inactive persons, within the framework of the Administrative Commission for the Coordination of Social Security Schemes (Administrative Commission).
7. National administrations were also consulted via a specialised online survey on the coordination of long-term care benefits, export of unemployment benefits and coordination of unemployment benefits for frontier workers. Also, a group of national organisation in charge of the payment of family benefits sent a position paper.
8. Social partners were consulted on the coordination of long-term care benefits, coordination of unemployment benefits for frontier workers and export of unemployment benefits in the framework of the Advisory Committee for the Coordination of Social Security Systems, and on the coordination of family benefits, long-term care benefits, and unemployment benefits during a dedicated hearing.
9. NGOs were consulted on the coordination of family benefits, long-term care benefits, and unemployment benefits during an ad-hoc consultation workshop.
10. Two online consultations were also launched, one on the coordination of long-term care benefits, export of unemployment benefits and coordination of unemployment benefits for frontier workers; the other one on the coordination of unemployment benefits and the coordination of family benefits.

It has to be noted that the different consultations presented different degrees of specificity in relation to the options assessed, and due to the high level of complexity of some topics, and the late definition of some options, some consultations have been kept very wide (e.g. the public consultation on aggregation of unemployment benefits; export of family benefits and social security coordination rules on the posting of employed and self-employed persons). A summary of these consultations is given in the sections below.

## 1. Member States

Discussions with the Member States on coordination of long-term care benefits, export of unemployment benefits and coordination of unemployment benefits for frontier workers took place at the meetings of the **Administrative Commission for the Coordination of Social Security Systems**<sup>475</sup> in the period 2009 to 2013.

In relation to the coordination of long-term care benefits, during the Working Party of the Administrative Commission on the revision of EU provision on coordination of long term care benefits and unemployment benefit of 10 October 2013, Member States delegations (some representing their governments' positions, other sharing their opinions as experts) expressed their views on the options under consideration. A majority of delegations supported the creation of a specific definition and/or specific chapter and/or list of benefits

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<sup>475</sup> While all Member States are represented at the meetings of the Administrative Commission for the Coordination of Social Security Systems, not all delegations necessarily have taken the floor during the several discussions on the different options.

(Luxembourg, Spain, Italy, Portugal, Lithuania, Poland, Belgium, Malta, Sweden, Czech Republic, Hungary and Latvia explicitly supported the option, whilst Austria, Germany, France, Ireland, Slovenia, Slovakia and Greece, without taking definite position, supported some elements of this option or did not object it). Others were in favour of the status quo (Belgium, Greece, Spain, Hungary, Malta, Poland, Sweden, Estonia as well as the United Kingdom and France without declaring their definite position).

A **specialised questionnaire** was also launched by the Commission at the beginning of 2012 on the coordination of long-term care benefits: on the basis of a report<sup>476</sup> prepared in 2012 by the trESS (Training and Reporting on European Social Security) Network, Member States were asked to describe their policy approach with regards to persons in need of LTC, to assess a new definition for LTC benefits, to identify further challenges than those presented in the report.

To the question whether the Regulation should be amended to better coordinate LTC benefits, MS answered as follows:

- Open to any solution: Hungary, Finland;
- There should be a separate Chapter for LTC benefits (including also a definition and elaborated list): Luxembourg, Austria, Greece, Slovakia, Ireland, Portugal, Czech Republic, Lithuania, and Slovenia.
- Special rules for LTC benefits (irrespective of the place – new chapter or Sickness Chapter): Netherlands.
- No change of the existing system of coordination: Poland, Sweden, France.
- All benefits should be regarded as benefits in kind: Denmark.
- No coordination as sickness benefits: Estonia.
- Competence only of the MS of residence: Austria (if safeguarded that no differential payments or subsidiary competence of any other MS – some parameters are elaborated in the note), Lithuania.
- Always the first MS which grants LTC benefits should remain competent is not acceptable: Czech Republic, Lithuania.
- LTC benefits should not be coordinated as pensions: Lithuania, Romania (as invalidity benefits).
- Benefits granted to the carer should be regarded as income and so Title II should apply to the carer: Poland, Ireland (also the existing system seems to focus more on direct benefits than on the provision of services), Hungary.
- A detailed list for the application of Article 34 of Regulation (EC) No 883/2004 should be made: Poland, Bulgaria, Lithuania, France.
- Rights to LTC benefits should be treated as individual rights: Slovenia.

Other remarks:

- Whatever solution is sought, it must be stable, easy to administer and transparent for the citizens, and social tourism must be avoided: Austria.
- Further rulings of the CJEU should be awaited: Finland.
- An introduction of a specific equalisation of claims for LTC benefits: Poland.
- Special rules for LTC benefits should be included in the Sickness Chapter: Italy.

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<sup>476</sup> trESS Network, *Legal impact assessment for the revision of Regulation 883/2004 with regard to the coordination of long-term care benefits*; Analytical Study 2012, available at: [http://www.tress-network.org/tress2012/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESS\\_Analytical%20Study%202012.pdf](http://www.tress-network.org/tress2012/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESS_Analytical%20Study%202012.pdf)



- Another possibility would be to follow the same principles as under the Family Benefits Chapter: Czech Republic.
- There should be a non-exhaustive list of LTC benefits: Spain.
- First the work should focus on the application of Article 34 of Regulation (EC) No 883/2004 and on the various CJEU rulings concerning LTC: Lithuania.
- Article 66 (2) of Regulation (EC) No 987/2009 has to be amended to allow for reimbursement of LTC benefits via a separated liaison body: France.
- A better coordination seems to be necessary (it is not yet clear which one): Belgium.

Finally, to the question as whether all LTC benefits should be coordinated in the same way (i.e. one set of coordination rules), or should it be still possible to coordinate them under different Chapters, MS answered as follows:

- All LTC benefits and schemes should be coordinated under one Chapter: Luxembourg, Denmark, Finland, Greece, Bulgaria, Portugal, Czech Republic, Spain, Slovenia, France, Netherlands, Romania.
- Open to both solutions: Finland.
- LTC benefits should be inserted in Article 3 of Regulation (EC) No 883/2004: Luxembourg.
- There should be a more elaborated list of all the LTC benefits covered by the new coordination: Luxembourg.
- LTC benefits should remain coordinated as today under the various chapters of Regulation (EC) No 883/2004: Italy, Hungary (new coordination only for the rest not covered by these special chapters), some MSs refer to some of these cases explicitly.
- Social assistance benefits cannot be coordinated as other LTC benefits: Austria (at least this has to be further examined), Poland, Germany (this also applies to LTC benefits for victims of war), Slovakia, Lithuania.
- Special family allowances for handicapped children shall remain coordinated as family benefits: Austria, Latvia; same opinion concerning medical care allowances for children and supplement to family benefits which are treated as family benefits: Poland.
- LTC benefits granted under the accidents at work and industrial diseases scheme should remain coordinated under the relevant chapter, as this is more favourable for the persons concerned: Austria, Germany, Latvia.
- Benefits which up until now have been regarded as invalidity benefits cannot be treated as LTC benefits: Poland, Germany.
- Benefits in kind and in cash should not be coordinated in the same way: Estonia, Slovakia.
- A better coordination seems to be necessary (it is not yet clear which one): Belgium.

In relation to the **coordination of unemployment benefits for frontier workers**, during the Working Party of the Administrative Commission on the revision of EU provision on coordination of long term care benefits and unemployment benefit of 10 October 2013, Member States delegations (some representing their governments' positions, other sharing their opinions as experts) expressed their views on the options under consideration:

- 8 delegations were in favour of maintaining the status quo (Germany, Ireland, Denmark, Switzerland, Netherlands, Austria, Greece, Slovakia);
- 1 in favour of introducing an option to choose between receiving unemployment benefits from the country of last activity and residence (Hungary);

- and 9 in favour of providing unemployment benefits for all workers from the state of last activity (Czech Republic, Spain, Poland, Italy, Romania, Slovenia, Luxembourg, France, Malta).

In relation to the **export of unemployment benefits**, during the Working Party of the Administrative Commission on the revision of EU provision on coordination of long term care benefits and unemployment benefit of 10 October 2013, Member States delegations (some representing their governments' positions, other sharing their opinions as experts) expressed their views on the options under consideration:

- 9 delegations supported the current provisions (Germany, Spain, Netherlands, Greece, Austria, Denmark, Ireland, France, Belgium);
- and 6 delegations supported the option for a right to export for at least 6 months (PT, Slovenia, Malta, Slovakia, Romania, Italy)

In relation to **export of family benefits**, during a Reflection Forum within the framework of the Administrative Commission meeting on 10-12 March 2015, Member States' delegations (sharing their opinions as experts) expressed their views on the options under consideration:

- a significant majority of delegations favoured maintaining the status quo for ensuring that family benefits were exported at the same rate payable in the state of employment (Bulgaria, Switzerland, Czech Republic, Estonia, Spain, Finland, Croatia, Italy, Lithuania, Lithuania, Latvia, Poland, Portugal, Romania, Sweden, Slovakia and Slovenia)<sup>477</sup>;
- a minority of delegations favoured adjustment of the amount of family benefits to reflect the living standards in the Member State of Residence of the child (Denmark, France, Ireland and Norway);
- a similar minority of delegations favoured the option of no export of family benefits in some or all cases (Austria, Luxembourg, Malta, UK).

In light of the feedback from national experts following consultation within the Reflection Forum of the Administrative Commission, the Commission has developed a new option concerning the priority rules for the payment of family benefits. During a second meeting on 23-25 June 2015, the new option according to which the Member State of residence of the child should always be primarily competent to award family benefits was discussed:

- ten delegations indicated support for this option as a first or second choice (Austria, Estonia, Finland, Ireland, Latvia, Luxembourg, Malta, Sweden, Slovenia, UK) although Sweden indicated they preferred changes in classification of benefits before considering changes in priority and the UK indicated their support for this option was conditional on not having to pay the differential supplement;
- nine delegations were expressly opposed to the new option (Cyprus, Germany, France, Italy, Netherlands, Poland, Portugal, Romania, and Slovakia);
- the most popular option remained maintaining the status quo, which is supported by 17 delegations.

In the discussions concerning export of family benefits, a number of delegations raised concerns about the application of the family benefit rules to child-raising allowances. This concern was expressed by Denmark, Finland, Austria and Sweden. The development of the

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<sup>477</sup> Belgium also expressed support for the status quo in a written note sent to the Commission

horizontal option was developed at a later stage as a result of the feedback from Member States and other stakeholders.

In relation to **the aggregation of unemployment benefits**, during a Reflection Forum within the framework of the Administrative Commission meeting on 10-12 March 2015, Member States delegations (sharing their opinions as experts) expressed their views on the options under consideration. The discussion revealed widely divergent views of the delegates with a slight majority, however, favouring the maintenance of the status quo. However, some delegations had rather strong views on the issues (in particular Denmark and Greece, who had submitted notes in favour of the 'three-month' option), whereas others were more flexible or declared that they could support more than one option:

- option 1 (maintenance of status quo) was supported by the following delegations: Germany, Czech Republic, Poland, Italy, Portugal, Bulgaria, Estonia, Slovakia, Belgium, Croatia, Slovenia;
- option 2.a (aggregation only after working one month) was supported by: Luxembourg, Finland;
- option 2.b (aggregation only after working three months) was supported by: Greece, Denmark, Malta, Austria, Luxembourg, France, Lithuania, Luxembourg, Romania, UK, Latvia, Ireland.

The supporters of the one-day rule (option 1) rather focused on the needs of (returning) migrant workers and felt the need to ensure that there are no gaps in their protection. The supporters of option 2 (aggregation only after one or three months of work) rather focused on the needs of their institutions and wanted to ensure that unemployment benefits are only paid to those who had made a "substantial" contribution to their own schemes.

In relation to the debate concerning the method of calculation of unemployment benefits:

- the majority of delegations were in favour of maintaining the status quo (i.e. benefits should be calculated solely on the basis of salaries earned in the competent MS) (Czech Republic, Ireland, Portugal, Bulgaria, Estonia, Slovakia, Romania, Latvia, Hungary, Poland, France, Slovenia, Croatia, Lithuania and Italy) – however, a number of delegations caveated their position to make clear it may vary depending on the policy adopted in respect of aggregation. For example, some pointed out that a strengthening of the precondition for aggregation (three-month rule) would make a change of the calculation method superfluous;
- in relation to those Member States who were open to change in the current rules (so that the calculation of unemployment benefits would also take into account salaries earned in another MS), the positions of delegations regarding the policy options concerning were less clear, because many favoured such a change without time limitation. Open for such a change were the following delegations: Denmark, Greece, Germany, Malta, UK, Finland, Netherlands, Luxembourg, Italy, Austria.

The supporters of the status-quo as regards the calculation of unemployment benefits felt the need to ensure that benefits are paid quickly without additional administrative complications. The supporters of a change, i.e. of also taking into account foreign salaries for the calculation of benefits, felt that this would lead to fairer results.

During a second meeting on 23-25 June 2015, delegations were consulted on how to deal with the coverage of unemployed persons in case of introduction of a waiting period for the aggregation of unemployment benefits:

- three delegations (Poland, Portugal, Hungary) expressed concerns about the risk of a gap in protection for mobile workers;
- six Member States (Austria, France, Greece, Ireland, Malta and Romania) all of whom supported the introduction of a 3 month period of insured employment to qualify for aggregation proposed that the gap should be addressed by extending the application of Article 65(5)(a) to mobile workers who have worked for less than 3 months in the country of new employment allowing them to "reactivate" entitlement in the former country of employment. This proposal was opposed by the delegates from Germany, Spain, Sweden, Hungary and Portugal. The UK delegate also had concerns about the practicalities;
- three delegations (Czech Republic, Germany, Sweden) were opposed to specific coordinating measures to address the gap because the numbers of potentially affected unemployed persons were very low and any changes to the rules to address the gap would be administratively burdensome to apply and may risk mobile workers being treated more favourably than nationals.

In relation to **non-contributory cash benefits providing for a minimum subsistence level**, during a Reflection Forum within the framework of meeting of the Administrative Commission meeting on 23-25 June 2015, Member States delegations (sharing their opinions as experts) expressed their views on the options under consideration:

- nine delegations (Czech Republic, Germany, France, Lithuania, Latvia, Luxembourg, Netherlands, Sweden and UK) made clear that they preferred to wait for the outcome of the judgments of *Alimanovic* and *Garcia Nieto* before any firm action is taken;
- eight delegations (Malta, Hungary, Italy, Poland, Portugal, Finland, Lithuania and Spain) favoured the status quo as a first or second choice;
- four (Spain, Finland, Hungary, Sweden) expressed support for the status quo accompanied by administrative guidance;
- twelve delegations supported the option of amending Article 4 as a first or second choice (Austria, Belgium, Czech Republic, Germany, Estonia, France, Hungary, Ireland, Lithuania, Latvia, Poland, UK) although there was no general consensus on the changes needed and some of these views are provisional as it includes Member States who were in favour of awaiting the outcome of the pending court cases before adopting a fixed position;
- finally, two delegations favoured the option of excluding SNCBs from scope of Social Security Regulation (Estonia and Ireland).

## 2. National administrations

A web-based survey among the responsible national public authorities and other key actors with regard to the coordination of unemployment benefits for frontier workers, the export of unemployment benefits and the coordination of long-term care benefits was launched in December 2012 by Deloitte consulting.

In relation to the **coordination of unemployment benefits for frontier workers**, 43% of all respondents think that the competent Member State should be the one in which the person last worked and paid social security contribution, even if a person lives in another Member State. About 27% of the respondents favour a right of choice for workers to claim their unemployment benefits either in the country of last activity or the country of residence. About 25% say that the country of residence should be the competent Member State, even if a person last worked and paid social contributions in another Member State. Applying a country-by-

country analysis, the results are slightly different with regard to the 2nd and 3rd preferred option. In 11 countries (Cyprus, Czech Republic, Finland, France, Hungary, Italy, Latvia, Malta, Netherlands, Portugal, Slovenia), the most popular option among public authorities is that unemployment benefits should be provided by the Member State in which the person last worked and paid social security contributions, even if he/she lives in another Member State.

In several of these countries, there is also strong support for the option where workers would have a right of choice with regard to where to claim their unemployment benefits. The reasons why respondents say to favour this option are: it would put an end to the reimbursement of unemployment benefits between Member States and it is fairer that the Member State which receives the social security contributions is also competent to provide the unemployment benefits. However, several respondents warn that this option entails risks of abuse/fraud. The country of residence may lack an incentive to check the legitimacy of the benefits provided by the competent country and to follow-up the unemployed person during the job-seeking process. In 9 countries (Austria, Belgium, Denmark, Germany, Ireland, Luxembourg, Spain, Sweden, Switzerland), most public authorities are in favour of the Member State in which the person lived being the competent Member State, even if he/she last worked and paid social security contributions in another Member State. These countries are also generally against a thorough revision of the coordination rules. In 5 countries (Czech Republic, Estonia, Romania, Slovakia, UK), the most popular option is that a person should be allowed to choose to claim the benefit either in the Member State of last employment or in the Member State where the person lived (if these Member States are different).

In relation to the **export of unemployment benefits**, almost 45% of all respondents are in favour of giving the possibility of “exporting unemployment benefits” (going to another country to look for a job while continuing to receive the unemployment benefits from the competent institution) until the end of the person’s entitlement to unemployment benefits, according to the rules of the Member State which provides them. 34% of all respondents would like to maintain the current period of export of 3 months with a possible extension of the export of unemployment benefits to 6 months. About 12% would like to extend the period of export in the entire EU to at least six months.

Analysing the replies on a country-by-country basis, the results look differently. The current rule of a three-month period of export with a possible extension to 6 months is the most chosen option among public authorities in 11 countries (Austria, Belgium, Cyprus, Denmark, Estonia, Finland, France, Germany, Lithuania, Luxembourg, Netherlands, Switzerland). In 9 countries (HU, Italy, Latvia, Malta, Poland, Romania, Slovakia, Slovenia, Spain, UK), exporting the unemployment benefit until the end of the person's entitlement to unemployment benefits, according to the rules of the Member State which provides them, is the most preferred option. Only in one Member State (PT), public authorities favour a general period of export of minimum 6 months.

52% of all respondents think that the export of unemployment benefits could lead to increased risk of misuse or abuse of rights. This is also the opinion of most public authorities in 15 Member States. 79% of this group of respondents think that the risk of misuse or abuse of rights is particularly high when the unemployment benefits would be provided until the end of a persons’ entitlement to unemployment benefits, according to the rule of the Member State which provides them. 33% of the respondents also believe that there would be an increased risk of abuse if the period of export would be generally extended to minimum 6 months.

45% of the respondents do not think that misuse or abuse of rights is a risk in cases of export of unemployment benefits. This is also the most dominant position among public authorities in 8 countries.

Public authorities, who believe that the export of unemployment benefits could lead to increased risk of misuse of rights, propose the following mitigation measures to reduce this risk:

- The receiving Member State should feel more responsible for jobseekers who have exported their unemployment benefit from another Member State. Agreements should be made between Member States about the control and the provision of active assistance to jobseekers (HU, Austria, Czech Republic, Ireland, Italy, Lithuania, Netherlands, Poland, Portugal and Slovenia). However, more control of jobseekers by the guest Member State will also increase the administrative burden and costs on Member States (Denmark).
- Some Member States say that the keeping the period of export generally limited to maximum 3 months will limit the risk of abuse and misuse of rights. Extension may be possible, if there is a high probability that the jobseeker will find work at short term (Austria, Belgium, Ireland). Several Member States would like to enhance the role of the receiving Member State in providing information to the competent Member State about the chances of a person to find a job at short-term, so that the competent Member State can take a well-argued decision about extending the period of export in a specific case (BE, Estonia, Czech Republic and France).
  - All jobseekers who have exported their unemployment benefits should be obliged to report about their job seeking activities to the competent Member State (Czech Republic, Germany, Malta, Lithuania and France). Some countries are in favour of monthly reporting by the jobseeker to the competent institution (Germany, Malta and Lithuania); other Member States say that a 3-monthly reporting would be sufficient (FR).
  - One respondent suggests making language courses compulsory in the "guest" country, as language is often the most important barrier to integration in the labour market. Also reducing the height of unemployment benefit over time could provide an incentive to jobseekers abroad to actively apply for a job.
  - In the long-run, it should be possible to introduce an EU-Job pass for every EU citizen which contains his/her social data. Every public employment service should be able to access these data, based on a single European social database (Germany, Netherlands).

When people are exporting their unemployment benefit abroad, 40% of the organisations that deal with claims for exportation of unemployment benefits say that they receive information about the status of these job-seekers from the country of residence, but only on request. About 19% automatically receives information from country of residence. About 10% of the respondents say that this information is not needed. The majority of these respondents cannot say if these job-seekers (who exported their unemployment benefit) had found a job.

In relation to the **coordination of long-term care benefits**, 17% of the national administrations and social security institutions would like to keep the current coordination rules for long-term care benefits. About 28% of the respondents believe that people should be treated equally in the Member State where they are insured and should not have their care benefits reduced if they move to another Member State.

The options where a person in need of care is treated equally in the Member State where he is insured or where he/she lives are considered by national administrations as the best ones to stimulate free movement of persons. The current coordination rules are seen as the **worst** option to stimulate mobility of persons.

In terms of social security coverage, national administrations have a preference for the option in which a person in need of care is treated equally in the Member State where he/she lives and receives LTC benefits there in accordance with national legislation. Also the option where a person receives care benefits in cash from the Member State of residence, supplemented by the Member State of insurance in case of more advantageous conditions (top-up).

Making the competent Member State fully responsible for the provision of the LTC benefits is seen as the best option to ensure a fair share of the financial burden between Member States.

Almost half of the national administrations are of the opinion that all costs for LTC benefits should be borne by the competent Member States (where the migrant person is insured). About one third prefers a system where those costs are shared between the Member State of residence and the competent Member State. The latter option however is seen as the most burdensome in terms of administration.

#### *Views of national organisations in charge of the payment of family benefits*

On 7 October 2015, a group of five national organisations in charge of the payment of family benefits from Belgium, France and the Netherlands<sup>478</sup>, issued a position paper in relation to the possible revision of rules on the export of family benefits, strongly supporting the status quo.

### **3. Social partners**

In relation to the **coordination of long-term care benefits, export of unemployment benefits** and **coordination of unemployment benefits for frontier workers**, social partners were consulted in the framework of the Advisory Committee for the Coordination of Social Security Systems on 24 October 2013.

ETUC (European Trade Union Confederation) noted that in this work the Commission should take into account the experience of cross-border workers – the ETUC has found that these workers are often the first to lose their jobs during an economic downturn and can then be refused unemployment benefits in their Member State of residence. The ETUC's research showed this to be a persistent and spreading problem. ETUC also noted that the current Regulations do not cater sufficiently for certain groups of mobile workers, like apprentices. ETUC also expressed surprise at questions in the public consultation on whether the current regime was abused by migrant workers, given that the document was aimed at finding out how the rights of migrant worker can be improved.

BUSINESS EUROPE commented on the need to strike the right balance taking account of potential costs to Member States and businesses. BUSINESSEUROPE considered that unemployment benefits should be time-limited for those seeking employment in another Member State, and deciding the specific time period left as a national competence.

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<sup>478</sup> CCMSA – Caisse centrale de la Mutualité sociale agricole, CNAF – Caisse Nationale des Allocations familiales and REIF – Représentation des institutions françaises de Sécurité sociale auprès de l'UE (France); FAMIFED (Belgium); and SVB - Sociale Verzekeringsbank (The Netherlands)

ETUC underlined the pressing need to focus on defending and improving the rights of workers. In particular, if a mobile worker has been employed and paid contributions in another Member State to that in which they are resident, it seems right that the Member State of last activity should pay their unemployment benefits.

A dedicated hearing with social partners was also organised on 10 June 2015 to allow for collecting views on the **coordination of long-term care benefits, export of unemployment benefits, aggregation of unemployment benefits, coordination of unemployment benefits for frontier workers, export of family benefits, and access to special non-contributory cash benefits for non-active mobile EU citizens.**

Employers generally referred to the importance of finding the right balance between promoting labour mobility and combatting fraud.

BUSINESSEUROPE stated, during the workshop and in written statements, that respecting the equal treatment principle and ensuring access to information is key. The package should take a comprehensive approach by also addressing issues like e.g. linguistic skills and EURES. The difference in perspectives between origin and destination countries was also underlined. They also suggested that sectoral approaches may be necessary. Mobile workers should not have access to unemployment benefits after one day of work and article 61 of Regulation 883/04 should be adapted. In relation to export of unemployment benefits, there is no change needed in the current period of export of unemployment benefit for a minimum of 3 months. BUSINESSEUROPE recognised the link with the sustainability of social protection systems and the need to combat fraud and abuse. The Dano case was welcomed as a clarification in this respect.

CEEP (European Centre of Employers and Enterprises providing Public Services) stressed the importance of combating fraud and insuring the sustainability of systems.

UEAPME (European Association of Craft, Small and Medium-sized Enterprises) stated, during the meeting and in written contributions following the meeting, that the provision that the export of unemployment benefits to a second Member State can take place for 3 months (and optionally extended to 6 months, Art. 64.c) should remain and not be extended. UEAPME considers it important that workers are activated to find a job in the Member State of destination as soon as possible, in the interest of both employers and the unemployed. In relation to the coordination of unemployment benefits for frontier workers, UEAPME does not consider the current situation, where an exception is made to the principle that the country of employment is normally responsible for the payment of unemployment benefits, as problematic since a real frontier worker has generally a stronger relationship with the country of residence than the country of employment, which provides good grounds for this Member State to pay the benefits. In relation to the aggregation of unemployment benefits, UEAPME would be in favour of introducing a minimum waiting period in the Member State of last employment before entitlement to social security coverage and notably access to unemployment benefits in that Member State. In relation to export of family benefits, UEAPME considers that the principle of the country of employment being responsible for the payment of family benefits should be maintained. However, if this family lives in another Member State, UEAPME considers it fair to adapt the amount of benefits to the cost of living in that Member State.

EFCI (European Federation of Cleaning Industries) stressed the need to promote mobility of apprentices and the establishment of national systems of apprenticeship to fight youth unemployment.



PEARLE (Performance Arts Employers Association Europe), during the meeting and in a written contribution, emphasised that employers in the live performance sector are confronted with specific issues on social security and posting and need instruments such as one-stop-shop or national centres where they can obtain guidance to comply with the requirements in different countries.

DA (Confederation of Danish Employers) mentioned that electronic data exchange can also be used to combat issues like lacking payments of contributions in the country of origin.

CEC (Confederation of European Managers), during the meeting and in a written contribution, highlighted the necessity to make sure that public authorities designated for the enforcement of the different provisions (and limitations to the enjoyment of benefits) apply rigorously the current legislation and adopt all necessary measures to ensure that workers no longer satisfying the conditions set by legislation are excluded from the benefits.

The trade unions warned that caution should be applied when discussing so-called 'social security tourism' and possible abuses as it might end up in some unilateral action of Member States that are not in line with EU law. Before engaging in a debate on a possible change of the rules, proper analysis should be conducted to assess if the problems are a result of shortages in implementation, or problems that call for legislative action. A holistic approach should be applied to tackle issues such as possible unequal treatment, involuntary mobility and brain drain.

ETUC, during the meeting and in a written statement, stressed the need to base the discussion on labour mobility on proper analysis instead of copying populist propaganda from some Member States. On the coordination of unemployment benefits for frontier workers, ETUC supports the possibility for frontier workers and/or mobile workers who are seeking new employment in another Member State to receive their unemployment benefit for up to six months. On the export of unemployment benefits, ETUC supports the possibility to pay between three and six months. In relation to the aggregation of rights and the level of salary which should be calculated for the unemployment benefit, ETUC is of the opinion that full entitlement to unemployment benefits should be assured and that qualifying periods could be accumulated across Member States. In relation to long-term care benefits, ETUC is of the opinion that a rights based approach to long term care across the EU is urgently needed and calls upon the EU institutions to develop a coherent approach to long term care. In general, ETUC underlined that the principle of full equal treatment in the host country is indispensable, and considers it unacceptable if amendments to the Regulation would touch upon this principle and are guided by the concept of residence. ETUC also stated that if exceptions are considered they should be limited to cases which constitute clear abuses and must be based on sufficient evidence about abuses and / or for reasonable motivations.

TUC (Trades Union Congress, UK) highlighted that the right to family benefits is attached to the worker and not to the place of residence of the family. In their view lowering the family benefits for mobile workers would in any event constitute unequal treatment.

EFBWW (European Federation of Building and Woodworkers) stated that the proposals by the Commission appeared to focus mainly on some national concerns about "benefit tourism", and it underlined that only European problems, and not national ones, should be addressed at European level.

#### 4. NGOs

Representatives from 11 NGOs<sup>479</sup> were consulted in relation to the coordination of long-term care benefits, export of unemployment benefits, aggregation of unemployment benefits, coordination of unemployment benefits for frontier workers, export of family benefits, and access to special non-contributory cash benefits for non-active mobile EU citizens during a meeting on 17 June 2015.

Participants highlighted the importance for the Commission of looking at the definition of worker, of ensuring that existing gaps in social security protection for mobile citizens are addressed, and of strengthening the collection of statistics on intra-EU mobility. They also acknowledged the importance of addressing the issues in the current debate on labour mobility to avoid that free movement becomes an even more contentious issue that it already is. However, they insisted on the importance of preserving the principle of equal treatment, especially for those more vulnerable.

Also, participants underlined the importance of adopting non-legislative measures, arguing that several barriers to free movement of workers linked to social security coordination are the result of incorrect/non application of existing rules, or to the fact that the cooperation between Member States, envisaged by the 2010 reforms of SSC rules, has not been strengthened enough yet.

Access to the labour market for mobile EU workers and jobseekers was mentioned as a specific issues that the Commission needs to look at: specific examples were provided by participants about administrative barriers (notably for jobseekers in Scandinavian countries), and recognition of professional qualifications was also mentioned as a barrier. Also, the issue of destitution of migrant workers was mentioned as a major issue, often resulting in homelessness.

In relation to unemployment benefits, participant expressed their support to the extension of the period of their exportability, in view of the time needed to find a job, and of existing administrative barriers.

In relation to export of family benefits, some participants recognised the need for some compromise in view of the position of some MS opposing export, which would entail the (dynamic) adaptation of exported family benefits to the living conditions of the country where the children of the workers reside. Others underlined the unfairness of adaptation, since the workers concerned pay the same taxes, but also the fact that, for the competent MS, adapting family benefits may prove anti-economical if the concerned families were to move to the MS as a result. In this sense, it was mentioned that the biggest challenge for local authorities is represented by pressure on public services, and not by "benefit tourism".

In relation to long-term care benefits, participants expressed support to the idea of creating a specific chapter for their coordination, underlining that they should be exportable, but also warning against endangering the important link between healthcare and social care.

Written contributions were also received from EURODIACONIA, recommending to extend the duration of the export of unemployment benefits; and from ECAS, recommending to provide explicitly for the exportability of long-term benefits; to extend the duration of the export of unemployment benefits; to ensure full respect for the principle of equal treatment give in the reform of the rules on family benefits.

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<sup>479</sup> European Citizen Action Service (ECAS); European Disability Forum; Conference of European Churches; EURODIACONIA; Confederation of Family Organisations in the European Union; Advice on Individual Rights in Europe; Friedrich-Ebert-Stiftung; European Anti Poverty Network; European Solidarity Network; Europeans Throughout the World; l'Association Européenne de la Pensée Libre;

## 5. Public consultations

### a) EU Citizenship Report

Relevant results of the public consultation on the extension of the right to unemployment benefits in the framework of the EU Citizenship Report<sup>480</sup> have also been taken into account with regard to the export of unemployment benefits.

### b) Online consultation on the coordination of long-term care benefits and unemployment benefits (export of unemployment benefits and coordination of unemployment benefits for frontier workers)

The European Commission launched an online consultation on the coordination of long-term care benefits and unemployment benefits (export of unemployment benefits and coordination of unemployment benefits for frontier workers) on 5 December 2012 to which 299 replies were received. 199 of the replies received were from individuals and 100 on behalf of an organisation or as specialists. Both individuals as well as organisations (including Member States' authorities, trade unions and non-governmental organisations and private companies) from the EU and EEA-EFTA States replied to the public consultation.

The content of these replies has been taken into account in the overall analysis and included in the statistics whenever possible (they did not contain full replies to all questions in the consultation). Not all respondents gave full replies to the consultation and the replies are only reflected in the results to the extent that a reply was received to a particular question.

By nationality, Spanish were the most numerous among individual respondents, accounting for 26.6% of the responses. No replies were received from persons from Cyprus, Denmark, Iceland, Luxembourg and Malta.

Stakeholder category	Number of replies	Percentage
National administration	67	67%
Social partner / Trade union	19	19%
Civil society / Non-governmental organisation	11	11%
Company	2	2%
Unknown	1	1%

#### *Coordination of unemployment benefits*

In relation to the coordination of unemployment benefits, the consultation provided some evidence of the diversity of opinions among individuals and different types of stakeholders. National administrations often had different opinions than the social partners, trade unions,

<sup>480</sup> Action 1 in the Report from the Commission to the European Parliament. The Council, the European Economic and Social Committee and the Committee of the Regions, *EU Citizenship Report 2013: EU citizens: your rights, your future*, COM (2013) 269 final. See [http://ec.europa.eu/justice/citizen/files/eu-citizen-brochure\\_en.pdf](http://ec.europa.eu/justice/citizen/files/eu-citizen-brochure_en.pdf).

civil society and non-governmental organisations. The combination of all opinions allows for a comprehensive view of the current system of coordination of unemployment benefits in the EU, including what are perceived to be the main problems and shortcomings perceived, and what the possible options are for reform.

Almost half of the respondents (49%) were in favour of giving the unemployed person the right to choose to claim unemployment benefits in the Member State of last employment, or in the Member State where the person lived during his/her last period of employment (where these Member States were different). The second most commonly chosen option (40% of the individual respondents) was that the unemployed person should have to apply for unemployment benefits in the Member State where he/she last worked and paid contributions, even if he/she lived in another Member State. In third most commonly chosen option (far behind the first two in terms of percentage of respondents), selected by 7% of the participants, was the option where unemployed workers should claim unemployment benefits in their country of residence, even if they last worked and paid social security contributions in another Member State.

Options	Number of replies	% of Individual replies
The Member State where the person last worked and paid social security contributions, even if he/she lived in another Member State.	72	40,22%
The Member State where the person has lived, even if he/she last worked and paid social security contributions in another Member State.	13	7,26%
The person should be allowed to choose to claim the benefit either in the Member State of last employment or in the Member State where the person has lived (if these Member States were different).	87	48,60%
Other solution	7	3,91%

Individuals and organisations at large shared some views with regard to which Member State should be the Member State competent for the provision of unemployment benefits. Only a small share of both groups (and, within organisations, of each type of stakeholder) considered that the country of residence should be the competent Member State. Individuals were rather divided between preferring a right of choice for mobile workers (49% of replies) and making the country of last activity competent (40%). The same two options were clearly preferred by organisations, but in reverse order. National administrations (47% of them) and civil society organisations and NGOs (78%) were more often in favour of making the country of last activity competent, while social partners and trade unions (47%) preferred the right of choice option).

With regard to the export of unemployment benefits, individuals favoured the export until the end of the person's entitlement (59%) of them. This option also received support among organisations (34% of national administrations and 56% of civil society organisations and NGOs), although less than the maintenance of the current rules, which were the preferred option by national administrations (42% of them) and social partners and trade unions (76%). One option received less support across the respondents (export for at least six months).

Options	Number of replies	% of Individual replies
For three months, with a possible extension up to six months (the current situation under EU law)	43	24,02%
For at least six months	28	15,64%
Until the end of the person's entitlement to unemployment benefits, according to the rules of the Member State which provides them	105	58,66%
Other solution	3	1,68%

Therefore, for both questions making the country of residence competent for paying unemployment benefits an export unemployment benefits for at least six month where the least preferred options and opinions were fairly divided among two other options.

#### *Coordination of long-term care benefits*

A total of 127 individual responses and 45 responses on behalf of national authorities, an organisation or as a specialist were received for the part covering the coordination of long-term care benefits. The results of the public consultation highlight the diversity of opinions regarding the Member State competent for providing long-term care benefits. Opinions on these questions varied both across individuals and among stakeholders.

#### a) Individuals' replies

For individuals, the preferred option was for entitlements to be equal to those in the country of insurance (39%), but two other options (namely: entitlement to be equal to those in the country of residence; maintenance of the current rules) gathered almost 20% of the support. Options where the introduction of a supplement to the long-term care cash benefits is foreseen gathered respectively: 14% if benefits provided by the competent State and 6% if provided by the Member State of residence.

Opinions on the competent Member State and on the level of LTC to be provided	Number of requested records	% Requested records(127)
Should continue receiving benefits as it is today (depending on the Member States' legislation the person	23	18,11%

Opinions on the competent Member State and on the level of LTC to be provided	Number of requested records	% Requested records(127)
might end up in a win or in a lose situation).		
Should be treated equally in the Member State where he/she is insured and should not have his/her care benefits reduced if he/she moves to another Member State.	49	38,58%
Should be treated equally in the Member State where he/she lives and receive the care benefits there (including the cash benefits), in accordance with the national legislation.	25	19,69%
Should get care benefits in cash from the Member State of insurance, supplemented by the Member State of residence in case of more advantageous conditions (top-up).	18	14,17%
Should get care benefits in cash from the Member State of residence, supplemented by the Member State of insurance in case of more advantageous conditions (top-up).	8	6,30%
Other solution	4	3,15%

b) Replies by national administrations, social partners, NGOs and other organisations

Opinions among organisations<sup>481</sup> were also divided. The most-selected option was that the current rules be maintained (supported by 36% in total), but based largely on national administrations' opinions (they accounted for 75% of these replies).

Considered per type of stakeholders, the current rules were the preferred option by national administrations (53% of replies). Preference among social partners and trade unions were quite spread among the different options, with some slight preference for the entitlements to be equal to those in the country of insurance. Civil society organisations and NGOs also showed some divergent opinions among them, with the most often-selected option for the entitlement to be equal to those in the country of residence. More insights could not be gained directly from the consultation, since there was no possibility to elaborate on the arguments for selecting each option.

<sup>481</sup> Including national authorities, social partners, NGOs and other types of organisations.

There was consensus among respondents on behalf of organisations that all costs for care benefits provided to an insured person should be borne by the Member State where the migrant person is insured for healthcare or long-term care (67 %) <sup>482</sup>.

	Option A	Option B	Option C	Option D	Option E	Option F
National administration	12	4	2	3	1	1
social partner / trade union	2	4	2	1	3	0
civil society / non-governmental organisation (NGO)	1	2	4	1	0	0
Company	0	0	1	0	0	0
unknown	1	0	0	0	0	0
<b>Total</b>	<b>16</b>	<b>10</b>	<b>9</b>	<b>5</b>	<b>4</b>	<b>1</b>
Total (%)	35,56%	22,22%	20,00%	11,11%	8,89%	2,22%

### c) Online consultation on the aggregation of unemployment benefits and on the export of family benefits

DG EMPL launched an online consultation on the coordination of unemployment benefits (aggregation rules) and on the coordination of family benefits (export rules), which ran from 15 July 2015 until 7 October 2015 <sup>483</sup>.

307 responses have been received from 199 individuals and 108 organisations (public authorities; workers' organisations; NGOs; employers; SMEs; companies; think-tanks...) from 25 Member States. Hereunder an overview of the outcome of the consultation.

#### *Export of family benefits*

As it can be seen in the table below, around a third of the respondents believe that the current rules on the export of family benefits should be changed.

<sup>482</sup> This question was not included in the part of the questionnaire addressed to the individuals.

<sup>483</sup> <http://ec.europa.eu/social/main.jsp?catId=333&langId=en&consultId=16&visib=0&furtherConsult=yes>

Question	Individuals	Organisations
Are you aware of the current rules?	61% - Yes	79% - Yes
The current rules are satisfactory?	22%* - disagree or strongly disagree	32%* - disagree or strongly disagree
The current rules could be improved in practice	60%* - agree or strongly agree	65%* - agree or strongly agree
The current rules could be better explained	62%* - agree or strongly agree	79%* - agree or strongly agree
The current rules need to be changed	31%* agree or strongly agree	33%* agree or strongly agree

\* % of those who are aware of current rules 206 respondents in relation to family benefits

A number of comments and proposals for possible changes of the rules on the export of family benefits were also made:

- Mixed views on indexation to country of residence of child
- Member State of residence of child should be competent
- Harmonisation/Unification of European Social Security Schemes
- Improvements to the accessibility and simplicity of scheme
- Improved speed of processing of claims
- Special provisions for single parents and family breakdown/remarriage
- Concerns about inter-dependency between between social security and taxation
- Clarification of certain concept e.g. "benefits of the same kind"; "family members"; "mainly dependent on the insured person" distinction between family benefits and SNCBs

#### *Aggregation of unemployment benefits*

As it can be seen in the table below, more than a third of the respondents believe that the current rules on the aggregation of unemployment benefits should be changed.



Question	Individuals	Organisations
Are you aware of the current rules?	63% - Yes	79% - Yes
The current rules are satisfactory?	33%* - disagree or strongly disagree	42%* -disagree or strongly disagree
The current rules could be improved in practice	33%* - agree or strongly agree	74%* - agree or strongly agree
The current rules could be better explained	55%* - agree or strongly agree	78%* - agree or strongly agree
The current rules need to be changed	33%* agree or strongly agree	40%* agree or strongly agree

\* % of those who are aware of current rules 211 respondents in relation to unemployment benefits

A number of comments and proposals for possible changes of the rules on the aggregation of unemployment benefits were also made:

- General support for concept of minimum qualifying period (3 months to 5 years) before aggregation provided former MS pays benefit
- General support for extension of period of export for benefit (6+6 months)
- Some support for right of choice for where to claim unemployment benefits
- Proposal that EU should harmonise/unify unemployment benefits
- Benefits to be calculated on the entirety of qualification period
- Improved accessibility of information
- Mandatory deadlines for administrative procedures
- Robust procedures to combat fraud

**12. Annex III      Who is affected and how**

The Annex is based on the preferred options (see section 8. of the main report) and presents the practical implications for individuals and public administration that will be the most affected by the initiative.

### **Long-term care benefits**

The preferred option consists of coordination, following the same logic as with sickness benefits, but adding clarifications. The competent Member State provides long-term care benefits in cash and reimburses the cost of benefits in kind provided by the Member State of residence. This legislative proposal would have no impact on rights as such: it would merely reflect the already-applied rules on sickness, while complementing the sickness rules with some specific rules that take account of the characteristics of long-term care benefits.

#### **a) Public administration**

The information obligations for administrations under this option will remain unchanged. The option could reduce disputes between institutions. In an initial phase the new legal definition and the in-or exclusion of long-term care benefits in the definition can increase the administrative burden for Member States and impact the exchange of information between Member States. In the long term, the clarification would save time and money spent per case by the Member States, especially in light of increasing demand for long-term care benefits.

#### **b) Individuals**

The clarification will enable EU mobile citizens to receive all the long-term care benefits to which they are entitled while exercising their right to free movement. It will also contribute to expediting the process by which persons that require care receive the benefits to which they are entitled, by removing much of the uncertainty or conflicts on the part of the Member States involved over the status of the various long-term care benefits.

### **Unemployment benefits**

*Competence for paying unemployment benefits to frontier and other cross-border workers*

The competence for paying unemployment benefits will switch from the State of residence to the State of last activity, if the frontier and other cross-border workers have worked in that State for more than 12 months.

#### **a) Public administration**

The number of cases handled by the employment services in the State of last activity can be expected to increase while it will decrease in the State of residence. Except for the changes in the number of cases, no further changes in the administrative procedures/tasks are expected in comparison to baseline under which – as a rule – this information is anyway required for the purpose of determining whether the qualifying period for a right to benefits under the legislation of the State residence had been completed.

This option may result in more cases of export, whenever a frontier worker for whom the competence has switched from the State of residence to the State of last activity prefers to focus the search for employment in the State of residence and therefore wants to register with the employment service located in that State. The administrative procedures for the export of unemployment benefits are established and therefore the only change expected in this respect is the potential number of cases.

#### **b) Individuals**

The length of insured employment will be certified by means of the PD U1 and this will also enable the worker and the employment services to determine the competent institution. There will be no need for them to provide additional information.

#### *Aggregation of periods of insurance or (self-)employment*

Mobile workers will no longer be able to rely on the aggregation of periods completed in the Member State of previous activity if they have worked for less than three months in the Member State of last activity. However, in this situation, the Member State of previous activity becomes competent. This means that the competence for paying unemployment benefits will switch from the State of last activity to the State of previous activity for mobile workers who have worked less than 3 months in the State of last activity.

#### **a) Public administration**

The number of cases handled by the employment services in the State of previous activity can be expected to increase while it will decrease in the State of last activity. The employment services will also have to take the necessary measures to provide for an export of their unemployment benefit to the Member State of last activity (e.g. provide the person with a Portable Document U2), while the employment service in the Member State of last activity will assume the task of assisting the worker in finding new employment. They will also have

to assume the task of informing the employment services in the Member State of previous activity whenever a mobile worker registers with them, who has not yet been insured for the required minimum period of three months.

This option may result in more cases of export, whenever a mobile worker has not completed the required three-month period in the Member State of last activity. As the administrative procedures for the export of unemployment benefits are established, this would be the only change expected.

## **b) Individuals**

There is no change for the individuals as they continue to register in any case of unemployment with the employment service of the Member State of last activity. It is then the task of this institution to determine, whether it can provide the benefits based, if necessary, on aggregation or whether it has to refer the case to the employment service of the Member State of previous activity.

### *Export of unemployment benefits*

The period for export of unemployment benefits is extended to a minimum period of 6 months with possibility of further extension up to the end of the entitlement period.

## **a) Public administration**

The employment services in the competent State can be expected to have to handle more situations in which the unemployment benefit is exported. This does not necessarily result in an increase of the administrative burden, as they do not have to assume the task of controlling the person during the export period. As before, they will have to provide the unemployed persons with a Portable Document U2 and inform him or her about the duties to fulfil in the State to which they intend to go in order to look for employment.

The employment services in the Member State to which the unemployed person went in order to look for employment will have to register those persons and assist them in their job-searching activities. Moreover, the reinforced cooperation mechanism will require them to report regularly on a monthly basis to the competent institution on the follow-up of the unemployed person's situation, in particular whether the latter is still registered with the employment services and is complying with organised checking procedures.

## **b) Individuals**

Unemployed persons have to register with the employment service of the State to which they went in order to look for employment and provide all relevant information as this has been the case so far. The only change is that the export can be granted for longer periods than before.

### **Access for economically inactive mobile EU citizens and jobseekers to certain social benefits**

The preferred option is the amendment of Article 4 of Regulation 883/2004 to make reference to the limitations in Directive 2004/38/EC. This option will merely codify existing case-law.

#### **a) Individuals**

For economically inactive EU mobile citizens and jobseekers this option would facilitate them to make an informed choice when exercising their rights to move to another Member State. At the same time it is likely to reduce litigation costs and legal advice costs.

#### **b) Public administration**

For administrations this option is likely to reduce litigation costs and legal advice costs as well as the number of requests for benefits.

### **Family benefits**

#### **a) Individuals**

The baseline scenario would have no direct impact on citizens and require no additional procedural steps. However, the introduction of a pan-European Electronic Exchange for Social Security Information (EESSI) is likely to increase the speed and efficiency of processing time to the benefit of citizens.

The horizontal option c is in general likely to entail reduced administrative procedures for claimants as where the derogation is applied the process will be aligned to normal national procedures resulting in a predictable level of income, meaning citizens will be subject to

fewer unexpected changes arising from periodic adjustments in benefit levels in another Member State with a reduced risk of recovery procedures. However, as it will be at the discretion of Member States whether or not they choose to disapply the anti-accumulation rules, these benefits will not be experienced by all families. Families will claim on the basis of the parent with direct entitlement meaning there is a simpler procedure with no need to supply data for hypothetical calculation of salary (although a small number of parents will lose derived rights).

## **b) Public administration**

In relation to the baseline scenario, it is already anticipated that regulatory burdens may be mitigated by the implementation of EESSI, including the adoption of consistent protocols for administering exchanges of information on export of family benefits. The Administrative Commission Ad-Hoc Working Group for establishing the definition of data to be exchanged electronically under EESSI in the field of family benefits is currently working on streamlining processes. The Structured Electronic Document (SED) F001 – Request for determining competences and F002 Reply for determining competences have been developed for establishing competence. Specific exchanges may also be applied where there is a need for detailed information on periods of employment and contribution or medical information related to family benefits for a child or young person with a disability or health condition.<sup>484</sup>

In relation to the horizontal option c, Member States will be entitled to award salary-related child-raising allowances to EU mobile citizens subject to the applicable legislation in accordance with the normal rules under national legislation regardless of whether they have primary or secondary competence for awarding family benefits. In particular, the secondary competent Member State will no longer be required to include such benefits (which can be subject to fluctuation) within the calculation of the differential supplement. Thereby simplifying the calculation procedure and avoiding need for periodic adjustments relating to changes in the families circumstances or salary or the need to arrange recovery of any overpayment that might arise from delays in communicating such changes of circumstance.

There will no longer be any need to apply a hypothetical calculation in relation to a parent who does not have relevant income or earnings within the competent Member State but who asserts a derived right to benefits resulting in considerable simplification for those public administrations who recognise benefits on the basis of a derived right.<sup>485</sup>

However, it may be anticipated that there is some increase in administrative tasks for Member States who seek to verify whether or not a benefit available in another Member State should be considered a child-raising allowance.

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<sup>484</sup> EESSI Business Use Case: FB\_BUC\_01\_Determine Competences

<sup>485</sup> In practice only four Member States recognise entitlement to child-raising allowances calculated with reference to salary or professional income on the basis of derived rights. Annex XXV p14



Strasbourg, 13.12.2016  
SWD(2016) 460 final

PART 2/6

## COMMISSION STAFF WORKING DOCUMENT

### IMPACT ASSESSMENT

**Initiative to partially revise Regulation (EC) No 883/2004 of the European Parliament and of the Council on the coordination of social security systems and its implementing Regulation (EC) No 987/2009**

*Accompanying the document*

**Proposal for a  
Regulation of the European Parliament and of the Council  
amending Regulation (EC) No 883/2004 on the coordination of social security systems and regulation (EC) No 987/2009 laying down the procedure for implementing Regulation (EC) No 883/2004**

**(text with relevance for the EEA and Switzerland)**

{COM(2016) 815 final}  
{SWD(2016) 461 final}



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**ANNEXE IV – Analytical models used in preparing the impact assessment**

Several studies, using different analytical models and methodologies, have been used to prepare the impact assessments<sup>1</sup>. When reliable quantitative information on the totality of impacts of the proposed initiative was not available, the analysis has been mainly based on a qualitative assessment of cross-checked criteria. Since options on the coordination of long-term care benefits, coordination of unemployment benefits for frontier workers and export of unemployment benefits had been assessed in 2013-2014, an update with more recent and newly available data has been conducted in 2015<sup>2</sup>.

A general point in terms of data limitations is that some statistical treatment are based on citizenship (Labour force survey) and therefore identify EU mobile citizens/workers (those living/working in another country than their country of citizenship) – while other data (administrative data collection) are based on headcounts of case where citizenship is not collected and that therefore constitutes a broader definition of mobility , i.e. includes not only EU mobile citizens/workers but also nationals returning to their country of citizenship as well as third-country nationals moving between EU Member States. This means that, at least for the treatments based on the administrative data collection, the Impact assessment adopts a broad definition of mobility and does take into account that not only EU mobile citizens benefitting from coordination but also other groups, which also means that there is therefore no underestimation of the phenomenon when using those data.

Hereunder a detailed list of the analytical models and methodologies which have been used by the different studies.

## **1. Coordination of Long-Term Care benefits**

### *HIVA*

The fact there is no specific coordination regime and a common definition, made it difficult to collect data on LTC. Member States did not explicit collect data on LTC and had no common understanding of LTC benefits. Administrative data on LTC are only available in specific forms dealing with the coordination rules of the sickness chapter. The number of those insured for health care living in another country than the competent country – which sometimes includes long-term care or to which LTC-insurance is closely linked – can be calculated based on the number of PD S1. However, no data are currently collected on the number of PD S1 within the framework of the Administrative Commission. The number of PD S1 was estimated by the sum of 3 categories:

- Cross-border workers (and their family members);
- Retired former cross-border workers (and their family members);
- Other mobile pensioners (and their family members).

Firstly, by way of using the LFS, the number of cross-border workers were estimated. Secondly, we assumed in the calculation model that 20% of the cross-border workers will have an insured family

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<sup>1</sup> For a detailed description of the analytical models and the methodologies used in each studies, please refer to Annexes V-XIX, and XXVI

<sup>2</sup> Annex XXVI

member. Thirdly, to estimate the total number of retired former cross-border workers, we applied the percentage of cross-border workers on the labour market to the number of pensioners in 2013 and this by individual (former) working Member State and assumed that 1 in 5 retired cross-border workers always had worked in the same Member State of employment. Fourthly, an estimation of the number of migrant pensioners was calculated by using the LFS. Finally, we assumed in the calculation model that 25% of the pensioners will have also an insured family member. The sum of all these categories results in an estimate of the number of PD S1. As next step we have estimated the cross-border expenditure on long-term care in kind and in cash based on figures from the 2015 Ageing Report. Here we have applied the average LTC benefits in cash and in kind per dependent user. It is as mobile citizens (workers, pensioners, their family members) are using this system of LTC as if they were nationals. This involves a ‘potential’ overestimation of the number of users of cross-border LTC benefits and the related expenditure due to fact some Member States consider their LTC benefit as not exportable. At the same time these estimates assume a complete ‘take-up’ of rights by mobile citizens which will not be the case in the baseline scenario.

### *Deloitte*

The data collection and analysis are focused on a representative sample of 14 Member States<sup>3</sup>. The sample of Member States covers seven of the eight welfare state models<sup>4</sup> (given their similarities, the “new” Bismarck-oriented Mediterranean Member States –Malta and Cyprus- not included). The selection of the countries is primarily based on relevant mobility patterns and a balanced coverage in terms of types of the social security systems, more notably in the area of long-term care benefits.

Cluster	Main features	Countries
1. Beveridge oriented	Tax financed more flat rate, but at a lower level of social protection	<u>United Kingdom, Ireland</u>
2. Beveridge oriented Nordic countries	Tax financed, more flat rate, at a high level of social protection, more in kind benefits	<u>Sweden, Denmark, Iceland, Norway, Finland</u>
3. Bismarck oriented	More contribution financed, income related benefits, more in cash oriented, at a high level, the so called ‘corporatist’ welfare state	<u>Belgium, France, Austria, Germany, The Netherlands, Luxemburg, Switzerland</u>
4. Bismarck oriented Mediterranean countries	More contribution financed, income related benefits, more in cash oriented, at a lower level of social protection	<u>Spain, Portugal, Italy, Greece</u>
5. Beveridge oriented Baltic countries	More oriented to neo-liberal welfare state regimes of Beveridge type	<u>Estonia, Latvia, Lithuania</u>

<sup>3</sup> The 14 countries retained, as indicated in the table, are: Austria; Belgium; Denmark; Estonia; France; Germany; Poland; Luxemburg; the Netherlands; Romania; Spain; Slovakia; Sweden and the United Kingdom.

<sup>4</sup> The fact that one or more States belong to the same welfare system does not imply that they will encounter the same problems in terms of the management of social security cases. The administration and the legislation in this area could diverge even within a specific model.

Cluster	Main features	Countries
6. Bismarck oriented Central/Eastern or Visegrad countries	Mixture of Beveridge oriented neo-liberal welfare state but with converging back to corporatist welfare state regime	<u>Poland</u> , Czech Republic, Hungary, <u>Slovakia</u>
7. Bismarck oriented South/East Mediterranean & Balkan countries	Evolving back to a corporatist welfare state regime, at a lower level of protection	<u>Romania</u> , Bulgaria, Croatia
8. New Bismarck oriented Members states of Mediterranean area		Cyprus, Malta, Slovenia

Two types of data sources were used during this study: secondary data (available literature and reports at EU and MS level, particularly the trESS reports; replies to the online public EC Consultation on the need to revise of the current rules; available statistical data with regard to mobility patterns and the use of LTC benefits in cross-border cases) and primary data, collected through interviews and a consultation of the stakeholders (findings from strategic interviews with DG EMPL officials; findings from interviews with stakeholders at EU level, e.g. European umbrella organisations; findings from interviews with key stakeholders at national level (health insurers, healthcare providers); replies to the EU-wide web-based survey among responsible public authorities; new, generated statistical data with regard to mobility patterns and the use of LTC benefits in cross-border cases; findings from the 13 workshops/group interviews and 8 phone interviews on the administrative costs and administrative burden related to the policy options).

## **2. Unemployment benefits: coordination of unemployment benefits for frontier workers**

### *HIVA*

Based on Labour force Survey (LFS) data for 2013 and 2014, an estimation of the number of cross-border workers has been made. In the further analysis we considered all workers who worked in another country than the country of residence as cross-border workers. Workers who worked in a neighbouring country are considered as frontier workers. This is different from the legal definition. National unemployment rates from Eurostat were applied to the number of cross-border workers in order to estimate the number of unemployed cross-border workers. The unemployment rates of the country of last activity and not of the country of residence have been applied on the number of cross-border workers. In order to estimate the budgetary impact of the baseline scenario, the estimated number of unemployed cross-border workers are multiplied by the annual unemployment benefit per unemployed by taking into account the annual average duration of the payment of the unemployment benefit (on the basis of ESSPROS, Eurostat figures and the LFS).

*Deloitte*

The data collection and analysis are focused on a representative sample of 14 Member States<sup>5</sup>. The sample of Member States covers seven of the eight welfare state models<sup>6</sup> (given their similarities, the “new” Bismarck-oriented Mediterranean Member States –Malta and Cyprus- not included). The selection of the countries is primarily based on relevant mobility patterns and a balanced coverage in terms of types of the social security systems, more notably in the area of unemployment benefits.

Cluster	Main features	Countries
1. Beveridge oriented	Tax financed more flat rate, but at a lower level of social protection	<u>United Kingdom</u> , Ireland
2. Beveridge oriented Nordic countries	Tax financed, more flat rate, at a high level of social protection, more in kind benefits	<u>Sweden</u> , <u>Denmark</u> , Iceland, Norway, Finland
3. Bismarck oriented	More contribution financed, income related benefits, more in cash oriented, at a high level, the so called ‘corporatist’ welfare state	<u>Belgium</u> , <u>France</u> , <u>Austria</u> , <u>Germany</u> , <u>The Netherlands</u> , <u>Luxemburg</u> , <u>Switzerland</u>
4. Bismarck oriented Mediterranean countries	More contribution financed, income related benefits, more in cash oriented, at a lower level of social protection	<u>Spain</u> , Portugal, Italy, Greece
5. Beveridge oriented Baltic countries	More oriented to neo-liberal welfare state regimes of Beveridge type	<u>Estonia</u> , Latvia, Lithuania
6. Bismarck oriented Central/Eastern or Visegrad countries	Mixture of Beveridge oriented neo-liberal welfare state but with converging back to corporatist welfare state regime	<u>Poland</u> , Czech Republic, Hungary, <u>Slovakia</u>
7. Bismarck oriented South/East Mediterranean & Balkan countries	Evolving back to a corporatist welfare state regime, at a lower level of protection	<u>Romania</u> , Bulgaria, Croatia
8. New Bismarck oriented Members states of Mediterranean area		Cyprus, Malta, Slovenia

Two types of data sources were used during this study: secondary data (available literature and reports at EU and MS level, particularly the trESS reports; replies to the online public EC Consultation on the need to revise of the current rules; available statistical data with regard to mobility patterns and the use of unemployment benefits in cross-border cases) and primary data, collected through interviews and a consultation of the stakeholders (findings from strategic interviews with DG EMPL officials; findings from interviews with stakeholders at EU level, e.g. European umbrella

<sup>5</sup> The 14 countries retained, as indicated in the table, are: Austria; Belgium; Denmark; Estonia; France; Germany; Poland; Luxemburg; the Netherlands; Romania; Spain; Slovakia; Sweden and the United Kingdom.

<sup>6</sup> The fact that one or more States belong to the same welfare system does not imply that they will encounter the same problems in terms of the management of social security cases. The administration and the legislation in this area could diverge even within a specific model.

organisations; findings from interviews with key stakeholders at national level (public employment services); replies to the EU-wide web-based survey among responsible public authorities; new, generated statistical data with regard to mobility patterns and the use of unemployment benefits in cross-border cases; findings from the 13 workshops/group interviews and 8 phone interviews on the administrative costs and administrative burden related to the policy options).

### **3. Unemployment benefits: export of unemployment benefits**

*HIVA*

Figures for all EU-Member States on the export of unemployment benefits have become available via the administrative PD U2 Questionnaire launched within the framework of the Administrative Commission (for 2013). Additional data available for Belgium has been used to describe the impact of the prolongation period on finding a job abroad. Finally, figures of Eurostat (based on the LFS) were used to calculate the average duration of the unemployment period.

### **4. Unemployment benefits: aggregation of unemployment benefits**

*HIVA (financial impact for Member States)*

Based on the data from the administrative questionnaire on the aggregation of periods for unemployment the budgetary impact of the current rules and the different alternative options could be calculated. Member States had to provide a breakdown by Member State of origin and a breakdown by length of insurance. The reported cases have been multiplied by the annual average expenditure per unemployed person (also by taking into account the annual average duration of the payment of the unemployment benefit) in order to estimate the public unemployment spending. Option 4 (change of the calculation method) required more detailed information about the unemployed recent migrant worker's salary. No information on the salary earned in the competent Member State as well as in the Member State of origin was collected via the administrative questionnaire. Therefore, wage data published by Eurostat have been used.

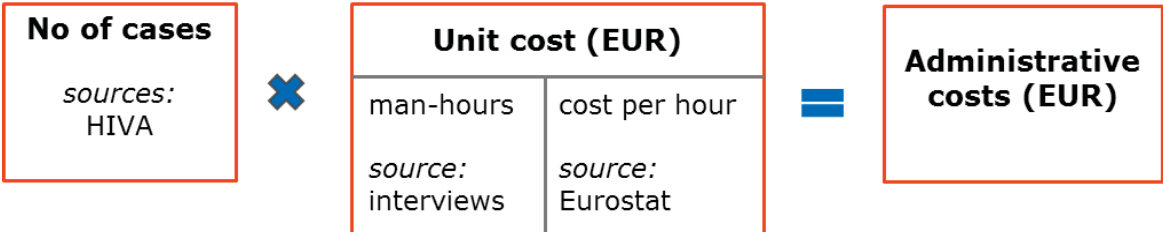
*Brodolini (costs for public administrations)*

The methodology for assessing the administrative costs and burden for the national administrations in the Member States handling cases of aggregation of unemployment benefits takes outset in the definition of administrative costs and burden provided by the EC Impact Assessment Guidelines. While doing this, we have adopted a broad definition of administrative information obligations – i.e. we have considered the costs of administrative tasks such as the determination of Member State of competence, the calculation of benefits, and the reimbursement and recovery of benefits in between Member States. In addition, we have looked into the administrative burden for the mobile EU-workers.

The calculations of the administrative costs for the national administrations are as illustrated in the below figure in principle simple. Firstly, the number of cases in the left-hand side of the figure are the annual cases currently registered in six case study Members States (Germany, Denmark, the Netherlands, Poland, Romania, and the UK) – information that has been provided by the HIVA KU Leuven Research Institute for Work and Society via a data gathering exercise. In our main calculations, we assume that the number of cases does not change as a result of revisions to Regulation (EC) No 883/2004. However, we do to illustrate the sensitivity of this assumption also show scenarios where we assume a change in the number of cases based on the results of Task 3 and 4, respectively, of this study.

Secondly, we calculate the unit costs for the national administration – i.e. the current administrative costs per case as well as the changed administrative costs per case as a result of the EU revisions. Such administrative costs per case clearly differ between cases, i.e. there will be easy cases only involving standard administrative tasks while other more complex cases will involve additional tasks. Hence, we estimate in practice average costs.

*Calculation of administrative costs for national administrations*



Most study resources were allocated to the estimation of the man-hours needed to carry out the administrative tasks. Such information is not available from official sources, and so we have gathered the information through interviews with national administrations in the six case study Member States. For this purpose, we identified the national administrations to interview, and we developed interview guides that was applied by our Member States experts/interviewers in the six case study Member States.

It must in this context be acknowledged that most of the man-hour estimates are based on a few interviews only. This is partly because there is often only a few national administrations that handle cases in each of the Member States, and partly because of limited interview resources. Hence, the premise for this analysis and so its results is the uncertainty associated with few assessments that, furthermore, mostly are based on the subjective assessments of the interviewees rather than on actual registrations of time spent on different administrative tasks.



### *Brodolini (secondary impacts)*

The simulations used in the study aim at translating the implications of the proposed revisions into expected income changes. Assuming a connection between income differentials and the propensity to move among EU countries, a variation in mobility flows and in the dimension of the target population is estimated. Finally, taking into account the variation in the latter, the different level of benefits and the redistribution of competences between sending and receiving countries envisioned by the policy options, we give an estimate of the variation in expenditure for the aggregation of periods or salaries for unemployment benefits for the selected countries.

The variation both in mobility and in expenditure, are estimated in relation to the status quo scenario. This scenario is built on a virtual 'baseline year', with a defined level of mobility flows and a defined level of expenditure. The mobility flow is computed as the averages of the most recent values of annual bilateral mobility flows among the selected countries (7 MS for task 3 and 8 MS for task 4). The number of potential cases of aggregation of periods or salaries for unemployment benefits (the 'target population' of task 4) is computed by multiplying the status quo mobility flow registered from a given sending country to a given receiving country with the ratio of unemployed non-national EU28+EFTA individuals on the total number of non-national EU28+EFTA individuals in the given receiving country. Then, the aggregate expenditure is estimated by multiply the target population identified for the average values of the benefits in each selected MS.

It is assumed that the income differences observed in the status quo scenario – along with all other factors that the policy options do not have an impact on – generate the mobility observed in the status quo period both in terms of general mobility flows and in terms of dimension of target population. The influence of unemployment benefits on mobility is evaluated by calculating the change attributable to the various policy options on the amounts unemployment benefits paid in relation to the family income in the country of origin or in the country of previous residence.

Once the income change is calculated, we convert that change into a potential mobility effect, using a theoretical assumptions on the elasticity of migration flows to income changes, which relates elasticity to income differentials for each bilateral combination of countries. As a measure for earnings, we consider the net earnings (PPS-adjusted) of a single individuals without children at 100% of the average wage. Once elasticity is computed, the percentage of income change is translated into a mobility percentage change. The percentage of mobility change is then translated into a change in mobility flows and in potential target population by relating the calculated percentage change to the absolute number of mobile citizens in the status quo case, according to the policy options proposed.

In order to define the expenditure variations, we compute the present level of expenditure by multiplying the number of present potential cases of aggregation of periods or salaries for unemployment benefits by the average amount of unemployment benefits. We then observe the percentage variation of expenditure – total and related to each bilateral relation.

### *FreSsco (legal analysis)*

FreSsco analytical impact assessment reports are based on the description of a specific problem of social security coordination and/or free movement of workers which arises in the application of EU law and which should be subjected to a legal analysis.

Immediately after receiving and confirming the mandate, thorough consideration is given to the selection of the team of experts entrusted with the analysis of the specific legal problem, one of whom is selected as the team coordinator. It is observed that their expertise is to the highest possible extent tailored to the subject matter of the analysis. In addition, two meetings between the experts are organised. One is arranged at the beginning of the task, in order to get acquainted with the task and allocate the responsibilities, and another one before the final results are presented, in order to come to an agreement with the final text. If the deadline, set by the mandate, is too pressing, only one meeting is organised. Nevertheless, in both cases, i.e. one or two meetings, intensive communication between the experts is guaranteed and facilitated during the analysis, mainly by the internal coordinator and the FreSsco management. Only by applying the dialectical method of testing various options, and confirming or rejecting ideas via discourse between the experts, can the best solutions be found. It goes without saying that better and faster results might be achieved when discussions occur *inter praesentes* and not *inter absentes*.

Regarding the report itself, first the existing application of EU law to a specific cross-border situation is presented. To this end, the existing legislative and non-legislative documents as well as decisions of the Court of Justice of the European Union (CJEU) and other bodies (like the Administrative Commission for the Coordination of Social Security Systems) are taken into account. The historical method might be applied in order to discover the reasons for the present legislative solutions.

In the next step of the analysis several options – either enumerated in the mandate and/or discovered during the analysis – which might present a solution to a given problem are tested. Their strengths, weaknesses, opportunities and threats are stressed. In some of the reports, for each of the possible solutions specific criteria are taken into account, such as clarity, simplicity, protection of rights, administrative burden and implementation arrangements, risk of fraud and abuse and potential financial implications.

To this end, not only the relevant EU law is taken into consideration, but other sources as well. These might include relevant literature and academic studies, reports and selected key policy documents of the EU and possibly of other international organisations.

Next to this comparison on an EU (and international) level, a vertical comparative method is applied in order to present the problems and test the solutions in (some or all, depending on the mandate) Member States. A horizontal comparative method at the national level is enabled by mapping the situation in several (or all) Member States.

Logical, grammatical and teleological methods of legal interpretation are relied upon as well. Conclusions are as a rule drawn from the descriptive-analytical method of the research, which might prove useful for selecting the best policy options at national and EU level and for finding the most appropriate normative solutions *de lege ferenda*.

## 5. Export of family benefits

### *HIVA (financial impact for Member States)*

Data of the administrative questionnaire has been used to report figures on the baseline scenario. Member States provided data on their export of family benefits and provided sometimes even more detailed data by the primarily or secondarily competence of the reporting Member State. By making use of the price level indices for consumer goods and services reported by EUROSTAT a correction coefficient between the exporting Member State and the Member State of residence of the child(ren) could be calculated in order to make an adjustment of the amount of exported family benefits to the cost of living in the Member State of residence of the child(ren). The scope of the administrative questionnaire was limited to the number of households and children who received a child benefit from a competent exporting Member State. However, for the calculation of one option (Option 3: Reverse order of competence) the complete reference group affected by the coordination of family benefits had to be taken into account. Also, more information on the average amount of the family benefit on the basis of ESSPROS was required as not all Member States had answered the administrative questionnaire.

### *Brodolini (costs for public administrations)*

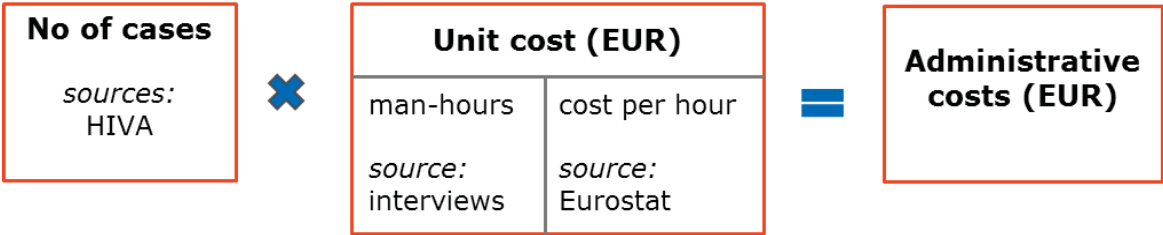
The methodology for assessing the administrative costs and burden for the national administrations in the Member States handling cases of export of family benefits takes outset in the definition of administrative costs and burden provided by the EC Impact Assessment Guidelines. While doing this, we have adopted a broad definition of administrative information obligations – i.e. we have considered the costs of administrative tasks such as the determination of Member State of competence, the calculation of benefits, and the reimbursement and recovery of benefits in between Member States. In addition, we have looked into the administrative burden for the mobile EU-citizens and their families.

The calculations of the administrative costs for the national administrations are as illustrated in the below figure in principle simple. Firstly, the number of cases in the left-hand side of the figure are the annual cases currently registered in six case study Members States (Germany, Denmark, the Netherlands, Poland, Romania, and the UK) – information that has been provided by the HIVA KU Leuven Research Institute for Work and Society via a data gathering exercise. In our main calculations, we assume that the number of cases does not change as a result of revisions to Regulation (EC) No 883/2004. However, we do to illustrate the sensitivity of this assumption also show scenarios where we assume a change in the number of cases based on the results of Task 3 and 4, respectively, of this study.

Secondly, we calculate the unit costs for the national administration – i.e. the current administrative costs per case as well as the changed administrative costs per case as a result of the EU revisions. Such administrative costs per case clearly differ between cases, i.e. there will be easy cases only

involving standard administrative tasks while other more complex cases will involve additional tasks. Hence, we estimate in practice average costs.

*Calculation of administrative costs for national administrations*



Most study resources were allocated to the estimation of the man-hours needed to carry out the administrative tasks. Such information is not available from official sources, and so we have gathered the information through interviews with national administrations in the six case study Member States. For this purpose, we identified the national administrations to interview, and we developed interview guides that was applied by our Member States experts/interviewers in the six case study Member States.

It must in this context be acknowledged that most of the man-hour estimates are based on a few interviews only. This is partly because there is often only a few national administrations that handle cases in each of the Member States, and partly because of limited interview resources. Hence, the premise for this analysis and so its results is the uncertainty associated with few assessments that, furthermore, mostly are based on the subjective assessments of the interviewees rather than on actual registrations of time spent on different administrative tasks.

*Brodolini (secondary impacts)*

The simulations used in the study aim at translating the implications of the proposed revisions into expected income changes. Assuming a connection between income differentials and the propensity to move among EU countries, a variation in mobility flows and in the dimension of the target population is estimated. Finally, taking into account the variation in the latter, the different level of benefits and the redistribution of competences between sending and receiving countries envisioned by the policy options, we give an estimate of the variation in expenditure for the export of family benefits for the selected countries.

The variation both in mobility and in expenditure, are estimated in relation to the status quo scenario. This scenario is built on a virtual ‘baseline year’, with a defined level of mobility flows and a defined level of expenditure. The mobility flow is computed as the averages of the most recent values of annual bilateral mobility flows among the selected countries (7 MS for task 3 and 8 MS for task 4). In the definition of the target population interested by the proposed revisions we made use of the HIVA study (Pacolet et al., 2015), which allows to identify, for each selected country, the total number of persons entitled to the export of child benefits. Then, the aggregate expenditure is estimated by multiply the target population identified for the average values of the benefits in each selected MS.

It is assumed that the income differences observed in the status quo scenario – along with all other factors that the policy options do not have an impact on – generate the mobility observed in the status quo period both in terms of general mobility flows and in terms of dimension of target population. The influence of family benefits on mobility is evaluated by calculating the change attributable to the various policy options on the amounts of family benefits paid in relation to the family income in the country of origin or in the country of previous residence.

Once the income change is calculated, we convert that change into a potential mobility effect, using a theoretical assumptions on the elasticity of migration flows to income changes, which relates elasticity to income differentials for each bilateral combination of countries. As a measure for earnings, we consider the net earnings (PPS-adjusted) of a one-earner married couple with two children at 100% of average wage. Once elasticity is computed, the percentage of income change is translated into a mobility percentage change. The percentage of mobility change is then translated into a change in mobility flows and in potential target population by relating the calculated percentage change to the absolute number of mobile citizens in the status quo case, according to the policy options proposed.

In order to define the expenditure variations, we compute the present level of expenditure by multiplying the number of present potential cases. We then observe the percentage variation of expenditure – total and related to each bilateral relation.

#### *FreSsco (legal analysis)*

FreSsco analytical impact assessment reports are based on the description of a specific problem of social security coordination and/or free movement of workers which arises in the application of EU law and which should be subjected to a legal analysis.

Immediately after receiving and confirming the mandate, thorough consideration is given to the selection of the team of experts entrusted with the analysis of the specific legal problem, one of whom is selected as the team coordinator. It is observed that their expertise is to the highest possible extent tailored to the subject matter of the analysis. In addition, two meetings between the experts are organised. One is arranged at the beginning of the task, in order to get acquainted with the task and allocate the responsibilities, and another one before the final results are presented, in order to come to an agreement with the final text. If the deadline, set by the mandate, is too pressing, only one meeting is organised. Nevertheless, in both cases, i.e. one or two meetings, intensive communication between the experts is guaranteed and facilitated during the analysis, mainly by the internal coordinator and the FreSsco management. Only by applying the dialectical method of testing various options, and confirming or rejecting ideas via discourse between the experts, can the best solutions be found. It goes without saying that better and faster results might be achieved when discussions occur inter presentes and not inter absentes.

Regarding the report itself, first the existing application of EU law to a specific cross-border situation is presented. To this end, the existing legislative and non-legislative documents as well as decisions of the Court of Justice of the European Union (CJEU) and other bodies (like the Administrative

Commission for the Coordination of Social Security Systems) are taken into account. The historical method might be applied in order to discover the reasons for the present legislative solutions.

In the next step of the analysis several options – either enumerated in the mandate and/or discovered during the analysis – which might present a solution to a given problem are tested. Their strengths, weaknesses, opportunities and threats are stressed. In some of the reports, for each of the possible solutions specific criteria are taken into account, such as clarity, simplicity, protection of rights, administrative burden and implementation arrangements, risk of fraud and abuse and potential financial implications.

To this end, not only the relevant EU law is taken into consideration, but other sources as well. These might include relevant literature and academic studies, reports and selected key policy documents of the EU and possibly of other international organisations.

Next to this comparison on an EU (and international) level, a vertical comparative method is applied in order to present the problems and test the solutions in (some or all, depending on the mandate) Member States. A horizontal comparative method at the national level is enabled by mapping the situation in several (or all) Member States.

Logical, grammatical and teleological methods of legal interpretation are relied upon as well. Conclusions are as a rule drawn from the descriptive-analytical method of the research, which might prove useful for selecting the best policy options at national and EU level and for finding the most appropriate normative solutions *de lege ferenda*.

## **6. Access for economically inactive mobile EU citizens and jobseekers to certain social benefits**

*FreSsco (legal analysis focussed on access to SNCBs)*

FreSsco analytical impact assessment reports are based on the description of a specific problem of social security coordination and/or free movement of workers which arises in the application of EU law and which should be subjected to a legal analysis.

Immediately after receiving and confirming the mandate, thorough consideration is given to the selection of the team of experts entrusted with the analysis of the specific legal problem, one of whom is selected as the team coordinator. It is observed that their expertise is to the highest possible extent tailored to the subject matter of the analysis. In addition, two meetings between the experts are organised. One is arranged at the beginning of the task, in order to get acquainted with the task and allocate the responsibilities, and another one before the final results are presented, in order to come to an agreement with the final text. If the deadline, set by the mandate, is too pressing, only one meeting is organised. Nevertheless, in both cases, i.e. one or two meetings, intensive communication between the experts is guaranteed and facilitated during the analysis, mainly by the internal coordinator and the FreSsco management. Only by applying the dialectical method of testing various options, and confirming or rejecting ideas via discourse between the

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Logical, grammatical and teleological methods of legal interpretation are relied upon as well. Conclusions are as a rule drawn from the descriptive-analytical method of the research, which might prove useful for selecting the best policy options at national and EU level and for finding the most appropriate normative solutions *de lege ferenda*.

#### *Access for economically inactive mobile EU citizens and jobseekers to certain social benefits*

In relation to the option extending the derogation from the principle of equal treatment in relation to access to non-contributory family benefits, long-term care benefits and sickness benefits for economically inactive mobile EU citizens and jobseekers, as this was developed quite late in the process, data from the Labour Force Survey (LFS), ESSPROS and the 2015 Ageing report were used to estimate the affected population and economic impact (see Annex XXIV).

**Annex V Study for an impact assessment for revision of Regulations (EC) Nos 883/2004 and (EC) Nos 987/2009**





# **Study for an impact assessment for revision of Regulations (EC) Nos 883/2004 and 987/2009**

VT/2008/87

## **Final report**

6 December 2013

Richard Doherty, Benoît Vandresse, Steven Bulté, Miguel Bardaji Horno,  
Michael Ulrich \*

Jozef Pacolet, Frederic De Wispelaere\*\*

\* Deloitte Consulting \*\* HIVA KU Leuven



## COLOPHON

**Title:** Study for an impact assessment for revision of Regulations (EC) Nos 883/2004 and 987/2009

**Authors:** Richard Doherty (Deloitte Consulting), Benoît Vandresse (Deloitte Consulting), Steven Bulté (Deloitte Consulting), Miguel Bardaji Horno (Deloitte Consulting) , Michael Ulrich (Deloitte Consulting), Jozef Pacolet (HIVA KU Leuven), Frederic De Wispelaere (HIVA KU Leuven),

**National experts:** Roland Eisen, Hans-Christian Mager and Jürgen Faik (Johann Wolfgang Goethe Universität Frankfurt am Main,), Norman Wagner (Social Policy Unit in the Chamber of Labour, Austria), Jan Edling (Flexicurity, Sweden), Eigil Boll Hansen (KORA, Danish Institute for Local and Regional Government Research), Raphael Wittenberg (London School of Economics and Political Science), Catalin Ghinararu (National Research Institute for Labour and Social Protection Romani), Marek Radvansky (Institute of Economic Research (EU SAV), Slovakia), Jüri Kore (Tartu University), Gregorio Rodríguez Cabrero (University of Alcalá), Dorota Kawiorska (Krakow University of Economics), Franz Clément (Centre d'Etudes de Population, de Pauvreté et de Politiques Socio-Economiques, Luxembourg), Cristina-Maria Martin (Deloitte Romania), Filip Van Overmeiren (Laga Belgium).

**Acknowledgements:** The authors would like to thank DG EMPL for the research possibilities provided within this project and especially the department EMPL B4 and the Impact assessment steering group for their constructive, challenging and inspiring support for this work and the hospitality while discussing this and previous versions of the report.



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# 1 Introduction

## *1.1 Purpose of the document*

This is Deloitte's and HIVA's report to the European Commission, DG EMPL with regard to the "Study for an impact assessment for revision of Regulations (EC) Nos 883/2004 and 987/2009".

## *1.2 Structure and content of the final report*

We have structured the final report as follows:

- Chapter 1 includes a short introduction to the final report;
- Chapter 2 outlines the objectives of this study;
- Chapter 3 recalls the methodology that we have used for this study;
- Chapter 4 presents the current situation with regard to the coordination of LTC and unemployment benefits. We focus specifically on the scale of potentially affected people and the most common mobility patterns
- Chapter 5 contains a definition of the problems under the current rules that were identified for both the coordination of unemployment benefits and the coordination of long-term care benefits.
- In chapter 6, we describe the policy objectives that the Commission aims to achieve with the coordination of LTC and unemployment benefits.
- Chapter 7 aims to describe the likely qualitative and quantitative impacts of the various policy options in relation to the baseline scenario.
- In Chapter 8, we provide an overview of the strengths and weaknesses of the various policy options according to three meta-criteria: efficiency, effectiveness and coherence.
- Chapter 9 contains a summary of the main conclusions of this study (we have also produced this summary in a separate standalone document).
- Chapter 10 contains the annexes attached to this final report.

## 2 Study objectives

The overall objective of the study consists in evaluating the social and economic impacts of a limited number of policy options for a revision of the EU rules in the area of free movement of workers and social security coordination. These rules concern in particular Articles 21, 45 and 48 of the Treaty and Regulations (EC) N°s 883/2004 and 987/2009. The study focuses on the rules on coordination of long-term care benefits and unemployment benefits.

The following tasks were carried out by the research team:

- **The collection of socio-economic data** for determining the scale of the identified problems and the baseline scenario in the area of coordination of social security schemes, in particular with regard to the coordination of long-term care and unemployment benefits. The study should provide the evidence-based description of the baseline scenario and focus on providing supporting data, providing input for the verification of the intervention logic.
- A description of the qualitative and quantitative impacts of the policy options.
- Comparison of the policy options.
- Providing support in the process of **stakeholders' consultation**, namely to:
  - evaluate results of the public consultation (online questionnaire launched online in all EU languages by the EC on 5/12/2013 and closed on 5/3/2013)
  - carry out and evaluate results of a consultation of organisations & networks operating in cross-border regions
  - carry out and evaluate results of a consultation of national institutions and administrations (e.g. employment services, health services).



### 3 Methodological approach

#### 3.1 *In-depth analysis based on a sample of 14 Member States*

The data collection and analysis are focused on a representative sample of 14 Member States. The selection of the countries is primarily based on relevant mobility patterns and a balanced coverage in terms of types of the social security systems, more notably in the area of unemployment and long-term care benefits.

Existing research on the welfare state and the social protection for dependent older persons (long-term care) has shown that a characterisation along the lines of more Bismarck-oriented and more Beveridge oriented welfare states remains fruitful<sup>7</sup>.

- **Bismarck-oriented models** are characterized by income-based contributions earmarked to specific funds destined to cover concrete social risks. They are usually tightly linked to the employment system (contributions made by the employer and/or the employee, and benefits limited to the contributor and his/her family; besides, the job employment sector often determines the corresponding insurance fund).
- **Beveridge-oriented models**, on their side, are based on the idea of universal coverage against the main social risks, providing access to all the citizens. The Nordic countries and the UK represent this approach, though universal coverage became the guiding principle in all European countries during the second half of the 20<sup>th</sup> Century. Some of the “new” Member States, which mainly followed Beveridge-oriented models during the second half of the 20<sup>th</sup> Century, are shifting to a “Bismarck”-oriented model since the 90s.

The system of social protection in the EU is characterized by welfare pluralism. Member States aim at the same or similar goals, however making use of different implementation mechanisms and institutions. Although the differences between social security models are blurring and each country has its own specificities, eight groups or clusters of Member States can be distinguished following their Bismarck/Beveridge orientation. Four models can be differentiated among the “old” Member States (EU-15); similarly, four models can be identified among the “new” Member States.

In spite of the apparent convergence, welfare state regimes remain rooted in history and path dependent that determines further directions for new branches of social protection, like long-term care. Those typologies of welfare state regimes seem to be clustered also geographically, and are characterised also by differences in the development of the welfare state (at a higher or lower level), coupled with higher or lower levels of economic development (GDP) and more or less oriented to in cash or in kind benefits. Those dimensions substantially influence the flows of funds related to the social protection of mobile citizens. The apparent geographic clustering seems also to be confirmed

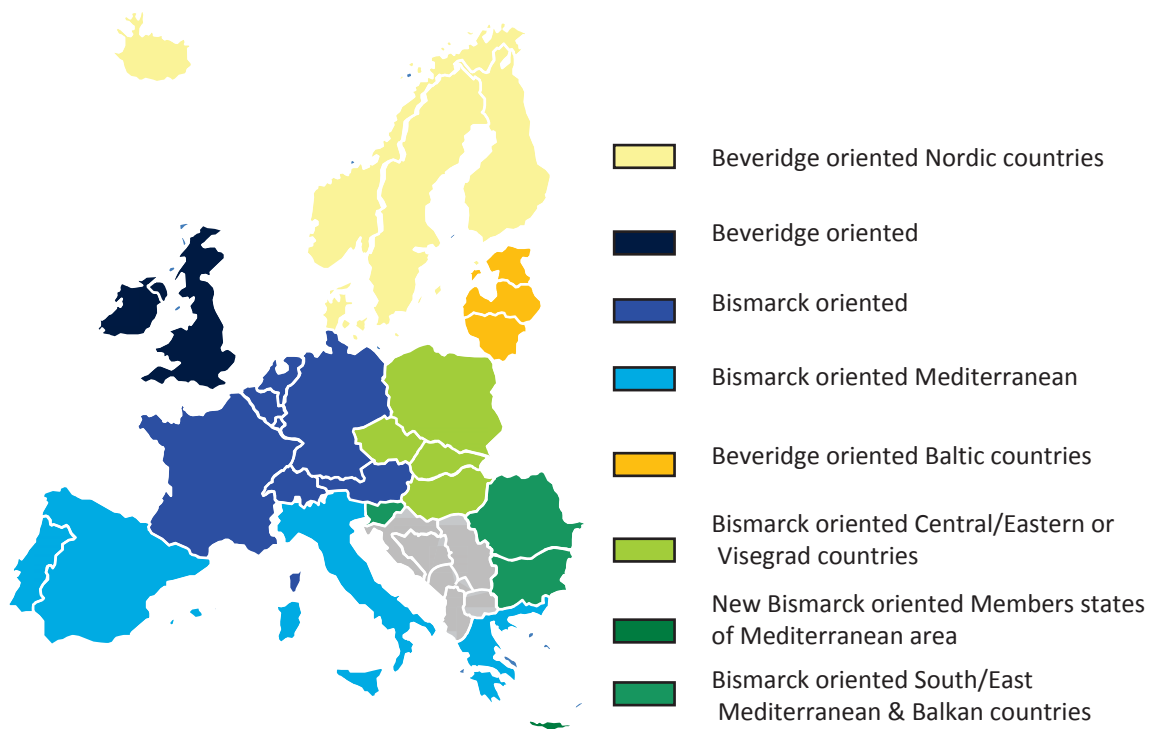
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<sup>7</sup> See Pacolet J. and Coudron V., 2006 “State of the Welfare State in the EU Anno 1992: Ten years later and with ten new Member States. Welfare State trend spotting”, in Pacolet J., Ed. (2006). *L'Etat de l'Etat-providence dans l'UE en 1992 et dix ans plus tard avec dix nouveaux Etats membres*. (Pacolet, J., Ed.). *La Revue Belge de Sécurité Sociale*.

by labour market mobility<sup>8</sup>. Those typologies appear in similar form in most of the comparative studies of welfare state regimes.<sup>9</sup> Furthermore, research on unemployment systems has yielded similar clusters of countries<sup>10</sup>.

For these reasons, we have decided to use the same sample of countries for both areas (long-term care and unemployment). We selected from each of those regimes one or more countries to cover the welfare state pluralism in Europe. The distinction between old and new will disappear, but we retain it for this study because of the still relative recent occurrence of the enlargement and because of the difference in economic development between both at this point of time.

Figure 1: Welfare state models



Cluster	Main features	Countries
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<sup>8</sup> European Commission, Posting of Workers in the European Union and EFTA countries: Report on E101 certificates issued in 2010 and 2011.

<sup>9</sup> Delsen, L. & Pacolet J. (2011), 'Globalisation and national social security systems', in M. De Clercq, J. Albrecht & T. Verbeke (eds.), Global policy in Europe. Local policy for a global market: competition or coordination within the EU?, 29<sup>th</sup> Scientific Economic Congress, Acco, Leuven.

<sup>10</sup> See, for instance, the "Benchmarking Unemployment Benefit System" paper published by DG ECFIN in May 2012. Though small differences exist, such as the grouping of Cyprus, Malta, Ireland and the UK, the clustering is essentially the same. The only other relevant difference involves Greece, which is grouped with Central and Eastern countries instead of with Southern/Mediterranean countries, but it will be not covered by this study.

Cluster	Main features	Countries
<b>9. Beveridge oriented</b>	Tax financed more flat rate, but at a lower level of social protection	<u>United Kingdom</u> , Ireland
<b>10. Beveridge oriented Nordic countries</b>	Tax financed, more flat rate, at a high level of social protection, more in kind benefits	<u>Sweden</u> , <u>Denmark</u> , Iceland, Norway, Finland
<b>11. Bismarck oriented</b>	More contribution financed, income related benefits, more in cash oriented, at a high level, the so called 'corporatist' welfare state	<u>Belgium</u> , <u>France</u> , <u>Austria</u> , <u>Germany</u> , <u>The Netherlands</u> , <u>Luxemburg</u> , <u>Switzerland</u>
<b>12. Bismarck oriented Mediterranean countries</b>	More contribution financed, income related benefits, more in cash oriented, at a lower level of social protection	<u>Spain</u> , Portugal, Italy, Greece
<b>13. Beveridge oriented Baltic countries</b>	More oriented to neo-liberal welfare state regimes of Beveridge type	<u>Estonia</u> , Latvia, Lithuania
<b>14. Bismarck oriented Central/Eastern or Visegrad countries</b>	Mixture of Beveridge oriented neo-liberal welfare state but with converging back to corporatist welfare state regime	<u>Poland</u> , <u>Czech Republic</u> , Hungary, <u>Slovakia</u>
<b>15. Bismarck oriented South/East Mediterranean &amp; Balkan countries</b>	Evolving back to a corporatist welfare state regime, at a lower level of protection	<u>Romania</u> , Bulgaria, Croatia
<b>16. New Bismarck oriented Members states of Mediterranean area</b>		Cyprus, Malta, Slovenia

Source: Pacolet J. and Coudron V., 2006 "State of the Welfare State in the EU Anno 1992: Ten years later and with ten new Member States. Welfare State trend spotting", in Pacolet J., Ed. (2006). L'Etat de l'Etat-providence dans l'UE en 1992 et dix ans plus tard avec dix nouveaux Etats membres. (Pacolet, J., Ed.). La Revue Belge de Sécurité Sociale

The 14 countries retained, as indicated in the previous table, are: Austria, Belgium, Denmark, Estonia, France, Germany, Poland, Luxemburg, Netherlands, Romania, Spain, Slovakia, Sweden and United Kingdom.

With the aim of ensuring the representativeness and robustness of the impact analysis, which according to the Terms of Reference may be done by clusters of countries, our sample of Member States covers seven of the eight welfare state models (given their similarities, the "new" Bismarck-oriented Mediterranean Member States –Malta and Cyprus- not included).

The allocation of a country to a specific model (Beveridge or Bismarck-oriented) does not necessarily imply that this country will have the same problems in terms of the management of social security cases compared to the other countries allocated to this specific model. The administration and the legislation in this area could diverge even within a specific model.

We account as well, in the country selection, labour mobility trends. With the selection of those countries we include at least 80% of both the outgoing and ingoing cross-border working citizens in the EU-27. In terms of population, our sample accounts for around 75% of the EU-27 population (cf. from Table 83 until Table 88).

### 3.2 Data sources

Two types of data sources were used during this study:

- secondary data, in particular existing statistical data;
- primary data, collected through interviews and a consultation of the stakeholders.

**Table 1 : Overview of data sources**

Data types	Secondary	Primary
Qualitative	<ol style="list-style-type: none"> <li>1. <b>Available literature</b> and reports at EU and MS level, particularly the trESS reports</li> <li>2. Replies to the <b>online public EC Consultation</b> on the need to revise of the current rules<sup>11</sup></li> </ol>	<ol style="list-style-type: none"> <li>1. Findings from <b>strategic interviews</b> with DG EMPL officials;</li> <li>2. Findings from <b>interviews with stakeholders at EU level</b>, e.g. European umbrella organisations (cf. list of consulted organisations)</li> <li>3. Findings from <b>interviews with key stakeholders at national level</b> (during country visits: public employment services, health insurers, healthcare providers;</li> <li>4. Replies to the EU-wide web-based <b>survey among responsible public authorities</b> (Annex 10.9)</li> </ol>
Quantitative	<ol style="list-style-type: none"> <li>1. <b>Available statistical data</b> with regard to mobility patterns and the use of LTC benefits and unemployment benefits in cross-border cases</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>New, generated statistical data</b> with regard to mobility patterns and the use of LTC benefits and unemployment benefits in cross-border cases</li> <li>2. Findings from the 13 <b>workshops/group interviews and 8 phone interviews on the administrative costs</b> and administrative burden related to the policy options (during the country visits).</li> </ol>

#### 3.2.1 Strategic interviews with DG EMPL officials and other key EC officials

In the initial stage of the study, we conducted 5 face-to-face interviews with EC officials within DG EMPL and DG ECFIN. The interviews with DG EMPL officials served to acquire more detailed knowledge concerning the contextual environment of the study. DG ECFIN officials assisted us in identifying relevant data from the Labour Force Survey (LSF) and the Ageing Working Group that was used for this study. These interviews also led to the transfer of relevant documents to the contractor.

*The list of conducted strategic interviews can be found in Annex 10.10*

#### 3.2.2 Available literature

<sup>11</sup> <http://ec.europa.eu/social/main.jsp?langId=en&catId=699&consultId=12&furtherConsult=yes>

For this study, we made use of a wide ranging and comprehensive desk based research. It encompassed a comprehensive review of available literature on both topics (coordination of long-term care benefits and of unemployment benefit systems) and its implications for mobile workers at EU level. Review of available literature on the subject provided input into three main issues: the underlying causes of the problems that provide the focus for the regulations on the coordination of long-term care benefits and unemployment benefits at EU level;

- ✔ the description of the problem situation and of the policy objectives;
- ✔ the impact of the “baseline scenario” of continuity with the current situation.

Literature that was part of the scope of the review included:

- ✔ Communications, resolutions and legislation at EU level, i.e. Regulation (EC) N° 883/2004 and Implementing Regulation N°987/2009 on the coordination of social security systems, 30.10.2009
- ✔ Relevant Court of Justice rulings (cf. Chapter: Context);
- ✔ Reports and studies at EU level, including the work conducted by the TrESS network;
- ✔ Reports and studies at national level.

### 3.2.3 *Analysis of replies to the online EC public consultation*

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The European Commission launched on the 5<sup>th</sup> December 2012 a public consultation (<http://ec.europa.eu/social/main.jsp?langId=en&catId=699&consultId=12&furtherConsult=yes>) addressed to:

- ✔ All EU and non-EU citizens who are insured under the social security system of an EU or EEA/EFTA Member State.
- ✔ Any public and private organisations with activities in an EU or EEA/EFTA Member State.

The objective of the consultation was to collect opinions and experience in the area of coordination of unemployment and long-term care benefits for persons who are in a cross-border situation. Furthermore, opinions on possible policy options and further ideas on how to remove existing problems or obstacles in these areas were gathered.

We were asked to analyse and exhaustively report the replies to the EC public consultation.

The consultation received 299 online (+3 email) replies across the EU and EEA/EFTA states. 199 were from individuals and 103 on behalf of an organisation or as specialists. In addition, three other stakeholders did not fill out the online questionnaire, but sent their opinions separately by e-mail.

By nationality, Spanish were the most numerous among individual respondents, accounting for 26.6% of the responses. No replies were received from Cyprus, Denmark, Iceland, Liechtenstein, Luxembourg, Malta and Switzerland.

*The analysis of the public consultation replies is considered a stand-alone document, in line with the ToR. It was submitted to the European Commission before the finalisation of the final report.*

### 3.2.4 *EU-wide web-based survey among responsible public authorities and social security institutions*

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In order to expand the scope of our analysis to all EU and EEA countries, we launched a web-based survey among the responsible national public authorities and other key actors with regard to both topics. The Commission sent an invitation to the members of the Administrative Commission for the Coordination of Social Security systems in December 2012. After several reminders and prolongation of the deadlines, we finally closed the survey on the 28 February 2013.

We received 81 complete replies to our survey:

- No answers at all were received from the following countries: Bulgaria, Finland, Greece, Iceland, Liechtenstein and Norway.
- 59 respondents have only filled in the survey on unemployment benefits.
- 10 respondents have only filled in the survey on long-term care benefits.
- 12 respondents have filled in both surveys on unemployment and long-term care benefits.

In addition, we received 67 incomplete replies. The incomplete replies were not taken into account in the survey analysis (in the figures and tables) to avoid double counting. However, relevant and useful information, examples or arguments from these incomplete replies were taken into account in the impact analysis.

On top of the countries that have not participated at all in the survey, we have no answer from BE, CY, DK, FR, IE, PT, RO, CH and UK for the questions on LTC. Among these countries, the UK public officials expressed their intention of submitting a reply during the meetings held with them after the survey's deadline. Belgian authorities also expressed in mid-March their intention to provide a reply.

On top of the countries that have not participated at all in the survey, we have no answer from SV for the questions on unemployment benefits.

Some countries from which we have received several completed questionnaire are overrepresented in the aggregated results. Therefore, the analysis of the aggregate results was complemented by the analysis of national replies when necessary.

*The analysis of the on-line survey can be found in Annex 10.9 to the final report.*

### *3.2.5 Interviews with key stakeholders at EU level*

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In order to complement the EC public consultation (and to address stakeholders that have not replied to the public consultation), a number of face-to-face interviews were conducted with stakeholder parties that are organised at EU level. We particularly addressed: We will particularly addressed:

- networks operating in cross-border regions;
- social partners organised at EU level;
- civil society organisations at EU level.

*The list of interviews with stakeholders at EU level can be found in Annex 10.10 to the final report.*

### *3.2.6 Country visits: data collection at national level*

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In order to assess the impacts of the policy options, we organised country visits in the 14 countries of our sample. During these field visits, we met the key stakeholders and affected actors in the field of long-term care benefits and unemployment benefits. The field research was conducted by Deloitte and HIVA staff, supported by academic experts with a good knowledge of the national context. A country visit usually took 3 to 6 working days depending on the availabilities of the interviewees. Country visits consisted of interviews with responsible public authorities and other interested parties (depending on the specificities of the national context) and where feasible in the time-frame of our

visits, workshops to be able to assess the administrative costs and administrative burden related to each of the policy options that are being considered. We have privileged face-to-face interviews or group interviews but after our visits in the countries we have had also the opportunity to come-back to some interviewees by phone in order to complete our information.

### 3.2.6.1 Face-to face interviews with key stakeholders

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For both topics (LTC and unemployment benefits), 5-8 key stakeholders at national level were consulted. In total, we have conducted more than 100 relevant interviews with stakeholders in these 14 Member States.

Interviews with these people fed the problem definition and generated anecdotic evidence and examples and helped us to assess the likely impacts of the different policy options (for example, with regard to the impact on the level of social security coverage of affected persons, changes in administrative burden and costs, impact on the budgets of Member States, expected changes in the EU internal market, etc.).

The (type of) stakeholders differed from country to country and per topic. We consulted:

- ✔ National, (regional or local) institutions and administrations, particularly the public employment services (coordination of unemployment benefits) and healthcare services (coordination of long-term care benefits).
- ✔ Health insurers (coordination of long-term care benefits);
- ✔ Social partners (coordination of unemployment benefits);
- ✔ Civil society organisations operating in cross-border regions.

The face-to-face interviews were based on a semi-structured questionnaire that was prepared by the core team in advance.

*Please find a list of interviews (per country) in Annex 10.10 to the final report.*

### 3.2.6.1 Workshops/group interviews on administrative burden on administrations

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In order to assess the administrative burden and administrative costs related to the baseline scenario and each of the different policy options, we aimed to organise a one-day workshop per topic (coordination of long-term care benefits and coordination of unemployment benefits) and per country. We used face-to-face interviews and group interviews, where we faced availability or practical difficulties or where we have been referred to only a limited number of key persons that could help us further.

For the assessment of the administrative burden and costs, we used the Standard Cost Model, as requested by the ToR (more detail cf. 4.1.6 – baseline scenario).

The Standard Cost Model (SCM) serves as a useful tool for assessing the administrative cost and administrative burden stemming from Information Obligations (IOs) imposed by a Regulation. We have applied the SCM for assessing the administrative cost and administrative burden of the management of a cross-border case of unemployment benefits.

In our approach, we measured the time (T) the national administrations and stakeholders spent on the information obligations (IO) imposed by the Regulations on cross-border cases. Once we have defined the time spent on each IO, we have multiplied the (average) time by the hourly tariff (W) of those involved in meeting the information obligation (administrative staff). For consistency and comparability with other SCM assessments of EU regulation, the tariff variable used in this study is based on hourly labour costs (plus overheads) per category of employment that has previously been used in recent SCM studies for DG EMPL<sup>12</sup> and our recent Impact Assessment studies we have

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<sup>12</sup> For instance: *Review of the Working Time Directive 2003/88/EC: measuring administrative costs and burdens of various possible options.* Economisti Associati srl, 21/12/2011



conducted for the Commission. We have applied an average tariff/hour of 18€. The multiplication of the average tariff by the time spent on the IO results in an estimated cost per unit. Then, we have multiplied the estimated cost per unit by the amount of cases per year (N). The following formula summarizes our approach:

$$N \times W \times T$$

### 3.2.7 Available and newly generated statistical data

---

The following data sources were exploited to obtain a detailed quantitative view on the baseline scenario of the coordination of unemployment benefits and LTC benefits:

- Replies to our own questionnaire on LTC and unemployment benefits. The data collection was conducted in 14 Member States by national experts<sup>13</sup>;
- The EU Labour Force Survey (LFS);
- The EC 2012 Ageing Report<sup>14</sup>;
- Other databases from Eurostat (e.g. Eurostat migration statistics<sup>15</sup> and ESSPROS<sup>16</sup>);
- Other data sources (e.g. national reports, EU publications, Audit Board Report).

#### Replies to our own questionnaire on LTC and unemployment benefits by national experts

First, in order to describe and assess the baseline scenario, we deployed a network of national researchers in 14 Member States (Table 121). Their task was to contact the responsible national administrations in order to collect statistical data with regard to a significant number of indicators in the areas of LTC and unemployment benefits. The reporting format for this data collection contained an Excel-file. A manual was provided to the national experts, including a short description of the objectives of the study and of the coordination legislation, more specific concerning the applicable rules on the coordination of unemployment and long-term care benefits. In the annex of the manual, a list with specific LTC benefits by Member State - defined by trESS<sup>17</sup> and based on the MISSOC-tables<sup>18</sup> - was provided. Also, possible contact persons sitting in the Administrative Commission or the Audit Board were provided. The questionnaire referred explicitly to the old E-forms and current Portable Documents (PD)<sup>19</sup> and Structured Electronic Documents (SED)<sup>20</sup> in order to obtain a similar

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<sup>13</sup> For an overview of the national experts see Annex 10.6.

<sup>14</sup> EC (2012), *The 2012 Ageing Report. Economic and budgetary projections for the 27 EU Member States (2010-2060)*, European Union, 470 p. See also Statistical Annex. [http://ec.europa.eu/economy\\_finance/publications/european\\_economy/2012/2012-ageing-report\\_en.htm](http://ec.europa.eu/economy_finance/publications/european_economy/2012/2012-ageing-report_en.htm)

<sup>15</sup> [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Migration\\_and\\_migrant\\_population\\_statistics#Database](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Migration_and_migrant_population_statistics#Database)

<sup>16</sup> [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Glossary:ESSPROS](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Glossary:ESSPROS)

<sup>17</sup> Jorens, Y., Spiegel, B., Fillon, J. & Stroban, G. (2012), *Legal impact assessment for the revision of Regulation 883/2004 with regard to the coordination of long-term care benefits. Analytical Study 2012*, trESS, 156 p.

<sup>18</sup> The EU's Mutual Information System on Social Protection (MISSOC) provides detailed, comparable and regularly updated information about national social protection systems.

<sup>19</sup> Portable documents replace the old E-forms and are issued by the competent social security institutions where one is insured. There are ten portable documents altogether, including the European Health Insurance Card. The documents are issued from 1 May 2010. Today national administrations use in some cases/for some social security branches the old E-forms next to these portable documents or even only the old E-forms.

<sup>20</sup> Art. 1, point 2, (d) Regulation (EC) No. 987/2009 describes a Structured Electronic Documents as "any structured document in a format designed for the electronic exchange of information between Member States." The electronic exchange shall be organized through EESSI (Electronic Exchange of Social Security Information). At this moment EESSI is not yet operational. Nevertheless, SEDs are already available and some of them are transmitted by mail or post.

understanding of the data needs. In the analysis below we refer frequently to these documents. Therefore, we first give a short definition/description of the Portable Documents we refer to:<sup>21</sup>

- *PD U1 certificate*: “The PD U1 certifies periods of insurance and employment or self-employment in another EU country that will be taken into account for the award of unemployment benefits”;
- *PD U2 certificate*: “The PD U2 is the authorization you need to export your unemployment benefit if you are unemployed in an EU country and wish to move to another EU country to look for work”;
- *PD S1 certificate*: “The S1 form allows you (and/or your family members) to register for healthcare if you live in an EU country but you are insured in a different one. The form is delivered per person (not per family)”;
- *PD P1 certificate*: “The P1 form provides an overview of the decisions taken in your case by the various institutions in the EU countries from which you have claimed an old age, survivors or invalidity pension. The information on the P1 is intended to enable you to examine whether any of your pensions have been adversely affected by the interaction of decisions taken by two or more institutions”.

### EU Labour Force Survey (LFS)

Second, we relied on data from the EU Labour Force Survey (LFS). The LFS is the main source of information with regard to the labour market situation and labour market trends in the European Union. While the LFS provides demographic data for all age groups, questions relating to labour market status are limited to persons in the age group of 15 years or older. The economically active population consists of employed and unemployed persons. Employed persons are persons aged 15 year and older, while unemployment persons are aged between 15 to 74 years. The LFS includes estimates of certain aspects of social protection for the whole population. It also contains some data on mobile population (e.g. cross-border workers, frontier workers, (recent) migrants working-age population, migrant pensioners, ...) which can be used as a proxy for certain subcategories of the mobile population or as a benchmark for the total population and the total level of social expenditure, both at current point of time and in the future. The main advantage of the LFS is the data availability for all 27 MS and enables us to calculate proxies for indicators which could not be obtained by the questionnaire in 14 countries. At the same time these proxies could be cross-checked by the available administrative data for some MS collected by the questionnaire. This report presents different cross-tables based on the use of the LFS. We present them as detailed as possible. However, to guarantee reliability of the figures we only take into consideration the row and column totals of the cross-tables in our analysis. Row and column totals which can be assumed as reliable are marked with a \*.<sup>22</sup> Nevertheless, the different cells in these cross-tables are important to estimate the baseline scenario and the different options (e.g. we need to select the cells which describe flows between neighbouring countries to define the number of frontier workers). Most of the cells will fall under the reliable limits. For that reason we refer especially to the reliability limits. The absolute numbers of those reliability limits are also given in Annex 10.7. Cells or even row and column totals with numbers of persons below those figures are considered as not reliable. An additional part of the

<sup>21</sup>

See also:  
<http://ec.europa.eu/social/keyDocuments.jsp?type=0&policyArea=849&subCategory=868&country=0&year=0&advSearchKey=portdoccombined&mode=advancedSubmit&langId=en>

<sup>22</sup>

Based on the reliability limits for the LFS  
[http://circa.europa.eu/irc/dsis/employment/info/data/eu\\_lfs/LFS\\_MAIN/Related\\_documents/reliab\\_annual\\_average.htm](http://circa.europa.eu/irc/dsis/employment/info/data/eu_lfs/LFS_MAIN/Related_documents/reliab_annual_average.htm)

LFS is the so called 'ad hoc module' which adds a set of questions to the questionnaire. Each year the subject of this module is different. In 2008 an ad hoc module about 'the labour market situation of migrants and their immediate descendants' was added to the core questionnaire. In 2014 this topic will be added again to the LFS which can be considered as an opportunity to analyse some of the specific defined variables in this module.<sup>23</sup>

### EC 2012 Ageing Report

The 2012 Ageing Report was written by the European Commission (DG ECFIN) and the Economic Policy Committee (AWG) and presents projections of the budgetary impact of an ageing population in the EU-27 over the period 2010–2060. The report includes specific scenarios on the LTC public expenditure based on combined information from the System of Health Accounts (SHA) and ESSPROS (European system of integrated social protection statistics). The forecasted LTC public expenditure comprises both in-kind and cash benefits. The breakdown by type of LTC benefit (in cash or in kind), which is a crucial element for the calculation of the baseline scenario, is described in another publication of DG ECFIN.<sup>24</sup> Also the projections regarding employment and unemployment (e.g. amount paid to unemployed persons, number of unemployed persons) and other interesting general variables integrated in the Ageing Report will be used. The underlying assumptions and projection methodologies used in the Ageing Report are described in a separate report of the EC.<sup>25</sup>

### Eurostat data

Eurostat provides statistical information based on national administrative information or statistical surveys organized at national or EU level. Within the context of this project, we have mainly focused on the use of ESSPROS and the available migration statistics. ESSPROS contains data on the expenditure and receipts for all national social protection schemes and allows us to compare the total expenditure on unemployment benefits by a Member State (e.g. unemployment benefits paid to full unemployed persons) with unemployment benefits paid to persons who export their unemployment benefit (PD U2) or who needed to prove completed periods of insurance or (self-)employment in another Member State (PD U1). Also the Eurostat migration statistics are useful to estimate the number of migrants who moved abroad. We were particularly interested in the flows (yearly movements) and stocks (situation at a certain period of time) of recent migrants at working age (aged from 15 or 20 to 64) as well as in migrant pensioners. As mentioned above, also the Ageing Report is using ESSPROS regarding the expenditure on LTC.<sup>26</sup> But also the migration statistics collected by Eurostat, delivered by MS via administrative data or national surveys, will have their importance. Obtaining a reliable view on the number of migrant workers and pensioners will be important to assess the baseline scenarios of unemployment and LTC.

### Other statistical data

Finally also other statistical information was considered. Yearly reports of national administrations and specific national reports discussing the export of unemployment and long-term care benefits delivered general or detailed information. At the same time, some recent reports published on EU

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<sup>23</sup> E.g. variables 'Last country of work abroad' and 'Reason for migrating' (European Statistical System, *ESS agreement – Labour Force Survey (LFS) ad hoc module 2014 on the labour market situation and their immediate descendants*)

<sup>24</sup> Lipszyc, B., Sail, E. & Xavier, A., (2012), *Long-term care: need, use and expenditure in the EU-27*, European Union, 87 p.

<sup>25</sup> EC (2011), *The 2012 Ageing Report: Underlying Assumptions and Projection Methodologies*, European Union, 309 p.

<sup>26</sup> LTC benefits in cash are reported within two ESSPROS functions: 'Disability' and 'Old Age'. Concerning LTC benefits in kind, for some countries proxies have been calculated on the basis of the ESSPROS data (see EC, 2012 Ageing Report).

level describe (labour) migration/mobility (E.g. Eurostat (2011), *Indicators of Immigrant Integration*; European Commission (2011), *Mobility in Europe 2011*).

### Overview of the statistical data sources used

Table 2 provides an overview of the data sources that were used, with a particular attention to their limitations in terms of data availability. It gives a first impression of the strengths and weaknesses of the data. Within the context of this project data should be collected concerning the aggregation of periods of insurance or (self-)employment (PD U1/E301 form), reimbursement of unemployment benefits (SED U020-SED U025), export of unemployment benefits (PD U2/E303 form). Also, data on the number of PD P1 (Summary of pension decisions) could be interesting to determine the competent Member State. Not for all 14 selected MS administrative data was received by the questionnaire. Also, none of the Member States could response to all questions. More data input related to the application of the coordination rules for unemployment was obtained by the national experts compared to the application of the coordination rules for LTC benefits. Reasons for the lack of data for some MS, topics or questions are divers. The fact that administrative forms are received/issued decentralised OR are received on paper documents and not electronically will have a negative impact on the availability of administrative data. Due to the fact LTC is not considered as a specific social security branch in the coordination rules and is embedded within the rules of sickness benefits, MS do not explicit collect data on LTC. However, the PD S1 indicates if the holder is receiving a LTC benefit in cash<sup>27</sup> and a breakdown by nature of benefit is taken up in the SED S080 (claim of reimbursement). Today, still old E-forms are used which excludes the availability and use of information based on those 'new' forms. Also, some MS consider (some of) the LTC benefits in cash as not exportable within the current coordination rules.<sup>28</sup> The response to the questions is explicitly mentioned for each of the described topics below. MS who have answered the questionnaire are also taken up in the column titles (see Annex 10.1.2). Data collected by other administrative sources than by the national experts are inserted in footnotes below the tables (e.g. on the basis of national reports).

The LFS is confronted with a high non-response rate of migrants – and more particularly recently arrived migrants.<sup>29</sup> This will have a negative impact on the sample size and will cause a possible distortion of the composition of the migrant population. One of the limitations of using the LFS is that the calculated proxies do not completely correspond to the legal definitions. E.g. the number of frontier workers is calculated by taking into account the neighbouring countries and not the legal definition (return daily or at least once a week). Some 'small' adjustments could be made in the Labour Force Survey to guarantee useful data collection and more conformity with the legal definitions. Currently, migration statistics from the LFS are based on the 'country of birth' or the 'nationality'. However, to obtain a reliable view on the migrant pensioner one should know the 'competent Member State' or the Member States which are paying an old-age benefit to these pensioners or at least the previous residence of the migrant pensioner (but also for migrant workers). This could be a priority in the ad hoc module of the Labour Force Survey of 2014 'Labour market situation of migrants and their immediate descendants' or in a next module or on a permanent basis in the LFS. It could become a proxy for the number of pensioners who received a PD S1.

<sup>27</sup> See EC (2011), *The 2012 Ageing Report: Underlying Assumptions and Projection Methodologies*, European Union, p. 234.

<sup>28</sup> E.g. (not exhaustive): in France: Allocation personnalisée d'autonomie (APA); in Belgium: Personal Assistance Budget.

<sup>29</sup> See Eurostat (2011), *Indicators of Immigrant Integration. A Pilot Study*, European Union, 253 p.

The 2012 Ageing Report is an important data source for the calculation of the baseline scenario of the coordination of unemployment and LTC benefits as well as for projections of both social security branches. However, these data will have its limitations compared to administrative data. First, no breakdown by type of unemployed person is available. In view of the reimbursement procedure it is necessary to select only cross-border workers and not migrant workers. Also, the Ageing Report made use of assumptions for the calculations of the chapter LTC. As reported in the methodology report (EC, 2011, p. 234) “The choice of methodology and various scenarios is heavily constrained by the availability, accessibility and quality of long-term care data”.<sup>30</sup> Nevertheless, a general agreement was reached of the underlying assumptions and projections for LTC in the Ageing Report and a number of sensitivity tests were carried out. The LTC projections in the Ageing Report are calculated for different scenarios (AWG<sup>31</sup> reference scenario, demographic scenario, high life expectancy scenario, base case scenario, constant disability scenario, shift 1% of dependents to formal scenario, coverage convergence scenario, cost convergence scenario, AWG risk scenario). The AWG reference scenario is used in this research report to calculate the projections on cross-border LTC spending. Thus this involves the assumptions used for this scenario. For calculating the LTC projections assumptions are made in the ageing report for:

- “the future numbers of elderly people (through changes in the population projections used);
- the future numbers of dependent elderly people (changes to the prevalence rates of dependency);<sup>32</sup>
- the balance between formal and informal care provision (assuming a given shift in demand
- or exogenous changes in the availability of informal carers);
- the balance between home care and institutional care within the formal care system;
- the unit costs of care.”

In the Ageing Report, long-term care is defined<sup>33</sup> according to the System of Health Accounts (SHA), “as the sum of the following publicly-financed items:

- Services of long-term nursing care (HC.3) (which is also called “the medical component of long-term care” or “long-term health care”, and includes both nursing care and personal care services), and
- Social services of long-term care (HC.R.6.1), which is the “assistance services” part, relating primarily to assistance with IADL (instrumental activities of daily living) tasks”.<sup>34</sup>

If necessary, the SHA database will be supplemented with data from ESSPROS. The SHA-definition mainly represents in kind benefits. For that reason cash benefits from the ESSPROS functions ‘Disability’ and ‘Old-age’ are added to the SHA database.

The LTC cash benefits are projected separately from LTC benefits in kind – at home or in the institutions.

<sup>30</sup> See Annex 8.2 in the methodology report (EC, 2011, p. 2011) for the applied methodology and the data availability of LTC.

<sup>31</sup> Ageing Working Group.

<sup>32</sup> E.g. EU-SILC data are used to obtain a proxy of “ADL-dependency” rates.

<sup>33</sup> An overview of other definitions is provided in Jorens, Y. & Spiegel, B. (ed.) (2011), ‘*Coordination of Long-term Care Benefits – current situation and future prospects – Think Tank Report 2011*’, trESS.

<sup>34</sup> EC (2012), *The 2012 Ageing Report. Economic and budgetary projections for the 27 EU Member States (2010-2060)*, European Union, Annex I.

The migration statistics contain a number of interesting variables which could be used in the baseline scenarios. Especially variables 'immigration by sex, age group and country of *previous residence*' and 'emigration by sex, age group and country of *next usual residence*' should have an added value. By these variables the last country of residence is known, which is a much better proxy for the determination of the competent country than the variables 'country of birth' or 'nationality'. One of the limitations of these variables is the lack of data for some of the MS as also a detailed breakdown by MS.

As already mentioned above, administrative data as national reports shall be added to the data received from the questionnaire. Next to it, interesting data on European level is collected. One of the tasks of the Audit Board of the Administrative Commission for the coordination of social security systems is 'collect the necessary data and carry out the calculations required for establishing the annual statements of claims of each Member State'.<sup>35</sup> Information about the claims of reimbursement (based on actual expenditures or fixed amounts) of healthcare costs, which includes also LTC, is collected by the Audit Board. However, at this moment the Audit Board has only a detailed view on the outstanding claims between countries and not on the total yearly amount of claims received/issued by MS.

Some first conclusions can be made concerning the availability of information. The questionnaires launched within the framework of this study, and the collected data, show that important data is missing and that data should be collected more systematically. Particularly, the data collection on the number of insured persons (PD S1) by type of person (insured person, family member of insured person, pensioner and family member of pensioner) should be granted priority. Also, an analysis of the total yearly number and amount of claims for health care seems to be of the utmost importance. This should be taken up by the Audit Board of the Administrative Commission.

The launch of questionnaires related to the use of PD A1 (posted workers), EHIC (European Health Insurance Card – Health insurance), PD U2 (exportation of unemployment benefits) as well as the planned questionnaire on PD S2 (planned/scheduled care) by DG EMPL are important steps to collect more administrative information at EU level. Also, the launch of an electronic exchange system between national administrations could be seized as "an opportunity" to collect more data. Especially the detail of some of the structured electronic documents will be useful. E.g. the SED S080 (claim of reimbursement) offers the possibility to select data concerning the number of persons who received LTC benefits in kind and the related claim (however, only for actual expenditure). At this moment we have no information with regard to this point. For the benefits in cash a further analysis of the administrative data collected within the context of the Ageing Report 2012 might be useful.

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<sup>35</sup> Art. 74, (b), Regulation (EC) No. 883/2004.

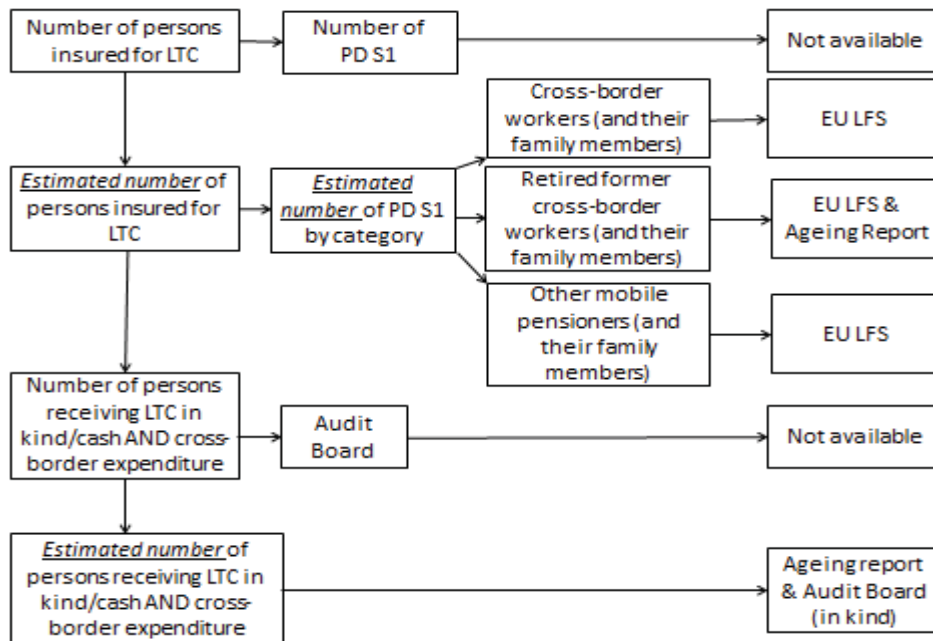
**Table 2: Overview of statistical data sources used: data availability and limitations**

Type	Aggregation of periods	Questionnaire		Labour Force Survey (LFS)		Ageing report		Eurostat/ESSPROS		Other (e.g. administrative information, ...)		
		Portable Document/E-form/SED	Available?	Remarks/limitations	Available?	Remarks/limitations	Available?	Remarks/limitations	Available?	Remarks/limitations	Available?	Remarks/limitations
		U1/E301	Yes	*Total number of U1 forms received: available for 8 MS. *Detail (crossborder worker OR migrant worker): available for 4 MS. Detail is also important to calculate claims of reimbursement.	Yes	*Estimation of cross-border workers and frontier workers *Estimation of recent migrants who are unemployed	Yes	*Number of unemployed persons (20-64) situation 2010 and projections 2015 and 2020 *Amount paid to unemployed persons	Yes	*ESSPROS: total expenditure unemployment benefits is compared with cross-border expenditure *Eurostat: unemployment rate and average annual unemployed persons (based on LFS Adjusted Series - persons between 15 to 74 years of age)	Yes	*National report from France (CLEISS - Rapport Statistique 2011)
	Reimbursement	SED U020 - SED U025	Yes	*Data from 3 MS	Yes	*Estimation of cross-border workers and frontier workers	Partial	*Number of unemployed persons (20-64) situation 2010 and projections 2015 and 2020 *Amount paid to unemployed persons *No distinction type of unemployed person	No		No	
	Export of unemployment benefits	U2/E303	Yes	*Total number of U2 forms issued: available for 10 MS. *Success rate: available for 3 MS	No		Yes	*Number of unemployed persons (20-64) situation 2010 and projections 2015 and 2020 *Amount paid to unemployed persons	Yes	*ESSPROS: total expenditure unemployment benefits is compared with cross-border expenditure *Eurostat: average annual unemployed persons (based on LFS Adjusted Series - persons between 15 to 74 years of age)	Yes	*National reports/information from Austria (AMS), France (CLEISS), Luxembourg, the Netherlands (UWV) and Sweden (IAF)
	Number of insured persons	S1/E106-E109-E121	Yes	*Total number of S1 forms issued: available for 4 MS *Detail (insured person, family member insured person, pensioner, family member pensioner): available for 2 MS.	Partial	*Estimation of insured incoming cross-border workers *Lack of information about the competent MS for (migrant) pensioners. Variables 'country of birth' or 'nationality' are unreliable proxies.	Partial	*Pensioners aged 65 *Number of dependent people	Partial	*Eurostat - migration statistics: Immigration of previous residence, Emigration of next usual residence	No	
	Users/ claims LTC in kind	E125/SED S080	Partial	*SED S080 is not used by national administrations. E125 form does not foresee a category 'LTC' *Proxy for Belgium was made based on age profile	No		Partial	*Total LTC spending (per dependent person) in kind and in cash (combined with number of insured persons)	No		No	
	Users/ claims LTC in cash		Yes	*Export of LTC benefits in cash: available for 5 MS. *Some MS consider the national LTC benefit in cash as not exportable and do not deliver data	No		Partial	*Total LTC spending (per dependent person) in kind and in cash (combined with number of insured persons)	Yes	*ESSPROS: two ESSPROS functions: 'Disability' and 'Old Age' as used in the 2012 Aging Report.	Yes	*National reports/information from Austria, Germany and Belgium.
	Competent Member State	P1	No		No		Partial	*ESSPROS: total expenditure old-age benefits	Partial		No	

Source: own figure based on the data collection

Both figures below provide a first overview of the applied methodology to estimate/calculate the budgetary impact of the baseline scenario and the different options. It was the ambition to collect in 14 Member States administrative data from the competent institutions. Afterwards, the results would have been extrapolated to the EEA countries and Switzerland. However, the scale of this administrative data collection in terms of number of Member States which have responded and in terms of available data in these Member States was too limited to assess in detail the baseline scenario and the different options. As result, mainly data from the LFS, the Ageing Report and the Audit Board Report was exploited to estimate the number of involved persons and the budgetary impact. Both schemes are described in detail in chapter 4.

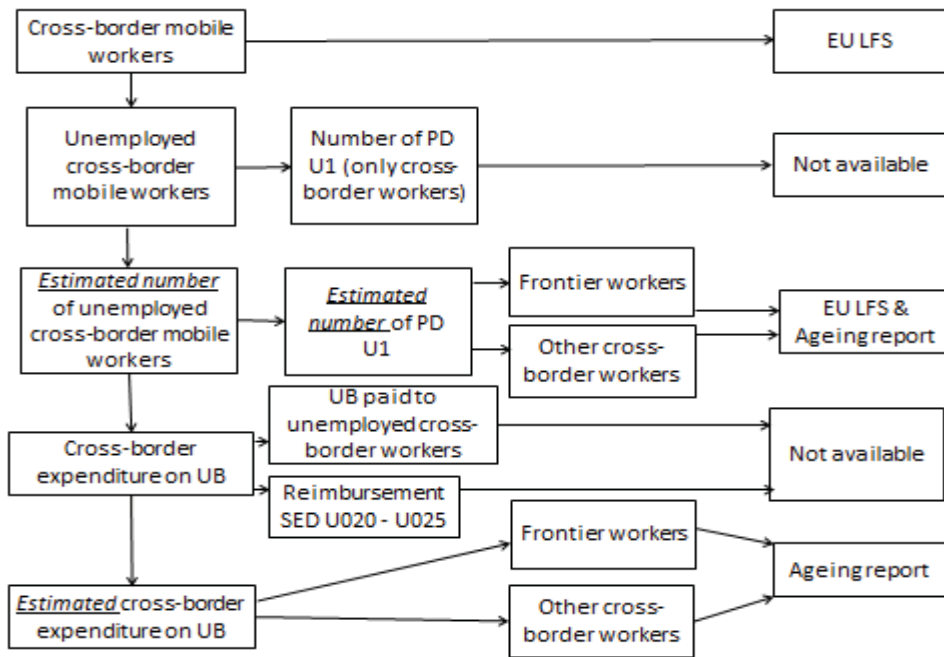
Figure 2: Applied methodology - LTC



Source: own figure

Figure 3: Applied methodology - UB





Source: own figure

## 4 Baseline scenario

Before further elaborating the problems that we identified with regard to the current coordination rules, we would like to give some insights in the number of cross-border workers and pensioners in the EU-27 that are affected by the coordination rules, their main mobility patterns and their use of long-term care and unemployment benefits. Cross-border workers and pensioners – and their insured family members – are the two main groups which impact cross-border expenditure on unemployment and LTC benefits.

The table below summarises the statistics that are described and discussed in detail in the next sections.

*On several occasions we refer to the official administrative documents in use for the coordination of social security systems. Three sets are in use, the original set of 'E-forms', a limited number of new documents on paper called the 'portable documents PD' (including the European Health Insurance Card) and the Structured Electronic Documents (SEDs) that in the future will be used for the electronic exchange of information between the involved administrations. For the list and content of the portable documents PD and the SED's see <http://ec.europa.eu/social/main.jsp?catId=868>, where also a description of the previous E-documents can be found: see on that web page Related Documents: former E-forms. The three set of documents are simultaneously in use in the different MS and this for a transition period. For that reason we refer sometimes simultaneously to documents from the different sets. For the relevance of those documents for the collection of statistics of cross border use of social security benefits see the interim report of an on-going trESS-project: Pacolet J. & F. De Wispelaere, with input from J. Hajdu & G. Berki (2013), Collection of statistical data concerning the application of Regulations (EC) Nos 883/2004 and 987/2009 (A.C. 017/12), Interim Report for the Administrative Commission: <http://ec.europa.eu/social/BlobServlet?docId=10026&langId=en>*

**Table 3: Synoptic overview of the scope of the cross border use of unemployment benefits and LTC benefits under scrutiny\*\***

Indicator	Year	Unit	Amount/ number	Type variable
<b>Coordination of unemployment benefits</b>				
<b>Cross-border workers within EU-27</b>	2010-2011	in thousand	1.032,0	stock
of which <b>frontier workers</b>	2010-2011	in thousand	701,0	stock
<b>Migrant workers</b> (from 15 to 64 years, within EU 27)***	2011	in thousand	1.017,0	yearly flow
<b>Posted workers</b> (PD A1 issued)	2011	in thousand	1.508	yearly issued
Estimated number of <b>unemployed cross-border workers</b>	2010-2011	in thousand	73,7	stock
as share of total unemployment		in %	0,35%	
of which frontier workers	2010-2011	in thousand	45,2	stock
<b>Unemployed recent migrant workers</b>	2011	in thousand	94,8	stock
Estimated number of <b>proven period of insurance PD U1</b>	2010	in thousand	341,2	stock
as share of total unemployment	2010	in %	1,60%	
Estimated number of <b>exported unemployment benefit PD U2</b>	2011	in thousand	23,7	stock
as share of total unemployment		in %	0,11%	
<b>Coordination of long-term care benefits</b>				
<b>Migrated pensioners</b> ***	2011	in thousand	44,1	yearly flow
<b>Total estimated number of persons insured for LTC (PD S1)</b>	2010-2011	in thousand	1.980,0	stock
as % of total population EU 27		in %	0,4%	
Of which:				
cross border workers and family members	2010-2011	in thousand	1.239,0	stock
retired cross border workers and family members	2010-2011	in thousand	503,0	stock
mobile pensioners and family members	2010-2011	in thousand	238,0	stock
Estimate of <b>mobile persons obtaining LTC</b>	2010-2011	in thousand	93	stock
<b>Outstanding reimbursement claims for health, Audit Board</b>	2011	in million €	3.607,3	stock
<b>Reimbursement claims for health, Audit board</b>	2011	in million €	3.590,9	flow
Estimated reimbursement <b>claims for LTC benefits in kind</b> on figures Audit Board	2011	in million €	592,0	flow
Estimated <b>health expenditures for mobile citizens</b> on LFS and Ageing Report *	2010	in million €	3.167,4	flow
Estimated reimbursement claims for <b>benefits in kind</b> for mobile citizens based on LFS and	2010	in million €	618,3	flow

Ageing Report				
Estimated <b>LTC benefits in cash</b> for mobile citizens based on LFS and Ageing Report	2010	in million €	376,4	flow
Total estimated <b>expenditure LTC for mobile citizens</b> based on LFS and Ageing Report	2010	in million €	994,7	flow
as % of total LTC spending		in %	0,4%	
as % of GDP		in %	0,008%	

\* Figure calculated in the interim report

\*\* Figures described in detail in several chapters of this report

\*\*\* No data for BE, BG, HU, MT, NL, PL and RO

## 4.1 Coordination of unemployment benefits

In the next section, we present a number of basic tables on the number of cross-border workers (incl. frontier workers) and recent migrant workers.

Based on Labour force Survey (LFS) data, an estimation of the number of cross-border workers can be made (based on the question ‘*What is the name and address of the local unit of the enterprise where you work?*’ and variables ‘COUNTRYW’ (country of place of work) and ‘COUNTRY’ (country of residence) in the database. These LFS data were also used in another, recent report on ‘cross-border commuting’<sup>36</sup>. However, some interpretation problems appear. While legally a distinction should be made between the free movement of workers and of services, this distinction is not made by this question in the LFS. The applicable rules differ considerably between cross-border workers and posted workers. Cross-border workers will be insured in their country of employment while posted workers are still insured in their country of residence. For that reason we assumed that the LFS question covers both cross-border workers (within the rules of free movement of workers) and posted workers (within the rules of free movement of services). Ideally, the LFS should make this distinction to avoid possible interpretation problems. In the further analysis we considered all workers who work in another country than the country of residence as cross-border workers. Workers who work in a neighbouring country are considered as frontier workers (as also is assumed in the report ‘Mobility in Europe 2011’) (which is not equal to the legal definition of a ‘frontier worker’)<sup>37</sup>.

### 4.1.1 Scale of cross-border mobility of workers in EU-27

#### 4.1.1.1 Number of cross-border workers

Table 4 gives an overview of the number of cross-border workers<sup>38</sup> and frontier workers<sup>39</sup> in the EU-27. The average of 2010 and 2011 is calculated to avoid outliers. To guarantee reliability of the figures we only took into consideration the row and column totals of the cross-tables. However, the details in the different cells are important to estimate the baseline scenario and the different options (e.g. we need to select the cells which describe flows between neighbouring countries to define the

<sup>36</sup> EC, Mobility in Europe 2011

<sup>37</sup> See art. 1, (f), Regulation (EC) No. 883/2004: “frontier worker” means any person pursuing an activity as an employed or self-employed person in a Member State and who resides in another Member State to which he returns as a rule daily or at least once a week.

<sup>38</sup> For the purpose of the data collection, cross-border workers are workers who are employed in another Member State than the Member State of residence.

<sup>39</sup> For the purposes of the data collection, frontier workers are workers who work in a neighbouring country. This is different than the definition in Regulation (EC) No 883/2004, according to which frontier workers are defined as workers who return to their State of residence on a daily or weekly basis.

number of frontier workers)<sup>40</sup>. The national employment figures (living and working in the same country) are yellow coloured while the figures coloured in red are the neighbouring countries of a specific country.

The table shows that on average **1 million cross-border workers are employed in the EU27 or 0.5% of the total employed population**, of which on average **701.000 frontier workers** are employed in a neighbouring country. This implies that 68% of the cross-border workers can be assumed as frontier workers. These figures are similar to the results in the 'Mobility in Europe 2011' Report which reports *"that just 5 people in 1,000 of those employed commute across borders between EU Member States"* and *"some 63% of cross-border commuters go to work in a bordering country"*<sup>41</sup>.

In general, we observe an increase of the number of cross-border workers between EU-27 MS of 1.4% between 2010 and 2011 (see Table 81 and Table 82). The Report 'Mobility in Europe 2011' already observed this increase for earlier years (with a slowdown for more recent years).

### Outgoing cross-border workers

In absolute figures, most outgoing cross-border workers live in Germany (165 thousand), France (160 thousand) and the Slovak Republic (117 thousand). However, in terms of share in national employment (see Table 83), the highest impact is observed in the Slovak Republic (5.0%), Estonia (3.1%) and Belgium (2.2%). For Belgium (97%), the Netherlands (95%) and Ireland (88%) most of the outgoing cross-border workers are employed in a neighbouring country. While for Romania (1%), Lithuania (5%) and Latvia (9%) few of the outgoing cross-border workers are employed in a neighbouring country. As Croatia joined the EU on 1 July 2013 it is interesting to look at the number of cross-border workers of this country. For 2011, 20.6 thousand outgoing cross-border workers from Croatia were counted primarily going to Italy and Germany (see Table 81).

### Incoming cross-border workers

Most incoming cross-border workers are employed in Germany (186 thousand), Luxembourg (130 thousand) and the Netherlands (110 thousand). The highest impact of incoming cross-border workers on the national employment is identified for Luxembourg (37.4%), Austria (2.4%) and Belgium (1.4%). Most of the incoming cross-border workers in Luxembourg (99%), the Czech Republic (98%), Austria (94%) and the Slovak Republic (94%) are living in a neighbouring country. Only 6.6% of the incoming cross-border workers employed in Italy, 10% in Romania and 11% in the UK are living in a neighbouring country. A very popular country for incoming cross-border workers is Switzerland. In 2011, Switzerland employed 320 thousand incoming cross-border workers mainly coming from France (see Table 81 and Table 82).

#### 4.1.1.2 Number of posted workers

As it is possible that the LFS data also include posted workers in the number of cross-border workers, the profile of the cross-table of cross-border workers from the LFS is compared with this from the number of PD A1 certificates issued (certifies which social security legislation applies to the holder of the form). This was done by calculating the row and column percentages and indicating the 3 MS with the highest percentages.

<sup>40</sup> See information on LFS and its reliability in 3.2.7.

<sup>41</sup> This 63% is calculated for the group of cross-border workers living in EU AND Non EU countries. This is a broader group of cross-border workers compared to our analysis.

First, we compare the data of the outgoing cross-border workers with these from the outgoing posted workers (See Table 84 and Table 87). Germany (14 times), the Slovak Republic (8 times) and Poland (8 times) appear most frequently in the top-3 of 'sending' MS concerning cross-border workers. At the same time most important (in top 3) sending MS for posted workers are Germany (26 times), Poland (22 times) and France (20 times). However, the spread of sending countries is somewhat more diverse for cross-border workers compared to posted workers (more concentrated in Germany, Poland and France as sending countries).

Also the spread over MS receiving incoming cross-border workers was compared with this for MS receiving incoming posted workers (see Table 85 and Table 88). Germany (17 times) and the UK (12 times) are the most important working countries for cross-border workers while posted workers mostly are sent to Germany (18 times), France (12 times) and the Netherlands (10 times).

The relationship between the two variables can be calculated by the correlation coefficient.<sup>42</sup> We see a strong positive linear relationship (0.76) between the variables 'incoming posted workers' and 'incoming cross-border workers', which implies the same MS receive as well cross-border workers as well as posted workers, probably to be considered as attraction pools of mobile workers. Besides, there is also a strong positive linear relationship (0.71) between the 'outgoing posted workers' and 'outgoing cross-border workers'.

#### 4.1.1.3 Migration of workers

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The possible number of PD U1 issued is also influenced by recent migrant workers. Eurostat migration statistics are collecting the number of migrant workers (from 15 to 64 years) who have moved from one EU-country to another in 2011 (Table 5). One of the limitations is the lack of figures for BE, BG, HU, MT, NL, PL and RO.

For those countries of which figures are available, we observe most migrant workers migrated to Germany (237 thousand in 2011), the UK (185 thousand in 2011) and Spain (54 thousand in 2011).

This table shows also the importance of Romania as emigration country. Also here we have calculated the relationship between 'incoming migrant workers' and 'incoming cross-border workers'. We observe a strong positive linear relationship (0.70) between both variables, which implies that the same MS are dominant or less dominant. Within this group of recent migrant workers the unemployment rate of their current country of employment has been used to estimate the number of unemployed recent migrant workers.

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<sup>42</sup> The closer the coefficient is to either  $-1$  or  $1$ , the stronger the correlation between the variables.  $+1$  = the case of a perfect positive (increasing) linear relationship (correlation) and  $-1$  in the case of a perfect decreasing (negative) linear relationship.

**Table 4: Number of cross-border workers and frontier workers, EU-27, Average of 2010 & 2011, in .000**

Row Labels (country of residence)	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	EU-27	Outgoing cross-border workers	% of total employment	Outgoing frontier workers	% frontier workers vs cross-border workers	
AT	4097.2	0.2	0.0	0.6	24.1	0.1	0.0	0.3	0.0	0.3	0.0	0.3	0.0	0.6	1.3	0.0	0.1	0.0	0.0	0.0	0.3	0.2	0.0	0.7	0.1	0.6	1.7	0.7	4099.3	32.1*	0.8%	28.9*	89.8%
BE	0.1	4395.5	0.1	0.1	0.1	7.0	0.0	0.0	0.4	0.1	13.3	0.2	0.1	0.1	0.2	0.0	37.4	0.0	0.1	35.8	0.2	0.1	0.1	0.1	0.0	0.0	0.0	1.1	4492.2	96.6*	2.2%	94.4*	96.6%
BG	0.1	0.3	2978.8	1.0	0.5	3.2	0.0	0.0	3.1	0.0	0.9	6.2	0.1	0.1	2.2	0.0	0.0	0.0	0.0	0.6	0.0	0.2	0.1	0.0	0.0	0.0	2.1	3000.0	21.2*	0.7%	6.3*	29.6%	
CY	0.0	0.0	0.0	391.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	391.7	0.0	0.0%	0.0*	0.0%	
CZ	4.4	0.8	0.0	0.0	4857.6	9.2	0.0	0.0	0.6	0.0	0.4	0.3	0.1	0.7	0.5	0.0	0.4	0.0	0.0	0.8	0.2	0.0	0.0	0.0	0.2	0.0	2.7	4881.7	24.1*	0.5%	16.6*	68.6%	
DE	37.4	3.1	0.0	0.0	4.3	3903.6	6.1	0.0	6.2	0.6	6.4	2.0	1.2	0.0	1.8	0.0	51.1	0.0	0.0	46.3	5.6	0.0	0.0	3.9	0.0	0.0	7.7	39700.0	155.4*	0.4%	140.8*	85.1%	
DK	0.1	0.1	0.0	0.0	0.0	1.3	2695.1	0.0	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	2695.1	4.4*	0.2%	3.0*	69.3%
EE	0.0	0.1	0.0	0.0	0.0	0.2	0.0	568.1	0.0	15.0	0.1	0.0	0.0	0.3	0.1	0.0	0.1	0.3	0.0	0.1	0.0	0.0	0.0	1.0	0.0	0.0	0.7	568.2	18.1*	3.1%	15.3*	84.8%	
ES	0.2	0.8	0.0	0.0	0.0	1.7	0.0	1924.4	0.8	3.3	0.0	0.0	0.2	1.2	1.6	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.2	18267.0	22.6*	0.1%	5.7*	25.1%	
FI	0.0	0.2	0.0	0.0	0.0	0.1	0.0	2457.7	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	2459.3	1.7	0.0%	1.0	60.0%	
FR	0.2	3.1	0.0	0.0	0.0	46.0	0.1	0.0	3.3	0.5	2372.9	0.0	0.0	0.8	1.6	0.0	60.6	0.0	0.0	1.3	0.2	1.0	0.8	0.4	0.0	0.0	4.6	2532.6	159.6*	0.6%	149.6*	93.7%	
GR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4239.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4239.7	0.0	0.0%	0.0*	0.0%	
HU	20.3	1.0	0.0	0.2	0.2	12.8	0.6	0.0	0.3	0.2	1.8	0.0	3738.9	1.4	1.9	0.0	0.0	0.0	0.0	1.7	0.1	0.1	0.0	0.3	0.1	0.1	8.6	3792.3	53.4*	1.4%	21.5*	42.2%	
IE	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IT	1.3	1.3	0.1	0.0	0.0	6.6	0.1	0.0	1.8	0.0	5.3	1.1	0.2	0.3	2282.2	0.0	0.0	0.0	0.0	0.2	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LT	0.0	0.0	0.0	0.0	0.0	0.1	0.3	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1296.3	0.0	0.1	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.4	1296.2	1.9	0.1%	0.1	5.0%
LU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	217.7	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	220.5	2.8*	1.3%	2.2*	79.9%	
LV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MT	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NL	0.2	8.2	0.0	0.0	0.0	11.9	0.0	0.0	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.3	8327.3	21.3*	0.3%	20.1*	94.5%
PL	3.7	3.0	0.0	0.0	0.0	7.4	41.5	3.1	0.0	0.5	3.4	0.4	0.0	0.6	1.9	0.1	0.1	0.3	0.1	13.4	15942.3	0.2	0.0	2.8	0.0	0.6	7.3	16084.1	91.7*	0.6%	49.6*	54.1%	
PT	0.0	0.3	0.0	0.0	0.0	0.2	0.0	0.0	0.0	6.2	0.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	4879.8	10.5*	0.2%	6.2*	59.2%
RO	1.1	0.9	0.0	0.0	0.0	8.2	0.3	0.0	13.6	0.0	0.9	1.0	0.4	0.1	56.6	0.0	0.0	0.0	0.1	0.2	0.0	0.0	1.2	9089.9	0.0	0.0	2.5	9387.6	87.7*	1.0%	0.4	0.5%	
SE	0.4	0.2	0.0	0.0	0.1	0.6	22.4	0.1	0.4	1.0	0.4	0.2	0.1	0.3	0.2	0.0	0.0	0.0	0.1	0.1	0.1	0.2	0.0	0.0	0.0	0.0	0.0	2.1	4570.7	29.0*	0.6%	23.4*	80.8%
SI	5.1	0.0	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	949.5	8.7*	0.9%	7.2*	83.6%	
SK	24.9	0.7	0.0	0.5	48.2	6.0	0.3	0.0	1.7	0.4	1.4	0.0	10.8	2.6	3.1	0.0	0.0	0.0	0.0	5.4	0.3	0.0	0.0	0.3	0.2	2212.8	10.2	2329.9	117.1*	5.0%	84.2*	71.9%	
UK	0.3	1.3	0.0	0.0	0.0	2.5	0.7	0.0	1.2	0.0	4.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.3	28938.9	203.3*	0.1%	8.2*	40.5%
EU-27	4188.0	4457.1	2980.6	395.2	4929.0	39190.7	2730.1	568.9	18284.7	2477.4	25420.2	4251.3	3752.8	1849.3	22905.0	1296.5	347.7	891.3	165.6	8415.9	1550.0	4873.8	9103.6	4554.2	942.3	2219.0	29016.6	216137.1	1032.3*	0.5%	700.9*	67.9%	
Incoming cross-border workers	100.9	61.6	1.8	3.6	61.4	186.1	35.0	0.8	40.3	19.7	47.3	11.6	13.9	17.3	75.8	0.3	130.0	0.4	0.8	108.8	7.7	4.5	3.7	12.5	1.5	6.2	77.6	1082.3					
% of total employment	2.4%	1.4%	0.1%	0.9%	1.2%	0.5%	1.3%	0.1%	0.2%	0.8%	0.2%	0.3%	0.4%	0.9%	0.3%	0.0%	37.4%	0.0%	0.5%	1.3%	0.0%	0.0%	0.1%	0.0%	0.3%	0.2%	0.3%	0.3%	0.5%				
Incoming frontier workers	94.4	50.1	0.0	0.0	60.5	141.9	29.1	0.5	9.6	16.0	29.7	6.2	11.9	8.2	5.0	0.2	128.8	0.4	0.0	82.1	6.1	1.8	0.4	2.6	1.0	5.8	8.8	700.9					
% frontier workers vs cross-border workers	93.6%	81.3%	0.0%	0.0%	98.4%	76.2%	83.1%	67.6%	23.7%	81.0%	62.8%	53.1%	85.3%	47.3%	6.6%	76.7%	99.1%	83.4%	0.0	74.7%	79.2%	39.9%	10.2%	20.8%	67.8%	93.6%	11.4%	67.9%					

\* Row and column totals which lay above the reliability limits are indicated with a \*. Please take notice that some of the figures mentioned in the row and column totals are not reliable. This will specifically be the case for the detailed cells. For an overview of the LFS reliability limits see Annex 10.7: [http://circa.europa.eu/irc/dsis/employment/info/data/efu\\_ifs/LFS\\_MAIN/Related\\_documents/reliab\\_annual\\_average.htm](http://circa.europa.eu/irc/dsis/employment/info/data/efu_ifs/LFS_MAIN/Related_documents/reliab_annual_average.htm)  
 \*\* Red colour: frontier workers; yellow colour: national employment; 'EU-27' = total employment  
 Source: own calculations based on LFS

**Table 5: Migrant workers (from 15 to 64 years) in 2011 by country of previous residence, EU-27**

Row Labels (current residence)	Column Labels (previous residence)																												
	BE	BG	CZ	DK	DE	EE	IE	EE	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	EU27	
BE																													
BG																													
CZ																													
DK	296	907	177	0	2.774	209	239	318	1.272	949	810	27	738	1.462	102	421	35	601	184	2.813	197	2.514	52	224	195	3.431	2.346	23.300	
DE																													
EE	8	7	15	7	44	62	3	22	18	14	4	31	6	2	1			6	5	5	4	1			1.024	37	82	1.408	
IE	335	111	290	183	1.596	99	0	104	2.103	2.143	1.003	70	886	1.301	52	552	51	516	169	3.088	234	954	36	369	144	361	7.082	23.832	
EE																													54.136
ES	2.379	9.173	737	674	8.262	217	1.515	969	0	9.637	11.228	75	488	1.055	115	1.048	56	3.228	726	3.228	6.727	48.857	193	517	697	1.555	15.134	128.490	
FR																													93.445
IT	740	4.310	436	177	5.481	90	508	538	2.601	2.766	0	28	271	427	138	794	111	569	437	4.813	410	77.544	193	675	120	266	3.200	107.643	
CY																													11.984
LV																													1.623
LT	57	23	24	369	631	23	1.619	85	656	161	184	81	148	0	12	6	3	289	40	115	23	50	4	10	48	363	5.872	10.896	
LU																													14.927
HU																													
MT																													
NL																													
AT																													59.064
PL																													
PT																													4.830
RO																													
SI	135	598	49	11	566	5	20	23	45	84	433	2	2	10	27	51	2	51	320	44	20	83	0	160	17	40	139	2.937	
SK	55	202	758	12	235	6	30	29	82	98	184	4	11	16	1	652	0	32	154	171	28	448	18	0	10	8	176	3.420	
FI	132	152	59	429	724	3.918	127	160	518	273	281	35	191	105	47	268	17	215	90	305	57	189	11	36	0	2.613	930	11.882	
SE	386	455	214	3.950	2.312	455	334	1.240	1.449	997	957	78	656	1.050	61	628	76	830	255	3.500	207	1.541	61	129	2.308	0	3.114	27.243	
UK																													185.204
Total*																													1.016.713

\* Total= sum of migrant workers of which the current country of residence is known

Source: Eurostat Migration Statistics, [migr\_imm5prv]



#### 4.1.1.4 Estimated number of unemployed cross-border workers

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Making the breakdown between unemployed cross-border workers and migrant workers is important for different reasons. First, it gives a first impression of the impact both categories have on the number of issued PD U1 certificates and the budgetary impact on the unemployment expenditure. Second, Member States can only claim a reimbursement for the unemployment benefits they have paid to cross-border workers.

National unemployment rates are applied on the number of cross-border workers.<sup>43</sup> The national unemployment rates of 2010 (from 20 to 64 years) defined in the 2012 Ageing Report were used. Also, the unemployment rates of the country of employment and not of the country of residence have been applied on the number of cross-border workers calculated by way of the LFS. This results in an **estimation of 73.7 thousand unemployed cross-border workers of which 45.2 thousand frontier workers** (Table 6). These figures will be used to estimate the expenditure as well as the claimed reimbursement of the provision of unemployment benefits to cross-border workers taking into account the baseline scenario and the policy options.

#### 4.1.1.5 Estimated number of recent migrant workers

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The same unemployment rates are applied on recent migrant workers. As no data are available for BE, BG, HU, MT, NL, PL and RO no exhaustive view on the number of unemployed recent migrant workers can be obtained. When we extrapolate these figures for the EU-27, **128 thousand unemployed migrant workers** are counted (Table 7). The chance is rather high that this group will need a PD U1 certificate to prove periods of insurance or (self)-employment in another country.

#### 4.1.1.6 Estimated number of proven period of insurance (PD U1)

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By counting the estimated number unemployed cross-border workers (4.1.1.4) and migrant workers (4.1.1.5) together, we become a total result of 202 thousand unemployed persons who may need a PD U1 certificate to prove periods of insurance of (self)employment from another country. This seems rather a minimum estimation compared to our other estimation of unemployed persons who will issue/receive a PD U1 certificate, namely **341 thousand unemployed persons** (see Table 8).

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<sup>43</sup> Currently the average unemployment rate in incoming country is used, while the unemployment rate of foreign EU nationals is usually somewhat higher than nationals of the declaring country. However, the activity rate of foreign EU nationals is considerably higher and their employment rate is also higher. So compared to the size of the working age population the share of unemployed is not higher for foreign EU nationals.

**Table 6: Estimated number of cross-border workers who will become unemployed, in .000**

Row labels (country of residence)	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	IU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	EU-27	Outgoing cross-border workers	Outgoing frontier workers
AT	1708	0.0	0.0	0.0	0.0	1.7	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	1733	2.5	2.2
BE	0.0	351.6	0.0	0.0	0.0	0.5	0.0	0.0	0.1	0.0	1.2	0.0	0.0	0.0	0.0	0.0	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	356.7	5.1	4.7
BG	0.0	0.0	303.8	0.1	0.0	0.2	0.0	0.0	0.6	0.0	0.1	0.8	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	306.1	2.2	0.8
CY	0.0	0.0	0.0	25.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.1	0.0	0.0
CZ	0.2	0.1	0.0	0.0	345.6	0.7	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.2	347.4	1.8	1.2
DE	1.6	0.2	0.1	0.0	0.3	2769.3	0.5	0.0	1.2	0.0	0.6	0.2	0.1	0.0	0.1	0.0	1.3	0.0	0.0	0.0	1.9	0.5	0.0	0.0	0.3	0.0	0.5	2778.9	9.6	6.9
DK	0.0	0.0	0.0	0.0	0.0	0.1	186.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	186.3	0.3	0.2
EE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	94.9	0.0	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	96.3	1.4	1.2
ES	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	3557.7	0.1	0.3	0.0	0.0	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.6	3595.5	1.8	0.5
FI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	189.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	189.4	0.1	0.1
FR	0.0	3.0	0.0	0.0	0.0	3.3	0.0	0.0	0.7	0.0	2283.6	0.0	0.0	0.1	0.1	0.0	2.6	0.0	0.0	0.0	0.1	0.1	0.0	0.1	0.0	0.0	0.0	2294.0	10.5	9.7
GR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	530.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	530.0	0.0	0.0
HU	0.9	0.1	0.0	0.0	0.0	0.9	0.0	0.0	0.1	0.0	0.2	0.0	415.0	0.2	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.2	0.6	418.4	3.4	1.1
IE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	241.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	242.5	0.7	0.6
IT	0.1	0.1	0.0	0.0	0.0	0.5	0.0	0.0	0.3	0.0	0.5	0.1	0.0	0.0	1849.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.3	1851.3	2.1	0.6
LT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	230.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	230.9	0.2	0.0
LU	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.4	0.0	9.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.6	0.2	0.2
LV	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	163.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	164.5	0.6	0.1
MT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.9	0.1	0.0
NL	0.0	0.7	0.0	0.0	0.0	0.8	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	332.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	333.9	1.6	1.5
PL	0.2	0.2	0.0	0.1	0.5	2.9	0.2	0.0	0.1	0.0	0.3	0.0	0.0	0.0	0.1	0.2	0.0	0.0	0.0	0.5	1530.5	0.0	0.0	0.2	0.0	0.1	0.5	1536.7	6.3	3.6
PT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	540.5	0.0	0.0	0.0	0.0	0.0	542.1	1.6	1.2
RO	0.0	0.1	0.0	0.0	0.0	0.6	0.0	0.0	2.6	0.0	0.1	0.1	0.0	0.0	4.6	0.0	0.0	0.0	0.0	0.0	0.0	0.1	664.3	0.0	0.0	0.2	672.9	8.6	0.0	
SE	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	333.7	2.1	1.6
SI	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	68.3	0.5	0.4
SK	1.0	0.1	0.0	0.0	3.2	0.4	0.0	0.0	0.3	0.0	0.1	0.0	1.2	0.3	0.2	0.0	0.0	0.2	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.7	315.9	8.3	5.7	
UK	0.0	0.1	0.0	0.0	0.0	0.2	0.0	0.0	0.2	0.0	0.4	0.0	0.0	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1996.8	21.1	1.1	
EU-27	175.1	356.6	304.0	25.3	350.0	2782.5	188.4	95.0	3565.5	190.8	2287.8	531.4	416.6	244.1	1855.3	230.8	15.0	164.0	9.9	336.6	1531.2	541.0	664.6	332.5	67.8	308.4	2002.1	19572.3	73.7	45.2
Incoming Cross-border workers	4.2	4.9	0.2	0.2	4.4	13.2	2.4	0.1	7.9	1.5	4.3	1.5	1.5	2.3	6.1	0.1	5.6	0.1	0.0	4.4	0.7	0.5	0.3	0.9	0.1	0.9	5.4	73.7		
Incoming frontier workers	4.0	4.0	0.0	0.0	4.3	10.1	2.0	0.1	1.9	1.2	2.7	0.8	1.3	1.1	0.4	0.0	5.5	0.1	0.0	3.3	0.6	0.2	0.0	0.2	0.1	0.8	0.6	45.2		

\* Row and column totals which lay above the reliability limits are indicated with a \*. Please take notice that some of the figures mentioned in the row and column totals are not reliable. This will specifically be the case for the detailed cells. For an overview of the LFS reliability limits see Annex 10.7: [http://circa.europa.eu/irc/dsis/employment/info/data/eu\\_lfs/LFS\\_MAIN/Related\\_documents/reliab\\_average.htm](http://circa.europa.eu/irc/dsis/employment/info/data/eu_lfs/LFS_MAIN/Related_documents/reliab_average.htm)

\*\* Red colour: frontier workers; yellow colour: national unemployment; 'EU-27' = total unemployment

Source: Estimate based on LFS and 2012 Ageing Report

**Table 7: Estimated number of recent mobile workers who will become unemployed**

current/previous residence	BE	BG	CZ	DK	DE	EE	IE	EE	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	EU27
BE																												
BG																												
CZ																												901
DK	20	63	12	0	191	14	16	22	88	65	56	2	51	101	7	29	2	41	13	194	14	173	4	15	13	237	162	1.608
DE																												16.881
EE	1	1	3	1	7		10	1	4	3	2	1	5	1	0	0		1	1	1	1	0			171	6	14	235
IE	44	15	38	24	211	13	0	14	278	283	132	9	117	172	7	73	7	68	22	408	31	126	5	49	19	48	935	3.146
EE																												6.767
ES	464	1.789	144	131	1.611	42	295	189	0	1.879	2.189	15	95	206	22	204	11	629	142	629	1.312	9.527	38	101	136	303	2.951	25.056
FR																												8.410
IT	60	349	35	14	444	7	41	44	211	224	0	2	22	35	11	64	9	46	35	390	33	6.281	16	55	10	22	259	8.719
CY																												767
LV																												299
LT	10	4	4	66	112	4	288	15	117	29	33	14	26	0	2	1	1	51	7	20	4	9	1	2	9	65	1.045	1.939
LU																												642
HU																												
MT																												
NL																												
AT																												2.481
PL																												
PT																												536
RO																												
SI	10	43	4	1	41	0	1	2	3	6	31	0	0	1	2	4	0	4	23	3	1	6	0	12	1	3	10	211
SK	8	28	105	2	33	1	4	4	11	14	26	1	2	2	0	91	0	4	21	24	4	62	3	0	1	1	24	475
FI	10	12	5	33	56	302	10	12	40	21	22	3	15	8	4	21	1	17	7	23	4	15	1	3	0	201	72	915
SE	28	33	16	288	169	33	24	91	106	73	70	6	48	77	4	46	6	61	19	256	15	112	4	9	168	0	227	1.989
UK																												12.779
EU27																												94756

\* The unemployment rate of 2010 (Ageing Report) was multiplied by the number of recent migrant workers (Eurostat migration statistics)

\*\* Row label: current residence and column label: previous residence

Source Estimate based on Eurostat migration statistics and 2012 Ageing Report

#### 4.1.2 *Aggregation of periods of employment/insurance/self-employment*

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When making the decision to grant the unemployment insurance benefit all completed unemployment insurance periods in other member countries shall be taken into consideration. The unemployment insurance periods completed in different countries are then to be aggregated. In the following paragraphs, we aim to assess the extent to which periods of insurance and (self-) employment in another EU Member State were taken into account when granting unemployment benefits. Therefore, the number of PD U1 or E301 forms received and issued was counted.

Ideally, a distinction should be made between frontier workers, ‘other’ cross-border workers and migrant workers:

- Frontier workers return to their country of residence daily, or at least once a week.
- ‘Other’ cross-border workers return to their country of residence less than once a week.
- Migrant workers worked and lived already in the competent MS before their unemployment but will prove completed periods of insurance or (self-)employment in another Member State.

For only some EU Member States, it was possible to make this distinction.

Furthermore, in our original questionnaire, we aimed to find data which would make it possible to distinguish between the number of PD U1/E301 forms received each year and the number of ‘unique persons’ behind these forms. This distinction might be relevant, as a single person can submit more than one form during a single year. However, in this analysis both questions are discussed together in the ambition to extrapolate to an EU-27 level.

Also, we did not ask specifically for the number of PD U1/E301 forms issued by each EU Member State (questionnaire was limited to 14 MS). Nevertheless, it was possible to obtain statistics for some other EU Member States and these are included in this report.

We compared the number of documents received and the number of documents issued. This for two specific reasons: firstly, it enabled us to fill gaps in the data on the PD U1/E301 forms received. Secondly, it allowed us to cross-check the data collected (e.g. whether the number of PD U1/E301 received forms from a specific EU Member State equals the number of PD U1/E301 forms issued by the other EU Member State).

Below, results from the questionnaire regarding the aggregation of periods are summarised. It will be mentioned explicitly in the text when another source than the questionnaire is used. Also, we will refer to the different tables added in Annex of this report. The number of received PD U1 certificates will be compared to the total number of unemployed persons. For this, data from the ‘unemployment – LFS adjusted series’ was used. An unemployed person is defined in the LFS as “a person 15 to 74 years of age (16 to 74 years in ES, IT and the UK) who was not employed during the reference week, had actively sought work during the past four weeks and was ready to begin working immediately or within two weeks” (Eurostat)<sup>44</sup>.

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##### 4.1.2.1 Number of received and issued PDU1/E301 forms

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<sup>44</sup> [http://epp.eurostat.ec.europa.eu/cache/ITY\\_SDDS/en/une\\_esms.htm](http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/en/une_esms.htm)

## Number of PD U1/ E301 forms received

Data on the number of **PD U1/ E301 forms received** (or 'unique' persons involved) was collected for Belgium, Estonia, France, Poland, Romania, Slovak Republic, Sweden and UK. Only for four countries the distinction between frontier workers, cross-border workers and migrant workers could be made: France, Poland, Romania and Sweden. For the other EU Member States, it was not possible to obtain data.

In 2012, the competent institutions in Belgium took 2,400 PD U1 forms into account in granting an unemployment benefit (cf. Table 59 and Table 61). This is not the actual number of PD U1's received by the Belgian competent institution; which shall be (much) higher. Only the PD U1's which were used to grant an unemployment benefit because of a too short period of insurance or (self-)employment in Belgium are counted. Most of the PD U1 documents taken into account were for periods of insurance and (self-)employment completed in neighbouring countries, primarily the Netherlands (45.5%) and Luxembourg (31.9%), but also France (5.4%) and Germany (4.9%). The figure for Spain was also relatively important (4.9%). As the average number of unemployed in Belgium in 2012 was 369,000, this implies that only 0.7% of Belgium's unemployed made use of the PD U1 document to receive an unemployment benefit.

Between 2010 and 2012, the number of PD U1/E301 forms received by Estonia increased by 38% (from 1,505 to 2,082) (cf. Table 59 and Table 61). Of these, 53.5% were issued by Finland (in 2012). The proportion of the unemployed in Estonia providing a PD U1 to receive an unemployment benefit in 2012 was 2.9%.

In 2011, 50,003 people were granted an unemployment benefit in France which took periods from other EU Member States into account (see CLEISS (2012), *Rapport Statistique 2011*)<sup>45</sup>. Of this group, 49,961 were in the cross-border worker category and 42 were migrant workers (however, based on article 61 Regulation (EC) No. 883/2004 and not art. 65)<sup>46</sup>. As in the case of Belgium, most of the PD U1/E301 forms received were issued by neighbouring countries, in particular Switzerland (48.2%), but also Luxembourg (20.7%), Germany (15.1%) and Belgium (14.8%). The percentage of the total average number of unemployed in France in 2011 providing a PD U1 form was 1.8%.

Poland received a PD U1 for 13,884 cross-border workers (77.8% of the total) and 3,980 migrant workers (22.2% of the total) in 2011 (Table 59, Table 60 and Table 61). The forms were primarily issued by the United Kingdom (42.3%), the Netherlands (18.6%), Ireland (10.2%) and Germany (9.2%). In 2011, 1.2% of Poland's unemployed provided a PD U1 to receive an unemployment benefit. For Poland, as well the number of PD U1 documents received as the number of 'unique persons' concerned are known. One person received 1.1 PD U1 documents (19,432 forms compared to 17,481 'unique' persons).

For Romania, data was available only on the PD U1 documents delivered by migrant workers. In 2012, 92 forms were received, of which 66% applied to Spain (Table 36).

It was estimated by the national competent institution that the United Kingdom received some 300 PD U1/E301 forms (Table 59 and Table 61). Compared to the data from other Member States,

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<sup>45</sup> <http://www.cleiss.fr/docs/stats/rapportstat2011.html>

<sup>46</sup> Comment received by HIVA – KU Leuven from CLEISS.

this seems a rather low figure. It means that only 0.012% of the UK's unemployed would have provided a PD U1 form.

In 2012, the Slovak Republic received 10,912 PD U1 forms (Table 59 and Table 61). Most were issued by the Czech Republic (27.9%), United Kingdom (22.1%) and Hungary (15.9%). The Slovak Republic ranked with Estonia at the top end of the range of the percentage of the unemployed receiving unemployment benefit based on evidence from a PD U1, i.e. 2.9%.

Finally, Sweden received 2,202 PD U1/E301 forms in 2011 (Table 60 and Table 61). Of these, 1,762 were from cross-border workers (80%) and 427 were from migrant workers (20%). The forms mainly came from Norway (42.8%) and Denmark (36.6%). Of the total number of unemployed in 2011, 0.6% had proven periods of insurance or (self-)employment in other Member States to confer unemployment rights in Sweden.

### Number of PD U1/E301 forms issued

Data on the number of **PD U1/E301 forms issued** were collected for Belgium, Estonia, Luxembourg and Romania (Table 64).

**Belgium** issued 11,522 PD U1 forms in 2011 (Table 64). No breakdown by receiving EU Member State is available, but there is data by nationality. Of the total, 22.9% were issued to Belgian nationals. According to a recent report (Pacolet, et. al., 2012)<sup>47</sup> which sought to provide a detailed profile of French, Belgian and German frontier workers and their knowledge and use of, and satisfaction with social security benefits (especially sickness benefits), 33% of the frontier workers living in France and working in Belgium are born in Belgium. However, a PD U1 might also be issued for a migrant worker coming from Belgium but living and working in another Member State. Of the PD U1's issued by the Belgian authorities, 61.2% were for French nationals.

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<sup>47</sup> Pacolet, J., De Wispelaere, F. & De Coninck, A. (2012), *The social security rights of frontier workers. A survey on their knowledge, use and satisfaction, focusing on sickness benefits*, HIVA-KU Leuven.

Between 2010 and 2012, the number of PD U1 forms issued by **Estonia** increased by 45.3% (from 428 to 622 forms) (Table 64). Of these, 73% were used to request an unemployment benefit in Finland.

The number of PD U1/E301 forms issued by **Luxembourg** is indicative of the popularity of this country for mobile workers (Table 64). In 2012, Luxembourg issued 18,875 PD U1 forms, an increase of 5.9% compared to 2010. A high percentage of the forms were received by the French authorities (63.1%). An important number also went to Belgium (15.9%) and Germany (15.4%).

**For Romania**, we were only able to obtain the number of PD U1 forms issued for migrant workers. In 2012, this was 5,067 (Table 64).

### **Estimated number of PD U1 to be received: mid-term (2015) and long-term projection (2020)**

Data on the total number of PD U1 forms received was obtained from six EU Member States (Belgium, France, Estonia, Poland, Slovak Republic and Sweden) by way of the launched questionnaire. The proportion of unemployed (LFS definition 'Average annual unemployed persons (from 14 to 75 years)') with proven periods of insurance or (self-)employment from other Member States entitling them to unemployment rights is for this group of countries on average 1.6%.

Based on the number of received PD U1 forms by 6 Member States and data from the 2012 Ageing Report, we aimed to make projections of the baseline scenario for 2015 and 2020. For these calculations we will use the number of unemployed persons between 20 and 64 years calculated for 2010 and projected for further years (which differs from the definition used above for an unemployed person (from 14 to 75 years)). From the data we have collected in these Member States, we learned that in general 1.6% of the unemployed persons (from 20 to 64 years) received a PD U1 to prove a period of insurance of (self-)employment from another Member State. This percentage was applied to the total number of unemployed persons residing in Member States for which we found no data. By counting together the survey data together with these estimates, we estimate the total number PD U1 on 341 thousand issued certificates.

If we take into account the unemployment projections for 2015 and 2020 (between 20-64) – found in the 2012 Ageing Report and calculated by applying an unemployment rate to the labour force - the absolute number of issued PD U1 is expected to decrease to 324 thousand forms by 2015 and to 300 thousand forms in 2020. However, here we take only the evolution of the number of unemployed persons into account. Besides, also other variables can/will change in the future (e.g. share of PD U1 compared to total unemployment).

**Table 8: Estimated number of received PD U1 in the EU-27: 2010, 2015 & 2020**

Country	Unemployed persons (20-64) - 2010 (in .000)	Number PD U1 certificates					
		2010/2011/2012		2010		2015	2020
		Survey	Estimate	Total			
BE	385	2.400		2.400	2.387	2.310	
BG	351		5.541	5.541	4.655	3.909	
CZ	367		5.792	5.792	5.310	4.973	
DK	184		2.902	2.902	1.886	1.880	
DE	2.826		44.663	44.663	38.344	37.462	
EE	111	2.082		2.082	1.769	1.620	
IE	269		4.258	4.258	4.501	4.163	
EL	640		10.114	10.114	10.867	8.569	
ES	4.405		69.615	69.615	70.352	62.173	
FR	2.601	50.003		50.003	47.278	44.121	
IT	1.985		31.369	31.369	27.606	28.502	
CY	26		412	412	395	363	
LV	207		3.273	3.273	3.429	3.058	
LT	287		4.535	4.535	4.385	4.022	
LU	10		157	157	182	180	
HU	473		7.473	7.473	7.974	7.787	
MT	10		159	159	165	167	
NL	325		5.133	5.133	4.138	4.031	
AT	169		2.664	2.664	2.511	2.529	
PL	1.696	19.432		19.432	15.798	14.780	
PT	578		9.138	9.138	10.360	9.406	
RO	684		10.805	10.805	10.035	9.408	
SI	72		1.146	1.146	1.368	1.313	
SK	374	10.912		10.912	10.801	10.020	
FI	195		3.080	3.080	2.372	2.353	
SE	340	2.202		2.202	1.852	1.849	
UK	2.023		31.965	31.965	33.565	29.042	
EU27	21.593			341.223	324.285	299.991	
Share PD U1 in total unemployment		1.6%					

Source: Estimate based on collected administrative data and 2012 Ageing Report

#### 4.1.2.2 Expenditure on unemployment benefits based on PD U1

##### Estimated share of actual expenditure on unemployment benefits based on PD U1 in total expenditure on unemployment benefits (2010)

It is interesting to see how much is paid to those in unemployment with proven certified periods from other Member States and how much of global national expenditure on unemployment benefits this amount represents. We received data on this from only three Member States: Belgium, France and Sweden (Table 63). More detail (i.e. a distinction between cross-border workers and migrant workers) was available for France and Sweden.

In **Belgium**, € 10.5 million was paid (in 2012) to those who needed a PD U1 to receive a Belgian unemployment benefit, or 0.2% of the total expenditure on full unemployment benefits (Table 63). Of this, 47.8% was paid to unemployed who proved a period of insurance or (self-) employment in the Netherlands.

**France** paid € 516.8 million in 2011 to people in unemployment who aggregated their periods (mostly cross-border workers) or 1.8% of total expenditure (Table 63 based on CLEISS – Rapport Statistique 2011)<sup>48</sup>. Of this, 59% of the amount was paid to those with a PD U1 issued by Switzerland.

<sup>48</sup> <http://www.cleiss.fr/docs/stats/rapportstat2011.html>



Finally, **Sweden** paid € 22.6 million to this group in 2011. Of this, 90.4% was paid to former cross-border workers and 9.6% to migrant workers. Overall, this was 1.1% of total expenditure on full unemployment benefits. Of the total, 48.8% was paid to unemployed who proved insurance periods or (self-)employment in Denmark.

### Estimated annual expenditure on unemployment benefits based on PD U1: projections for 2015 and 2020

The maximal annual amount paid to unemployed persons (if we assume that the unemployed did not find a job during the first year of unemployment) who received a PD U1 to prove an insurance period or (self) employment from another Member State can be counted by multiplying the number of estimated PD U1 with the unemployment benefit per unemployed person (in 2010 prices; projected in the 2012 Ageing Report). For 2010, a maximal cost of € 2.07 billion was found. The cost is expected to increase (in absolute figures) to € 2.19 billion in 2015 and to € 2.22 billion in 2020 (in prices of 2010), driven by an increase of the unemployment benefit per unemployed person. However, the breakdown by unemployment cross-border workers and migrant workers is not available. This will be needed to calculate the amount of reimbursement claims between Member States in the baseline scenario and in the other policy options.

**Table 9: Yearly estimated amount paid to unemployed persons who received a PD U1 2010, 2015 & 2020 (in EUR)**

Country	2010	2015	2020
BE	45.878.431	48.782.839	52.155.037
BG	2.516.832	2.471.472	2.322.888
CZ	8.027.591	6.652.968	7.186.203
DK	27.275.731	31.783.290	32.826.734
DE	398.330.179	328.682.432	343.068.285
EE	1.518.594	1.858.606	1.770.909
IE	63.734.663	94.364.726	93.279.335
EL	21.888.545	26.519.430	24.170.753
ES	329.610.962	506.983.065	499.125.905
FR	628.907.844	606.380.743	615.469.499
IT	182.408.485	124.846.947	134.065.386
CY	1.352.362	1.776.380	1.704.303
LV	1.931.038	2.806.052	2.616.456
LT	1.818.909	2.644.527	2.406.524
LU	3.920.411	4.051.466	4.481.929
HU	6.222.745	7.798.320	7.200.469
MT	350.413	392.599	429.635
NL	147.679.662	150.795.264	153.916.161
AT	33.870.424	32.911.289	35.627.495
PL	7.715.169	5.050.554	5.435.764
PT	33.148.229	41.487.201	37.282.160
RO	8.671.472	5.181.187	5.330.893
SI	1.760.835	2.869.468	2.773.374
SK	4.421.393	3.859.319	3.856.759
FI	45.870.693	43.047.636	47.213.365
SE	13.164.269	14.700.827	15.717.881
UK	70.938.271	102.605.656	102.341.181
EU27	2.072.294.040	2.187.664.422	2.224.972.628

Source: Estimate based on estimated number of PD U1 and 2012 Ageing Report

#### 4.1.3 Export of unemployment benefits

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#### 4.1.3.1 Number of issued PD U2

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The PD U2 is the authorisation which an unemployed person needs to export his/her unemployment benefit if (s)he wishes to move to another EU country to look for work. The competent national institution is responsible for granting this authorisation.

Statistics on the extent to which requests to export unemployment benefits are **accepted or refused** are available for Sweden and Poland. In 2012, Sweden refused 37% of the requests for a PD U2 (Table 65). In 2011, only 19% of the requests were refused. The Polish competent institution refused 23% of the requests (in 2011). No further information could be collected on the proportion of persons who requested a prolongation of the export period to 6 months (the acceptance/refusal ratio).

For ten EU Member States (Austria, Belgium, Denmark, Estonia, Luxembourg, the Netherlands, Poland, Slovak Republic, Sweden and United Kingdom), data were received on the **number of PD U2 issued** (Table 65).

**Austria** issued 1,186 PD U2's (in 2012) (detail by Member State is not available) (Table 65). This is 0.63% of the average annual unemployed persons.

**Belgium** issued 1,081 PD U2's (in 2011), of which most for France (46.3%) but also 16.9% for Spain (Table 65).

**Denmark** provided 1,108 authorisations (in 2011) to seek a job abroad of which 18.9% for the United Kingdom, 12.5% for Germany and 12.4% for Spain (Table 65).

**Estonia** issued 64 PD U2's (in 2012), which was a decrease of 7.2% compared to 2011 (69 forms) (Table 65).

**Luxembourg** issued 148 PD U2's (in 2012), mainly to seek a job in France (32.4%) and Portugal (24.3%) (Table 65 based on Report of 'Le gouvernement du Grand-duché de Luxembourg. Agence pour le développement de l'emploi – Les activités de l'agence pour le développement de l'emploi en 2012')<sup>49</sup>. The number of PD U2's issued decreased by 16.1% in 2011 compared to 2010, but increased again in 2012 by 28.7% compared to 2011. In 2012, the number of authorisations granted in Luxembourg to look for a job in another Member State was 1.14% of the average annual number of unemployed persons. This is the highest percentage in our sample of described Member States.

**Poland** issued 118 PD U2's (in 2011), mainly for Germany (34.7%) and the United Kingdom (33.9%) (Table 65).

The competent institution in the **Netherlands** issued 637 PD U2's in 2012, of which 18.2% both for Germany and for Austria (Table 65 based on report UWV – Kwantitatieve informatie 2011).

**Romania** issued 11 PD U2's in 2012 (Table 65).

The **Slovak Republic** issued 79 certificates in 2012, mainly to look for a job in the Czech Republic, Germany and the United Kingdom (Table 65).

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<sup>49</sup> <http://www.adem.public.lu/publications/index.html#Rapports>

In 2012, **Sweden** issued 264 PD U2/E303 forms (Table 65 based on report IAF)<sup>50</sup>. This was 11% fewer than in 2011. Most of the forms were for those wanting to look for a job in the United Kingdom (15.4%) or Spain (14.7%). More detail about trends in the number of PD U2/E303 forms issued and the profile of the jobseeker is available for Sweden. There has been a strong decrease in the number of PD U2/E303 forms issued in last decade. E.g. in 2004, even 1,036 E303's were issued. 87.4% of the unemployed who received a PD U2 form (between May 2010 and August 2011) actually went abroad to look for a job. These jobseekers were mainly aged between 30 and 39 (44%). More unemployed women (58%) than men (42%) went looking for a job abroad. 46% of those with a PD U2 who were not born in Sweden were seeking a job in their country of birth.

Finally, it was estimated by the competent national institution that the **United Kingdom** issued about 300 PD U2's (Table 65).

**For the EU-27**, an estimate of the number of PD U2's issued can be made by using the statistics collected together with data from Eurostat (LFS definition 'Average annual unemployed persons (from 14 to 75 years)'). We have the total number of PD U2's issued for 10 EU Member States, collected by way of launching a questionnaire. This suggests that on average only 0.11% of the unemployed looked for a job abroad. Extrapolating this percentage to arrive at an estimate of the total number of PD U2's issued in the EU-27 each year the resulting estimation is an annual issue of 23,700 PD U2's.

Policies on refusal/approval of **requests for a prolongation** vary considerably between Member States. For example, Sweden refused all 35 requests for prolongation in 2011, while Poland in the same year accepted all 20 requests for prolongation (Table 66).

The main aim of the possibility of exporting unemployment benefits under the current rules is that the unemployed person actually finds a job abroad. A proxy for the **success rate** could be calculated for the unemployed from Belgium, Poland and Sweden who have moved abroad (export PD U2) and for the unemployed from other Member States who have sought a job in the Netherlands (import PD U2) (Table 67). Of the unemployed in Belgium who received a PD U2, 44% actually found a job abroad. The success rate for the unemployed people coming from Belgium in the two most popular Member States for looking for a job, namely France and Spain, was 46% and 36%. However, this should be considered as a broad definition of the success rate for Belgium. It is based on the number of people who are no longer registered within the Belgian National Employment Office after their period of export. This might be for different reasons: they have found work in the country of export, they have found work in Belgium, or they moved to some other country. The success rates for Poland and Sweden are 10% and 12%. For the incoming jobseekers in the Netherlands<sup>51</sup>, a success rate of 22.8% was obtained. So the rates are highly variable.

#### 4.1.3.2 Number of received PD U2

Figures were available for the **number of PD U2's received** in five Member States (Estonia, France, Luxembourg, the Netherlands and Sweden) (Table 68).

<sup>50</sup><http://www.iaf.se/Global/Fakta%20om%20arbetsl%C3%B6shetsf%C3%B6rs%C3%A4kringen/Vilka%20personer%20s%C3%B6ker%20arbete%20i%20Europa%20med%20svensk%20arbetsl%C3%B6shetsers%C3%A4tning.pdf>

<sup>51</sup> Information from the Dutch Institute for Employees Insurances (UWV) provided by Fleur Veltkamp (DG EMPL).

In 2012, **Estonia** received 41 PD U2's, mainly from Ireland. This is an increase of 17.1% compared to 2011 (35 forms received).

For **France**, only the number of received E303 forms in 2011 is available, mainly issued by Switzerland and Norway (Table 68 based on CLEISS – Rapport Statistique 2011)<sup>52</sup>.

**Luxembourg** received 171 certificates for jobseekers in 2012, many of them coming from Portugal (based on Report of 'Le gouvernement du Grand-duché de Luxembourg. Agence pour le développement de l'emploi – Les activités de l'agence pour le développement de l'emploi en 2012')<sup>53</sup>. The number of PD U2 received by Luxembourg has increased in recent years, mainly due to a spectacular increase in the number of jobseekers coming from Portugal.

In 2012, **the Netherlands** received 483 PD U2's, mostly from Spain.

Finally, **Sweden** welcomed 691 jobseekers from other Member States. The number of persons seeking a job in Sweden has fluctuated strongly over the years (lowest in 2000 and highest in 2004).<sup>54</sup>

Observing the row totals for the number of issued PD U2 forms (Table 65), France, Germany, Spain and the United Kingdom seem to be the most popular Member States in which to look for a job.

#### 4.1.3.3 Mid-term and long-term projection of the number of exported unemployment benefits

Statistical data about the number of PD U2 issued was already obtained for 10 EU Member States. This administrative information could be compared by the number of unemployed persons between 20 and 64 years calculated for 2010 and projected for further years (which differs from the definition used above for an unemployed person (from 14 to 75 years)). On average 0.11% of the unemployed persons in the countries of which administrative information is available moved abroad to seek work and export their unemployment benefits. This percentage was applied to the number of unemployed persons (20-64) in the other 17 EU Member States.

Taking together both components (survey data and estimates) we estimate that 23.7 thousand unemployed persons have exported their unemployment benefits in 2010. Based on the projections of the 2012 Ageing report, the number of jobseekers moving abroad would decrease to 22.8 thousand unemployed persons in 2015 and 21.2 thousand unemployed persons in 2020.

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<sup>52</sup> <http://www.cleiss.fr/docs/stats/rapportstat2011.html>

<sup>53</sup> <http://www.adem.public.lu/publications/index.html#Rapports>

<sup>54</sup> See also <http://www.iaf.se/Statistik/EUEES-arenden/>

**Table 10: A projection of the number of export unemployment benefits (PD U2): 2010, 2015 & 2020**

Country	Unemployed persons (20-64) - 2010 (in .000)	Number PD U2 certificates				
		2010/2011/2012 Survey	2010 Estimate	Total	2015	2020
BE	385	1.081		1.081	1.075	1.040
BG	351		385	385	323	272
CZ	367		402	402	369	346
DK	184	1.108		1.108	720	718
DE	2.826		3.103	3.103	2.664	2.603
EE	111	64		64	54	50
IE	269		296	296	313	289
EL	640		703	703	755	595
ES	4.405		4.837	4.837	4.888	4.320
FR	2.601		2.856	2.856	2.701	2.520
IT	1.985		2.180	2.180	1.918	1.980
CY	26		29	29	27	25
LV	207		227	227	238	213
LT	287		315	315	305	279
LU	10	148		148	172	170
HU	473		519	519	554	541
MT	10		11	11	11	12
NL	325	637		637	513	500
AT	169	1.186		1.186	1.118	1.126
PL	1.696	118		118	96	90
PT	578		635	635	720	654
RO	684	11		11	10	10
SI	72		80	80	95	91
SK	374	79		79	407	378
FI	195		214	214	165	163
SE	340	264		264	222	222
UK	2.023		2.221	2.221	2.332	2.018
EU27	21.593			23.710	22.769	21.225
Share PD U2 in total unemployment		0,11%				

Source: Estimate based on collected administrative data (cf. Annex 10.1.1 – UB) and 2012 Ageing Report

#### 4.1.3.4 Number of exported unemployment benefits vs. total number of persons seeking a job abroad

Jobseekers can create a CV in EURES and make it available for registered employers and EURES advisers helping employers to find suitable candidates. Those people generally still reside in their origin country. In June 2013 about 1 million jobseekers were registered on the EURES Portal (= current stock). Most registered jobseekers live in Spain, Italy and Portugal. As this number is the current stock of registered jobseekers it is necessary to have also an overview of the yearly new registered jobseekers. This could be a proxy of the total number of (unemployed) jobseekers looking for a job abroad but not a good proxy of people looking for a job in another country in which they already established. Between June 2012 and June 2013 about 274 thousand new persons registered on the EURES Portal. We estimated that about 23.7 thousand unemployed persons receive a PD U2 which is 8.7% of the total number of ‘new’ registered jobseekers in EURES.

**Table 11: Number of jobseekers registered in EURES cv online and comparison with estimated number of PD U2 certificates issued, by country of residence, in .000**

Country	Jobseekers registered in EURES (stock)			Number of PD U2 issued	% share PD U2 in total registerd jobseekers
	June 2013	June 2012	Absolute difference		
Spain	294	209	85		
Italy	155	109	46		
Portugal	79	60	19		
Romania	77	63	14		
Poland	58	48	10		
Germany	43	37	6		
France	38	32	6		
Greece	39	29	10		
Other MS	252	172	80		
All EU	1035	761	274	24	8,7%

Source: Own calculations based on estimate EU-27 and EC, *EU Employment and Social Situation – Quarterly Review June 2013*.

#### 4.1.4 Estimated cross-border expenditure on unemployment benefits

In order to estimate the budgetary impact of the baseline scenario, the estimated number of unemployed cross-border workers based on the LFS and the unemployment rates of the Ageing Report is multiplied by the annual unemployment benefit per unemployed person (in 2010 prices; projected in the 2012 Ageing Report). For each of the flows between Member States (in the different cells) the unemployment benefit of the country of last activity and the unemployment benefit of the country of residence was taken into consideration (see Table 89).

Under current rules unemployed frontier workers must claim unemployment benefits in the country of residence while unemployed other cross-border workers can choose to claim unemployment benefits in the country of last employment or in the country of residence. Due to fact the other cross-border worker can choose, an assumption has to be made about how many of them return to the country of residence and how many stay in the country of last activity. We assume first that 50% of the other unemployed cross-border workers will return and 50% will stay. An alternative assumption could be based on the rational decision which Member State (country of last activity or country of residence) is paying the highest unemployment benefit.

The actual total yearly expenditure is estimated based on the unemployment benefit per unemployed person in prices 2010 (unemployment benefit spending in 2010 prices / (labour force \* unemployment rate)) taken up in the 2012 Ageing Report as also the estimated unemployed cross-border workers. This yearly expenditure assumes that the unemployed person did not find a job during the first year of unemployment.<sup>55</sup> A breakdown between the expenditure by the country of residence (Table 43) or the country of last activity (Table 44) is made. We also refer to bilateral expenditure between countries.

The baseline scenario (option A) whereby frontier workers have to return to the country of residence and other cross-border workers can choose between the country of residence or the country of last activity involves a yearly expenditure of € 540.0 million of which € 392.4 million related to frontier

<sup>55</sup> The reader has to take this assumption into account when reading the estimated budgetary impact. A more 'realistic' calculation of the yearly expenditure could be obtained by taking into consideration the average duration of the unemployment (which is an indicator in the LFS) and the specific national rules concerning the maximum length of the payment of the unemployment benefit.

workers when assuming that 50% of the other cross-border workers are returning to their country of residence (Table 89 - baseline scenarioA1). This involves that 81% of the yearly expenditure on cross-border workers will be paid by the country of residence and 19% by the country of last activity.<sup>56</sup> The specific expenditure for frontier workers will be fully covered by the country of residence.

Assuming for the baseline scenario that other cross-border workers choose on the basis of the amount of the unemployment benefit (= rational decision) (baseline scenarioA2), involves a yearly expenditure of € 638.5 million or an increase of 18.2% compared to the first baseline scenario (Table 90). 70% of this expenditure shall be paid by the country of residence while 30% by the country of last activity (Table 90). It implies that in more than 50% of the cases it is more interesting to claim an unemployment benefit in the country of last activity.

#### 4.1.5 *Reimbursement claims*

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##### 4.1.5.1 Number and value of received reimbursement claims

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The unemployment benefits paid by the country of residence and the country of last activity do not completely reflect the burden sharing of unemployment benefits. Also the amounts of reimbursement should be taken into account.

Claims can be made by the country of residence to the country of last activity for fully unemployed frontier workers but also for other cross-border workers who have decided to register with the competent institution in their country of residence. The country of last activity shall reimburse the unemployed benefits provided in the country of residence during the first three months or five months (when the unemployed person during the preceding 24 months, completed at least 12 months of (self)employment in the country of last activity). Data were collected on the number of claims received (as debtor) and the number of claims issued (as creditor) (Table 71 and Table 72).

It was possible to describe the position as debtor (from request until receipt of reimbursement) in the case of six Member States (Belgium, Denmark, Germany, Poland, Romania and Slovak Republic). This means that we have data on the cross-border workers who had worked in these Member States but are receiving an unemployment benefit in their current country of residence.

In 2011, **Belgium** received reimbursement requests for an amount of € 11.3 million or 3,664 cases (Table 71). France accounted for 84.6% of the cases and 73.8% of the amount requested. This is not surprising when we look at the number of PD U1 forms issued by Belgium.

**Denmark** received 1,637 reimbursement requests, of which 67.5% came from Germany (Table 71).

There was no detailed information for **Germany**, but the comment was made by the competent institution (received by the national expert) that some 7,000 reimbursement requests had been received (in the second semester 2011 and first semester 2012) (Table 71).<sup>57</sup>

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<sup>56</sup> However, also the amount of the reimbursement claim should be taken into account. This will imply a higher amount paid by the country of last activity. But also the duration of the unemployment will have an important impact. Actually, the total cost could be allocated to the country of last activity when the duration of unemployment of the unemployed frontier worker/ other cross-border worker is lower than 3 or 5 months and when the claim of reimbursement by the country of residence is equal or lower than the unemployment benefits paid in the country of last activity.

<sup>57</sup> Comments received from competent institution in Germany:

*"For several reasons we cannot provide detailed information on statistical data about reimbursement:*

**Poland** only received 84 claims, for an amount € 207,000, mainly issued by Germany (Table 71). Further detail on the treatment of the reimbursement request is available for Poland. Poland partially accepted 88% of the reimbursement requests, 4% were not accepted and 7% were entirely accepted. This might be due to the fact that the amount of reimbursement cannot be higher than the amount payable under the legislation of the country of last activity (see art. 65, 6 Regulation (EC) No. 883/2004).<sup>58</sup> E.g. when we compare the 'Unemployment benefit per unemployed person in 2010 prices' calculated in the 2012 Ageing Report we find that the yearly unemployment benefit in Germany (€ 8,919) is much higher than in Poland (€ 397). The impact of this legal boundary will be discussed further in this report.

In 2011, **Romania** received reimbursement claims for an amount of € 49,167 (Table 71). Most of the claims were sent by Germany. Romania partially accepted 54% of the reimbursement requests, while 45% were not accepted and only 1% entirely accepted. Also here will the maximum amount of reimbursement play an important role as the unemployment benefit paid in Romania will be in some cases lower than the unemployment benefits paid in other Member States.

Finally, in 2011 **the Slovak Republic** received reimbursement requests for an amount of € 102,000 (Table 71).

#### 4.1.5.2 Number and value of issued reimbursement claims

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The position as creditor can be described for the same six Member States (Table 72). This means that we collected data on cross-border workers receiving unemployment benefits in these Member States after having worked in other Member States.

In 2011, **Belgium** sent 3,353 reimbursement requests for an amount of € 8.7 million (Table 72). Most of these claims were sent to neighbouring countries (France, Germany, Netherlands and Luxembourg).

**Denmark** only issued eight reimbursement requests (Table 72).

No detail was available for **Germany**. However, the relevant German institution sent yearly about 16,000 reimbursement requests (second semester 2011 – first semester 2012) (Table 72). See for the German case the comments made as debtor (footnote).

**Poland** issued 7,599 reimbursement requests in 2011 for an amount of € 4.7 million (Table 72). Most of the Polish claims were received by the United Kingdom (41% of cases) and the Netherlands (23%

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1. The numbers are still not stable for diverse reasons. E.g.

\*\* the reimbursement rules have recently changed (with the introduction of Decision U4 of the Administrative Commission) and may change again in future;

\*\* MS (Member States) changed / will change the way / periodicity how they submit their claims;

\*\* some rather large MS have not sent any claims until now (probably because of problems within their administrations);

\*\* One important partner for Germany is Switzerland. We do not yet have meaningful statistical data because the application period of the reimbursement procedure is rather short.

2. We do not know whether our partner MS would agree that we provide information regarding claims from or towards the respective MS. Therefore we can only provide a rough estimation about yearly reimbursement claims. The estimation is based on claims from the second semester 2011 (submitted in the first semester 2012) and the first semester 2012 (submitted in the second semester 2012).

\*\* yearly claims from Germany (Germany as creditor): 16.000 cases;

\*\* yearly foreign claims towards Germany (Germany as debtor): 7.000 cases".

<sup>58</sup> This limitation is not foreseen in the healthcare chapter of Regulation (EC) No. 883/2004. It would have an important impact on the amounts of reimbursement for LTC benefits in kind.



of cases). The debtor country rejected 71% of these Polish claims, while 29% of the claims were entirely accepted. The rejection rate is mainly influenced by the decision of the United Kingdom to reject all claims (644) from Poland.

**Romania** sent a total amount of € 33,000 of reimbursement claims, mainly to Germany and Luxembourg. Of Romania's claims, 76% were entirely accepted and 24% not accepted (Table 72).

Finally, the **Slovak Republic** claimed an amount of € 2.4 million, of which 42.9% was sought from the Czech Republic (Table 72).

The extent to which Member States experience labour mobility will have an impact on the number and amount of reimbursement claims.

For example: The number of incoming cross-border workers in Belgium is high, but the number of outgoing cross-border workers is even higher (Table 83). This high degree of labour mobility results in high levels of reimbursement requests sent and received. The amount of reimbursement requested (€ 8.7 million in 2012) will to a large extent compensate for the unemployment benefits paid out by the Belgian competent institution to former cross-border workers (€ 10.5 million in 2012). Germany, Poland and the Slovak Republic have a high number of outgoing cross-border workers which results in a much higher number/amount of claims issued compared to claims received. At the same time, Denmark and Romania attract more cross-border workers, which results in a higher amount/more case of claims received. The reimbursement procedure mainly affects Luxembourg and Switzerland, which have a high number of incoming cross-border workers (see Table 81, Table 82, and Table 83).

#### 4.1.5.3 Estimates of current reimbursement claims for the EU-27

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A breakdown between claims for 3 months or 5 months is not available in the data of the launched questionnaire.<sup>59</sup> None of the responding countries could make this distinction in our questionnaire. In order to make an estimate, we will assume 3 months of claims (minimum scenario). Another crucial element which we should take into account for the calculation is the fact that the amount of reimbursement by the country of last activity is limited to the maximum unemployment benefit the unemployed person would receive in case of unemployment in the country of last activity.<sup>60</sup> For this exercise, we have multiplied the estimated number of unemployed cross-border workers based on the LFS and the unemployment rates of the Ageing Report by the unemployment benefit per unemployed person for three months (in 2010 prices; projected in the 2012 Ageing Report). For that reason the figures concerning the estimated yearly expenditure on unemployment benefits for unemployed cross-border workers should be read together with the figures dealing with the estimated reimbursement claims to assess who is sharing the burden of unemployment.

For each of the flows between MS (in the different cells) the unemployment benefit of the country of last activity and the unemployment benefit of the country of residence is taken into consideration (see also Table 95). The unemployment benefit of the country of residence will be used to calculate the claim of reimbursement. Also, this claim will be compared with the actual reimbursement taking into account the rule that the reimbursement cannot be higher than the amount payable, in the case of unemployment, under the legislation of the country of last activity (=maximum amount). The actual reimbursement will be equal to the claim when the unemployment benefit in the country of

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<sup>59</sup> Art. 65, 6 and 7, Regulation (EC) No. 883/2004.

<sup>60</sup> See art. 65, 6, Regulation (EC) No. 883/2004; art. 70 and Annex 5 Implementing Regulation (EC) No. 987/2009.

residence is lower than or equal to the unemployment benefit in the country of last activity. The actual reimbursement will be equal to the unemployment benefit in the country of residence (=maximum amount) when the unemployment benefit in the country of residence is lower than the country of last activity (Table 95-Table 99).

The baseline scenario A1 whereby frontier workers have to return to the country of residence and other cross-border workers can choose between the country of residence or the country of last activity involves a claim of € 108.8 million of which € 98.1 million for frontier workers when we assume that 50% of the other cross-border workers return to their country of residence (Table 95). However, these claims are based on the unemployment benefits paid by the country of residence and not on the maximum payable amount by the country of last activity. It implies for this baseline scenario that the reimbursement will be 24% lower than the possible actual claim (see baseline scenario A1a - Table 96).

If other cross-border workers are making a rational decision on the basis of the amount of the unemployment benefit (baseline scenario A2a - Table 97 & Table 98), the claim will increase with 3% compared to the baseline scenario A1a whereby 50% of the other cross-border workers are returning to their country of residence.

#### *4.1.6 Estimated current administrative costs and burden*

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##### *4.1.6.1 Data limitations*

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In order to allow the stakeholders to identify the time spent on the information obligations related to the Regulations, we have defined prior to our visits in the Member States a standard legal process stemming from the Regulations, in cooperation with the Commission.

During our first visits, we noticed several issues concerning this process:

- National administrations have developed their own administrative processes for processing/handling documents related to cross-border cases for unemployment benefits and long-term care. These differ substantially between the Member States. As a result, the experts in the respective countries faced difficulties in plugging the suggested administrative processes into their national way of working (processing documents);
- The legal process encompassed several sub-administrative processes and documents and therefore Information Obligations (IOs). The complexity of the different processes proved to be an obstacle in making precise estimations of the (estimated) time spent for each of the processes. The experts were often not able to provide robust data on the time spent per each of the steps defined by the legal process.

Moreover, as the Regulations impose “principles” of coordination more than specific information obligations in the sense of the SCM, and as the principles were already applied partly or integrally by the administrations or applied still differently, it proved to be impossible for the stakeholders to differentiate the specific administrative burden<sup>61</sup> created by the Regulations from the *business-as-usual* (the administrative tasks they would perform anyway in the absence of the Regulations).

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<sup>61</sup> The administrative burden is burden created by a legal requirement while the administrative cost is the full cost of an administrative process, including the business as usual.

Another consequence of the nature of the Regulations is that each national process is different, meaning that it results in different requirements, documents, times and complexity. It makes it impossible to standardize one process that fits all national specificities.

There are examples demonstrating the complexity of the processing of cross-border cases for unemployment benefits which can result in administrative cost and burden for Member States' authorities:

- The occasionally 'blurry' distinction between frontier workers and other cross-border workers, the distinction between wholly and partially unemployed frontier workers, the highly interpretable character of the criteria to determine the residence of a worker, the provisions on the aggregation of periods of insurance, employment and self-employment, and the reimbursement mechanism were mentioned as factors rendering the current coordination rules as complex;
- While these regulatory distinctions intend to reflect the complexities of real situations and account for the actual differences between different types of cross-border workers and different types of national systems, the result is a striking variety of possible cases in which the interpretation of the rules carried out by each institution plays a significant role;
- There are notable differences in the interpretation and application of the rules on the aggregation of periods and the extension of the period of export of unemployment benefits;
- The classic distinction between frontier workers and other cross-border workers has become more problematic. Inter alia, the improvement and reduction in the cost of different means of transportation has allowed workers to cover ever larger differences to commute daily or weekly for work. The elements fixed in Article 11 of Regulation (EC) No 987/2009 are broad enough to prevent mobile workers to know with certainty their country of residence and hence the legal regime applicable to them in case of unemployment;
- The reimbursement mechanism was often criticized, including claims considering that it should be made more transparent (Belgium) and that clear guidelines should be provided to each country (Luxembourg).

While the interviewees in certain countries defended that the current rules are sufficiently clear (e.g. the German Employment Services), the prevalent view was that the current coordination rules do not facilitate transparency and could be simplified. The burdensome character of the current rules was also criticized in countries which did not call for a revision of the coordination rules.

The diversity of opinions and practices in the application of certain aspects of the coordination rules is a testimony to the complexity of the rules and the lack of transparency they generate (since, given a similar situation in different regions, the similar outcome is not guaranteed). This complexity and incoherent understanding and application of the rules create a substantial (administrative) burden for the (national) administrations. This 'burden' is inherent to the management of cases where different understanding and national administrative processes apply; it goes beyond the definition of the administrative burden of the SCM where it is related to legal information obligations.

Around 40% of the participating public administrations reported that the EU rules create significant administrative costs and burden for national administrations. They consider the different types of

forms/documents used per country, the varying requirements/understanding in terms of the information needed to fill out the documents, their mandatory or optional character and advance the procedures, and the different delays in the completion and transmission of documents as some of the most salient and recurrent problems. The reimbursement mechanism was repeatedly mentioned as a source of burden mainly due to the slow and ineffective communication between Member States.

*“There are high administrative costs in what concerns to the reimbursement of the unemployment benefits that were paid. Moreover, we would highlight the delay on the treatment of the processes and the requests for payment that are denied. Because the EU rules create significant administrative costs and burdens for national administrations, EU law is not uniformly “understood” and applied by Member States and vice versa. ... Paper SEDs are not always suitable for the exchange of information and not all MS use the same documents/forms. Reimbursement procedures create high administrative burden and important costs for both the MS of last activity and the MS of residence and the cost/benefit ratio is not effective, mainly for the MS of residence. The communications between institutions is slow and needs to be more effective.”*

Several public officials expect the administrative burden to decrease in the next couple of years as a result of learning effects after the successful implementation and alignment of the rules. While the adoption of the Regulations took place ten years ago, it has taken time to fine-tune the implementation of the new rules and procedures. The lack of sound implementation of the new rules and procedures is particularly visible in a number of Member States. According to the online survey, 64% of the administrations stated that the communication (with other Member States) works well in general. However, there are problems with specific Member States. These reported problems are expected to be the main source of administrative costs.

Technological evolution could resolve some of the problems related to cooperation and communication. However, divergent interpretations of the rules and the information requirements for the completion of portable documents will continue to pose difficulties in the proper application of the Regulations.

In light of the limitations associated with the quantification of information obligations stemming from the application of the Regulations, we have adapted our approach for quantifying the IOs resulting from the Regulations and for assessing the (potential) impact of the policy options on the overall administrative process. In our analysis, we focused on a selected number of documents for which the stakeholders were able to provide robust information on a) the time spent to process/handle a document and b) the (approximate) number of cases.

We have collected useful information on the processing of documents related to cross-border cases for unemployment benefits on a) the estimated time and b) the number of cases in the following countries: Belgium, Poland, Luxembourg and Romania by means of a workshop. Other countries have provided a wealth of qualitative information which is useful for understanding the underlying problems related to the processing of the different documents and for assessing the (potential) impacts of the different options.

Despite the data limitations resulting from the problems discussed in this chapter, the assessment of the administrative cost (baseline scenario) for a number of key documents provides a robust basis for

assessing the theoretical impact (positive or negative) of the different policy options on the administrative cost.

#### 4.1.6.2 Aggregation of periods of employment/insurance/self-employment<sup>62</sup>

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The number of PD U1/E301 documents received/issued provides insight into the extent to which periods of insurance and (self-) employment in another Member State were taken into account when granting unemployment benefits. For the purpose of the assessment of the administrative costs, we do not make any distinction between PD U1 documents and E301 documents (Member States are using either of the documents, depending on their national administrative processes). Both documents are treated interchangeably for the purpose of this exercise.

In the framework of this study, we have collected data on the number of PD U1 documents 'issued' and 'received'. The following countries provided data on the total number of PD U1 documents 'issued': Belgium, Estonia, Luxembourg and Romania. With regards to the number of PD U1 forms 'received', we have collected data for Belgium, Estonia, France, Poland, Romania, Slovak Republic, Sweden and the UK. In addition, we have collected data on the aggregation of periods of employment/insurance/self-employment by means of a workshop in the following countries: Belgium, Poland and Romania (data provided for E301 only).

In order to assess the administrative costs for the EU-27 stemming from the processing of the PD U1 documents, we have carried out the following steps according to the Standard Cost Model (SCM)<sup>63</sup>:

##### Calculation of the unit cost per case:

The unit cost per case (processing/handling of a PD U1 form by the administrative staff – clerk level) provides insight into the total cost for processing one single PD U1 document (in a given Member State). It is based on the following formula:

$$\text{Time (T) x Wage (W)}$$

During the workshops and interviews in the Member States, we have collected data on the average standard time spent for processing/handling a PD U1 document for the following countries: Poland (5 minutes), Belgium (60 minutes) and Romania (363 minutes)<sup>64</sup>. As the data show, there are stark differences between the lowest time for processing data/information (Poland - 5 minutes) and countries where the processing time is relatively higher (Romania - 363 minutes). Belgium (60 minutes) ranges in the middle.

In Poland, for example, the process for handling PD U1 documents is automatized - Poland uses the portable documents efficiently (the administrative staff faces less administrative burden). According to the interviewees (national administration), the handling of the documents is reported to be less burdensome.

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<sup>62</sup> See also 10.8

<sup>63</sup> Based on the following formula: Number of cases (N) x Wage (hourly tariff) (W) x Time (minutes) (T).

<sup>64</sup> We have also received a rough, undetailed estimation of the issuance of E 301/PD U1 documents for the Netherlands (source: public employment service UWV). The average administrative burden to issue this document is estimated at 30 minutes (comparable to Belgium's estimates). 90% of the cases is processed within 8 weeks.

In Romania, on the other hand, the administration of E301 documents (note: not PD U1 in this case) is reported to be more burdensome. According to the interviewees, the administration of simple cases, with limited or no clarifications requested from the beneficiary or employer, may take minimum 1 hour of work in total for the person in charge<sup>65</sup>. The administration of complex cases, with a lot of missing, inadequate or incorrect information in the dossier, may request up to 8 hours of effort from the person in charge. In such cases, the respective civil servant assumes an active role in the completion of a correct dossier and starts giving phone calls, researching different taxes and employment data bases etc.

Based on the interviewees' responses for Poland, Belgium and Romania, it can be assumed that these three countries give good indications for calculating the average unit cost for processing/handling a PD U1 document: Poland (low administrative burden – 5 minutes), Belgium (average administrative burden – 60 minutes) and Romania (high administrative burden – 363 minutes).

For consistency and comparability with other SCM assessments of EU regulation, the tariff variable used in this study is based on hourly labour costs (plus overheads) per category of employment that has previously been used in recent SCM studies for DG EMPL<sup>66</sup> and our recent Impact Assessment studies we have conducted for the Commission. We have applied an average tariff/hour of EUR 18. It results in a rate per minute of EUR 0.3 (EUR 18/60 minutes).

The **average unit cost for the EU-27 is EUR 42.8**. It is calculated on the following basis: Time ((5 minutes (Poland) + 60 minutes (Belgium) + 363 minutes (Romania)) / 3) x Wage 0.3 = **EUR 42.8**

## 1. Number of cases:

We have collected data for the number of PD U1 documents 'received' for the following countries: Belgium, Estonia, France, Poland, Slovak Republic and the UK. We have estimated the number of PD U1 documents for the other EU-27 countries on the basis of our own calculations based on collected administrative data and the 2012 Ageing Report (see section 4.1.2.1 for more detailed information on the number of PD U1/E301 forms 'received' and 'issued'). We were able to calculate the estimated administrative cost for the EU-27 on the basis of this data. The total estimated number of PD U1 documents 'received' in the EU-27 in 2010 is around **340 000**.

## 2. Calculation of the administrative cost (per Member State and for the EU-27)

We have calculated the administrative cost for processing PD U1 documents on the basis of this formula:

$$\text{Time (T)} \times \text{Wage (W)} \times \text{Number (N)}$$

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<sup>65</sup> There are no legislation/manual/ instructions/guidelines explaining step by step what the Romanian authorities need to do specifically for each procedure for unemployment under the Regulation; in fact, no other Romanian authority has prepared any specific national legislation/manual/instructions/guidelines related to the implementation of the Regulation, with the exception of the Pensions Authority. The Regulation 883/2004 is implemented in Romania via the Intermediary Body (National Labour Office) and Competent Institutions (County Labour Offices – 42 in total). The Intermediary Body mainly acts as a facilitator of contacts between Romanian institutions and foreign ones, as well as trainer and day-to-day support to county offices meeting difficulties in implementation of the Regulation. In the Intermediary Body there are two persons working on the Regulation (one person is 100% dedicated to the activities related to the Regulation, the other one dedicates approximately 70% of his/her time to the Regulation).

<sup>66</sup> For instance: Review of the Working Time Directive 2003/88/EC: measuring administrative costs and burdens of various possible options. Economisti Associati srl, 21/12/2011. This study presents a tariff per MS and per level (managerial and clerical staff) that we have averaged. The result is in line with the tariff we use in other SCM that we have conducted for other European Commission DGs.

The table below presents the total estimated administrative cost for processing PD U1 documents. The **estimated total cost for the EU-27 in 2010 was EUR 14 604 326**. Within the EU-27, the estimated total cost for processing PD U1 documents was highest (> EUR 1 million) in a number of the old Member States (in descending order): Spain, France, Germany and Italy. It was lowest (< EUR 100 000) in descending order in Sweden, Estonia, Slovenia, Cyprus, Luxembourg and Malta.

**Table 12: Estimated administrative Cost - PD U1 ('received'), EU-27, EUR, 2010**

Country	Unemployed persons (20-64) - 2010 (in .000)	PD U1 (received)		Total	Total cost (in EUR)
		2010/2011/2012 Survey	2010 Estimate		
BE	385	2,400		2,400	102,720
BG	351		5,541	5,541	237,141
CZ	367		5,792	5,792	247,911
DK	184		2,902	2,902	124,194
DE	2,826		44,663	44,663	1,911,564
EE	111	2,082		2,082	89,110
IE	269		4,258	4,258	182,221
EL	640		10,114	10,114	432,895
ES	4,405		69,615	69,615	2,979,503
FR	2,601	50,003		50,003	2,140,128
IT	1,985		31,369	31,369	1,342,577
CY	26		412	412	17,635
LV	207		3,273	3,273	140,092
LT	287		4,535	4,535	194,083
LU	10		157	157	6,699
HU	473		7,473	7,473	319,826
MT	10		159	159	6,805
NL	325		5,133	5,133	219,708
AT	169		2,664	2,664	114,016
PL	1,696	19,432		19,432	831,690
PT	578		9,138	9,138	391,099
RO	684		10,805	10,805	462,453
SI	72		1,146	1,146	49,032
SK	374	10,912		10,912	467,034
FI	195		3,080	3,080	131,834
SE	340	2,202		2,202	94,246
UK	2,023		31,965	31,965	1,368,111
EU27	21,593			341,223	14,604,326

Source: Estimate based on collected administrative data and 2012 Ageing Report and data provided during the workshops on administrative burden (Belgium, Poland and Romania).

We have also calculated the average administrative cost for processing/handling a number of other documents, based on the data available. We were only able to produce the administrative cost for processing PD U1 documents ('received') for the EU-27 as we had data available for the EU-27 on the basis of our own calculations (there are no calculations for the other documents presented below).

We have calculated the administrative cost for 'issuing' a PD U1 document ('issued') for Poland and Belgium (based on the data we have collected during the workshops in the different countries). The total estimated cost for 'issuing' a PD U1 document in Poland is estimated at EUR 19 800. The amount is EUR 103 698 in Belgium. The table below presents the estimated cost for 'issuing' a PD U1 document for Poland and Belgium.

**Table 13: Estimated administrative Cost – PD U1 ('issued'), Poland and Belgium, EUR, 2013**

	Poland	Belgium
Unit cost per case (EUR)	6.6	9
Number of cases	3000	11522
Total cost (EUR)	19800	103698

Source: Deloitte, Workshop, Poland and Belgium

We have also estimated the cost for the following documents for Poland<sup>67</sup>:

- SED U004 'Salary Info' (answer on SED U003);
- SED U006 'Family Info' (answer on SED U005).

The table below presents the estimated cost for processing the above-mentioned documents in Poland. The total estimated cost for processing a SED U004 document 'Salary Info' in Poland is EUR 402. The cost for processing SED U006 documents 'Family Info' is estimated at EUR 825.

**Table 14: Estimated administrative Cost –SED U004 'Salary Info', SED U006 'Family Info', Poland EUR, 2013**

SED U004 'Salary Info' (answer on SED U003)	
Unit cost per case (EUR)	4.2
Number of cases	100
Total cost (EUR)	420
SED U006 'Family Info' (answer on SED U005)	
Unit cost per case (EUR)	7.5
Number of cases	110
Total cost (EUR)	825

Source: Deloitte, workshop in Poland

#### 4.1.6.3 Export of unemployment benefits<sup>68</sup>

The PD U2 form is the authorisation which an unemployed person needs to export his/her unemployment benefit if (s)he wishes to move to another EU country to look for work. The competent national institution is responsible for granting this authorisation. There is a wide variety of practices in the EU-27 with regard to granting (and prolonging) authorisation to export unemployment benefit.

We have collected data on the number of PD U2 documents 'issued' for ten EU Member States: Austria, Belgium, Denmark, Estonia, Luxembourg, the Netherlands, Poland, Slovak Republic, Sweden and the UK. Taking together both components (survey data and own estimates) we estimate that 23.7 thousand unemployed persons have exported their unemployment benefits in 2010 (see section 4.1.3.3 for a detailed discussion on the calculation of the number of PD U2 'received' and on the methodology for calculating missing data).

We have calculated the administrative cost for processing/handling a PD U2 document for the EU-27 using the following methodology:

##### **1. Calculation of the unit cost per case:**

The average unit cost per case is based on the data we have received from Poland (the only country for which we have received robust data on the time spent for processing a PD U2 document<sup>69</sup>). The average unit cost per case that we found concerns the export of an unemployment benefit to 3

<sup>67</sup> Poland has provided the most comprehensive data set on the administrative burden resulting from the information obligations stemming from the Regulation during the workshop.

<sup>68</sup> See also 10.8

<sup>69</sup> A rough, undetailed estimation was collected for the Netherlands (source: public employment service UWV). UWV estimated the average time needed to issue a PD U2 document at 1.5 hour. 90% of the cases are estimated to be processed within 5 weeks.



months<sup>70</sup>. Following the formula Time (T) x Wage (W), we have estimated an average unit cost per case (PD U2 'issued') at **EUR 4.5**<sup>71</sup>.

The estimated unit cost should be treated with caution as it is based on one case only (Poland). As discussed in the section on the 'aggregation of periods', Poland seems to have an efficient (automatized) system for processing/handling PD documents (the processing of the documents is reported to be less burdensome). Therefore, it is to be expected, that the Polish example presents a rather positive picture on the overall time spent to process these documents. Other countries, such as Romania (which reported a much higher time spent for processing the PD U1 document) may report longer periods for processing/handling these types of documents. Due to data limitations, we have calculated the average unit cost on the basis of the Polish example.

## **2. Number of cases:**

We have collected data on the number of PD U2 documents 'issued' by means of a questionnaire for the following countries: Austria, Belgium, Denmark, Estonia, Luxembourg, the Netherlands, Poland, Slovak Republic, Sweden and United Kingdom. In 2010, the total EU-27 number of PD U2 documents 'issued' is estimated at around 23 700.

## **3. Calculation of the administrative cost (per Member State and for the EU-27)**

We have calculated the administrative cost for processing PD U2 documents ('issued') on the basis of this formula:

$$\text{Time (T) x Wage (W) x Number (N)}$$

The calculation includes the time spent on national administrative procedures supporting the processing of the SEDS and the time needed for processing the SED.

The table below presents the total estimated administrative cost for processing PD U2 documents. The **estimated total cost for the EU-27 in 2010 was EUR 106 695**. Within the EU-27, the estimated total cost for processing a PD U2 documents was highest (> EUR 10 000) in a number of the old Member States (in descending order): Spain, Germany and France. It was lowest (< EUR 500) in descending order in Slovenia, Slovak Republic, Estonia, Cyprus Malta and Romania.

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<sup>70</sup> We were not able to collect data on the average unit cost of a case where an unemployed persons export his unemployment for 6 months. Therefore, we needed to rely on a qualitative assessment to know how the administrative burden shifts if the export period is prolonged from 3 to 6 months.

<sup>71</sup> Average time to process a PD U2 document in Poland is approximately 15 minutes. The average wage (clerk) is estimated at EUR 0.3 per minute (EUR 18 per hour): 15 x EUR 0.3 = EUR 4.5.

**Table 15: Estimated administrative Cost –PD U2 ('issued'), EU-27, EUR, 2010**

Country	Unemployed persons (20-64) - 2010 (in .000)	PD U2 certificates issued			Total cost ( in EUR)
		2010/2011/2012 Survey	2010 Estimate	Total	
BE	385	1,081		1,081	4,865
BG	351		385	385	1,732
CZ	367		402	402	1,811
DK	184	1,108		1,108	4,986
DE	2,826		3,103	3,103	13,965
EE	111	64		64	288
IE	269		296	296	1,331
EL	640		703	703	3,163
ES	4,405		4,837	4,837	21,767
FR	2,601		2,856	2,856	12,854
IT	1,985		2,180	2,180	9,809
CY	26		29	29	129
LV	207		227	227	1,023
LT	287		315	315	1,418
LU	10	148		148	666
HU	473		519	519	2,337
MT	10		11	11	50
NL	325	637		637	2,867
AT	169	1,186		1,186	5,337
PL	1,696	118		118	531
PT	578		635	635	2,857
RO	684	11		11	50
SI	72		80	80	358
SK	374	79		79	356
FI	195		214	214	963
SE	340	264		264	1,188
UK	2,023		2,221	2,221	9,995
EU27	21,593			23,710	106,695

Source: Estimate based on collected administrative data and 2012 Ageing Report and data provided during the workshops on administrative burden (Poland).

We have also estimated the cost for the following documents for Poland<sup>72</sup>:

Competent employment service:

- SED U011 'Effect to Entitlement - Export' (answer to SED U010);
- SED U012 'Request for monthly follow-up'.

Employment service of the MS where jobseeker has gone:

- Process PD U2;
- SED U007 'Request Document on Export';
- SED U009 'Notification Registration - Export';
- SED U010 'Circumstances Affecting Entitlement - Export' (linked with U3 form);
- Issue of PD U3 (linked with SED U010);
- SED U013 'Monthly Follow-up' (answer on SED U013);
- SED U028 'Request Entitlement to Export'.

<sup>72</sup> Poland has provided the most comprehensive data set on the administrative burden resulting from the information obligations stemming from the Regulation during the workshop.

The tables below present the total estimated administrative cost for processing the respective documents presented according to a) competent Member State and b) employment service of the Member State where the jobseeker has gone. The estimated unit cost per case is based on the data provided by Poland (T: time and W: wage (EUR 0.3)). Note that the unit cost per case differs from the one calculated for processing the PD U2 document in the documents presented below. We have not calculated the EU-27 average cost for all documents due to data limitations. Be aware that these costs occur separately, others are combined. There is no overview of the total number of flows. In the future this should be made possible by EESSI.

**Table 16: Estimated Administrative Cost – Competent employment service, SED U001, SED U012, Poland, EUR, 2013**

SED U011 'Effect to Entitlement - Export' (answer to SED U010)	
Unit cost per case (EUR)	1.5
Number of cases	11
Total cost (EUR)	16.5
SED U012 'Request for monthly follow -up'	
Unit cost per case (EUR)	2.4
Number of cases	120
Total cost (EUR)	288

Source: Deloitte, workshop in Poland

**Table 17: Estimated Administrative Cost – Employment service of the Member State where the jobseeker has gone, PD U2 ('process'), SED U007, SED U009, SED U010, PD U3 'issue', SED U013, SED U028, Poland, EUR, 2013**

Process PD U2	
Unit cost per case (EUR)	1.5
Number of cases	200
Total cost (EUR)	300
SED U007 'Request Document on Export'	
Unit cost per case	3
Number of cases	410
Total cost	1230
SED U009 'Notification Registration - Export'	
Unit cost per case (EUR)	3
Number of cases	2330
Total cost (EUR)	6990
SED U010 'Circumstances Affecting Entitlement - Export' (linked w ith U3 form)	
Unit cost per case (EUR)	3.6
Number of cases	1110
Total cost (EUR)	3996
Issue of PD U3 (linked w ith SED U010)	
Unit cost per case (EUR)	3.6
Number of cases	1110
Total cost (EUR)	3996
SED U013 'Monthly Follow -up' (answ er on SED U013)	
Unit cost per case (EUR)	2.7
Number of cases	4900
Total cost (EUR)	13230
SED U028 'Request Entitlement to Export'	
Unit cost per case (EUR)	3
Number of cases	15
Total cost (EUR)	45

Source: Deloitte, workshop in Poland

#### 4.1.6.4 Reimbursement claims<sup>73</sup>

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Claims for reimbursement can be made by the country of residence to the country of last activity for fully unemployed frontier workers but also for other cross-border workers who have decided to register with the competent institution in their country of residence. The country of last activity reimburses the unemployed benefits provided in the country of residence during the first three months or five months (when the unemployed person during the preceding 24 months, completed at least 12 months of (self)employment in the country of last activity). Reimbursement procedures are defined under art. 65(6) and (7) of Regulation (EC) No. 883/2004 and art. 70 of Regulation (EC) No. 987/2009.

##### **1. Calculation of the unit cost per case:**

The average unit cost per case is based on the data we have received from Poland (the only country for which we have robust data on the reimbursement claims. Following the formula  $\text{Time (T)} \times \text{Wage (W)}$ , we have estimated an average unit cost per case for each of the individual documents.

##### **2. Number of cases:**

We have collected data on the number of cases for Poland for a number of documents. There are no estimated data available for calculating the estimated total number of cases of reimbursement claims in the EU. For a detailed discussion on the number of claims received (as debtor) and the number of claims issued (as creditor) (see section 4.1.5)..

##### **3. Calculation of the administrative cost (Poland)**

We have calculated the administrative cost for processing a number of documents related to reimbursement claims for Poland by applying the following formula:  $\text{Time (T)} \times \text{Wage (W)} \times \text{Number (N)}$ .

Data were collected for the following documents:

Member State of residence:

- SED U020 'Reimbursement Request';
- SED U025 'Reimbursement Receipt/Closing notification'.

Competent Member State:

- SED U021 'Reimbursement Full Acceptance' (possible answer to SED U020);
- SED U022 'Reimbursement Non Acceptance' (possible answer to SED U020);
- SED U023 'Reimbursement Partial Acceptance' (possible answer to SED U020);
- SED U024 'Reimbursement Payment Notification'.

The table below presents the total estimated administrative cost for processing the following documents for Poland presented according to 'Member State of residence' and 'Former working Member State':

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<sup>73</sup> See also 10.8

**Table 18: Estimated Administrative Cost, Member State of Residence, SED U020, SED U025, Poland, 2013**

SED U020 'Reimbursement Request'	
Unit cost per case (EUR)	1.5
Number of cases	48
Total cost (EUR)	72
SED U025 'Reimbursement Receipt/Closing notification'	
Unit cost per case (EUR)	4.5
Number of cases	10
Total cost (EUR)	45

Source: Deloitte, workshop in Poland

**Table 19: Estimated Administrative cost – Competent Member State, SED U021, SED U022, SED 023, SED U024, Poland, EUR, 2013**

SED U021 'Reimbursement Full Acceptance' (possible answer to SED U020)	
Unit cost per case (EUR)	1.5
Number of cases	5
Total cost (EUR)	7.5
SED U022 'Reimbursement Non Acceptance' (possible answer to SED U020)	
Unit cost per case (EUR)	1.5
Number of cases	3
Total cost (EUR)	4.5
SED U023 'Reimbursement Partial Acceptance' (possible answer to SED U020 )	
Unit cost per case (EUR)	1.5
Number of cases	62
Total cost (EUR)	93
SED U024 'Reimbursement Payment Notification'	
Unit cost per case (EUR)	4.5
Number of cases	15
Total cost (EUR)	67.5

Source: Deloitte, workshop in Poland

## **4.2 Coordination of long-term care benefits**

### *4.2.1 Scale of cross-mobility of pensioners*

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Pensioners and cross-border workers – and their insured family members – are the most important group impacting cross-border expenditure on LTC benefits.

The recent migrant pensioners (aged 65 and over) who have moved from one EU-country to another in 2011 are counted in the Eurostat migration statistics (Table 20). Also for this group of recent migrant pensioners we are missing figures for BE, BG, HU, MT, NL, PL and RO. Especially the UK (11 thousand in 2011) and Spain (10 thousand in 2011) are important migration countries for pensioners.

Ideally, a table with the current stock of pensioners by previous country of residence should be available because this variable is probably the best proxy to estimate the number of pensioners insured in another country than the country of residence and to calculate the amount of LTC reimbursements between countries.

**Table 20: Migrant pensioners (65 years or over) in 2011 by country of previous residence, EU-27**

Row Labels (current residence)	Column Labels (previous residence)																												
	BE	BG	CZ	DK	DE	EE	IE	EE	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	EU-27	
BE																													
BG																													
CZ																													346
DK	8	0	1	0	52	3	1	9	96	68	13	0	4	4	8	0	0	9	4	9	5	7	0	2	1	119	28	451	
DE																												4.936	
EE					3	1	1	4				4													25	6		39	
IE	5	1	2	1	21	1	0	0	14	22	8	3	6	8	1	0	0	6	2	17	2	5	0	0	1	3	401	530	
EE																												3.284	
ES	489	304	7	99	1.759	1	172	15	0	1.510	515	1	10	27	19	26	0	467	65	68	277	1.039	2	3	166	263	2.812	10.116	
FR																												3.601	
IT	149	115	9	12	994	1	10	27	128	509	0	2	3	3	23	15	7	28	38	106	14	858	2	3	4	17	275	3.352	
CY																												444	
LV																												49	
LT	1	0	1	0	14	0	2	2	3	1	0	0	15	0	0	0	0	3	1	4	0	0	0	0	0	1	6	54	
LU																												315	
HU																													
MT																													
NL																													
AT																												1.995	
PL																													
PT																												219	
RO																													
SI	2	3	5	0	209	0	0	1	2	19	51	0	0	0	1	3	0	5	34	2	0	0	0	0	1	23	6	367	
SK	0	4	68	0	15	0	0	0	0	2	4	0	0	0	0	15	0	0	7	2	0	3	2	0	0	1	0	123	
FI	0	6	0	1	27	41	2	1	153	8	3	1	2	0	1	0	0	4	2	4	7	1	0	1	0	259	16	540	
SE	23	10	3	103	93	13	8	50	146	92	25	4	9	2	4	15	6	36	14	34	9	19	2	1	87	0	62	870	
UK																												12.447	
Total*																												44.078	

\* Total= sum of migrant pensioners of which the current country of residence is known

Source: Eurostat Migration Statistics, [migr\_imm5prv]



#### 4.2.2 *Number of persons insured for LTC*

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The number of those insured for health care living in another country than the competent country – which sometimes includes long-term care or to which LTC-insurance is closely linked – can be calculated based on the number of PD S1s - or E106 forms (insured person), E109 forms (family member of insured person) and E121 forms (pensioner and family member of pensioner).

The PD S1 form allows a person to register for healthcare in the country of residence when insured in a different one. The form is delivered per person (not per family). The distinction between the types of person insured for health care is still made by the PD S1. For that reason, the questionnaire (limited to 14 MS) asked for the number of insured persons, family member of insured persons, pensioners and family members of pensioners. Only two Member States (Belgium and Luxembourg) provided a breakdown of the number of PD S1 issued by type of person (Table 73). More general data was obtained for two other Member States (the Netherlands and Slovak Republic). The questionnaire asked only for the **number of PD S1s issued**. However, the number of PD S1s received could also be given. For example, there are data on the number of PD S1's received by Belgium (including by type of insured person) (Table 74). For reason of this poor response to our administrative questionnaire we opted for an estimate of the PD S1. Two large categories can be distinguished (see also tables above). PD S1 forms will be issued to cross-border workers (and their family members) and mobile pensioners (and their family members).

##### 4.2.2.1 *PD S1 issued to incoming cross-border workers and their family members*

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A PD S1 is issued to incoming cross-border workers and in some cases also to their family members (e.g. when the partner is inactive). Based on our survey we observed the following for Luxembourg and Belgium.

As **Luxembourg** attracts a lot of cross-border workers, it issues a high number of PD S1 forms. As of end March 2011, 162,638 cross-border workers were insured in Luxembourg (Table 73). They resided mainly in neighbouring countries: 48.1% in France, 24.9% in Belgium and 24.7% in Germany. In addition, 60,868 family members of cross-border workers working in Luxembourg were insured there, or 37.4% of the number of cross-border workers. It should be noted that more than one family member can be related to a cross-border worker (inactive partner and children).

For **Belgium**, only figures on incoming frontier workers were received. As of end-June 2012, there were 46,484 frontier workers in Belgium, of whom 79.1% resided in France (Table 73). The number of family members of cross-border workers employed in Belgium and insured in this Member State was 512. A striking figure is the percentage of family members residing in Poland who are insured in Belgium (32.8% of the total number of family members of persons insured in Belgium).

Due to the lack of data, it is necessary to use other data sources in estimating the number of insured cross-border workers **for the EU-27**. By making use of LFS data, the number of cross-border workers can be estimated.<sup>74</sup> On average, one million cross-border workers live in one EU-27 Member State but work in another (average of 2010 and 2011). Cross tables provide insights into their country of residence and country of employment. We consider the row and column totals as the most reliable,

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<sup>74</sup> Based on the question 'What is the name and address of the *local unit* of the enterprise where you work?' and variables 'COUNTRYW' (country of place of work) and 'COUNTRY' (country of residence) in the database. As already mentioned also posted workers who are insured in their country of residence can be captured by this question.

in line with the reliability limits provided by Eurostat for the LFS.<sup>75</sup> The bilateral cells between countries need to be interpreted with even more care. All cells should be compared with these reliability limits. However, by taking two years together, the cells can be assumed to be relevant by avoiding outliers and by counting more observations. We will need them for further calculations. Most cross-border workers are employed in Germany (186,000) and Luxembourg (131,000). The country of employment will have to issue a PD S1 for all these cross-border workers living in another country.

#### 4.2.2.2 PD S1 issued to pensioners moving to or living in another Member State

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A PD S1 can also be issued to pensioners (and their family members) who move to or live in another Member State than the competent Member State. Chapter I 'Sickness, maternity and equivalent paternity benefits', section II 'Pensioners and member of their families' in Regulation (EC) No. 883/2004 makes the distinction between 'Right to benefits in kind under the legislation of the Member State of residence' and 'No right to benefits in kind under the legislation of the Member State of residence'.

First, we look at the Regulation when a pensioner is entitled to benefits in kind under the legislation of the Member State of residence. Art. 23 states that: "A person who receives a pension or pensions under the legislation of two or more Member States, of which one is the Member State of residence, and who is entitled to benefits in kind under the legislation of that Member State, shall, with the members of his family, receive such benefits in kind from and at the expense of the institution of the place of residence, as though he were a pensioner whose pension was payable solely under the legislation of that Member State."

Second, we look at the Regulation when a pensioner is entitled to benefits in kind under the legislation of the Member State of residence. Art. 24, 2 makes a distinction between being only entitled to benefits in kind under the legislation of a single Member State and being entitled to benefits in kind under the legislation of two or more Member States: "*(a) where the pensioner is entitled to benefits in kind under the legislation of a single Member State, the cost shall be borne by the competent institution of that Member State; (b) where the pensioner is entitled to benefits in kind under the legislation of two or more Member States, the cost thereof shall be borne by the competent institution of the Member State to whose legislation the person has been subject for the longest period of time; should the application of this rule result in several institutions being responsible for the cost of benefits, the cost shall be borne by the institution applying the legislation to which the pensioner was last subject.*"

We do not have data on the relative shares of exclusive or mixed pensions. It is a share between 0 and 100% that could be used as minimal or maximal estimate. The average would be 50% of those two extreme hypotheses.

This legislation is important in making an estimation of the number of pensioners who received a PD S1 form from a specific Member State. First, we discuss the data from the Member States of which data has been received (Table 73).

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<sup>75</sup> [http://circa.europa.eu/irc/dsis/employment/info/data/eu\\_lfs/LFS\\_MAIN/Related\\_documents/reliab\\_annual\\_average.htm](http://circa.europa.eu/irc/dsis/employment/info/data/eu_lfs/LFS_MAIN/Related_documents/reliab_annual_average.htm) and Annex VII

As of end of March 2011 (= number of insured persons living abroad at that moment), **Luxembourg** had issued 7,622 PD S1 to pensioners mainly moving to/residing in Belgium, France, and Germany (Table 73). There were also, 2,798 family members of pensioners moving/residing in another Member State insured in Luxembourg.

Belgium had issued 28,166 PD S1's (situation end of June 2012) to pensioners (Table 73). Most of these forms were issued to pensioners moving to/residing in France (42.3%). More 'surprising' is the high number of PD S1's issued to pensioners moving to/residing in Spain (22.5%) and Italy (15.7%). It confirms, yet for Belgium, the hypothesis of pensioners moving to Mediterranean countries and also of Italian migrant workers moving to their country of origin/birth.

If we want to estimate the total number of pensioners in the **EU-27** who have received a PD S1 form, other data sources have to be used. The legislation to determine which Member State is competent has a strong impact on the calculations. The number of pensioners moving abroad can be estimated by the LFS. We already discussed the limitations of the LFS regarding the interpretation of the number of pensioners who moved abroad after their retirement.

#### 4.2.3 *Number of persons receiving LTC benefits in cash*

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There are data from five Member States (Austria, Belgium, Germany, Luxembourg and United Kingdom) on **exported LTC cash benefits** (Table 75 and Table 78).

Before describing the data, some explanation is needed. Some of our national experts who collected the data did not receive any data in their Member State because the LTC benefit in cash was not considered to be exportable (e.g. APA in France<sup>76</sup>; Romania<sup>77</sup>). At the same time, no (detailed) data were available for some Member States. Moreover, not every Member State has an LTC benefit in cash.<sup>78</sup>

In 2012, 2,570 people exported *Pflegegeld* from **Austria** to another Member State (Table 75)<sup>79</sup>. This was only 0.6% of the total number of people entitled to it (444,000 persons). The number exporting this LTC benefit decreased between 2010 and 2012 by 7.4%. A breakdown by Member State could be made for February 2012, where 70% of this LTC benefit in cash was exported to Germany.

Data were collected for three types of LTC cash benefits cash in **Belgium** (Table 75). 27 people living abroad were entitled to the *Flemish Care Insurance*. The estimated cost is € 42,000. This is only 0.01% of the total number entitled to this LTC cash benefit (217,400 in 2011) (Table 78). In addition, on average 30 people exported *the Integration allowance OR the allowance for assistance to the elderly* from Belgium to another Member State. Thus, export of these Belgian LTC cash benefits was very limited. The competent institution assumes that the *Personal Assistance Budget* is not exportable.<sup>80</sup> For that reason no data was provided by them. It was not possible to collect exact figures on how

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<sup>76</sup> The French competent institution CNSA stated in an email to HIVA KU Leuven that "*the Allocation personnalisée d'autonomie (APA) benefit supposes a condition of residence in France*". However, we read in a trESS national report for France that "*in practice though, it seems that the APA is sometimes exported to other Member States (especially Belgium) by the French local authorities which are in charge of their granting.*"

<sup>77</sup> The Romanian competent institution stated that the "*Health Insurance Houses do not insure persons for LTC for benefits in kind and in cash*".

<sup>78</sup> See 'list of cash benefits and benefits in kind as referred to in Article 34 of Regulation (EC) No. 883/2004' (<http://ec.europa.eu/social/main.jsp?catId=868&langId=en>) and the MISSOC tables.

<sup>79</sup> See also [https://www.statistik.at/web\\_de/statistiken/soziales/sozialleistungen\\_auf\\_bundesebene/bundespflegegeld/index.html](https://www.statistik.at/web_de/statistiken/soziales/sozialleistungen_auf_bundesebene/bundespflegegeld/index.html)

<sup>80</sup> The Flemish Agency for Disabled Persons stated that the Personal Assistance Budget only is granted to persons domiciled in Belgium.

many people receive an *allowance for children with disabilities supplementary to child benefit*. However, an estimate could be made. There were in 2011 42,242 children of foreign cross-border workers entitled to a child benefit paid by Belgium.<sup>81</sup> Also, in Belgium, there are in total 2.1% children with disabilities. This percentage was applied to these 42,242 children. This results in an estimate of 900 children entitled to an *allowance for children with disabilities supplementary to child benefit* or a total cross-border expenditure of € 3 million.

In 2010, 1,875 people living abroad were assessed to receive in cash *Pflegeversicherung* ('Pflegegeld') from **Germany** (Table 75).<sup>82</sup> This was a decrease of 9.7% compared to 2006. The assessment was mainly asked for by people living in Spain (30.3%) and Austria (27.8%). The competent institution estimates that on average 5,000 persons living abroad receive the *Pflegeversicherung* from Germany.<sup>83</sup> This accounts for an expenditure of € 3 million (Table 78). This is 0.2% of the total number of people in the *Pflegeversicherung* (2.4 million persons in 2010) or 0.01% of expenditure (€ 21.5 billion).<sup>84</sup>

In 2011, **Luxembourg's LTC Insurance** was exported to another Member State in 359 cases, especially to Germany (51.8%) (Table 75)<sup>85</sup>. This number represents some 2.3% of beneficiaries of LTC in Luxembourg). This involves a total yearly cross-border expenditure of € 3.6 million (Table 78 based on CNS, *Décompte de l'assurance dépense de l'exercice 2011*<sup>86</sup>). The Luxembourg report on social protection 2011 observes "Toutefois, le nombre de personnes bénéficiant de prestations et résidant à l'étranger est très faible alors que la population protégée résidant à l'étranger est importante" (p. 148).<sup>87</sup> This illustrates that our further calculations on cross border LTC expenditures will be considered as theoretical and maximized.

Finally, total numbers were collected for three types of LTC cash benefits in the **United Kingdom** (Table 75 and Table 78). In 2011, 4,210 people exported the *Disability Living Allowance* from the United Kingdom, a cross-border expenditure of £11 million. Again the impact is limited to 0.1% of the total beneficiary population (3.2 million persons) receiving this cash benefit or 0.1% of total expenditure (£ 12.6 billion). The *Attendance Allowance* is received by 1,090 persons living abroad at a cost of £ 3 million. Finally, the *Carers Allowance* is exported by 230 persons to another Member State at a cost of £1 million.

The relative importance of the number of cross-border users and related expenditure on these LTC benefits in cash is very limited compared to the total number of users and expenditure on LTC benefits in cash by a Member State. It mostly fluctuates between 0.01% and 0.6% of total number of users and expenditure.

#### 4.2.4 Number of persons receiving LTC benefits in kind

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<sup>81</sup> See report RKW (Belgian competent institution for the payment of family benefits for employees) 'Kinderen opgevoed buiten het Rijk 2011' <http://www.rkw.be/Nl/Documentation/Publication/Statistics/KinderenOpgevoedBuitenRijk2011.pdf>

<sup>82</sup>

[www.bmg.bund.de/fileadmin/dateien/Publikationen/Pflege/Berichte/Bericht\\_der\\_Bundesregierung\\_ueber\\_die\\_Entwicklung\\_der\\_Pflegeversicherung\\_und\\_den\\_Stand\\_der\\_pflegerischen\\_Versorgung\\_in\\_der\\_Bundesrepublik\\_Deutschland.pdf](http://www.bmg.bund.de/fileadmin/dateien/Publikationen/Pflege/Berichte/Bericht_der_Bundesregierung_ueber_die_Entwicklung_der_Pflegeversicherung_und_den_Stand_der_pflegerischen_Versorgung_in_der_Bundesrepublik_Deutschland.pdf)

<sup>83</sup>

[www.bmg.bund.de/fileadmin/dateien/Publikationen/Pflege/Berichte/Bericht\\_der\\_Bundesregierung\\_ueber\\_die\\_Entwicklung\\_der\\_Pflegeversicherung\\_und\\_den\\_Stand\\_der\\_pflegerischen\\_Versorgung\\_in\\_der\\_Bundesrepublik\\_Deutschland.pdf](http://www.bmg.bund.de/fileadmin/dateien/Publikationen/Pflege/Berichte/Bericht_der_Bundesregierung_ueber_die_Entwicklung_der_Pflegeversicherung_und_den_Stand_der_pflegerischen_Versorgung_in_der_Bundesrepublik_Deutschland.pdf)

<sup>84</sup>

Statistisches Bundesamt – Gesundheit – Ausgaben 2011  
[https://www.destatis.de/DE/Publikationen/Thematisch/Gesundheit/Gesundheitsausgaben/AusgabenGesundheitPDF\\_2120711.pdf;jsessionid=A3958E9A4FB20BC7A316C1B06F28C84F.cae4?\\_\\_blob=publicationFile](https://www.destatis.de/DE/Publikationen/Thematisch/Gesundheit/Gesundheitsausgaben/AusgabenGesundheitPDF_2120711.pdf;jsessionid=A3958E9A4FB20BC7A316C1B06F28C84F.cae4?__blob=publicationFile)

<sup>85</sup> [http://www.mss.public.lu/publications/rapport\\_general/rg2011/rg\\_2011.pdf](http://www.mss.public.lu/publications/rapport_general/rg2011/rg_2011.pdf)

<sup>86</sup> [http://www.cns.lu/files/publications/Decompte\\_AD\\_2011.pdf](http://www.cns.lu/files/publications/Decompte_AD_2011.pdf)

<sup>87</sup> [http://www.mss.public.lu/publications/rapport\\_general/rg2011/rg\\_2011.pdf](http://www.mss.public.lu/publications/rapport_general/rg2011/rg_2011.pdf)

The number of persons who received a LTC benefit in kind and the cost involved can be calculated via the Structured Electronic Document (SED) S080 (claim for reimbursement) (point 3.14 '*Long-term care benefit*' amount AND /OR point 3.20 '*Nature of benefits*' = long-term care). However, this is only for reimbursements determined on the basis of actual expenditure and not on the basis of fixed amounts. Some Member States receive only fixed amounts calculated on the basis of a formula defined in Regulation (EC) No. 883/2004. Even though Member States can use the SED-forms related to health care, they still use the old E-forms (E125 'Individual record of actual expenditure', E126 'Rates for refund of benefits in kind' and E127 'Individual record of monthly lump-sum payments'). There is a limitation in that LTC is not mentioned on the E 125 form, which makes it very difficult to calculate LTC benefits in kind.

None of the Member States could respond to our question asking for a calculation of the number of people receiving a LTC benefit in kind and the cost involved (Table 76 and Table 77).<sup>88</sup> However, a proxy of the use and cost of the export of LTC benefits in kind was noted for Belgium. We saw that 28.3% of the claims received by Belgium via an E125 form were applicable to persons aged between 65-80 and 10% to persons aged older than 80. 27.9% of the claims received by an E125 form involve persons aged between 65-80 and 16.5% aged older than 80 (Table 77). This pattern is also visible in the other direction: 10% of the E125 claims sent by Belgium to other Member States involve someone aged 65-80 (or 20.3% of the amount of claims issued) and 5% are for people aged older than 80 (or 20.5% of the amount of claims issued) (Table 77).

#### *4.2.5 Estimated number of PD S1 issued by category and estimated expenditure on LTC benefits*

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Our questionnaire aimed to obtain an overview of the number of persons insured for LTC benefits in kind and in cash, the extent to which these people actually received benefits and the corresponding cost of the benefits provided (reimbursed by the competent Member State).

However, this exercise requires detailed information from the reporting Member States concerning the issue of PD S1 by status (insured person, pensioner, family member of the insured person and family member of the pensioner) and the claims (e.g. by SED S080 – only for actual expenditure in kind). We observed that many of the Member States still use the 'old' E-forms to communicate with other national administrations or with the citizens involved. For example, the E-106 form (certificate entitlement to sickness benefits in kind insured person), the E-109 (certificate entitlement to sickness benefits in kind family members insured person) and the E-121 form (certificate entitlement to sickness benefits in kind pensioner and family members of the pensioner) were replaced by the portable document (PD) S1 (and SED S072 'Entitlement document – residence'). Nevertheless, the total number of these three forms is still counted to calculate the number of persons insured to sickness benefits in kind, who reside in a Member State other than the competent Member State. This detail was only collected for two Member States in our sample. That is why other data sources needed to be exploited.

The number of persons who received LTC benefits in kind could be calculated by extracting data from the SED S080. In principle, the general method of reimbursement is the refund on the basis of actual

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<sup>88</sup> E.g. Belgium: it has to be mentioned that LTC benefits in kind included in the health insurance (old age homes, nursing homes, district nursing) or other social care could not be documented, although they especially are included in the LTC-definition used in the 2012 Ageing Report.

expenditure and exchanged between the competent national authorities by the use of SED S080 (former E125) which is an individual claim for an actual expenditure. The receipt of LTC is explicitly mentioned in this form (point 3.14 'Long-term care benefit' amount AND point 3.20 'nature of benefits': Long-term care). This detail would deliver us valuable information about the number of persons who received long-term care. Only by a way of exemption, those Member States<sup>89</sup> whose legal or administrative structures are such that the use of reimbursement on the basis of actual expenditure is not appropriate, can reimburse benefits in kind on the basis of fixed amounts for some specific categories: family members who do not reside in the same Member State as the insured person and pensioners and members of their families. Each of these Member States has to calculate the monthly fixed amount (average costs) per person, which should be as close as possible to actual expenditure. The method of calculation is defined in the implementing Regulation (EC) 987/2009. For the exchange of the information needed for the refunds on the basis of fixed amounts SED S095 (former E127) is used. That form is an individual record of monthly lump sum payments. However, a long-term care category is not explicitly taken up by this form. A possible proxy is the selection of SEDs S095 forms handling a claim of a person aged 65+ (see point 2.5 'Lump sum category' in this SED). However, today both forms (SED S080 and SED S095) are not used by Member States. The E125 form (actual expenditure) and E127 form (fixed amounts) do not mention the specific category 'long-term care'. By this, it was not possible to count the number of persons who received long-term benefits in kind. Again, we had to look for alternative data. We estimated the probable number of PD S1 and will use it further to estimate the use of health care and LTC.

Three categories of PD S1 are identified:

- Cross-border workers (and their family members);
- Retired former cross border workers (and their family members);
- Other mobile pensioners (and their family members).

First objective was to calculate the number of persons who are insured to sickness benefits in kind living in a Member State other than the competent Member State. To work as detailed as possible a distinction should be made between the different categories of insured persons. By the Labour Force Survey, the number of cross-border workers was calculated for 2010 and 2011. An average of both years was calculated to improve the representativeness of cell data and to exclude outliers. Calculations were made only for the EU-27 Member States. On average 1 million cross-border workers are employed in another EU-27 Member State than the Member State of residence, or 0.48% of the total working population. The working countries will issue a PD S1 to these incoming cross-border workers while the countries of residence will receive this PD S1. However, as already mentioned also posted workers can be included by the definition used in the LFS. These persons are still insured in the country of residence. The cross table illustrates which countries are mostly involved in this cross-border mobility of workers (Table 81). Most of the PD S1 certificates have been issued by Germany (186.1 thousand forms) and Luxembourg (130 thousand forms) while most of the PD S1 have been received by Germany (165.4 thousand forms) and France (159.6 thousand forms). The accurateness of these survey figures can be verified by the administrative data we received from two Member States (Belgium and Luxembourg) (Table 73). Luxembourg issued 162.6 thousand PD S1 forms to insured persons (situation end of March 2011), which is somewhat higher compared to the LFS estimation of PD S1 issued. For Belgium we know from the administrative survey that 46.5

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<sup>89</sup> Annex III Regulation (EC) No. 987/2009: Ireland, Spain, Cyprus, the Netherlands, Portugal, Finland, Sweden, the United Kingdom, Norway.

thousand PD S1 certificates were issued to frontier workers (only cross-border workers coming from France, Germany, Luxembourg and the Netherlands). Based on data of the LFS, 50.1 thousand frontier workers should have received a PD S1 certificate from Belgium.

Second, the number of family members of insured persons who are insured in a Member State other than the competent Member State should be counted. They should be added as 'dependent persons'. We assume that 20% of the insured persons will have an insured family member. This assumption is based on data we received on the PD S1 from Belgium and Luxembourg, the inactivity rates published by Eurostat based on the LFS and a study we recently published.<sup>90</sup> Based on our questionnaire, the number of insured family members in proportion to the number of insured persons was very low in Belgium (almost 1 in 100) but high in Luxembourg (1 in 3). On the basis of the results of the LFS, Eurostat publishes on a quarterly basis the inactivity rate (inactive population as a percentage of the total population) (see 10.5). The main reason for inactivity of young people is participation in education, while retirement is the main reason for older people. For that reason we only looked at the population between 20 and 64 years. On average 24% of the population between 20 and 64 years old is considered as inactive. In our study we observed 22.8% of the frontier workers are living together with a partner who is inactive. A household counts on average 1.2 children which assuming the same composition in active and non-active households will fall also under the social security system of the cross-border worker when the partner is inactive (or 27.4% of the frontier workers).<sup>91</sup> Together, this is about 50% of the number of frontier workers. For those reasons, the assumption that 20% of the insured cross-border workers have an insured family member is perhaps rather a conservative hypothesis. A more liberal assumption could be made (e.g. 40% of the cross-border have an insured family member). We keep the conservative assumption since other hypotheses could overestimate the number of issued PD S1 (see below). Generalizing this percentage of 20% to the whole population, an estimation of 206.5 thousand family members of insured persons who have received a PD S1 is obtained.

Third, the number of persons who live in another Member State than the competent Member State has to be estimated. To determine the competent Member State, Regulation (EC) No. 883/2004 makes a distinction between pensioners and member of their families who have right or NO right to benefits in kind under the legislation of the Member State of residence'. Three different scenarios appear (see EC (2011), *The coordination of healthcare in Europe*, page 17):

- “the Member State of residence, if the person concerned is in receipt of a pension from that State entitling him/her to benefits in kind (even where the person concerned is in receipt of pensions from one or more Member States);
- the Member State responsible for paying the pension entitling the person concerned to benefits in kind if s/he resides there, if the person concerned is not in receipt of a pension in his/her State of residence (even where s/he is in receipt of benefits in kind in this State by virtue solely of his/her residence);
- the Member State responsible for paying a pension entitling the person concerned to benefits in kind if s/he resides there, to whose legislation the pensioner was subject for the longest period, if s/he is in receipt of pensions from several Member States other than the Member State where s/he resides”.

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<sup>90</sup> Pacolet, J., De Wispelaere, F. & De Coninck, A. (2012) *The social security rights of frontier workers. A survey on their knowledge, use and satisfaction, focusing on sickness benefits.*

<sup>91</sup> It was suggested by the IA Steering Group to extract additional household data from the LFS. We consider the data from the study described above as a good alternative.

This is perhaps the most difficult exercise, since there is no correct variable available in the LFS which can be considered as a good proxy for the scenarios described above. For that reason, we defined two separate scenarios. First, we have estimated the number of retired cross-border workers. When the cross-border worker only worked abroad he/she will receive only a pension from that Member State. In that case the former working country will be the competent Member State. When he/she was also for a period of time employed in the country of residence, he/she will receive a mixed pension. In that case the country of residence will be the competent Member State. The average would be 50% of those two extreme hypotheses. In our estimation we assume that all cross-border workers receive only a pension from their former working country. Nevertheless, also other scenarios can be considered. To estimate the total number, we applied the percentage of cross-border workers on the labour market (total average of 0.48%) (Table 81) to the number of pensioners in 2010 (figure from 2012 Aging Report- variable 'Pensioners aged 65+') and this by individual (former) working Member State. E.g. 2.42% of the employment in Austria is related to incoming cross-border workers. This percentage is applied to the 1.8 million pensioners in Austria which results in an estimation of 43.9 thousand persons receiving only a pension from Austria whereby Austria will also be the competent Member State and will issue a PD S1 since this retired cross-border worker lives in another Member State. This assumption results in an estimation of 419.5 thousand pensioners who were previously working abroad.

Finally, an estimation of the number of migrant pensioners in 2011 is calculated by using the LFS (= selection of 'retired persons aged older than 60 at arrival' of which country of birth= EU27 and country of residence=EU27). We have used 'country of birth' as a proxy of the competent Member State (an alternative is 'Nationality'). This was the only best practical option in the ambition to determine the competent Member State. In total 190.5 thousand pensioners live in another EU Member State than their country of birth (no data available of the number of pensioners living in Germany and Romania).<sup>92</sup> We assume the country of birth is the competent Member State and will issue a PD S1. By the Eurostat migration statistics already figures on the number of recent migrant pensioners (aged 65 and over) who have moved from one EU-country to another in 2011 were obtained (see also table). However, for this group of recent migrant pensioners no data were available for BE, BG, HU, MT, NL, PL and RO as migration country. For the limited group of countries, already 44 thousand pensioners migrated to another Member State in 2011. It seems that the total group of 190.5 thousand pensioners (stock value) who moved after retirement to another Member State is a (small) underestimation from the real situation.<sup>93</sup> However, as the 'popular' Mediterranean countries are already inserted in the table of recent migrant pensioners the total number of recent migrant pensioners will not that much higher. In 2011, 10 thousand pensioners migrated to Spain. Based on the LFS a total number of 61.4 thousand retired persons older than 60 at arrival lives in Spain. 3.6 thousand pensioners moved to France in 2011 while based on the LFS a stock of 34.1 thousand migrant pensioners was obtained. The proportion between flow and stock seems for both countries more or less realistic.

Finally, we had to estimate the number of family members of pensioners who live in another Member State than the competent Member State. We assume that 25% of the pensioners will have

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<sup>92</sup> Remark received from L. Aujean (DG EMPL): 'BE has detected a coding error for YEARESID (from 2008 on). By this, the number of persons with YEARESID = 1 is strongly overestimated'.

<sup>93</sup> From the perspective that when there is an equal flow of migrant pensioners each year, the stock of 190.5 pensioners covers only 4 years of flows of pensioners.



also an insured family member. Based on the administrative data from the questionnaire, a percentage of 37% was calculated for Luxembourg and 20% for Belgium. This assumption results in an estimation of another 152.500 family members of pensioners who live in another Member State than the competent Member State.

By counting these different components together, we estimated a total number of about 2 million insured persons living in another Member State than the competent Member State (cf. 10.4.1). Some 60% is determined by the present cross-border workers which imply some 40% is related to mobile pensioners. In the future this share of retired former cross-border workers and mobile pensioners probably will increase. Most PD S1 certificates are issued by Germany (18.6% of total), UK (11% of total) and Luxembourg (10.5% of total) (table). Most of these forms were received by France (15.7% of total) and Germany (13.8%). Belgium seems also to receive a high number of PD S1 certificates (11.4% of total). However, the calculations for Belgium as destination country for migrants are probably not reliable due to problems with the variable 'years of residence'.<sup>94</sup> Just to illustrate the ambitions of these estimates, the calculated figure for Luxembourg as competent state of PD S1 and so by definition also insured for LTC, of 207 thousand insured persons is 262 thousand in the administrative questionnaire.

However, these figures should always be considered as an estimation of the number of PD S1 certificates based on several assumptions.<sup>95</sup> As explained above, we are confronted with several data limitations that had a significant impact on our calculations. By adding some additional questions to the LFS and by becoming an exhaustive view on the number of migrating pensioners by the Eurostat migration statistics most of these data limitations would be solved which would result in a more reliable 'proxy'.

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<sup>94</sup> 'BE has detected a coding error for YEARESID (from 2008 on). By this, the number of persons with YEARESID = 1 is strongly overestimated' (remark received from L. Aujean, DG EMPL.).

<sup>95</sup> These estimates could be compared with administrative data. Administrative data is available for Belgium, Luxembourg and Spain. Belgium issued 80.8 thousand PD S1 forms (without data about the number of 'other insured cross-border workers') compared to an estimated number of 113 thousand PD S1 forms issued (Table 73 and Table 21). Luxembourg issued 262.7 thousand PD S1 forms compared to an estimated number of 207 thousand PD S1 forms issued (Table 73 and Table 21). Belgium received 114 thousand PD S1 forms compared to an estimated number of 225 thousand PD S1 forms received (Table 74 and Table 21). Spain received about 155 thousand PD S1/E121 forms (only for pensioners) while we become an estimated number of PD S1 forms of 88 thousand received by Spain for pensioners living in Spain but insured in another country (see Table 21 and ICF GHK & Milieu Ltd (2013), *A fact finding analysis on the impact on the Member states' social security systems of the entitlements of non-active intra-EU migrants to special non-contributory cash benefits and healthcare granted on the basis of residence*, commissioned by DG EMPL via DG Justice Framework contract, Table A9.9, p. 253). We can conclude that for some Member States the number of PD S1 forms received/issued will be overestimated (e.g. number of received PD S1 forms by Belgium) while for other Member States the number of PD S1 forms received/issued will be underestimated (e.g. number of received PD S1 forms by Spain, number of issued PD S1 forms by Luxembourg).

**Table 21: Estimated number of PD S1 issued by category of citizen, in .000**

Country	Competent country					Residing country				
	Incoming cross-border workers + 20% family members	retired cross-border workers only worked abroad + 25% family members	Migrant pensioners + 25% family members	Total number of PD S1 issued	Share of total insured persons (in %)	Outgoing cross-border workers + 20% family members	retired cross-border workers only worked abroad + 25% family members	Migrant pensioners + 25% family members	Total number of PD S1 issued	Share of total insured persons (in %)
BE	74	35	5	113	5,7%	116	41	68	225	11,4%
BG	2	1	1	4	0,2%	25	11	0	37	1,9%
CZ	74	25	2	101	5,1%	29	12	2	43	2,2%
DK	42	14	1	57	2,9%	5	2	3	10	0,5%
DE	223	101	44	368	18,6%	198	75	0	273	13,8%
EE	1	0	0	2	0,1%	22	9	0	30	1,5%
IE	21	6	1	29	1,4%	12	5	7	24	1,2%
GR	14	7	1	23	1,1%	0	0	2	2	0,1%
ES	48	18	4	71	3,6%	27	11	77	115	5,8%
FR	57	27	19	102	5,2%	192	77	43	311	15,7%
IT	91	50	27	167	8,5%	29	13	5	47	2,4%
CY	4	1	0	5	0,3%	0	0	5	5	0,3%
LV	1	0	0	1	0,0%	8	3	0	12	0,6%
LT	0	0	0	1	0,0%	2	1	0	3	0,2%
LU	156	50	1	207	10,5%	3	1	2	7	0,3%
HU	17	8	3	28	1,4%	64	28	0	92	4,7%
MT	1	0	0	1	0,1%	1	0	1	2	0,1%
NL	132	43	28	203	10,2%	26	12	2	39	2,0%
AT	121	55	1	177	8,9%	39	17	11	66	3,4%
PL	9	3	4	17	0,8%	110	45	1	156	7,9%
PT	5	2	2	10	0,5%	13	5	2	20	1,0%
RO	4	2	0	6	0,3%	105	52	0	158	8,0%
SI	2	1	0	3	0,1%	10	5	0	16	0,8%
SK	7	2	2	11	0,6%	141	55	0	196	9,9%
FI	24	9	0	33	1,7%	2	1	1	4	0,2%
SE	15	6	2	23	1,2%	35	12	6	53	2,7%
UK	93	36	88	218	11,0%	24	9	0	34	1,7%
EU-27	1239	503	238	1980	100,0%	1239	503	238	1980	100,0%

Source: Estimate based on data from LFS and 2012 Ageing Report

**Table 22: Estimated number of PD S1 issued/received, in .000**

Row labels (country of residence)	Column labels (competent country)																											Grand total residence state	
AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK			
0.4	0.3	0.0	0.0	2.0	49.9	0.1	0.0	0.5	0.1	0.5	0.1	1.2	1.2	0.0	2.8	0.0	0.1	0.0	0.0	1.1	0.4	0.0	0.0	1.1	0.1	1.1	2.8	1.6	66
0.6	0.6	0.2	0.1	1.2	20.2	0.2	0.0	4.2	0.2	37.7	1.1	2.1	2.1	0.2	22.7	0.0	59.3	0.0	0.1	69.6	2.1	0.5	0.1	0.1	0.1	0.0	0.0	2.9	225
0.2	0.6	0.6	1.5	0.7	5.8	0.0	0.0	5.2	0.0	1.5	11.2	0.2	0.2	0.2	4.1	0.0	0.0	0.0	0.0	1.0	0.0	0.3	0.2	0.4	0.5	0.0	3.5	37	
0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.4	5	
8.5	1.4	0.0	0.0	0.0	16.0	0.1	0.0	1.1	0.0	1.1	0.6	0.5	1.1	0.9	0.0	0.6	0.0	0.0	1.3	0.3	0.0	0.0	0.0	0.3	0.0	4.6	4.5	43	
65.2	5.4	2.2	0.0	7.0	10.7	0.0	10.3	1.0	11.2	3.6	2.0	0.0	3.4	0.0	3.4	0.0	49.2	0.0	0.0	73.6	8.9	0.0	0.0	6.6	0.0	0.0	12.8	273	
0.2	0.2	0.4	0.0	0.0	3.5	0.0	0.0	0.1	0.0	0.4	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.3	0.7	0.0	0.0	2.9	0.0	0.0	1.5	10	
0.0	0.2	0.0	0.0	0.0	0.4	0.0	0.0	0.1	25.1	0.2	0.0	0.0	0.5	0.2	0.0	0.1	0.5	0.0	0.1	0.0	0.0	0.0	0.0	1.7	0.0	0.0	1.1	30	
0.3	2.4	0.3	0.0	0.0	17.2	0.0	0.0	1.4	10.0	0.0	1.2	2.7	6.2	0.0	6.2	0.0	0.1	0.0	0.0	11.4	0.0	3.0	0.0	0.0	0.0	0.0	58.8	115	
0.0	0.3	0.0	0.0	0.0	0.3	0.0	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.0	0.0	2.1	0.0	0.0	0.0	4	
0.4	69.1	0.0	0.0	0.0	84.4	0.2	0.0	5.9	0.9	0.0	0.0	0.0	1.8	3.0	0.0	96.5	0.0	0.0	5.5	0.8	3.1	1.2	1.7	0.0	0.0	0.0	36.2	311	
0.0	0.0	0.4	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	2	
36.4	1.7	0.0	0.3	0.3	22.3	0.9	0.0	0.5	0.4	3.2	0.0	0.0	2.1	3.5	0.0	0.1	0.0	0.0	2.7	0.2	0.0	0.5	0.1	0.2	2.3	14.5	92		
0.0	0.2	0.1	0.0	0.1	0.7	0.0	0.0	0.2	0.0	0.1	0.0	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.5	0.2	0.0	0.0	0.0	0.0	0.0	0.0	21.3	24	
2.5	2.7	0.2	0.0	0.0	13.8	0.2	0.0	3.1	0.0	9.9	2.0	0.3	0.4	0.0	0.0	0.0	0.0	0.0	0.8	0.5	0.0	2.8	0.0	0.6	0.1	7.1	47		
0.0	0.0	0.0	0.0	0.0	0.3	0.4	0.1	0.0	0.2	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.1	0.0	0.6	0.2	0.0	0.0	0.4	0.0	0.0	0.6	3		
0.1	1.7	0.0	0.0	0.0	1.6	0.2	0.0	0.0	0.0	1.7	0.0	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.3	7	
0.0	0.0	0.1	0.3	0.0	1.4	0.3	0.8	0.0	0.3	0.2	0.3	0.0	0.6	0.2	0.0	0.3	0.0	0.0	0.7	0.4	0.0	0.0	1.0	0.0	0.0	4.9	12		
0.0	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	2	
0.3	15.5	0.0	0.0	0.0	21.1	0.0	0.4	0.2	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.7	39	
6.5	5.3	0.0	1.4	11.9	73.0	5.0	0.0	0.8	0.8	5.9	0.7	0.0	1.0	3.5	0.4	0.5	0.1	0.0	21.2	0.4	0.4	0.1	4.8	0.0	0.9	12.2	156		
0.0	0.6	0.0	0.0	0.0	0.4	0.0	0.0	10.3	0.0	5.6	0.0	0.0	0.1	0.0	0.0	0.3	0.0	0.0	0.7	0.0	0.0	0.1	0.2	0.0	0.0	1.2	20		
2.0	1.7	0.0	1.0	0.1	14.2	0.5	0.0	22.5	0.0	1.6	1.8	0.8	0.2	10.8	0.0	0.0	0.0	0.1	0.3	0.0	2.0	0.0	0.0	0.0	0.0	0.0	4.2	158	
0.6	0.3	0.0	0.0	0.1	4.6	36.5	0.4	0.7	1.8	0.7	0.8	0.2	0.4	0.6	0.0	0.0	0.0	0.1	0.2	1.1	0.0	0.0	0.0	0.0	0.0	3.8	53		
8.9	0.1	0.0	0.0	0.0	1.4	0.0	0.0	0.0	0.3	0.0	0.3	0.0	0.0	4.3	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.5	0.2	16		
43.5	1.3	0.0	0.7	77.6	10.5	0.5	0.0	2.8	0.7	2.5	0.1	18.9	4.2	5.7	0.0	0.1	0.0	0.0	8.6	0.4	0.0	0.0	0.0	0.5	0.3	17.1	196		
0.5	2.3	0.0	0.0	0.0	4.3	1.1	0.0	1.9	0.0	7.9	0.0	0.0	12.9	0.0	0.0	0.0	0.0	0.7	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	34		
Grand total competent state	177	113	4	5	101	368	57	2	71	33	102	23	28	29	167	1	207	1	1	203	17	10	6	23	3	11	218	1,980	

Source: Estimate based on data from LFS and 2012 Ageing Report

The table above provides the estimated cross table for the stock of provided (by competent member state) and received (by country of residence) portable documents S1. We can again read the table row by row or column by column. Each column shows the total number persons where the state is competent for and in which countries those persons are resident. Each row shows the total number of persons residing in their country and with a foreign state competent for their social protection and how this is distributed over those countries. We immediately observe that in absolute figures those cells are dominated by the large countries, but on top of that it seems to be concentrated among a limited number of countries. For instance taking the first row and column we can see that of the 69 thousand PD S1 received for persons living in Austria, 52 thousand come from Germany, 3 thousand from Slovakia and 2.8 thousand from Italy. The top 3 of competent states for S1 counts for 84 % of the total. Reading the column for Austria, of the 177 thousand PD S1 issued some 65.2 thousand persons are living in Germany, 43.5 thousand living in Slovakia, and 36.4 thousand living in Hungary. These 3 largest countries count for 82 %. Those 'concentration ratios' of the share or the 3 largest countries (in concentration analysis it is called the  $C_3$ ) can be calculated for each country either by country of residence or by country of competence. We observe that especially Germany (20 times in top 3 of competent MS) and the UK (16 times in top 3 of competent MS) are the most 'important' competent MS (in % of residents insured in another MS than the competent MS). The picture of the most 'important' MS of residence (in % of persons living in another MS than the competent MS) is more diverse.

The share of the largest countries includes only the information about those large countries, without telling something about the share of the other countries. For that reason in the economic analysis of the distribution some alternative measures are in use, the Herfindahl index weighting the share  $m_i$  with its own, what will over accentuate the large shares, but includes in any case all shares, and the Entropy index that weights each share with the logarithm of the inverse of this share, what reduces the importance in the concentration analysis of large countries. To make those concentration indexes intuitively more appealing a 'number (here of countries) equivalent' is calculated what stands for the number of countries of the same size that ends up in the same Herfindahl or entropy index than we will obtain in reality, but now of the same size. Those indexes are calculated as follows:

When  $m_i$  is the share of country  $i$  in the total for EU 27 of a certain on pages  $n$  variable, then the Herfindahl index  $H = \sum_{i=1}^{27} (m_i)^2$  and its number equivalent  $NE_H = 1/H$ ; the entropy index

$$E = \sum_{i=1}^{27} (m_i) \cdot \log_2\left(\frac{1}{m_i}\right) \text{ and its number equivalent } NE_E = \text{antilog}_2 E.$$

In reality we look here at 27 countries but they are already of an unequal size of the population. We calculate that those countries are unequal according to the size of their population similar to only  $NE_H$  of 10.4 in the EU 27 of the competent countries and a  $NE_E$  in the EU 27 for the competent countries of 13.4. The respective  $NE_H$  and  $NE_E$  of the total population is 10.6 and 14.3, illustrating how dominant the total population figures are. Those figures illustrate further how the Herfindahl index weights the largest share more, resulting in a lower number of countries.

Those are the distributions that can be expected in proportion with the population. What is now the distribution for the 27 member states of their issued PD S1 as a competent country and distributed by countries of destination or residence and the number of PD S1 received as a country of residence and distributed over competent country. Both  $NE_H$  and  $NE_E$  are calculated where the number (here

number of countries) equivalent of Herfindahl over accentuates the concentration. Those figures are provided in Table 23. But first we have to look at the first two columns that tell us if either a country is more a country of residence or a competent country. Some are even both. Then we can see if the number equivalent is large or small. Looking for the lowest number we find  $NE_H$  in the resident countries of the number of competent states of some 1.8 in Austria or 1.3 and 1.4 in respectively Ireland and Estonia illustrating that the number of competent countries the people living there is small. Those countries will also be identified with similar figures but somewhat higher for the number equivalent of entropy in the residence country for the number of competent countries. They tell us that the distribution of the number of PD S1 according to country of competence is as those persons are coming from one to two or three countries. Some other countries demonstrate much higher numbers, illustrating that the people come from much more countries.

The same analysis can be made for either Entropy or Herfindahl indexes in the country of competence for the number of countries of residence, illustrating over how many countries the PD S1 issued are spread. This implies that people for whom the country is competent are limited to a small number of countries they are residing in, or to a larger number. For each country their index as a country of residence or a country of competence can be compared, for instance illustrating that the country is competent for people coming from a large or small number of countries while the people residing there with a PD S1 come from a small or large number of competent countries. Different patterns can be observed. For instance Belgium and Austria have an opposite profile, with Belgium being competent for people residing in a limited number of countries, while hosting people with a larger number of competent states. Austria was hosting people with a smaller number of competent states, while it is competent for a larger number of countries.

**Table 23: Entropy and Herfindahl indexes of concentration of cross-border insured persons by PD S1**

	Total number of PD S1		Number equivalent entropy		Number equivalent herfindahl	
	Grand total competent country (in .000)	Grand total residence country (in .000)	NEE in resident country of competent countries	NEE in competent country of countries of residence	NEH in resident country of competent countries	NEH in competent country of countries of residence
BE	113	225	6,1	4,8	4,7	2,5
BG	4	37	8,6	5,8	6,2	2,9
CZ	101	43	7,3	2,3	4,8	1,6
DK	57	10	6,3	3,4	4,5	2,2
DE	368	273	8,3	10,8	5,8	5,8
EE	2	30	2,2	4,3	1,4	2,9
IE	29	24	1,8	6,9	1,3	4,1
GR	23	2	3,9	5,4	3,1	3,4
ES	71	115	5,1	8,8	3,3	6,0
FR	102	311	5,3	8,7	4,3	5,4
IT	167	47	8,1	4,4	5,9	2,3
CY	5	5	1,9	6,2	1,3	5,1
LV	1	12	8,4	3,3	4,8	2,0
LT	1	3	9,0	3,7	7,8	2,3
LU	207	7	7,4	3,1	5,0	2,8
HU	28	92	6,1	3,5	4,1	1,9
MT	1	2	3,8	4,8	2,2	2,6
NL	203	39	2,6	5,5	2,2	3,7
AT	177	66	3,2	5,4	1,8	4,1
PL	17	156	6,8	6,0	3,8	3,0
PT	10	20	4,0	4,7	2,8	3,9
RO	6	158	3,4	4,9	2,1	2,4
SI	3	16	3,4	4,6	2,5	1,3
SK	11	196	6,5	4,3	4,4	2,0
FI	33	4	4,6	3,0	2,7	1,7
SE	23	53	3,8	8,3	2,1	6,0
UK	218	34	5,7	11,5	4,3	7,5
EU-27	1980	1980	13,4	14,7	10,4	11,3

Source: Own calculations based on data from LFS and 2012 Ageing Report

#### 4.2.6 Estimated cross-border expenditure on healthcare and LTC

As next step we have estimated the cross-border expenditure on health care and long-term care based on figures from the 2012 Ageing Report (variables 'Health care spending in 2010 prices per person', 'Population (million)' and 'Long-term care spending in 2010 prices (in billion Euros)').

We calculated our estimates on average benefits for the total of the insured population. It is as mobile citizens (workers, pensioners, their family members) are using this system of LTC as if they were nationals. This involves a 'potential' overestimation of the number of users of cross-border LTC benefits and the related expenditure due to fact some MS consider their LTC benefit as not exportable. At the same time these estimates assume a complete 'take-up' of rights by mobile citizens which will not be the case in the baseline scenario.

To get as close as possible to the applicable rules in Regulation (EC) No. 883/2004 a distinction had to be made between LTC benefits in cash and in kind. In the 2012 Ageing Report this breakdown is not available. Nevertheless, in a paper of DG ECFIN the public expenditure on LTC as % of GDP by type of care was published for each of the 27 EU Member States.<sup>96</sup> The yearly health and LTC (by type) expenditure per capita could be calculated for each of the Member States. These amounts are applied to the total number of insured persons who received a PD S1 certificates to estimate the claims issued as creditor and received as debtor for health and LTC.<sup>97</sup>

Following rules are kept in mind when constructing the calculation model for the baseline scenario:

- LTC benefits in kind are provided according to the legislation of the Member State of residence and reimbursed by the competent Member State;
- LTC benefits in cash are provided according to the legislation of the competent Member State.

For the baseline scenario on LTC the current budgetary impact is calculated as well as the number of insured persons (Table 24, Table 25 and Table 28).

#### 4.2.6.1 Estimated actual cross-border expenditure on LTC

**The overall budget is estimated at € 994.7 million of which € 618.3 million (62% of total budget) is related to LTC benefits in kind and € 376.4 million (38% of total budget) is related to LTC benefits in cash (Table 24).**

Compared to total national expenditure of LTC (variable 'Long-term care spending in 2010 prices' – 2012 Ageing report) the share of the cross-border LTC expenditure is limited to **0.4% of total EU expenditure** or 0.008% of total GDP of the EU-27 (variable 'Long-term care spending as % of GDP' - 2012 Ageing Report). Those low but realistic percentages illustrate we are making estimates literally on the frontier of the borderline of those systems, what results in 'marginal' shares in relative terms, but nevertheless substantial in absolute terms.

In absolute figures Germany (€ 172.9 million), the Netherlands (€ 166.3 million) and Luxembourg (€ 119.4 million) are the most important debtor countries taking into account the total cross-border expenditure on LTC.

In % of total spending, 29.4% of national expenditure on LTC by Luxembourg is granted to cross-border workers and pensioners (and their family members). In reality we observed not the tenth of this figure, illustrating probably also the difference of the use of LTC by the rest of the population and by the cross-border mobile population (see comments again on the situation in Luxembourg).<sup>98</sup>

Nevertheless, by using this 'real life information' (as the LTC expenditures and the hypothesis that the cross-border mobile citizens are in a similar way entitled and using LTC as the rest of the population) this is not only an optimistic interpretation of the application of the coordination principles, but it reflects also the possible implications of changes in those systems. For instance a shift of a LTC system from in kind to in cash systems ('consumer oriented' payment systems) that is

<sup>96</sup> Lipszyc, B., Sail, E. & Xavier, A. (2012), *Long-term care: need, use and expenditure in the EU-27*, Economic Papers 467, EU. (see table 3 p. 15). [http://ec.europa.eu/economy\\_finance/publications/economic\\_paper/2012/pdf/ecp469\\_en.pdf](http://ec.europa.eu/economy_finance/publications/economic_paper/2012/pdf/ecp469_en.pdf)

<sup>97</sup> The use of those 'expenditures per capita' (for the total population) is warranted since the number of estimated persons refers also to insured workers and related family members, what should imply their share of the total population.

<sup>98</sup> See also report CNS, *Décompte de l'assurance dépense de l'exercice 2011*. [http://www.cns.lu/files/publications/Decompte\\_AD\\_2011.pdf](http://www.cns.lu/files/publications/Decompte_AD_2011.pdf)

under discussion in many countries, will have an impact on the application of the coordination regulation. Countries less oriented to in cash benefits (for instance Luxembourg, but probably also other countries) and countries substantially oriented to in cash (as the Netherlands), and the impact of this in those estimated flows, clearly ‘pop up’ in our calculations.

Main debtor countries for LTC benefits in kind received in another member state than the competent Member State are again Germany (€ 120.1 million), Luxembourg (€ 104.1 million) and the Netherlands (€ 73.2 million).

The highest total amounts of LTC benefits in cash to cross-border workers and pensioners are paid by the Netherlands (€ 93.1 million), Germany (€ 52.8 million) and Austria (€ 49.8 million).

#### 4.2.6.2 Cross-border expenditure on LTC: mid-term and long-term projections

Based on the projections, the cross-border expenditure on LTC will increase to €1.3 billion in 2020 (0.009% of GDP) and €1.8 billion in 2030 (0.010% of GDP). An estimated number of 93 thousand mobile workers and pensioners residing in another Member State than the competent Member State would have receipt LTC in 2010. Projections let increase the number of recipients to 106 thousand persons in 2020 and 121 thousand persons in 2030 (Table 24 and Table 27).

**Table 24: Estimated LTC cross-border expenditure baseline scenario (in € billion), as % of total spending and projections 2020 and 2030**

Debtor country	LTC for mobile workers and pensioners in billion euros					
	Estimation Baseline scenario			% of total spending	Projections	
	In kind	In cash	Total		2020	2030
BE	0,0581	0,0165	0,0746	0,9%	0,105	0,139
BG	0,0016	0,0001	0,0016	1,0%	0,002	0,003
CZ	0,0062	0,0074	0,0136	1,2%	0,019	0,026
DK	0,0545	0,0492	0,1037	1,0%	0,129	0,180
DE	0,1201	0,0528	0,1729	0,5%	0,236	0,305
EE	0,0007	0,0001	0,0008	1,0%	0,001	0,001
IE	0,0075	0,0000	0,0075	0,4%	0,011	0,016
EL	0,0037	0,0016	0,0053	0,2%	0,007	0,008
ES	0,0139	0,0023	0,0162	0,2%	0,021	0,027
FR	0,0374	0,0104	0,0478	0,1%	0,068	0,090
IT	0,0250	0,0370	0,0620	0,2%	0,075	0,095
CY	0,0003	0,0002	0,0004	1,6%	0,001	0,001
LV	0,0001	0,0000	0,0001	0,1%	0,000	0,000
LT	0,0001	0,0000	0,0001	0,0%	0,000	0,000
LU	0,1041	0,0153	0,1194	29,4%	0,203	0,290
HU	0,0034	0,0016	0,0050	0,6%	0,006	0,008
MT	0,0006	0,0000	0,0006	1,6%	0,001	0,002
NL	0,0732	0,0931	0,1663	0,7%	0,227	0,313
AT	0,0266	0,0498	0,0764	1,6%	0,101	0,132
PL	0,0073	0,0006	0,0079	0,3%	0,012	0,018
PT	0,0027	0,0000	0,0027	0,5%	0,003	0,004
RO	0,0020	0,0000	0,0020	0,3%	0,003	0,004
SI	0,0006	0,0003	0,0009	0,2%	0,001	0,002
SK	0,0013	0,0001	0,0013	0,7%	0,002	0,003
FI	0,0044	0,0035	0,0079	0,2%	0,012	0,018
SE	0,0079	0,0014	0,0093	0,1%	0,012	0,017
UK	0,0550	0,0333	0,0883	0,3%	0,123	0,161
EU27	0,6183	0,3764	0,9947	0,4%	1,345	1,785
as % of GDP			0,008		0,009	0,010



Source: Estimate based on data from LFS, 2012 Ageing Report and Lipszyck, B., Sail, E. & Xavier, A. (2012), *Long-term care: need, use and expenditure in the EU-27, EU*.

Based on the constructed table on the number of PD S1, as a total of cross-border workers, retired cross-border workers and other mobile pensioners, and for all their family members, we made estimates on the potential users of LTC. We make a difference between benefits in cash and benefits in kind. This is not only an important distinction in the LTC itself, but also in the coordination regulation. We apply on this total PD S1 the same percentages of use of LTC in cash or in kind as is the case in the total population of the EU 27. This is acceptable since the structure of this 'S1 population' is similar to the total population including an active population, retired persons and their family members. Those percentages of users are derived from the Ageing report 2012 (additional data was delivered by DG ECFIN, necessarily for making a distinction between LTC in kind, LTC in cash and informal LTC). Based on those figures and the total spending on long-term care in cash and in kind in the EU 27 Member States also the average spending per dependent person benefitting either in cash or in kind benefits is calculated. In Table 25, we provide for the total population by each country the % of users in cash and in kind and the average amount.

**Table 25: % cross-border users LTC in kind or in cash of total population and average amount per dependent person using LTC in kind or in cash (thousand €)**

Country	% users in kind total population	Average amount per dependent person using care in kind (thousand euro)	% users in cash total population	Average amount per dependent person using care in cash (thousand euro)
BE	5,7	10,8	2,5	5,8
BG	0,6	1,4	0,9	1,6
CZ	2,0	2,0	2,4	3,1
DK	3,9	27,0	2,3	37,5
DE	2,7	11,1	1,2	11,5
EE	1,5	1,5	0,9	4,0
IE	1,7	22,4	2,5	0,0
EL	3,1	6,6	2,5	2,8
ES	1,5	10,7	0,9	3,6
FR	2,2	25,0	2,4	4,2
IT	1,7	15,5	2,9	7,6
CY	0,5	0,4	0,9	3,7
LV	0,9	4,7	0,3	3,2
LT	4,7	1,7	2,5	0,8
LU	2,2	33,7	0,4	18,5
HU	1,5	1,7	2,5	2,3
MT	3,3	3,0	1,8	0,0
NL	5,8	15,6	2,5	18,4
AT	3,1	8,6	5,1	5,5
PL	0,4	7,4	4,0	0,9
PT	1,4	3,5	0,9	0,0
RO	1,4	2,5	0,9	0,1
SI	1,9	8,5	1,7	5,5
SK	1,4	1,9	0,9	0,7
FI	3,2	22,9	5,3	2,0
SE	4,8	28,5	2,4	2,4
UK	2,0	19,4	2,5	6,1
EU27	2,2	10,5	2,1	6,1

Source: Estimate based on data from LFS, 2012 Ageing Report and additional data delivered by DG ECFIN

We will apply in three scenarios (the baseline scenario is described in this chapter and two options are described in chapter 8) those figures to calculate the number of people either benefitting from an benefit in cash or in kind, and the total amount of LTC spending that this implies. For each pair of country of resident combined with a competent country either the percentage of use but also the spending per dependent person can be defined on the level of the country of residence or the country of competence. Both dimensions, % of use and amount per user matter. The level of development of a LTC system is a matter of the 'breadth' or the number of persons that might be eligible, and of 'depth' or the amount of spending per dependent person. By applying those parameters to the number of cross-border mobile persons, we treat them in the same way as the 'national' total population, as is the ambition on this EU Coordination regulation. The difference

between the three scenarios is that we make the hypothesis that both the use % and the amount are based on the country of residence or the country of the competent state.

In the baseline scenario we estimate that some 48 thousand mobile citizens are using LTC in kind, defined on the usage rate and average spending per dependent person. This implies a total cost of € 618 million, spend in the country of residence and also to be reimbursed by the competent state. We further estimate the total users of in cash benefits at 45 thousand. The total spending in cash is € 376 million, directly paid by the competent state to the dependent person. In terms of the coordination regulation it is an export of the benefit in cash. In total some 93 thousand users of LTC are estimated or a total budget of € 995 million.

**Table 26: Estimated number of cross-border users benefiting from LTC (in thousand) and budget (in million €)**

Country	In kind				In cash				In total			
	Numbers (in thousand)		Budget (in million €)		Numbers (in thousand)		Budget (in million €)		Numbers (in thousand)		Budget (in million €)	
	Resident state	Competent state	Resident state	Competent state	Resident state	Competent state	Resident state	Competent state	Resident state	Competent state	Resident state	Competent state
BE	13	3	139	58	4	3	49	16	17	6	188	75
BG	0	0	0	2	1	0	4	0	1	0	4	2
CZ	1	2	2	6	1	2	7	8	2	4	9	14
DK	0	2	11	55	0	1	1	49	1	3	12	104
DE	7	9	82	120	7	5	72	53	15	13	154	173
EE	0	0	1	1	1	0	3	0	2	0	4	1
IE	0	1	9	7	1	1	4	0	1	1	13	7
GR	0	0	0	4	0	1	0	2	0	1	1	5
ES	2	1	18	14	3	1	20	2	4	2	38	16
FR	7	3	172	37	5	3	39	10	11	6	211	48
IT	1	4	13	25	1	5	6	37	2	8	19	62
CY	0	0	0	0	0	0	1	0	0	0	1	0
LV	0	0	1	0	0	0	2	0	0	0	2	0
LT	0	0	0	0	0	0	1	0	0	0	1	0
LU	0	7	5	104	0	1	1	16	0	8	6	119
HU	1	1	2	3	3	1	19	2	4	1	22	5
MT	0	0	0	1	0	0	0	0	0	0	1	1
NL	2	7	36	73	1	5	6	92	3	12	41	166
AT	2	3	19	27	1	9	9	50	3	13	28	76
PL	1	1	5	7	3	1	32	1	4	1	37	8
PT	0	0	1	3	0	0	2	0	1	0	3	3
RO	2	0	6	2	4	0	28	0	6	0	34	2
SI	0	0	2	1	1	0	4	0	1	0	6	1
SK	3	0	5	1	6	0	30	0	9	0	35	1
FI	0	1	3	4	0	2	0	4	0	2	3	8
SE	3	1	73	8	1	1	34	1	4	1	107	9
UK	1	4	13	55	1	5	4	33	1	9	17	88
EU27	48	48	618	618	45	45	376	376	93	93	995	995

Source: Estimate based on data from LFS, 2012 Ageing Report, Lipszyck, B., Sail, E. & Xavier, A. (2012), *Long-term care: need, use and expenditure in the EU-27, EU* and additional data delivered by DG ECFIN

**Table 27: Estimated number of cross-border users from LTC in kind or in cash, projections 2020 and 2030 (in thousand)**

Country	In kind			In cash			Total		
	2010	2020	2030	2010	2020	230	2010	2020	230
BE	13	15	17	4	5	5	17	20	23
BG	0	0	0	1	1	1	1	1	1
CZ	1	1	1	1	1	1	2	2	3
DK	0	0	1	0	0	0	1	1	1
DE	7	9	10	7	8	9	15	17	19
EE	0	0	1	1	2	2	2	2	2
IE	0	1	1	1	1	1	1	1	1
GR	0	0	0	0	0	0	0	0	0
ES	2	2	2	3	3	3	4	5	6
FR	7	8	10	5	5	5	11	13	15
IT	1	1	1	1	1	1	2	2	2
CY	0	0	0	0	0	0	0	0	0
LV	0	0	0	0	0	0	0	0	0
LT	0	0	0	0	0	0	0	0	0
LU	0	0	0	0	0	0	0	0	0
HU	1	2	2	3	3	3	4	5	5
MT	0	0	0	0	0	0	0	0	0
NL	2	3	4	1	1	1	3	4	4
AT	2	3	3	1	1	1	3	4	4
PL	1	1	1	3	3	4	4	4	5
PT	0	0	0	0	0	0	1	1	1
RO	2	3	3	4	4	4	6	7	7
SI	0	0	0	1	1	1	1	1	1
SK	3	3	4	6	6	7	9	10	11
FI	0	0	0	0	0	0	0	0	0
SE	3	3	4	1	1	1	4	4	5
UK	1	1	1	1	1	1	1	2	2
EU27	48	57	67	45	49	54	93	106	121
index 2010=100	100	118	138	100	109	120	100	114	129

Source: Estimate based on data from LFS, 2012 Ageing Report and additional data delivered by DG ECFIN

Most important creditor countries for the expenditure of LTC benefits in kind are France (€ 171.9 million), Belgium (€ 138.8 million) and Germany (€ 82.1 million) (table). The highest amounts of LTC benefits in cash are also paid to insured persons living in these countries but who are insured in another Member State.

**Table 28: Estimated LTC cross-border expenditure baseline scenario (in € .000), by country of residence\***

Country of residence	Competent country		
	Benefits in kind	Benefits in cash	Total
BE	138.848	49.314	188.162
BG	303	4.162	4.465
CZ	1.707	6.810	8.516
DK	11.019	1.204	12.223
DE	82.102	71.696	153.798
EE	655	3.124	3.780
IE	9.140	3.736	12.876
EL	372	223	596
ES	18.054	19.683	37.737
FR	171.972	38.784	210.756
IT	12.892	6.116	19.007
CY	11	728	739
LV	526	1.746	2.272
LT	275	851	1.126
LU	4.844	1.012	5.856
HU	2.382	19.194	21.576
MT	199	396	594
NL	35.801	5.622	41.423
AT	18.714	9.150	27.864
PL	5.330	31.819	37.148
PT	988	1.623	2.611
RO	5.562	28.283	33.844
SI	2.497	3.735	6.232
SK	5.351	29.545	34.895
FI	2.645	360	3.005
SE	73.081	33.679	106.760
UK	13.015	3.787	16.802
EU-27	618.281	376.381	994.662

\* Amounts are paid by the competent countries

Source: Estimate based on data from LFS, 2012 Ageing Report and Lipszyck, B., Sail, E. & Xavier, A. (2012), *Long-term care: need, use and expenditure in the EU-27, EU*



#### 4.2.6.3 Actual number & value of reimbursement claims

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It is important that (some of) these estimates could be verified by way of existing administrative data. Important data on health are collected by the Audit Board which is attached to the Administrative Commission (Art. 74 Regulation (EC) No. 883/2004). One of the defined tasks of the Audit Board is “collect the necessary data and carry out the calculations required for establishing the annual statement of claims of each Member State”. It implies that a view on the number and the amount of claims for healthcare in kind, which includes LTC, should be obtained from this information. However, it is limited to benefits in kind and not benefits in cash, so even there is this official source not ‘exhaustive’ and are additional (probably national) sources and data collection at European level needed. There is also another limitation. At the moment, the Audit Board reporting is (also legally) oriented at outstanding stocks of mutual claims. The budgetary impact of those LTC expenditures is in terms of flows of yearly expenditures and yearly new claims for reimbursement of those expenditures. Unfortunately, at the moment there is no specific reporting of the annual bilateral new claims between countries but only of the outstanding claims. The total new claims by creditor country were however available for 2011 in the reporting of the Audit Board. We applied the bilateral distribution of those totals over the debtor countries based on the structure of the outstanding stock. So assumptions could be made to estimate the amount of claims of LTC benefits in cash. Data concerning the claims introduced on health care by the creditor countries (based on fixed and actual amounts) in 2011 (taking into account that these claims submitted in 2011 will deal about provided health care mainly from 1 or 2 years ago) have been used to estimate the amount of claims of LTC benefits in kind received or issued (cf. 10.4.2). What we already know from data available within the Audit Board are the outstanding claims from creditor countries divided over the debtor countries (cf. 10.4). This detailed breakdown by debtor country for the outstanding claims is also used for the newly introduced claims in 2011 (cf. 10.4). So we assume that the breakdown of the newly introduced claims by debtor country is similar to this of the outstanding claims. It implies also that debtor countries which have important delay’s in payment will influence this assumption. This assumption results in a detailed cross-table (debtor and creditor country) of the LTC claims introduced in 2011. On top of that an additional hypothesis needs to be made on the share of LTC benefits in kind compared to the total level of health and LTC expenditures (by using variables ‘Health care spending as % of GDP’, ‘Long-term care spending as % of GDP’ – 2012 Ageing Report and the breakdown of LTC by type – see Lipszyck, B., Sail, E. & Xavier, A. (2012)). This results in a cross-table of introduced claims on LTC benefits in kind whereby also the debtor countries are known (see Table 29). We arrive at a total amount of LTC reimbursement of € 592 million. This grand total, estimated on different sources with different hypotheses, is very similar to the estimate we made in the previous exercise (also some € 618 million, in the baseline scenario).

The three main creditor countries based on the administrative data from the Audit Board are France (€ 207.2 million), Belgium (€ 113.3 million) and Germany (€ 74 million). These are the same main creditor countries as obtained by way of the calculation model based on several assumptions (table above). At the same time also the amounts of reimbursement claims are more or less similar to each other. Nevertheless, we observe an important underestimation of the claims issued by Spain in the calculation model when observing the administrative data from the Audit Board.

But also the three main debtor countries are the same in both methodologies, namely Germany, Luxembourg and the Netherlands. Also the received claims are to a high extent similar for Germany and the Netherlands but differ somewhat for Luxembourg.

Finally, also data we received from Belgium on the total number of issued claims on health can be used. In 2011, Belgium issued an amount of € 336 million claims of which € 137.2 million claims for persons aged 65 and older (which can be considered as the main group of dependent persons and recipients of LTC in kind). This amount is very close to the estimated issued claims on LTC by Belgium, namely € 138.8 million.

For the estimated figures on total health spending, we observed that at least for the EU 27 total but even for the individual Member States, they seems to be good proxies for the figures we found in those administrative data of the Audit Board. This could be an indicator the methodology used is reliable, but also that the real expenditures converge with what is expected because this is a mature system of social protection and well settled ways of coordination. For few of the estimated values on LTC on even the totals by country of residence or competent state, we obtained in the survey administrative information. It was so also difficult to systematically cross check our estimates with this administrative information. There are further several reasons why our theoretical calculations based on the hypothesis that the cross border citizens might differ from official statistics. We observe that most of the times no separate statistics could be obtained, or were made. Other reason is that LTC is not always recognized as such in the national situation, or is not considered as falling under the coordination regulation, or finally there can be a lack of knowledge on those entitlements, leading to non-uptake. This can result in substantial differences between what could have been found, and what we estimate in theory.

#### 4.2.6.4 Limitations: right of choice of country to receive sickness benefits

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For cross-border workers different rules apply when the insured person is worker or pensioner. Within the sickness chapter of Regulation (EC) No. 883/2004 specific rules are adopted for active cross-border workers and their family members (art. 17 and 18) which will also have an impact on LTC. Cross-border workers have the right of choice to receive sickness benefits in kind in the country of residence (as defined in art. 17 – in accordance with the legislation in the country of residence and reimbursed by the competent country) or in the competent country (as defined in art. 18,1 – in accordance with the legislation in the competent country). It implies that about 1 million insured cross-border workers (with a PD S1) have the right to choose between LTC benefits in kind in the country of residence OR in the competent country. This will have budgetary consequences for the competent country, especially when the cross-border worker is taking a rational decision taking into consideration the most advantageous, most extensive, most expensive ‘LTC insurance package’. However, we observed from a recent study (Pacolet, De Wispelaere & De Coninck, 2012) that the main reason to choose for a specific health care system is the familiarity with the health care provisions. Most of the time, this will be in the country of residence. Despite this right of choice, most cross-border workers choose to receive benefits in kind in their country of residence (Ibid.). This right of choice is also applicable to the family members. However, art. 18.2 states that family members of a **frontier worker** “shall be entitled to benefits in kind during their stay in the competent Member State, unless this Member State is listed in Annex III of Regulation (EC) No. 883/2004”. Restrictions appear for Denmark, Spain, Ireland, Netherlands, Finland, Sweden and United Kingdom. Retired cross-border workers lose this right to choose. However, Regulation (EC) No. 883/2004



introduces some new rules applicable to this specific group (art. 28). Retired frontier workers are entitled to benefits in kind in the country of last activity, insofar as this is a *continuation of treatment* begun in that Member State (art. 28.1). Also, retired frontier workers (and their family members) who have *worked at least two years in the five years before their retirement as frontier worker* will be entitled to benefits in kind in the country of last activity (art. 28.2). This only applies if the country of last activity and the competent country are both listed in Annex V of Regulation (EC) No. 883/2004: Belgium, Germany, Spain, Luxembourg, Austria and Portugal. The retired cross-border worker will need a PD S3 'Medical treatment for former cross-border workers in former country of work' to receive benefits in kind the country of last activity. We did not make any hypothesis on this right of choice.

**Table 29: Estimated claims of LTC benefits in kind introduced in 2011, by debtor country, in .000**

Debtor Creditor	DE	AT	BE	BG	CY	DK	ES	EE	FI	FR	EL	HU	IE	IT	LV	LT	LU	MT	NL	PL	PT	RO	UK	SK	SI	SE	CZ	TOTAL
DE	10.344	3.070	1.350	19	2.165	2.397	65	229	10.069	5.689	424	111	6.031	292	95	7.712	5	13.091	2.556	551	3.204	3.332	109	250	280	647	74.067	
AT	12.368	268	272	9	32	208	3	17	778	543	357	31	1.626	8	4	27	3	1.509	386	148	1.843	731	133	320	62	222	21.909	
BE	4.222	128	713	10	280	2.936	14	65	26.585	3.000	79	0	3.300	33	0	19.747	9	42.571	736	2.027	1.262	5.256	107	87	78	95	113.339	
BG	2	0	0	0	0	2	0	0	0	3	0	0	0	0	0	0	0	0	1	0	0	0	3	0	0	0	1	16
CY	1	0	0	6	0	0	0	0	1	0	13	0	1	0	0	0	0	0	0	0	0	3	56	0	0	0	0	85
DK	690	7	3	6	0	139	4	0	0	0	0	4	0	85	6	5	10	14	61	56	0	8	0	20	2	0	1	1.122
ES	15.951	387	3.350	625	6	3.497	8	440	11.048	186	54	4.030	4.286	28	18	46	3	1.593	176	5.582	1.530	7.266	50	31	1.285	128	61.607	
EE	3	1	0	0	0	1	0	15	1	0	0	0	1	4	9	2	0	0	1	1	0	0	0	0	0	2	0	41
FI	416	5	29	10	2	0	816	422	272	44	14	49	192	9	12	1	0	0	94	32	41	69	2	1	10	1	3	2.546
FR	42.963	847	36.734	1.733	41	1.011	7.515	162	335	6.210	254	906	19.914	45	102	41.553	14	9.054	1.733	17.159	4.945	10.335	356	131	2.269	848	207.170	
EL	13.308	176	810	152	237	27	23	0	19	645	1	28	684	1	0	3	0	0	627	14	12	32	1.258	2	0	885	26	18.969
HU	129	129	7	4	0	1	2	0	0	13	1	1	9	0	0	0	0	0	18	4	0	161	0	10	2	9	2	502
IE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IT	10.078	254	5.801	167	2	82	150	13	12	1.374	415	32	120	5	9	307	8	847	234	89	2.200	1.766	35	138	54	331	24.522	
LV	3	0	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	0	0	1	0	11
LT	42	0	0	0	0	8	5	8	1	13	1	0	15	5	76	0	0	0	10	7	1	1	32	1	2	5	10	241
LU	252	14	1.725	9	0	7	44	1	6	1.101	84	3	0	398	0	3	0	0	158	16	2.225	29	40	3	1	0	6	6.125
MT	7	2	3	0	0	0	3	0	0	9	0	0	7	21	0	0	0	0	27	0	0	1	0	0	0	0	0	103
NL	13.074	248	4.625	457	14	29	883	4	88	1.374	782	94	367	1.706	20	17	464	5	491	1.129	266	4.277	98	105	138	124	30.879	
PL	467	44	22	15	1	21	34	2	0	48	10	0	130	94	2	13	5	0	172	5	5	3	313	3	1	44	132	1.581
PT	567	4	47	1	0	0	128	0	5	3.238	3	1	22	42	0	1	673	0	149	4	5	102	0	1	33	2	5.027	
RO	17	3	6	1	0	0	6	0	0	2	1	7	2	43	0	0	0	0	1	2	1	3	0	0	1	1	99	
UK	289	638	14	14	30	0	1.062	0	0	599	477	0	2.366	1.330	0	0	0	0	40	40	471	99	6	40	0	34	7.507	
SK	26	404	1	1	0	0	4	0	0	3	2	79	16	13	0	1	1	0	13	6	1	4	15	3	1	279	873	
SI	982	786	12	10	1	3	10	0	2	105	8	21	7	698	0	0	2	0	38	11	3	16	62	3	9	15	2.806	
SE	1.103	134	64	86	6	113	193	4	38	934	2.660	55	667	453	53	6	0	87	516	1.177	226	424	825	17	8	69	9.918	
CZ	286	87	4	15	1	1	11	0	0	20	13	2	18	42	1	1	7	1	40	47	6	19	26	304	2	11	963	
EU27	117.246	14.641	56.597	5.647	380	7.279	16.573	712	1.274	58.233	20.125	1.480	8.895	40.981	590	287	70.560	150	70.590	7.729	29.677	16.123	35.704	1.258	1.133	5.187	2.977	592.028

Source: Estimate based on data from the Audit Board, 2012 Ageing Report and Lipszyck, B., Sail, E. & Xavier, A. (2012), Long-term care: need, use and expenditure in the EU-27.

##### Introduction

For long-term care benefits, we have applied the same approach as for the unemployment benefits due to the same limitations with regards a standard process including the same Information Obligations in the sense of the SCM methodology.

For long-term care, it appears that the situation is even more complex than for unemployment benefits, as it encompasses different cares that are not understood in the same way in the whole EU and that imply a fragmented landscape of responsible and implementing actors in some Member States (e.g. over 70 different bodies are involved in Germany, while each of the 17 regions of Spain also has a different system; in many Member States, local entities are a dominant actor, etc.). The different national specificities result in a large variety of situations which may have a significant impact on the administrative burden when dealing with cross-border cases for long-term care.

There are a number of examples demonstrating the complexity of the processing of cross-border cases for long-term care which can result in administrative cost and burden for Member States' authorities:

- According to the interviewees, there is legal uncertainty about which benefits should be coordinated under the Sickness Chapter. Some countries still do not consider the care (social assistance) they provide as being included in the Sickness Chapter;
- In our survey to the national administrations, around 50% of national administrations that are opposed to changes to the current coordination rules state that the current rules need only to be better applied in practice and to be better explained. National administrations who are in favour of a change of the current rules say that the identified problems (legal uncertainty, complex regulation and uneven applications of the rules by Member States) will persist if no change occurs;
- Not in all Member States (particularly not in Member States that generally are in favour of keeping the status quo such as Germany, Austria and the Netherlands) administrative burden was perceived a major concern by national administrations. One Danish interviewee gave the following argument to put the administrative burden into perspective:  
*“Before 2009, Germany did not ask reimbursement to Denmark for costs that it incurred by provision of LTC services to citizens that fell under the Danish system, based on a special agreement between both Member States. However, recently, Germany asked to reintroduce a reimbursement system again between both countries. The fact that Germany asked to reinstall a reimbursement system again shows that other aspects seem more important for Germany than administrative burden from reimbursement claims, for example the financial impact of LTC services provided by Germany.”*
- A German health insurance considered the reimbursement of LTC benefits to be slow and problematic from an administrative point of view:

*“There are EUR 500 000 – 600.000 interest costs per year that my organisation has to bear because of non- or late payment. The reimbursement mechanism is not*

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<sup>99</sup> See also 10.8

*functioning well and needs a substantial revision of the rules. There is an outstanding amount of EUR 12-13 million in 2013. Late payments can be the result of checks/scrutiny of services rendered by the country of residence; however, the checks do not justify a waiting period of up to 18 months in some cases. The time needed for checks should be reduced substantially. The reimbursement mechanism could be made more efficient by using lump sum compensation mechanism. However, the views about its effectiveness are divided amongst the insuring companies.”*

- An Austrian representative of a health insurance fund confirms the long processing time of reimbursement:

*“Particularly the reimbursement of LTC benefits in kind by the competent MS poses difficulties. Often, the information about the amount/costs of benefits in kind rendered by the Member State of residence reaches the competent Member State (which reimburses these costs) very late. Regularly, it takes 1-1.5 years to reimburse such claims. The rules stipulating information procedures should be more detailed (e.g. duty for monthly information provision of the value of the benefits in kind rendered by the MS of residence). The time-bound provision of information by all Member States is of key importance as to ensure an effective application of the reimbursement mechanism”.*

In general, regardless if they believed that administrative burden from the current rules is a major problem or not, only a small minority of national administrations have a good view on the actual administrative burden or are able to support their arguments with quantitative data or a detailed description of the burden. The lack of concrete (quantitative) evidence adds to the difficulty for making a sound judgment about this issue.

In terms of substantiation of the administrative costs related to the current rules and considering the limitations of the application of the SCM methodology in this exercise, we present in the table below the estimated costs related to processing of the PD S1 document.

Despite the data limitations resulting from the problems discussed in this chapter, the assessment of the administrative cost (baseline scenario) for the PD S1 document provides a robust basis for assessing the theoretical impact (positive or negative) of the different policy options on the administrative cost.

The methodology for assessing the administrative cost is based on the following formula:

$$\text{Time (T)} \times \text{Wage (W)} \times \text{Number (N)}$$

The hourly rate is EUR 18 per hour. We provide an estimate for the total number of cases for processing PD S1 documents for the EU-27.

### **Estimated current administrative cost (Baseline Scenario)**

The PD S1 form allows a person to register for healthcare in the country of residence. This form is delivered per person (not per family). The number of PD S1 forms issued provides insight into the number of people who (may) receive LTC benefits in another Member State. In the framework of this study, we have collected data on the number of PD S1 documents ‘issued’ by category of citizen and have estimated expenditure on LTC benefits. In addition, we have collected data on the number of PD S1 documents issued for Poland and Belgium by means of a workshop with experts in the

respective countries. In this section, we use the data available to calculate the estimated administrative cost for processing a number of documents related to long-term care in a cross-border case.

In order to assess the administrative costs for the EU-27 stemming from the processing of the PD S1 documents, we have carried out the following steps according to the Standard Cost Model (SCM):

### 1. Calculation of the unit cost per case:

The unit cost per case (processing/handling of a PD S1 form by the administrative staff – clerk) provides insight into the total cost for processing one PD S1 document. It is based on the following formula:

$$\text{Time (T) x Wage (W)}$$

During the workshops in the Member States, we have collected data on the average standard time spent for processing/handling a PD S1 document. Robust data are available only for Poland. The estimated time for processing one PD S1 document in Poland is estimated at 60 minutes.

The hourly rate for processing the administrative tasks is EUR 18; this results in a rate per minute of EUR 0.3 (EUR 18/60 minutes). The average unit cost for the EU-27 per case of handling a PD S1 document is EUR 18<sup>100</sup>. It is calculated on the following basis: Time (60 minutes) x Wage (EUR 0.3).

Caution should be paid when interpreting this estimated unit cost as the result is based on an example of one country only (Poland) which seems to have a rather efficient way of processing PD documents (see also the discussion on the processing of PD U1 documents above). It can be expected that the time for processing a PD S1 document in the other Member States may differ (substantially). Due to data limitation, however, we have calculated the administrative cost on the basis of the Polish example.

### 2. Number of cases:

In our research, we have estimated data for the number of PD S1 documents ‘issued’ for the EU-27 countries on the basis of our own calculations based on data from LFS (for a detailed discussion on the estimated number of PD S1 issued by category of citizen, see section 4.2.5 in this report). The total estimated number of PD S1 documents ‘issued’ in the EU-27 is estimated at around 1 980 000.

### 3. Calculation of the administrative cost (per Member State and for the EU-27)

We have calculated the administrative cost for processing PD S1 documents on the basis of this formula:

$$\text{Time (T) x Wage (W) x Number (N)}$$

The table below presents the total estimated administrative cost for processing PD S1 documents. The **estimated total cost for the EU-27 is EUR 35 632 000**. Within the EU-27, the estimated total cost for processing PD S1 documents was highest (> EUR 3 000) in a number of the old Member States (in

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<sup>100</sup> Standard time (60 minutes) x EUR 0.30 (average wage – clerk level) = EUR 18

descending order): Germany, the UK, Luxembourg, the Netherlands, Austria and Italy. It was lowest (< EUR 100) in a number of the new Members States (in descending order): Cyprus, Bulgaria, Slovenia, Estonia, Malta, Lithuania and Latvia.

**Table 30: Estimated administrative cost - PD S1 'issued', EU-27, EUR, 2013, in 000**

Country	Competent country	
	Total number of PD S1 issued	Total cost (EUR)
BE	113	2043
BG	4	79
CZ	101	1821
DK	57	1025
DE	368	6622
EE	2	27
IE	29	515
GR	23	407
ES	71	1277
FR	102	1839
IT	167	3013
CY	5	98
LV	1	14
LT	1	16
LU	207	3726
HU	28	496
MT	1	23
NL	203	3650
AT	177	3180
PL	17	299
PT	10	171
RO	6	111
SI	3	49
SK	11	203
FI	33	597
SE	23	414
UK	218	3917
EU-27	1980	35632

Source: Own calculations based on data from LFS and workshop in Poland

We have also calculated the administrative cost for processing a number of other documents related to long-term care benefits for Poland by applying the following formula: Time (T) x Wage (W) x Number (N). Data were collected for the following documents:

Member State of residence:

- Service of E125 forms.

Competent Member State:

- Request for the issue of S1 document/ E100 series form (service of E107/E001 forms);
- Registration of the S1 document;
- Registration of the E100 -series form (part B);
- Service of SED S001 documents;
- Issuing E125 forms.

There are no data available for the EU-27 for these documents; a calculation of administrative cost for these documents is therefore not possible at this stage. We present the data only for Poland, where robust data are available. The table below presents the total estimated administrative cost for processing the documents for Poland presented according to 'Member State of residence' and 'Former working Member State':

**Table 31: Estimated administrative Cost – Competent Member State, E125, Poland, EUR, 2013**

Service of E125 forms	
Unit cost per case (EUR)	28.5
Number of cases	99504
Total cost (EUR)	2835864

Source: Deloitte, workshop in Poland

**Table 32: Estimated administrative Cost – Member State of residence, E125, S1/E100/E107/E001, S001, Poland, EUR, 2013**

Service of E125 forms	
Unit cost per case (EUR)	28.5
Number of cases	99504
Total cost (EUR)	2835864
Request for the issue of S1 document/ E100 series form (service of E107/E001 forms)	
Unit cost per case (EUR)	10.5
Number of cases	1704
Total cost (EUR)	17892
Registration of the S1 document (EUR)	
Unit cost per case	16.5
Number of cases	45048
Total cost (EUR)	743292
Service of SED S001 documents	
Unit cost per case (EUR)	13.5
Number of cases	1.5
Total cost (EUR)	20.25
Issuing E125 forms	
Unit cost per case (EUR)	12
Number of cases	324924
Total cost (EUR)	3899088

Source: Deloitte, workshop in Poland



### 4.3 Summary – Estimated current administrative cost - Baseline scenario

The table below summarises the administrative cost for the EU-27 for the following documents for the baseline scenario: PD U1 'received', PD U2" 'issued' and PD S1 'issued'.

**Table 33: Baseline scenario – estimated administrative cost: PD U1 (in €), PD U2 (in €), PD S1 (in € 000)**

Country	PD U1 'received'	PD U2 'issued'	PD S1 'issued'
BE	102,720	4,865	2,043
BG	237,141	1,732	79
CZ	247,911	1,811	1,821
DK	124,194	4,986	1,025
DE	1,911,564	13,965	6,622
EE	89,110	288	27
IE	182,221	1,331	515
EL	432,895	3,163	407
ES	2,979,503	21,767	1,277
FR	2,140,128	12,854	1,839
IT	1,342,577	9,809	3,013
CY	17,635	129	98
LV	140,092	1,023	14
LT	194,083	1,418	16
LU	6,699	666	3,726
HU	319,826	2,337	496
MT	6,805	50	23
NL	219,708	2,867	3,650
AT	114,016	5,337	3,180
PL	831,690	531	299
PT	391,099	2,857	171
RO	462,453	50	111
SI	49,032	358	49
SK	467,034	356	203
FI	131,834	963	597
SE	94,246	1,188	414
UK	1,368,111	9,995	3,917
EU27	14,604,326	106,695	35,632

Source: Own calculations based on collected administrative data and 2012 Ageing Report and data provided during the workshops on administrative burden (Poland, Belgium and Romania).

## 5 Problem definition

### 5.1 Introduction

The free movement of persons, one of the “four freedoms” offered by the internal market<sup>101</sup>, is one of the most important principles of the EU and a fundamental right of EU citizens. The rights to move, to reside and to work freely within the territory of the Member States are enshrined in both the Treaties (Article 21, 45, 49 and 56 TFEU) and the Charter of Fundamental Rights (Preamble, considerations 15 and 45). Legally resident third country nationals can also enjoy certain rights to free movement within the territory of the Union<sup>102</sup>.

Preventing disadvantages in the social security rights of citizens when they move is necessary to make the right to free movement effective. As such, Article 48 TFEU states that “The European Parliament and the Council shall ... adopt such measures in the field of social security as are necessary to provide freedom for workers”. To comply with such mandate, currently Regulation (EC) No 883/2004 and the Implementing Regulation (EC) No 987/2009 coordinate Member States’ social security schemes. Regulation (EC) No 883/2004 started to apply in May 2010, and replaced previous Regulation (EEC) No 1408/71.

The EU legislation does not replace the different national social security systems, but coordinates them in situations with an intra-EU cross border element. EU regulations coordinate the cross-border aspects of the social security systems of EU Member States plus Iceland, Liechtenstein, Norway and Switzerland.

Removing the obstacles to mobility for European citizens is one of the priorities of the European Commission. It has been highlighted on several occasions under President Barroso’s tenure (including with occasion of the European Year of Workers Mobility 2006, the European Parliament report on citizenship in 2009, the Monti report on the Single Market, President Barroso’s political guidelines, Commission Work Programme 2013) that despite the important legal acquis in the area of free movement of workers, European citizens still face problems and obstacles when moving across borders within the EU. Labour mobility across Member States remains low<sup>103</sup>, as emphasized in the 2012 Annual Growth Survey<sup>104</sup>. In line with this priority, the Commission issued a policy communication in April 2012 (“Employment package”), in which it identified the EU’s biggest job potential areas and the most effective ways for Member States to create more jobs. Among other objectives, the employment package also aims to contribute to a genuine EU labour market.

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<sup>101</sup> Article 3 (2) TEU and Article 26 (2) TFEU

<sup>102</sup> Cf. Council Directive 2003/109/EC of 25 November 2003 concerning the status of third-country nationals who are long-term residents.

<sup>103</sup> Merely 2,8% of the European working age population (between the ages of 15-64) resided in a Member State other than their own in 2010 (EU Labour Force Survey 2010).

<sup>104</sup> COM (2011) 815, Communication from the Commission, Annual Growth Survey 2012.

In the same perspective, the Commission announced, in the EU Citizenship report 2013 "EU citizens: your rights, your future"<sup>105</sup> that it would propose a revision of the social security coordination regulation, looking in particular into extending the export of unemployment benefits for longer than the mandatory three months, to make it easier for citizens to look for a job in another EU country (action 1).

The EU regulatory instruments in the area of social security coordination constitute necessary elements for making intra-EU mobility a reality and for the smooth operation of the EU labour market. They date back to the 1950's and have been amended on numerous occasions in order to take into account developments at EU level, changes at national level and rulings of the Court of Justice. Both the Member States and the Commission have the obligation to make sure the Regulations are fit to meet today's needs and reflect the developments in national and EU legislation, the case-law of the Court of Justice and the socio-economic context.

Regulation (EC) No 883/2004 represents a step in the modernisation of social security coordination rules, adapting them to changing realities at EU and national levels. The legislative process for the modernised rules lasted over 10 years, a period during which important socio-economic changes took place in the EU and the Member States (including two enlargements) and where the Court of Justice delivered a number of important rulings. The regulation strengthened the principles of coordination and brought improvements in several social security branches. It did not, however, in the Commission's view, lead to the expected results in the areas of coordination of unemployment and long-term care benefits.

To fully align coordination in these areas with developments at EU and national level, and meet the citizen's needs, the Commission has set in motion the process for a possible partial revision of Regulations (EC) Nos 883/2004 and 987/2009. The initiative covers the area of coordination of unemployment and long-term care benefits. It is also linked to the overarching EU objectives as reflected in the "Europe 2020 – A strategy for smart, sustainable and inclusive growth"<sup>106</sup>, which calls for the EU to encourage mobility and for European citizens to make more use of their freedom of movement, as well as to ensure that a vulnerable part of the EU population is enabled to live in dignity and is not exposed to the risk of poverty when exercising the right of free movement.

The initiative for a partial revision of the coordination regulation includes the present preparatory study for an impact assessment. As a first step, the current problems with regard to the coordination of long-term care and unemployment benefits are described and assessed. Further background details are briefly presented for each area and then the existing problems are discussed in depth. A problem tree was drafted based on documentary analysis, survey data complemented by statistical data analysis and interviews with stakeholders in 14 Member States. The problem tree reflects the problems discussed in detail in the text of the report and their underlying causes (drivers). It also links them to the policy objectives, which are divided into operational, specific and general objectives.

Given the substantial and thorough work conducted by the trESS network on the topic, we refer to the studies conducted by the network on both topics for an in-depth legal analysis on existing and

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<sup>105</sup> COM(2013) 269 final

<sup>106</sup> COM(2010)2020

potential problems under the current coordination Regulation. The reports have been used as sources for this study.

## ***5.2 Coordination of LTC benefits***

Long-term care benefits were not explicitly mentioned in Regulation (EEC) No 1408/71. This is still the case in Regulation (EC) No 883/2004, with the exception of one overlapping provision (art.34). The coordination regulation does hence not include a definition of “long-term care”, nor does it contain a specific chapter for the coordination of these benefits. Long-term care benefits do however fall within the material scope of the coordination Regulation. The Court of Justice ruled that, in the absence of a specific legal regime for their coordination, they must be regarded as “sickness benefits” within the meaning of the Regulation and coordinated as such.

Long-term care benefits are increasing in importance given the demographic changes in the EU (namely, the ageing of the population). Member States continue to develop special schemes for persons in need of care, and national legislative developments (including new types of benefits) abound but vary across Member States. Since the last decade, the European Union has been promoting access, high-quality and sustainable healthcare and long-term care in Member States.<sup>107</sup>

<sup>108</sup>On 9 September 2010, the European Parliament adopted a Resolution on “Long-term care for older people” calling for a development of the Social OMC. To take into account this development, the Commission adopted in 2013 the Social Investment Package, describing the national orientations in this field.

Given these developments, the number of rulings delivered by the Court of Justice in this area and the problems persisted in the area (as highlighted by the trESS network) justify analysing the possibility of revising the coordination rules.

The current system of coordination of long-term care benefits thus presents a series of problems to which the “no policy change” option would not provide any solution. They are described in detail below, based on the information gathered through the various data collection activities conducted for this study. The problems are summarised visually in a problem tree, included at the end of the section. The problem tree links the problems to objectives, and also depicts the drivers behind such problems. General information about problems and the stakeholders’ view on the need to change the rules is first presented.

40% of the organisations that participated in the EC public consultation declared to have noticed problems of application of EU law in this field. In Deloitte’s survey of national administrations, 60% of national administration has experienced problems in the application of the current coordination rules.

A general complexity of the EU Law regulation on the coordination of long-term care is widely regarded as root problem of the current system according to the interviews conducted in 14

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<sup>107</sup> COM(2005)76 “Working together, working better – A new framework for the open coordination of social and protection and inclusion policies in the European Union”.

<sup>108</sup> SWD(2013)44 final, adopted on 20.02.2013.

Member States. This complexity results in and is at the same elicited by a number of more specific problems.

The most recurrent problem, mentioned by 24% of all type of organisations participating in the public consultation was that migrant workers are not sufficiently aware of their rights under EU law. The second problem most commonly mentioned was that national administrations do not apply EU law correctly. Then came the problems with the cross-border communication between institutions of Member States and that national administrations do not provide EU workers with sufficient and correct information.

Looking into specific problems and who raised issues with them in the consultation, the lack of awareness of migrant workers about their rights was mostly pointed out by social partners and trade unions and national administrations. The incorrect application of EU law by national administrations was pointed out mainly by national administrations. No national administration, social partner, trade union, non-governmental or civil society organisation considered that migrant workers are abusing the possibilities of EU law. Two respondents (one on behalf of a company and an unknown one) did so. However, none of them was able to elaborate on such claim.

Interviewed civil society organisations active in the area (EUROCARERS and the AGE Platform) stated problems related to the lack of effective protection of migrant workers. However, it must be noted that some of these claims were linked to the residence requirements in national legislation, which is beyond the scope of the (coordination) regulation. They also concerned the interpretation and application of the law at national level.

The general attitude towards the need (or lack thereof) of modifying the rules of the different stakeholders participating in the EC public consultation was the following:

**Table 34: General attitude towards need to change the current LTC coordination rules**

National public authorities	<p>➤ Almost half of the respondents (48%) preferred to change the current coordination rules. Furthermore, about 20% of the group of respondents who think that the current coordination rules should be continued think that the rules should be better explained or better applied in practice.</p>
Trade unions and social partners	<p>➤ 83% of trade unions and social partners are in favour of changing the rules. Only 17% of the responding trade unions and social partners' representatives are in favour of keeping the current coordination rules. Two other alternatives are more popular: the option where the Member State of competence fully provides the LTC benefits for insured people residing abroad (33%) and the option where the Member State of residence provide LTC benefits in cash supplemented with a supplement by the Member State of insurance (25%).</p>
Civil society/NGOs	<p>➤ 88% of civil society representatives would like to break the status quo. All other policy options are considered as better than the baseline scenario.</p>
Individual respondents	<p>➤ 82% the individuals that have responded to the public consultation are in favour of changing the current rules. Keeping the current rules is</p>

	only the third preferred option. Two other options received more support: the option where the Member State of competence fully provides the LTC benefits for insured people residing abroad (39%) and the option where the Member State of residence provide the LTC benefits according to its national legislation (29%).
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### 5.2.1 Problems of classification of long-term care benefits under EU law

Each country has its own social security system, where the risk of reliance of care is covered in very different manners. Differences include the definition (or lack thereof) of a definition for long-term care, the branches of the social security system and/or public assistance schemes under which the risk of reliance on care is covered, and the specific type of benefits granted.

#### ➤ Lack of common definition of LTC benefits under EU law & Lack of common criteria to determine them

There is no agreed definition of LTC benefits at EU level. There is no agreement on the definition of the risk of reliance on care and to determine common criteria for LTC benefits.

The OECD has adopted its own definition of long-term care, but it has no binding legal status under EU law.<sup>109</sup>

Member States might or might not have an official definition for long-term care. Among those that have definitions, these vary. The trESS Think Tank Report 2011 on the coordination of long-term care benefits (“Coordination of Long-term Care Benefits – current situation and future prospects”) included the following synoptic table regarding the definition of LTC in the different Member States:

**Table 35: Lack of common definition of LTC benefits under EU law - comparison of definitions**

Definition of social risks / LTC benefits	Range of definitions	Comparison with the OECD definition	Member States
Yes	General definition	Member State's definition is equal or broader (more sophisticated and detailed) than the OECD definition	BE (Flemish care insurance), CZ, LV, LU, PT, ES, DE
		Member State's definition is more restricted (less sophisticated and detailed) than the OECD definition	AT, CY, DK, EE, FI, IS, NL, SI

<sup>109</sup> As quoted in the OECD's Working Paper “The long-term care workforce: overview and strategies to adapt supply to a growing demand”: ([http://search.oecd.org/officialdocuments/displaydocumentpdf/?doclanguage=en&cote=delsa/elsa/wp2/hea\(2009\)1](http://search.oecd.org/officialdocuments/displaydocumentpdf/?doclanguage=en&cote=delsa/elsa/wp2/hea(2009)1)), the OECD's definition is the following: “Long-term care is a range of services required by persons with a reduced degree of functional capacity, physical or cognitive, and who are consequently dependent for an extended period of time on help with basic activities of daily living (ADL), such as bathing, dressing, eating, getting in and out of bed or chair, moving around and using the bathroom. This is frequently provided in combination with basic medical services such as help with wound dressing, pain management, medication, health monitoring, prevention, rehabilitation or services of palliative care. Long-term care services also include lower-level care related to help with instrumental activities of daily living (IADL), such as help with housework, meals, shopping and transportation.”

	Various descriptions, depending on the particular scheme/benefit	BE, FR, HU, IE, IT, LT, PL, CH, LI, SE
<b>No</b>		BG, GR, MT, NO, RO, SK, UK (conditions for entitlement are defined for each benefit)

The European Court of Justice established in the *Molenaar case* (C-160/96, Para.3) that a person is reliant on care if “a permanent need were to arise for those insured to resort, in large measure, to assistance from other persons in the performance of their daily routine (bodily hygiene, nutrition, moving around, housework, and so on)”. In various rulings, the ECJ has outlined elements of LTC benefits that are to be regarded as sickness benefits for the purposes of coordination. trESS compiled in an annex to their Think Tank Report 2011.

The national administrations interviewed (including quite clearly Austria, Belgium, Germany the Netherlands and Spain) considered the lack of a common definition or criteria as a major obstacle for an effective coordination of LTC benefits and a smooth implementation of the current rules. National administrations in many Member States expressed their preference for a common definition of LTC and a detailed list of LTC benefits per Member State. However, some Member States - Sweden, Finland en Belgium – expressed their concern that several benefits in their system could then be seen as LTC benefits, while they do not consider them to be subject to the current coordination rules.

### ➤ **Diversity of benefits that can/should be considered as LTC benefits in the MS & Benefits situated under different social security branches**

The risk of reliance on care is covered under different branches of the social security system and/or public assistance schemes.

This further complicates coordination at EU level, as “national” benefits are often coordinated under different regimes (including sickness, old age, family protection, work accidents and occupational diseases, invalidity, survivors and social assistance); they can be in kind or in cash or even a mixture of both; they can be social security benefits or social assistance benefits, contributory or non-contributory; they are processed by a wide range of bodies and institutions, which complicates control. In addition, the LTC beneficiaries are diverse (and might vary across countries: workers, unemployed persons, pensioners, survivors, family members) and the development of LTC benefits is not homogeneous in the different Member States. Differences in national systems and no common understanding of the concept complicate the coordination of LTC benefits at EU level.

The insights gained during the country visits confirmed the diverse ways in which Member States cover the risk of reliance on care and how this, in the view of the public officials directly in charge of applying the coordination rules, complicates the coordination. While EU rules aim to coordinate, and not harmonise, the national social security schemes, a root problem is perceived to be in the different manner in which the Member States recognise, consider and deal with LTC benefits.

Firstly, Regulation (EC) No 883/2004 aims to coordinate social security schemes. However, the risk of reliance of care is not covered in all countries by branches of the social security system. It is, in some cases, covered by public or social assistance schemes. Secondly, following the ECJ’s case-law, LTC benefits are to be coordinated as sickness benefits. However, LTC benefits present certain distinctive

characteristics that make them different from sickness benefits, and benefits addressing the reliance on care might be coordinated under different social security branches (including family, old age and invalidity) in different. Thirdly, while the ECJ has outlined elements of LTC benefits that must be regarded as sickness benefits for the purposes of coordination, but there is still no common definition or agreed exhaustive list of criteria that allow to identify benefits as LTC benefits (however, the Court has ruled on particular benefits of certain countries (as is the case in the UK) that must be considered as LTC benefits for the purposes of coordination). All this renders the precise identification of benefits, provided under any social security of public assistance scheme, that must be considered as LTC benefits for the purposes of coordination. It generates uncertainty and hampers the understanding and ownership of the rules by national administrations, which might hold different views on the benefits that fall under the scope of the coordination regulation.

Four basic positions were identified during the country visits:

- Specific, dedicated system of LTC;
- LTC benefits considered as sickness benefits;
- LTC as a complement to pensions;
- LTC as social assistance.

The trESS network attempted to provide a picture of the statutory organisation of LTC in all Member States, simplifying to a certain extent the characteristics of national schemes to group countries in six different categories. The following, included in their Think Tank Report 2011, summarises their work:



**Table 36: Diversity of benefits that can/should be considered as LTC benefits in the MS & Benefits situated under different social security branches**

Statutory organisation	Classification	Member States
Global care system and/or unifying legislation	Social security	BE (Flemish care insurance), LU, NL
	Public assistance	CY, EE, ES, UK*
	Combination of both social security and public assistance	DK, SE* (although social security element is by far the strongest)
Differentiated approach (disintegrated care system)	Social security	CZ
	Public assistance	LV, MT, RO
	Combination of both social security and public assistance	AT*, BE, BG, CH, FI*, FR, GR, HU, IS IE, IT, LI, LT, NO, PL, PT, SK, SI, DE*

\* Some (or all) of the benefits of these states have been declared as “normal” sickness benefits for the purpose of the application of Regulation (EC) No. 8823/2004 by the ECJ or the EFTA Court.

The main issues have been identified through interviews in countries for which LTC benefits are not part of the Social Security system. This refers mainly to countries in which LTC is considered as social assistance, or assimilated to social assistance. Social assistance is explicitly excluded from the coordination Regulations (Art.3.5 Regulation (EC) No 882/2004). In these cases, the transposition of the Regulation into the national legislation, and the subsequent application of the coordination mechanisms, becomes highly problematic. Amongst the countries visited, this is the case in Estonia, Romania (where the benefits that would fall under LTC are part of the social assistance system), Spain (although a specific regulation for LTC exists in Spain, these benefits are not part of the Social Security system; they are provided as “Social services”, which can be assimilated to social assistance), Slovakia and France (there is no explicit definition of LTC benefits in the French legislation)<sup>110</sup>. This complicates the application of the coordination rules in these cases.

As an example from the visits conducted to these countries, the authorities from the National Health Insurance Institute of Romania (*Casa Națională de Asigurări de Sănătate*) considered that, given the lack of definition of long-term care regulated at EU level and materials submitted by the Administrative Commission, the coordination of long-term care benefits does not fall under their competence. They referred us to the Ministry of Labour, Family and Social Protection, which in turn declined to have further discussions, indicating that “The Regulations specify very clearly that they do not cover social assistance, only social security. The benefits that would fall under long-term care benefits are of social assistance”. Similarly, the officials of the French *Direction Générale de la Sécurité Sociale* expressed the difficulties they are suffering to apply the coordination rules. In France, benefits are granted by territorial bodies, and are not linked to contributions. Citizens do not contribute during their lives to cover the risk of reliance on care, but are granted benefits if and when in need of them, based on their residence. Benefits in kind are provided directly in care centres or at the person’s home. Both the degree of reliance on care and the resources of the concerned person are assessed. However, it is not possible to identify the citizens who have worked and/or resided abroad. While there is no lack of willingness to comply with the coordination rules, there are practical difficulties. An internal procedure has been launched to try and solve the issues.

<sup>110</sup> In Poland, different branches of social security have their own definitions of “LTC” and “LTC benefits” (with a different scope and function).

The branch of the Social Protection system under which the benefits fall in each country determines the method by which they are financed, which in turn impacts the willingness of Member States to pay for or reimburse certain benefits provided to mobile citizens. In the EU, contributory benefits (based on LTC contributions by citizens) and non-contributory benefits (based on residence) co-exist. Similarly, benefits are means-tested (that is, the resources of the person in need of care are assessed to determine his/her contribution to the costs of providing the benefits) in some countries, but not in others.

LTC benefits can be in kind or in cash. The benefits available in each country, the way they are provided, and the eligibility conditions, vary per country. In an attempt to shed some light on the diversity of benefits per country, trESS grouped them according to the type of benefits (in kind, in cash or both) and their organisation (provider, spending and benefits) per Member States. The following table is included in the Think Tank Report 2011:

**Table 37: Diversity of LTC benefits system: in cash, kind or both**

Benefits in kind/cash or both	Organisation (choice of provider / spending / benefit)	Member States
<b>Only benefits in kind</b>	Only state-run	/
	Only private institutions and/or informal caregivers	/
	Combination of both public and private institutions and caregivers	EE, FR, IS, LV
<b>Only benefits in cash</b>	Freedom of choice regarding the spending of the allowances	BE (Flemish care insurance)
	No freedom of choice regarding the spending of the allowances	/
<b>Combination of both benefits in cash and in kind</b>	Possibility to choose and/or combine and/or substitute both types of benefits	AT, BE, CY, DK, HU, IE, LU, MT, NL, PL, RO, SK, SI, SE, DE
	No possibility to choose and/or combine and/or substitute both types of benefits	BG, CH, CZ, FI, GR, IT, LT, NO, PT, ES, UK, LI

trESS updated this mapping in their Analytical Study 2012 “Legal impact assessment for the revision of Regulation 883/2004 with regard to the coordination of long-term care benefits. The initial mapping was complemented with the replies submitted by the Member States to a questionnaire sent to the Administrative Commission members (A.C. 18/12). The questionnaire included questions about the definition, mapping and description of the national schemes. The results are presented in annex to the report, with a detailed list of the benefits in each country that should be considered LTC benefits for the purposes of the coordination. However, it should be noted that this list has no official validity. It only constitutes a (highly elaborated) theoretical exercise. During the country visits, the list of LTC benefits per country prepared by trESS received mixed reviews.

In line with the general problem of classification of LTC benefits under EU law and the drivers outlined, the trESS Think Tank Report 2011 identified and discussed in more detail the following challenges:

- Differences in national systems – no common understanding;
- Huge variety of LTC systems;
- Social security or social assistance;
- Benefits with elements of LTC considered as benefits from other branches of social security by Member States.

### ➤ **Distinct character of LTC benefits**

LTC benefits vary across countries. They can be in cash or in kind, which affects the determination of the competent country for providing them and for bearing their cost. Their variety across countries is compounded by the fact that certain Member States are introducing new mixed-types of benefits. In these cases, it becomes increasingly difficult to determine the nature (in cash or in kind) of the benefit.

The same or similar benefits might be considered in kind in one country and in cash in others (this was the case, as reported by the national experts involved in trESS Analytical Study 2012). Regardless of how the benefits are considered or recognised in domestic legislation, however, the ECJ case law should be applied with regard to the distinction between benefits in kind and in cash.

As outlined by trESS, traditional benefits in kind do not usually present any problems. However, benefits in cash are more problematic. In these cases, the circumstances under which the money is given must be considered. In case money is given to the person so that he decides the use to make of it, respecting his autonomy and being paid out irrespective of any bill to be presented, the benefit should be considered as a cash benefit. In any other case where the use of the money must be justified by bills on services purchased, the benefits should be considered in kind.

Whilst the distinction between benefits in kind and in cash is not particularly problematic for sickness benefits, it becomes more complicated for LTC benefits (which must be coordinated as sickness benefits). We refer to trESS Analytical Study 2012 for a more detailed analysis of the problems the distinction between benefits in kind and in cash can cause in the following situations:

- Loss, withdrawal or suspension of LTC benefits when the beneficiary changes his or her residence to another country;
- Accumulation of the benefits in cash of the competent Member State and the benefits in kind for the same purpose of the Member State of residence (Article 34 of Regulation (EC) No 883/2004);
- The application of Article 34 of Regulation (EC) No 882/2004 in relation to Member States which have opted for lump-sum reimbursements;
- General aspects of accumulation of cash benefits and/or benefits in kind also outside Article 34 of Regulation (EC) No 883/2004.

Beyond the pure distinction between benefits in kind and benefits in cash, there are other mismatches caused by applying the coordination rules devised for sickness benefits to LTC benefits. Sickness and LTC benefits differ in their aims, instruments and means. Several articles of the Regulation (including Articles 19, 21 and 28) are not designed for LTC benefits but should be

applicable to them, even if their wordings do not refer to them. In terms of goals, while traditional sickness benefits in cash are mostly related to the loss of salary or income, LTC benefits in cash can have other goals (therefore making the provisions on the calculation of benefits in cash under Article 21 (2) to (4) of little importance to LTC benefits). These problems were also identified by trESS, which considered as a challenge the “mismatches of concepts as a result of the inclusion of LTC benefits in the chapter on sickness benefits”.

To complement the information provided about the problems of classification of LTC benefits under EU law with insights from the country visits, during these several national administrations (in Germany, Austria, Poland and the Netherlands) expressed to be in favour of clearly listing all LTC benefits (in kind and in cash) that are considered to be LTC benefits in other Member States or that should or could fall under the coordination Regulations. A German health insurance fund representative stated that *“the lack of a clearly defined list of LTC benefits makes any coordination between Member States difficult and slow”*. An interviewee from the Austrian national administration added: *“The present list attached to the Regulation is helpful but insufficiently concrete and meaningful for categorising the different national LTC benefits (in kind and in cash). Therefore, a concrete ‘benefits catalogue’ should be drafted, listing the available benefits in EU/EFTA and Switzerland with precise definitions of the types of benefits, the level of the amount, the essential eligibility criteria and the competent administration.”*

Similarly, these national administrations would also like to better define “social assistance”, as more benefits could be qualified as a LTC benefit than often believed. A representative of a Polish national administration stated with regard to social assistance: *“Several Member States claim to only have social assistance benefits, which fall outside the scope of the Regulation. However, some of these might be qualified as LTC benefits”*. A Danish interviewee proposed to use the decisions of the ECJ as input to a common definition of LTC and the listing of LTC benefits (in particular the Molenaar case<sup>111</sup>).

### *5.2.2 Uneven application of coordination rules by Member States*

The application of the coordination rules is uneven among countries. It appears that the exchange of portable documents, the recognition of entitlement to LTC benefits, and the claims for reimbursement (impacting, in the cases foreseen in Article 34 of the Coordination Regulation, the cash benefits perceived by the beneficiary) would vary significantly across countries. This was reported during the interviews conducted in the country visits. The biggest problem according to the national administrations that responded to the EC public consultation is the incorrect and uneven application of the EU rules by national administrations (32% of them see this as a major concern). This is confirmed by another opinion revealed by the EC public consultation: among the organisations considering that there is no need to change the rules (53.3% of the total), the majority (79.17%) was not entirely satisfied, considering that they should be better explained or better applied in practice.

As an illustration of the opinion of public authorities believing that the rules do not need to be changed, but should be better applied in practice, a German health insurance fund representative stated the following: *“Local health insurance funds - often the entry point for citizens’ claims – are insufficiently informed about the current rules and regulations which apply according to the EU*

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<sup>111</sup> Molenaar, C-160/96, Para. 3

*Regulation. Current problems result from a wrong application of the current rules, not from the legal text itself; the coordination rules as such are sufficient and considered as good. The current problems could be reduced substantially, if the current rules were implemented more thoroughly by the different stakeholders involved in providing long-term care services in the different Member States”.*

The differences in the way in which Member States cover the risk reliance on care and the different social security branches and/or social assistance schemes under which they are granted can lead to an uneven application of the coordination rules. Member States hold their own opinions on which benefits provided under their legislation should be considered as LTC benefits falling under the scope of the coordination rules. They cling strongly to such opinions, as evidenced during the country visits conducted, including expressing still disagreement with ECJ’s rulings (such was the case in the United Kingdom for instance). European organisations consulted (EUROCARERS and the Age Platform) raised concerns about the incorrect application of the coordination rules in some Member States. trESS encountered similar issues, as reported in their Think Tank Report 2011: “Many Member States do not recognise some benefits as LTC benefits that at European level would be considered as such. In some cases those benefits are considered, at national level, as social assistance benefits and are therefore excluded from the scope of the Regulation. In other cases, the fact that the benefits are still considered (by the said Member States) as special non-contributory benefits of a mixed type prevents them from being exported. Both ways of interpretation seem contrary to the spirit of European law. Unfortunately, it is not easy to convince Member States to change their minds and behaviour.”

### *5.2.3 Gaps in social protection of mobile citizens*

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The current coordination rules make it possible to leave a person reliant on care completely devoid of protection in very specific cases. A person reliant on care may be left with no protection if he/she receives LTC benefits (only) in kind from a Member State and moves to a Member State that covers the LTC protection only by means of benefits in cash<sup>112</sup>.

This risk of a gap in protection of mobile persons was regarded as a minor problem by the majority of the national administrations: only three organisations responding to the EC public consultation considered it as a major problem. National administrations mostly considered a loss of social protection as a theoretical possibility and they were not able to identify effective cases of a complete lack of protection.

Beyond this gap in protection resulting directly from the design of the coordination rules, problems in the protection of mobile citizens reliant on care can appear due to the uneven application of coordination. As outlined in the previous points, trESS perceived issues in this regard and European organisation active in the area consulted for this study also voiced their concerns, quoting actual cases during the interviews. These same organisations also alluded to the fact that the imposition of residence conditions to perceive long-term care benefits in kind, as is the case in several Member States, also results in an effective lack of protection; mobile citizens reliant on care would be less protected, or completely unprotected, during the time spanning from their change of residence to the completion of the requested period of residence.

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<sup>112</sup> Cf. case C-208/07, Chamier Glisczinski

On another hand, significant disparities in the level of development of LTC benefits across countries have been observed. This was not perceived as an issue *per se* by the Member States. The generosity of each national system will always be different, and must be assessed in the context of the whole national social protection system. Social protection systems are designed with the aim of being internally balanced, and tend to compensate the relative weaknesses in certain benefits with more generous provisions in other fields. To some extent, individual workers will always have to gauge the amount and generosity of benefits they would be entitled to in each country when making a decision about mobility. In this sense, it should be borne in mind that the Regulation aims for the coordination, and not harmonisation (this falls out of the EU competencies in the field) of the systems.

However, interviewees in Member States with more generous benefits did point at the risk of losing quality of care when moving to another Member State, due to the fact that LTC benefits are not developed homogeneously in all Member States. In some, a mature, high-quality LTC scheme exists, while in others LTC benefits hardly exist. This makes LTC benefits different from other social security benefits (where the issue is more about higher or lower benefits in different Member States). The heterogeneous development of LTC benefits in all Member States was also considered a challenge by trESS. As was outlined in their Think Tank Report 2011, a complete scheme exists in some countries, while in others this type of benefits barely exists. Such a situation does not however arise in other branches of social security, where the development is much more common and standard (such as in sickness protection). The situation for LTC is different. Thus, according to trESS, “Any cross-border movement may not only involve a quantitative loss of rights, but also a qualitative loss or rights or simply the removal or elimination of a possible right”.

#### *5.2.4 Risk of double-payments for the same risk*

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While art.34 of Regulation (EC) No. 883/2004 intends to avoid the overlapping in LTC benefits, the lack of an EU-wide definition (and, relatedly, of a well-suited coordination regime) of LTC benefits, creates loopholes in the application of the article. Its application is impossible in many cases (e.g., cases in which countries do not consider their benefits in kind as LTC benefits at the European level; or cases in which the benefits are coordinated under different chapters – e.g. pension, family benefits).

However, social tourism in the case of LTC was generally not seen a risk by interviewees.<sup>113</sup>

Although most of the interviewed national administrations considered this risk to be rather low, concerns were raised which did not lie for the most on the possibility of double-payments for the same risks, but rather on the lack of operability of the system and the lack of visibility of Member States on the costs incurred into and the reimbursements claims received or entitled to issue<sup>114</sup>. The differences in the concept of LTC benefits and their treatment across Member States lead to a lack of operability of the reimbursement and mechanism of deduction for the avoidance of double payments set up by Article 34 of the Coordination Regulation. Countries lack information on the LTC benefits cross-border workers are entitled to in other countries, and therefore cannot always adjust

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<sup>113</sup> See also ICF GHK & Milieu Ltd (2013), *A fact finding analysis on the impact on the Member states' social security systems of the entitlements of non-active intra-EU migrants to special non-contributory cash benefits and healthcare granted on the basis of residence*, commissioned by DG EMPL via DG Justice Framework contract, 275 p.

<sup>114</sup> Long-term care benefits in kind are reimbursed under the same rules as sickness benefits in kind.

the level of benefits provided accordingly. The exchange of portable documents does not always take place.

Sometimes, the recognition of the entitlement to LTC is not asked (no EU forms are exchanged), conveying the idea that some beneficiaries are content with the benefits they receive from the competent Member State or might not be aware that they should notify a country of residence about the benefits that they receive. In other occasions, the benefits are provided to cross-border citizens just as they are provided to nationals, without a possibility to distinguish them (and no reimbursement between Member States takes place). As illustration of this fact, a Danish interviewee stated:

*“How many foreigners live in Denmark and are awarded LTC benefits by Denmark? We do not know that because our public authorities do not ask for it. We do not make the distinction between cross-border or mobile citizens and Danish people. If they have the right to live here, their Danish municipality will provide them the benefits”.*

Frequent complaints about the reimbursement mechanism were received during the interviews conducted in different Member States. Given the frequent criticism, and given that the reimbursement mechanism is directly linked to the avoidance of double payments, it appears that this aspect of the coordination bears watching.

Additionally, practical problems concerning the identification of beneficiaries were sporadically raised. It seems that in certain cases the information sent by the competent Member State to the Member State of residence (or vice-versa) would not be detailed enough to identify the person in question. Social Security numbers or even national ID numbers would be provided to the other country, for which such information would not be sufficient; in other cases, the simple indication of the name and last name, without any additional details, would not be enough to identify the person either. However, this is a cross-cutting challenge for the entire EU coordination system and not strictly limited to the coordination of long-term care benefits.

### *5.2.5 Instability of the current system of coordination of long-term care benefits*

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In the lack of a comprehensive and coherent coordination regime well suited to the particularities of LTC benefits, it is the CJEU which constantly has to make clarifications. The system can thus be altered at any moment by a CJEU ruling.

Legal uncertainty was identified as an issue. The authorities interviewed at national level, dealing on a daily basis with the coordination of LTC benefits, confirmed the problems derived from the lack of a common definition and treatment of LTC across countries, and the poor fit that the coordination as sickness benefits provides on certain aspects. To a certain extent, the perception that the major issues have already been addressed by the case law of the CJEU was shared. However, the general view amongst those interviewed was that indeed the system is unstable and prone to constant modifications.

Similarly, the level of complexity of the regulatory framework and the rulings of the CJEU render the issue not easily accessible for all the concerned staff public authorities. The changes introduced by the CJEU require regular updates and continuous formation in the Member States' administrations.

### 5.2.6 *Citizens not sufficiently understanding their rights under EU law*

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The complexity of the legal framework, including the lack of common definition and/or classification of long-term care benefits at EU level, and the large disparities across countries' regimes results in an uneven application of the coordination rules. This results in a non-transparent, uncertain system, where citizens are not able to determine beforehand their entitlements in each country. Our findings confirm the lack of upfront visibility mobile citizens have on their entitlements. In the EC public consultation survey, the statement "Migrants are not sufficiently aware about their rights under EU law" was supported as one of the three major problems of the coordination mechanism by 57% of individual respondents, 40% of trade unions/social partners' representatives and 26% of national administrations.

Interviews during field visits suggest that certain broad differences can be perceived amongst mobile workers. The more highly educated, tech-savvy amongst them would be making use of the Internet (including questions submitted to national administrations) to inform themselves about their entitlements in different countries and conditions. However, others would be making their mobility decisions rather blindly as it comes to entitlement to LTC benefits.

It seems, in particular, that mobile workers would have limited knowledge about the LTC benefits in kind to which they would be entitled in a different country (those are determined based on the legislation of the Member State of residence), and how that would affect any other LTC benefits they currently perceive or would perceive in the competent Member State (notably, reductions in cash benefits due to the enjoyment of LTC benefits in kind in another country).

This lack of knowledge apparently affects public authorities as well. Except for specifically dedicated bodies or units, the amount of public employees potentially dealing with a LTC case is very high while the frequency of the cases is low. While the cases can often be transferred to units with more specific knowledge, it appears that some obscurity would persist, even within the administrations, as to the exact content and entitlements of particular workers in cross-border situations. In this regard, findings from the public consultation survey reveal that 10% of the national administrations and 13% of the social partners' representatives say that national administrations provide insufficient and/or incorrect information to mobile persons. One civil society representative argued that "*Staff working in state bodies as well as migrant workers do not understand the rules. They need to be simple so that everyone knows what the entitlement is in each country. Also simple so that they are applied correctly and fairly.*"

Similarly, the wide range of bodies and institutions dealing with the claims appears to generate certain issues of communication and to complicate the processing of claims. A Belgian health insurance fund representative argued: "*You do not know to whom in the other Member State you can address your question. The responsible local public authority is not always known. The contact details of the Zorgkassen (Care funds), for example, are not adopted in the European database (EURES).*"

Systems also vary significantly in each country depending on the amount of competencies devolved to the regions and local entities. The size, population and number of bordering countries influence the number of cases. The distribution of competencies within each country impacts decisively the way the claims are dealt with (including the average length of the process), ultimately affecting the



beneficiaries. Generally, it was gathered that individual civil servants, numbering in thousands in many countries, are the entry point for the claims. Except for dedicated ones, handling LTC claims from cross-border workers is only one amongst a wide range of responsibilities and sometimes health insurance funds only have 1-2 cross-border cases per year. This makes it difficult to instruct a large workforce on the particularities of these cases. The complexity of the rules adds to this difficulty. Therefore, detailed knowledge of the rules not only affects citizens, but also public authorities. One Danish national administration representative argued:

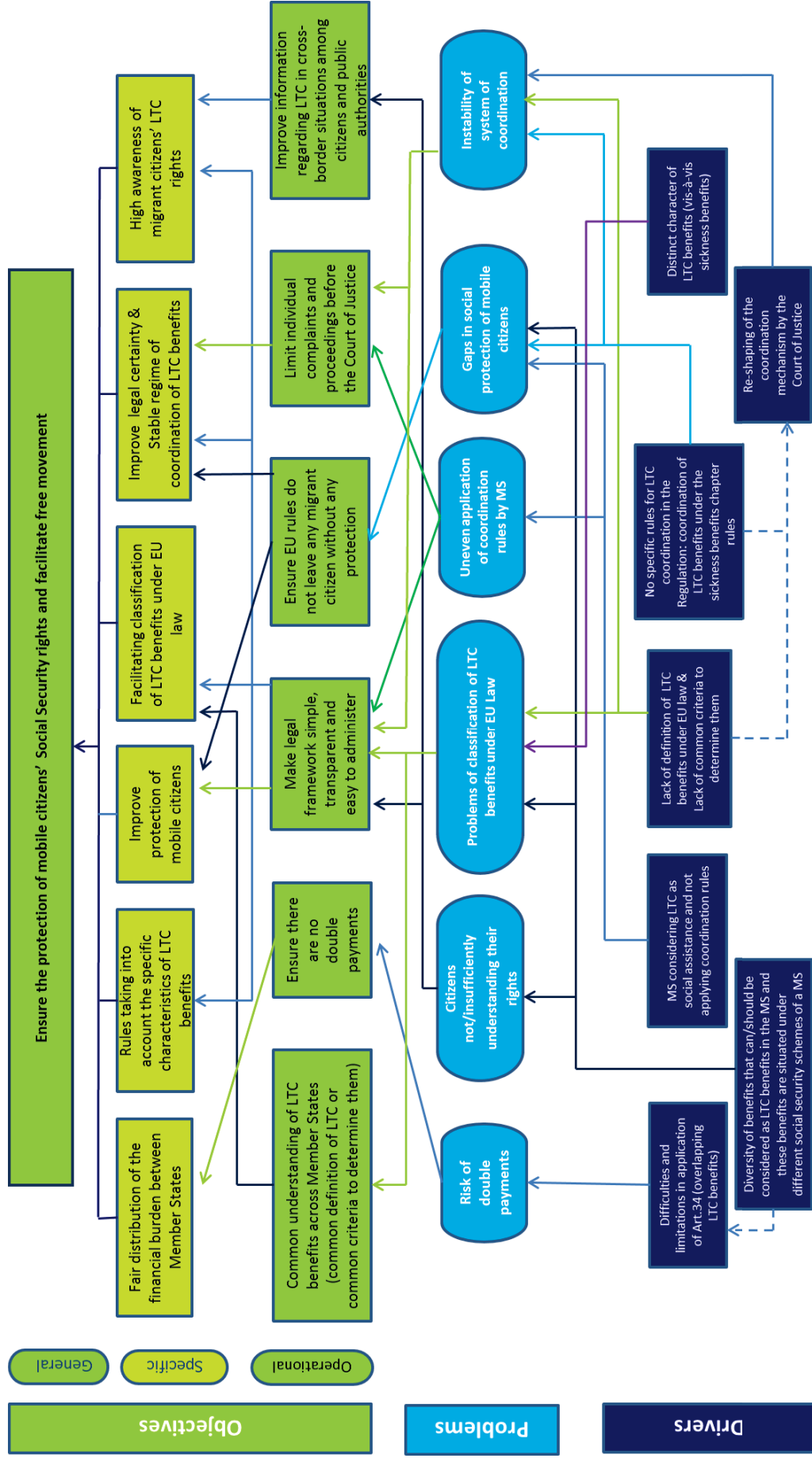
*“Several municipalities in Denmark – the competent level to provide most LTC benefits in kind to the citizen - did not even know that they could claim reimbursement from other Member States for the LTC benefits that they had provided to foreign residents in Denmark”* (foreign citizens insured in another Member State and resident in Denmark).

#### *5.2.7 Coordination of long-term care benefits: Problem tree*

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The following problem tree, based on the information collected through the different data collection activities conducted for this study, summarizes in a visual way the main problems the current rules for the coordination of long-term care benefits present. The problem tree links the problems to policy objectives, in the upper part, and to the drivers behind such problems, in the lower part. Objectives are divided in general, specific and operational, following the methodology of the EC Impact Assessment Guidelines. The relationships between the individual objectives at each of the three levels are also depicted.

Figure 4: Problem tree - coordination of LTC benefits



### 5.3 *Coordination of unemployment benefits*

Unemployment benefits fall within the material scope of the coordination Regulation. Chapter 6 of Regulation (EC) No 883/2004 is dedicated to “Unemployment benefits”. Therefore, in contrast with LTC benefits, there are specific rules for the coordination of unemployment benefits. The coordination rules have not changed substantially in comparison to Regulation (EEC) No 1408/71. There were limited amendments to the provisions on the calculation of unemployment benefits (in the light of the case-law of the Court of Justice) and to the provisions on export of unemployment benefits (a possibility to extend the export period from three for six months, upon a decision by the competent institution, was included). Notably, a limited reimbursement mechanism between Member States was also introduced. It covers the unemployment benefits provided by the country of residence to unemployed frontier or cross-border workers.

The Council already agreed in 2001 on Parameters for the modernisation of the coordination Regulations with regard to unemployment benefits.<sup>115</sup> The modernisation should result in a simplification of the coordination rules on unemployment benefits to enhance their readability and transparency.

However, apart from the adaptations previously outlined, the rules did remain similar as in former Regulation (EEC) No 1408/71. The trESS on the right to actively search for a work in the EU (possibility to extend the export period) and the changes applied to the calculation of benefits can be seen as elements of modernisation of the rules. Given the accrued internal mobility in comparison with the period of the previous regulation (approved in 1971), so does the introduction of the reimbursement provisions. However, no major simplification of the rules took place. The introduction of the reimbursement mechanism actually added some complexity to the coordination rules. These changes reflected a compromise achieved in the search for consensus (unanimity was then needed to change the coordination rules). In addition, a new provision (Article 65a) was introduced<sup>116</sup> to address a legislative gap in order to ensure the protection of rights of self-employed workers, in line with Article 48 TFEU.

The discussions in the Administrative Commission and in the Council<sup>117</sup> have demonstrated that this compromise is complex and is subject to different interpretations and misunderstandings. Against this backdrop, the Commission made a declaration for launching a broader revision of the unemployment chapter of the coordination regulation at the EPSCO Council in December 2011.

We describe in the following text the main problems elicited via the data collection activities conducted for this study. The problems are summarised visually in a problem tree, included at the end of the section. The problem tree links the problems to objectives, and also depicts the drivers behind such problems.

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<sup>115</sup> Document 15045/01 of 6 December 2001. Parameter 10 stated: “The unemployment chapter must be simplified with due respect for the current coordination rules. However, it must be extended to cover the self-employed schemes existing in a number of Member States. In addition, the unemployed person must be guaranteed the right to search actively for work in the Union, with payment of unemployment benefit in cash being maintained for a period of at least three months under simplified conditions”.

<sup>116</sup> Regulation (EU) No 465/2012 amending Regulation (EC) No 883/2004

<sup>117</sup> The Council discussed several provisions of the Unemployment Chapter (namely Article 65 and new Article 65a) in the framework of adoption of Regulation (EC) 465/2012, which introduced miscellaneous amendments to the Regulation (EC) No 883/2004.

To further facilitate the understanding of the problems, and to substantiate their analysis, we first provide some additional background information and discuss one of the main drivers behind the identified problems, i.e., the complexity of the current coordination rules. Discussing this driver, which involves elaborating on different elements of the current rules, is relevant because it has a horizontal effect on the remaining drivers identified. The complexity of the rules is both caused by and reflected in the diverse aspects and cases contemplated by the current coordination rules. The support for a revision of the rules, as well as the sentiment or opinion of different stakeholders on particular issues is also provided by reflecting the results of the EC's public consultation and Deloitte's survey to national administrations.

## Complexity of current coordination rules

The coordination rules were generally perceived as complex during the interviews conducted with public authorities and other stakeholders. The results of the online survey launched by Deloitte and the EC public consultation also point to such complexity and to the effect that, it becomes difficult for migrant workers and national institutions to know with certainty which are the workers' rights under EU law.

In the online survey conducted by Deloitte among public authorities, 19.6% pointed out directly that "EU rules are too complicated" as one of the main problems noticed regarding the application of EU law in the area of unemployment benefits. Other responses also elicit such complexity. More precisely, 72% of the participating institutions thought that Member States are not correctly or uniformly applying EU law, whilst 60% considered that migrant workers are not sufficiently aware of their rights. These problems - which stem directly from a lack of simple, clear rules - were the most often selected by public institutions. In addition, 47% saw a problem in the ineffective and burdensome communication, while 39.2% saw administrative burden as a problem. Both of these problems could also be considered a certain by-product or consequence of complex coordination rules.

44.4% of the representatives from public institutions participating in Deloitte's survey considered that the current coordination rules need to be changed. An additional 19.4% thought that, although they do not need to be changed, they should be better applied in practice (incorrect or uneven application can also stem from the complexity or lack of clarity of the rules). 12.5% of the respondents to the survey considered that, while the coordination rules need to be changed, they should be better explained. Among the 44.4% of representatives from public institutions that considered that the coordination rules need to be changed there were also concerns related to shortcomings of the coordination rules in defining precisely certain procedures or concepts, leading to a degree of obscurity that renders the coordination complex in practice.

Similar results were obtained in the EC public consultation. Three problems which can be linked to the complexity of the rules were the three most frequently selected by the respondents. 38% of the national administrations, 41% of the social partners and trade unions, and 56% of the civil society and non-governmental organisations considered that the lack of awareness of migrant workers about their rights (which results to a certain extent from complexity of the rules) is one of the three main problems of the application of EU law in the area. It was the problem noticed most frequently by each of these groups of stakeholders. The second problem encountered most often by the stakeholders consulted was the slow and/or ineffective communication between institutions of Member States; it was selected by 38% of national administrations, 24% of social partners and trade unions and 33% of civil society organisations. Another problem related to the complexity of the coordination rules was the third most-frequently noted problem. It referred to the fact that national institutions do not provide migrant workers with correct and sufficient information (29% of national administrations, 24% of social partners and trade unions and 33% of the civil society and non-governmental organisations participating selected this problem). More directly, for 13% of the national administrations and 12% of the social partners and trade unions, the excessive complexity of EU law was one of the three main problems of application of EU law in the area. For 23.6% of national administrations, the incorrect application of EU law by national institutions or administrations is also a top-three concern.

While they did not consider it necessary to change the coordination rules, 18% of the national administrations participating in the public consultation believed that the rules should be better explained, as did 29% of the social partners and trade unions. Another 20% of the national administrations thought that the rules should be better applied in practice. Among those who believed in the need to change the coordination rules (27% of national administrations, 35% of social partners and trade unions and 66% of civil society and non-governmental organisations) there were also concerns related to concrete aspects that render the coordination rules complex.

According to the stakeholders, different elements contribute to the complexity and lack of transparency of EU coordination rules. These include:

➤ **The distinction between frontier workers and other cross-border workers & the determination of cross-border workers' country of residence**

The first element of complexity comes from the distinction between migrant workers, frontier workers and other cross-border workers. The distinction is difficult to apply in practice, and becomes blurry in certain cases. During the interviews carried out it was generally agreed that, while there are marked differences between “classic” frontier workers and other types of cross-border workers, the latter are becoming less and less common and the distinction between frontier workers and other cross-border workers is increasingly blurry.

Typical frontier workers are considered to maintain stronger links with their country of residence, and are perceived as less likely to leave it due, inter alia, to family links. However, it was pointed out that the distinction between frontier workers and other cross-border workers is often rather complicated<sup>118</sup>. Even more, the distinction between cross-border workers and cases of foreign workers considered as national workers (i.e. migrant workers), whereby migrant workers become resident in the country of activity, also appears to be blurry. Relevant differences were also reported among frontier workers. As mentioned during the interviews conducted in Germany, frontier workers range from workers who live barely some minutes or kilometres away from their place of work to others who cover distances over 500 km. This challenges the original conception that frontier workers are close (in terms of distance and commuting time) to their place of employment (and hence unemployed frontier workers to their country of last activity).

It can also create conflicts with national law. Thus, for example, in order to be considered an unemployed person (and hence be entitled to unemployment benefits), the individual concerned must be close (in time and geographical terms) to his/her district or area<sup>119</sup>. Frontier workers covering greater distances to go to work do not fall into this category. On a similar note, according to the ZAV-IPS Frankfurt, not all national authorities inform the migrant workers sufficiently or correctly where to claim unemployment benefits, due in part to the fact that there is a lack of clarity regarding the “real” and “false”<sup>120</sup> cross-border workers.

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<sup>118</sup> Cross-border workers are persons who work in one Member State and reside in another. Frontier workers are a sub-category of cross-border workers who work in one Member State and reside in another where they return daily, or at least once a week.

<sup>119</sup> In Germany for instance, the regulation requires individuals to reside in the area so as to be entitled to unemployment benefits. Luxembourgish authorities also mentioned the German case as an example of how conflicts with national legislation can arise. Although the Law in Luxembourg does not make such a requirement (unemployed workers living in Belgium, France and Germany can perfectly receive unemployment benefits).

<sup>120</sup> “Real” or “classic” frontier workers could be considered as those who live almost literally on the border, just a few kilometres away from their place of work, so they do not have to cover long distances and could also easily, if needed, make themselves available for

In accordance with the views gathered, the determination of the country of residence remains difficult in practice, as it is subject to a high degree of interpretation. The criteria for the determination of residence set out in Article 11 of Regulation (EC) No 987/2009 are, according to the interviewees, broad and cannot be applied straightforwardly. This generates some uncertainty. Public authorities do not often have sufficient information at their disposal to control the frequency of return home of frontier workers, and the distinction between frontier workers and other cross-border workers fades out in many cases. Furthermore, economic development and infrastructural improvements reduce progressively the importance of physical distance. In these circumstances, the distinction between frontier workers and cross-border workers established by the Regulation adds an element of complexity that is on occasion not fully coherent with reality. As an example, the British authorities made explicit allusions in the interviews conducted to the case of Polish workers, whom in many cases are apparently not considered as resident in the United Kingdom even after living and working there for years<sup>121</sup>. Polish authorities, on their side, stated that the assessment criteria of the habitual residence test for cross-border workers does not work well and results in administrative burden. The Federal Ministry of Labour, Social Affairs and Consumer Protection of Austria (BMASK) considered that there should be a clear definition of a cross-border worker in the Regulation.

The distinction between frontier workers (and, within those, between wholly and partially unemployed frontier workers<sup>122</sup>) and cross-border workers is important because it determines where the unemployed workers can register and claim unemployment benefits.

While wholly unemployed frontier workers must register and ask for unemployment benefits in their country of residence, cross-border workers other than frontier workers have the choice between their country of residence and the country of last activity. On one hand, this distinction might be confusing for the workers, who may not be aware of their own status. It might also be confusing for the public authorities. Problems regarding the lack of awareness of migrant workers about their rights, as well as problems concerning the fact that national institutions or administrations do not provide migrant workers with correct and sufficient information have been reported (see above). On the other hand, the right of choice given to cross-border workers other than frontier workers introduces an element of uncertainty for public authorities. It requires communication efforts with other Member States to have information on the situation of particular workers.

### ➤ **Rules on aggregation of periods of insurance, employment and self-employment**

A second element of complexity is provided by the rules on the aggregation of periods. We hereby refer to the evidence provided on administrative burden in the baseline scenario chapter. The coordination Regulation provides for the aggregation of periods of insurance, employment or self-employment conducted under the legislation of different Member States for the purposes of the acquisition, retention, recovery or duration of unemployment benefits. A specific provision is

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interviews, training courses and also administrative procedures, at their place of last employment –“abroad”, but close by-. “False” or “non-classic” frontier workers would those who indeed cover much larger distances to go to work, yet still come back “home” often enough to receive the consideration of frontier workers and therefore could enjoy a favourable taxation system.

<sup>121</sup> The assessment of habitual residence by the United Kingdom has been contested by the European Commission in an infringement procedure.

<sup>122</sup> Regulation 883/2004 establishes a distinction between wholly unemployed frontier workers and partially or intermittently unemployed frontier workers (art.65.1-2 Regulation (EC) No. 883/2004). Wholly unemployed frontier workers must register and apply for unemployment benefits in their country of residence, while partially or intermittently unemployed frontier workers must register in their country of last activity.

introduced for the cases in which the right to benefits is conditional on the completion of periods of insurance. In these cases, the periods of employment or self-employment completed under the legislation of another Member State shall not be taken into account unless such periods would have been considered to be periods of insurance had they been completed in accordance with the applicable legislation.

Therefore, the coordination rules (Art.61 (1) of Regulation (EC) No 883/2004) start by drawing a distinction between cases where the national legislation of the competent Member State makes the entitlement and the length of the unemployment benefits subject to the completion of periods of insurance on one hand and, on the other hand, cases where the legislation makes the entitlement conditional on the completion of periods of employment. By so doing, the regulation intends to reflect actual differences in national systems.

The conditions to consider certain periods completed under the national legislation as periods of insurance, employment and self-employment under national legislation vary across countries. Since the acquisition, retention, recovery or duration of unemployment benefits are linked to the different periods of each type completed, and the consideration of the same periods might vary across countries, this makes it complicated for mobile workers to know their rights. This is also the case for public authorities (therefore, workers cannot always solve their doubts by asking to the administration). This diversity of opinions of the national administrations is well documented in the annexes to AC 470/11.

In particular, the interviews carried out with public officials pointed towards particular issues with the periods of self-employment. The regulation of self-employment varies significantly across countries. In some of them, contributions to Social Security, including for the coverage of the risk of unemployment, is entirely voluntary. In others, there are no schemes for self-employed workers at all. The way unemployment benefits are financed also varies across countries. While in certain countries the funds come exclusively from contributions of self-employed workers (e.g. Spain and Denmark), in other countries there is contribution from the State's budget (e.g. Luxembourg). This in turns impacts the consideration of periods of self-employment as periods of insurance. Self-employment periods might not be considered as periods of insurance, and therefore not generate the right to unemployment benefits. Concerns about the particularities of self-employed workers were particularly raised in Spain. In the view of the Spanish public authorities, art.61 (1), second paragraph, fails to account sufficiently for the complexity brought about by the significant differences across countries. Representatives from French authorities also criticised the coordination rules in this aspect, suggesting that the coordination regulation should clearly set out from the beginning a difference between those countries that provide unemployment benefits to self-employed workers and those that do not (they could be specified in an Annex, covering potentially conflicting situations). The rules should then be different for each group of countries. In Belgium a representative from the National Employment Office pointed out the different interpretations that Member States make of periods of insurance. He signalled, as an example, the classification of self-employed periods treated as insurance period. Two specific cases for Belgium were provided as examples:



- *OSSO-assurance (overseas social security office)<sup>123,124</sup>: periods of employment in another country insured by an OSSO-assurance were considered as 'Belgian periods'.<sup>125</sup> This is no longer the case. Now, it is necessary to have/prove a Belgian period of insurance to receive an unemployment benefit. In addition, foreign periods outside the EEA, not employed as a posted worker, will not be mentioned on the UI-form.*
- *Belgium does not have unemployment insurance for self-employed persons. Self-employed persons living in Belgium and working in another Member State will not receive a Belgian unemployment benefit. However, these periods of self-employment will be taken into account when the person was afterwards employed as cross-border worker/frontier worker OR accomplished a Belgian period of insurance OR is a migrant person who has accomplished also a Belgian period of insurance.*

The Confederation of the German Trade Unions also reported occasional problems with the aggregation of periods. These occurred in cases of short-term employment contracts and in cases when the former employer could no longer be traced.

Hence, while the coordination Regulation should cover all different contingencies, it follows from the opinions gathered in several Member States that the wide variety of cases that can occur is not, allegedly, sufficiently addressed by the Regulation. Self-employment's peculiar characteristics and the disparity of its regulation across countries add to the overall complexity of EU rules. Mobile workers, and even officials in national public institutions, are put in a difficult situation to find out with certainty and *a priori* the entitlements of migrant workers. Public authorities in many of the countries visited (including Austria, Denmark, France, Germany, Poland and Spain) generally supported a clarification of the rules on the aggregation of periods of insurance, employment and self-employment (therefore acknowledging the problems stemming from the current ones).

trESS identified this same issue in their Think Tank Report 2012. As stated in the report, "A major problem in the field of the application of the aggregation rules is that the interpretations of these rules differ significantly among the Member States' institutions. Especially in cases where the national legislation makes benefit entitlement conditional on the completion of periods of insurance, different approaches are taken with regard to periods of employment or self-employment, which under the legislation under which they were completed are not regarded as periods conferring entitlement to unemployment benefits". The report outlines different problems arising from the application of the aggregation rules, including the periods of (self-) employment to be taken into account and the periods to be taken into account with regard to voluntary schemes. Other practical problems are also mentioned.

**➤ Provisions on the export of unemployment benefits: minimum period of export of three months with a possible extension to six months (discretionary decision of the competent institution)**

<sup>123</sup> [http://www.dosz-ossom.fgov.be/user\\_docs/02-12-Brochure-Anglais.pdf](http://www.dosz-ossom.fgov.be/user_docs/02-12-Brochure-Anglais.pdf)

<sup>124</sup> OSSOM offers a broad social protection to anyone:

1. who works outside the European Economic Area and Switzerland.
2. who is a citizen of Switzerland or of a Member State of the European Economic Area (Nationals of other countries must be employed by the Belgian State, the Regions or the Communities or by a company with registered office in Belgium.)

<sup>125</sup> See also cases *Bozzone* (87/76) and *Laborero/Sabato* (82 and 103/86).

A third element contributing to the lack of transparency is the regime for the exportation of unemployment benefits (cf. Table 131: Export of unemployment benefits - current practices). The regulation foresees a minimum period of export of three months, with a possible extension to six months. However, there are not fixed criteria for the concession or refusal of the extension. The decision is taken by the competent institution, which applies its own set of criteria or, in some cases, has no pre-defined criteria at all. The competent institutions in the Member States are supposed to apply discretionary power, meaning (according to the ECJ) an assessment of the situation of each individual case (and not the adoption of a general policy decision on the prolongation or not of the export). This reduces, in practice, the transparency for the workers, who cannot know in advance the likely duration of their export period, which might in turn affect their mobility decision. In addition, some countries do not grant the export at all (such as the UK).

Certain interviewees (including British public officials, a representative from the Confederation of the German Trade Unions and certain EURES advisors) considered that the duration of the period needs to be clearly defined (be it three months, six months or other duration –they held different views-). A time-span (as is the case, with a span between three and six months) can easily lead, in their view, to a misinterpretation by the citizens, and is ineffective in practice.

The interplay between the current coordination rules and national rules can also create conflicts in practice. This was the case in Germany, where it was reported that it is not possible for recipients of Hartz IV benefits (Arbeitslosengeld 2) to export their unemployment benefits; it is only possible to export the “true” unemployment benefits (Arbeitslosengeld 1). This is, allegedly, often unclear to the citizens who seek advice (e.g. at EURES).

### ➤ **Reimbursement of unemployment benefits between Member States**

Even though they do not impact EU citizens directly, the rules on reimbursement between Member States also add to overall complexity of the system and represent a source of administrative burden for Member States. Several claims were raised during the interviews with public officials pertaining the inefficiency and burdensome character of the reimbursement mechanism (they are described more in detail below).

Depending on the conditions, the Member State of last activity might have to reimburse the Member State of residence the benefits provided during the first three or five months to a frontier or cross-border worker.

The reimbursement provisions are a novelty of Regulation (EC) No 883/2004, as they were not included in Regulation (EEC) No 1408/71.

### ➤ **Communication between institutions of Member States**

Communication between institutions of Member States is clearly perceived as an area with substantial margin for improvement. Under the current coordination rules, problems of ineffectiveness and derived burden are reported by a significant number of public authorities. They are also noticed by other stakeholders.

As previously reported, the results of both Deloitte’s online survey and the public consultation carried out by the Commission reveal shortcomings in the communication between institutions of

Member States. In Deloitte's survey, 47% of the public authorities saw a problem in the ineffective and burdensome communication. Only 10.6% of the respondents considered that the communication is fast, efficient and effective; over twice as many respondents, in contrast, indicated that cross-border communication is slow, burdensome and/or ineffective.

In the EC public consultation, 38% of national administrations, 24% of social partners and trade unions and 33% of civil society and non-governmental organisations ranked the slow and/or ineffective communication between Member States as one of the three main problems of application of EU law in this area. It was the second most-frequently selected by the respondents who replied on behalf of organisations.

The complexity of the current system is reflected in the use of different types of documents for exchanging similar information. As an example, according to representatives from the Polish government:

*"There are too many documents that are used to confirm basically the same information (e.g. U002/U017/E301). Other countries use other forms such as PD U, PD S, PD F, etc. This may result in confusion among migrant workers and may lead to the loss or reduction of their entitlement to unemployment benefits. The documents need to be clear and be used universally across the EU."*

### *5.3.1 Unawareness of rights of mobile workers among workers and public authorities*

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As has been discussed above, the complexity of the rules generates problems both for mobile workers and for public authorities to know with certainty the rights mobile workers are entitled to under EU law. The results of both Deloitte's survey and the EC public consultation, as well as the interviews conducted at national level point towards a relatively low level of awareness of rights. While workers would actively look for information upon becoming unemployed, the complexity of the rules and the uncertainty that surrounds the interpretation and application of certain ones would persist as obstacles for a high level of awareness of rights.

### *5.3.2 EU rules not sufficiently taking into account changing job market conditions & Risk mobile workers enjoy less favourable conditions for reintegration into the labour market*

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The coordination rules try to ensure that migrant workers receive unemployment benefits in the conditions most favourable to the search for new employment. Under the current coordination rules, cross-border workers other than frontier workers can choose to register and apply for unemployment benefits in their country of residence or in their country of last activity. The onus is on them, then, to ponder the pros and cons of both systems and opt for the one they consider more beneficial given their circumstances. Wholly unemployed frontier workers, meanwhile, must register and claim unemployment benefits in their country of residence. As a supplementary step, they might also register as job seekers in the employment service of their country of last activity. However, if they do so, the compliance with the job-seeking obligations of the country of residence takes priority over the requirements of the country of last activity. As such, the rule mandating frontier workers to claim unemployment benefits in their country of residence is based on the assumption that they enjoy the most favourable conditions for seeking employment in their country of residence. Due to changing job market conditions, such assumption is nowadays questionable.

In interviews carried out for this project, particularly with public officials, as well as in our online survey, several interviewees and respondents manifested the view that unemployed frontier workers might not enjoy the most favourable conditions for seeking employment in their country of residence. Instead, they could have better chances of finding a job in their country of last activity. The qualification conditions that apply, the value attached by employers to experience in a particular market, and the importance of professional networks are some of the factors that might turn the country of last activity into a more attractive option for frontier workers. In this sense, a British public official argued that *"as research shows, many of the opportunities to find a job are due to formal networks, not informal ones"*. He argued that formal networks would be stronger for the frontier worker in his/her country of last employment, while informal networks would be stronger in his/her country of residence.

However, it was also noted during the interviews that it is not possible to generalise. Each case is different. The most relevant factors to determine the chances of finding a job are the educational background, qualifications and experience of the job seeker as well and the conditions of the job market in the area concerned. Demand for specific skills and the economic conditions of a specific area are paramount (as evidenced particularly in times of economic crisis, where unemployment rates vary strikingly across countries and regions). Therefore, it is difficult to determine, on a general basis, whether frontier workers enjoy a better chance of finding a job in their country of residence or in

their country of last activity. At any rate, precisely because of the importance of individual circumstances and the swings in the economic prospects of each region over time, the assumption that unemployed frontier workers enjoy better conditions for seeking employment in their country of residence does not seem to hold.

The Court of Justice did indeed identify an exceptional application of the rule for other cross-border workers to unemployed frontier workers, who have better prospects of finding another job in the State of last activity and could therefore apply for unemployment benefits there (Case C-1/85 *Miethe*).

While the Court has recently stated that the provisions of the new Regulation (the *Miethe* case concerned the previous coordination regulation, dating from 1971) are not to be interpreted in the light of its earlier case-law<sup>126</sup>, it does not deny the existence of a certain type of frontier workers who, having maintained particularly close personal and business links with the country where they were last employed, have better chances of reintegrating into working life in that Member State.

Therefore, while not denying frontier workers the chance of receiving support from a public employment service to find a job, it appears that the current coordination rules do not necessarily reflect the current job market conditions for unemployed frontier workers.

It should be noted, however, that some opinions in favour of making the country of residence responsible for the provision of unemployment benefits to frontier workers were also voiced. They were partially based on the belief that the country of residence offers the best chance for frontier workers to find a job. This was the case in Germany. According to the German Employment Services, unemployed workers receive an optimal support to find employment when they are supported by the employment services in the country of residence; in such cases, there are no disadvantages for the jobseeker resulting from the participation in reintegration services, such as travel costs, uncertainty about training courses, advanced vocational training, etc. In addition, the German Federal Ministry of Labour and Social Affairs argued that when receiving unemployment benefits from his/her country of residence, the unemployed person receives benefits which are in line with the person's direct environment (e.g. cost of living and wage level) and is offered equal treatment compared to "national" unemployed persons. This system also guarantees, in their opinion, an undivided competence that ensures a proper functioning of the chain of reintegration –granting of services and control.

The previously discussed (increasingly) blurry distinction between certain frontier workers and some other cross-border workers, as well as the differences between different types of frontier workers (some of them maintain particularly strong links with the country of last activity, which creates effective differences between them and other frontier workers who remain more attached to their country of residence), also reflect changes in the job market not fully accounted for by the current coordination rules.

In addition, public authorities interviewed in Slovakia pointed out that the current coordination regulation is focused on the problems of the "old" EU Member States. Regulation (EC) No 883/2004

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<sup>126</sup> See Case C-443/11 *Jeltes*. Following the Court's ruling, the grant of unemployment benefits by the Member State of residence applies even in relation to wholly unemployed frontier workers who have maintained particularly close links with the State of their last employment.

was enacted on 29<sup>th</sup> April 2004, two days before ten new Member States officially joined the European Union (1<sup>st</sup> May 2004). These interviewees argued that the “old” Member States generally had (and have) higher living standards than the new entrants, while their social security systems also vary. These differences affect the actual results of the implementation of the coordination rules. One interviewee, for instance, pointed out that “the motivation for a Slovak worker to go abroad largely differs from the one from old EU Member States”.

### *5.3.3 Unbalances distribution of financial burden*

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#### **➤ *Member State of residence bearing costs of unemployment benefits and other social security benefits without receiving contributions and with only limited coverage by reimbursement mechanism***

The impact of the current coordination rules on the fair sharing of financial burden among Member States is different with regard to frontier workers and to other types of cross-border workers.

The Member State of residence must bear the costs of the unemployment benefits of frontier workers, even though it has not received any contribution from them. Furthermore, it also has to bear other social protection costs related to the unemployed worker and his family.

The unfair character of the rules for the Member State of residence, in terms of distribution of costs between Member States (considering the link between the reception of contributions from workers and the expenditure in unemployment benefits), was agreed by the vast majority of the public authorities interviewed.

In general terms, it was agreed that to provide for a fair sharing of burden, the country receiving contributions should be in charge of paying out the unemployment benefits. In other words, there should be a link between contributions and payments.

Cross-border workers other than frontier workers can choose to claim their unemployment benefits in their country of residence or in their country of last activity. For those who choose the country of residence, the same reasoning just explained for wholly unemployed frontier workers applies. For those who choose their country of last activity, the Member State that received contributions from the worker bears the costs of the unemployment benefits.

In the online survey conducted among public authorities, these considered clearly the best option, from the point of view of a fair sharing of the financial burden between Member States, that the country where the person last worked and paid social security contributions (even if he/she lived in another Member State) should provide the unemployment benefits (it received a score of 3.19 in a scale of 1 to 4). By comparison, the options stating that the benefits should be provided by the Member State in which the person last lived (even if he/she last worked and paid social security contributions in another Member State), and that the unemployed person should be allowed to choose to claim the benefit either in the Member State of last employment or in the Member State of residence, were both similarly scored (2.29 and 2.28, respectively) and clearly below the option making responsible the country of last activity (see Annex 10.9).

As mentioned previously, a reimbursement mechanism exists. According to it, the Member State of last activity must reimburse the benefits provided to wholly unemployed frontier workers during the

first three or five months (depending on the periods of employment or self-employment completed by the worker) to the country of residence. As long as the unemployment spell of the concerned worker lasts for longer than the period of reimbursement, the current coordination rules impose an unfair burden on the Member State of residence. In this situation, the Member State of residence has not received contributions from the unemployed worker, yet it has to cover his/her unemployment benefits and possibly also bear other social protection costs. Numerous public officials with direct experience in the matter interviewed considered that the coverage of the reimbursement is not sufficient to compensate the expenditure in unemployment benefits (let alone other social security expenses) given the average duration of unemployment spells. Among those, the following quote was received from Portuguese civil servant:

*“The reimbursement of 3-5 months by the competent Member State is considered as peanuts compared to the costs that we face in paying out unemployment benefits to Portuguese seasonal workers who have worked abroad. That is why we are so much in favour of a system where they would claim their unemployment benefit in the country of last employment”* (Portugal has a significant amount of seasonal workers who work abroad during a certain period of time while retaining their habitual residence in Portugal. When they come back and become unemployed, Portugal has to pay the unemployment benefit of these people).

However, the duration of the reimbursement period was considered sufficient to provide for a fair distribution of the costs by the public authorities interviewed in some Member States, including notably Luxembourg and the United Kingdom. Public officials in the United Kingdom argued that around 50% of unemployed workers there found a job within 13 weeks of becoming unemployed, and the remaining ones do it before six months. Therefore, the coverage of the reimbursement mechanism seemed appropriate to them.

#### ➤ **Other problems of unfair sharing of financial burden**

Other aspects of the current coordination also stood out as factors causing an unfair distribution of financial burden. These can generate an uneven distribution of the burden in one direction or the other, that is, unfair for the country of last activity or unfair for the country of residence. These include:

- The lack of a minimum period of employment required for the determination of the competent Member State: the current coordination rules do not fix any minimum amount of time of employment to determine the Member State of last activity. Thus, periods of employment of barely a few days or two or three weeks are enough to consider a country as the country of last activity; as such, the country in question will be responsible for the provision or reimbursement of unemployment benefits. Cases of this kind were reported during the interviews (inter alia, by public authorities in Austria, Belgium, France, Germany, Luxembourg and Spain). This can generate an unfair burden on the concerned countries (for instance, a country might have to reimburse up to three months of unemployment benefits for a worker that has only worked in the country for a few days).
- The exclusiveness of the last salary for the determination of the benefits the unemployed worker is entitled to: currently the last salary of the migrant workers is used to calculate the benefits he/she is entitled to (following art.62 Regulation (EC)

No 883/2004). It is possible that such last salary has been perceived only for a very short period of time (see previous point). Salary conditions might also vary abruptly between the country of residence and the country of last activity (and hence possibly between the unemployed person's two latest remunerated activities). In these cases, the last salary might not be a good indicator to use as a basis for the calculation of the benefits, in the sense that it might lead to benefits disproportionate to the contributions paid by the worker over a representative period of time. The worker might end up in a winning or losing situation, and situations of unfair sharing of the burden (via reimbursements) might arise. It was alleged by numerous public officials that previous sources of income, over a more extended period of time, should be considered for the calculation of unemployment benefits.

**Examples of the first of these problems gathered during the interview include:**

*"A lot of people exporting their unemployment benefit quickly find an interim job in the Netherlands. Then they become unemployed after a while which makes them entitled to Dutch unemployment benefits, if they live in the Netherlands"*

*"A Polish person with a U2 document moves to Belgium. If he finds an interim job for a month in Belgium, he can be entitled to a Belgian unemployment benefit if his periods of employment are aggregated. This is social tourism."*

As evidenced by the second example, concerns about the lack of a minimum period required to determine the country of last activity (and hence potentially competent for providing unemployment benefits) are linked to concerns about a certain misuse or abuse of rights.

TrESS discussed the aforementioned problems and expanded briefly on them when dealing with the problems brought about by the adoption of the system of reimbursement of between Member States. These problems relate directly to the distribution of the financial burden between Member States. The following problems were listed in the Think Tank Report 2012:

- The State of last employment or last activity may be obliged to reimburse some amounts although the person concerned would not have been entitled to benefits under its legislation. The application of a foreign legislation is binding, which may in principle collide with the apparent neutrality of coordination provisions.
- The State of residence ameliorates its situation with respect to the provisions of Article 71 of Regulation 1408/71, but in many cases the reimbursements do not fully cover (three to five months) the cost of the unemployment or other benefits awarded.
- The amounts reimbursed may not be proportional to the periods completed in the Member State of last employment or last activity. No minimal period of insurance is required for the start of the obligation; an insurance period of only one day may suffice.
- The State of residence is obliged to be in a position of creditor and needs to require the correspondent reimbursement from the debtor.
- The maximum amount provided in paragraph 6 of Article 65 can be a theoretical amount, taking into account that the real amount payable by the State of last employment or last activity could amount to zero. Member States frequently disagree on this maximum amount.
- The administrative procedure is very complicated and burdensome. Delays of reimbursement are common and frequent. For the State of residence, there always is



the uncertainty whether and when it will receive the reimbursement. This objection weighs most heavily against the reimbursement approach.

In addition, trESS reported persistent problems regarding the joint interpretation of the reimbursements, as some Member States declared they may not follow Decision U4 of the Administrative Commission (the decision constituted nevertheless a positive step towards a joint interpretation of the reimbursement rules). Practice also shows, according to trESS assessment, that there is uncertainty as to how to handle claims for reimbursement, and institutions seem in general to lack the experience to properly assess reimbursement claims.

As additional information beyond the pure problems identified in this regard, the following table summarises the opinions of the participants in the EC public consultation and Deloitte's online survey regarding the question of which Member State should provide the unemployment benefits (which is intimately linked to the sharing of the financial burden between Member States):

#### National public authorities

According to the EC public consultation findings, a large majority of the respondents is in favour changing the rules. Only 11% of national public authorities think that the unemployment benefits should be provided by the Member State where the person has lived (as is currently the case for wholly unemployed frontier workers), even if he/she last worked and paid social security contributions in another Member State (third preferred option of national public authorities after the right of choice option -47%- and the country of last activity option -38%).

This percentage significantly differs from the 26% derived from the Deloitte survey findings (the country of last activity option was also the third preferred). Analysing the replies to the Deloitte survey country-by-country, maintaining the status quo is the preferred option of respondents from national public authorities in nine countries (AT, BE, DK, DE, IE, LU, ES, SE, CH), compared to the ones from 11 Member States in favour of making the country of last activity responsible for providing the unemployment benefit.

#### Trade unions and social partners:

88% of the trade unions and social partners who have responded to the public consultation preferred breaking the status quo. Keeping the current rules was the least preferred option amongst this group.

#### Civil society/NGOs

78% of civil society organisations and NGOs that responded to the public consultation preferred a change of the current coordination rules. The current rules were the second preferred option after the granting the right of choice for frontier workers).

#### Individuals:

93% of individual respondents to the public consultation preferred to change the current rules.

#### 5.3.4 *Migrant workers receiving low returns on their contributions*

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Wholly unemployed frontier workers must currently claim unemployment benefits in their Member State of residence. However, these workers paid contributions to Social Security, covering the contingency of unemployment (or contributed otherwise, such as via taxes paid to the Treasury, to the financing of such benefits), in their country of activity. Therefore, frontier workers receive unemployment benefits based on a different system than that to which they contributed. This leads to situations in which certain wholly unemployed frontier workers may lose out on benefits, and receive unemployment benefits below what their contribution should have enabled them to. In other words, they do not receive benefits proportional to their contribution.<sup>127</sup>

This existence of this problem was manifest, according to the public authorities interviewed. Some cases of glaring disproportion were reported during the country visits.<sup>128</sup>

As trESS pointed out in the Think Tank Report 2012, problems might also arise when there is a switch in the applicable legislation. Once a person is qualified as a wholly unemployed frontier worker or a non-frontier worker who continues to habitually reside in the State of residence, the State of residence will be, in virtue of Art.65, the competent State for the provision of social security benefits. The State of residence becomes then responsible for the payment not only of unemployment benefits, but also of sickness and family benefits. This change of system might give rise to disputes, especially when applying the legislation of the State of last employment would have resulted in a more favourable outcome for the person concerned and/or his family members.

Cross-border workers other than frontier workers, on their side, have the right to choose to claim unemployment benefits either in their country of last activity or in their country of residence. Hence, barring any major problems in terms of information about their rights in each country, they are able to compare the total benefits they are entitled to in each country and therefore avoid problems of lack of return on their contributions. However, as explained earlier when commenting on the complexity of the current coordination rules, there are widely perceived issues among EU mobile workers regarding a lack of awareness of their benefits. This was noted by public administrations as one of the main problems related to the application of EU law in the only survey conducted by Deloitte, as well as in the EC public consultation. Other stakeholders also declared to have noticed this problem, while the majority of individual respondents (general public) declared not to know (27.4%) or only have a vague idea (29%) about their rights under EU law. While the interviews carried out with public officials directly involved in the matter during country visits (clearly in France and Romania) confirmed that, upon becoming unemployed, mobile workers become much more aware about their rights, it appears that they would still face challenges to know with the certainty their entitlements. Thus, Deloitte's survey and the EC public consultation showed that there appear to be problems concerning the level of awareness of the coordination rules among public authorities, causing them on occasion to provide migrant workers with incorrect and/or insufficient information. In these cases, cross-border workers other than frontier workers could also end up

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<sup>127</sup> The situation can also be the reverse. Frontier workers might enjoy comparatively high benefits, over what their contribution should enable them to earn. However, in this case the rules would not present problems in terms of lack of return on contributions or loss of rights to benefits.

<sup>128</sup> As an example, the Austrian authorities interviewed put the example of a Hungarian frontier worker, resident in Hungary and having worked for 30 years in Austria with an average monthly salary of € 2 000, who becomes wholly unemployed. This person, upon becoming unemployed, receives unemployment benefits of around €110 per month during three months; had he lived in Austria, he would get approximately €1 100 for a period of minimum nine months.

missing a return on their contributions if failing to identify the Member State that would provide them with the higher unemployment benefits and/or the highest chances of reintegration in the labour market.

Using the “impact on social protection” as a proxy for return on contributions, the public authorities participating in Deloitte’s survey ranked the right of choice as the best option (a score of 2.79 in a scale of 1 to 4), followed by the “country of last activity” (2.67). The “country of residence” option (currently applied to wholly unemployed frontier workers) received a lesser score than both of them (2.53). These results are consistent with the arguments presented.

Additionally, issues with the aggregation of periods could also lead to the loss of entitlements. In these cases, workers would also receive unemployment benefits which are not commensurate with the contributions paid. No glaring issues of this kind were identified in the interviews carried out with public administrations.

### *5.3.5 Risk of loss of rights to benefits*

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The aforementioned informational challenges for EU citizens and administrations can result in a loss of benefits for mobile workers. The complexity of the coordination rules creates challenges for workers to know their rights, which can result in migrant workers being unprotected (being left without any unemployment benefits) because they requested unemployment benefits in the wrong Member State. As staff working in national administrations also face challenges in obtaining an in-depth knowledge about the migrant workers’ rights, they are not always able to advise workers so as to avoid situations of losses of benefits.

TrESS points directly at the complexity of the legal framework as a potential source of problems, and in particular to the fact that the applicable legislation for the granting of unemployment benefits varies depending on whether the person concerned is wholly or partially unemployed. Regulation 883/2004 does not define these concepts, and while decision U3 of the Administrative Commission provides criteria to determine whether a person is to be regarded as a partially or wholly unemployed person, the interpretation of the criteria can still create problems. The unemployed person might see his/her application rejected because of the different interpretation of the facts and criteria that apply.

Changes in the applicable legislation, discussed previously, can also lead to a comparative loss of benefits.

However, this loss of rights was not considered a major issue by the stakeholders interviewed. While the relative lack of knowledge about their rights was confirmed during the interviews, and the challenges for the public authorities themselves were echoed, the general perception of the public authorities was that the system was not failing to protect the workers. No cases where a total loss of rights had occurred due to informational barriers and lack of transparency of the system, were reported by any interviewed representatives of national administrations.

9.8% of the public institutions participating in our online survey considered as one of the three main problems of application of EU law in the area is that “EU rules do not provide for the effective protection of social rights of migrant workers”. These included the following claim from an Austrian civil servant: “Many migrant workers are unaware which institution could support them. As the

*regulation is quite unspecific (for example, how long do you need to work in a foreign country to be entitled to unemployment benefits), each country adds its own rules which makes it difficult for jobseekers. If a cross-border worker loses his job and moves from country A to country B: Country A is not responsible because he does not live there anymore, and country B is not because he did not work there before... A German public official, meanwhile, stated that "Not all national authorities inform the migrant workers sufficiently ... Migrant workers from abroad ( Eastern European Countries) are not sufficiently informed about their rights - social insurances, employees entitlements, contracts etc. A lot of guest workers are not well informed about minimum wages or collective labour agreements and usually earn less than a domestic worker."*

Two representatives of national administrations (out of 55) and one representative from the social partners (out of 17) participating in the EC public consultation considered that "EU rules do not provide for an effective protection of social rights of migrant workers" as an important problem.

The divergent Member States' interpretations of Article 61 of Regulation 883/2004 also can lead occasion to the loss of benefits by unemployed workers. A survey launched in the Administrative Commission showed that divergent interpretations of art.61 lead some Member States to an application of the rules that does not conform to EU law. These issues, confirmed in the European Report 2011 of the trESS network, can have a negative effect on the rights of migrant worker –who may not qualify for unemployment benefits as a result-.

Other issues in terms of incorrect application of the coordination rules can also lead to loss of rights to benefits. 29% of national administrations participating in the Deloitte online survey and 22% of those participating in the EC public consultation considered that, while they do not need to be changed, the coordination rules should be better applied in practice.

The following issues were reported in Poland: According to the Ministry of Labour and Social Policy, certain institutions of Member States of last activity refuse to grant unemployment benefits (and consequently to export those benefits) to cross-border workers other than frontier workers only because they are not residents of that Member State (this in breach of Art. 65(5) (b) in connection with Art. 65(2) third sentence of Regulation 883/2004). Certain institutions do not fulfil their obligations as stipulated in Art. 12(1) in connection with Art. 54(1) of Regulation 987/2009 and make the persons concerned acquire their insurance records (on PD U1) from other Member States on their own. In addition, certain institutions do not fulfil their obligations as stipulated by Art. 54(3) of Regulation (EC) No. 987/209 and make the persons concerned acquire certificated of their family situation (on the outdated forms E302) form Member States on their own. This applies especially to the UK.

The shortcomings of communication between the institutions of Member States can also cause a certain loss of rights to workers by unnecessarily depriving them temporarily of their rights. Only 10.6% of public authorities participating in Deloitte's online survey considered that cross-border communication with other Member States is fast efficient, and effective. In contrast, in the opinion of 25.5% of the respondents the cross-border communication is slow, burdensome and/or ineffective. For the remaining 63.8%, it generally works well, but there are specific problems with certain Member States. During the country interviews, such bilateral issues between different countries were confirmed. The slow or ineffective communication can affect the unemployed people insofar as it can lead to delays in the processing of documents. Since the payment of unemployment

benefits depends upon the completion of the administrative procedures, unemployed workers are directly affected by issues in cross-border communication between institutions. These issues were mentioned by several Member States representatives (for instance in Denmark, the Netherlands and France).

In Belgium, it was reported that the issue of the U1 document by the competent Member State can take six to eight weeks; in the meantime, the unemployment benefit cannot be paid to the unemployed person. In addition, it was stated that not all the necessary documents are provided by the institution or the unemployed person when they are requested (e.g., C4 form, pay slip) and that there are enormous differences across countries in the number of asked “verification documents” (e.g., contracts, pay slips, information about the unemployed person or information about the last employer) when the Belgian unemployment office request a U1 document. Certain countries (notably France) would request a large amount of documents.

Long delays in the exchange of documents were also reported in France.

In Romania, problems were noted in certain cases, notably concerning the missing feedback from requests made to other Member States. Due to this, it was reported that a case can be solved in a timespan ranging from one month and a half to an undetermined duration. In addition, according to the public officials’ interviews, approximately 30% of the forms requested to other Member States were not received or were received with delays, after following up on the initial request.

Another claim related to the loss of rights to benefits was made in the Netherlands: *“The current rules are pretty difficult to apply if a frontier worker is made redundant by a company within the framework of a collective redundancy. In this case, he could benefit from social plan arrangements concluded between the company and trade unions. Many social plans provide topping-up mechanisms where the company supplements the unemployment benefit of his former employee. Supplements are calculated on the basis of the unemployment benefit system of the competent Member State. For frontier workers, who have to claim their unemployment benefit in the country of residence, this kind of topping-up mechanisms could generate unforeseen situations (in their benefit or in their disadvantage)”*.

### *5.3.6 Barriers to job-seeking abroad*

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Member States’ practices regarding the extension of the period of export of unemployment benefits (from three to six months) vary significantly. As reported in the trESS network Think Tank Report 2012, on the Coordination of Unemployment benefits, some countries have developed their own criteria to assess the convenience of granting the extension, while others assess each individual case on the basis of the reasons mentioned in the request. In some Member States, granting the extension is exceptional; while others do not apply the extension at all (such is the case in Sweden, the Netherlands and the United Kingdom) (cf. p.121 and Table 39).

In those cases when the extension is never granted, or only granted on an exceptional basis, the practices of the competent Member States equates to a lack of facilitation of job-seeking abroad (and hence of labour mobility across the EU).

No set of objective, homogeneous criteria to decide on the granting of the extension across Member States exist. This creates comparative disadvantages between workers in different countries. Those

who see their petition of extension directly rejected, without an assessment of the circumstances of their case, are denied of a chance to facilitate their job seeking abroad.

The workers who are denied the extension of the export do maintain the right to receive unemployment benefits for the remainder of their period of entitlement upon condition of their return to the competent Member State. While maintaining the protection of the workers, this presents an effective obstacle to job-seeking abroad.

According to their replies to the Deloitte online survey, public authorities correlated the duration of the period of export with the impact on labour mobility (the current rules received a score of 2.47 in a scale of 1 to 4, while the option of raising the minimum period of export to six months received a score of 2.54 and the option of making the export possible until the end of the person's entitlement received a 2.72 score). In other words, the longer the possibility to export unemployment benefits, the longer the impact on labour mobility. Therefore, if the duration of the export of benefits is limited due to the different national practices, labour mobility is curtailed.

trESS also reported additional problems of a more practical nature that can hamper job-seeking abroad. These include delays due to the difficulty of finding the required information in time, and also the insistence of many institutions on receiving a confirmation of the jobseeker's registration with the employment services in another MS. This is relevant because the benefits will only be paid after this confirmation. Jobseekers may also encounter difficulties to register with the employment services in another MS, as experience shows. There are also differences with regard to the monthly follow-up information, and there is no uniform approach concerning the use of the PD U2 and the SED S009. Some institutions still use E- forms without any reference to the new Regulations.

As additional information, the opinions of stakeholders participating in the EC public consultation and Deloitte's online survey about the rules on the export of unemployment benefits are summarized as follows:

#### National public authorities

According to the EC public consultation's findings, 63% of national public authorities are in favour of extending the period of export to six months or even longer. Extending the period of export until the end of a person's entitlement to unemployment benefits is slightly more preferred by national public authorities than extending the period of export to 6 months. This percentage of support is in line with what was found in the Deloitte survey.

Analysing the replies to the Deloitte survey country-by-country, extending the period of export until the end of a person's entitlement is the most preferred option by respondents from nine Member States (HU, IT, LV, MT, PL, RO, SK, SI, ES, UK). Representatives from these countries generally see a low risk of abuse and positive effects in terms of labour market mobility and labour market reintegration. Maintaining the status quo is the preferred option by respondents from national public authorities in 11 countries (AT, BE, CY, DK, EE, FI, FR, DE, LI, LU, NL and CH<sup>129</sup>).

#### Trade unions and social partners:

<sup>129</sup> It should be noted that the survey includes personal opinions of national administrations' representatives. These can by no means be considered as the official position of a Member State.

Only 22% of respondents to the public consultation will like to change the current export rules, whereas 78% of the respondents to the public consultation are in favour of keeping the current rules on export of unemployment benefits (preferred option).

#### Civil society/NGOs

78% of respondents in this group are in favour of changing the current rules on the export of unemployment benefits. Prolonging the period of the export to the end of a person's entitlement to unemployment benefit is the preferred option of NGOs/civil society (56%).

#### Individuals:

76% of individual respondents would like to change the current rules on the export of unemployment benefits. 59% of individual respondents would like to see an extension of the period of export until a person's entitlement to unemployment benefits.

### *5.3.7 Uneven application of current coordination rules by Member States*

Public authorities pointed out problems of application of the current coordination rules consistently via the different data gathering activities conducted for the study. 72.5% of the participating institutions selected in the Deloitte online survey "EU law is not uniformly understood and applied by Member States" as one of the three main problems regarding the coordination of unemployment benefits, making it the most-frequently noted problem. On top of the 44.4% of public authorities considering, for various reasons, that the coordination rules need to be changed, 19.4% of the respondents thought that, while the rules do not need to be changed, they should be better applied in practice. Thus, per countries, *whilst considering that the coordination rules do not need to be changed, representatives of public authorities from the Czech Republic, Denmark, Estonia, Malta, Portugal and Spain pointed out in the online survey that the rules should be better applied in practice. Meanwhile, authorities from Austria, Latvia, Lithuania, Slovakia and Switzerland stated that, whilst they do not need to be changed, the rules should be better explained.*

Results were similar in the EC public consultation. "National institutions/administrations do not apply EU law correctly" was the fourth most-frequently selected problem. 19% of the total amount of respondents from national administrations participating considered this as an important problem (in contrast, it was only selected by one social partner and one civil society organisation). On top of the 27% of respondents from national administrations (and 35% of social partners and trade unions, as well as 66% of civil society and non-governmental organisations) that considered that the rules should be changed, 20% of respondents from national administrations considered that, although they did not need to be changed, the coordination rules should be better applied in practice (this option was again only selected by one social partner and one civil society organisation).

Considering specific rules where an uneven application has been noticed, the rules of the aggregation of periods (art.61 Regulation (EC) No 883/2004) are a clear example.

A survey launched in the Administrative Commission in 2011 showed the widely divergent interpretations of art.61 by Member States, some of which were not in accordance with EU law.

These issues were confirmed in the European Report 2011 of the trESS network, and were also confirmed during the interviews conducted with involved public officials for this study.

Two aspects are particularly problematic. First, the consideration of periods of employment or self-employment, when the national legislation of the competent Member State makes the entitlement to benefits conditional on the completion of periods of insurance, and the periods of employment or self-employment are not regarded as periods conferring entitlement to unemployment benefits, is controversial. Second, the consideration of periods with regards to voluntary schemes.

Concerning the first problem, some institutions hold the view that they should not be obliged, by virtue of art.61, to take into account periods which would not qualify to generate entitlement to benefits under the legislation of the State under which these periods were completed (but would have been considered as a period of insurance under the national legislation of the competent Member State). Concerning the second problem, a similar problem arises. Only the national legislation of the competent Member State is considered (therefore, if the period of employment or self-employment completed abroad would have been considered as a period of insurance if it had been completed in the competent country, then it will be considered as such and will qualify for benefit entitlement); this even in cases where the unemployed worker did not insure himself voluntarily. In these cases, as with the first problem, some Member States consider that such period should not generate the right to unemployment benefits (and hence should not be aggregated) since it would have not done so in the country where it was completed.

An example of this type was brought up in Denmark: *“If Germans work in Denmark and if they chose not to become member of the unemployment fund, Germany needs to take into account the periods these people who have worked in Denmark but these people never contributed to the system. It should be clear that when people move to other MS, they should not have rights for which they have not contributed anything. Also Czech republic complained about it”*.

Another similar example was gathered in the Netherlands: *“Aggregation of period of insurance/employment problems with Germany and United Kingdom. Germany did not want to accept the period of employment of people in the Netherlands, as under German legislation this would not have led to entitlement to unemployment benefit. However, the problems are solved now with Germany. With the UK, there problem still persists”*.

The uneven application of art.64 concerning the extension of the period of export of unemployment benefits has also been documented, as discussed above.

Different national practices concerning cross-border communication between institutions of Member States were discussed during the country interviews with the public authorities. This concerns in the first place the use of different portable documents. As clearly pointed out by the Polish authorities, this includes the use of different documents that are used to confirm essentially the same information (e.g. U002/U017/E301). Member States use different documents (e.g., E- and U- documents for coordination unemployment benefits), paper-based or in electronic form, and exchange them differently (by postal mail or electronically). Secondly, it concerns the practices regarding the requests for specific information to fill out portable documents. During interviews, representatives in most Member States commented on how some countries require much more information than others do (for example France), which effectively delays procedures. Thirdly, as



brought up mainly by public officials from Spain and the United Kingdom, there are different practices with regard to the claims for reimbursement. According to them, certain countries were much more prone to ask for the reimbursement of unemployment benefits than others, particularly with regard to relatively unclear cases. In this sense, certain public officials felt a certain lack of “institutional loyalty”, whereby treatment and relations with other countries would not be reciprocal.

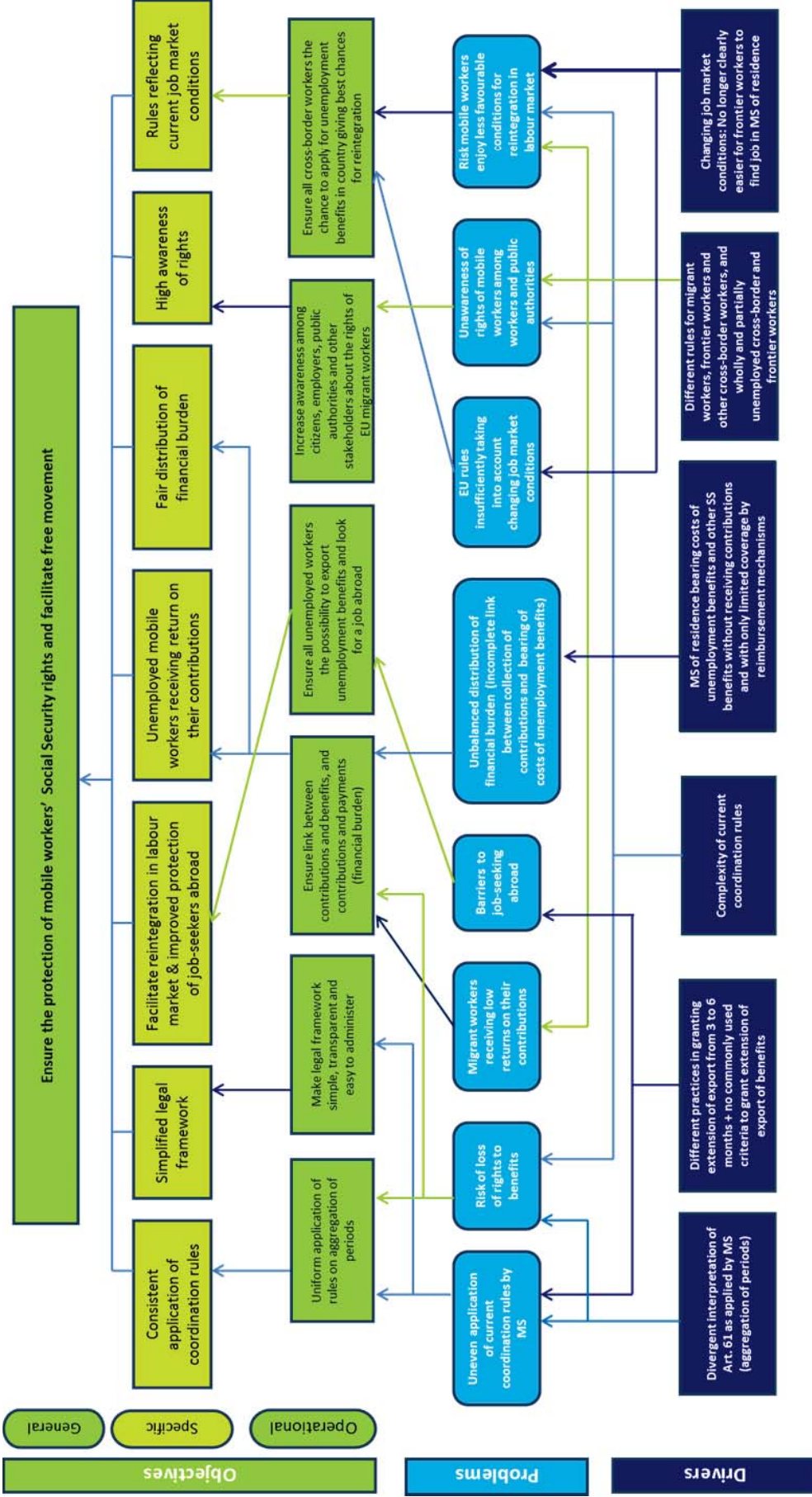
TrESS identified similar “practical problems” concerning the application of Article 61. As presented in the Think Tank Report 2012, sometimes wrong SEDs are used. In other occasions, the SEDs contain incorrect information or do not contain information on the nature of the employment, or the recipient cannot be identified. Even if the correct forms are used, the different approaches of Member States can lead to confusion as to the periods to be filled in on the PD U1 and the SEDs. Thus, while some institutions fill in all periods, others only include periods that qualify for benefit entitlement based on the argument that, otherwise, periods that cannot lead to an unemployment benefit in the State where the periods were complete have to be taken into account by the competent State which is to pay for the benefit. Moreover, as reported by TrESS, some institutions refuse to deliver the PD U1, while in practice institutions must often wait for months for the PD U1 or the SEDs.

### *5.3.8 Coordination of unemployment benefits: problem tree*

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The following problem tree presents in a visual way the main problems presented by the current rules on the coordination of unemployment benefits. The tree is based on the information gathered via the different data collection tools and activities employed for this study. The problem tree relates the problems to their underlying drivers (which are depicted below the problems), and to the policy objectives, that are defined based on such problems (the objectives are depicted above them). The relationships between drivers and problems, and between problems and objectives, are pictures using arrows. Following the EC Impact Assessment methodology, a difference is made between general, specific and operational objectives. The relationships between the objectives at each of three levels are also presented visually by using arrows.

Figure 5 - Problem free coordination of unemployment benefits



## 6 Description of the policy objectives

A central question in this section is: *what should the EU rules for coordination of unemployment and long-term care benefits aim at?* The objectives that are set should reflect the identified problems, and should be structured according to the chain of problems (drivers). An objective tree was developed in which a hierarchy of objectives (operational, specific, and general) was defined according to a causal chain effect:

- **General** objectives: These refer generally to treaty and/or EU 2020 Strategy-based goals (and are therefore a link with the existing policy-setting).
- **Specific** objectives: Relate to the specific domain and the nature of the intervention considered. The specific objectives correspond to result indicators, and defining these is crucial, as they set out what the Commission wants to achieve with the intervention.
- **Operational** objectives: Concern deliverables or objectives of actions that the initiative is expected to achieve and are linked with the outputs of the intervention.

The objectives are to be coherent with the overall EU policy in the area, and should be SMART (Specific, Measurable, Achievable, Realistic and Time-Dependent) to the possible extent.

For both the coordination of long-term care benefits and unemployment benefits, the **general objective is to ensure the protection of mobile citizens' social security rights and to facilitate free movement**. By ensuring the rights of mobile citizens within the EU (plus Iceland, Liechtenstein, Norway and Switzerland), obstacles to free movement are removed. Actual mobility is not an objective *per se*, but creating an enabling and conducive environment for mobility is. All obstacles to free movement must be removed so that it is ensured. This general objective is in line with Articles 21, 45 and 48 of the TFEU, which constitute the basis for the coordination of social security schemes.

This general objective and the specific objectives set out are consistent with the horizontal policies of the European Union, including the Europe 2020 strategy, whose flagship initiative "An agenda for new skills and jobs" seeks inter alia to respond to the need to facilitate and promote intra-EU labour mobility. Removing the obstacles to mobility for European citizens is on the priorities of the European Commission, but it has been highlighted by it and other European institutions over the last few years that European citizens still face problems when moving across borders in the EU (see, among others, the European Year of Workers Mobility 2006, the European Parliament report on citizenship in 2009, the Monti report on the Single Market, President Barroso's political guidelines and the Commission Work Programme 2013). Labour mobility across Member States remains low, as emphasized in the 2012 Annual Growth Survey<sup>130</sup>. In line with this priority, the Commission issued a policy communication in April 2012 ("Employment package"), in which it identified the EU's biggest job potential areas and the most effective ways for Member States to create more jobs. Among other objectives, the employment package also aims to contribute to a genuine EU labour market. Boosting labour mobility as a means of boosting the EU's economic growth, alleviating social suffering among

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<sup>130</sup> COM (2011) 815, Communication from the Commission, Annual Growth Survey 2012.

EU citizens and opening opportunities for their personal and professional development were also the aims pursued by Action 1 of the EU Citizenship report 2013 "EU citizens: your rights, your future", in which the Commission announced its intention, cited above, to propose a revision of the social security coordination regulation, looking in particular into extending the export of unemployment benefits for longer than the mandatory three months, to make it easier for citizens to look for a job in another EU country.

For both topics, while it might be complicated to define SMART operational objectives, there a number of indicators that can be used as proxies to measure the progress in achieving the objectives, such as the number of Court cases, the amount of complaints raised to the Commission, the number of infringement procedures opened against Member States and the results of surveys that can be launched *ad hoc* (including surveys to EU-funded networks and services that help EU citizens to resolve their doubts and problems when dealing with public institutions and EU rules, such as EURES advisors, the SOLVIT network or Europa Direct).

The order in which the objectives are presented does not reflect any particular level of importance.

The following **objectives have been identified at the specific and operational level for the coordination of long-term care benefits**. The specific objectives are outlined, and for each of them the operational objectives corresponding to it are listed and briefly discussed. Operational objectives might relate to several specific objectives. To the extent possible, the objectives intend to express the desired future state, towards which the policy options should contribute. The links of the objectives with the identified problems the current coordination rules present are also briefly introduced.

### ➤ **Improve protection of mobile citizens**

- Ensure EU rules do not leave any migrant citizen without protection: the current coordination rules leave a gap in protection. Citizens reliant on care moving from a competent country which only grants benefits in kind to a country (new country of residence) that grants only benefits in cash can be left without any protection. The coordination rules must aim to close this gap and guarantee the protection of all Member States' citizens.
- Make legal framework simple, transparent and easy to administer: beyond the gap in protection that can arise depending on the types of benefits granted in the countries involved in the mobility of the citizens reliant on care, the protection of mobile citizens can be hampered by other reasons. These include the uneven or incorrect application of the coordination rules. Failures to correctly and consistently identify the benefits provided under each national system that should be considered as LTC and hence coordinated, can also lead to losses of benefits (e.g. Member States considering certain LTC benefits as social assistance and not applying the coordination rules). Similarly, the coordination of LTC benefits under different social security branches in different Member States can also generate issues in terms of the protection of

citizens. Public administrations can face obstacles to apply the rules given the complexity of the legal framework. For these reasons, a simpler, more transparent and easy to administer legal framework would contribute to ensuring the protection of mobile citizens in the EU.

#### ➤ **Facilitate classification of LTC benefits under EU law**

- Common understanding of LTC benefits across Member States (common definition of LTC or common criteria to determine them): there is currently no common definition of LTC at EU level, nor a common set of criteria to determine which benefits provided under each national system should be considered LTC benefits and hence coordinated. The ECJ has filled some of this gap, but problems of classification persist. Regardless of the means employed, a common understating of what LTC is a pre-requisite to make a clear classification of LTC benefits under EU law possible.
- Make legal framework simple, transparent and easy to administer: a general simplification of the legal framework and accrued transparency would contribute to facilitate the classification of LTC benefits under EU law. No specific coordination rules exist for LTC, which must in turn be coordinated as sickness benefits. This results in a series of mismatches given the different characteristics of both types of benefits. In this particular case, the operational and specific objective could be seen as the two sides of the same coin. A simpler, more transparent and easier to administer legal framework would facilitate the classification of LTC benefits under EU law. At the same time, however, facilitating such classification would be in itself a major step towards simplifying the legal framework.

#### ➤ **Rules taking into account the specific characteristics of LTC benefits**

- Make legal framework simple, transparent and easy to administer: the complexity of the current coordination rules and the different problems derived from it stem in part from the lack of a specific coordination regime for LTC and the application instead of the rules for the coordination of sickness benefits. LTC benefits present however distinct characteristics. The application of the rules from the sickness hence fail to account for the specific characteristics of LTC benefits, giving place to certain shortcomings that should be overcome.

#### ➤ **Improve legal certainty & Stable regime of coordination of LTC benefits**

- Ensure EU rules do not leave any migrant citizen without protection: creating (or modifying existing ones) provisions ensuring that no citizen is left without protection regardless of his/her circumstances would in itself contribute to increase legal certainty. Cases of lack or total lack of protection would be prevented, and hence it would be expected that less cases and proceedings would be brought before the Court of Justice, which would bring some stability to the coordination regime.

- Make legal framework simple, transparent and easy to administer: a simpler, more transparent and easy to administer legal framework would enhance legal certainty and, as direct result, make the system of coordination of LTC benefits more stable.
- Limit individual complaints and proceedings before the Court of Justice: setting limiting the complaints and proceedings before the Court of Justice as an operational objective facilitates the measurability of improvements in terms of legal certainty and stability. The current instability of the system of coordination, manifested by the amount and relevance of the ECJ's rulings in the field, leads logically to the objective of limiting the amount of cases and procedures.

### ➤ **High awareness of migrant citizen's LTC rights**

- Make legal framework simple, transparent and easy to administer: as evidenced by the interviews conducted during the project, the results of the EC public consultation and Deloitte's online survey, and as also pointed out by trESS, the complexity and intricacies of the legal framework for the coordination of LTC benefits make it difficult for migrant citizens and public authorities to know with certainty the entitlements of migrant citizens to LTC rights. A simpler, clearer framework would make it easier to gain knowledge about LTC rights.
- Improve information regarding LTC in cross-border situations among citizens and public authorities: beyond the difficulties brought about by the complexity of the rules, a way to raise the awareness about the LTC rights of migrant citizens is directly tackling information and communication activities. While not all aspects of the coordination might be entirely clear even for those actively looking for information about it, the knowledge of the average citizens about LTC rights in case of mobility within the EU could be increased.

### ➤ **Fair distribution of the financial burden between Member States**

- Ensure there are no double payments: the current diversity of benefits provided in the MS that should be considered as LTC benefits for the purposes of the coordination, the actual coordination of the benefits under different social security schemes, the consideration of LTC as social assistance by some MS (which do not apply the coordination rules), combined with the lack of a definition of LTC or common criteria at EU level, results in difficulties to apply the provisions (Art.34) to avoid the overlapping of benefits. As a result, the risk of double payments persists. To guarantee a fair distribution of the financial burden, it must be ensured that the cost of providing LTC benefits is borne by the competent MS and that no double payments are done for the same risk. This, beyond the pure distributional aspects, can also lead to higher overall costs and affect negatively the sustainability of the system.

The following objectives have been identified at the **specific and operational level for the coordination of unemployment benefits**. As has been done for long-term care, the specific objectives are outlined, and for each of them the operational objectives corresponding to it are listed and briefly discussed. Operational objectives might relate to several specific objectives. To the extent possible, the objectives intend to express the desired future state, towards which the policy options should contribute. The links of the objectives with the identified problems the current coordination rules present are also briefly introduced.

#### ➤ **Consistent application of the coordination rules**

- Uniform application of rules on the aggregation of periods: a survey launched within the Administrative Commission in 2011, the findings of the trESS Think Tank Report 2012 and the results of the interviews with public authorities conducted for this project indicate that Member States apply the rules on aggregation of periods in widely different ways. As reported in the answers to the Administrative Commission survey, some would not be in accordance with EU law. Therefore, in order to ensure a consistent application of the coordination rules, the rules on the aggregation of periods must be applied uniformly.

#### ➤ **Simplified legal framework**

- Make legal framework simple, transparent and easier to administer: as part of the general effort to render the legal framework for the coordination of unemployment benefits less complex, a simpler, more transparent and easy to administer legal framework should be achieved. These objectives reflect in reality the same purpose, only the formulation varies to provide a more operational nuance, where proxies for output indicators can be found and hence progress towards achieving the goal monitored. The currently uneven application of the coordination rules, as well as the low level of awareness of mobile unemployed workers about their rights and the information and knowledge problems faced by public authorities justify the need to simplify the legal framework.

#### ➤ **Facilitate reintegration in the labour market & improved protection of job-seekers abroad**

- Ensure all unemployed workers the possibility to export their unemployment benefits and look for a job abroad: not all unemployed workers in the EU enjoy currently the same possibilities to export their unemployment benefits and look for a job abroad. The rules about the export of periods are applied unevenly by Member States, creating differences among unemployed workers. To maximise the possibilities for reintegration in the labour market and providing a fair and similar chance to unemployed workers across the Member States, the rules must ensure to all unemployed workers the possibility to export their unemployment benefits and look for a job abroad.

#### ➤ **Unemployed mobile workers receiving return on their contributions**

- Ensure link between contributions and benefits, and contributions and payments (financial burden): under the current coordination rules, wholly unemployed frontier workers might receive a low return on their contributions due to the fact that they receive their unemployment benefits from a country (their country of residence) other than the one in which they paid contributions (their country of last activity). The lack of a required minimum period of employment (or self-employment) to determine the country of last activity might also lead certain unemployed cross-border workers to receive benefits disproportionately lower with regard to their contributions. A similar effect might arise due to the fact that the unemployment benefits are calculated based only on the salary perceived during the last activity.<sup>131</sup>

### ➤ Fair distribution of the financial burden

- Ensure link between contributions and benefits, and contributions and payments (financial burden): the country of residence must currently bear the costs of the unemployment benefits of wholly unemployed frontier workers and certain cross-border workers other than frontier workers without having received any contribution from them. Although a reimbursement mechanism exists, it has a limited coverage. It does not cover all the costs of the unemployment benefits provided by the country of residence in any case (the period to be reimbursed is limited to three or five months), and the country of residence must also bear other costs such as those of sickness and family benefits. Ensuring the link between contributions and payment is necessary to provide for a fair distribution of the financial burden between Member States.

### ➤ High awareness of rights

- Increasing awareness among citizens, employers, public authorities and other stakeholders about the rights of EU migrant workers: the results of the EC public consultation and Deloitte's online survey point to a low level of awareness about the rights of unemployed mobile workers. The interviews conducted with public authorities in 14 Member States showed that it is also complicated for public officials, and not only potential beneficiaries of the benefits, to have a thorough and reliable knowledge of the rules. This was also pointed out by trESS. The complexity of the coordination rules, including the wide variety of cases contemplated in the legislation, contribute to render difficult higher degrees of awareness. In response to such situation, increasing the awareness of rights among citizens, employers, public authorities and other stakeholders about the rights of EU migrant workers is set as an objective.

### ➤ Rules reflecting current job market conditions

- Ensure all cross-border workers the chance to apply for unemployment benefits in the country giving them the best chances for reintegration: wholly unemployed frontier workers must now register and apply for unemployment benefits in their country of residence. While they might register as jobseekers

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<sup>131</sup> It should be noted that in all the cases presented, the unemployed mobile workers could also end up in a winning situation.



in their country of last activity as a supplementary step, compliance with the requirements of the country of residence's public employment service has priority. These rules were created under the assumption that wholly unemployed frontier workers enjoy the best chance for reintegration into the labour market in their country of residence. Given the changing market conditions, this might however not always be the case anymore. Higher chances of reintegration might exist in their country of last activity.

## 7 Impact assessment of the policy options

### 7.1 Introduction

Multiple decision paths can be chosen by decision-makers to tackle effectively the existing problems and to address the challenges related to social security coordination. Decision makers could analyse all the different options, assess any combination of options, and approach the final solution step by step. Some of these options are of horizontal nature and could be taken irrespective of the way of coordination chosen; others are clearly separated paths of coordination. This makes it very complex to take a clear-cut decision.

In this chapter we present a description of each option. We would like to note that we have not examined all possible options, but a selection taking into account the work of trESS on this issue and the mandate of the Commission services for this study.

Furthermore, this chapter focuses on the assessment of the likely impacts of the policy options. All policy options have been assessed according to the same assessment criteria.

### 7.2 Impact assessment criteria

The following impact assessment criteria have been applied:

Table 38: Impact assessment criteria

<b>Coordination of long-term benefits + coordination of unemployment benefits</b>	<ul style="list-style-type: none"><li>• The impact (increase/reduction) on <b>social security coverage</b> of the insured persons who move within the EU, and the members of their families and survivors;</li><li>• The impact (increase/reduction) on <b>administrative burden</b> of each option, <b>transparency</b> and <b>complexity</b> of the rules</li><li>• Impact on <b>public budgets</b> of the Member States, Impact on <b>fair burden sharing</b> of the burden between Member States</li><li>• Impact on the risks of <b>misuse or abuse</b> of the EU rules;</li><li>• Possible impact on the EU <b>internal market</b>;</li><li>• Impact on the <b>fundamental rights of EU citizens, incl. gender equality</b></li><li>• Possible impact on the <b>EU budget</b>.</li></ul>
<b>Specific - coordination of long-term care benefits</b>	<ul style="list-style-type: none"><li>• Impact (increase/reduction) on social security coverage of the insured persons <b>dependent on care</b> who move within the EU</li><li>• Impact on correct and uniform application of the rules.</li></ul>
<b>Specific – coordination of unemployment</b>	<ul style="list-style-type: none"><li>• Impact on the social security coverage of migrants worker, particularly with regard to:</li></ul>

## benefits

- the conditions for **reintegration in the labour market** (less or more favourable)
- **return on the workers’ contributions**.
- Impact on the **intra-EU labour market mobility** (increase/reduction) (prolongation of the period of export).

## Impact on social security coverage of the insured persons

An important question is whether the **social security rights** of the person concerned are well protected<sup>132</sup>. This means that we have checked if all benefits which could be claimed without a cross-border situation can also be granted in a cross-border situation or if the person loses entitlements and thus could in the worst case be left without any entitlements although the Member States involved know such benefits.

Furthermore, concerning the coordination of unemployment benefits, we assessed all possible options on the **return** that workers receive on their **contributions** to the social security benefit system. Moreover, we evaluated the options with regard to their potential to create less or more **favourable conditions for reintegration in the labour market** of the unemployed. An important aspect that has been evaluated is the increase or decrease in services and assistance offered by public employment services to mobile jobseekers in the EU.

## Impact on administrative burden, transparency and complexity of the rules

We assessed the impact of each option on the likely administrative burden on national administrations and other institutions that are involved in handling cross-border cases. More specifically with regard to the following questions:

- Do new processes or new information flows between Member States have to be set up?
- Do national administrations or other institutions have to set up new implementing arrangements to put the coordination into practice?

### Disclaimer:

During the interview phase, it became clear that when discussing administrative burden on administrations, stakeholders (regardless of type) relate administrative burden issues to complexity of the rules and lack of transparency of the coordination rules, which lead to incorrect and non-uniform application of the rules. The complexity of the rules and transparency of the coordination rules is considered as a determining factor in the administrative burden that is imposed on national administrations. In our (qualitative) description of the impacts, it is difficult to discuss these three aspects (administrative burden, transparency and complexity) separately, because they are very much related to each other.

## Impact on public finance of the Member States

<sup>132</sup> Treaty on the functioning of the EU (TFEU), Art.48, FFTEU: “they shall make arrangements to secure for employed and selfemployed migrant workers and their dependants.”

First, we have assessed the impact on public finance of Member States, based on the impact on the social security coverage of the insured persons linked to each option. We have paid attention to **the financial impact for Member States** both at an aggregated level and at individual Member State level (where possible).

Second, we have assessed the impact of each option on the extent to which it enhances **fair sharing of the financial burden** between Member States. We would like to note that this is difficult to evaluate. Fair burden sharing between Member States is strongly depending on the system the Member States apply. Examples of unfair burden sharing:

- Member States which have to reimburse benefits which their national legislations do not know may see this as unfair.
- Member States with insurance-based schemes could be seen as burdened if they have to grant/reimburse benefits for persons which are not insured there and thus also do not pay any contributions towards these schemes of these Member States.

Examples of Member States which are not to be regarded as unfairly burdened:

- Member States which are obliged to grant all the benefits which they would have to grant already under national legislation (e.g. in residence based tax financed schemes for all residents, such as in Sweden) are not to be regarded as unfairly burdened.

### Impact on risk of abuse or misuse of rights

The options were evaluated based on their **risk of abuse or misuse of rights** by the citizens or workers, often referred in the general and more colloquial terms of “benefit tourism” or “social tourism”. One has to be very careful with the use of these concepts. Abuse is to be understood as “an artificial conduct entered into solely with the purpose of obtaining the right of free movement and residence *under Community law which, albeit formally observing of the conditions laid down by Community rules, does not comply with the purpose of those rules*”<sup>133</sup>.

### Potential impact on EU internal market

We have also assessed if the options better stimulate mobility of persons and intra-EU labour market mobility - both in the sense of geographic mobility (movement of workers between countries and regions) and job-to-job mobility (e.g. moving to another job) than the baseline scenario. We particularly paid attention to the removal of barriers to labour market mobility.

### Potential impact on EU budget expenditure

#### Impact on fundamental rights of citizen

The chosen option has to be compatible with the EU Charter of Fundamental Rights. The Commission “Impact Assessment guidelines” provide a full-list of fundamental rights in annex 8.1. Fundamental rights that are potentially affected by social security coordination rules are:

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<sup>133</sup> EC, Communication on guidance for better transposition and application of Directive 2004/38/EC on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States, COM/2009/0313 final. Reference to judgments of the Court of Justice of the EU in: Cases C-110/99 Emsland-Stärke (para 52 et seq.) and C-212/97 Centros (para 25).

- Chapter II – Freedoms:
  - Freedom to choose an occupation and right to engage in work
  - Freedom to conduct a business
- Chapter III – Equality
  - Equality before the law
  - Non-discrimination
  - The rights of the child
  - The rights of the elderly
  - Integration of persons with disabilities
- Chapter IV – Solidarity
  - Family and professional life
  - Social security and social assistance
  - Health care
- Chapter V – Citizen's Rights
  - Right to good administration
  - Freedom of movement and of residence

**With regard to the impact of prolongation of the period of export**, several factors were specifically considered:

- The impact the **reintegration of people in the labour market**;
- **Risks of misuse or abuse of the EU rules**: we had to examine if this option favours situations where the persons concerned could easily influence and manipulate their situation in such a way that they receive more benefits than they would otherwise be entitled to. This is especially so if two Member States grant benefits or provide specific services and if it cannot be excluded that they do not know about the other Member States granting such benefits (the person concerned does not report the benefits received);
- **Intra-EU labour market mobility**;
- Social security coverage, particularly with regard to the **return on the workers' contributions**.

### 7.3 *Scoring indicators*

A scoring system was developed to allow judgments on 'performance' of an option with regard to the impact assessment criteria described above. The baseline scenario - a continuation of the current rules - served as the benchmark, as the decision maker needs to know if an option is better or worse than the situation we are confronted with today:

- A '+' indicates that an option is better than the baseline scenario with regard to of the criterion in question.
- A '-' indicates that an option is worse than the baseline scenario.
- We used a "+/-" when it was not clear which impact the option will have with regard to the criterion in question or in case evidence gives a mixed picture (both positive and negative impacts were identified).
- We use "0" for the identified impacts in the baseline scenario.

We have chosen a simple and straightforward scoring system in order not to complicate the assessment of the impacts. trESS made a similar consideration regarding the value system<sup>134135</sup>.

The different impact assessment criteria were not weighted.

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<sup>134</sup> trESS, Legal impact assessment for the revision of Regulation 883/2004 with regard to the coordination of longterm care benefits, Analytical Study 2012: [http://www.trESS-network.org/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESS\\_Analytical%20Study%202012.pdf](http://www.trESS-network.org/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESS_Analytical%20Study%202012.pdf)

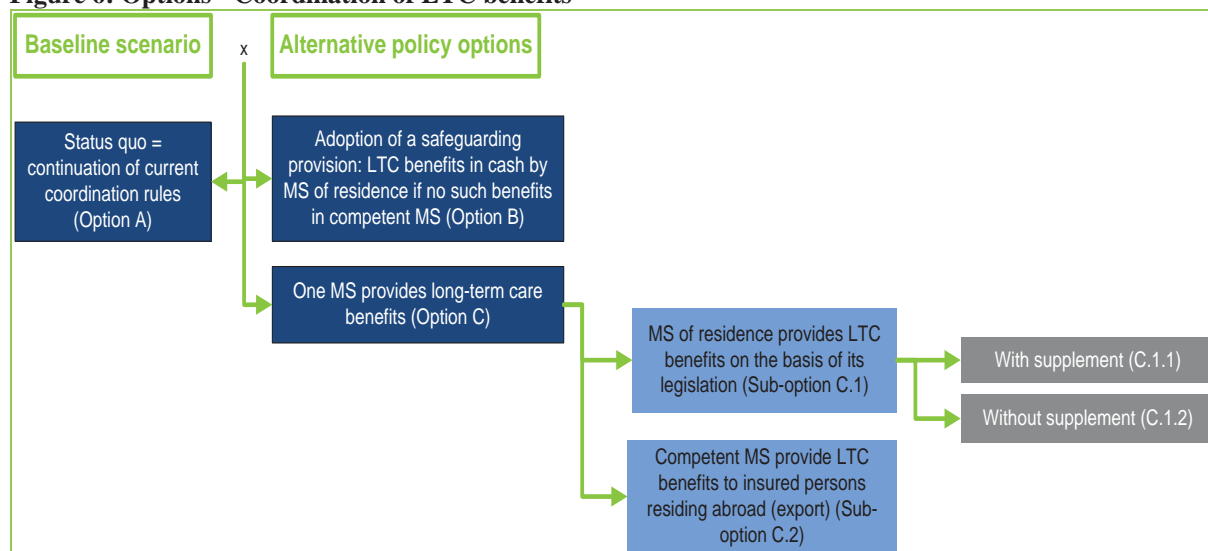
<sup>135</sup> TrESS admits that a “+/-“ system is a rough value system, which could be more elaborated. However, it refrained from adopting a more complex value system, because “it make it more difficult to evaluate all the different options in a systematic and coherent way”. Furthermore , trESS makes the following caveat: “It has to be said that these marks (‘+’, ‘-’ or ‘±’) were not easy to agree on. Our discussion of these marks always involved a very subjective element, as each author had a slightly different approach towards giving the marks.”

## 7.4 Coordination of long-term care benefits

### 7.4.1 Overview of possible options

The figure below presents an overview of the options that were assessed on their likely impacts for the coordination of the LTC benefits.

**Figure 6: Options - Coordination of LTC benefits**



### 7.4.2 Option A: Baseline scenario

The baseline scenario (**OPTION A**) implies no change of policy and a continuation of the current rules for coordination.

- Long-term care benefits *in kind* continue to be provided according to the legislation of the Member State of residence (if they exist) and reimbursed by the competent Member State (= where the person is insured);
- Long-term care benefits in cash (if they exist) continue to be provided by the competent Member State (= where the person is insured).

The baseline means to change nothing and keep the coordination rules as they stand today. This implies that outlined problems and challenges. The status quo is the benchmark for any other alternative option proposed.

### 7.4.3 Option B: Adoption of a safeguarding provision ensuring that a mobile person does not remain without any protection

Long-term care benefits *in cash* will be provided by the Member State of residence if the application of the rules under the Sickness Chapter would mean that a person does not receive any long-term care benefits. The amount of the benefits provided by Member State of residence would then be reimbursed by the competent Member State.

With this policy option, the safeguarding provision would ensure that all the mobile persons are protected: they would always be entitled to some LTC benefits. Whenever a person would not be entitled to any LTC benefits (neither in cash nor in kind) under the current system (meaning the

application of the Sickness Chapter's rules), the Member State of residence would provide benefits in cash in accordance with its legislation. The competent Member State would then reimburse to the Member State of residence the amount of the benefits provided.

This safeguarding option however does not guarantee that the level of protection for long-term care would not be reduced after the person's move.

**Attitude of consulted stakeholders:**

- Generally, public authorities perceived this option as rather theoretical. No such cases as those intended to be covered by the safeguarding provision were reported, conveying the impression that the existent gap in protection does not represent a sizeable problem.

This being said, the large majority of interviewed stakeholders (across the different Member States) national public authorities seemed receptive to the introduction of the provision, particularly in view of the negligible impacts that it would have. If the clause served to ensure the protection of a fringe group of migrant persons who might be left without protection, it would be welcome.

7.4.3.1 Impact on social security coverage of the insured persons who move within the EU, and the members of their families and survivors

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Score: +

This option addresses the current problem of the gap in the protection of mobile persons, as it can overcome the complete loss of social security protection; for example if the competent Member State does not have any LTC benefits in cash (only benefits in kind) and the Member State of residence has only LTC benefits in cash. However, the option does not guarantee perfect social security coverage of mobile persons reliant on care and cannot ensure that the protection would remain at the same level as if the person remained in his/her competent Member State. Therefore, a differential supplement would have been needed.

One EU civil society representative made the remark that under this option, *“mobile persons – a small minority in the total population - would be put at a disproportional advantage over the non-mobile persons in that country. In case the competent country does not provide any long-term benefits at all, those people can receive cash benefits in the country of residence and would thus be better-off than non-mobile persons in the competent Member State (who would not be entitled to any benefits)”*.

7.4.3.2 Impact on administrative burden, transparency and complexity of the rules

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This option is likely to increase the administrative burden compared to the baseline scenario, as it requires a complex and burdensome cooperation between national public authorities (worse than the baseline scenario). This would be particularly the case if the obligation of the Member State of residence to provide LTC benefits depends on the actual granting of LTC benefits by the competent Member States (and not on the question whether or not such benefits are included in the legislation of the competent Member States).

- Transparency: -



This option would be less clear than the status quo. Many questions could arise. It has to be clarified what exactly is meant by the condition that the competent MS does not grant LTC benefits in cash. Does this mean that no LTC benefits in cash are provided under the national legislation or does it also cover situations in which this legislation knows such benefits but the person concerned does not fulfil the conditions for entitlement (e.g. because the relevant degree of need of care or the relevant age are not reached – a question similar to the question concerning the existing text for taking into account of child raising periods under Article 44 of Regulation (EC) No 987/2009)? For the MS of residence this would give rise to many uncertainties. In relation to some MSs (which are competent for the persons concerned) LTC benefits in cash would have to be granted, whereas not in relation to others (in the same situation - depending on whether the competent MS grants such benefits or not).

➤ Complexity of the rules: -

This option does also not provide more simple rules compared to the baseline scenario. All situations have to be explained in detail under which in addition to the obligations of the competent Member State, the Member State of residence has to grant its LTC benefits in cash. Furthermore, for the MS of residence it could become very complex in case it also has benefits in kind. Which of these benefits should this MS grant by priority (both benefits will be reimbursed); could the competent MS refuse the reimbursement of the more expensive version? Options with reimbursement are usually more complex than without reimbursement.

It could also be questioned why this obligation only becomes applicable when the competent MS does not at all grant any LTC benefits in cash, but not if it grants an LTC benefit in cash which is lower than the benefit in the MS of residence.

➤ Administrative burden on public authorities: -

This option does not tackle any of the major problems in the baseline scenario which have an impact on administrative burden on public authorities (e.g. uneven application of coordination rules, problems of classification of LTC benefits under EU law and insufficiently specified reimbursement mechanisms).

It has to be considered that – as regards the administrative burden of granting benefits – the Member State of residence is expected to face an additional administrative burden compared to the baseline scenario.

Furthermore, when opting for a system of reimbursement for benefits in cash provided by the country of residence (which can be a sub-option), the administrative burden on both Member States is likely to increase even more.

According to a German civil servant, *“this option would lead to substantial, additional administrative burden. First, additional administrative steps are needed to ensure the implementation of the ‘safeguarding provision’. Based on this, the insured person needs to submit a request to receive the LTC benefits (enabled by the ‘safeguarding provision’). Following, the country of residence will need to request information about any LTC payments by the competent Member State. The competent Member State will then reply to this request by sharing information on the LTC benefits that were already paid to the person. As a next step, the Member State of residence will need to provide the long-term benefits in cash if the application of the Sickness Chapter would mean that the person does*

*not receive any long-term care benefits. Finally, in case of a reimbursement system, the country of residence will need to prepare and send a claim for reimbursement to the competent Member State”.*

Similar administrative burden problems can be expected as in the case of reimbursement between Member States for unemployment benefits to frontier workers (Article 65 (5) and (6) of Regulation (EC) No 883/2004). A national administration explained:

*“The reimbursement mechanisms are not properly applied by the institutions/bodies concerned. The terms of reimbursement are not applied. In some cases, Member States do not fully reimburse the costs incurred. This presents a major problem which could be aggravated by the introduction of this option.”*

One should however put these additional administrative costs into the right perspective, as option B will only need to be applied in a limited number of cases.

#### 7.4.3.3 Impact on public finance of the Member States

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##### ➤ Impact on public finance of Member States: +/-

Under this option, the protection of the mobile persons would thus come first. Once it had been ensured, the issue of which Member State bears the cost, and the opportune reimbursement, would be resolved. National public authorities considered that although logically an increase in public expenditure can be expected, the impact on their budgets of this option would be negligible.

##### ➤ Fair burden sharing between Member States: -

A sub-option where the benefits provided are reimbursed could contribute to fair burden sharing. However, there is also a flip side of the coin. According to a legal assessment by the trESS network<sup>136</sup>, it could be said that it is an additional burden for the competent MS, which *“might deliberately make a decision to compensate the risk of LTC only by way of benefits in kind. This MS would thus also have to reimburse benefits in cash”*.

#### 7.4.3.4 Possible impact on the EU internal market

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##### Score: +

With this policy option, the safeguarding provision would ensure that the mobile persons are better protected: they would not remain without any entitlements due to the coordination rules. In this manner, mobile persons would not see their mobility options restrained because of a lack of LTC coverage as an effect of their decision to move.

#### 7.4.3.5 Impact on the fundamental rights of EU citizens

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##### Score: +

By contributing to eliminate gaps in protection and ensuring that mobile citizens reliant on care can receive a minimum level of care, this policy option has a positive impact on different fundamental

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<sup>136</sup>JORENS, Y. (e.a.) Legal impact assessment for the revision of Regulation 883/2004 with regard to the coordination of long-term care benefits. Analytical study 2012, trESS

rights that it would to promote: non-discrimination (certain citizens would not suffer a total loss of benefits based on their country of origin), the rights of the elderly, the rights of the persons with disabilities, family and professional life and, in general, on the fundamental right to social security and social assistance.

By guaranteeing that mobile citizens would not be left without any protection, this policy option would also contribute positively to ensuring the right of freedom of movement and of residence. Thus, citizens would not see their mobility options based on a possible total loss of entitlements to long-term care benefits.

#### 7.4.3.6 Possible impact on the EU budget

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Score: +/-

No impact on the EU budget could be identified.

#### 7.4.4 *Option C1: Member State of residence provides long-term care benefits on the basis of its legislation*

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In Option C.1, the Member State of residence shall provide long-term care benefits on the basis of its legislation:

- with a supplement from the competent Member State if benefits in Member State of residence are at lower level (C.I.1)
- without a supplement from the competent Member State (C.I.2).

This policy option sets out clearly which Member State would provide LTC benefits. Contrary to the baseline scenario, where the distinction between benefits in cash and in kind is the starting point and an element of crucial importance (as it determines which Member State must provide the LTC benefits), this policy option would not make any distinction among the types of benefits. The starting point and critical element would be the Member State legally in charge of providing the LTC benefits (the Member State of residence or the competent Member State depending on the sub-option). This Member State would then provide all LCT benefits (be them in kind, in cash or mixed), with a system of reimbursement.

The competent Member State would always be responsible for the cost of the benefits.

In Option C1, the Member State of residence would provide the LTC benefits (again, regardless of their type) on the basis of its legislation, and the competent Member State would then reimburse them. Option C1 includes two sub-options itself: in the first one, the competent Member State would provide a supplement to the beneficiary in the event that the benefits in the Member State of residence were at a lower level (in this case -in line with the non-distinction amongst benefits in this policy option-, the comparison of the level of the amount of LTC benefits between the residence and the competent Member State would have to include all types of LTC benefits). In the second sub-option, there would be no compensation even if the benefits in the Member State of residence were lower than those in the competent Member State.

### Attitude of consulted stakeholders

National public authorities	<ul style="list-style-type: none"> <li>➤ According the EC public consultation replies, there is weak support among public authorities for both options. Option C.I.2 is slightly more popular (9%) than option C.I.1 (4%). Our public authorities' survey shows significantly higher support for option C.I.2 (22%).</li> </ul>
Trade unions and social partners	<p>In the public consultation:</p> <ul style="list-style-type: none"> <li>➤ Most popular option: 25% of the responding trade unions and social partners' representatives are in favour of the option where the Member State of residence provides LTC benefits in cash supplemented with a supplement by the Member State of insurance (option C.I.1).</li> <li>➤ 17% of trade unions and social partners' representatives would like that the Member State of residence provide the LTC benefits based on its own legislation without any supplement by the competent Member of State (C.I.2).</li> </ul>
Civil society/NGOs	<ul style="list-style-type: none"> <li>➤ 50% of the civil society representatives are in favour of C.I.2 (without a supplement by the competent Member State).</li> <li>➤ No respondent claimed to be in favour of C.I.1 (with a supplement by the competent Member State).</li> </ul>
Individual respondents	<ul style="list-style-type: none"> <li>➤ One fifth of individuals (25) that have responded to the public consultation are in favour of letting the Member State of residence pay for the LTC benefits based on its own national legislation (C.I.2 - second preferred option).</li> <li>➤ Only 7% of the individuals expressed a preference for C.I.1 (with a supplement by the competent Member State).</li> </ul>

#### 7.4.4.1 Impact on social security coverage of the insured persons who move within the EU, and the members of their families and survivors

##### Score C.I.1 and C.I.2: +

Both options would ensure that mobile persons are always protected at the same level as the persons who are insured in the Member State of their residence. C.I.1 option (with supplement) would also, address the problem of the gap in the protection of mobile persons. Both sub-options give entitlements to all the benefits which are provided for the residents of a Member State. This can in itself be seen as positive compared to the baseline scenario (which is why both sub-options received a positive scoring). In our public authorities' survey, national administrations highly scored both sub-options with regard to their impact on the social protection of insured people. Sub-option C.I.2 with no supplement received an average rating of 4.3 on a 1-to-6 scale; whereas the sub-option C.I.1 with supplements remarkably scored slightly lower (4.0).

Findings from the face-to-face interviews reveal that the sub-option, which includes a supplement by the competent Member State (C.I.1), is without any doubt seen as better than the baseline scenario and (in many cases) also than C.I.2 (without supplement). It seeks very effectively to avoid that rights are lost and the highest benefits are always safeguarded.

With regard to the sub-option without supplement by the competent Member State (C.I.2), interviewees expect that it will depend on the specific case whether there will be a positive or negative impact on social security coverage. Depending on the specificity of the long-term care benefits in the country of residence and its generosity, citizens will be better or worse off in terms of social security coverage.

With regard to this point, one trade union representative stated: *“There is a large discrepancy between the social systems between the Member States; the insured persons would be disadvantaged should no supplements be granted”*. It illustrates the overall opinion of the interviewees.

In addition, an Austrian national administration employee/representative mentioned, *“Austrian citizens (who have paid social security contributions in Austria) would be worse-off if they moved to a Member State with a lower level of LTC services or to a country that does not grant any LTC benefits at all.”*

#### 7.4.4.2 Impact on administrative costs and administrative burden

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##### *C.I.1 - Supplement provided by the competent Member State*

###### Transparency: +

This sub-option would bring slightly clearer rules than the baseline scenario. The MSs involved would always know that they have to grant benefits (the MS of residence always provide the whole range of benefits; the competent Member State provides a top-up on these benefits in case its benefits are higher). Furthermore, the person concerned would know where to request the benefits and what legislation applies. The division of tasks between MSs would be clear and would not depend that much on peculiarities of the national legislation.

###### Complexity of the rules: -

In terms of complexity, this sub-option would open simultaneous entitlements under the legislations of more than one MS. This is perceived as more complex than the baseline scenario. The provision of supplements is always complex, as the legislator has to draft complex rules concerning priority, the benefits to be included into the calculation of the supplement (benefits in cash or also benefits in kind, what ‘amount’ of the benefits in kind etc.) and rules for procedures to settle these supplements.

###### Administrative burden on national administrations: -

See C.I.2

This a complex option from an administrative point of view, which is regarded as slightly worse than the baseline scenario according to the public authorities’ survey results (it receives 3.6 average rating on a 1-to-6 scale compared to a 3.5 average rating for the baseline scenario; a lower score means less expected administrative burden).

This option necessitates an extensive exchange of information between national public authorities concerned. Especially if also benefits in kind are included, it could lead to different supplements every month. It would necessitate a lot of new business flows and SEDs under the potential future EESSI.

The complexity and the administrative burden of supplement system is generally the main reason for the low support for this option among national public authorities.

#### *C.1.2. No supplement provided by the competent Member State*

##### Transparency and complexity of the rules: -

This sub-option would bring clarity, simplicity and legal certainty, by setting out clearly which Member State would provide LTC benefits. Contrary to the baseline scenario, where the distinction between benefits in cash and in kind is the starting point and an element of crucial importance (as it determines which Member State must provide the LTC benefits), this policy option would not make any distinction among the types of benefits. The starting point and critical element would be the Member State legally in charge of providing the LTC benefits. In this option, beneficiaries are able to know in advance which legislation will systematically apply to them depending on the MS where they will reside. There will be no doubts even if it is not clear under the relevant legislation whether a certain benefit is a benefit in cash or in kind.

It was gathered during the interviews with public authorities carried out in certain Member States that this option would help to circumvent to a certain extent the issues caused by the problems of classification of LTC benefits under EU Law. Without tackling the underlying problem, this policy option would help to bring certain clarity.

##### Administrative burden on national administrations: -

At first sight, the administrative burden on Member States' administration is expected to decrease, because of reduced complexity of the rules under this option (only one Member State provides the long-term care benefits and no distinction between benefits in kind and benefits in cash).

In Option C 1.2 all calculations for the in kind benefits remain the same. The in cash benefits are now however defined at the % of use and the level of spending of the country of residence. The particularities of our sources reveal that even more persons are using LTC in cash, but the average amount is much lower so that the total budget for in cash is reduced to € 192 million and the total becomes € 810 million (cf. 8.2.3). The administrative burden is even somewhat higher (more cases means more costs) and compared to a lower needed budgetary cost, the share of the administrative burden in the total budget is enlarged to 1.7%, highlighting the impact of probably estimated number of cases.

The provision of all types of LTC benefits by the Member State of residence would require setting up a procedure for the reimbursement of LTC benefits in cash. The current reimbursement procedure only covers benefits in kind. Based on our interviews with national administrations, it appears that setting a system for the settling of monetary amounts, however, would not entitle major problems, as no differentiation needs to be made between benefits in cash and kind.

#### 7.4.4.3 Impact on public finance of the Member States

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##### ➤ Impact on public finance of Member States: +

For options C1, namely claims (as debtor and as creditor) based on LTC spending per capita of the **country of residence** (option C1), the budgetary impact of a change in the Regulation was estimated<sup>137</sup> (based on estimated number PD S1 forms and variables 'Health care spending in 2010 prices per person', 'Population (million)' and 'Long-term care spending in 2010 prices (in billion Euros)' in the Ageing Report). For both options, a distinction should be made between LTC benefits provided in kind and in cash.

This option, whereby the Member State of residence shall provide LTC benefits (in kind and in cash) on the basis of its legislation, implies a total expenditure of € 810.1 million or a decrease of 19% compared to the baseline scenario<sup>138</sup>. (Table 53 and Table 54).

In this option the expenditure on LTC benefits in kind shall be the same as in the baseline scenario, namely € 618.3 million. The LTC benefits in cash shall be provided on the basis of the legislation of the country of residence and no longer on this of the competent country.<sup>139</sup> This switch results in an expenditure on LTC benefits in cash of € 191.9 million or a decrease of 49% compared to the baseline scenario (Table 53 and Table 54).

On the level of Member States especially a positive impact (less spending) is observed for Italy (decrease of 49% of expenditure on LTC benefits), Austria (decrease of 47% of expenditure on LTC benefits), Denmark (decrease of 43% of expenditure on LTC benefits) and the Netherlands (decrease of 42% of expenditure on LTC benefits). Primarily, a negative impact (more spending) is observed for the Slovak Republic (increase of 106% of expenditure on LTC benefits), Romania (increase of 60% of expenditure on LTC benefits) and Bulgaria (increase of 51% of expenditure on LTC benefits). Countries in which we do not observe a crucial negative or positive impact are: Belgium (same expenditure as in the baseline scenario), Estonia (same expenditure as in the baseline scenario), Germany (decrease of 1% compared to the baseline scenario) and France (increase of 3% expenditure compared to the baseline scenario) (Table 54).

The changes are not always as what is expected since they are sensitive to the real levels of spending. For instance the shift of the reimburse mechanism to the basis of spending at the level of residence implied an increase for Luxembourg (as competent country) because they were 'less generous' (or less oriented) to in cash benefits.

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<sup>137</sup> We calculated our estimates on average benefits for the total of the insured population. It is as the mobile citizen (workers, pensioners, their family members) is using this system of LTC as if they were nationals. This involves a 'potential' overestimation of the number of users of cross-border LTC benefits and the related expenditure due to fact some MS consider their LTC benefit as not exportable. At the same time these estimates assume a complete 'take-up' of rights by mobile citizens.

<sup>138</sup> We estimated for the baseline scenario (Option A) a total LTC cross-border expenditure of € 994.7 million of which € 376.4 million LTC benefits in cash paid to persons living in another country than the competent country based on the legislation of the competent country and € 618.3 million paid to creditor countries which provided LTC benefits in kind to insured persons living in another country than the competent country, according to the legislation of the country of residence.

<sup>139</sup> The 'real life' dimension of this option is illustrated by the growing discussion in the Netherlands that the 'in cash' LTC expenditures exported to other countries should not be adopted to the cost of living (or care) in those countries, as is the case when benefits in kind are used.

➤ Fair sharing of the burden between Member States: -

Reimbursement is a step towards burden sharing, but in this option, the negative aspects compared to the baseline scenario outweigh the positive impacts. As also the trESS Analytical report on LTC remarked:

*“It could be said that it is an additional financial burden for the competent Member State, which might deliberately make a decision to compensate the risk of LTC only by way of benefits in kind. Under this option, these Member States would thus also have to reimburse benefits in cash”.*

According to the results of our public authorities’ survey, this option also received the lowest average score with regard to its impact on fair burden sharing (3.39 on a 1-to-6 scale).

7.4.4.4 Risk of abuse or misuse of the EU rules

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Score: -

This sub-option incorporates risks of misuse of benefits, as two Member State could be competent to grant benefits at the same time. Persons concerned could thus be tempted not to inform the competent MS of the receipt of benefits under the legislation of the Member State of residence (leading to double payments).

Furthermore, several national administrations in Member States with more generous LTC benefits warned that this option could lead to social tourism in the EU (Austria, Germany and the Netherlands). One German national administration representative stated:

*“This option may lead to an increase of inflow of persons from ‘poorer’ Member States seeking LTC benefits in our country (the standard of LTC benefits in our country is relatively high compared to other Member States). Indirectly, this could also result in an increased pressure on the (supply of) nursing staff, in case there is a high inflow of mobile persons seeking long-term care services as a result of this option.”*

This argument was repeated by an Austrian national administration representative:

*“In 2012, the Austrian Bund (federation) allocated EUR 2.6 billion for LTC; there were 430.000 recipients of benefits. The benefits ranged between EUR 154 - EUR 1655 per month. Approximately 5% of the Austrian population receives LTC benefits, which is relatively high compared to other EU countries. For instance, Germany has a lower share of population receiving LTC benefits. The threshold as of which people receive LTC benefits is relatively low in Austria. Under this option, a Romanian citizen, who has not paid any contributions into the Austrian social security system, would be entitled to receive LTC benefits from Austria. So, reimbursement between Member States is crucial”.*

7.4.4.5 Possible impact on the EU internal market

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C.I.1 – No supplement provided by the competent Member State +/-



Should there be no supplement, the difference in the level of LTC benefits between the competent Member State and the Member State of residence would seem to be a factor in the decision of (potentially) mobile persons.

*C.1.2. Supplement provided by the competent Member State: +*

This option would prevent the situation where persons would not move due to the impossibility of receiving any LTC benefits in their new country of residence.

According to the public authorities' survey, national administrations believe that this option is one of two best options to stimulate free movement of persons within the EU (3.94 average score on a 1-to-6 scale), with a higher average score than the sub-option with supplement.

#### 7.4.4.6 Impact on the fundamental rights of EU citizens

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Score: +

For both options by contributing to eliminate gaps in protection and ensuring that all mobile citizens reliant on care receive adequate levels of care, this policy option has a positive impact on different fundamental rights that it would promote: non-discrimination (citizens would be less likely to suffer loss of benefits based on their country of origin), the rights of the elderly, the rights of the persons with disabilities, family and professional life and, in general, on the fundamental right to social security and social assistance.

By removing obstacles to mobility linked to the potential lack or loss of rights to long-term care and increasing the transparency of the rules (mobile citizens should have more visibility on their entitlements with this policy option than they do with the current coordination rules), this policy option would also contribute positively to ensuring the right of freedom of movement and of residence.

**One civil society representative provided the following concrete examples about the impact of this option on fundamental rights:**

*Example 1:*

A couple lives in Portugal. The husband receives a low Portuguese pension and a high German pension, after having worked in both countries. Under the current rules, he is not entitled to German *Pflegegeld*. His wife only receives a German pension and is entitled to German *Pflegegeld* in Portugal (exported).

Under the alternative regime (country of residence provides all LTC benefits), this couple – in the same way as their Portuguese neighbours – would be entitled to all Portuguese LTC benefits in kind (*Sachleistung*) and Portuguese LTC benefits in cash (*Geldleistung*). If the couple would move back to Germany, both pensioners would be entitled to the German *Pflegegeld*. Equal treatment in the country of residence.

*Example 2:*

A couple lives in Germany. The husband receives a German pension and is entitled to German Pflegegeld. His wife receives a Belgian pension. Under the current rules, the wife is not entitled to the high German Pflegegeld but to the lower Flemish *Zorguitkering* (Flemish equivalent of Pflegegeld).

Under the alternative regime, both pensioners would be entitled to all German LTC benefits in cash and LTC benefits in kind, in the same way as their German neighbours.

*Example 3:*

A family lives in Germany. A husband starts working as a frontier worker in the Netherlands. His wife does not work and receives German *Pflegegeld* for care of their disabled son. Because the husband is going to work in the Netherlands, the whole family is insured for healthcare in the Netherlands. However, from the moment the husband goes working in the Netherlands, the family is only entitled to German LTC benefits in kind in the country of residence. Thus, the family loses its entitlement to LTC benefits in cash (German Pflegegeld). From the Netherlands, the family does not receive any LTC benefits in cash, because this is not existent in the Netherlands.

Under the alternative regime, the family will be entitled to all German LTC benefits, whether these benefits are in cash or benefits in kind. If the family moves to the Netherlands, the family would be entitled to all Dutch LTC benefits, as their Dutch neighbours.

#### 7.4.4.7 Possible impact on the EU budget

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Score: +/-

No impact on the EU budget could be identified.

#### 7.4.5 Option C2: Competent Member State provides long-term care benefits to insured persons residing abroad (export)

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In Option C.II, the competent Member State shall provide long-term care benefits to insured persons residing abroad (export). Where benefits are only available in the forms of services, the competent Member State will reimburse the services provided in the country of residence.

The competent Member State would provide LTC to insured persons residing abroad (that is, the mobile persons would export their benefits). In this policy option, the competent Member State would be “responsible” for all types of LTC benefits, including the benefits in kind (not “naturally” exportable as the benefits in cash). The following solution would be established: where the benefits were only available in the form of services, the competent Member State would reimburse the services provided in the Member State of residence.

This policy option sets out clearly which Member State would provide LTC benefits. Contrary to the baseline scenario, where the distinction between benefits in cash and in kind is the starting point and an element of crucial importance (as it determines which Member State must provide the LTC benefits), this policy option would not make any distinction among the types of benefits. The starting point and critical element would be the Member State legally in charge of providing the LTC benefits (the Member State of residence or the competent Member State depending on the sub-option). This Member State would then provide all LCT benefits (be them in kind, in cash or mixed), with a system of reimbursement.

Under this option, it should be considered and clarified, according to which legislation the person might be considered as dependent and what the level of the dependency is, given the diversity of national legislations. A communication channel would also have to be established between the Member States for Option C2, in order to avoid that the person concerned receives benefits from the competent Member State and services in the Member State of residence for the same purpose.

#### Attitude of consulted stakeholders

National public authorities	Public consultation results: ➤ 18% of the national public authorities think that persons should be treated equally in the Member State where he/she is insured and should not have his/her care benefits reduced if he/she moves to another Member State (second preferred option). Our public authorities’ survey shows a preference of 28% for this statement.
Trade unions and social partners	➤ 33% of the responding trade unions and social partners’ representatives are in favour of this option (preferred option).
Civil	➤ 25% of the civil society representatives are in favour of this option

society/NGOs	(second preferred option).
Individual respondents	➤ 39% of the individuals (49) believe that persons should be treated equally in the Member State where he/she is insured and should not have his/her care benefits reduced if he/she moves to another Member State (preferred option).

#### 7.4.5.1 Impact on social security coverage of the insured persons who move within the EU, and the members of their families and survivors

Score: +

In our survey of national administrations, this option is considered as better than the status quo with regard to its impact on the social protection of mobile citizens (receiving an average score of 3.83 on a 1 to 6 scale, compared a 2.83 score for the baseline scenario). We have also given this option a positive mark, as it allows mobile persons in need of LTC to be treated equally in the Member States where they are insured and not to have their care benefits reduced if they move to another Member State.

Under this option, several national administrations (in Germany and Austria) noted that it should however be considered and clarified, according to which legislation the person might be considered as dependent and what the level of the dependency is, given the diversity of national legislations.

#### 7.4.5.2 Impact on administrative costs and administrative burden

##### ➤ Transparency: +

In terms of transparency, this option is expected to have a positive impact compared to the baseline scenario. It is expected to decrease legal uncertainty because all LTC benefits will be provided on the basis of a single legislation: the one of the competent Member State.

##### ➤ Complexity of the EU rules: -

However, this will not reduce the complexity of the coordination rules, as always more than one Member State will be involved in the provision of LTC benefits. Indeed, it was considered by a large majority of the national administrations that this option would entail significant feasibility challenges, not in the least due to the need of huge communication and coordination between Member States. A comparison of the LTC benefits in kind available in both countries would be necessary, so as to provide in the Member State of residence benefits similar to those in the competent Member State. This calculation could be complex (e.g. due to differences in eligibility conditions across EU Member States) and to a large extent theoretical. For the benefits common in both countries, the current rules for the valuation of LTC benefits in kind would suffice. For those provided in the competent Member State but not existent in the Member State of residence, cash compensation should be provided.

##### ➤ Impact on administrative burden on national administrations: +

In option C 2 there is no change in the baseline scenario for the in cash benefits, but now the entitlements as well number of cases and the average spending for the in kind benefits is defined on the level of the competent country. Those systems are better developed in the competent states and we see the number of cases increasing to 58 thousand, and the total budget to € 900 million (cf. 8.1.2 and 8.1.3). For reason of this increased number of cases also the administrative burden for the in kind LTC increases to € 5.8 million (or 120 % of the baseline situation) while the relative share of the administrative cost to the total budgetary cost for in kind LTC declines to 0.6%.

### 7.4.5.3 Impact on public finance of the Member States

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#### Impact on public finance of Member State: -

Option C2 whereby the competent Member State shall provide LTC benefits (in kind and in cash) on the basis of its legislation implies a total expenditure of € 1.3 billion or an increase of 28% compared to the baseline scenario. In this option the expenditure on LTC benefits in cash shall be the same as in the baseline scenario, namely € 376.4 million. LTC benefits in kind shall be provided on the basis of the legislation of the competent Member State and no longer on this of the country of residence. These results in an increase of expenditure on LTC benefits in kind to € 900.3 million or an increase of 46% compared to the baseline scenario (Table 53 and Table 54).

On the level of the Member States primarily a positive impact (less spending) of this option compared to the baseline scenario is observed for Bulgaria (decrease of 94% of expenditure on LTC benefits), Estonia (decrease of 89% of expenditure on LTC benefits), Romania (decrease of 88% of expenditure on LTC benefits), Poland (decrease of 86% of expenditure on LTC benefits) and Portugal (decrease of 72% of expenditure on LTC benefits). Mainly a negative budgetary impact (more spending) of the option compared to the baseline scenario is observed for Finland (increase of 255% of expenditure on LTC benefits), Sweden (increase of 254% of expenditure on LTC benefits) and the Netherlands (increase of 66% of expenditure on LTC benefits) (Table 54)..

Compared to the baseline scenario, the competent Member State could be in a better position to control or forecast LTC expenditure on mobile persons abroad, as these persons will receive benefits in kind that are seen as equivalent to the benefits in kind provided in the competent Member State. This is because the legislation of the competent Member State will have the most important role in the provision of the LTC benefits. Nevertheless, it should be noted this effect is likely to be limited. Significant disparities exist between EU Member States with regard to the monetary value that can be assigned to a specific LTC benefit in kind. For instance, home nursing (benefit in kind) exists both in Germany and Belgium (equivalent benefits), but the provision of this benefit in Germany could be more costly than in Belgium.

#### Fair burden sharing between Member States: +/-

In the public authorities' survey, this option received the highest average score of all options in terms of fairness. However, this results contrasts with our own survey results and interview findings, which suggest a negative impact in terms of fair burden sharing.

### 7.4.5.4 Risk of abuse or misuse of the EU rules

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#### Score: "+/-"

This option does not entail a higher risk of fraud or abuse than the baseline scenario. Interviewees found it difficult to estimate the likely impact of this option in terms of fraud risk. One interviewee believed that this option might actually entail a lower risk of fraud than the baseline scenario, because of the increased communication between Member States that is required. This way it will be more difficult for mobile persons to claim LTC benefits in the country of residence without that the competent Member State is informed.

### 7.4.5.5 Possible impact on the EU internal market

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#### Score: +

Together with option C.I.2, this option was seen by surveyed national administrations as the best option to stimulate mobility of people in the EU (receiving a 3.94 average rating on a 1 to 6 scale, compared to 2.94 for the baseline scenario). It allows mobile persons in need of LTC to be treated equally in the Member States where they are insured and not to have their care benefits reduced if

they move to another Member State. This element is regarded as a decisive factor in the decision of citizens to move to another Member State.

#### 7.4.5.6 Impact on the fundamental rights of EU citizens

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Score: +

This option contributes to eliminate gaps in protection and ensuring that all mobile citizens reliant on care receive adequate levels of care and thus a positive impact on different fundamental rights that it would to promote: non-discrimination, the rights of the elderly, the rights of the persons with disabilities, family and professional life and, in general, on the fundamental right to social security and social assistance.

By removing obstacles to mobility linked to the potential lack or loss of rights to long-term care and increasing the transparency of the rules (mobile citizens should have more visibility on their entitlements with this policy option than they do with the current coordination rules), this policy option would also contribute positively to ensuring the right of freedom of movement and of residence.

#### 7.4.5.7 Possible impact on the EU budget

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Score: +/-: No impact on the EU budget could be identified.

## 7.4.6 Overview of impact assessed

**Table 39: Coordination of LTC benefits: overview of the impacts assessed per option**

Impact assessment criteria	A. Status quo (BASELINE SCENARIO)	B. Adoption of a safeguarding provision ensuring that a mobile person does not lose his/her entitlement to LTC	C.1: MS of residence shall provide LTC benefits on the basis of its legislation		C.2: Competent MS shall provide LTC benefits to insured persons residing abroad (export)
			C.1.1: with supplement by competent MS	C.1.2: without supplement by competent MS	
Impact on <b>social security coverage</b> of mobile citizens, with regard to:	0	+	+	+	+
Impact on <b>admin. burden, transparency and complexity</b> of the rules					
o impact on transparency of the rules	0	-	+	+	+
o impact on complexity of rules	0	-	-	+	-
o impact on admin. burden on national admin.	0	-	-	-	+
Impact on <b>public finance</b> of MS, particularly with regard to:					
o impact on public finance	0	+/-	+	+ (-19%)	- (+28%)
o fair burden sharing between MS	0	-	-	-	+/-
<b>Risk of abuse/misuse</b> of rights	0	+	-	-	+/-
Impact on the <b>internal market</b>	0	+	+	+/-	+
Impact on <b>fundamental rights of EU citizens</b>	0	+	+	+	+
Impact on <b>EU budget</b>	0	+/-	+/-	+/-	+/-

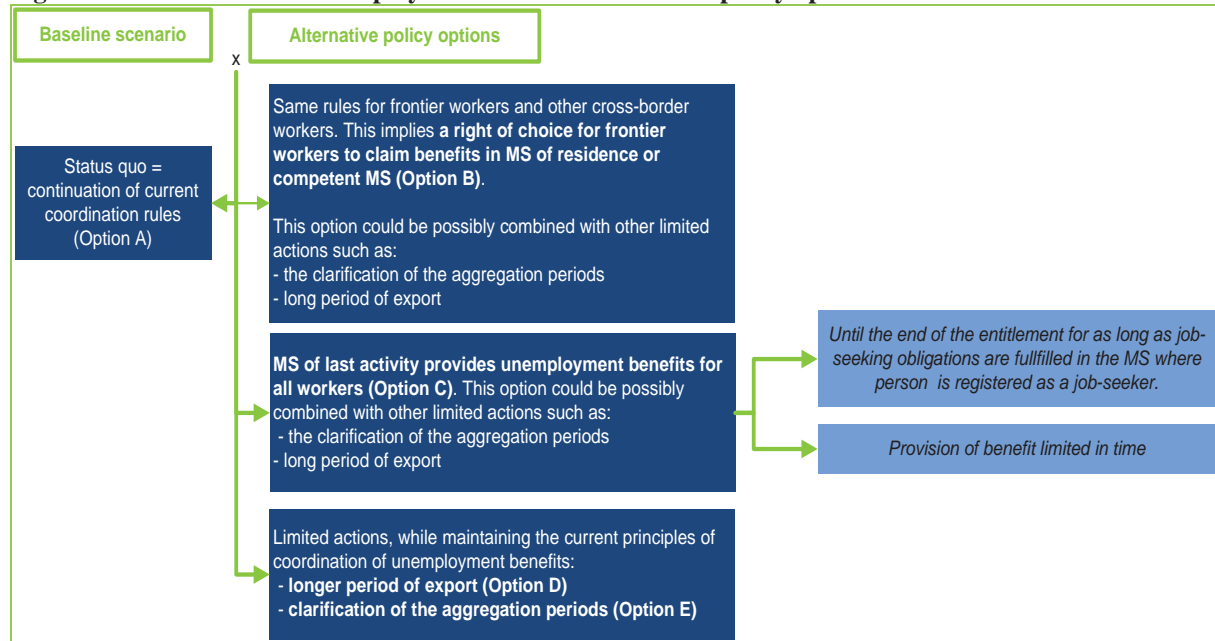
A “+” should be interpreted as a positive impact on the impact assessment criterion, whereas a “-” indicates a negative impact on the impact assessment criterion. Be aware that a positive impact on public finance of MS (+) actually reflects an expected decrease in public expenditure. Similarly, a “+” impact on administrative burden actually reflects an expected decrease in the administrative burden on administrations.

## 7.5 Coordination of unemployment benefits

### 7.5.1 Overview of possible options

The figure below presents the options that were considered in the impact assessment. Options D and E are of a horizontal nature and can be combined with options A, B and C.

**Figure 7: Coordination of unemployment benefits: considered policy options**



### 7.5.2 Option A: Baseline scenario

The baseline scenario (**OPTION A**) implies no change of policy and a continuation of the current rules for coordination. This means:

- Workers shall claim unemployment benefits in the country of last activity, if they have not resided during their activity in another Member State. Periods of insurance completed abroad, as well as other periods of employment/self-employment, are taken into account for establishing the right to the unemployment benefits (if the periods of employment/self-employment would also have been accounted for an entitlement to unemployment benefits in the competent Member State).
- Unemployed workers have a limited possibility of export of unemployment benefits for 3 months, with the possible extension to 6 months (when he/she looks for work in another Member State). It is the competent institution of the Member State paying the unemployment benefits that may extend this period to 6 months.
- Frontier workers (people who work in one country and live in another, and return home daily or at least once a week) who become wholly unemployed must apply for unemployment benefits in their country of residence. They can in addition register with the employment services in the country of last activity.
- The country of last activity will reimburse the institution of the place of residence the full amount of the benefits provided by the latter institution during the first three months (extensible to five months in certain circumstances).



- Cross-border workers, other than frontier workers, may apply for unemployment benefits and register with the employment service in either the country of last activity or the country of residence.

The baseline means to change nothing and keep the coordination rules as they stand today. This implies that outlined problems and challenges. The status quo is the benchmark for any other alternative option proposed.

### 7.5.3 Option B: Right of choice for frontier workers (B)

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This option implies that frontier workers have the choice between applying for unemployment benefits and registering with the employment services either in the country of last activity or in the country of residence. In this system, frontier workers and cross-border workers, other than frontier workers, are put subject to the same rules.

This option would eliminate the obligation for frontier workers to apply for unemployment benefits in their country of residence. Since conditions might be more favourable for them in the country of last activity, they would have the possibility to apply for unemployment benefits there. The qualification conditions that apply, the value conferred to experience in that particular market, a higher demand for certain skills and expertise, or an overall labour market policy better suited to their needs are factors that could make it easier for unemployed workers to find a job in the country of their last activity (as compared to their country of residence).

It would not be the legislator who would make the choice for the workers. The workers themselves would ponder pros and cons and decide the Member State in which to apply for unemployment benefits (their country of residence or that of their last activity). The unemployed workers, it should be borne in mind, will have to comply with the job seeking requirements of the country they choose to receive the benefits from. Such requirements, together with policy support and labour market conditions, might vary across countries. Frontier-workers would, under this policy option, be subject to the same rules than the other cross-border workers, enjoying the right of choice that cross-border workers other than frontier workers enjoy in the baseline scenario.

This option implies that frontier workers have the choice between applying for unemployment benefits and registering with the employment services either in the country of last activity or in the country of residence. In this system, frontier workers and cross-border workers, other than frontier workers, are put subject to the same rules.

#### Attitude of consulted stakeholders

National public authorities	<ul style="list-style-type: none"> <li>➤ 51% of the national public authorities responding the public consultation preferred this option. However, the results of the Deloitte survey of national public authorities show a significantly lower support for this option (27%)<sup>140</sup>.</li> <li>➤ Analysing the replies to the Deloitte survey country-by-country, the right of choice for frontier workers seems the most preferred option in only 5 Member States (CZ, EE, SK, RO and UK).</li> </ul>
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<sup>140</sup> The differences between both percentages are due to the overrepresentation of the some Member States and the underrepresentation of other Member States in the respondent group of both surveys. In order to circumvent over/underrepresentation issues, we analysed the replies to both surveys country-by-country.

	<p>➤ The face-to-face interviews with national public authorities revealed that respondents in some Member States with generous social benefit systems strongly oppose this option (AT, DE, DK and SE).</p>
Trade unions and social partners	<p>➤ 31% of the social partners and trade unions responding the public consultation preferred this option (second preferred option).</p>
Civil society/NGOs	<p>➤ 78% of the civil society/NGOs responding the public consultation preferred this option (preferred option).</p>
Individual respondents	<p>➤ 49% of the national public authorities responding the public consultation preferred this option (the most preferred option of individual respondents).</p>

#### 7.5.3.1 Impact on social security coverage of the insured persons who move within the EU

In the current regime, an unemployed frontier worker might be better or worse off, depending on the characteristics of the unemployment benefits in the Member State of last activity and the Member State of residence (the conditions, heights and duration of the unemployment benefits). Under this policy option, it is generally believed by interviewees that the unemployed frontier worker will be better off, as he has a right of choice (although conditional). Experience with Miethe cases show that frontier workers will likely choose the most beneficial and generous system of both countries. According to the Deloitte survey, public authorities think that this option guarantees the best the protection of social security rights of all options (rated 2.79 on average on a 1-4 scale).

#### ➤ *Return on workers' contributions:*

Score: +

Several consulted civil society representatives and trade unions representatives believe that granting frontier workers a right of choice will have a positive impact in terms of non-discrimination and equality between workers. It gives frontier workers the possibility to be treated in the same way as their former work colleagues which live in the country of last employment. Within this regard, one EURES adviser who is active in a cross-border region stated:

*“Workers are always comparing themselves with their colleagues at the workplace and not with other workers from their country of residence. Imagine a person who lives in Belgium but who is working in the Netherlands, and a person who lives and works in the Netherlands. Both men work for the same company, Philips Lighting Company in Eindhoven, the Netherlands. One day, the company decided to make both of them redundant. Under the current rules, the Belgian frontier worker claims his unemployment benefit in Belgium and not in the Netherlands, although he paid workers' contributions for many years in the Netherlands. So, two former employees of the same company receive different unemployment benefits, both in terms of height as in terms of duration. Many Belgian frontier workers feel discriminated under the current rules”.*

Furthermore, the right of choice is considered as fairer and more equal than the baseline scenario by many civil society representatives, as it ensures frontier workers a better return on the workers' contributions which they have paid in the country of last activity before becoming unemployed. Granting a right of choice for frontier workers ensures that they are not deprived from the rights that frontier workers have built up in the country of last activity.

➤ *Conditions for reintegration in the labour market:*

Score: +/-

There is mixed evidence on whether this option would really make conditions for reintegration in the labour market less or more favourable for frontier workers, compared to the baseline scenario.

On the one hand, several interviewees – particularly NGO representatives and several EURES advisers - believe that unemployed people have a better chance of finding a job in the Member State of last activity. Often, these people have built up a network in the country of last activity and do know the labour market well. The Court of Justice has identified in its case-law<sup>141</sup> a category of frontier workers (so called 'atypical frontier workers') who have better prospects of finding another job in the State of last activity and could therefore apply for unemployment benefits.

However, it is questionable according to several Member States (Austria, Germany, Denmark and the Netherlands) if the employment services of the country providing unemployment benefits will be able to provide any direct (local) assistance to those unemployed persons who are residing in another Member State but claimed their unemployment benefit in the country of last activity. For example: national administrations in Germany and Austria raised doubts whether the country of last activity would have the necessary means/infrastructure/instruments to support unemployed people abroad in finding employment. Vice versa, they wonder if the elder unemployed people would have the required skills and instruments to seek a job from abroad. This was confirmed by our public authorities' survey results: in the majority of the Member States, national administrations think that physical presence is a requirement to find a job in another Member State (than the country of residence).

Furthermore, the experience of national public authorities and trade union representatives with Miethes cases<sup>142</sup> give us useful information about the motives of frontier workers to make use of the Miethes case law and thus to claim unemployment benefits in the country of last activity. According to three EURES advisers who are active in cross-border regions between Germany, the Netherlands and Belgium, of the hundreds of people who made use of the Miethes ruling to claim unemployment benefits in the country of last activity; very few used the argument of seeing better chances on the labour market in the country of last activity. The overwhelming majority of the people had based their choice on the height of the unemployment benefits and chose the most beneficial and generous system of both countries.

Finally, it should be noted that, under the current rules, frontier workers can already register as job-seekers in their country of last activity, so this option was not thought to bring much positive effects in terms of facilitation of the reintegration into the labour market.

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<sup>141</sup> Case C-1/85 *Miethes*

<sup>142</sup> Case C-1/85 *Miethes*

There is a mixed picture with regard to the impact of this option with regard to the administrative burden that is expected to arise. All in all, from an administrative point of view, we believe that the negative impacts are likely to outweigh the positive impacts.

➤ *Transparency and complexity of the rules*

Score: -

On the one hand, many public authorities considered that this option will cause a significant increase in uncertainty among public administrations. Several public officials expressed the view that giving workers the right to choose between two national systems generally makes it more difficult and costly for them to be aware of the situation of the worker, as more communication efforts (which might not always work optimally) are needed. This statement is supported by the public authorities' survey results: public authorities in the Member States see by far this option as the most burdensome of all options from an administrative point of view.

One Austrian public servant also raised a legal concern with regard to the binding force of a 'right of choice': *"What does that mean in practice? Does the decision count once and for all when it is taken; or can the persons change their 'choice'? There is a need for legal certainty."*

➤ *Administrative burden on public authorities*

Score: +

Adopting a right of choice for frontier workers will reduce the number of reimbursements between Member States, as no reimbursement is needed between the MS for the frontier workers who have chosen to claim their unemployment benefit in the country of last activity.

Based on our simulations, we expect a reduction of the administrative burden to € 4.8 million in total, of which € 1.9 million for the country of residence or 27% of the total (cf. 8.1.3). Compared to the baseline cost this is a reduction to 59% of the baseline amount.

For the countries of last activity the direct cost of handling the unemployment benefit increases substantially, but the costs for handling a PD U1 and for the reimbursements is substantially reduced, also in the country of residence. The relative cost of the administrative cost to the total budgetary cost is 0.5 %.

Note: for cases of people who will make use of the possibility to claim unemployment benefit in the country of last activity, several Member States expect that the administrative burden related to "control" of the job seeker abroad (and the legitimacy of the unemployment benefit provided) could increase. The employment services will need to exchange information if the person has launched a request for unemployment benefits in that country to avoid double payments or to avoid that the person would receive no payment at all.

## ➤ *Impact on public finance of Member States:*

Score: -

### **Public expenditure on unemployment benefits**

For this exercise the estimated number of unemployed cross-border workers based on the LFS and the unemployment rates of the Ageing Report is multiplied by the annual unemployment benefit per unemployed person (in 2010 prices; projected in the 2012 Ageing Report). For each of the flows between Member States (in the different cells) the unemployment benefit of the country of last activity and the unemployment benefit of the country of residence was taken into consideration. The yearly expenditure assumes that the unemployed person did not find a job during the first year of unemployment.<sup>143</sup> For that reason, the percentual change between the different options is more useful. However, also the amount of the reimbursement claim should be taken into account.

A first alternative option involves that frontier workers will have the right to choose between the country of residence and the country of last activity (option B). As similar for the baseline scenario, we define 2 scenarios (equal distribution and rational choice).

The first scenario whereby 50% of the cross-border workers are returning involves a yearly expenditure of € 624.3 million (or an increase with 15.6% compared to the baseline scenario) of which € 476.7 million for frontier workers (Table 42 and Table 91). It implies a much higher expenditure by the country of last activity (62% of total expenditure) (Table 45).

The scenario where cross-border workers will make a rational decision implies the highest yearly expenditure. The expenditure will increase to € 891.6 million (what illustrates a higher level of protection (benefit)) - of which € 645.5 million related to the expenditure for frontier workers (Table 42 and Table 92). This increases the general expenditure with € 351.6 million or 65% compared to the baseline scenario whereby 50% of the other cross-border workers return to their country of residence.

There is a substantial shift of taking up the unemployment benefit in the country of last activity, and this is also illustrated by a substantial shift of direct payment of those benefits by the country of last activity. 73% of the expenditure would be paid by the country of last activity (Table 45). Their direct payment (again calculated on one year) increases to € 653 million (Table 44). On the other side, there is a reduction (calculated on 3 months) of their reimbursement (Table 46).

Please consider the caveats for the reliability limits for reason of a) the estimates of bilateral cross-border and frontier workers in the LFS b) the hypothesis to be made on as well average unemployment benefits, choice of either unemployment benefits in country of competence and country of residence c) the assumption the unemployed person did not find a job during the first year of unemployment and d) for a more detailed analysis on the level of MS also the reimbursement claims have to be taken into account.

### **Estimated impact on number of reimbursement claims**

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<sup>143</sup> The reader has to take this assumption into account when reading the estimated budgetary impact. A more 'realistic' calculation of the yearly expenditure could be obtained by taking into consideration the average duration of the unemployment (which is an indicator in the LFS) and the specific national rules concerning the maximum length of the payment of the unemployment benefit.

The option whereby frontier workers also have the choice (option B) will decrease the reimbursement claims with 45% - for both scenarios (equal distinction and rational choice) compared to the baseline scenario a1 (Table 46). The actual reimbursement will be lower based on the maximum amount of unemployment benefits of the country of last activity (Table 100, Table 101 & Table 102).

➤ *Fair burden sharing between Member States:*

Score: +

In terms of fair burden sharing between Member States, a right of choice for frontier workers is seen as slightly better than the baseline scenario by about half of the national public authorities who responded to our public authorities' survey. While in the baseline scenario the State of residence has to bear the costs of unemployment and other social security benefits (such as sickness or family benefits) for unemployed frontier workers without having received any contribution from them, this option would shift some of these costs to the country of last activity – the reimbursement mechanism established by the current legal framework and the sharing of the burden of unemployment benefits do not fully address the issue.

7.5.3.4 Risk of abuse or misuse of the EU rules

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Score: -

Many trade unions' representatives and national public authorities would not see it as a positive development that an unemployed frontier worker can choose to claim unemployment benefits under the best conditions: identified risks of misuse of rights by frontier workers under this option. Many of them referred to concrete practices of "social benefit tourism" in cases where frontier workers recalled on Miethe case law to claim unemployment benefits in the country of last activity: not because they saw better labour market chances, but because of the generosity of the unemployment benefit system. Some stakeholders saw this possibility as an incentive for 'social tourism', encouraging job-seekers to find employment in countries with a high standard of living and providing an advantage to them should they become unemployed and move/reside in a country with substantially lower costs of living.

In order to restrict such a "shopping" by frontier workers, a Dutch public authority representative proposed to make the right of choice for frontier workers conditional by a minimum 5 years of working in the country concerned.. For example, when a frontier worker who becomes unemployed, has been insured for minimum 5 years based on the legislation of the Member State of last activity, he could have the right to claim his unemployment benefit in the country of last activity as if he would have lived there.

7.5.3.5 Possible impact on the EU internal market

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Score: +

The right of choice option is generally seen as the option which would best stimulate intra-EU labour market mobility. In the public authorities' survey, this option received the highest average score of all options with regard to its impact on intra-EU labour market mobility.

First, the option allows frontier workers to be treated in the same way as other cross-border workers. This possibility is generally perceived as the removal of a significant barrier to labour market mobility.

Second, frontier workers are better off under this option in terms of social protection, as they can choose under which unemployment benefit regime they would like to fall. Most of the frontier workers are likely to choose the most beneficial system in their view.

#### 7.5.3.6 Impact on the fundamental rights of EU citizens

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Score: +

This option would bring frontier workers and other cross-border workers on equal footing. By providing frontier workers with the right of choice, they would enable them to select the system that, in their belief, grants them the best opportunity to reintegrate in the labour market –including that of other Member States-. In this sense, the adoption of this policy option would contribute positively to the freedom of movement.

#### 7.5.3.7 Possible impact on the EU budget

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Score: +/-

No impact could be identified on the EU budget.

#### 7.5.4 Option C: Unemployment benefits for all workers to be provided by the country of the last activity regardless of the person's residence

Under a third option, the unemployed person should claim unemployment benefits and register with the employment services in the country of the last activity and could, in addition, also register with the employment services of another Member State. If the person decides to look for work in another Member State and registers with the employment services there, there could be a number of sub-options:

- *C.I: The provision of the unemployment benefits from the competent State would last until the end of the entitlement for as long as the person fulfils the job-seeking obligations in the Member State where he is registered as a job-seeker. Regular information shall be provided to the competent State by the public employment services of the Member State where the person looks for work. Additionally, EU Member States could agree on a minimum common set of job-seeking obligations to be monitored by the public employment services.*
- *C.II: The provision of the unemployment benefits would be limited.*

The unemployed person should register with the employment services in the country of the last activity and could also register with the employment services of another Member State. If the person decides to look for work in another Member State and registers with the employment services there, there could be a number of sub-options:

- C.I: The provision of the unemployment benefits from the competent State would last until the end of the entitlement for as long as the person fulfils the job-seeking obligations in the Member State where he is registered as a job-seeker.
- C.II: The provision of the unemployment benefits would be limited.

#### Attitude of consulted stakeholders

National public authorities	➤ 41% of the national public authorities responding the public consultation preferred this option (second preferred option of public authorities). The results of the Deloitte survey of national public authorities are in line with this percentage (43%) <sup>144</sup> , but in this survey option C is the preferred option among public authorities. Analysing the replies to the Deloitte survey country-by-country, option C was preferred by respondents from 11 Member States (CY, CZ, FI, FR, HU, IT, LV, MT, NL, PT, SI).
Trade unions and social partners	➤ 44% of the social partners and trade unions responding the public consultation preferred this option (preferred option of trade unions and social partners).
Civil society/NGOs	➤ 0% of the civil society/NGOs responding the public consultation preferred this option.
Individual	➤ 40% of the individual respondents preferred this option (second

<sup>144</sup> The differences between both percentages are due to the overrepresentation of the some Member States and the underrepresentation of other Member States in the respondent group of both surveys. In order to circumvent over/underrepresentation issues, we analysed the replies to both surveys country-by-country.



respondents	preferred option)
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#### 7.5.4.1 Impact on social security coverage of the insured persons who move within the EU

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The Deloitte's public authorities' survey shows that this option is positively rated with regard to the impact on social security of coverage of persons moving within the EU (2.67 on a scale from 1 to 4), however less than the right of choice option (2.79). The option received the highest rating from public authorities in 8 Member States.

First of all, the probability of any worker being left without any unemployment benefits would diminish substantially, compared to the baseline scenario, as it would always be clear to which country request the unemployment benefits.

##### *Return on workers' contributions*

Score: +

Secondly, civil society representatives and trade unions representatives believe that this option enhances equality and non-discrimination, as it ensures that frontier workers are treated in the same way as their former work colleagues which live in the country of last activity. Furthermore, similar to those frontier workers who would make use of a right of choice to claim their unemployment benefits either in the country of last activity either in the country of residence (cf. option B), this option is considered as fairer than the baseline scenario as it ensures frontier workers a better return on the workers' contributions which they have paid in the country of last activity before becoming unemployed.

##### *Conditions for reintegration in the labour market*

Score: +/-

There is mixed evidence on whether this option would really make conditions for reintegration in the labour market less or more favourable for frontier workers, compared to the baseline scenario.

On the one hand, several interviewees believe that unemployed people have a better chance of finding a job in the Member State of last activity. The Court of Justice has identified in its case-law<sup>145</sup> a category of frontier workers (so called 'atypical frontier workers') who have better prospects of finding another job in the State of last activity and could therefore apply for unemployment benefits.

However, it is questionable according to several Member States if the employment services of the country providing unemployment benefits will be able to provide any direct (local) assistance to an unemployed person who is residing in another Member State. For example: national administrations in Germany and Austria raised doubts whether the country of last activity would have the necessary means/infrastructure/instruments to support unemployed people abroad in finding employment. Vice versa, they wonder if the older unemployed people would have the required skills and instruments to seek a job from abroad.

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<sup>145</sup> Case C-1/85 *Miethé*

Finally, it should be noted that, under the current rules, frontier workers can already register as job-seekers in their country of last activity, so this option was not thought to bring much positive effects in terms of facilitation of the reintegration into the labour market.

There is a general concern that important fiscal technical problems may arise under this option, the tax on unemployment benefits is not aligned between countries.

#### 7.5.4.2 Impact on administrative costs and administrative burden

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##### *Impact on transparency and complexity of the rules*

Score: +

This option is expected to bring more clarity and legal certainty for unemployed workers compared to the baseline scenario. By making the country of last activity always responsible for the provision of the unemployment benefits –regardless of the person’s residence- the complexity of the EU rules is likely to be reduced. Certain clarity and transparency would be gained, since the distinction between frontier workers and other cross-border workers would be eliminated.

##### *Administrative burden on public authorities*

Score: +/-

Since the distinction between frontier workers and other cross-border workers would be eliminated, there is no need for reimbursement between Member States anymore, which is expected to have a positive impact from an administrative point of view. Analysing the replies to the public authorities’ survey country-by-country, this option is ranked as the one that creates the least administrative burden.

In the option C the administrative burden is further reduced to 36% of the baseline scenario, or € 2.9 million (cf. 8.1.3). This burden is completely situated in the country of last activity, but under the present hypothesis of standard costs, this is not even more expensive because all cases of payment are threatened in the country of last activity, but there are no costs for exchange of a PD U1 or reimbursements to be made.

Note: public authorities considered that this option will also make it more difficult and costly for the country of last activity to follow-up the job seeking efforts and job status of beneficiaries of unemployment benefits who live in another Member State.

#### 7.5.4.3 Impact on public finance of the Member States and fair burden sharing

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Many national public authorities see this option as a better alternative than the baseline scenario in terms of fair sharing of the financial burden between Member States. Nevertheless, for some countries, this option would have a significant negative impact on their public budget.

##### *Impact on public finance of Member States*

Score: -

For this exercise the estimated number of unemployed cross-border workers based on the LFS and the unemployment rates of the Ageing Report is multiplied by the annual unemployment benefit per unemployed person (in 2010 prices; projected in the 2012 Ageing Report). For each of the flows between Member States (in the different cells) the unemployment benefit of the country of last activity and the unemployment benefit of the country of residence was taken into consideration. The yearly expenditure assumes that the unemployed person did not find a job during the first year of unemployment.<sup>146</sup> For that reason, the percentual change between the different options is more useful.

The option whereby the country of last activity is paying the unemployment benefit (option C) leads to a yearly expenditure of € 770 million or an increase with 42.6% compared to the baseline scenario (Table 42 and **Error! Reference source not found.**). More specific for frontier workers this option would involve an expenditure of € 561.0 million or an increase in expenditure of 43%. All costs are fully paid by the country of last activity.

If the unemployment benefit would be provided by the country of last activity (Option C) no reimbursements would be claimed by the country of residence (Table 46).

This option is generally expected to lead to a decrease in public expenditure in some Member States, being outweighed by an increase of public expenditure in other Member States. This is certainly going to be the case for countries that are net residing countries versus countries that are net competent Member States. Further, we will see that the total expenditure will probably increase to the present situation, but less than would be the case with right of choice and most unemployed choose the Member State with the highest benefit.

#### ➤ *Fair burden sharing between Member States*

Score: +

Member States widely considered this option as positive in terms of providing a more equitable distribution of the financial burden between Member States. The effects are similar to those discussed for policy option B for the frontier workers deciding to apply for unemployment benefits in their country of last activity. In our public authorities' survey, this option is seen as the one that incorporates the fairest burden sharing between Member States (receiving an average rating of 3.19 on a 1 to 4 scale).

#### 7.5.4.4 Risk of abuse or misuse of the EU rules

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Score: -

The prolongation of the unemployment benefits from the competent Member State for as long as the person fulfils the job-seeking obligations in the Member State where he is registered was thought to apply mainly to the country of residence of the cross-border worker. Otherwise, it would operate as a regular export of benefits. In this sense, those in the countries visited generally opposed to the

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<sup>146</sup> The reader has to take this assumption into account when reading the estimated budgetary impact. A more 'realistic' calculation of the yearly expenditure could be obtained by taking into consideration the average duration of the unemployment (which is an indicator in the LFS) and the specific national rules concerning the maximum length of the payment of the unemployment benefit.

export of benefits for as long as the entitlement would be maintained in the competent Member State. The main reason alleged was the lack of control on the beneficiary.

The export of benefits in these situations lends itself easily to a certain abuse of misuse, whereby the benefits could be paid to a person not actively seeking a job. The aim of providing economic means to compensate for the lack of income until a new job is found would be lost in favour of other personal, vested interests. Clear issues of moral hazard were perceived. Countries with generous unemployment benefits and/or net inflow of cross-border workers (notably Luxembourg, but also Denmark, Germany, Austria and the Netherlands) raised these complaints whereas Romania, with a clear net outflow of workers, favoured the extension of the benefits for as long as the entitlement would last in the competent Member State. In Spain, an intermediate, flexible system such as the one currently provided for the Regulation was better valued.

While the policy option includes the provision of regular information to the competent Member State, which should in theory soothe the concerns expressed by some countries, the majority of the interviewees raised their doubts about the actual operability and success of such regular information provisions. The control of “national” job-seeker appears to be difficult. In this regard, the interviewees generally share the view that no particular control system should be put in place for cross-border workers exporting their benefits. In this sense, the freedom of movement should not be favoured over the equal treatment. Workers exporting their benefits would be subject to the same type of control (verifying that the worker is actually effectively looking for a job, including, when appropriate, attending courses and job interviews) that other local workers. In light of the expressed difficulties to control unemployed workers, the aforementioned provision of regular reports to the competent Member State would be difficult. The administrative costs would also be increased.

This is compounded by the fact that job-seeking demands less and less physical presence, and is carried out more online. This difficulties the control and the establishment of formal job-seeking requirement (e.g., a person might have been very active, submitting dozens of applications online, but there is not an easy manner to verify it).

Similarly, and while Member States shared their interest in controlling their job-seeker abroad, the agreement on a common set of job-seeking obligations was regarded as highly unfeasible. Conceptually, it was deemed positive, but serious doubts were raised about its feasibility.

This option would also make it difficult to react quickly to any non-compliance by the employment seeker with the job-seeking requirements in country of last employment. It would require a laborious administrative process in order to clarify any issues of non-compliance with the employment agencies of another Member State (and to proceed with sanctions, if needed). According to one public authority representative, the problem could be aggravated by language differences between the responsible bodies in the Member States concerned.

A standardised documentation system (taking all national legal sensitivities into account) which informs the country of residence about all criteria for imposing any sanctions against the employment seeker which are applicable in the country of last activity could be a solution, but the feasibility of setting up such a system was questioned by several Member States.

A public authority representative who opposed this option stated that this option could only work if the Member States agreed on a harmonised legal system and its interpretation.

A proposed alternative would be for the country of last activity to provide the job-seeker with a questionnaire to be filled in in the country where the person is looking for employment – this would result in an unacceptable level of administrative burden.

#### 7.5.4.5 Possible impact on the EU internal market

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Score: +/-

Public authorities ranked this option as the option that is least stimulating intra-EU labour market mobility.

Should the unemployed workers decide to look for a job in another Member State and register with the employment services there, two sub-options are considered: maintain the unemployment benefits until the end of the entitlement or limit them.

While the provision by the competent Member State of the unemployment benefits until the end of the entitlement would be more in line with the support of labour mobility across EU countries (unemployed workers would be in a similar situation to look for a job in the competent country or in any other Member State), several national authorities (e.g. in the Netherlands, Denmark and Sweden) argued that the Member State in which the person registers as a job-seeker might not be equally ready to spend resources to help a person find a job in a different country, and might prefer to maintain the job-seeker under their own supervision. Hence, the authorities preferred second-sub option: limit the provision of unemployment benefits. Although, this sub-option would be more limiting in terms of promoting the labour mobility.

#### 7.5.4.6 Impact on the fundamental rights of EU citizens

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Score: +

By making the country of last employment competent for the provision of unemployment benefits to all workers, it would guarantee a similar degree of return on their contributions to all migrant workers. As such, it would eliminate the current distinction between frontier workers and other cross-border workers and migrant workers. In the current situation, frontier workers might lose out on benefits due to their mobility decisions, receiving lower benefits than what their contributions in their country of last activity would have entitle them had they been resident there.

#### 7.5.4.7 Possible impact on the EU budget

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Score: +/-

No impact on the EU budget could be identified.

### 7.5.5 *Option D: Prolongation of the minimum period of export from 3 months to 6 months*

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Option D foresees a general prolongation of the period of export of unemployment benefits for persons who look for work in another than the competent Member State to minimum 6 months. The option could be combined with options A, B and C.II<sup>147</sup>.

This policy option would lift the period of export to a minimum of six months for *all* Member States. Whilst this option would still not harmonise the conditions across all countries (the export could last only up to the end of person's entitlements in the competent Member State; also, more generous provisions -that is, longer periods of entitlement- by any Member State would in principle still be allowed), it would elevate the minimum period of export to bring it to a level that would guarantee all unemployed workers a fair chance to find a job in a different country.

On a different note, while the Terms of Reference refer specifically to the possibility of combining Option D with Options A, B and C.II, the possibility of combining it with Option C.I is worth exploring. In this regard, Option D cannot be combined with Option C.I straight away. Both options deal with the duration of the period of export of unemployment benefits (while Option C.I also addresses the question of determining the country in charge of providing the unemployment benefits). Option C.I proposes that the period of export (that is, the provision of unemployment benefits by the competent Member State) shall last until the end of the entitlement –for as long as the person fulfils the job-seeking requirements in the Member State where he is registered as a job-seeker-. Option D, on its side, proposes to extend the period of export to a minimum of 6 months. The period of entitlement under the competent Member State rules can be inferior, equal to or higher than 6 months, therefore resulting in prolongation periods which could be in line or not with option D. Both options could be however easily combined by stating that the period of export of the unemployment benefits will be of 6 months unless the rules of the competent Member State provide for a longer period of entitlement, in which case the latter would be respected –in line with current art.64.3 of Regulation (EC) No 883/2004, which allows for more generous provisions in the competent Member State-. To add the Option C distinctive element, this new “hybrid” option should state that the unemployment benefits would be provided by the country of last activity regardless of the person’s residence. The export period shall be never longer than the entitlement period a person enjoys if she stays in the MS. E.g. if a country has unemployment benefit duration of 3 months, it should not be asked to provide benefits for 6 months for those who left the country.

**Attitude of consulted stakeholders**

<p>National public authorities</p>	<ul style="list-style-type: none"> <li>➤ 20% of the national public authorities responding the public consultation preferred this option (third preferred option of public authorities). Two options were more popular: the current export rules (period of export of three months, with a possible extension up to six months) and the one where one should be able to export the unemployment benefit until the end of the person's entitlement, according to the rules of the Member State which provides them.</li> <li>➤ The results of the Deloitte survey of national public authorities show a lower percentage of preference (13%), but it is also the third preferred option of public authorities. The majority of the public authorities’ opinions are distributed between two alternative, extreme options:</li> </ul>
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<sup>147</sup> Especially if combined with option C, it should be considered if option D should also not include the export until the end of the entitlement period.

	<p>prolonging the period of export until the end of the person's entitlement to unemployment benefits (39%) and maintaining the status quo (37%).</p> <p>Analysing the replies to the Deloitte survey country-by-country, this option was preferred by respondents from only 1 Member State (PT). In 11 Member States, a period of export of 3 months with a possible extension to 6 months remains the preferred option (baseline), whereas prolonging the period of export until the person's entitlement to unemployment is the dominant preference in 9 Member States.</p> <p>With regard to the public consultation, a prolongation of the period of export to minimum 6 months was most preferred by respondents from public authorities in 2 Member States (FR, HU).</p>
Trade unions and social partners	<p>➤ 0% of respondents on behalf of the social partners and trade unions responding the public consultation preferred this option (preferred option of trade unions and social partners).</p>
Civil society/NGOs	<p>➤ 22% of respondents from civil society/NGOs responding the public consultation preferred this option.</p>
Individual respondents	<p>➤ 40% of the individual respondents in the public consultation preferred this option (second preferred option after the export until the end of person's entitlement under the national rules)</p>

#### 7.5.5.1 Impact (increase/reduction) on social security coverage of the insured persons who move within the EU

##### ➤ *Impact on return on contributions*

##### Score +/-

Although longer export means that a person looking for job abroad does not have his rights reduced due to this effect, this option was paradoxically not perceived by the public authorities and other stakeholders interviewed as having a relevant impact on the return on workers' contributions.

However, it should be borne in mind that the return on contributions refers not only to the level but also duration of the benefits. Though the level of unemployment benefits would not change with this option, the duration of the benefit would not be limited due to the fact that the job seeker registers with employment services of another Member State.

Under the current rules (baseline scenario), unemployed people are able to export their unemployment benefits for a period of three months. The competent institution can then grant an extension for the export of benefits to up to six months. Upon expiry of the period of export (be it three or six months, or a period in between), the concerned worker must return to the competent Member State to continue perceiving the benefits (he/she shall lose all entitlement to benefits under the legislation of the competent Member State if he does not return there on or the expiry of the said period). Therefore, in order not to lose his entitlements upon expiry of the period of export; he must return to the competent country to continue perceiving unemployment benefits until the end of his entitlement. If he does not return with this period, the remaining entitlements are lost.

➤ Impact on the reintegration in the labour market of a person

Score: +

No consistent evidence was provided by the public authorities interviewed showing that longer periods of export of benefits correlate with better chances of finding a job<sup>148</sup>. Actually, the institutions participating in our survey ranked the prolongation of the period of export behind the current rules in terms of impact on the reintegration of unemployed people in the labour market. The current rules were the highest-ranked option. However, it was also ranked behind the option enabling the export of benefits until the end of the person's entitlement to unemployment benefits according to the rules of the Member State which provides them. These results seem contradictory in the sense that, in terms of facilitating the reintegration of unemployed workers in the labour market, the prolongation of the period of export to a minimum of six months is ranked both below an option that leads to shorter periods of export and below an option that leads to longer periods of export.

Considering the qualitative input gathered during the interviews, it nevertheless appears that the stay abroad while retaining entitlement to benefits facilitates job-seeking. While, once again, no hard figures were presented to back up the notion that the export of benefits, in general, leads to better employment prospects and, in particular, that staying abroad for longer increases the chances of finding employment, the public officials interviewed tended to side with the idea that physical presence in the country of job search (made possible by the opportunity to export the unemployment benefits) had, if any, certain positive effects. Thus, while a relevant amount of respondents considered that physical presence is not needed for job-seeking or that it depends on the situation, the most-selected option among public authorities in both the online survey and the public consultation was that physical presence is needed for job-seeking. The majority of trade unions and social partners also maintained the need for physical presence. Those defending the need for presence argued mainly that it is needed for job interviews, but also for "job placement and employment promotion by the Public Employment Service". The benefits of presence linked to availability for job interviews were also argued by many of the respondents choosing the "it depends" option.

Furthermore, increasing the minimum period of export would confer additional possibilities to mobile workers who do not currently enjoy them. As has been reported, several countries do not grant the prolongation of the export of unemployment benefits at all (the extension is rejected without real consideration of the individual circumstances of the case). Certain workers are thus deprived of the possibility to export their unemployment benefits for more than three months. The adoption of this policy option would grant all the workers in the EU (subject only to their concrete entitlements given their conditions and the rules of the Member State which provides their benefits) a similar possibility to export their unemployment benefits. In a context in which an important responsibility with regard to finding a new job and thus reintegrating in the labour market falls on the workers themselves (who, for example, must choose the country where they claim

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<sup>148</sup> For instance, Spain carried out a study in 2008 comparing the duration of unemployment and probability of finding a job for unemployed workers remaining in the country and those exporting the benefits. The results showed that the latter were not more likely than the former to find a job. Similar results were reported in Luxembourg, although the very reduced amount of workers does not allow to draw representative conclusions. Similar effects were also reported in the UK.



unemployment benefits in the case of cross-border workers other than frontier workers), it seems that providing them with expanded possibilities to find a job anywhere in the EU is positive.

For this reason, it is considered that this policy option could have a positive impact in terms of the reintegration of unemployed workers in the labour market and thus on the social security coverage of these workers.

#### 7.5.5.2 Impact on administrative costs and administrative burden

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##### ➤ Impact on transparency: +

In terms of transparency, the adoption of this option could have positive effects. It was gathered during the interviews conducted that the extension of the export of benefits is not granted as a general rule (for example, in the United Kingdom). Therefore, certain unemployed workers are in practice not granted the possibility to export their unemployment benefits for longer than three months without an individual examination of the circumstances of their case. In this sense, the rules are not entirely transparent, since national institutions might apply widely varying practices that cannot be known *a priori* by the unemployed workers. The adoption of this option would eliminate the uncertainty derived from the degree of flexibility granted to public institutions by the current coordination rules. While currently workers can count on a period of export of their unemployment benefits of three months (whilst not being certain of whether the export could be prolonged up to six months), this option would guarantee a period of export of six months not subject to individual (and not necessarily entirely transparent) decisions.

##### ➤ Impact on complexity of the rules: +/-

This option was not perceived by the public authorities interviewed as having a clear impact in terms of complexity of the rules. Aspects such as the distinction between frontier workers and other cross-border workers, wholly and partially unemployed frontier workers, or different national practices in terms of the aggregation of periods of insurance, employment and self-employment would not be affected by this option. Since those were mentioned as sources of complexity, the option would not have an impact.

##### ➤ Administrative burden on public authorities

Score: -

In terms of administrative costs and burdens brought about by the coordination of social security systems, this option would primarily have an impact in terms on the communication exchange between countries concerning the situation of the job-seekers exporting their benefits.

On one hand, certain workers who currently (under the baseline scenario) cannot export their unemployment benefits for longer than three months (given the reluctance of some Member States to grant the extension), could pass to indeed export their benefits for longer periods. On the other hand, lifting the minimum period of export to six months might also lead to longer periods of export by workers who are effectively entitled to six-month exports under the current rules (with the minimum set at six months, certain countries might grant the export for longer periods). In both

situations, the daily, regular control of the jobseeker would shift from the competent country (be it the country of residence or of last activity) to the country of export. In addition, certain communication should take place between the two countries concerned. While the implications are far from likely to apply regularly and homogeneously across all countries given the differences that exist in their way of operating, this communication is generally not a one-off effort, implying instead additional efforts the longer the period of export.

In cases of export of unemployment benefits, several countries (including Belgium, Estonia, Netherlands, Poland and Portugal) stated that the situation varies significantly depending on the country they deal with in each concrete case. For such reasons, it is expected that the adoption of this policy option would have a negative impact with regard to administrative costs and administrative burdens.

In addition, it must be noted that the export of unemployment benefits is widely linked, in the view of public authorities, to concerns about the possibility of accrued risks of abuse or misuse of rights. 52% of the organisations participating in Deloitte's survey indicated so, including 33% that considered that such risk would be particularly high if extending the minimum period of export to six months. Therefore, it seems likely that if such prolongation were to be adopted, it could come hand in hand with additional measures to soothe Member State's concern about the risk of abuse. While such measures are not considered in the scenarios evaluated by this study, it is worth, for the sake of comprehensiveness, to quickly analyse the potential implications of the adoption of such measures.

When asked about mitigation measures to reduce the risk of abuse, the Member States selected and/or proposed some of the following options:

- The guest Member State should feel more responsible for jobseekers who have exported their unemployment benefit from another Member State. Agreements should be made between Member States about the control and the provision of active assistance to jobseekers (HU, AT, CZ, IE, IT, LI, NL, PL, PT and SI).
- Several Member States would like to enhance the role of the "guest" Member State in providing information to the competent Member State about the chances of a person to find a job at short-term (BE, EE, CZ and FR).
- All jobseekers who have exported their unemployment benefits should be obliged to report about their job seeking activities to the competent Member State (CZ, DE, MT, LT and FR). Some countries are in favour of monthly reporting by the jobseeker to the competent institution (DE, MT and LT); other Member States say that a 3-monthly reporting would be sufficient (FR).

As clearly pointed out by the Danish authorities, and as can be perceived by considering the options proposed, many of the mitigation measures proposed would also increase the administrative burden and costs of Member States. Therefore, should this scenario play out, the negative impact on administrative burden and costs could be increased.

### 7.5.5.3 Impact on public finance of the Member States (and fair burden sharing)

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- Impact on public finance of Member States

Score: +/-

The results of the data collection activities conducted suggest that this policy option would not have any significant impacts on the public finance of Member States, neither at individual or aggregate level. However, the 'success rate' of finding a job abroad could/will differ by country of residence which will have an impact on the period of unemployment and on the expenditure.

This policy option does not affect the duration and amount of unemployment benefits granted by each country, nor would it affect the national system from which the unemployed person would receive his/her benefits.

There could be differences in terms of "where" the unemployed person receives his/her benefits for a certain period of time, but not the level or amount of benefits received. This would still be determined by the competent institutions according to the individual circumstances of the case (inter alia, the periods of insurance, employment or self-employment completed by the unemployed person, and the salary perceived in the last professional activity). In particular, this option would not guarantee a minimum export of six months at any moment for any unemployed worker regardless of the circumstances. Should the concerned worker be entitled to continue perceiving unemployment benefits for a period shorter than six months (given his (remaining) entitlements according to the legislation of the competent Member State), the export of benefits would only last until the end of the entitlement (and not be prolonged until reaching the six months).

The possible impacts on the public finance of Member States could come via changes in administrative costs and via a possible impact on the period of unemployment (which affects directly the amount spent on unemployment benefits by the competent institution). As commented earlier, the impact on administrative burden and costs is not clear, whilst there is not clear evidence that exporting the unemployment benefits for longer than three months provides additional chances of finding a job. In light of this, no significant impacts on the budget Member States via these factors can be appreciated at this stage.

➤ *Impact on fair sharing of the financial burden*

Score: +/-

This policy option would not change the amount of unemployment benefits that must be provided by each Member State. When an unemployed person "exports" his or her benefits, the competent institutions continue to pay them. The unemployed person must register as a job-seeker in the "host" country (being then subject to the job-seeking requirements of the public employment service there), but continues to receive his/her benefits from the competent institution. In this sense, there is no shift at all in the sharing of the financial burden between Member States.

Still, Member States rated this option clearly below the current rules in terms of impact on fair sharing of financial burden between Member States in Deloitte's survey. This option received a score 2.43 (on a scale of 1 to 4), very similar to the possibility of extending the export until the end of the person's entitlement (2.42), but clearly below the score given to the current rules (2.72). The interviews conducted suggest that this lower rating could be linked to the costs taken on by the "host" country regarding job-seeking support and control activities with regard to the mobile

unemployed worker. Thus, the receiving countries would incur in additional costs for every incoming job-seeker (certain administrative costs linked to communication with the competent Member State would also come as a result). While each country could find itself in the “receiving” or “sending” situation, the differential impacts would depend directly on the net flow of “exporting” job-seekers experienced by each country.

#### 7.5.5.4 Risk of abuse or misuse of the EU rules

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Score: -

This option was clearly identified by a large number of representatives from national administrations interviewed (including Luxembourg and the United Kingdom) as increasing the risk of misuse or abuse of the EU rules.

Such risks would, in this view, be aggravated by the extension of the period of export (the payment of unemployment benefits without the certainty that they are effectively trying to find a job would be prolonged, while additional workers might feel attracted to make use of the possibility of export without a clear focused aim of finding employment as soon as possible in the country of destination).

52% of all the respondents to the Deloitte online survey think that extending the period of export could lead to an increased risk of misuse or abuse of rights. Such risk would be higher, according to the respondents, the longer the allowed period of export. Thus, 79% of the respondents to the online survey for public authorities thought that the risk of misuse or abuse would increase if the unemployment were provided until the end of a person’s entitlement, according to the rules of the Member State that provides them; meanwhile, 33% of the respondents believed that the risk would increase in the minimum period of export was raised to six months.

These data show that the concern exists among public authorities.

The argument of the risk of abuse of rights is linked to the limitations of the control the competent Member State can exert on the jobseeker (whose unemployment benefits they are paying) whilst he/she is abroad exporting his/her benefits.

For such reasons, the impact that this option could have in terms on a higher risk of misuse or abuse appears, in comparison with the baseline scenario, negative.

However, it should be noted that the authorities interviewed were unable to attach figures on the misuse of rights. The cases of abuse related seemed rather anecdotal. Other interviewees also pointed out that, while the risk of misuse or abuse exists, the concerns over it should not lead to deprive the vast majority of workers who export their unemployment benefits legitimately. 45% of the participants in Deloitte’s survey did not think that the misuse or abuse of rights is a risk in cases of export of unemployment benefits.

#### 7.5.5.5 Possible impact on the EU internal market

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Score: +

While in many cases reluctant to the extension (due to potential pitfalls such as the increase risk of misuse of the rights, as previously discussed), interviewees (regardless of their type) coincided in general in signalling that the extension of the period of export could have some favourable effects from the point of view of fostering cross-border mobility.

National administrations participating in the survey considered that this option would have a slightly more positive impact on labour market mobility than the current rules (on a scale of 1 to 4, it received a 2.54, compared to the 2.47 of the current rules). The highest-ranked option in this regard was the possibility to extend the export until the end of the person's entitlement. These results reveal that national administrations recognize that the possibility of exporting unemployment benefits, the more the longer it is, facilitates labour mobility to some degree. In comparison with the baseline scenario, the effects of an increase of the minimum period of export from three to six months seemed limited, but positive.

This question is also directly linked to the chances of reintegration in the labour market for unemployed people exporting their unemployment benefits, discussed before. As previously pointed out, there is no clear evidence that the chances of finding a job in the "host" country improve after three months, but public officials tended to agree that, if any, the effects of the export (and the extension) would be positive. Similarly, the possibility to export unemployment benefits for longer could facilitate not only the reintegration in the labour market but also the decision of unemployed workers to decide going to look for a job in the country. A guaranteed longer period of export in case employment is not found could help to soothe concerns of adaptation of some potentially migrant workers. The cultural and social "acclimation" to the host country would in principle be facilitated by the possibility to remain there for longer. More unemployed workers might then be willing to take their chances leaving their country of residence if a relatively long period of export, allowing them to fully adapt to the local conditions.

#### 7.5.5.6 Impact on the fundamental rights of EU citizens

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Score: +

This policy option would in principle provide a direct positive impact in the freedom of movement and of residence. It could also help to eliminate some discrimination problems. As currently unemployed workers in certain countries do not enjoy the chance to extend the export of their unemployment benefits from three to six months, there are *de facto* differences across workers in different Member States, and what could be considered a certain discrimination. This would be solved with the adoption of this policy option. Most clearly, the impact of this option would be via its further facilitation of job-seeking abroad. By increasing the possibilities to look for a job abroad, the prolongation of the minimum period of export from three to six months would have a positive effect in favouring the freedom of movement and of residence.

#### 7.5.5.7 Possible impact on the EU budget

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No impacts on the EU budget were identified

### 7.5.6 *Option E: Clarification of the provision on the aggregation of periods of insurance, employment and self-employment*

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Option E implies a clarification of the provisions on the aggregation of periods of insurance, employment and self-employment. This policy option addresses directly the problem of the different practices in the application of rules on aggregation of periods (Article 61 of Regulation (EC) No 883/2004). For such reason, it could be combined with any of the previous options (as Options A, B and C address the first problem and Option D addresses the second problem). Several regulatory instruments are proposed (a Regulation, an interpretative decision of the Administrative Commission or guidelines).

Given that Member State's legislation often makes the acquisition, retention, recovery or duration of unemployment benefits conditional upon the completion of either periods of insurance, employment or self-employment, mobile unemployed persons would be penalised if it were not possible to take into account the periods completed under the legislation of a Member State other than that whose legislation applies. To prevent this problem, and facilitate cross-border mobility, Article 61 of Regulation (EC) No. 883 /2004 states that the periods of insurance, employment or self-employment completed under the legislation of any other Member State shall be taken into account and considered as though they were completed under the legislation it applies.<sup>149</sup>

However, as explained in the problem definition, there is significant diverge of opinions on the proper interpretation of the article and reported practices of some Member States not in accordance with EU law. Therefore, a clarification of the provision on the aggregation of periods of insurance, employment and self-employment which enshrined a unique, unmistakable interpretation, could serve as an effective tool to avoid different practices in the application of rules on aggregation of periods.

Periods of insurance, employment and self-employment completed abroad are taken into account for the acquisition, retention, recovery or duration of the rights to unemployment benefits.

When the legislation of the competent Member State makes the entitlement conditional upon the completion of either periods of insurance, employment or self-employment, the competent institution shall take into account **periods of insurance, employment or self-employment** completed under the legislation of any other Member State as though they were completed under the legislation it applies.

When the applicable legislation makes the entitlement to benefits conditional upon the completion of periods of insurance, **the periods of employment or self-employment** completed under the legislation of another Member State shall only be taken into account if such periods would have been considered to be periods of insurance had they been completed in accordance with the applicable legislation.

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<sup>149</sup> In the particular case where the applicable legislation makes the right to unemployment benefits conditional on the completion of periods of insurance, the periods of employment or self-employment completed under the legislation of another Member State shall not be taken into account, with one exception: when these periods of employment or self-employment would have been considered to be periods of insurance had they been completed in accordance with the applicable legislation, they shall be considered as periods of insurance and therefore give right to unemployment benefits.

While respecting these coordination rules, Member States remain competent to determine the conditions for insurance under their social security system and the entitlement to benefits under that system.

**Attitude of consulted stakeholders:**

- The public consultation and the Deloitte online survey did not contain specific questions on the aggregation of periods of insurance, employment and self-employment. Concerns about the incorrect application and the lack of clarity of rules included the question of the aggregation of periods of insurance, employment and self-employment.
- The public authorities and other stakeholders consulted were not able to elaborate on the impacts of a clarification of the provisions on aggregation of periods without more details about the content of such clarifications. Member States interpret art.61 Regulation (EC) No.883/2004 in the light of their own national legislation and their particular circumstances. This results in different interpretations across Member States. While support for a clarification was provided in general terms during the interviews with public officials, they expressed the concern that it could lead to undesired changes in their own practice (imposing an interpretation of the rules that differs to the one they deem appropriate given their national legislation).

7.5.6.1 Impact (increase/reduction) on social security coverage of the insured persons who move within the EU

The impacts are analysed under the consideration that the clarification of the provisions would ensure a consistent interpretation and application of the rules across countries (without implying any change in the way that each Member State considers, under its own legislation, different periods as periods of or equivalent to periods of insurance, employment and self-employment). This consistent understanding and application of the rules would then reflect accurately the desire of the legislator regarding the rights granted to migrant workers and the responsibilities of each Member State involved. It is in accordance with this potential situation the clarification should bring about that the impacts of this options vis-à-vis the baseline scenario are assessed.

➤ Impact on return on contributions

Score: +

The clarification of the provisions on the aggregation of the periods of insurance, employment and self-employment would bring positive effects in terms of the return that migrant workers receive on their contributions. By guaranteeing a consistent application of the rules, the clarification would ensure that no periods that should have been considered for establishing the entitlement to unemployment rights are left aside due to an uneven application of the rules across Member States.

➤ Impact on the reintegration in the labour market of a person

Score: +

By ensuring that unemployed workers receive the level of unemployment benefits they are rightfully entitled to, and that no periods are unduly left aside for determining and calculating such environments, this policy option would have a positive impact on the reintegration of the labour market. In other words, the clarification of the provisions would help to ensure that the support the unemployed person receives, both income and non-income related (including the duration of such supporting measures), that he is rightfully entitled to and that the legislator intended to grant him. As the provisions on unemployment benefits are designed with the objective of providing the unemployed person with the best possible chances to find a job, a consistent application of the provisions on aggregation of periods would help to ensure that he/she receives exactly the support (considered optimal given the different factors the policy makers must consider and weigh) the legislator intended.

#### 7.5.6.2 Impact on administrative costs and administrative burden

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##### ➤ Transparency and complexity of the rules

###### Score: +

The clarification should have a clearly positive impact in terms of transparency and provide as well a certain reduction in complexity of the rules.

Transparency and clarity are complicated when determining the rights an unemployed worker is entitled to when there must be an aggregation of periods of insurance, employment or self-employment completed abroad because of two factors: the diversity of national systems and the divergence in the interpretation of art.61.

The diversity of national systems would not have an impact in any way by the adoption of this policy option. Member States will continue to regard different periods (periods of employment, of self-employment, of maternity, of education, of sickness, etc.) in different manners (as periods of or equivalent to periods of insurance, employment of self-employment, or not). This will not be affected by clarifying the provisions on the aggregation of periods.

However, transparency and clarity will be improved by the adoption of a clarification by eliminating the complications introduced by the divergent interpretation and application of the rules. While it might still be to some extent complex for migrant workers to know the benefits they would be entitled to if/when becoming unemployed in different countries due to the importance that the different national systems have, this would not be compounded by an uneven application of the rules across Member States.

##### ➤ Administrative burden on public authorities

###### Score: +

The clarification is not expected to have significant effects on public authorities' administrative burden. The number of cases to deal with would not be altered by the clarification, while the majority of the administrative tasks related to the coordination of unemployment benefits would not be affected either (for instance, essentially the same tasks should be carried out regarding the export of unemployment benefits, and well as the reimbursement procedure –amounts might vary-). If any, the impact should be mildly positive, inasmuch as the clarification could bring about a certain decline



of communication exchanges between different Member States institutions over contested cases, as well as citizens' claims or complaints about a potentially incorrect application of the rules.

#### 7.5.6.3 Impact on public finance of the Member States and fair burden sharing

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##### ➤ Impact on public finance of Member States

Score: + / -

The adoption of this policy option should not have relevant effects on the public finance of Member States. A clarification of the rules could imply that certain periods unduly left aside for the calculation of unemployment benefits in certain cases would now be taken into account (hence possibly increasing the amount and duration of benefits granted). However, it could also lead to discarding certain periods that are currently taken into account for establish the entitlement to benefits but that should not be considered. In absence of concrete evidence over how the practices of Member States and the amount and type of cases concerned in each of them, the overall impact on the public finance of Member States does not seem clear (in a positive or negative direction) *a priori*.

##### ➤ Impact on fair sharing of the financial burden

Score: +

The rules should improve the sharing of the financial burden between Member States by clearly and consistently making every country responsible for the provision and payment of exactly the amount of benefits they should be in charge of according to the coordination rules. Member State should not be negatively affected (or, on the contrary, profit) from an uneven application of the rules. The distribution of costs should reflect the balance intended by the legislator.

#### 7.5.6.4 Risk of abuse or misuse of the EU rules

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Score: +/-

This policy option should not increase the risk of misuse or abuse of the EU rules decisively. A clarification of the periods of insurance would ensure a reflection of the possibilities and level of protection for workers desired when designing the coordination rules. Better visibility would exist on the benefits workers would be entitled to upon becoming unemployed depending on their country (or countries) of previous and last activity. It could be argued that this clearer view on their rights could be used to identify the cracks of the system and profit from possible unintended comparative advantages made possible by the system. However, it would also enable the workers to better plan and have a more accurate long-term view on their rights if moving and working in different countries. It would also allow public authorities to better identify possible loopholes or unintended consequences in the system (and counter them if necessary).

#### 7.5.6.5 Possible impact on the EU internal market

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Score: +

A clarification of the provisions on the aggregation of periods of insurance, employment and self-employment would help to ensure that migrant workers would not lose their right to acquire, retain or recover their unemployment benefits, of that the duration of the same would not be shortened, as a result of exercising their right of free movement.

In this manner, this policy option would favour labour mobility. Workers would not refrain from moving abroad due to concerns about their entitlement to benefits if becoming unemployed. They would also not see their chances of finding a job –including jobs in other Member States- diminished due to an unduly reduction in their entitlements (stemming from a wrongful application of the

aggregation rules). By removing obstacles to labour mobility, this policy option would have a positive impact on the EU internal markets.

#### 7.5.6.6 Impact on the fundamental rights of EU citizens

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Score: +

The uneven application of the rules on aggregation of periods of insurance, employment and self-employment effectively reduces the entitlements of certain unemployed workers. By ensuring a consistent interpretation and application of these rules, the differences among workers across countries would be removed (eliminating, in a sense, a form of discrimination), and would help to uphold the right to social security of the unemployed persons (their entitlements would not be unduly reduced). By guaranteeing unemployed workers the provision of the unemployment benefits they are rightfully entitled to, this policy option would also facilitate their job-seeking activities (including the possibility of finding a job in another country). In this sense, a certain positive effect could be appreciated in the freedom of movement and of residence.

#### 7.5.6.7 Possible impact on the EU budget

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No impacts on the EU budget are expected as a result of the adoption of this policy option.

## 7.5.7 Overview of the impact assessed

This section provides an overview of the likely impacts for each of the options. It aims to show strengths and weaknesses of all options.

**Table 40: Coordination of unemployment benefits: overview of impact assessed per option**

	A. Status quo (baseline scenario)	B. Right of choice for frontier workers	C1. UB provided by country of last activity (until end of entitlement)	C2. UB provided by country of last activity (limited in time)	D. Prolongation of min. period of export from 3 to 6 months	E. Clarification of provision on aggregation of periods of insurance/employment/self-employment	
<b>Coordination of Unemployment benefits</b>	Impact on <b>social security coverage</b> of mobile citizens, particularly with regard to: <ul style="list-style-type: none"> <li>o return on workers' contributions</li> <li>o conditions for reintegration in labour market</li> </ul>	+	+	+	+/-	+	
	Impact on <b>administrative burden, transparency and complexity</b> of the rules <ul style="list-style-type: none"> <li>o transparency</li> <li>o complexity</li> <li>o administrative burden on national admin.</li> </ul>	-	+	+	+	+	
	Impact on <b>public finance</b> of MS and fair burden sharing: <ul style="list-style-type: none"> <li>o impact on budget of MS</li> <li>o fair share of financial burden between MS</li> </ul>	+	+	+	+	+/-	
	<b>Risk of misuse/abuse</b> of EU rules	-	-	-	-	+/-	
	Impact on <b>internal market and intra-EU labour market mobility</b>	+	+/-	+/-	+/-	+	+
	Impact on <b>fundamental rights of EU citizens</b>	+	+	+	+	+/-	+
	Possible impact on <b>EU budget</b>	+/-	+/-	+/-	+/-	+/-	+/-
		0	+	+	+	+	+
		0	+/-	+/-	+/-	+	+
		0	- (+65%)	- (42%)	- (42%)	+/-	+/-

A “+” should be interpreted as a positive impact on the impact assessment criterion, whereas a “-” indicates a negative impact on the impact assessment criterion. Be aware that a positive impact on public finance of MS (+) actually reflects an expected decrease in public expenditure. Similarly, a “+” impact on administrative burden actually reflects an expected decrease in the administrative burden on administrations.

## 8 Comparison of the options

In this chapter, we recollect the key findings of the previous chapter to provide a summary overview of all positive and negative impacts for the policy options that we analysed in detail in the previous chapter. The criteria used for the comparison of the options against the baseline scenario are:

- *Effectiveness* of the options in relation to the specific objectives (cf. Figure 4: Problem tree - coordination of LTC benefits and Figure 5 - Problem tree coordination of unemployment benefits)
- *Efficiency* of the options in achieving the operational objectives and the extent to which objectives can be achieved for a given level of resources/at least cost.
- *Coherence* of the different policy options.

In a first step, we focused on the performance of the options, with regard to their effectiveness with the defined policy objectives, efficiency and coherence with the overarching EU objectives.

We started by scoring the options on the basis of the effectiveness criteria and identifying which options score best on effectiveness i.e. meets the defined objectives best. All specific objectives were considered as equally important (no weighting mechanism was applied, as requested by the Commission services).

In a second step, we considered the efficiency of the various options, and looked at the costs that are associated with implementation of the policy options. In many cases this has pointed at trade-offs between effectiveness and efficiency that are relevant for the political choices.

Finally, for all options, we have considered all the relevant positive and negative impacts alongside each other, regardless of whether they could be expressed in qualitative, quantitative or monetary terms.

## 8.1 Coordination of unemployment benefits

### 8.1.1 Overview

The table below summarizes the expected impact of each option alongside each objective, based on the previous analysis. The notion of effectiveness refers to the Specific Objectives presented in the objective tree (cf. 5.3.8).

One should note that options D and E should be considered as horizontal options, which can be combined with options A, B and/or C.

**Table 41: Comparison of the effectiveness, efficiency and coherence of the options (baseline=1)**

	Option A: baseline scenario	Option B: Right of choice	Option C: UB provided by country of last activity	Option D: Prolongatio n period of export	Option E: Clarification of aggr. rules
<b>Specific objectives</b>					
1. Consistent application of coordination rules	1	1,5	1,5	1,5	1,5
2. Simplified legal framework	1	1,5	1,5	1	1
3. Facilitate reintegration in labour market & improved protection of job-seekers abroad	1	1	1	1,5	1,5
4. Unemployed mobile workers receiving return on their contributions	1	1,5	1,5	1	1,5
5. Fair distribution of financial burden	1	1,5	1,5	1	1,5
6. High awareness of rights	1	1,5	1,5	1,5	1,5
7. Rules reflecting current job market conditions	1	1,5	1,5	1,5	1
<b>Efficiency</b>					
Budgetary impact	1	0,5	0,5	1	1
Administrative burden	1	1,5	1,5	0,5	1,5
<b>Coherence</b>	1	1	1	1	1
<b>Total</b>	<b>10</b>	<b>13</b>	<b>13</b>	<b>11,5</b>	<b>13</b>

Legend: 1= no impact (e.g. baseline scenario); 1.5 = positive impact; 0.5 = negative impact. A "1.5" should be interpreted as a positive impact on the impact assessment criterion, whereas a "0.5" indicates a negative impact on the impact assessment criterion. Be aware that a positive impact on public finance of MS (+) actually reflects an expected decrease in public expenditure. Similarly, a "+" impact on administrative burden actually reflects an expected decrease in the administrative burden on administrations.

Option E (clarification of the rules of aggregation) is generally considered a good option, both in terms of effectiveness and efficiency. However, the positive impact of this option will largely depend on how the aggregation rules will exactly be clarified. All consulted parties are of course in favour of clear aggregation rules and see the benefits of such a clarification, but the question will be what the result will be. In terms of effectiveness, a clarification of the aggregation rules would create higher return on the contributions of migrant workers and enhance the consistent application of the rules. It would ensure that no periods that should have been considered for establishing the entitlement to unemployment rights are left aside. A clarification of the aggregation rules will however not simplify these rules and the diversity of national systems will be continued.

Options C and B are both evaluated as very effective options, capable to address the wider variety of problems that are faced with the coordination of unemployment benefits (Problem definition).

Option C has consistently positive impacts with regard to all specific objectives except for the objective of "facilitate" reintegration in labour market and improve protection of job-seekers abroad", for which it is not clear whether the option would have a positive or negative impact compared to the baseline scenario". Transparency will increase and complexity of the rules will be reduced, as it will also be the country of last activity that will be in charge. Furthermore, it is considered as fairer that the country

which receives contributions of workers also pays out the unemployment benefits. There is however an important disadvantage linked to the option: although option C is effective, it is expected to have a negative budgetary impact (an increase in expenditure of 43% - cf. 8.1.2) on the Member compared to the baseline scenario.

Also, option B is expected to produce a negative budgetary impact compared to the baseline scenario (and is also costlier than option C – cf. Table 42). However, option B is considered as very effective. Under option B, unemployed frontier workers are likely to be better off in terms of social protection, as he has a right of choice. It gives frontier workers the possibility to be treated in the same way as their former work colleagues which live in the country of last employment. It is also fairer, as it ensures frontier workers a better return on the workers' contributions which they have paid in the country of last activity before becoming unemployed. There is a substantial shift of the financial burden directly to the countries of last activity (cf. Table 45).

Option D (export of unemployment benefits for a period of minimum 6 months) is generally evaluated as better than the baseline scenario. There are indications that a prolongation of the period of export could facilitate the reintegration of unemployed in the labour market. Such a prolongation is also likely to stimulate intra-EU labour market mobility. From an administrative point of view, it could however generate higher administrative burden on public authorities, as unemployed abroad need to be followed up over a longer period than currently is the case. Option D can also make an end to the inconsistent application of the export rules by the different EU Member States.

Option A – a continuation of the status quo - is clearly the worst-case scenario in terms of effectiveness. All other options are expected to be more effective in tackling the current problems. However, the baseline scenario scores better than all other options (except option E) with regard to the efficiency criterion.

### *8.1.2 Budgetary impacts of the different options and likely reimbursement claims*

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We aimed to make quantitative estimates of the likely budgetary impacts for the following options: option A (baseline scenario), option B (right of choice for frontier workers – cf. 7.5.3.3) and option C (unemployment benefits for all workers to be provided by the country of last activity – cf. 7.5.4.3)<sup>150</sup>. The section below compares the different options with regard to their likely budgetary impacts (identified in the previous chapter)<sup>151</sup>.

The baseline option A2 is the most realistic under the hypothesis that the unemployed free to choose, choose for the country of the highest benefit<sup>152</sup>. The total cost is estimated at 638 million euro.

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<sup>150</sup> In order to estimate the budgetary impact of the baseline scenario, the estimated number of unemployed cross-border workers based on the LFS and the unemployment rates of the Ageing Report was multiplied by the annual unemployment benefit per unemployed person. For each of the flows between Member States (in the different cells) the unemployment benefit of the country of last activity and the unemployment benefit of the country of residence was taken into consideration. The total yearly expenditure is calculated based on the unemployment benefit per unemployed person in prices 2010 taken up in the 2012 Ageing Report as also the estimated unemployed cross-border workers. **This yearly expenditure assumes that the unemployed person did not find a job during the first year of unemployment.** A more 'realistic' calculation of the yearly expenditure could be obtained by taking into consideration the average duration of the unemployment

<sup>151</sup> Budgets are estimated as if the unemployed remain in that situation for a complete year. The reimbursement between countries of last activity and country of residence (if implied) is limited to 3 months.

<sup>152</sup> Please note that, because of the fact that unemployed frontier workers must claim unemployment benefits in the country of residence while unemployed other cross-border workers can choose to claim unemployment benefits in the country of last employment or in the country of residence, an assumption had to be made about how many of them return to the country of residence and how many stay in the country of last activity (assumption 1: 50% of the other unemployed cross-border workers return and 50% stay; assumption 2: cross-border workers make a rational decision and choose the Member States is paying the highest unemployment benefit. The fact that all cross-border workers are able to choose between the country of residence and the country of last activity involves important budgetary uncertainties as shown in our estimates. Differences in expenditure between the scenario where 50% of the cross-border workers are returning or where cross-border workers are making a rational decision on the basis of the amount of the unemployment benefit are striking. For all different scenarios, a breakdown between the expenditure by the country of residence (table) or the country of last activity (table) is made. We also refer to the cross-table in annex have a view on the bilateral expenditure between countries.

The option B2 confirms the qualitative assessment of the impact on the budget: it increases to 891 million euro. This is a substantial shift from the burden to the country of last activity, considered in the qualitative assessment as a fairer share of the burden.

A somewhat smaller increase of the total burden (to 768 million euro) is observed in option C (in contradiction with the qualitative assessment) putting the burden completely on the country of last activity. For the competent Member States this option is more expensive than option B2 where their burden via direct payment and reimbursement is only 704 million euro.

The difference (at the benefit of the unemployed) would be in option B2 at the expense of a higher fiscal burden for the country of residence because of that freedom of choice

**Table 42: Total estimated yearly expenditure unemployment benefits for unemployed cross-border workers (in € 000)**

	Total yearly paid expenditure in (000€)					
	Cross-border workers	Absolute difference baseline scenario1	% difference baseline scenario1	Of which: frontier workers	Absolute difference baseline scenario1	% difference baseline scenario1
<b>Baseline scenarioA1:</b> Frontier workers return; other cross-border workers 50% stay and 50% return	539.976			392.351		
<b>Baseline scenarioA2:</b> Frontier workers return; other cross-border workers rational decision (=highest amount UB)	638.464	98.688	18,2%	392.351	0	0%
<b>Option B1:</b> right of choice: 50% stay and 50% return	624.281	84.306	15,6%	476.657	84.306	21%
<b>Option B2:</b> right of choice: rational decision (=highest amount UB)	891.583	351.607	65,1%	645.470	253.119	65%
<b>Option C:</b> UB provided by the country of last activity <sup>153</sup>	770.121	230.145	42,6%	560.962	168.611	43%
<b>Option F:</b> UB provided by the country of residence	478.442	-61.534	-11,4%	392.351	0	0%

\* We assume that the unemployed cross-border worker is a complete year unemployed after employment

source: Estimate based on data LFS and 2012 Ageing Report

**Table 43: Total estimated yearly expenditure unemployment benefits for unemployed cross-border workers paid by the country of residence (in € 000)**

	Total yearly paid expenditure by country of residence in (000€)			
	Cross-border workers	Absolute difference baseline scenario1	Of which: frontier workers	Absolute difference baseline scenario1
<b>Baseline scenarioA1:</b> Frontier workers return; other cross-border workers 50% stay and 50% return	435.396		392.351	
<b>Baseline scenarioA2:</b> Frontier workers return; other cross-border workers rational decision (=highest amount UB)	449.952	14.555	392.351	0
<b>Option B1:</b> right of choice: 50% stay and 50% return	239.221	-196.176	196.176	-196.176
<b>Option B2:</b> right of choice: rational decision (=highest amount UB)	238.365	-197.031	180.765	-211.587
<b>Option C:</b> UB provided by the country of last activity <sup>154</sup>	0	-435.396	0	-392.351

<sup>153</sup> No differentiation has been made as regards the impact of options C1 and C2. Respondents to the questionnaire did not make a distinction between these sub options and that no further information related to the entitlement in a Member State was available. As a consequence it had not been possible to make estimations for both options over the period of one year.

<b>Option F:</b> UB provided by the country of residence	478.442	43.045	392.351	0
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Source: Estimate based on data LFS and 2012 Ageing Report

**Table 44: Total estimated yearly expenditure unemployment benefits for unemployed cross-border workers paid by the country of last activity (in € 000)**

	Total yearly expenditure paid by country of last activity (000€)			
	<i>Cross-border workers</i>	<i>Absolute difference baseline scenario1</i>	<i>Of which: frontier workers</i>	<i>Absolute difference baseline scenario1</i>
<b>Baseline scenarioA1:</b> Frontier workers return; other cross-border workers 50% stay and 50% return	104.579		0	
<b>Baseline scenarioA2:</b> Frontier workers return; other cross-border workers rational decision (=highest amount UB)	188.512	83.933	0	0
<b>Option B1:</b> right of choice: 50% stay and 50% return	385.060	280.481	280.481	280.481
<b>Option B2:</b> right of choice: rational decision (=highest amount UB)	653.218	548.639	464.706	464.706
<b>Option C:</b> UB provided by the country of last activity <sup>155</sup>	770.121	665.542	560.962	560.962
<b>Option F:</b> UB provided by the country of residence	0	-104.579	0	0

Source: Estimate based on data LFS and 2012 Ageing Report

**Table 45: Total estimated yearly expenditure unemployment benefits for unemployed cross-border workers - % proportion country of residence vs. country of last activity**

	% proportion country of residence vs. country of last activity					
	<i>Cross-border workers</i>			<i>Of which: frontier workers</i>		
	<u>Country of residence</u>	<u>Country of last activity</u>	<u>Total</u>	<u>Country of residence</u>	<u>Country of last activity</u>	<u>Total</u>
<b>Baseline scenarioA1:</b> Frontier workers return; other cross-border workers 50% stay and 50% return	81%	19%	100%	100%	0%	100%
<b>Baseline scenarioA2:</b> Frontier workers return; other cross-border workers rational decision (=highest amount UB)	70%	30%	100%	100%	0%	100%
<b>Option B1:</b> right of choice: 50% stay and 50% return	38%	62%	100%	41%	59%	100%
<b>Option B2:</b> right of choice: rational decision (=highest amount UB)	27%	73%	100%	28%	72%	100%
<b>Option C:</b> UB provided by the country of last activity <sup>156</sup>	0%	100%	100%	0%	100%	100%
<b>Option F:</b> UB provided by the country of residence	100%	0%	100%	100%	0%	100%

Source: Estimate based on data LFS and 2012 Ageing Report

The unemployment benefits paid by the country of residence and the country of last activity do not completely reflect the burden sharing of unemployment benefits. Also the amounts of reimbursement should be taken into account. For that reason Table 42 concerning the estimated

<sup>154</sup> ibidem

<sup>155</sup> ibidem

<sup>156</sup> ibidem



yearly expenditure on unemployment benefits for unemployed cross-border workers should be read together with Table 46 dealing with the estimated reimbursement claims to assess who is sharing the burden of unemployment.

Claims can be made by the country of residence to the country of last activity for fully unemployed frontier workers but also for other cross-border workers who have decided to register with the competent institution in their country of residence. The country of last activity shall reimburse the unemployed benefits provided in the country of residence during the first three months or five months (when the unemployed person during the preceding 24 months, completed at least 12 months of (self)-employment in the country of last activity). In our estimates, we have supposed a claim of 3 months.

The baseline scenario A1 whereby frontier workers have to return to the country of residence and other cross-border workers can choose between the country of residence or the country of last activity involves a claim of € 108.8 million of which € 98.1 million for frontier workers when we assume that 50% of the other cross-border workers return to their country of residence. However, these claims are based on the unemployment benefits paid by the country of residence and not on the maximum payable amount by the country of last activity. It implies for this baseline scenario that the reimbursement will be 24% lower than the possible actual claim (see baseline scenario A1a). If other cross-border workers are making a rational decision on the basis of the amount of the unemployment benefit (baseline scenario A2a) the claim will decrease with 4% compared to the baseline scenario A1a whereby 50% of the other cross-border workers are returning to their country of residence.

The option whereby frontier workers also have the choice (option B) will decrease the reimbursement claims with 45% - for both scenarios (equal distinction and rational choice) compared to the baseline scenario a1. The actual reimbursement will be lower based on the maximum amount of unemployment benefits of the country of last activity (Table 100, Table 101 & Table 102).

If the unemployment benefit would be provided by the country of last activity (Option C) no reimbursements would be claimed by the country of residence.

**Table 46: Estimated reimbursement claims (scenario 3 months) for the baseline scenario and the different options and the impact of the maximum boundary, in € 000**

	Reimbursement claims (3 months) (000€)						% difference baseline scenario1a
	Cross-border workers	Absolute difference baseline scenario1a	% difference baseline scenario1a	Of which: frontier workers	Absolute difference baseline scenario1a	% difference baseline scenario1a	
<b>Baseline scenarioA1a:</b> Frontier workers return; other cross-border workers 50% stay and 50% return: <b>Claim (based on UB country of residence)</b>	108.849			98.088			
<b>Baseline scenarioA1b:</b> Frontier workers return; other cross-border workers 50% stay and 50% return: <b>Actual reimbursement (based on maximum amount country of last activity)</b>	82.891	-25.959	-24%	76.749	-21.339	-22%	
<b>Baseline scenarioA2a:</b> Frontier workers return; other cross-border workers rational decision (=highest amount UB): <b>Claim (based on UB country of residence)</b>	112.488	3.639	3%	98.088	0	-8%	
<b>Baseline scenarioA2b:</b> Frontier workers return; other cross-border workers rational decision (=highest amount UB): <b>Actual reimbursement (based on maximum amount country of last activity)</b>	82.122	-26.727	-25%	76.961	-21.127	-22%	
<b>Option B1a:</b> right of choice: 50% stay and 50% return: <b>Claim (based on UB country of residence)</b>	59.805	-49.044	-45%	49.044	-49.044	-50%	
<b>Option B1b:</b> right of choice: 50% stay and 50% return: <b>Actual reimbursement (based on maximum amount country of last activity)</b>	44.622	-64.227	-59%	38.480	-59.607	-61%	
<b>Option B2a:</b> right of choice: rational decision (=highest amount UB): <b>Claim (based on UB country of residence)</b>	59.591	-49.258	-45%	45.191	-52.897	-54%	
<b>Option B2b:</b> right of choice: rational decision (=highest amount UB): <b>Actual reimbursement (based on maximum amount country of last activity)</b>	52.391	-56.458	-52%	45.191	-52.897	-54%	
<b>Option Ca:</b> UB provided by the country of last activity	0	-108.849	-100%	0	-98.088	-100%	
<b>Option Fa:</b> UB provided by the country of residence: <b>Claim (based on UB country of residence)</b>	119.610	10.761	10%	98.088	0	0%	
<b>Option Fb:</b> UB provided by the country of residence: <b>Actual reimbursement (based on maximum amount country of last activity)</b>	89.245	-19.604	-18%	76.961	-21.127	-22%	

Source: Estimate based on data LFS and 2012 Ageing Report

In Table 47 we summarize the budgetary impact of the baseline scenario and options B and C. It is the total level of expenditure for unemployment benefits for some 73.7 thousand estimated unemployed cross-border workers of which 45.2 thousand frontier workers. We do not comment on the hypothesis that for those that can choose between the country of residence or the country of last activity to take up the unemployment benefit, 50% choose for the one or the other alternative, but we immediately look to the scenario that each group that can choose, will make a rational decision by choosing the place with the highest benefit. Total expenditures for unemployment are calculated for one year, implicitly assuming that all concerned persons stay unemployed for one year what is of course not the case. The reimbursement between country of residence and competent country of part of this unemployment benefit is calculated on 3 months. For the Baseline scenario A2 this results in a total budgetary cost of € 638 million, of which € 450 million for the country of residence and € 188 million in the country of last activity. All those amounts are calculated for a whole year. Of this total expenditure the country of last activity reimbursed € 105 million (calculated on 3 months) and € 82 million when taking into account limits in the reimbursement. Option B2 where all cross-borders have right to choose and will choose for the highest amount, the total expenditures increases to € 890 million, what illustrates a higher level of protection (benefit). There is a substantial shift of taking up the unemployment benefit in the country of last activity, and this is also illustrated by a substantial shift of direct payment of those benefits by the country of last activity. Their direct payment (again calculated on one year) increases to € 652 million. On the contrary there is a reduction (calculated on 3 months) of their reimbursement. In option C the unemployment benefit is completely taken up in the country of last activity, what reduces somewhat the total cost to € 768 million (in scenario B2 one could choose for a higher benefit in the country of residence), while the burden is completely situated in those countries of last activity. There is no reimbursement needed. Option F, not under scrutiny in this assessment, illustrates the impact when the unemployment is taken up in the country of residence, what implies a substantial reduction of the budgetary cost and an important reimbursement. Remarks that the reimbursement is always  $\frac{3}{12}$  of the amount spend in the country of residence. The budgetary results of those scenarios are determined by the difference in average benefit between country of residence and country of last activity, seemingly in most of the cases higher in the country of last activity. This is not unexpected since those differences in benefit reflect also differences in income that triggers cross-border mobility.

**Table 47: Summary estimated yearly expenditure on unemployment benefits and estimated reimbursement claims (in million €)**

	Total yearly expenditure by country of residence (millions €)		Total yearly expenditure by country of last activity (millions €)		Reimbursement from country of last activity to country of residence (3 months) (millions €)					
	Cross-border workers	Of which: frontier workers	Cross-border workers	Of which: frontier workers	(a) Reimbursement based on UB country of residence	(b) Actual reimbursement based on maximum amount country of last activity	(a) Reimbursement based on UB country of residence	(b) Actual reimbursement based on maximum amount country of last activity		
<b>Baseline scenario A1:</b> Frontier workers return; other cross-border workers 50% stay and 50% return	539	392	435	392	104	0	109	83	98	77
<b>Baseline scenario A 2:</b> Frontier workers return; other cross-border workers rational decision (=highest amount UB)	638	392	450	392	188	0	105	82	90	77
<b>Option B1:</b> right of choice: 50% stay and 50% return	623	476	239	196	384	280	60	45	49	38
<b>Option B2:</b> right of choice: rational decision (=highest amount UB)	890	644	239	181	652	464	60	52	45	45
<b>Option C:</b> UB provided by the country of last activity	768	560	0	0	768	560	0	0	0	0
<b>Option F:</b> UB provided by the country of residence	478	392	478	392	0	0	120	89	98	77

Source: Estimate based on data LFS and 2012 Ageing Report

### 8.1.3 *Administrative cost and burden of rules related to the aggregation of periods of insurance or (self-)employment*

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In Table 48 we now calculate for the same group of 73.7 thousand unemployed cross-border workers the administrative implications. There are 45.2 thousand frontier workers and 28.5 other cross-border workers. In the baseline scenario only the latter are allowed to choose the country on taking up the unemployment benefit. 22.2 thousand of them choose the country of last activity in the hypothesis that they choose for the highest unemployment benefit. The rest of the other cross-border workers take the unemployment benefit in the country of residence, as is also the case for the frontier workers. The sum of those two groups is 51.4 thousand persons who take up their benefit in the country of residence. For this 51.4 thousand cross-border workers a reimbursement between the country of residence and the country of last activity needs to be organised. In option B2, where all cross-border workers can choose, and choose for the highest benefit, the number of persons taking up the benefit in the country of last activity increases to 55.2 thousand cross-border workers. The rest of this group, some 18.5 thousand persons, receives an unemployment benefit of the country of residence, at that level, but reimbursed by the competent state for three months. In scenario C all 73.7 thousand persons are paid in the country of last activity, and no reimbursement is claimed.

Again some **stylized estimates** can be made on the administrative burden. Only anecdotic information on the average cost of this administrative burden was available. Based on this information we suppose first of all that in the country where the unemployment benefit is paid, an average handling time of the cases of two hours, or € 40, is required. On top of that, when there is payment in the country of residence there is an administrative burden of some € 42.8 for the handling of a PD U1 in the country of residence and some € 20 (our hypothesis) in the country of last activity. On top of that there is in those cases in the country of residence and in the country of last activity a handling time for introducing a reimbursement claim and the settling of it. We suppose the same stylised estimate of € 20 in both countries. Multiplying this standard cost (in reality this cost can differ between the countries because of differences in organisation, productivity and wages) with the total number of cases provides us the total administrative cost in the country of residence and the country of last activity, for the payment of a benefit, including the control of the unemployed person, and the cost of reimbursement. In Table 49 those amounts are calculated, and compared with the total budgetary cost of the unemployment benefits. Remember that the total amount of benefits is estimated on a yearly basis, while reimbursement on 3 months. In the baseline scenario the total administrative burden is € 8.3 million of which € 5.2 million in the countries of residence. This is 64% of the total administrative cost and this is a very similar % of the 71% of the budgetary cost. The share of the total administrative burden in the total budgetary burden is some 1.3%. It could be compared with the average administrative cost in the unemployment insurance.

How does this burden shift in the two other options? In option B2, characterized by the way by a substantial increase of the total budgetary cost compared to the baseline scenario, the administrative burden is reduced to € 4.8 million in total, of which € 1.9 million for the country of residence or 27% of the total. Compared to the baseline cost this is a reduction to 59% of the baseline amount. This again is similar to the share of those countries in the total budgetary cost. For the countries of last activity the direct cost of handling the unemployment benefit increases substantially, but the costs for handling a PD U1 and for the reimbursements is substantially

reduced, by the way also in the country of residence. The relative cost of the administrative cost to the total budgetary cost is 0.5 %.

In the option C the administrative burden is further reduced to 36% of the baseline scenario, or € 2.9 million. This burden is completely situated in the country of last activity, but under the present hypothesis of standard costs, this is not even more expensive because all cases of payment are threatened in the country of last activity, but there are no costs for exchange of a PD U1 or reimbursements to be made. The total budgetary burden shifts however completely in the direction of the country of last activity.

We underline that those calculations risk to be speculative in the sense that first of all the number of cases is estimated, but also the behaviour of the unemployed, the spell of unemployment, the administrative burden, all are not controlled in those calculations or are defined as standard stylized estimates. For instance the use of a PD U1 is sometimes not taking into account for those specific cross-border situations, where in fact the unemployed is supposed to have worked only in the country of last activity. In the case that he worked in two countries, already a PD U1 might be needed for other reasons than the cross-border situation under consideration.

The different options illustrate that the option where the unemployed person can choose is the most expensive in terms of budgetary cost, what implies however higher levels of social protections, while the payment in country of last activity is the least expensive in administrative terms, but puts the burden completely on the country of last activity. The baseline scenario is relative limited in budgetary terms but seems to be the most expensive in administrative terms.



**Table 49: Estimated administrative cost aggregation of periods of insurance of (self-)employment**

	Country of residence		Country of last activity	
	Direct paying	Reimbursement	Direct paying	Reimbursement
	Administrative unit cost			
Control unemployed	€ 40,0		€ 40,0	
U1	€ 42,8			€ 20,0
Reimbursement		€ 20,0		€ 20,0
Total administrative unit cost - UB Residence	€ 82,8	€ 20,0		€ 40,0
Total administrative unit cost - UB Last activity			€ 40,0	
	Administrative cost			
	Baseline scenario2: Frontier workers return; other cross-border workers rational decision (=highest amount UB)			
UB Residence	€ 4.258.153	€ 1.028.539	€ 0	€ 2.057.079
UB Last activity	€ 0	€ 0	€ 889.488	€ 0
Administrative cost	€ 5.286.692		€ 2.946.567	
Grand total	€ 8.233.259			
% cost country of residence in total administrative cost	64%			
Estimated annual expenditure UB (in millions)	€ 450		€ 188	
Grand total annual expenditure UB (in millions)	€ 638			
% country of residence in total budgetary cost	71%			
Administrative cost as % of budgetary cost	1,3%			
Estimated reimbursement (in millions)	€ 82			
	Option B2: right of choice: rational decision (=highest amount UB)			
UB Residence	€ 1.530.093	€ 369.588	€ 0	€ 739.175
UB Last activity	€ 0	€ 0	€ 2.207.391	€ 0
Administrative cost	€ 1.899.681		€ 2.946.567	
Grand total	€ 4.846.248			
As % of baseline scenario	59%			
% cost country of residence in total administrative cost	39%			
Estimated annual expenditure UB (in millions)	€ 239		€ 652	
Grand total annual expenditure UB (in millions)	€ 891			
% country of residence in total budgetary cost	27%			
Administrative cost as % of budgetary cost	0,5%			
Estimated reimbursement (in millions)	€ 52			
	Option C: UB provided by the country of last activity			
UB Residence	€ 0	€ 0	€ 0	€ 0
UB Last activity	€ 0	€ 0	€ 2.946.567	€ 0
Administrative cost	€ 0		€ 2.946.567	
Grand total	€ 2.946.567			
As % of baseline scenario	36%			
% cost country of residence in total administrative cost	0%			
Estimated annual expenditure UB (in millions)	€ 0		€ 768	
Grand total annual expenditure UB (in millions)	€ 768			
% country of residence in total budgetary cost	0%			
Administrative cost as % of budgetary cost	0,4%			
Estimated reimbursement (in millions)	€ 0			

Source: Estimate based on data from LFS, 2012 Ageing Report, input from the work shops



## 8.2 Coordination of LTC benefits

### 8.2.1 Overview

The table below summarizes the expected impact of each option alongside each objective, based on the previous analysis. The notion of effectiveness refers to the Specific Objectives presented in the objective tree (cf. Figure 4).

**Table 50: Comparison of the effectiveness of the options (baseline scenario = 1)**

	Option A: baseline	Option B: Safe- guarding provision	Option C1.1: MS of residence provides LTC benefits (with supplement)	Option C1.2: MS of residence provides LTC benefits (without supplement)	Option C2: Competent MS provides LTC benefits
<b>Specific objectives</b>					
1. Fair distribution of financial burden between MS	1	1	0,5	0,5	1,5
2. Rules taking into account the specific character of LTC benefits	1	1	1	1	1
3. Facilitating classification of LTC benefits under EU law	1	1	1	1	1
4. Improve legal certainty and stability of coordination regime	1	1,5	0,5	1,5	1,5
5. Improved protection of mobile citizens	1	1,5	1,5	1,5	1,5
6. High awareness of rights on side of mobile persons	1	0,5	1	1,5	1,5
<b>Efficiency</b>					
Budgetary impact	1	1	1,5	1,5	0,5
Administrative burden on administrations	1	0,5	0,5	0,5	1,5
<b>Coherence</b>	1	1	1	1	1
<b>Total</b>	<b>9</b>	<b>9</b>	<b>8,5</b>	<b>10</b>	<b>11</b>

Legend: 1= no impact (e.g. baseline scenario); 1.5 = positive impact; 0.5 = negative impact

Option C2 – the competent Member State provides the LTC benefits to mobile citizens abroad – is rated as the most effective option, most capable of tackling today's challenges of the coordination regime. It is expected to create a more stable and transparent coordination regime with a fairer distribution of the financial burden between Member States. However, it is considered as an option with also a likely negative budgetary impact (+28% compared to the baseline scenario).

Option C.1.2 generally comes out as a rather effective option. It is expected to generate a positive budgetary impact on the Member States (19% less costly than the baseline scenario) and to create a more stable and legally certain coordination regime, however with a relatively higher administrative burden (in relation to the number of cases and compared to the baseline scenario).

The main advantage of option B lies in the fact that it would ensure that all the mobile persons are protected: they would always be entitled to LTC benefits. However, the option is likely to create more administrative burden compared to the baseline scenario and would also less clear than the status quo.

Option A – a continuation of the status quo - is not seen as the worst-case scenario, despite the problems described earlier in this report. Option C1.1 which includes a supplement mechanism is expected to produce more negative impacts than the baseline scenario. Supplements require an

increased exchange of communication and more coordination between Member States. Furthermore, it does not guarantee a more stable and legally certain framework. Option C.1.1 however is expected to have a positive budgetary impact compared to the baseline scenario.

### *8.2.2 Budgetary impact of the different options*

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Earlier in this report (cf. Table 24) , we have estimated the cross-border expenditure on health care and long-term care with a distinction between LTC benefits in cash and in kind for the baseline scenario.

The overall, current budget expenditure on LTC is estimated at € 994.7 million of which € 618.3 million (62% of total budget) is related to LTC benefits in kind and € 376.4 million (38% of total budget) is related to LTC benefits in cash (Table 24). Compared to total national expenditure of LTC, the share of the cross-border LTC expenditure is limited to 0.4% of total EU expenditure or 0.008% of total GDP of the EU-27.

Option C1 whereby the Member State of residence shall provide LTC benefits (in kind and in cash) on the basis of its legislation is expected to imply a total expenditure of € 810.1 million or a decrease of 19% compared to the baseline scenario (positive budgetary impact). In this option the expenditure on LTC benefits in kind shall be the same as in the baseline scenario, namely € 618.3 million. The LTC benefits in cash shall be provided on the basis of the legislation of the country of residence and no longer on this of the competent country.<sup>157</sup> This switch results in an expenditure on LTC benefits in cash of € 191.9 million or a decrease of 49% compared to the baseline scenario.

Option C2 whereby the competent Member State shall provide LTC benefits (in kind and in cash) on the basis of its legislation implies a total expenditure of € 1.3 billion or an increase of 28% compared to the baseline scenario (negative budgetary impact). In this option the expenditure on LTC benefits in cash shall be the same as in the baseline scenario, namely € 376.4 million. LTC benefits in kind shall be provided on the basis of the legislation of the competent Member State and no longer on this of the country of residence. The result is an increase of expenditure on LTC benefits in kind to € 900.3 million or an increase of 46% compared to the baseline scenario.

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<sup>157</sup> The 'real life' dimension of this option is illustrated by the growing discussion in the Netherlands that the 'in cash' LTC expenditures exported to other countries should not be adopted to the cost of living (or care) in those countries, as is the case when benefits in kind are used.

**Table 51: Estimated number of cross-border users benefiting from LTC (in thousand) and budget (in million €), Option where competent country is providing LTC benefits**

Country	In kind						In cash						In total					
	Numbers (in thousand)			Budget (in million €)			Numbers (in thousand)			Budget (in million €)			Numbers (in thousand)			Budget (in million €)		
	Resident state	Competent state	state	Resident state	Competent state	state	Resident state	Competent state	state	Resident state	Competent state	state	Resident state	Competent state	state	Resident state	Competent state	state
BE	7	6	142	70	4	3	49	16	12	9	191	86						
BG	1	0	10	0	1	0	4	0	2	0	14	0						
CZ	1	2	14	4	1	2	7	8	2	4	21	11						
DK	0	2	6	59	0	1	1	49	1	4	8	109						
DE	9	10	159	115	7	5	72	53	17	15	231	168						
EE	1	0	22	0	1	0	3	0	2	0	25	0						
IE	1	0	9	11	1	1	4	0	1	1	13	11						
GR	0	1	1	5	0	1	0	2	0	1	1	6						
ES	3	1	49	11	3	1	20	2	6	2	69	13						
FR	10	2	164	56	5	3	39	11	14	5	203	66						
IT	1	3	17	45	1	5	6	37	2	8	23	82						
CY	0	0	2	0	0	0	1	0	0	0	3	0						
LV	0	0	5	0	0	0	2	0	1	0	7	0						
LT	0	0	2	0	0	0	1	0	0	0	3	0						
LU	0	4	3	151	0	1	1	16	0	5	4	166						
HU	3	0	31	1	3	1	19	2	6	1	50	2						
MT	0	0	1	0	0	0	0	0	0	0	1	0						
NL	2	12	17	183	1	5	6	92	2	17	22	276						
AT	2	6	19	48	1	9	9	50	3	15	29	98						
PL	5	0	70	1	3	1	32	1	8	1	102	1						
PT	0	0	7	0	0	0	2	0	1	0	8	0						
RO	3	0	42	0	4	0	28	0	7	0	70	0						
SI	0	0	4	1	1	0	4	0	1	0	8	1						
SK	5	0	41	0	6	0	30	0	11	0	70	0						
FI	0	1	3	25	0	2	0	4	0	3	4	28						
SE	2	1	44	32	1	1	34	1	3	2	78	33						
UK	1	4	15	84	1	5	4	33	2	10	19	117						
EU27	58	58	900	900	45	45	376	377	103	103	1 277	1 277						

Source: Estimate based on data from LFS, 2012 Ageing Report and Lipszyck, B., Sail, E. & Xavier, A. (2012), Long-term care: need, use and expenditure in the EU-27, EU.

**Table 52: Estimated number of cross-border users benefiting from LTC (in thousand) and budget (in million €), Option where country of residence is providing LTC benefits**

Country	In kind						In cash						In total					
	Numbers (in thousand)			Budget (in million €)			Numbers (in thousand)			Budget (in million €)			Numbers (in thousand)			Budget (in million €)		
	Resident state	Competent state	state	Resident state	Competent state	state	Resident state	Competent state	state	Resident state	Competent state	state	Resident state	Competent state	state	Resident state	Competent state	state
BE	13	3	139	58	6	3	33	17	19	6	172	75	0	0	2	1	0	2
BG	0	0	0	2	0	0	1	1	1	0	1	2	1	1	0	0	1	2
CZ	1	2	2	6	1	1	3	3	2	3	5	9	0	0	3	3	5	9
DK	0	2	11	55	0	1	9	4	1	3	20	59	0	0	4	3	20	59
DE	7	9	82	120	3	11	38	50	11	20	120	170	0	0	11	20	120	170
EE	0	0	1	1	0	0	1	0	1	0	2	1	0	1	0	2	1	1
IE	0	1	9	7	1	1	0	3	1	1	9	10	0	0	1	1	9	10
GR	0	0	0	4	0	0	0	1	0	0	0	5	0	0	1	0	0	5
ES	2	1	18	14	1	1	4	4	3	2	22	18	0	0	3	2	22	18
FR	7	3	172	37	8	2	32	12	15	5	204	49	0	0	15	5	204	49
IT	1	4	13	25	1	2	11	6	2	6	24	32	0	0	2	6	24	32
CY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LV	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LU	0	7	5	104	0	4	1	25	0	11	5	130	0	0	0	11	5	130
HU	1	1	2	3	2	0	5	1	4	1	8	5	0	0	4	1	8	5
MT	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1
NL	2	7	36	73	1	4	18	23	3	11	54	97	0	0	3	11	54	97
AT	2	3	19	27	4	3	19	14	6	6	38	41	0	0	6	6	38	41
PL	1	1	5	7	6	0	6	3	7	1	11	10	0	0	7	1	11	10
PT	0	0	1	3	0	0	0	1	0	0	1	3	0	0	0	0	1	3
RO	2	0	6	2	1	0	0	1	4	0	6	3	0	0	4	0	6	3
SI	0	0	2	1	0	0	1	1	1	0	4	1	0	0	1	0	4	1
SK	3	0	5	1	2	0	1	2	5	1	7	3	0	0	5	1	7	3
FI	0	1	3	4	0	0	0	2	0	0	3	6	0	0	0	1	3	6
SE	3	1	73	8	1	1	3	4	4	1	76	12	0	0	4	1	76	12
UK	1	4	13	55	1	4	5	14	2	8	18	69	0	0	2	8	18	69
EU27	48	48	618	618	41	41	192	192	89	89	810	810	0	0	89	89	810	810

Source: Estimate based on data from LFS, 2012 Ageing Report and Lipszyck, B., Sail, E. & Xavier, A. (2012), Long-term care: need, use and expenditure in the EU-27, EU. and additional data delivered by DG ECFIN

**Table 53: Estimated budgetary impact as debtor of baseline scenario and options where country of residence or competent country are providing LTC benefits, breakdown LTC benefits in cash and in kind, in ,000 €**

	DEBTOR											
	Baseline scenario			Competent country			Country of residence					
	In kind	In cash	Total	In kind	In cash	Total	In kind	In cash	Total	In kind	In cash	Total
BE	58.064	16.538	74.602	69.829	16.538	86.368	58.064	16.865	74.929	1.574	897	2.470
BG	6.179	7.434	13.613	3.927	7.434	11.361	6.179	2.651	8.831	54.521	4.189	58.710
CZ	120.077	52.782	172.860	114.948	52.782	167.730	120.077	50.201	170.278	715	52	767
DE	7.479	0	7.479	10.889	0	10.889	7.479	2.684	10.163	3.732	1.415	5.147
EE	3.732	1.607	5.339	4.638	1.607	6.245	3.732	1.415	5.147	13.938	4.408	18.346
EL	13.938	2.292	16.230	11.133	2.292	13.425	13.938	4.408	18.346	37.403	11.955	49.358
ES	37.403	10.440	47.843	55.885	10.440	66.325	37.403	11.955	49.358	25.015	6.437	31.452
FR	25.015	36.973	61.988	45.141	36.973	82.114	25.015	6.437	31.452	263	118	381
IT	263	181	444	12	181	193	263	118	381	53	28	81
LV	53	8	61	35	8	43	53	28	81	60	36	96
LT	60	17	77	74	17	91	60	36	96	104.120	25.372	129.493
LU	104.120	15.256	119.377	150.866	15.256	166.122	104.120	25.372	129.493	3.383	1.206	4.589
HU	3.383	1.586	4.969	711	1.586	2.297	3.383	1.206	4.589	638	189	827
MT	638	0	638	129	0	129	638	189	827	73.246	23.346	96.592
NL	73.246	93.099	166.346	182.590	93.099	275.690	73.246	23.346	96.592	26.614	14.090	40.705
AT	26.614	49.760	76.374	47.961	49.760	97.721	26.614	14.090	40.705	7.341	2.671	10.013
PL	7.341	571	7.913	556	571	1.127	7.341	2.671	10.013	2.671	516	3.187
PT	2.671	0	2.671	476	0	476	2.671	516	3.187	1.979	1.188	3.167
RO	1.979	4	1.983	228	4	231	1.979	1.188	3.167	572	555	1.127
SI	572	304	876	516	304	819	572	555	1.127	1.270	1.504	2.773
SK	1.270	75	1.345	330	75	405	1.270	1.504	2.773	4.421	1.458	5.879
FI	4.421	3.460	7.881	24.556	3.460	28.017	4.421	1.458	5.879	7.948	4.144	12.092
SE	7.948	1.360	9.308	31.618	1.360	32.978	7.948	4.144	12.092	55.003	13.681	68.685
UK	55.003	33.314	88.317	83.879	33.314	117.193	55.003	13.681	68.685	618.281	191.857	810.137
EU27	618.281	376.381	994.662	900.327	376.381	1.276.709	618.281	191.857	810.137			

Source: Estimate based on data from LFS, 2012 Ageing Report and Lipszyck, B., Sail, E. & Xavier, A. (2012), Long-term care: need, use and expenditure in the EU-27, EU. and additional data delivered by DG ECFIN

**Table 54: Estimated % difference with baseline scenario (=100%) of options where country of residence or competent country are providing LTC benefits, breakdown LTC benefits in cash and in kind, by debtor country**

	DEBTOR											
	Baseline scenario			Competent country			Country of residence					
	In kind	In cash	Total	In kind	In cash	Total	In kind	In cash	Total	In kind	In cash	Total
BE	100%	100%	100%	120%	100%	116%	100%	102%	100%	100%	102%	100%
BG	100%	100%	100%	2%	100%	6%	100%	1401%	151%	100%	1401%	151%
CZ	100%	100%	100%	64%	100%	83%	100%	36%	65%	100%	36%	65%
DK	100%	100%	100%	109%	100%	105%	100%	9%	57%	100%	9%	57%
DE	100%	100%	100%	96%	100%	97%	100%	95%	99%	100%	95%	99%
EE	100%	100%	100%	5%	100%	11%	100%	96%	100%	100%	96%	100%
IE	100%	100%	100%	146%	100%	146%	100%	100%	136%	100%	100%	136%
EL	100%	100%	100%	124%	100%	117%	100%	88%	96%	100%	88%	96%
ES	100%	100%	100%	80%	100%	83%	100%	192%	113%	100%	192%	113%
FR	100%	100%	100%	149%	100%	139%	100%	115%	103%	100%	115%	103%
IT	100%	100%	100%	180%	100%	132%	100%	17%	51%	100%	17%	51%
CY	100%	100%	100%	5%	100%	43%	100%	65%	86%	100%	65%	86%
LV	100%	100%	100%	67%	100%	71%	100%	367%	134%	100%	367%	134%
LT	100%	100%	100%	123%	100%	118%	100%	209%	124%	100%	209%	124%
LU	100%	100%	100%	145%	100%	139%	100%	166%	108%	100%	166%	108%
HU	100%	100%	100%	21%	100%	46%	100%	76%	92%	100%	76%	92%
MT	100%	100%	100%	20%	100%	20%	100%	100%	130%	100%	100%	130%
NL	100%	100%	100%	249%	100%	166%	100%	25%	58%	100%	25%	58%
AT	100%	100%	100%	180%	100%	128%	100%	28%	53%	100%	28%	53%
PL	100%	100%	100%	8%	100%	14%	100%	468%	127%	100%	468%	127%
PT	100%	100%	100%	18%	100%	18%	100%	119%	100%	100%	119%	100%
RO	100%	100%	100%	11%	100%	12%	100%	32385%	160%	100%	32385%	160%
SI	100%	100%	100%	90%	100%	94%	100%	183%	129%	100%	183%	129%
SK	100%	100%	100%	26%	100%	30%	100%	2004%	206%	100%	2004%	206%
FI	100%	100%	100%	555%	100%	355%	100%	42%	75%	100%	42%	75%
SE	100%	100%	100%	398%	100%	354%	100%	305%	130%	100%	305%	130%
UK	100%	100%	100%	152%	100%	133%	100%	41%	78%	100%	41%	78%
EU27	100%	100%	100%	146%	100%	128%	100%	51%	81%	100%	51%	81%

Source: Estimate based on data from LFS, 2012 Ageing Report and Lipszyck, B., Sail, E. & Xavier, A. (2012), *Long-term care: need, use and expenditure in the EU-27*, EU and additional data delivered by DG ECFIN.

### 8.2.3 *Administrative cost and burden of cross-border LTC in kind or in cash*

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The number of cases is multiplied by some **standard stylized estimated** cost per case. Standard because we use for each country the same cost, stylized because round figures are used and estimated because we have only partial and anecdotic information for two countries, Belgium and Poland. Those parameters can however easily be changed in this kind of calculations when more solid information becomes available. Stylized is also the fact that we do not reproduce all administrative steps for this kind of benefits: the intake of the patient, the decision process to allocate a benefit, the administrative burden to pay a patient, to claim in needed the reimbursement, to verify the entitlements, to reimburse, or claim reimbursement of some of the administrative burden etc. Here we make the hypothesis that in the country of residence the administrative burden for the intake for a benefit in kind is € 60, as it is also € 60 for the benefit in cash. This intake is here to take place in the country of residence, although situations are thinkable that people were already entitled to this benefit before they moved (as a pensioner for instance) from the previous country of residence to a new one. In the case of a benefit in kind also in the competent state an additional cost needs to be made for the handling of this process. On top of that for the payment in kind, based on the level of the country of residence and organised in the country of residence, a reimbursement process is needed, here supposed at € 20 euro per case, triggering at the same time a similar cost in the competent country. Multiplying those standard costs with the number of cases results to an average administrative cost for the in kind cases of € 4.8 million, and € 3.6 million for the in cash cases. The % of this administrative cost to the total budgetary cost is some 0.8% for the in kind benefits, and 1.0% for the in cash benefits. The grand total is some 0.9 % of which the major part of the administrative burden is at the expense of the country of residence while the budgetary cost is completely to be paid or reimbursed by the competent country.

In Option C 1.2 all calculations for the in kind benefits remain the same. The in cash benefits are now however defined at the % of use and the level of spending of the country of residence. The particularities of our sources reveal that less persons (now some 41 thousand) are using LTC in cash, but the average amount is higher (those countries of residence have in most of the cases a less developed level of protection for this social risk of LTC) so that the total budget for in cash is reduced to € 192 million and the total becomes € 810 million. The administrative burden for LTC in cash is somewhat lower (or 91% of the baseline scenario) but compared to a lower needed budgetary cost, the share of the administrative burden in the total budget for LTC in cash is enlarged to 1.7%.

In option C 2 there is no change in the baseline scenario for the in cash benefits, but now the entitlements as well number of cases and the average spending for the in kind benefits is defined on the level of the competent country. Those systems are better developed in the competent states and we see the number of cases increasing to 58 thousand, and the total budget to € 900 million. For reason of this increased number of cases also the administrative burden for the in kind LTC increases to € 5.8 million (or 120 % of the baseline situation) while the relative share of the administrative cost to the total budgetary cost for in kind LTC declines to 0.6%. The total budgetary cost is in this option C2 some € 1.277 million, or the highest amount, illustrating higher levels of social protection, tailored at the size of the competent state. In those scenario's they also will have to pay it, either directly or via reimbursement.

**Table 55: Estimated administrative cost and burden baseline scenario and options where country of residence or competent country are providing LTC benefits**

Country	Unit administrative cost									
	In kind		In cash		In kind		In cash		In total	
	Resident state	Competent state	Resident state	Competent state	Resident state	Competent state	Resident state	Competent state	Resident state	Competent state
<b>Baseline scenario</b>										
Number of users (in thousand)					48	48	45	45	93	93
Administrative cost assessment (in thousand € - except unit cost)	60		60	20	2.892		2.700	900	5.580	
Administrative cost reimbursement (in thousand € - except unit cost)	20	20			964	964			1.860	1.860
Total (in thousand €)					3.856	964	2.700	900	7.440	1.860
Grand total (in thousand €)						4.820		3.600		9.300
Budget (in million €)					618	618	376	376	995	995
As share of budget for benefits					0,6%	0,2%	0,7%	0,2%	0,7%	0,2%
					0,8%		1,0%		0,9%	
<b>Scenario number of users and benefit on level of country of residence</b>										
Number of users (in thousand)					48	48	41	41	89	89
Administrative cost assessment (in thousand € - except unit cost)	60		60	20	2.892		2.460	820	5.340	
Administrative cost reimbursement (in thousand € - except unit cost)	20	20			964	964			1.780	1.780
Total (in thousand €)					3.856	964	2.460	820	7.120	1.780
Grand total (in thousand €)						4.820		3.280		8.900
As % of Baseline scenario						100%		91%		96%
Budget (in million €)					618	618	192	192	810	810
As share of budget for benefits					0,6%	0,2%	1,3%	0,4%	0,9%	0,2%
					0,8%		1,7%		1,1%	
<b>Scenario number of users and benefit on level of competent country</b>										
Number of users (in thousand)					58	58	45	45	103	103
Administrative cost assessment (in thousand € - except unit cost)	60		60	20	3.470		2.700	900	6.180	
Administrative cost reimbursement (in thousand € - except unit cost)	20	20			1.157	1.157			2.060	2.060
Total (in thousand €)					4.626	1.157	2.700	900	8.240	2.060
Grand total (in thousand €)						5.783		3.600		10.300
As % of Baseline scenario						120%		100%		111%
Budget (in million €)					900	900	376	376	1.277	1.277
As share of budget for benefits					0,5%	0,1%	0,7%	0,2%	0,6%	0,2%
					0,6%		1,0%		0,8%	

Source: Estimate based on data from LFS, 2012 Ageing Report, additional data delivered by DG ECFIN input from the work shops



## 9 Summary of the conclusions

### 9.1 Introduction

The objective of this study consisted in evaluating the social and economic impacts of a number of policy options in the light of a possible revision of the EU coordination rules in the area of free movements of workers and social security coordination. These rules concern in particular Article 21, 45 and 48 of the Treaty and Regulations (EC) N°s 883/2004 and 987/2009. The study focused specifically on the rules on the coordination of LTC benefits and unemployment benefits.

This preparatory study may lead to an impact assessment and thus aimed to produce transparent and reliable evidence for the European Commission, in order to help it to choose the appropriate policy option(s).

The data collection and data analysis was focused on a representative sample of 14 Member States. The selection of the countries was primarily based on relevant mobility patterns and a balanced coverage in terms of types of the social security systems, more notably in the area of unemployment and LTC benefits. The 14 countries retained were: Austria, Belgium, Denmark, Estonia, France, Germany, Luxemburg, Netherlands, Poland, Romania, Spain, Slovakia, Sweden and United Kingdom.

We used both secondary and primary data sourced during this study (both of them of a quantitative and qualitative nature). Concerning the secondary data sources used, we conducted an extensive review of relevant, available literature (particularly trESS reports), organised quantitative data collection of available administrative data in 14 Member States and requested additional data extractions from the LFS for EU-27. Also the use of ESSPROS, the Ageing Report 2012 (EC) and the Audit Board Report contributed to the quantifying the scope of the problem at stake and the impact of the reform. In terms of primary data, we organised an online survey targeting national administrations and executing bodies in the EU-27 and conducted face-to-face interviews with circa 120 different stakeholders, both at Member State level and EU level.

Also, an evaluation was made of the replies by a wide range of stakeholders to the EC public consultation.

Finally, we conducted a number of workshops, group interviews and phone interviews at Member State level in order to find specific data on the administrative burden imposed on national administrations by the current coordination rules.

## 9.2 Current situation

The table summarises our analysis with regard to the number of cross-border workers and pensioners in the EU-27 that are affected by the coordination rules, their main mobility patterns and their use of long-term care and unemployment benefits. The table below summarises the statistics that were described and discussed in detail.

**Table 56: Synoptic overview of the scope of the cross border use of unemployment benefits and LTC benefits under scrutiny\*\***

Indicator	Year	Unit	Amount	Type variable
<b>Coordination of unemployment benefits</b>				
<b>Cross-border workers within EU-27</b>	2010-2011	in thousand	1.032,0	stock
of which <b>frontier workers</b>	2010-2011	in thousand	701,0	stock
<b>Migrant workers</b> (from 15 to 64 years, within EU 27)***	2011	in thousand	1.017,0	yearly flow
<b>Posted workers</b> (PD A1 issued)	2011	in thousand	1.508	yearly issued
Estimated number of <b>unemployed cross-border workers</b>	2010-2011	in thousand	73,7	stock
as share of total unemployment		in %	0,35%	
of which frontier workers	2010-2011	in thousand	45,2	stock
<b>Unemployed recent migrant workers</b>	2011	in thousand	94,8	stock
Estimated number of <b>proven period of insurance PD U1</b>	2010	in thousand	341,2	stock
as share of total unemployment	2010	in %	1,60%	
Estimated number of <b>exported unemployment benefit PD U2</b>	2011	in thousand	23,7	stock
as share of total unemployment		in %	0,11%	
<b>Coordination of long-term care benefits</b>				
<b>Migrated pensioners***</b>	2011	in thousand	44,1	yearly flow
<b>Total estimated number of persons insured for LTC (PD S1)</b>	2010-2011	in thousand	1.980,0	stock
as % of total population EU 27		in %	0,4%	
Of which:				
cross border workers and family members	2010-2011	in thousand	1.239,0	stock
retired cross border workers and family members	2010-2011	in thousand	503,0	stock
mobile pensioners and family members	2010-2011	in thousand	238,0	stock
Estimate of <b>mobile persons obtaining LTC</b>	2010-2011	in thousand	144	stock
<b>Outstanding reimbursement claims</b> for health, Audit Board	2011	in million €	3.607,3	stock
<b>Reimbursement claims</b> for health, Audit board	2011	in million €	3.590,9	flow
Estimated reimbursement <b>claims for LTC benefits in kind</b> on figures Audit Board	2011	in million €	592,0	flow
Estimated <b>health expenditures for mobile citizens</b> on LFS and Ageing Report *	2010	in million €	3.167,4	flow
Estimated reimbursement claims for <b>benefits in kind</b> for mobile citizens based on LFS and Ageing Report	2010	in million €	618,3	flow
Estimated <b>LTC benefits in cash</b> for mobile citizens based on LFS and Ageing Report	2010	in million €	376,4	flow
Total estimated <b>expenditure LTC for mobile citizens</b> based on LFS and Ageing Report	2010	in million €	994,7	flow
as % of total LTC spending		in %	0,4%	
as % of GDP		in %	0,008%	

\* Figure calculated in the interim report

\*\* Figures described in detail in several chapters of this report

\*\*\* No data for BE, BG, HU, MT, NL, PL and RO

## 9.3 *Current problems*

### 9.3.1 *Coordination of LTC benefits*

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According to our interview and survey findings, a general complexity of the EU Law regulation on the coordination of long-term care is widely regarded as root problem of the current system, which results in and is at the same elicited by a number of more specific problems. The most recurrent problems were the lack of awareness of their rights under EU law among migrant workers, the incorrect or uneven application of rules by national administration, ineffective cross-border communication between Member States' institutions and insufficient and incorrect information provided by national administrations to mobile citizens.

The root of the problem is perceived to be in the different manner in which the Member States recognise, consider and deal with LTC benefits. Four basic positions were identified: 1) specific, dedicated system of LTC; 2) LTC benefits considered as sickness benefits, 3) LTC as a complement to pensions and 4) LTC as social assistance. As a relatively recently identified new social risk, a huge risk of misunderstanding has been observed between stakeholders what LTC is, how it is insured and how it should be coordinated. This resulted also in a huge lack of statistics on precise coverage for LTC, so that we needed to make estimates of it based on several hypotheses. The hypothesis that the mobile worker or pensioner is entitled and is using LTC in the same way as nationals should be the implication of efficient coordination but can only anecdotally compared with the real use.

A large majority of the national administrations - evidence was found in all 14 Member States - consider the **lack of a common definition of LTC benefits** across Member States and/or of a precise list of benefits per country as the main obstacle to a smooth coordination of LTC benefits.

According to one third of the surveyed national administrations, the incorrect and uneven application of the EU rules is a major issue. Even within the group of national administrations who do not see a need to change the current coordination rules, 79% of them thought that the rules should be better explained or better applied in practice. It appears that the exchange of portable documents, the recognition of entitlement to LTC benefits in kind, and the claims for reimbursement significantly vary across countries. The administrative burden on national administrations is mainly attributed to these disparities across systems and the uncertainty faced by Member States and citizens.

Although most national administrations considered the risk of social tourism under the current rules to be rather low, concerns were raised which rather lied in the lack of operability of the system, the lack of transparency of Member States on the costs incurred into; and the reimbursements claims received or entitled to issue. The differences in the concept of LTC benefits and their treatment across Member States lead to a lack of operability of the reimbursement and mechanism of deduction for the avoidance of double payments set up by Article 34 of the Coordination Regulation.

In the lack of a comprehensive and coherent coordination regime well-suited to the particularities of LTC benefits, it is the CJEU which constantly has to make clarifications. The system can thus be

altered at any moment by a CJEU ruling. Legal uncertainty was identified as an issue. Similarly, the level of complexity of the regulatory framework and the rulings of the CJEU render the issue not easily accessible for all the concerned staff public authorities.

The complexity of the legal framework results in a highly uneven application of the coordination rules. This results in a non-transparent, uncertain system, where citizens are not able to determine beforehand their entitlements in each country. Our findings confirm the lack of upfront visibility mobile citizens have on their entitlements. This lack of knowledge apparently affects public authorities as well.

### 9.3.2 *Coordination of unemployment benefits*

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The coordination rules were generally perceived as complex during the interviews conducted with public authorities and other stakeholders. Different elements contribute to the complexity and lack of transparency of EU coordination rules.

These include:

1. *The distinction between frontier workers and other cross-border workers and the determination of cross-border workers' country of residence*

While wholly unemployed frontier workers<sup>158</sup> must register and ask for unemployment benefits in their country of residence, other cross-border workers have the choice between their country of residence and the country of last activity. It was pointed out that the distinction between frontier workers and other cross-border workers is often rather complicated. In accordance with the views gathered, the determination of the country of residence remains difficult in practice, as it is subject to a high degree of interpretation. On one hand, this distinction might be confusing for the workers, who may not be aware of their own status. It might also be confusing for the public authorities.

2. *Rules on aggregation of periods of insurance, employment and self-employment*

A second element of complexity is provided by the rules on the aggregation of periods. The conditions to consider certain periods as periods of insurance, employment and self-employment vary across countries. Since the acquisition, retention, recovery or duration of unemployment benefits are linked to the different periods of each type completed, and the consideration of the same periods might vary across countries, this makes it complicated for mobile workers to know their rights. This is also the case for public authorities (therefore, workers cannot always solve their doubts by asking to the administration). In particular, our findings pointed towards particular issues with the periods of self-employment.

3. *Provisions on the export of unemployment benefits: minimum period of export of three months with a possible extension to six months (discretionary decision of the competent institution)*

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<sup>158</sup> Regulation 883/2004 also establishes a distinction between wholly unemployed frontier workers and partially or intermittently unemployed frontier workers (art.65.1-2 Regulation (EC) No. 883/2004). Wholly unemployed frontier workers must register and apply for unemployment benefits in their country of residence, while partially or intermittently unemployed frontier workers must register in their country of last activity.

A third element contributing to the lack of transparency is the regime for the exportation of unemployment benefits. The regulation foresees a minimum period of export of three months, with a possible extension to six months. However, there are not fixed criteria for the concession or refusal of the extension. The decision lies on the competent institution, which applies its own set of criteria or, in some cases, has no pre-defined criteria at all. This reduces, in practice, the transparency for the workers, who cannot know in advance the likely duration of their export period, which might in turn affect their mobility decision. In addition, some countries do not grant the export at all.

#### *4. Reimbursement of unemployment benefits between Member States*

Even though they do not impact EU citizens directly, the rules on reimbursement also add to overall complexity of the system and represent a source of administrative burden for Member States. Several claims were raised during the interviews pertaining the inefficiency and burdensome character of the reimbursement mechanism.

- 5. Communication between institutions of Member States:* Communication between institutions of Member States is clearly perceived as an area with substantial margin for improvement.

### **EU rules not sufficiently taking into account changing job market conditions**

The rule mandating frontier workers to claim unemployment benefits in their country of residence is based on the assumption that they enjoy the most favourable conditions for seeking employment in their country of residence. Due to changing job market conditions, however, such assumption is nowadays questionable. Instead, they could have better chances of finding a job in their country of last activity. However, it was also noted during the interviews that it is not possible to generalise. Each case is different. The most relevant factors to determine the chances of finding a job are the educational background, qualifications and experience of the job-seeker as well and the conditions of the job market in the area concerned. Demand for specific skills and the economic conditions of a specific area are paramount (as evidenced particularly in times of economic crisis, where unemployment rates vary strikingly across countries and regions). Therefore, it is difficult to determine, on a general basis, whether frontier workers enjoy a better chance of finding a job in their country of residence or in their country of last activity.

### **Unfair sharing of financial burden**

The Member State of residence must bear the costs of the unemployment benefits of frontier workers, even though it has not received any contribution from them. Furthermore, it also has to bear other social protection costs related to the unemployed worker and his family. In general terms, it was agreed that to provide for a fair sharing of burden, the country receiving contributions should be in charge of paying out the unemployment benefits.

It must be noted, however, that a reimbursement mechanism exists. As long as the unemployment spell of the concerned worker lasts for longer than the period of reimbursement, the current coordination rules impose an unfair burden on the Member State of residence.

### Lack of return on contributions for migrant workers

Wholly unemployed frontier workers must currently claim unemployment benefits in their Member State of residence. These workers, however, paid contributions to Social Security, covering the contingency of unemployment, in their country of activity. Therefore, frontier workers receive unemployment benefits based on a different system than that to which they contributed. This leads to situations in which certain wholly unemployed frontier workers lose out on benefits, and receive unemployment benefits below what their contribution should have enabled them to.

### Potential loss of rights to benefits

The shortcomings of communication between the institutions of Member States can cause a certain loss of rights to workers by unnecessarily depriving them temporarily of their rights. The slow or ineffective communication can affect the unemployed people insofar as they can lead to delays in the processing of documents. Since the payment of unemployment benefits depends upon the completion of the administrative procedures, unemployed workers are directly affected by issues in cross-border communication between institutions. Issues were reported in several Member States.

### Uneven application of current coordination rules by Member States

Public authorities pointed problems of application of the current coordination rules consistently via the different data gathering activities conducted for the study. Considering specific rules where an uneven application has been noticed, the rules of the aggregation of periods (art.61 Regulation (EC) No 883/2004) are a clear example. Furthermore, the uneven application of art.64 concerning the extension of the period of export of unemployment benefits has also been documented.

Different national practices concerning cross-border communication between institutions of Member States were discussed during the country interviews. This concerns in the first place the use of different portable documents. Secondly, it concerns the practices regarding the requests for specific information to fill out portable documents. Thirdly, there are different practices with regard to the claims for reimbursement.

## 9.4 Policy objectives

The objectives express the desired future state, towards which the policy options should contribute. The objectives that were defined are linked to the problem identified in the previous section. For the coordination of LTC and unemployment benefits, the following objectives have been identified at each level:

Level of objective	Coordination of LTC benefits	Coordination of unemployment benefits
General objectives	<ul style="list-style-type: none"><li>➤ Free movement of workers</li><li>➤ Protection of EU citizens rights (including social security rights)</li></ul>	<ul style="list-style-type: none"><li>➤ Free movement of workers</li><li>➤ Protection of EU citizens rights (including social security rights)</li></ul>
Specific	<ul style="list-style-type: none"><li>➤ Fair distribution of the financial burden between Member States</li></ul>	<ul style="list-style-type: none"><li>➤ Facilitation of job-seeking abroad</li><li>➤ Fair distribution of financial burden</li></ul>

Level of objective	Coordination of LTC benefits	Coordination of unemployment benefits
<b>objectives</b>	<ul style="list-style-type: none"> <li>➤ Stable coordination rules</li> <li>➤ Good awareness (by citizens and public authorities) of rights</li> <li>➤ Allow a clear classification of long-term care benefits under EU Law</li> </ul>	<ul style="list-style-type: none"> <li>among Member States</li> <li>➤ Good awareness (by citizens and public authorities) of rights and obligations</li> </ul>
<b>Operational objectives</b>	<ul style="list-style-type: none"> <li>➤ Only one Member State can be the competent Member State</li> <li>➤ Simplified EU legal framework</li> <li>➤ Uniform application of the rules by the Member States</li> <li>➤ Rules reflecting the particularities of long-term care benefits, and in particular their similarities with sickness benefits</li> </ul>	<ul style="list-style-type: none"> <li>➤ Uniform application of EU rules by the Member States</li> <li>➤ Unemployed mobile workers receiving adequate return on their contributions</li> <li>➤ Rules reflecting the particularities and employment possibilities of frontier workers</li> <li>➤ Stronger links between the collection of contributions and the provision of unemployment benefits</li> <li>➤ Simplified EU legal framework</li> </ul>

## 9.5 Impact assessment of the options

### 9.5.1 Coordination of LTC benefits

#### **OPTION A: baseline scenario - continuation of the current rules**

The baseline scenario implies no change of policy and a continuation of the current rules for coordination. Long-term care benefits *in kind* continue to be provided according to the legislation of the Member State of residence (if they exist) and reimbursed by the competent Member State (= where the person is insured). Long-term care benefits in cash (if they exist) continue to be provided by the competent Member State (= where the person is insured).

About half of the surveyed national administrations (52%) preferred to continue with the current coordination rules. A large part of this group of respondents however think that the rules should be better explained or better applied in practice. However, according to many civil society representatives and social partners, a continuation of the status quo will not solve the problem that a person reliant on care may be left without any protection in specific cases.

A continuation of the current coordination rules will not solve the problems that were outlined in the previous section.

#### **OPTION B: Adoption of a safeguarding provision ensuring that a mobile person does remain without any protection**

With this policy option, the safeguarding provision would ensure that all the mobile persons are protected: they would always be entitled to LTC benefits. Whenever a person would not be entitled

to any LTC benefits under the current system (meaning the application of the Sickness Chapter's rules), the Member State of residence would provide benefits in cash.

Most public authorities perceived this option as rather theoretical. No such cases as those intended to be covered by the safeguarding provision were reported, conveying the impression that the existent gap in protection does not represent a sizeable problem. This being said, the large majority of the national public authorities seemed receptive to the introduction of the provision, particularly in view of the negligible impacts that it would have.

Option B is likely to increase the administrative burden compared to the baseline scenario, as it requires a complex and potentially burdensome cooperation between national public authorities. This would be particularly the case if the obligation of the Member State of residence to provide LTC benefits depends on the actual granting of LTC benefits by the competent Member States (and not on the question whether or not such benefits are included in the legislation of the competent Member States). This option would also be less clear than the status quo. Many questions could arise. It does also not reduce complexity of the coordination rules compared to the baseline scenario, as all situations would need to be explained in detail under which in addition to the obligations of the competent Member State, the Member State of residence has to grant its LTC benefits in cash.

In terms of financial impact, a large majority of the national public authorities considered that although logically an increase in public expenditure can be expected, the impact on their budgets of this option would be negligible.

#### **OPTION C1: Member State of residence provides long-term care benefits on the basis of its legislation**

In option C 1, the Member State of residence would provide the LTC benefits (regardless of their type) on the basis of its legislation, and the competent Member State would reimburse all LTC benefits provided by the country of residence. Option C1 includes two sub-options itself: in the first one, the competent Member State would provide **a supplement to the beneficiary** in the event that the benefits in the Member State of residence were at a lower level (C1.1). In the second sub-option, there would be **no supplement** even if the benefits in the Member State of residence were lower than those in the competent Member State (C.I.2).

Both options would ensure that mobile persons are always protected. Both sub-options give entitlements to all the benefits which are provided for the residents of a Member State. In terms of social protection, the sub-option with a supplement by the competent Member State (C.I.1) is without any doubt seen as better than the baseline scenario and (in many cases) also than C.I.2 (without supplement).

In terms of complexity of the rules, option C.I.1 option would open simultaneous entitlements under the legislations of more than one MS. This is perceived as more complex than the baseline scenario. The provision of supplements is always complex, as the legislator has to draft complex rules concerning priority, the benefits to be included into the calculation of the supplement and rules for procedures to settle these supplements. The option also requires an extensive exchange of information between national public authorities concerned. The complexity and the administrative burden of supplement system is generally the main reason for the low support for this option among national public authorities. Option C.I.2 (no supplement provided by the competent Member State) is



likely to increase transparency and reduce complexity of the rules as it sets out clearly which Member State would provide LTC benefits. However, we expect a relative increase of the administrative burden.

Our estimation for the option without the supplement indicates an increase in total expenditure on LTC benefits. When there is a supplement paid, the level of expenditure probably comes in the neighbour of scenario C2.

### **OPTION C2: Competent Member State provides LTC benefits to insured persons residing abroad**

In Option C2, the competent Member State would provide LTC to insured persons residing abroad (that is, the mobile persons would export their benefits). As, in this policy option, the competent Member State would be “responsible” for all types of LTC benefits, including the benefits in kind (not “naturally” exportable as the benefits in cash). The following solution would be established: where the benefits in kind were only available in the form of services, the competent Member State would reimburse the services provided by the country of residence. This option allows mobile persons in need of LTC to be treated equally in the Member States where they are insured and not to have their care benefits reduced if they move to another Member State.

18% of the national public authorities that have responded to the public consultation are in favour of this option (second preferred option), compared to 33% of the responding social partners, 25% of the NGOs and 39% of the individuals (preferred option).

In terms of transparency, this option is expected to increase legal uncertainty because all LTC benefits will be provided on the basis of a single legislation: the one of the competent Member State. However, this does not mean that the coordination rules will be simplified, as always more than one Member State will be involved in the provision of LTC benefits. A large majority of the national administrations see significant feasibility challenges linked to this option, not in the least due to the need of communication and coordination between Member States. A comparison of the LTC benefits in kind available in both countries would be necessary, so as to provide in the Member State of residence benefits similar to those in the competent Member State. This calculation could be complex (e.g. due to differences in eligibility conditions across EU Member States) and to a large extent theoretical. That is also why findings from the face-to-face interviews reveal that this option is considered as more burdensome for national administrations than the status quo.

It is expected that this will increase also the total expenditure on LTC benefits, and especially in those countries where the level of protection is high. Our estimates reveal an increase of the total budget from 994 million EUR for the baseline scenario to 1,277 million in option C2.

### **Summary of the likely impacts**

The table below summarizes the expected impact of each option alongside each objective, based on the analysis before.

**Table 57: Comparison of the effectiveness of the options (baseline scenario = 1)**

	<b>Option A: baseline</b>	<b>Option B: Safe- guarding provision</b>	<b>Option C1.1: MS of residence provides LTC benefits (with supplement)</b>	<b>Option C1.2: MS of residence provides LTC benefits (without supplement)</b>	<b>Option C2: Competent MS provides LTC benefits</b>
<b>Specific objectives</b>					
1. Fair distribution of financial burden between MS	1	1	0,5	0,5	1,5

2. Rules taking into account the specific character of LTC benefits	1	1	1	1	1
3. Facilitating classification of LTC benefits under EU law	1	1	1	1	1
4. Improve legal certainty and stability of coordination regime	1	1,5	0,5	1,5	1,5
5. Improved protection of mobile citizens	1	1,5	1,5	1,5	1,5
6. High awareness of rights on side of mobile persons	1	0,5	1	1,5	1,5
<b>Efficiency</b>					
Budgetary impact	1	1	1,5	1,5	0,5
Administrative burden on administrations	1	0,5	0,5	0,5	1,5
<b>Coherence</b>	1	1	1	1	1
<b>Total</b>	<b>9</b>	<b>9</b>	<b>8,5</b>	<b>10</b>	<b>11</b>

Legend: 1= no impact (e.g. baseline scenario); 1.5 = positive impact; 0.5 = negative impact

Option C2 – the competent Member State provides the LTC benefits to mobile citizens abroad – is rated as the most effective option, most capable of tackling today’s challenges of the coordination regime. However, it is considered as an option with a likely negative budgetary impact (+28% compared to the baseline scenario).

Option C.1.2 generally comes out as an effective option. It is expected to generate a positive budgetary impact on the Member States (19% less costly than the baseline scenario) and to create a more stable and legally certain coordination regime, however with a somewhat higher relative administrative burden, compared to the baseline scenario.

The main advantage of option B lies in the fact that it would ensure that all the mobile persons are protected: they would always be entitled to LTC benefits.

Option A – a continuation of the status quo - is not seen as the worst-case scenario, despite the problems described earlier in this report.

### 9.5.2 Coordination of unemployment benefits

#### **OPTION A: baseline scenario – continuation of the current coordination rules**

Option A implies a continuation of the current coordination rules. This means that workers continue to claim unemployment benefits in the country of last activity, if they have not resided during their activity in another Member State. Periods of insurance completed abroad, as well as other periods of employment/self-employment, are taken into account for establishing the right to the unemployment benefits. Furthermore, unemployed workers have a limited possibility of export of unemployment benefits for three months, with the possible extension to six months (when he/she looks for work in another Member State). Frontier workers who become wholly unemployed must apply for unemployment benefits in their country of residence. They can in addition register with the employment services in the country of last activity. The country of last activity will reimburse the institution of the place of residence the full amount of the benefits provided by the latter institution during the first three months (extensible to five months in certain circumstances). Cross-border

workers, other than frontier workers, may apply for unemployment benefits and register with the employment service either in the country of last activity or in the country of residence.

According to the public consultation findings, half of the national public authorities and social partners see no need to change the current rules. About one third of these respondents think that although the rules should not be changed, but that there is a need to better explain the rules. One third of national public authorities are explicitly in favour of changing the rules. Only 11% of NGOs that responded to the public consultation sees no need to change the current rules.

A continuation of the current coordination rules will not solve the problems that were outlined in the previous section on current problems.

### **OPTION B: Right of choice for frontier workers**

This option implies that frontier workers have the choice between applying for unemployment benefits and registering with the employment services either in the country of last activity or in the country of residence. In this system, frontier workers and cross-border workers, other than frontier workers, are put subject to the same rules.

Half of the national public authorities and individuals responding the public consultation preferred this option (results of the Deloitte survey of national public authorities show a significantly lower support for this option (27%)), compared to 31% of the social partners and 78% of the surveyed NGOs.

Under this policy option, unemployed frontier worker are likely to be better off in terms of social protection, as he has a right of choice (although conditional). Experience with Miethe cases show that frontier workers will likely choose the most beneficial and generous system of both countries. In general, stakeholders think that this option guarantees the best the protection of social security rights of all options. It gives frontier workers the possibility to be treated in the same way as their former work colleagues which live in the country of last employment. Furthermore, the right of choice is considered as fairer, as it ensures frontier workers a better return on the workers' contributions which they have paid in the country of last activity before becoming unemployed. There is mixed evidence on whether this option would really make conditions for reintegration in the labour market less or more favourable for frontier workers, compared to the baseline scenario.

From an administrative point of view, adopting a right of choice for frontier workers will reduce the number of reimbursements between Member States and will eventually reduce the administrative burden on Member States' administrations (as confirmed by our simulations), but for cases of people who will make use of the possibility to claim unemployment benefit in the country of last activity, several Member States expect that the administrative burden related to "control" of the job seeker abroad (and the legitimacy of the unemployment benefit provided) could increase.

In terms of impact on public finance of the Member State, it can be expected that the overall, aggregated cost of providing unemployment benefits in the EU would increase compared to the baseline scenario (an estimate is to be found in Table 42. This is because all cross-border workers (including frontier-workers) are likely to choose the Member State with the more advantageous system for them. In terms of fair burden sharing between Member States, a right of choice for frontier workers is seen as slightly better than the baseline scenario. There is even a substantial shift of the financial burden directly to the countries of last activity, but there remains also a burden in the

country of last activity when benefits are higher. The right of choice option is generally seen as the option which would best stimulate intra-EU labour market mobility.

### **OPTION C: Unemployment benefits for all workers to be provided by the country of the last activity regardless of the person's residence**

The unemployed person should register with the employment services in the country of the last activity and could also register with the employment services of another Member State. If the person decides to look for work in another Member State and registers with the employment services there, there could be a number of sub-options:

- C.I: The provision of the unemployment benefits from the competent State would last **until the end of the entitlement** for as long as the person fulfils the job-seeking obligations in the Member State where he is registered as a job-seeker.
- C.II: The provision of the unemployment benefits would be **limited**.

40% of individuals, 41% of the national public authorities and 44% of social partners responding the public consultation preferred this option.

In terms of social security coverage, the probability of any worker being left without any unemployment benefits would diminish substantially, compared to the baseline scenario, as it would always be clear to which country request the unemployment benefits (which also increases awareness of rights). Furthermore, this option enhances equality and non-discrimination, as it ensures that frontier workers are treated in the same way as their former work colleagues which live in the country of last activity. This option is also considered as fairer than the baseline scenario as it ensures frontier workers a better return on the workers' contributions.

There is no need for reimbursement between Member States anymore, which is expected to have a positive impact from an administrative point of view. However, on the other hand, public authorities considered that this option will also make it more difficult and costly for the country of last activity to follow-up the job seeking efforts and job status of beneficiaries of unemployment benefits who live in another Member State.

Many national public authorities see this option as a better alternative than the baseline scenario in terms of fair sharing of the financial burden between Member States. Nevertheless, for some countries with many incoming frontier workers, this option would have a significant negative impact on their public budget. The total budgetary cost for the country of last activity will increase, according to our simulations. Those simulations could however not take into account any hypothesis on the spell of entitlement, except that one year of unemployment is used as a standard cost.

In Table 42, also an alternative hypothesis F has been calculated, namely the unemployment benefit provided by the country of residence for all, placing a high burden on those countries, with exception of the standard reimbursement of 3 months.

### **OPTION D: Prolongation of the period of export from three months to minimum six months (D)**

Option D foresees a general prolongation of the period of export of unemployment benefits for persons who look for work in another than the competent Member State to minimum six months.

20% of the national public authorities responding the public consultation preferred this option (third preferred option of public authorities). Analysing the replies to the Deloitte survey country-by-country, option D seems the most preferred option in only one Member State. Two options are more popular: a period of export of 3 months with a possible extension to 6 months remains the preferred option, and prolonging the period of export until the person's entitlement to unemployment.

Considering the qualitative input gathered during the interviews, it appears that the stay abroad provides certain benefits to facilitate job-seeking. While, once again, no hard figures were presented to back up the notion that the export of benefits, in general, leads to better employment prospects and, in particular, that staying abroad for longer increases the chances of finding employment, the public officials interviewed tended to side with the idea that physical presence in the country of job search (made possible by the opportunity to export the unemployment benefits) had, if any, certain positive effects.

In terms of transparency, the adoption of this option could have positive effects. The adoption of this option would eliminate the uncertainty derived from the degree of flexibility granted to public institutions by the current coordination rules.

In terms of administrative burden, this option would primarily have an impact in terms on the communication exchange between countries concerning the situation of the job-seekers exporting their benefits. While the implications are far from likely to apply regularly and homogeneously across all countries given the differences that exist in their way of operating, this communication is generally not a one-off effort, implying instead additional efforts the longer the period of export. For such reasons, it is expected that the adoption of this policy option would have a negative impact with regard to administrative costs and administrative burdens.

While in many cases reluctant to the extension (due to potential pitfalls such as the increase risk of misuse of the rights, as previously discussed), the interviewees coincided for the most in signalling that the extension of the period of export could have some favourable effects from the point of view of fostering cross-border mobility.

#### **OPTION E: Clarification of the provision on the aggregation of periods of insurance, employment and self-employment**

Periods of insurance, employment and self-employment completed abroad are taken into account for the acquisition, retention, recovery or duration of the rights to unemployment benefits. When the legislation of the competent Member State makes the entitlement conditional upon the completion of either periods of insurance, employment or self-employment, the competent institution shall take into account periods of insurance, employment or self-employment completed under the legislation of any other Member State as though they were completed under the legislation it applies.

When the applicable legislation makes the entitlement to benefits conditional upon the completion of periods of insurance, the periods of employment or self-employment completed on the completed under the legislation of another Member State shall only be taken into account if such periods would have been considered to be periods of insurance had they been completed in accordance with the applicable legislation.

While respecting these coordination rules, Member States remain competent to determine the conditions for insurance under their social security system and the entitlement to benefits under that system. Our findings point at the diversity in national systems, but also divergences in the interpretation of art.61 of Regulation (EC) No.883/2004. One possibility to tackle this problem would be to clarify the provisions on the aggregation of periods. The impacts are analysed under the consideration that the clarification of the provisions would ensure a consistent interpretation and application of the rules across countries (without implying any change in the way that each Member State considers, under its own legislation, different periods as periods of or equivalent to periods of insurance, employment and self-employment).

The clarification would bring positive effects in terms of the return that migrant workers receive on their contributions. By guaranteeing a consistent application of the rules, the clarification would ensure that no periods that should have been considered for establishing the entitlement to unemployment rights are left aside due to an uneven application of the rules across Member States.

By ensuring that unemployed workers receive the level of unemployment benefits they are rightfully entitled to, and that no periods are unduly left aside for determining and calculating such environments, this policy option would have a positive impact on the reintegration of the labour market. Impact on administrative costs and administrative burden

The clarification should have a clearly positive impact in terms of transparency and provide as well a certain reduction in complexity of the rules. The diversity of national systems would not be impacted in any way by the adoption of this policy option. Member States will continue to regard different periods (periods of employment, of self-employment, of maternity, of education, of sickness, etc.) in different manners (as periods of or equivalent to periods of insurance, employment of self-employment, or not). However, transparency and clarity will be improved by the adoption of a clarification by eliminating the complications introduced by the divergent interpretation and application of the rules.

## Summary of the likely impacts

The table below summarizes the expected impacts of each option alongside each objective, based on the analysis in the section before.

**Table 58: Comparison of the effectiveness, efficiency and coherence of the options (baseline=1)**

	Option A: baseline scenario	Option B: Right of choice	Option C: UB provided by country of last activity	Option D: Prolongatio n period of export	Option E: Clarification of aggr. rules
<b>Specific objectives</b>					
1. Consistent application of coordination rules	1	1,5	1,5	1,5	1,5
2. Simplified legal framework	1	1,5	1,5	1	1
3. Facilitate reintegration in labour market & improved protection of job-seekers abroad	1	1	1	1,5	1,5
4. Unemployed mobile workers receiving return on their contributions	1	1,5	1,5	1	1,5
5. Fair distribution of financial burden	1	1,5	1,5	1	1,5
6. High awareness of rights	1	1,5	1,5	1,5	1,5
7. Rules reflecting current job market conditions	1	1,5	1,5	1,5	1
<b>Efficiency</b>					
Budgetary impact	1	0,5	0,5	1	1
Administrative burden	1	1,5	1,5	0,5	1,5
<b>Coherence</b>	1	1	1	1	1
<b>Total</b>	<b>10</b>	<b>13</b>	<b>13</b>	<b>11,5</b>	<b>13</b>

Legend: 1= no impact (e.g. baseline scenario); 1.5 = positive impact; 0.5 = negative impact

Option E (clarification of the rules of aggregation) is generally considered as a good option, both in terms of effectiveness and efficiency. However, the positive impact of this option will largely depend on how the aggregation rules will exactly be clarified. A clarification of the aggregation rules will however not simplify these rules and the diversity of national systems will be continued.

Options B and C appear as the option that is most effective, best capable to address the wider variety of problems that are faced with the coordination of unemployment benefits (Problem definition).

Option C has consistently positive impacts with regard to almost all specific objectives. However, it is expected to have a negative budgetary impact (an increase in expenditure of 43% - cf. 8.1.2) on the Member compared to the baseline scenario.

Like option C, option B is expected to produce a negative budgetary impact compared to the baseline scenario (and is also costlier than option C – cf. Table 42). However, option B is considered as very effective (better off in terms of social protection, better return on the workers' contributions). There is a substantial shift of the financial burden directly to the countries of last activity (cf. Table 45).

Option D (export of unemployment benefits for a period of minimum 6 months) is generally evaluated as better than the baseline scenario. There are indications that a prolongation of the period of export could facilitate the reintegration of unemployed in the labour market. From an administrative point of view, it could however generate higher administrative burden on public authorities, as unemployed abroad need to be followed up over a longer period than currently is the case.

Option A – a continuation of the status quo - is clearly the worst-case scenario in terms of effectiveness. All other options are expected to be more effective in tackling the current problems. However, the baseline scenario scores better than all other options (except option E) with regard to the efficiency criterion.

## **10 Annexes**

### ***10.1 Data collection: questionnaire***

#### ***10.1.1 Coordination of unemployment benefits: data collection***

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**Table 59: Number of unemployed persons that have been certified insurance or (self-)employment periods completed in another Member State taken – number of received forms (U1/E301) by Member State issuing a U1/E301 form**

Issuing country ↓	Receiving country (competent country)										Row total
	Belgium - 2012 *	Slovak Republic - 2012 **	Poland - 2011	Estonia - 2010	Estonia - 2012	United Kingdom					
Belgium	0	17	189	8	10						216
Bulgaria	0	2	6	1	2						10
Czech Republic	1	3.053	677								3.731
Denmark	2	19	329	16	16						366
Germany	109	438	1.965	29	57						2.569
Estonia	0	1	2								3
Greece	17	5	97	3	7						126
Spain	118	76	441	11	13						648
France	130	51	556	7	13						750
Ireland	7	442	1.987	64	56						2.492
Italy	60	606	394	18	23						1.083
Cyprus	0	118	111	21	31						260
Latvia	0	0	3	12	13						16
Lithuania	0	2	5	5	8						15
Luxembourg	765	78	20	6	2						865
Hungary	3	1.735	40	0	0						1.778
Malta	0	9	2	6	15						26
Netherlands	1.092	351	3.581	11	29						5.053
Austria	4	1.048	154	5	7						1.213
Poland	22	21		0	2						45
Portugal	32	4	11	0	1						48
Romania	2	8	1	1							11
Slovenia	0	46	8	0	0						54
Slovak Republic	0		33	1	1						34
Finland	0	23	135	793	1.114						1.272
Sweden	0	6	146	63	79						231
United Kingdom	33	2.408	8.112	189	233						10.786
Iceland	0	10	126	1	5						141
Liechtenstein	0	0	1								1
Norway	3	82	161	235	343						589
Switzerland	0	253	139		2						394
<b>Total</b>	<b>2.400</b>	<b>10.912</b>	<b>19.432</b>	<b>1.505</b>	<b>2.082</b>	<b>Not likely to be above 300</b>					<b>35.126</b>
Evolution					0						
Average annual unemployment	369.000	378.000	1.659.000	116.000	71.000	2.511.000					2.477.000
%	0,7%	2,9%	1,2%	1,3%	2,9%	0,0%					1,4%

\* Belgium: U1 was counted when period of insurance was taken into account to grant an unemployment benefit

\*\* Slovak Republic: 2 387 frontier workers, 6 875 other crossborder workers and 1 295 migrant workers. However, total = 10 557

Source: Questionnaire on unemployment benefits

**Table 60: Number of unemployed persons that have been certified insurance or (self-)employment periods completed in another Member State taken – number of unique unemployed persons by Member State issuing a U1/E301 form**

Issuing country ↓	Receiving country (competent country)												Total		
	Crossborder workers			Migrant workers											
	Poland - 2011	Sweden - 2011	France - 2011 ****	Poland - 2011	Sweden - 2011	France - 2011 ****	Poland - 2011	Sweden - 2011 *	France - 2011 ****	Belgium - 2012 **	Slovak Republic - 2012 ***	Row total			
Belgium	132	2	7.390	33	3	4	165	5	7.394	0	0	17	7.581		
Bulgaria	4	1		4	3		7	1	0	0	0	2	10		
Czech Republic	413	4		106	1		519	5	0	0	1	3.053	3.578		
Denmark	250	724		76	80		326	806	0	2	2	1.153	1.153		
Germany	1.124	24	7.531	530	13	2	1.654	37	7.533	109	438	9.771			
Estonia	2	1		3	1	1	5	2	1	0	1	9			
Greece	45	4		27	6		72	10	0	72	5	103			
Spain	256	35	526	97	15	3	353	50	529	118	76	1.126			
France	339	15		134	11		473	26		127	51	677			
Ireland	1.419	19		481	12	1	1.900	31	1	7	442	2.381			
Italy	292	7		79	2		371	9	0	59	606	1.045			
Cyprus	77	6		24	2	1	101	8	3	0	118	230			
Latvia	0	1		1	1	3	4	1	4	0	0	6			
Lithuania	1	1		7	3		4	1	7	0	2	14			
Luxembourg	16	2	10.364		1	1	18	3	10.365	755	78	11.219			
Hungary	5			32	5	1	37	5	0	3	1.735	1.780			
Malta	0	5		2	1	1	2	6	3	2	0	9	20		
Netherlands	2.880	10		439	4	8	3.319	14	8	1.078	351	4.770			
Austria	78	9		63	4		141	13	6	4	1.048	1.212			
Poland		2			1				0	21	21	45			
Portugal	8	8		1	1		9	8	31	4	4	52			
Romania	1	1		0	1	2	1	2	2	15	8	15			
Slovenia	3			0			3	0	0	0	46	49			
Slovak Republic	23			7			30	0	0	0	0	30			
Finland	142	42		103	25	1	151	67	1	0	23	242			
Sweden	103			21	7	7	124	6	7	0	6	137			
United Kingdom	5.864	65		1.692	48	4	7.556	113	4	31	2.408	10.112			
Iceland	183	4		16	3		199	7	3	0	10	219			
Liechtenstein	7			3	0	2	7	0	5	0	0	12			
Norway	105	756		79	184		184	944	8	3	82	1.221			
Switzerland	112	12		20	4	1	132	16	24.119	0	253	24.520			
Data missing		2						9	0	0	0	9			
<b>Total</b>	<b>13.884</b>	<b>1.762</b>	<b>49.961</b>	<b>3.980</b>	<b>427</b>	<b>42</b>	<b>17.864</b>	<b>2.202</b>	<b>50.003</b>	<b>2.367</b>	<b>10.912</b>	<b>83.348</b>			
Average annual unemployed persons							1.659.000	390.000	2.801.000	369.000	378.000	5.597.000			
%							1,1%	0,6%	1,8%	0,6%	2,9%	1,5%			

\* Sweden: data missing for Denmark (2), Norway (4) and in general (7)

\*\* Belgium: U1 was counted when period of insurance was taken into account to grant an unemployment benefit

\*\*\* Slovak Republic: Figures for this question are the same as for 2a. This is because person is not registered according to issued forms, but based on the unemployment benefits application. 2 387 frontier workers, 6 875 other crossborder workers and 1 295 migrant workers. However, total = 10 557

\*\*\*\* France: CLEISS - Statistical Report

Source: Questionnaire on unemployment benefits

**Table 61: Number of unemployed persons that have been certified insurance or (self-) employment periods completed in another Member State – number of received forms (UI/E301) or number of unique unemployed persons by Member State issuing a UI/E301 form (summary)**

Issuing country ↓	Receiving country (competent country)										Row total (without UK)	
	Belgium - 2012 *	Slovak Republic - 2012 **	Poland - 2011	Estonia - 2012	Sweden - 2011 *	France - 2011 ****	United Kingdom					
Belgium		17	189	10	5	7,394						7,615
Bulgaria		0	6	2	1	0						11
Czech Republic	1	3,053	677		5	0						3,736
Denmark	2	19	329	16	806	0						1,172
Germany	109	438	1,965	57	37	7,533						10,139
Estonia	0	1	2		2	1						6
Greece	17	5	97	7	10	0						136
Spain	118	76	441	13	50	529						1,227
France	130	51	556	13	26							776
Ireland	7	442	1,987	56	31	1						2,524
Italy	60	606	394	23	9	0						1,092
Cyprus	0	118	111	31	8	3						271
Latvia	0	0	3	13	1	4						21
Lithuania	0	2	5	8	1	7						23
Luxembourg	765	78	20	2	3	10,365						11,233
Hungary	3	1,735	40	0	5	0						1,783
Malta	0	9	2	15	6	3						35
Netherlands	1,092	351	3,581	29	14	8						5,075
Austria	4	1,048	154	7	13	6						1,232
Poland	22	21		2	3	0						48
Portugal	32	4	11	1	8	0						56
Romania	2	8	1	1	2	2						15
Slovenia	0	46	8	0	0	0						54
Slovak Republic	0		33	1	0	0						34
Finland	0	23	135	1,114	67	1						1,340
Sweden	0	6	146	79		7						238
United Kingdom	33	2,408	8,112	233	113	4						10,903
Iceland	0	10	126	5	7	3						151
Liechtenstein	0	0	1		0	5						6
Norway	3	82	161	343	944	8						1,541
Switzerland	0	253	139	2	16	24,119						24,529
Data missing					9	0						9
Total	2,400	10,912	19,432	2,082	2,202	50,003	Not likely to be above 300					87,031
Average annual unemployed persons	369,000	378,000	1,659,000	71,000	390,000	2,801,000	2,511,000					5,668,000
%	0,7%	2,9%	1,2%	2,9%	0,6%	1,8%	0,012%					1,5%

\* Belgium: UI was counted when period of insurance was taken into account to grant an unemployment benefit

\*\* Slovak Republic: 2 387 frontier workers, 6 875 other crossborder workers and 1 295 migrant workers. However, total = 10 557

Source: Questionnaire on unemployment benefits

**Table 62: Number of unemployed persons that have been certified insurance or (self-)employment periods completed in another Member State – estimation EU-27**

<i>For how many unemployed persons were certified insurance or (self-)employment periods completed in another Member State taken into account? Estimation EU 27</i>				
	U1 forms received (data available)	Average annual unemployed persons (2012) (aged 15-74)	Estimation U1 forms received (average of 1,5%)	Total number of U1 forms received
Belgium	2.400			2.400
Bulgaria		410.000	6.150	6.150
Czech Republic		367.000	5.505	5.505
Denmark		219.000	3.285	3.285
Germany		2.316.000	34.740	34.740
Estonia	2.082			2.082
Greece		1.204.000	18.060	18.060
Spain		5.769.000	86.535	86.535
France	50.003			50.003
Ireland		316.000	4.740	4.740
Italy		2.750.000	41.250	41.250
Cyprus		52.000	780	780
Latvia		156.000	2.340	2.340
Lithuania		195.000	2.925	2.925
Luxembourg		13.000	195	195
Hungary		476.000	7.140	7.140
Malta		12.000	180	180
Netherlands		469.000	7.035	7.035
Austria		189.000	2.835	2.835
Poland	19.432			19.432
Portugal		860.000	12.900	12.900
Romania		701.000	10.515	10.515
Slovenia		90.000	1.350	1.350
Slovak Republic	10.912			10.912
Finland		207.000	3.105	3.105
Sweden	2.202			2.202
United Kingdom		2.511.000	37.665	37.665
EU 27				376.261

Source: Questionnaire on unemployment benefits

**Table 63: Total yearly amount of unemployment benefits paid to unemployed persons who have certified periods from other Member States?**

		Question 3: Total yearly amount of unemployment benefits paid to unemployed persons who have certified periods from other Member States?														
		Crossborder workers						Competent (paying) country						Total		
Issuing country ↓		Sweden - 2011 *		France - 2011 ***		Migrant workers		France - 2011 ***		Sweden - 2011 *		Belgium - 2012 **		France - 2011 ***		Row total
		Sweden - 2011 *	France - 2011 ***	Sweden - 2011 *	France - 2011 ***	Sweden - 2011 *	France - 2011 ***	Sweden - 2011 *	France - 2011 ***	Sweden - 2011 *	France - 2011 ***	Sweden - 2011 *	France - 2011 ***			
Belgium		26.203	46.948.253	15.921	0	42.124	47.001.353	0	4.697	0	0	0	47.001.353	0	4.697	47.043.477
Bulgaria		4.697	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Czech Republic		19.630	0	6.156	0	25.786	0	0	0	0	0	0	0	0	0	28.978
Denmark		10.527.405	0	539.691	0	11.067.096	0	0	0	0	0	0	0	0	0	11.078.149
Germany		197.929	81.032.118	71.629	0	269.558	81.058.266	0	0	0	0	0	81.058.266	0	0	81.870.140
Estonia		5.565	0	2.817	0	2.248	0	0	0	0	0	0	2.248	0	0	10.629
Greece		21.015	0	18.871	0	39.885	0	0	0	0	0	0	39.885	0	0	89.339
Spain		255.421	3.678.094	74.235	0	329.656	3.729.197	0	0	0	0	0	3.729.197	0	0	4.443.387
France		112.547	0	52.208	0	164.756	532.132	0	0	0	0	0	532.132	0	0	696.888
Ireland		104.324	0	34.941	0	139.265	0	0	0	0	0	0	139.265	0	0	168.091
Italy		56.206	0	25.743	0	81.949	0	0	0	0	0	0	232.184	0	0	314.134
Cyprus		41.351	28.114	5.401	0	46.751	0	0	0	0	0	0	77.413	0	0	124.164
Latvia		18.323	728	13.897	0	32.220	0	0	0	0	0	0	24.175	0	0	56.395
Lithuania		13.499	66.544	0	0	13.499	0	0	0	0	0	0	66.544	0	0	80.043
Luxembourg		21.797	79.187.591	0	0	21.797	79.190.356	0	0	0	0	0	79.190.356	0	0	82.550.681
Hungary		0	0	10.167	0	10.167	0	0	0	0	0	0	13.210	0	0	23.377
Malta		59.404	14.901	8.864	0	68.268	0	0	0	0	0	0	16.192	0	0	84.460
Netherlands		89.395	0	34.007	0	123.403	5.035.873	0	0	0	0	0	70.103	0	0	5.229.379
Austria		76.477	17.347	23.462	0	99.939	17.198	0	0	0	0	0	17.635	0	0	134.772
Poland		42.000	0	18.121	0	60.122	0	0	0	0	0	0	62.718	0	0	122.840
Portugal		13.635	0	0	0	13.635	85.595	0	0	0	0	0	9.684	0	0	108.914
Romania		6.615	0	3.026	0	9.641	12.904	0	0	0	0	0	15.527	0	0	38.072
Slovenia		6.132	0	0	0	6.132	0	0	0	0	0	0	0	0	0	6.132
Slovak Republic		1.195	0	1.390	0	2.585	0	0	0	0	0	0	0	0	0	2.585
Finland		545.579	0	107.880	0	653.459	0	0	0	0	0	0	43.075	0	0	696.534
Sweden		0	0	0	0	0	0	0	0	0	0	0	46.073	0	0	46.073
United Kingdom		420.242	21.100	234.998	0	655.240	168.969	0	0	0	0	0	85.034	0	0	909.243
Iceland		27.189	0	21.047	0	48.236	0	0	0	0	0	0	21.100	0	0	69.336
Liechtenstein		0	40.818	0	0	15.731	0	0	0	0	0	0	56.549	0	0	56.549
Norway		7.603.148	61.297	820.458	0	8.423.607	19.070	0	0	0	0	0	61.297	0	0	8.503.974
Switzerland		80.454	305.156.248	23.791	0	104.245	305.201.006	0	0	0	0	0	305.201.006	0	0	305.305.251
Missing		93.152	0	0	0	93.152	0	0	0	0	0	0	0	0	0	93.152
Total		20.490.528	516.253.153	2.168.721	0	22.659.249	10.533.926	0	0	0	0	0	516.796.658	0	0	549.989.834
Total amount full unemployment benefits (2010)													29.513.275.719	0,2%	1,8%	37.213.048.590
%													1,1%	0,2%	1,5%	1,5%

\* Sweden: exchange rate 1 SEK = 0,1272 EUR (May 3 2013)

\*\* Belgium: UI was counted when period of insurance was taken into account to grant an unemployment benefit. Amount for this population.

\*\*\* France: CLEISS - Statistical Report

Source: Questionnaire on unemployment benefits

**Table 64: Number of issued U1/E301 forms**

Receiving country ↓	Question 2 -bis Number of issued U1/E301 forms							
	Luxembourg - 2010*	Luxembourg - 2011*	Luxembourg - 2012*	Belgium - 2012 **	Estonia - 2010	Estonia - 2012	Romania - 2012 (only migrant workers)	Row total (exc. Belgium)
Belgium	1.596	2.029	3.008	2.640	4	4		3.012
Bulgaria	21	40	103	17	3	6		109
Czech Republic	153	122	96	25	1	0		96
Denmark	16	15	2	7	3	4		6
Germany	3.134	2.879	2.916	305	19	31		2.947
Estonia	6	9		1				0
Greece	4	1	4	10	0			4
Spain	24	23	18	173	10	9		27
France	12.227	12.262	11.922	7.057	7	6		11.928
Ireland	4	3	9	11	19	8		17
Italy	20	18	25	135	1	2		27
Cyprus	2	4		1	1	0		4
Latvia	1	7	2		9	4		6
Lithuania	3	1	3	4	10	4		7
Luxembourg				2	0	1		1
Hungary	91	156	120	28	9	1		121
Malta	1	4	7		0	0		7
Netherlands	71	117	84	510	2	2		86
Austria	47	49	43	34	1	5		48
Poland	85	162	180	307	15	2		182
Portugal	14	25	25	95	0	0		25
Romania	58	57	70	9	2	2		72
Slovenia	6	8	6	3	0	0		6
Slovak Republic	190	171	164	19	1	0		164
Finland	4	2	3	12	271	454		457
Sweden	5	7	9	11	17	16		25
United Kingdom	9	10	32	16	9	35		67
Iceland	2			1	0	0		0
Liechtenstein				1				0
Norway		2			16	24		24
Switzerland	9	17	19	6		2		21
Croatia	2	1	1	82				1
<b>Total</b>	<b>17.805</b>	<b>18.197</b>	<b>18.875</b>	<b>11.522</b>	<b>428</b>	<b>622</b>	<b>5.067</b>	<b>19.497</b>
		<b>2,2%</b>	<b>3,7%</b>			<b>45,3%</b>		

\* Luxembourg: source: Le gouvernement du Grand-duché de Luxembourg - Les activités de l'agence le développement de l'emploi en 2012

\*\* Belgium: by nationality, data Feb. 2012 - Dec. 2012

Source: Questionnaire on unemployment benefits



Year	Number of E303 forms		Number of PD U2 forms		Total E303/PD U2 forms	
	Requested	Issued	Requested	Issued	Requested	Issued
2000	1282	919			1282	919
2001	1120	784			1120	784
2002	1109	824			1109	824
2003	1171	899			1171	899
2004	1306	1036			1306	1036
2005	1258	942			1258	942
2006	1030	743			1030	743
2007	705	521			705	521
2008	427	306			427	306
2009	495	336			495	336
2010	186	128			445	306
2011	65	42			400	298
2012	20	13			369	264

\* Poland: counting together refused (5) and ineffective decisions (31)

\*\* Luxembourg: source: Le gouvernement du Grand-duché de Luxembourg - Les activités de l'agence le développement de l'emploi en 2012

\*\*\* Austria: AMS, answer to questionnaire Deloitte

\*\*\*\* the Netherlands: based on sample of received forms (Gak Nederland bv, 'Import en export van uitkeringen', 2001)

\*\*\*\*\* Sweden: Detail by country on related to number of issued U2 forms and not E303 forms. More detailed information on the profile of the jobseeker is available (source: 'AF: Vilka personer söker arbete i Europa med svensk arbetslöshetsersättning?'). Between 1 May 2010 and 31 August 2011 381 E303/U2 forms were issued to unemployed persons living in Sweden. 87.4% of them (333 jobseekers) actual went abroad to look for a job. Jobseekers are mainly aged between 30 - 39 (44% of total number of jobseekers). More unemployed women (58%) than men (42%) went looking for a job abroad. 46% of the unemployed persons with an U2 form who are not born in Sweden are seeking a job in their country of birth.

\*\*\*\*\* Sweden: Evolution of number of requested and issued E303/U2 forms (2000-2012)

\*\*\*\*\* the Netherlands: based on (UWV, 'Kwantitatieve informatie 2011')

Source: Questionnaire on unemployment benefits



**Table 66: Number of unemployed persons who want to look for work in another Member State while continuing to receive unemployment benefits in the competent Member State – number of requests of prolongation**

MS seek work (receiving country) ↓	Issuing country									
	Number of requests of prolongation									
	Refused		Accepted				% refused requests			
	Sweden - 2011	Poland - 2011	Sweden - 2011	Poland - 2011	Belgium - 2011	Poland - 2011	Sweden - 2011	Sweden - 2011	Poland - 2011	Poland - 2011
Belgium	0	0	0	0	0	0	0	0	0	0
Bulgaria	0	0	0	0	0	0	0	0	0	0
Czech Republic	0	0	0	0	1	1	0	0	0	0%
Denmark	0	0	0	0	0	0	0	0	0	0%
Germany	4	0	0	0	11	6	0	0	100%	0%
Estonia	0	0	0	0	0	0	0	0	0	0%
Greece	0	0	0	0	0	0	0	0	0	0%
Spain	6	0	0	0	2	10	0	0	100%	0%
France	2	0	0	0	2	26	0	0	100%	0%
Ireland	1	0	0	0	3	0	0	0	100%	0%
Italy	6	0	0	0	0	1	0	0	100%	0%
Cyprus	0	0	0	0	0	0	0	0	0	0%
Latvia	0	0	0	0	0	0	0	0	0	0%
Lithuania	0	0	0	0	0	0	0	0	0	0%
Luxembourg	0	0	0	0	0	0	0	0	0	0%
Hungary	0	0	0	0	0	0	0	0	0	0%
Malta	0	0	0	0	0	0	0	0	0	0%
Netherlands	1	0	0	0	0	5	0	0	100%	0%
Austria	1	0	0	0	0	2	0	0	100%	0%
Poland	2	0	0	0	0	0	0	0	100%	0%
Portugal	2	0	0	0	0	2	0	0	100%	0%
Romania	0	0	0	0	0	0	0	0	0	0%
Slovenia	0	0	0	0	0	1	0	0	0	0%
Slovak Republic	0	0	0	0	0	0	0	0	0	0%
Finland	2	0	0	0	0	0	0	0	100%	0%
Sweden	0	0	0	0	1	2	0	0	0	0%
United Kingdom	8	0	0	0	0	1	0	0	100%	0%
Iceland	0	0	0	0	0	0	0	0	0	0%
Liechtenstein	0	0	0	0	0	0	0	0	0	0%
Norway	0	0	0	0	0	0	0	0	0	0%
Switzerland	0	0	0	0	0	0	0	0	0	0%
<b>Total</b>	<b>35</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>57</b>	<b>0</b>	<b>0</b>	<b>100%</b>	<b>0%</b>

Source: Questionnaire on unemployment benefits

**Table 67: Number of unemployed persons who want to look for work in another Member State while continuing to receive unemployment benefits in the competent Member State – success rate**

MS seek work (receiving country) ↓		Issuing country														
		Number of U2 forms issued		Receiving UB before period of export		Receiving UB first month after period of export		Receiving UB 2nd-6th month after period of export		Number of persons who have found work abroad		Success rate				
		Belgium - 2011	Poland - 2011	Sweden - May 2010 and August 2011***	Number	% total jobseekers	Belgium - 2011	Number	% total jobseekers	Belgium - 2011	Number	% total jobseekers	Belgium - 2011	Number	% total jobseekers	Poland - 2011**
Belgium	1	2		0	0%	1	100%	0	0%	0	0%	0	0	0%		
Bulgaria	4	1		0	0%	1	25%	0	0%	3	0%	0	0	0%		
Czech Republic	6	0		2	33%	0	0%	2	33%	2	0%	0	0	0%		
Denmark	57	41		13	23%	12	21%	1	2%	31	2%	0	0	0%		
Germany	1	0		1	100%	0	0%	0	0%	0	0%	0	0	0%		
Estonia	10	0		2	20%	1	10%	0	0%	7	0%	0	0	0%		
Greece	183	9		35	19%	71	39%	11	6%	66	6%	0	0	0%		
Spain	501	5		107	21%	142	28%	20	4%	232	4%	0	0	0%		
France	9	11		0	0%	2	22%	0	0%	7	0%	0	0	0%		
Ireland	51	1		9	18%	18	35%	1	2%	23	0%	0	0	0%		
Italy	2	1		0	0%	2	100%	0	0%	0	0%	0	0	0%		
Cyprus	1	0		1	100%	0	0%	0	0%	0	0%	0	0	0%		
Latvia	1	0		1	100%	0	0%	0	0%	0	0%	0	0	0%		
Lithuania	1	0		1	100%	0	0%	0	0%	0	0%	0	0	0%		
Luxembourg	19	0		4	21%	8	42%	0	0%	7	0%	0	0	0%		
Hungary	2	0		0	0%	2	100%	0	0%	0	0%	0	0	0%		
Malta	1	0		0	0%	1	100%	0	0%	0	0%	0	0	0%		
Netherlands	76	0		13	17%	22	29%	2	3%	39	3%	0	0	0%		
Austria	19	1		2	11%	7	37%	3	16%	7	0%	0	0	0%		
Poland	17	0		4	24%	6	35%	1	6%	6	0%	0	0	0%		
Portugal	29	1		2	7%	12	41%	2	7%	13	0%	0	0	0%		
Romania	2	0		0	0%	2	100%	0	0%	0	0%	0	0	0%		
Slovenia	3	0		1	33%	0	0%	0	0%	2	0%	0	0	0%		
Slovak Republic	2	0		0	0%	1	50%	1	50%	0	0%	0	0	0%		
Finland	7	1		0	0%	4	57%	0	0%	3	0%	0	0	0%		
Sweden	17	3		4	24%	4	24%	1	6%	8	6%	0	0	0%		
United Kingdom	60	40		12	20%	21	35%	2	3%	25	4%	0	0	0%		
Iceland																
Liechtenstein																
Norway																
Switzerland																
<b>Total</b>	<b>1.081</b>	<b>118</b>	<b>333</b>	<b>213</b>	<b>20%</b>	<b>340</b>	<b>31%</b>	<b>47</b>	<b>4%</b>	<b>481</b>	<b>4%</b>	<b>8</b>	<b>40</b>	<b>10%</b>	<b>44%</b>	<b>12%</b>

\* Poland: only information available from 11 Regional Unemployment Offices (Out of 16)

\*\* Poland: extrapolation of results from 11 Regional Unemployment Offices

\*\*\* Sweden: source: YAF, Vilka personer söker arbete i Europa med svenskt arbetslöshetsersättning?.

\*\*\*\* Belgium: broad definition of 'success rate' = Person is not longer registered with Belgian National employment office after period of export. However, different reasons are possible: found work abroad, found work in Belgium, moved to country where looking for a job, ...

Source: Questionnaire on unemployment benefits

**Table 68: Number of U2/E303 forms received**

		Question 4 - bis: Number of U2/E303 forms received?																			
Issuing country ↓	Number of forms received												Receiving country				Success rate				
	Luxembourg - 2010*	Luxembourg - 2011*	Luxembourg - 2012*	Luxembourg - the Netherlands - 2000**	Luxembourg - the Netherlands - 2012***	Estonia - 2010	Estonia - 2012	Sweden - 2008****	Sweden - 2009****	Sweden - 2011	Sweden - 2012	France - 2011*****	Row total	Returned	Stayed	No information					
Belgium	9	19	10	27	62	1	1					1	73								
Bulgaria													0								
Czech Republic	1		1										1								
Denmark	4	5	5	12		2	4						9								
Germany	8	10	18	67	74	0	4					4	96								
Estonia													0								
Greece				8									0								
Spain	3	3	12	10	127	2	1					2	140								
France	19	27	26	12	45	1	1						72								
Ireland			2	3		14	13						15								
Italy		1		1		0	0						0								
Cyprus						1							0								
Latvia				1		0	0						0								
Lithuania		1				3	0						0								
Luxembourg													0								
Hungary		1				0	0						0								
Malta													0								
Netherlands		1				0	0						0								
Austria		4	3			0	1						4								
Poland			1										1								
Portugal	17	15	84	1	30								114								
Romania													0								
Slovenia			1										1								
Slovak Republic		1											0								
Finland	2	1	2	9		7	7						9								
Sweden		1	1	16		1	1						1								
United Kingdom	1			8		1	0						0								
Iceland		2	2				1					7	3								
Liechtenstein													0								
Norway			1	4		2	7					15	8								
Switzerland		2	3									76	3								
Missing													0								
<b>Total</b>	<b>64</b>	<b>94</b>	<b>171</b>	<b>182</b>	<b>483</b>	<b>35</b>	<b>41</b>	<b>467</b>	<b>637</b>	<b>677</b>	<b>691</b>	<b>105</b>	<b>1386</b>	<b>110</b>	<b>477</b>	<b>269</b>	<b>72</b>				
		<b>46.9%</b>	<b>81.9%</b>				<b>17.1%</b>		<b>36.4%</b>	<b>6.3%</b>	<b>2.1%</b>			<b>22.8%</b>	<b>98.8%</b>	<b>55.7%</b>	<b>14.9%</b>				

Year	E303 forms received		U2 forms received		U2/E303 forms received	
	Number	%	Number	%	Number	%
2000	397				397	
2001	452	14%			452	14%
2002	502	11%			502	11%
2003	665	32%			665	32%
2004	732	10%			732	10%
2005	629	-14%			629	-14%
2006	588	-7%			588	-7%
2007	513	-13%			513	-13%
2008	467	-9%			467	-9%
2009	637	36%			637	36%
2010						
2011	101		576		677	
2012	30		661	15%	691	2%

\* Luxembourg: source: Le gouvernement du Grand-duché de Luxembourg - Les activités de l'agence le développement de l'emploi en 2012

\*\* the Netherlands: based on sample of received forms (Gak Nederland bv, 'Import en export van uitkeringen', 2001)

\*\*\* the Netherlands: only detailed information for the 5 'most important countries'

\*\*\*\* Sweden: Evolution number of E303 forms received (source: IAF)

Switzerland applies Regulation (EC) No 883/2004 as from 1 April 2012 and Norway, Iceland and Liechtenstein as from 1 June 2012

\*\*\*\*\* France (source: CLEISS, Rapport Statistique 2011) - only E303 forms (old Regulation 1408/71)

Source: Questionnaire on unemployment benefits

**Table 69: number of unemployed persons who went to look for work in another Member State while continuing to receive unemployment benefits in the competent Member State - estimation for the whole EU-27**

<i>How many unemployed persons went to look for work in another Member State while continuing to receive unemployment benefits in the competent Member State?? Estimation EU 27</i>				
	U2 forms issued (data available)	Average annual unemployed persons (2012) (aged 15-74)	Estimation U2 forms issued(average of 0,11%)	Total number of U2 forms issued
Belgium	1.081			1.081
Bulgaria		410.000	451	451
Czech Republic		367.000	404	404
Denmark	1.108			1.108
Germany		2.316.000	2.548	2.548
Estonia	64			64
Greece		1.204.000	1.324	1.324
Spain		5.769.000	6.346	6.346
France		3.006.000	3.307	3.307
Ireland		316.000	348	348
Italy		2.750.000	3.025	3.025
Cyprus		52.000	57	57
Latvia		156.000	172	172
Lithuania		195.000	215	215
Luxembourg	148			148
Hungary		476.000	524	524
Malta		12.000	13	13
Netherlands	637			637
Austria	1.186			1.186
Poland	118			118
Portugal		860.000	946	946
Romania	11			11
Slovenia		90.000	99	99
Slovak Republic	79			79
Finland		207.000	228	228
Sweden	264			264
United Kingdom		2.511.000	2.762	2.762
EU 27				27.463

Source: Questionnaire on unemployment benefits

**Table 70: Numbers of U3 forms issued and received**

<b>Question 5: Number of U3 forms issued and received?</b>						
	<i>Number of U3 forms issued ? To ...</i>				<i>Number of U3 forms received ? From ...</i>	
	Denmark - Since March 2012	Slovak Republic - 2012 *	Poland - 2011**	Sweden - 2012	Slovak Republic - 2012	Poland - 2011**
Belgium	0		3	1		0
Bulgaria	0		0			0
Czech Republic	0	17	0	3	84	0
Denmark	0	1	1	13	5	2
Germany	3	14	0	12	25	0
Estonia	0		5	1		0
Greece	0	2	0	27	1	0
Spain	2	1	0	29	7	0
France	0	3	4	8		0
Ireland	0	7	0	6	179	0
Italy	0	1	2	1	2	0
Cyprus	0		6		11	0
Latvia	3		41	5		0
Lithuania	2		0	4		1
Luxembourg	0		0			0
Hungary	0		0	1		0
Malta	0		0			0
Netherlands	1	2	0	8	6	0
Austria	0	8	0	6	11	0
Poland	0	2	35			2
Portugal	1		0	6		0
Romania	0		0	1		0
Slovenia	0	1	0			0
Slovak Republic	0		0	2		0
Finland	2	1	0	7	1	0
Sweden	0	2	0			0
United Kingdom	0	14	0	2	36	0
Iceland	2		0	3	5	0
Liechtenstein	0		0			0
Norway	0	2	9	4	13	3
Switzerland	0	1	0		4	0
<b>Total</b>	<b>16</b>	<b>79</b>	<b>106</b>	<b>150</b>	<b>390</b>	<b>8</b>

\* Slovak Republic: considering 'Number of U3 forms issued', they count the same numbers as for number of U2 forms. This is because a person is not registered according to issued forms, but based on the unemployment benefits

\*\* Poland: only information available from 11 Regional Unemployment Offices (Out of 16)

Source: Questionnaire on unemployment benefits

**Table 71: Reimbursement of competent Member State to institutions of place of residence - claims paid (as debtor - amount in EUR**

Creditor ↓	Question 6a: Reimbursement of competent Member State to institution of place of residence - claims paid (as debtor), (amount in €)																				
	Debtor country																				
	Reimbursement request (SED U020)				Reimbursement full acceptance (SED U021)		Reimbursement non acceptance (SED U022)		Reimbursement partial acceptance (SED U023)		Total		Reimbursement receipt / closing notification (SED U025)								
Belgium - 2011	Poland - 2011	Slovak Republic - 2011	Denmark - 2011	Romania - 2012	Germany - 2011-2012 ****	Poland - 2011	Romania - 2012	Poland - 2011	Romania - 2012	Poland - 2011	Romania - 2012	Poland - 2011	Romania - 2012	Poland - 2011	Romania - 2012						
No. cases	Amount (in €)	No. cases	Amount (in €)	No. cases	Amount (in €)	No. cases	Amount (in €)	No. cases	Amount (in €)	No. cases	Amount (in €)	No. cases	Amount (in €)	No. cases	Amount (in €)						
Belgium	2	1.151	3	5.279	2	869	1.175	4	1.768	1	3.490	1	263	3	299						
Bulgaria	12	12.790	23	32.626	5	78.960	4	5.544	17	1.119	22	1.119	12.790	12.790	12.790						
Czech Republic	121	449.409	33	142.624	1.105	2.041	22.163		32	884	32	884	388.588	388.588	20516						
Denmark																					
Germany																					
Estonia																					
France																					
Greece																					
Ireland																					
Italy																					
Lithuania																					
Luxembourg																					
Hungary																					
Malta																					
Netherlands																					
Austria																					
Poland																					
Portugal																					
Romania																					
Slovenia																					
Slovak Republic																					
Finland																					
Sweden																					
United Kingdom																					
Iceland																					
Liechtenstein																					
Norway																					
Switzerland																					
<b>Total</b>	<b>3.664</b>	<b>11.253.433</b>	<b>84</b>	<b>206.834</b>	<b>1.637</b>	<b>102.352</b>	<b>49.167</b>	<b>7%</b>	<b>5</b>	<b>69</b>	<b>1%</b>	<b>3</b>	<b>4.285</b>	<b>45%</b>	<b>61</b>	<b>5.185</b>	<b>88%</b>	<b>69</b>	<b>9.539</b>	<b>41.001</b>	<b>1.676</b>

\* Bulgaria: exchange rate 1 BGN= 0.5113 EUR (May 8 2013)

\*\* Czech Republic: exchange rate 1 CZK= 0.0389 EUR (May 8 2013)

\*\*\* Sweden: exchange rate 1 SEK= 0.1272 EUR (May 8 2013)

\*\*\*\* Hungary: exchange rate 1 HUF= 0.0034 EUR (May 8 2013)

\*\*\*\*\* Germany: figures second semester 2011 and first semester 2012

Source: Questionnaire on unemployment benefits

**Table 72: Reimbursement of competent MS to institutions of place of residence - claims received (as creditor) - amount in EUR**

		Question 6b: Reimbursement of competent Member State to institution of place of residence - claims received (as creditor) (amount in €)																								
		Creditor country																								
		Reimbursement request (SED U020)						Reimbursement full acceptance (SED U021)			Reimbursement non acceptance (SED U022)			Reimbursement partial acceptance (SED U023)		Reimbursement payment notification (SED U024)		Reimbursement receipt / closing notification (SED U025)								
Debtor ↓	Belgium - 2011 No. cases	Belgium - 2011 Amount (in €)	Poland - 2011 No. cases	Poland - 2011 Amount (in €)*	Slovak Republic - 2011 No. cases	Slovak Republic - 2011 Amount (in €)	Denmark - 2011 No. cases	Denmark - 2011 Amount (in €)	Romania - 2012 Amount (in €)	Germany - 2011-2012** No. cases	Poland - 2011		Romania - 2012		Poland - 2011		Romania - 2012		Belgium - 2011		Poland - 2011		Romania - 2012			
											No. cases	Amount (in €)	No. cases	Amount (in €)	No. cases	Amount (in €)	No. cases	Amount (in €)	No. cases	Amount (in €)	No. cases	Amount (in €)	No. cases	Amount (in €)	No. cases	Amount (in €)
Belgium	1	554	3	882																						
Bulgaria	2	6,209	307	177,565		1,028,122																				
Czech Republic	2	4,934	204	111,728																						
Denmark	225	736,581	527	277,617		211,647	1		9,498																	
Germany	1	1,417																								
Estonia	9	20,161	10	6,941																						
Greece	72	165,242	64	33,525			3																			
Spain	58	1,040,871	152	74,409																						
France	4	9,024	917	553,815		32,279																				
Ireland	18	29,433	144	512,668					3,575																	
Italy		5,776	75	47,438		6,039																				
Cyprus																										
Oman																										
Latvia																										
Lithuania			3	1,841																						
Luxembourg	1,327	2,905,058	11	6,601					10,784																	
Hungary			1	542					2,415																	
Malta																										
Netherlands	1,123	3,659,899	1,748	952,982		33,168			2,982																	
Austria	15	19,294	40	20,139		101,398	2		2,400																	
Poland	3	7,375				1,880																				
Portugal	16	33,185	1	752																						
Romania						933																				
Slovenia		2,689	1	125		12,810																				
Slovak Republic	1	1,298	15	8,466																						
Finland		4,969	117	76,245		228,284																				
Sweden	1	17,520	73	39,677		2,041																				
United Kingdom	7	59,709	3,127	1,772,713		722,054	2		1,491																	
Iceland																										
Liechtenstein																										
Norway																										
Switzerland																										
<b>Total</b>	3,353	8,711,178	7,599	4,708,070		2,394,520	8		33,145	± 16000	294	9,448	717	3,032	5	0	1,016	12,480	9,448	3,664,396	601,422	9,448	3,664,396	601,422	9,448	
											29%		76%		0%	0%	71%	24%	0%	100%						

\* Poland: exchange rate 1 PLN = 0,2409EUR (May 7 2013)

\*\* Germany: figures second semester 2011 and first semester 2012

Source: Questionnaire on unemployment benefits



*10.1.2 Coordination of LTC benefits: data collection*

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**Table 73: Number of persons (insured persons and family members) insured for LTC benefits in kind and in cash who are living in another MS than the competent MS - status**

Member State of residence ↓	Question 2a & 2b: Number of persons (insured persons and family members) insured for LTC benefits in kind and in cash who are living in another Member State than the competent Member State														
	Competent country														
	Insured person					Status									
	Luxembourg - Situation 31/03/2011	Belgium - Situation 30/06/2012	Pensioner - Luxembourg - Situation 31/03/2011	Belgium - Situation 2011	Family member of insured person - Luxembourg - Situation 31/03/2011	Belgium - Situation 2011	Family member of pensioner - Luxembourg - Situation 31/03/2011 *	Belgium - Situation 2011	Former frontier worker - Belgium - 2011	Luxembourg - Situation 31/03/2011 *	Belgium - Situation 2011	General - Belgium Flanders - 2012 **	Slovak Republic - 2012 ***	the Netherlands - 2005 & 2006 - AWBZ ****	Row total
Belgium	40.520		1.907		22.929		863			66.219			3		66.222
Bulgaria	35		2	19				6		56	25		59		140
Czech Republic	664		2	10	75			2		753	2		166		931
Denmark	9		3	3	29		5	7		56	10				66
Germany	40.142	1.271	1.638	1.299	15.413		55	292	1	60.700	2.918				63.618
Estonia	2		1	1			1			5	1				6
Greece	8		4	1.258	12		3	230		1.522	1.495		4		3.021
Spain	64		169	6.349	56		45	1.280		7.980	7.646				15.626
France	78.243	36.751	2.562	11.931	20.728		168	2.561	10	153.753	51.421		7		205.181
Ireland	12		1	21	7		2	7		52	30				82
Italy	108		343	4.427	67		66	751		5.776	5.192		46		11.014
Cyprus	2			10	1			4		11	2		16		43
Latvia	9									11	2				13
Lithuania	2									2	0				2
Luxembourg		426		437			2	84			949		76		1.890
Hungary	173		2	123	21		1	22		343	146		34		523
Malta	2			15				5		17	20		1		38
Netherlands	1.029	8.036	20	999	302		49	127		10.573	9.211				19.784
Austria	86		19	82	30		1	19		253	102		2		357
Poland	694		9	144	191		168	39		1.250	351		3		1.604
Portugal	56		880	583	710		18	132		2.739	733				3.472
Romania	176		1	39	8			30		254	69		14		337
Slovenia	1		1	25	1			1		30	26				56
Slovak Republic	379		1	12	38		2	4		436	16				452
Finland	4		2	6	9		1	1		23	7				30
Sweden	17		4	9	45		4	1		80	10				90
United Kingdom	89		20	152	80		9	31		390	192		30		612
Ireland	2		1		5		4			12	0				12
Liechtenstein	1				7					8	0				8
Norway	2		2	4	9		3			20	4				24
Switzerland	107		28	206	95		1	13		457	220				677
Frontier workers		46.484									46.484	13206			7787
unknown															
<b>Total</b>	<b>162.638</b>		<b>7.622</b>	<b>28.166</b>	<b>60.868</b>	<b>512</b>	<b>2.798</b>	<b>5.649</b>	<b>11</b>	<b>262.604</b>	<b>34.338</b>	<b>15993</b>	<b>461.48600</b>	<b>125400</b>	<b>346.003</b>
Croatia				46				1			47				
Turkey				2300			35	610			2945				
Algeria				167			1	7			175				
Morocco				21			4	1			26				
Tunisia				102			2				104				

\* Luxembourg: Data may not be complete. Family members are only known by the Luxembourgish system if a reimbursement was made.  
 \*\* Belgium - Flanders: 2 781 unknown insured persons: actual or former frontier workers OR persons living in the Walloon Region  
 \*\*\* Slovak Republic: Numbers enclosed are those for issued S1 forms in general.  
 \*\*\*\* the Netherlands: source: CBS, Geleexperteer de ziekteverzekering in december 2010 en december 2011\*

Source: Questionnaire on LTC benefits

**Table 74: Number of persons (insured persons and family members) insured for LTC benefits in kind and in cash who are living in another MS than the competent MS**

<b>Question 2a &amp; 2b bis :Number of persons (insured persons and family members) insured for LTC benefits in kind and in cash who are living in the reporting Member State which is not the competent Member State</b>						
<b>Competent MS ↓</b>	<b>Country of residence</b>					
	<b>Status</b>					<b>General</b>
	<b>Insured person</b>	<b>Pensioner</b>	<b>Family member of insured person</b>	<b>Family member of pensioner</b>	<b>Former frontier workers</b>	
<b>Belgium - 30/06/2012</b>	<b>Belgium - 2011</b>	<b>Belgium -2011</b>	<b>Belgium -2011</b>	<b>Belgium - 2011</b>	<b>Belgium - 2011</b>	
Belgium						
Bulgaria		34		20		54
Czech Republic		4	16			20
Denmark		47	14	8		69
Germany	5.933	1.341	122	46	23	7.465
Estonia			12			12
Greece		84	9	17		110
Spain		130	22	76		228
France	6.699	5.962	127	306	8	13.102
Ireland		16	11			27
Italy		483	38	48		569
Cyprus				1		1
Latvia						0
Lithuania		5	1			6
Luxembourg	37.703	4.975	141	276		43.095
Hungary		6	2			8
Malta			3			3
Netherlands	34.560	13.406	47	424		48.437
Austria		33	5	1		39
Poland		52	8			60
Portugal		109	5	15		129
Romania		60	5	12		77
Slovenia						0
Slovak Republic		4	2			6
Finland		17	2	4		23
Sweden		66	4	11		81
United Kingdom		475	65	59		599
Iceland		3				3
Liechtenstein						0
Norway		38	1	10		49
Switzerland		69	25	2		96
Frontier workers	84.895					84.895
Other						0
<b>Total</b>		<b>27.419</b>	<b>687</b>	<b>1.336</b>	<b>31</b>	<b>29.473</b>
Croatia		1				
Turkey		12	4			
Algeria		1				
Tunisia		1				

Source: Questionnaire on LTC benefits

**Table 75: Number of persons (insured persons and family members) receiving LTC benefits in cash who are living in another MS than the competent MS – in cash**

Question 3a: Number of persons (insured persons and family members) receiving LTC benefits in cash who are living in another Member State than the competent Member State

Member State of residence ↓	Competent Member State (export of benefit)															
	Germany - 2006 *****	Germany - 2010 *****	Germany	Luxembourg - 2011	Denmark - 2011	Austria - 2010*	Austria - 2011*	Austria - 2012 *	Austria - February 2012 *	Belgium	United Kingdom - 2011					
	Pflegeversicherung: Assessment for in cash benefit	Pflegeversicherung: Assessment for in cash benefit	Pflegeversicherung: entitled to	Name: LTC Insurance	Name: Social Pension	Name: Pflegegeld	Name: Pflegegeld	Name: Pflegegeld	Name: Pflegegeld	Name: Supplementary allowance for children with disabilities to child benefit - proxy 2011 (number of children) (only employees) **	Name: Flemish Care insurance - 2011	Name: Integration allowance and personal assistance to the elderly	Name: Disability living allowance	Name: Attendance Carers allowance		
Belgium	52	50		68	78				2							
Bulgaria		4			0	26					1					
Czech Republic		16		0	30				12		1					
Denmark	3	0									0					
Germany				186	930				366		8					
Estonia	1				0	12					0					
Greece	322	237			0	96			6		2					
Spain	638	569			0	2.376			22		13					
France	93	87		94	1.271				4		649					
Ireland	2	4			0	21					0					
Italy	156	116			0	175			12		11					
Cyprus					0	13					0					
Latvia	5	1			0	15					0					
Lithuania	1	3			0	8					0					
Luxembourg	4	5			0	79					2					
Hungary	37	36			0	40			25		2					
Malta					0	5					0					
Netherlands	49	26			0	54			5		123					
Austria	496	522		2	69						1					
Poland	45	48		1	97				13		61					
Portugal	79	51			0	8			4		8					
Romania		6			0	17					6					
Slovenia	26	21			0	8			30		0					
Slovak Republic	3	9			0	9			4		2					
Finland	4				0	46			1		0					
Sweden	7	9			0	2.126			1		1					
United Kingdom	11	12			0	546			5		4					
Iceland					0	55					0					
Liechtenstein					0	0					0					
Norway		4			0	334					1					
Switzerland	27	30			0	167			7		2					
Total	2.077	1.875 ± 9,7%		359	8.798	2.771	2.694	2.570	523		900 ± 27,3%	± 30	0 ± 0,0%	4.210	1.090	230

\* Austria: source: Bundespflegebediensteten und -beihilfer nach Bundesländern 2002-2012\*  
 \*\* Austria - february 2012: Antworten auf den Fragebogen zur Koordinierung der Leistungen bei Pflegebedürftigkeit (AC 018/12)  
 \*\*\* Belgium: 42242 children entitled and 2,1% children with disabilities.  
 \*\*\*\* Belgium: home care (18) and residential care (6)  
 \*\*\*\*\* Belgium: Personal assistance budget is not exportable. Only allocated to persons who are residing in Belgium.  
 \*\*\*\*\* Germany: source: Vierter Bericht über die Entwicklung der Pflegeversicherung. Bericht der Bundesregierung über die Entwicklung der Pflegeversicherung und den Stand der pflegerischen Versorgung in der Bundesrepublik Deutschland. "Bei ca. 1,5 Mio. Begutachtungen von Pflegebedürftigkeit pro Jahr im Inland hatten die knapp 2000 Begutachtungen über alle EWR-Staaten einen Anteil von 0,1% eingenommen".  
 \*\*\*\*\* Germany: "Wie viele Versicherte der sozialen Pflegeversicherung, die in EU- und EWEE-Staaten leben, gegenwärtig Pflegegeld erhalten, wird statistisch nicht erfasst. Aufgrund der Zahlen über die durchgeführten Begutachtungen im Ausland (2010 waren es 3875 Begutachtungen) und der Annahme, dass eine durchschnittliche Pflegedauer von drei bis vier Jahren angenommen werden kann und nicht jede Begutachtung zur Anerkennung einer erheblichen Pflegebedürftigkeit führt, dürfte sich deren Anzahl auf schätzungsweise 5000 Leistungsempfänger belaufen." (Bericht der Bundesregierung über die Entwicklung der Pflegeversicherung und den Stand der pflegerischen Versorgung in der Bundesrepublik Deutschland)

Source: Questionnaire on LTC benefits

**Table 76: Number of persons (insured persons and family members) receiving LTC benefits in kind who are living in another MS than the competent MS – reporting country=debtor – in kind**

Question 3b: Number of persons (insured persons and family members) receiving LTC benefits in kind who are living in another Member State than the competent Member State. Reporting country = debtor						
Competent Member State (debtor country responsible for reimbursement)						
In kind						
Member State of residence ↓	Number of claims (E125/127)	Number aged 65-80	% aged 65-80	Number aged 80+	% 80+	General
	Belgium -2011*					Luxembourg*
Belgium						2
Bulgaria						
Czech Republic						
Denmark						
Germany	31.806	6.372	20,0%	4.097	12,9%	36
Estonia						
Greece						
Spain	94.724	57.598	60,8%	15.950	17%	
France	149.893	20.115	13,4%	9.918	7%	2
Ireland						
Italy	10.667	4.592	43,0%	2.099	20%	
Cyprus						
Latvia						
Lithuania						
Luxembourg	6.215	2.526	40,6%	861	14%	
Hungary						
Malta						
Netherlands	39.116	3.408	8,7%	688	2%	
Austria	4.264	625	14,7%	161	4%	
Poland						
Portugal						
Romania						
Slovenia						
Slovak Republic						
Finland						
Sweden						
United Kingdom						
Iceland						
Liechtenstein						
Norway						
Switzerland						
<b>Total</b>	<b>336.685</b>	<b>95.236</b>	<b>28,3%</b>	<b>33.774</b>	<b>10%</b>	<b>40</b>

\* Belgium: Total number of received E125/E127 forms. Proxy LTC by age (between 65-80 and 80+)

\* Luxembourg: Data is not complete. Contains only patients for which the LTC gets individual bills from the AOK (Germany) as well as patients benefiting from a technical assistance provided by the Luxembourgish LTC insurance with official residence abroad (very few cases).

Source: Questionnaire on LTC benefits

**Table 77: Number of persons (insured persons and family members) receiving LTC benefits in kind who are living in another MS than the competent MS – reporting country=creditor – in kind**

<b>Question 3b - bis: Number of persons (insured persons and family members) receiving LTC benefits in kind in the reporting country which is not the competent Member State. Reporting country = creditor</b>					
	<b>Country of residence (creditor country receiving reimbursement)</b>				
	<b>In kind</b>				
	<b>Number of claims (E125)</b>	<b>Number aged 65-80</b>	<b>% aged 65-80</b>	<b>Number aged 80+</b>	<b>% 80+</b>
<b>Competent Member State ↓</b>	<b>Belgium - 2011*</b>				
Belgium					
Bulgaria	1.236	69	5,6%	15	1,2%
Czech Republic	645	10	1,6%	1	0,2%
Denmark	858	54	6,3%	36	4,2%
Germany	12.774	1.530	12,0%	673	5,3%
Estonia	328	5	1,5%	0	0,0%
Greece	2.127	272	12,8%	114	5,4%
Spain	3.812	520	13,6%	241	6,3%
France	72.068	9.811	13,6%	10.313	14,3%
Ireland					
Italy	11.436	1.559	13,6%	993	8,7%
Cyprus	42	5	11,9%	1	2,4%
Latvia	245	1	0,4%	2	0,8%
Lithuania	145	7	4,8%	5	3,4%
Luxembourg	121.608	2.334	1,9%	561	0,5%
Hungary	599	19	3,2%	9	1,5%
Malta	54	4	7,4%	0	0,0%
Netherlands	120.700	18.538	15,4%	4.214	3,5%
Austria	450	44	9,8%	33	7,3%
Poland	3.204	275	8,6%	66	2,1%
Portugal	1.998	318	15,9%	143	7,2%
Romania	1.683	202	12,0%	37	2,2%
Slovenia	508	0	0,0%	0	0,0%
Slovak Republic	749	6	0,8%	5	0,7%
Finland	611	15	2,5%	3	0,5%
Sweden	930	118	12,7%	53	5,7%
United Kingdom	6.312	855	13,5%	597	9,5%
Iceland	113	5	4,4%	0	0,0%
Liechtenstein	8	0	0,0%	0	0,0%
Norway	773	36	4,7%	3	0,4%
Switzerland	1.182	234	19,8%	93	7,9%
<b>Total</b>	<b>367.198</b>	<b>36.846</b>	<b>10,0%</b>	<b>18.211</b>	<b>5,0%</b>

\* Belgium: Total number of issued E125/E127 forms. Proxy LTC by age (between 65-80 and 80+)

Source: Questionnaire on LTC benefits

**Table 78: Yearly cross-border expenditure related to LTC in cash? Reporting country = debtor – in cash**

Question 4a: Yearly crossborder expenditure related to LTC in cash? Reporting country = debtor		Competent Member State (debtor country)	
		In cash	
Member State of residence ↓	Luxembourg	Germany	Belgium
	Name: LTC Insurance	Name: Pflegeversicherung - 2011****	Name: Supplementary allowance for children with disabilities to child benefit - proxy 2011 (number of children) ** (only employees) **
Belgium	651.396		4.580
Bulgaria			3.722
Czech Republic			429
Denmark			27.625
Germany	1.819.521		215
Estonia			6.441
Greece			43.156
France	1.040.622		2.181.750
Ireland			859
Italy			37.430
Cyprus			0
Latvia			859
Lithuania			143
Luxembourg			7.801
Hungary			5.153
Malta			0
Netherlands			414.236
Austria	17.845		2.219
Poland	13.688		205.329
Portugal	81.991		28.341
Romania			20.898
Slovenia			787
Slovak Republic			5.582
Finland			358
Sweden			3.364
United Kingdom			13.598
Iceland			0
Liechtenstein			0
Norway			573
Switzerland			7.729
<b>Total</b>	<b>3.625.063</b>	<b>3.000.000</b>	<b>3.023.175</b>
			<b>£ 11000000</b>
			<b>£ 3000000</b>
			<b>£ 1000000</b>

\* Estimation: 27 cases paid every month 130 euro  
 \*\* Estimation: number of cases multiplied by average amount of supplement (280 euro) every month  
 \*\*\* Germany: source: 'Statistisches Bundesamt, Gesundheit - Ausgaben 2011'

Source: Questionnaire on LTC benefits

**Table 79: Yearly cross-border expenditure related to LTC in kind – reporting country = debtor – in kind**

		Question 4b: Yearly crossborder expenditure related to LTC in kind ? Reporting country = debtor					
		Competent Member State (debtor country responsible for reimbursement)					
Member State of residence ↓	Amount of claims (E125/E127)	Amount aged 65-80	% aged 65-80	In kind		General (sickness benefits in kind - pensioners)	General - living abroad - AWBZ the Netherlands - 2005****
				Amount of 80+	% 80+		
Belgium			Belgium -2011*			Luxembourg - 2011**	±1.100.000
Bulgaria							1.930.833
Czech Republic							
Denmark							
Germany	25.369.878	6.828.797	26,9%	3.236.701	12,8%	±1.300.000	812.693
Estonia							
Greece							
Spain	33.253.413	18.054.755	54,3%	6.678.581	20,1%		6.376.791
France	127.126.816	28.062.539	22,1%	21.475.591	16,9%		480.742
Ireland							
Italy	2.217.214	827.350	37,3%	309.807	14,0%		
Cyprus							
Latvia							
Lithuania							
Luxembourg	12.689.094	4.230.404	33,3%	3.926.458	30,9%		
Hungary							
Malta							
Netherlands	20.431.840	3.810.224	18,6%	1.061.784	5,2%		
Austria	2.222.921	586.420	26,4%	105.007	4,7%		
Poland							
Portugal							
Romania							
Slovenia							
Slovak Republic							
Finland							
Sweden							
United Kingdom							
Iceland							619.208
Liechtenstein							
Norway							
Switzerland							
<b>Total</b>	<b>223.311.176</b>	<b>62.400.490</b>	<b>27,9%</b>	<b>36.793.930</b>	<b>16,5%</b>	<b>2.426.458</b>	<b>11.092.665</b>

\* Belgium: Total amount of received E125/E127 forms. Proxy LTC by age (between 65-80 and 80+)

\*\* Luxembourg: total amount of sickness benefits received by pensioners

\*\*\* the Netherlands: 'AWBZ-zorg in het buitenland'

Source: Questionnaire on LTC benefits



**Table 80: Yearly cross-border expenditure related to LTC in kind - reporting country=creditor - in kind**

Question 4b - bis: Yearly crossborder expenditure related to <u>LTC in kind?</u> Reporting country = creditor					
Member State of residence (creditor country receiving reimbursement)					
In kind					
	Amount of claims (E125)	Amount aged 65-80	% aged 65-80	Amount of 80+	% 80+
<b>Competent Member State ↓</b>	Belgium -2011				
Belgium					
Bulgaria	1.263.708	144.152	11,4%	14.503	1,1%
Czech Republic	422.677	11.149	2,6%	274	0,1%
Denmark	507.509	38.624	7,6%	102.538	20,2%
Germany	10.120.062	2.485.067	24,6%	2.229.349	22,0%
Estonia	134.069	26.125	19,5%	0	0,0%
Greece	1.579.001	437.530	27,7%	143.446	9,1%
Spain	3.629.068	863.605	23,8%	392.935	10,8%
France	110.046.769	22.447.640	20,4%	45.985.332	41,8%
Ireland					
Italy	11.539.616	2.577.991	22,3%	2.979.192	25,8%
Cyprus	52.857	2.344	4,4%	1.579	3,0%
Latvia	154.893	96	0,1%	550	0,4%
Lithuania	94.634	4.129	4,4%	984	1,0%
Luxembourg	65.384.089	4.380.341	6,7%	1.482.985	2,3%
Hungary	396.015	26.931	6,8%	21.059	5,3%
Malta	14.963	3.330	22,3%	0	0,0%
Netherlands	111.343.859	30.264.272	27,2%	12.807.592	11,5%
Austria	471.654	124.875	26,5%	145.559	30,9%
Poland	3.774.029	658.179	17,4%	285.127	7,6%
Portugal	2.103.890	613.386	29,2%	404.526	19,2%
Romania	2.746.741	510.317	18,6%	190.337	6,9%
Slovenia	305.208	0	0,0%	0	0,0%
Slovak Republic	636.637	18.090	2,8%	22.370	3,5%
Finland	326.553	32.629	10,0%	15.245	4,7%
Sweden	817.603	282.180	34,5%	141.099	17,3%
United Kingdom	6.527.408	1.997.785	30,6%	1.238.162	19,0%
Iceland	49.551	2.246	4,5%	0	0,0%
Liechtenstein	6.212	0	0,0%	0	0,0%
Norway	395.121	42.460	10,7%	651	0,2%
Switzerland	1.131.425	359.701	31,8%	211.866	18,7%
<b>Total</b>	<b>335.975.821</b>	<b>68.355.174</b>	<b>20,3%</b>	<b>68.817.260</b>	<b>20,5%</b>

\* Belgium: Total amount of issued E125/E127 forms. Proxy LTC by age (between 65-80 and 80+)

Source: Questionnaire on LTC benefits









Source: LFS

**Table 85: Share in total number of outgoing cross-border workers (as % of row total), by country of employment, top 3 of outgoing MS, average of 2011 and 2010, EU-27**

Row labels (country of residence)	Column Labels (country of employment)																											Outgoing cross-border workers		
	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LU	LV	LT	MT	NL	PL	PT	RO	SE	SI	SK	UK			
AT	0.7%	0.6%	0.0%	0.0%	1.8%	75.1%	0.2%	0.0%	1.0%	0.1%	0.9%	0.1%	1.8%	0.1%	4.0%	0.1%	0.2%	0.0%	0.1%	1.0%	0.7%	0.0%	0.0%	2.1%	0.3%	2.0%	5.3%	2.1%	100.0%	
BE	0.1%	0.1%	0.0%	0.0%	0.0%	7.2%	0.1%	0.0%	0.4%	0.1%	14.0%	0.2%	0.1%	0.1%	0.2%	38.4%	0.0%	0.0%	0.1%	37.0%	0.2%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	1.1%	100.0%
BG	0.5%	1.5%	0.0%	4.6%	2.1%	15.2%	0.0%	0.0%	14.8%	0.0%	4.0%	29.2%	0.5%	10.4%	0.0%	0.0%	0.0%	0.0%	0.0%	2.9%	0.0%	0.0%	0.9%	0.5%	1.1%	1.4%	0.0%	9.9%	100.0%	
CY																														
CZ	20.2%	3.3%	0.0%	0.1%	0.0%	38.2%	0.2%	0.0%	2.6%	0.0%	1.6%	1.3%	0.4%	2.8%	2.0%	1.6%	0.0%	0.0%	0.0%	3.5%	0.9%	0.0%	0.0%	0.1%	0.7%	0.0%	9.3%	11.2%	100.0%	
DE	22.6%	1.9%	0.8%	0.0%	2.6%	0.0%	4.0%	0.0%	3.8%	0.4%	3.9%	1.2%	0.7%	0.0%	1.1%	18.8%	0.0%	0.0%	0.0%	28.0%	3.4%	0.0%	0.0%	0.0%	2.4%	0.0%	0.0%	4.6%	100.0%	
DK	2.2%	3.2%	0.0%	0.0%	0.0%	30.7%	0.0%	0.0%	1.9%	0.0%	4.8%	0.0%	0.0%	0.0%	1.7%	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%	0.0%	0.4%	38.5%	0.0%	0.6%	15.4%	100.0%		
EE	0.0%	0.5%	0.0%	0.0%	0.0%	1.1%	0.0%	0.0%	0.3%	83.1%	0.5%	0.0%	0.0%	1.6%	0.7%	0.0%	0.5%	1.7%	0.0%	0.5%	0.0%	0.0%	0.0%	5.6%	0.0%	0.0%	0.0%	3.7%	100.0%	
ES	0.8%	3.6%	0.0%	0.0%	0.0%	7.7%	0.0%	0.0%	3.7%	17.1%	0.0%	0.0%	1.1%	5.3%	7.1%	0.0%	0.2%	0.0%	0.0%	4.7%	0.0%	8.0%	8.0%	0.0%	0.0%	0.0%	40.7%	100.0%		
FI	0.0%	10.6%	0.0%	0.0%	0.0%	9.9%	0.0%	5.0%	5.5%	0.0%	0.0%	0.0%	0.0%	6.4%	0.0%	0.0%	0.0%	0.0%	0.0%	7.5%	0.0%	0.0%	0.0%	55.0%	0.0%	0.0%	0.0%	0.0%	100.0%	
FR	0.1%	23.8%	0.0%	0.0%	0.0%	28.8%	0.1%	0.0%	2.1%	0.3%	0.0%	0.0%	0.0%	0.5%	1.0%	38.0%	0.0%	0.0%	0.0%	0.8%	0.1%	0.6%	0.5%	0.3%	0.0%	0.0%	2.9%	100.0%		
GR																														
HU	39.0%	1.8%	0.0%	0.4%	0.3%	24.0%	1.1%	0.0%	0.5%	0.5%	3.4%	0.0%	0.0%	2.5%	3.5%	0.0%	0.1%	0.0%	0.0%	3.2%	0.2%	0.0%	0.5%	0.1%	0.2%	2.5%	16.1%	100.0%		
IE	0.3%	1.1%	0.3%	0.3%	0.7%	3.4%	0.2%	0.0%	0.9%	0.3%	0.4%	0.2%	0.0%	0.0%	0.9%	0.0%	0.3%	0.0%	0.1%	1.5%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	88.2%	100.0%	
IT	5.2%	5.2%	0.4%	0.0%	0.1%	27.1%	0.4%	0.0%	7.2%	0.0%	21.8%	4.4%	0.8%	1.0%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	0.7%	1.2%	0.0%	6.9%	0.0%	1.1%	16.2%	100.0%		
LT	0.0%	0.0%	0.0%	0.0%	0.0%	7.2%	13.7%	4.1%	0.2%	7.2%	0.0%	0.0%	0.0%	9.9%	0.0%	0.0%	0.0%	2.8%	0.0%	20.2%	2.2%	0.0%	0.0%	13.1%	0.0%	0.0%	19.3%	100.0%		
LU	1.3%	26.2%	0.5%	0.7%	0.4%	29.6%	1.4%	0.6%	0.0%	0.7%	24.0%	0.0%	1.1%	0.3%	0.4%	0.4%	0.0%	0.4%	0.0%	3.1%	0.4%	0.0%	0.8%	1.0%	0.0%	0.0%	6.3%	100.0%		
LV	0.0%	0.3%	0.5%	3.1%	0.3%	11.3%	2.4%	6.6%	0.0%	2.3%	1.9%	2.1%	0.0%	5.5%	1.7%	2.0%	0.0%	0.0%	0.2%	6.4%	3.2%	0.0%	0.0%	6.9%	0.0%	0.0%	43.0%	100.0%		
MT	2.8%	13.1%	0.0%	0.0%	0.0%	0.0%	4.9%	0.0%	4.1%	4.1%	1.4%	0.0%	0.0%	0.0%	9.0%	1.1%	0.7%	0.0%	0.2%	6.6%	6.6%	0.0%	0.0%	0.0%	0.0%	0.0%	56.2%	100.0%		
NL	0.8%	38.5%	0.0%	0.0%	0.0%	56.0%	0.0%	0.0%	1.3%	0.4%	0.0%	0.0%	0.0%	0.0%	1.2%	0.0%	0.0%	0.0%	0.2%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%	100.0%		
PL	4.0%	3.3%	0.0%	1.0%	8.1%	45.3%	3.4%	0.0%	0.5%	0.5%	3.7%	0.4%	0.0%	0.7%	2.1%	0.1%	0.4%	0.1%	14.6%	0.0%	0.0%	0.3%	0.0%	3.1%	0.0%	0.6%	8.0%	100.0%		
PT	0.0%	3.2%	0.0%	0.0%	0.0%	1.9%	0.0%	0.0%	59.2%	0.0%	28.8%	0.0%	0.0%	0.4%	0.2%	0.0%	1.6%	0.0%	0.5%	0.0%	0.0%	0.0%	0.9%	0.0%	0.0%	0.0%	2.3%	100.0%		
RO	1.3%	1.1%	0.0%	0.7%	0.1%	9.3%	0.3%	0.0%	15.5%	0.0%	1.0%	1.2%	0.5%	0.2%	64.5%	0.0%	0.0%	0.0%	0.1%	0.2%	0.0%	1.3%	0.0%	0.0%	0.0%	0.0%	2.9%	100.0%		
SE	1.3%	0.6%	0.0%	0.0%	0.3%	2.0%	77.5%	0.5%	1.5%	3.4%	1.3%	0.8%	0.3%	0.9%	0.7%	0.0%	0.1%	0.0%	0.3%	0.5%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	7.4%	100.0%		
SI	56.6%	0.4%	0.0%	0.0%	0.0%	8.7%	0.0%	0.1%	0.2%	0.0%	1.7%	0.0%	0.1%	0.0%	24.8%	0.0%	0.1%	0.0%	0.4%	0.0%	0.4%	0.0%	0.1%	0.0%	0.0%	0.0%	1.1%	100.0%		
SK	21.3%	0.6%	0.0%	0.4%	41.1%	5.2%	0.3%	0.0%	1.5%	0.3%	1.2%	0.0%	9.2%	2.3%	2.6%	0.0%	0.0%	0.0%	4.6%	0.0%	4.6%	0.2%	0.0%	0.2%	0.1%	0.1%	8.7%	100.0%		
UK	1.5%	6.4%	0.0%	0.0%	0.0%	12.3%	3.4%	0.0%	5.7%	0.0%	22.2%	0.0%	0.0%	40.5%	0.0%	0.0%	0.0%	0.0%	2.2%	5.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%		
Incoming cross-border workers	9.8%	6.0%	0.2%	0.3%	6.0%	18.0%	3.4%	0.1%	3.9%	1.9%	4.6%	1.1%	1.3%	1.7%	7.3%	0.0%	12.6%	0.0%	10.6%	0.7%	0.4%	0.4%	1.2%	0.1%	0.6%	0.6%	7.5%	100.0%		
# in top 3	5	6	0	0	2	17	2	0	3	2	6	1	1	1	4	0	4	0	0	0	6	0	0	1	0	0	1	12	78	

Source: LFS

Table 86: PD A1 issued in reporting countries by destination, 2010, EU-27 (without SE as sending country)

Destination country	Sending country																										Total
	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	E	IT	LT	LU	LV	MT	NL	PL	PT	RO	SI	SK	UK	
	0	387	150	0	1326	36567	135	2	325	29	1133	5	3938	7	1882	0	127	8	3	436	4526	1363	404	3449	2484	541	59597
BE	489	0	405	0	852	1373	98	40	1330	131	2149	21	2067	16	1854	297	10748	95	7	5625	1157	5126	1637	1003	2276	540	90436
BG	228	34	0	0	82	1117	20	3	355	45	493	58	151	2	70	2	8	1	0	23	1349	30	158	35	77	126	4477
CY	9	17	34	0	16	132	30	0	46		155	73	0	0	36	0	3	3	0	4	326	46	40	0	3	661	1594
CZ	179	202	23	0	0	4404	82	2	287	7	1885	2	171	6	123	21	22	7	0	69	2934	22	4	113	4159	63	13887
DE	1818	4530	2546	0	4485	0	474	207	4253	261	23177	114	26889	217	3107	1056	5171	112	10	3782	11446	5175	1571	10641	9466	1172	249880
DK	75	130	12	0	15	4041	0	35	166	33	1131	0	154	2	157	29	38	28	0	126	2549	111	77	43	157	117	9386
EE	9	5	0	0	18	136	15	0	16	70	140	0	3	0	8	37	3	100	2	4	616	0	0	0	3	0	1234
ES	598	1052	156	0	710	10715	331	17	0	205	17010	39	206	34	2755	118	228	10	2	702	2455	11968	385	293	297	5767	61223
FI	111	161	13	0	115	1796	37	11701	98	0	1295	0	111	14	68	523	24	156	0	28	2996	15	10	299	465	141	20187
FR	955	1479	344	0	1495	17893	544	136	1782	106	0	66	1166	185	5555	641	37116	116	0	1781	22865	1711	4251	549	2474	9576	160375
GR	97	125	119	70	87	1161	135	9	438	72	2067	0	13	2	1011	70	28	31	152	209	624	40	581	28	69	3364	11622
HU	745	218	20	0	200	115	15	0	269	16	1792	3	0	5	301	0	46	6	2	45	1123	10	573	163	968	118	8443
IE	114	97	2	0	27	831	59	0	307	14	1446	0	23	0	43	8	115	1	15	43	1117	251	0	26	119	351	5009
IT	2697	1379	367	0	865	15188	277	28	6238	117	15449	36	983	62	0	114	333	269	15	787	3903	1451	3086	3402	912	2394	60352
LT	10	11	0	0	55	354	27	42	34	2	181	0	143	0	23	0	2	55	0	2	881	0	0	0	14	0	1339
LU	300	529	2	11	118	1124	6	1	41		3451	1	152	7	114	0	0	1	16	136	1622	258	64	24	62	42	27722
LV	6	20	5	0	49	397	12	41	50	1	182	0	27	1	11	221	17	0	0	8	756	0	0	2	4	39	1149
MT	6	7	0	0	23	266	22	1	50	10	400	0	30	2	57	0	13	0	0	9	280	16	0	1	5	115	1103
NL	864	11653	845	0	927	27391	124	301	268	50	5719	6	1435	477	1177	662	330	95	115	0	15901	7423	1518	1176	2119	4206	91152
PL	433	324	60	0	567	5221	99	23	640	70	3702	1	114	48	93	288	112	40	2	119	0	64	123	46	504	159	12842
PT	172	218	2	0	54	1139	28	1	5259	77	3059	6	118	4	225	0	37		0	99	609	0	174	48	2	643	1214
RO	539	136	11	0	165	2669	11	2	748	9	2496	97	698	4	406	0	16		1	43	830	36	0	76	113	30	9423
SE	296	113	21	0	330	4241	1116	374	292	397	2709	7	173	208	213	836	113	726	0	95	6023	60	58	118	489	113	11281
SI	324	31	7	0	37	862	1	0	59	6	372	0	249	2	115	119	2		0	9	1111	0	7	0	117	0	3390
SK	659	49	217	0	1107	1718	20	0	59	14	773	0	9108	3	350	0	64	5	1	1	1141	3	43	200	0	30	8665
UK	409	114	93	0	404	5670	750	7	2889	229	11255	97	337	447	826	26	351	21	16	642	4529	752	112	396	266	0	33858
<b>Sub-total postings</b>	<b>23342</b>	<b>48934</b>	<b>5624</b>	<b>81</b>	<b>13339</b>	<b>177541</b>	<b>4465</b>	<b>10033</b>	<b>43168</b>	<b>1161</b>	<b>125221</b>	<b>632</b>	<b>40219</b>	<b>1155</b>	<b>21061</b>	<b>51038</b>	<b>55076</b>	<b>3166</b>	<b>439</b>	<b>14867</b>	<b>214511</b>	<b>58411</b>	<b>295106</b>	<b>22981</b>	<b>27654</b>	<b>30688</b>	<b>984350</b>

Posting according to Art. 12 of Regulation (EC) No 883/2004





**Table 88: PD A1 issued in reporting countries by destination (as % of column total), top 3 of destination countries, 2010, EU-27 (without SE as sending country)**

Destination country	Sending country																											Total # in top 3
	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SI	SK	UK		
AT	0.0%	0.8%	2.7%		12.6%	20.6%	2.4%	0.0%	0.8%	1.5%	1.4%	0.8%	9.8%	0.4%	5.2%	0.0%	0.2%	0.3%	0.7%	2.9%	2.1%	2.3%	1.4%	5.0%	9.0%	1.8%	6.1%	5
BE	2.1%	0.0%	7.2%		5.6%	8.7%	2.2%	0.3%	3.1%	6.7%	6.9%	3.3%	5.1%	6.3%	9.0%	5.9%	9.5%	3.0%	1.6%	37.8%	8.9%	8.8%	5.5%	4.4%	8.2%	1.8%	9.2%	6
BG	1.0%	0.1%	0.0%		0.5%	0.6%	0.4%	0.0%	0.8%	2.3%	0.4%	9.2%	0.4%	0.1%	0.3%	0.0%	0.0%	0.0%	0.0%	0.2%	0.6%	0.1%	0.6%	0.2%	0.3%	0.4%	0.5%	0
CY	0.0%	0.0%	0.6%		0.1%	0.1%	0.7%	0.0%	0.1%	0.0%	0.1%	11.6%	0.0%	0.0%	0.2%	0.0%	0.0%	0.1%	0.0%	0.0%	0.2%	0.1%	0.1%	0.0%	0.0%	0.0%	0.2%	0
CZ	5.5%	0.4%	0.4%		0.0%	2.5%	1.8%	0.0%	0.7%	0.4%	1.5%	0.3%	0.4%	0.3%	0.6%	0.4%	0.0%	0.2%	0.0%	0.5%	1.4%	0.0%	0.0%	0.5%	5.0%	0.2%	1.6%	2
DE	51.1%	9.3%	45.3%		29.1%	0.0%	10.6%	1.6%	9.9%	1.3%	8.5%	8.0%	66.9%	11.7%	15.1%	21.0%	9.4%	41.4%	2.3%	25.4%	52.9%	8.9%	54.8%	46.3%	34.2%	4.8%	25.4%	18
DK	0.3%	0.3%	0.2%		1%	2.3%	0.0%	0.3%	0.3%	1.7%	0.9%	0.0%	0.4%	0.1%	0.8%	0.6%	0.1%	0.9%	0.0%	0.8%	1.2%	0.2%	0.3%	0.2%	0.6%	0.5%	1.0%	0
EE	0.0%	0.0%	0.0%		0.1%	0.1%	0.3%	0.0%	0.0%	3.6%	0.1%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	3.2%	0.5%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0
ES	2.6%	2.1%	2.8%		4.6%	6.0%	7.4%	0.1%	0.0%	1.5%	1.6%	6.2%	0.5%	1.8%	1.4%	3.7%	0.4%	0.3%	0.5%	4.7%	1%	32.5%	1.3%	1.3%	1%	8.8%	6.4%	4
FI	0.5%	0.3%	0.2%		0.7%	1.0%	0.8%	89.8%	0.2%	0.0%	1.0%	0.0%	0.3%	0.8%	0.3%	1.4%	0.0%	4.9%	0.0%	0.2%	1.4%	0.0%	0.0%	1.3%	1.7%	0.5%	2.0%	1
FR	4.1%	37.8%	6.1%		9.7%	10.1%	12.2%	1.5%	38.9%	5.4%	0.0%	0.4%	2.8%	10.0%	27.0%	12.7%	67.4%	6.2%	0.0%	2.0%	0.7%	29.4%	14.4%	2.4%	8.9%	31.2%	6.3%	12
GR	0.4%	0.3%	2.5%		0.6%	0.7%	3.0%	0.1%	1.0%	3.7%	1.7%	0.0%	0.0%	0.1%	4.9%	1.4%	0.1%	1.0%	34.6%	1.4%	0.3%	0.1%	2.0%	0.1%	0.2%	1.0%	1%	1
HU	3.2%	0.4%	0.4%		1.9%	1.0%	0.3%	0.0%	0.6%	0.8%	1.4%	0.5%	0.0%	0.3%	1.9%	0.0%	0.1%	0.2%	0.5%	0.3%	0.5%	0.0%	1.9%	0.7%	3.5%	0.4%	0.9%	0
IE	0.5%	0.2%	0.0%		0.2%	0.5%	1.3%	0.0%	0.7%	0.7%	1.2%	0.0%	0.1%	0.0%	0.2%	0.2%	0.2%	0.0%	3.4%	0.3%	0.6%	0.4%	0.0%	0.1%	0.1%	1%	0.5%	0
IT	11.6%	2.8%	6.5%		5.6%	8.6%	6.2%	0.2%	14.5%	5.5%	2.3%	5.7%	2.4%	3.3%	0.0%	2.3%	0.6%	8.5%	3.4%	5.3%	1.8%	2.5%	10.5%	4.8%	3.3%	7.8%	6.1%	5
LT	0.0%	0.0%	0.0%		0.4%	0.2%	0.6%	0.3%	0.1%	0.1%	0.1%	0.0%	0.4%	0.0%	0.1%	0.0%	0.0%	1.7%	0.0%	0.0%	0.4%	0.0%	0.0%	0.0%	0.1%	0.0%	0.2%	0
LU	1.3%	0.5%	0.0%		0.7%	9.1%	0.1%	0.0%	0.1%	0.0%	2.8%	0.2%	0.4%	0.4%	0.6%	0.0%	0.0%	0.0%	3.6%	1.3%	0.9%	0.4%	0.2%	0.1%	0.2%	0.1%	2.8%	2
LV	0.0%	0.0%	0.1%		0.3%	0.2%	0.3%	0.3%	0.1%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	4.4%	0.0%	0.0%	0.0%	0.1%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0
MT	0.0%	0.0%	0.0%		0.1%	0.1%	0.5%	0.0%	0.1%	0.5%	0.3%	0.0%	0.1%	0.1%	0.3%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0
NL	3.7%	29.9%	5.0%		6.0%	15.4%	2.8%	2.3%	5.0%	2.5%	4.6%	0.9%	3.6%	25.7%	9.6%	1.1%	0.6%	3.0%	44.4%	0.0%	7.4%	2.7%	5.7%	8.6%	7.6%	13.7%	9.3%	10
PL	1.9%	0.7%	1%		3.7%	2.9%	2.2%	0.2%	1.5%	3.6%	3.0%	0.2%	0.3%	2.6%	0.5%	5.7%	0.2%	1.3%	0.5%	0.7%	0.0%	0.1%	0.4%	0.2%	1.8%	0.5%	1.3%	0
PT	0.7%	0.4%	0.0%		0.4%	0.8%	0.6%	0.0%	2.2%	3.9%	2.4%	0.9%	0.3%	0.2%	1%	0.0%	0.1%	0.0%	0.0%	0.7%	0.3%	0.0%	0.6%	0.2%	0.0%	2.1%	1.2%	1
RO	2.3%	0.4%	2.9%		1%	1.5%	0.4%	0.0%	1.7%	0.5%	2.0%	5.3%	1.7%	0.2%	2.0%	0.0%	0.0%	0.0%	0.2%	0.3%	0.4%	0.1%	0.0%	0.3%	0.7%	0.1%	1.0%	1
SE	1.3%	0.3%	0.4%		2.2%	2.4%	2.4%	2.9%	0.7%	20.2%	2.2%	1%	0.4%	11.2%	10%	1.6%	0.2%	22.9%	0.0%	0.6%	2.8%	0.1%	0.2%	0.8%	1.8%	0.6%	2.0%	5
SI	1.4%	0.1%	0.1%		0.2%	0.5%	0.0%	0.0%	0.1%	0.3%	0.3%	0.0%	0.6%	0.1%	0.7%	0.4%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%	0.0%	0.7%	0.0%	0.3%	0
SK	2.8%	0.1%	3.9%		10.5%	1.0%	0.4%	0.0%	0.1%	0.7%	0.6%	0.0%	2.3%	0.2%	1.7%	0.0%	0.1%	0.2%	0.2%	0.0%	0.9%	0.0%	0.1%	0.9%	0.0%	0.1%	0.9%	1
UK	1.8%	2.7%	1.7%		2.6%	3.2%	1.8%	0.1%	6.7%	11.7%	1.6%	5.3%	0.8%	24.1%	4.0%	0.5%	0.6%	0.7%	3.6%	4.3%	2.1%	1.3%	0.4%	1.7%	1.0%	1.0%	3.4%	5
<b>Sub-total postings</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>79</b>

Posting according to Art. 12 of Regulation (EC) No 883/2004

*Source: EC (2012), Posting of workers in the European Union and EFTA countries: Report on A1 portable documents issued in 2010 and 2011*

### 10.3 Detailed tables on unemployment benefits

#### 10.3.1 Estimated annual expenditure baseline scenario and different options

**Table 89: Baseline scenario: frontier workers return to country of residence and other cross-border workers have right to choose, scenario: 50% register in country of residence and 50% register in country of employment, in € .000**

Row Labels (country of residence)	Column Labels (country of employment)																											Outgoing crossborder workers	Outgoing frontier workers				
	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	EU-27					
AT	2,171,898		306	122	0	514	21,772	58	0	556	32	311	20	814	54	1,306	33	58	0	9	261	132	0	332	56	578	2,982	349	2,202,567	30,669	27,971		
BE	53	6,722,007	115	49	57	9,468	48	0	1,011	968	23,219	301	149	269	222	0	30,584	0	57	27,884	158	175	46	57	0	0	785	6,816,296	94,289	90,566			
BG	29	257	138,017	116	29	1,072	0	0	1,582	0	500	353	7	99	557	0	0	0	0	0	355	0	44	3	57	21	0	193	143,290	5,272	354		
CY	0	0	0	82,271	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	82,271	0	0			
CZ	284	650	0	3,478,963	507	18	0	381	0	381	0	243	68	13	742	142	215	0	511	28	0	0	1	45	0	431	336	483,982	5,018	1,630			
DE	14,011	2,186	605	0	2,752	24,698,595	4,411	0	8,257	544	5,025	13,378	629	0	1,085	0	11,911	0	0	16,528	4,763	0	0	2,121	0	0	2,945	24,777,536	78,940	61,378			
DK	45	158	0	0	0	888	1,748,004	0	115	0	208	0	0	0	45	0	0	0	1	18	0	0	7	1,154	0	18	269	1,750,957	2,933	2,049			
EE	0	77	0	0	0	70	0	0	69,201	26	892	57	0	0	308	34	50	42	0	54	0	0	0	249	0	0	68	71,079	1,878	884			
ES	68	784	0	0	0	847	0	0	16,844,846	637	1,639	0	74	1,548	683	0	23	0	0	706	0	93	0	0	0	0	2,204	16,855,008	10,163	2,590			
FI	0	239	0	0	0	139	0	0	294	174	2,818,353	0	0	0	89	0	0	0	0	109	0	0	0	0	0	0	2,820,106	1,942	1,193				
FR	126	38,307	0	0	0	41,042	111	0	8,199	556	28,712,085	0	0	1,133	1,638	0	3,272	0	0	1,084	142	888	371	271	0	0	2,371	28,850,669	129,384	121,951			
GR	0	0	0	0	0	0	0	0	0	0	11,46,889	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,146,889	0	0			
HU	729	767	1	29	13	4,430	202	2	151	148	1,110	0	345,607	1,412	510	2	18	0	0	999	6	0	17	16	5	154	906	357,234	11,627	905			
IE	15	152	26	17	43	288	13	0	180	30	47	21	0	3,619,917	79	0	26	0	6	130	73	0	0	0	0	0	9,133	3,620,195	10,278	9,133			
IT	312	1,869	35	0	6	3,498	54	0	1,801	8	2,784	537	68	348	10,752,890	0	0	0	0	121	90	0	408	0	119	15	1,097	10,765,414	12,523	3,220			
LT	0	0	0	0	0	0	0	0	2	82	0	0	0	0	195	0	92,550	0	4	0	228	2	0	0	59	0	34	93,300	750	6			
LU	30	1,466	18	18	11	1,473	47	35	0	31	1,508	0	45	25	16	24	234,470	29	0	93	14	0	21	32	0	0	166	239,571	5,101	4,444			
LV	0	15	2	27	2	264	57	44	0	95	79	25	0	386	29	14	96,707	14	0	259	11	0	0	114	0	1	287	98,418	1,712	59			
MT	8	96	0	0	0	0	0	0	0	0	23	8	0	0	25	2	4	0	21,794	35	0	0	0	0	0	0	74	22,086	292	0			
NL	153	33,384	0	0	0	24,259	0	0	879	153	0	0	0	0	627	476	189	5	46	9,538,139	88	0	0	0	0	0	299	9,603,242	45,103	43,139			
PL	1,022	2,342	0	109	209	1,171	1,048	0	242	286	1,957	62	0	627	476	189	5	0	7,790	607,647	53	1	655	1	31	662	626,591	18,944	14,116				
PT	0	310	0	0	0	88	0	0	4,408	0	2,207	0	0	48	8	104	0	0	0	35	0	1,960,678	15	32	0	0	50	1,967,977	7,299	4,401			
RO	322	748	0	82	3	2,825	801	0	7,323	801	0	548	187	39	143	15,161	0	0	5	57	0	289	533,123	0	0	261	561,258	28,136	39				
SE	146	161	0	3	21	310	9,569	80	461	448	333	113	34	354	96	0	19	0	18	104	63	0	0	0	0	666	1,994,705	12,621	9,707				
SI	528	29	0	0	0	281	0	1	9	0	96	0	4	0	267	0	4	0	0	22	0	3	0	0	0	12	105,219	1,098	596				
SK	424	529	0	54	1,333	1,999	110	0	851	241	818	4	497	2,684	771	0	19	0	2	3,171	11	0	0	66	11	124,628	927	139,192	14,564	2,307			
UK	92	1,108	0	0	0	984	274	0	783	0	3,000	0	0	2,402	0	0	0	0	60	797	0	0	0	0	0	0	4,431,331	4,440,778	9,441	2,402			
EU-27	2,190,086	6,792,804	138,940	82,778	484,011	24,816,724	1,763,621	68,574	16,882,221	2,822,486	28,767,068	1,149,968	347,970	3,633,095	10,776,480	92,631	310,415	96,788	21,998	9,618,935	613,226	1,963,061	534,346	1,988,057	104,852	428,303	4,455,373	120,645,809	539,976	392,351			
Incoming crossborder workers	18,188	70,397	933	507	5,047	118,128	15,606	373	37,376	4,322	45,783	3,079	2,363	13,178	23,590	81	75,944	82	204	60,796	5,580	2,383	1,223	5,973	730	3,674	24,035	539,976					
Incoming frontier workers	16,079	60,800	0	0	4,861	101,026	13,369	248	12,592	1,292	34,271	350	1,343	2,402	3,214	20	75,216	46	0	43,877	4,804	951	20	2,144	697	3,597	9,133	392,351					

Source: Own calculations based on data LFS and 2012 Ageing Report

**Table 90: Baseline scenario: frontier workers return to country of residence and other cross-border workers have right to choose, scenario: rational decision, in € .000**

		Baseline scenario: frontier workers have to return while cross-border workers have right to choose (rational decision)																											Outgoing cross-border workers		Outgoing frontier workers		
Row Labels (country of residence)		AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LU	LV	LT	MT	NL	PL	PT	RO	SE	SI	SK	UK	EU-27	Outgoing cross-border workers	Outgoing frontier workers		
AT	2,171,898	368	235	0	514	21,772	67	0	810	35	313	49	816	59	1,302	63	77	0	15	362	255	0	625	76	578	2,982	594	2,203,872	31,975	27,971	31,975	27,971	
BE	64	6,722,007	224	84	1,077	9,469	64	0	1,620	189	23,015	546	285	302	341	0	30,534	0	103	27,349	310	295	88	87	0	0	1,407	6,818,687	96,680	90,566	96,680	90,566	
BG	57	501	138,017	204	44	2,000	0	0	2,887	0	965	330	9	191	1,094	0	0	0	0	0	688	0	79	3	105	32	0	321	147,540	9,523	354	9,523	354
CY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
CZ	284	1,122	0	4,478,963	500	32	0	589	0	589	0	498	88	17	1,339	290	0	407	0	974	28	0	2	72	0	461	413	486,446	7,483	1,650	7,483	1,650	
DE	14,011	2,186	1,151	0	2,753	24,693,595	4,311	0	10,788	676	5,125	2,217	1,151	0	1,314	0	11,911	0	0	16,528	4,763	0	0	0	2,539	0	4,718	24,784,529	85,932	61,378	85,932	61,378	
DK	52	212	0	0	895	1,748,004	0	153	0	238	0	0	0	0	0	55	0	2	0	27	0	0	12	1,159	0	34	484	1,751,274	3,270	2,049	3,270	2,049	
EE	0	148	0	0	0	130	0	0	60,201	45	882	108	0	0	588	60	98	40	0	105	0	0	0	444	0	0	103	71,913	2,713	884	2,713	884	
ES	98	1,257	0	0	1,107	0	0	204	0	16,844,845	566	1,639	0	125	2,352	753	38	0	0	1,412	0	143	0	986	0	0	3,002	16,858,346	13,501	2,590	13,501	2,590	
FR	127	38,307	0	0	0	41,043	127	0	8,199	608	28,712,285	0	0	1,666	1,638	0	3,272	0	0	1,308	275	1,347	688	367	0	0	4,090	28,853,985	132,700	121,951	132,700	121,951	
GR	0	0	0	0	0	0	0	0	0	0	1,146,889	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,146,889	0	0	0	0	
HU	729	1,470	1	46	17	8,105	372	2	256	281	2,082	0	945,607	2,675	892	3	35	0	0	1,942	8	0	17	27	5	154	1,318	966,042	20,435	905	20,435	905	
IE	16	171	50	29	78	361	16	0	273	30	51	37	0	3,619,917	114	0	32	0	10	172	142	0	0	0	0	0	9,133	3,630,631	10,714	9,133	10,714	9,133	
IT	512	1,947	65	0	9	41,865	67	0	1,985	11	2,784	789	119	501	10,792,890	0	0	0	0	201	168	0	717	0	114	29	1,588	10,768,475	15,584	3,210	15,584	3,210	
LT	0	0	0	0	0	89	172	10	4	160	0	0	0	0	379	0	91,550	0	4	0	451	2	0	0	111	0	57	93,989	1,499	6	1,499	6	
LU	39	1,466	36	31	21	1,471	68	68	0	39	1,508	0	88	31	25	48	294,470	57	0	100	27	0	42	52	0	0	306	239,994	5,524	4,444	5,524	4,444	
LV	0	29	2	45	2	495	108	44	0	182	150	39	0	182	54	14	96,707	2	507	13	0	0	0	208	0	1	454	99,799	3,093	59	3,093	59	
MT	13	172	0	0	0	27	0	0	0	40	14	0	0	0	37	4	7	0	21,794	66	0	0	0	0	0	0	74	22,247	453	0	453	0	
NL	212	18,844	0	0	0	24,259	0	0	1,509	202	0	0	0	0	576	0	0	0	85	9,538,139	174	0	0	0	0	0	555	9,604,592	46,453	43,129	46,453	43,129	
PL	1,993	4,388	0	194	209	1,171	2,010	0	447	557	3,794	105	0	1,222	891	6	373	6	0	15,388	607,647	96	2	1,229	2	31	1,122	643,052	35,405	1,416	35,405	1,416	
PT	0	521	0	0	0	126	0	0	4,401	0	3,426	0	0	78	10	0	182	0	0	62	0	1,940,678	24	40	0	0	62	1,969,609	8,932	4,401	8,932	4,401	
RO	606	1,435	0	132	4	5,184	877	0	12,594	0	10,090	275	39	272	26,645	0	0	0	7	189	0	474	533,123	0	0	0	383	582,506	49,383	39	49,383	39	
SE	199	245	0	4	35	371	9,253	142	515	449	438	166	60	506	97	0	31	0	26	172	119	0	1,982,084	0	0	884	1,995,801	13,718	9,707	13,718	9,707		
SI	526	54	0	0	0	480	0	1	13	0	172	0	0	1	0	267	0	7	0	42	0	4	0	0	104,122	69	15	105,575	1,453	596	1,453	596	
SK	424	1,086	0	95	1,336	3,825	210	0	1,569	469	1,584	7	497	5,216	1,442	0	37	0	3	6,254	11	0	0	123	18	124,628	1,588	150,402	25,774	2,307	25,774	2,307	
UK	157	1,985	0	0	0	1,576	448	0	1,067	0	5,100	0	0	2,402	0	0	0	0	61	1,369	0	0	0	0	0	0	4,431,337	4,445,497	14,160	2,402	4,445,497	14,160	
EU-27	2,191,600	6,800,427	139,782	83,140	484,142	24,827,888	1,765,243	69,672	16,894,754	2,823,896	28,775,459	1,151,546	348,804	3,640,469	10,790,801	92,688	311,009	96,808	22,107	9,633,940	613,941	1,963,923	535,353	1,989,710	104,871	128,357	4,463,679	120,744,297	638,464	392,351	638,464	392,351	
Incoming crossborder workers	19,702	78,420	1,764	869	5,179	129,271	17,388	471	49,909	5,782	54,174	4,677	3,196	20,552	37,911	138	76,539	111	313	75,800	6,294	3,245	2,220	7,626	749	3,729	32,541	638,464			638,464		
Incoming frontier workers	16,079	60,800	0	0	4,861	101,026	13,369	248	12,592	1,292	34,271	350	1,343	2,402	3,214	20	75,216	46	0	43,877	4,804	951	20	2,144	697	3,597	9,133	392,351			392,351		

Source: Own calculations based on data LFS and 2012 Ageing Report

**Table 91: Right to choose: All cross-border workers have right to choose, scenario: 50% register in country of residence and 50% register in country of employment, in € .000**

Row Labels (country of residence)	Scenario right of choice (also frontier workers) 50% return- 50% stay																											Outgoing crossborder workers	Outgoing frontier workers				
	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK			EU-27			
AT	2.171.686	306	122	0	285	18.522	58	0	556	32	311	29	435	54	954	33	58	0	9	261	132	0	332	0	332	56	324	1.538	349	2.196.654	24.756	22.058	
BE	53	6.722.007	115	49	57	6.942	48	0	1.011	168	19.244	304	149	269	222	0	35.221	0	57	34.254	158	175	46	785	6.824.442	994.86	95.72	994.86	6.824.442	994.86	95.72		
BG	29	257	138.017	116	29	1.072	0	0	1.582	0	500	1.005	7	99	357	0	0	0	0	0	355	0	44	35	57	21	0	193	143.950	5.933	1.084		
CY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
CZ	1.477	650	0	3	478.963	3.372	18	0	381	0	243	68	13	742	142	0	215	0	0	511	13	0	0	0	1	45	0	273	336	487.447	8.484	5.116	
DE	16.881	3.468	605	0	1.590	24.698.556	4.222	0	8.257	544	6.177	1.378	629	0	1.085	0	21.681	0	0	34.820	2.488	0	0	0	0	2.121	0	2.946	24.808.653	110.056	92.495		
DK	45	138	0	0	0	872	1.748.004	0	115	0	208	0	0	0	45	0	0	1	0	18	0	0	0	7	944	0	0	0	18	269	1.750.704	2.700	1.816
EE	0	77	0	0	0	70	0	69.201	26	9.021	57	0	0	308	34	0	50	38	0	0	54	0	0	0	0	249	0	68	79.253	10.052	9.058		
ES	68	784	0	0	0	847	0	0	15.844.845	637	2.897	0	74	1.548	883	0	23	0	0	706	0	839	0	0	0	0	0	2.204	16.856.255	11.410	3.836		
FI	0	239	0	0	0	139	0	107	174	2.818.163	0	0	0	0	89	0	0	0	0	109	0	0	0	0	0	169	0	0	2.819.713	1.549	800		
FR	126	48.264	0	0	0	35.074	111	0	5.528	556	28.721.855	0	0	1.533	1.197	0	49.038	0	0	1.084	142	888	371	271	0	0	2.371	28.867.908	146.623	139.191			
GR	0	0	0	0	0	0	0	0	0	0	1.146.885	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
HU	5.934	767	1	29	13	4.430	202	2	151	148	1.110	0	345.607	1.412	510	2	18	0	0	999	6	0	37	16	0	16	7	114	906	362.400	16.792	6.071	
IE	15	152	26	17	43	288	13	0	180	30	47	21	0	3.619.917	79	0	26	0	6	130	73	0	0	0	0	0	0	5.244	3.626.306	6.389	5.244		
IT	497	1.269	35	0	6	3.458	54	0	1.801	8	4.463	357	68	348	10.752.890	0	0	0	0	121	90	0	408	0	408	0	72	15	1.097	10.767.176	14.285	4.972	
LT	0	0	0	0	0	46	90	7	2	82	0	0	0	195	0	92.550	0	3	0	228	2	0	0	0	0	59	0	34	93.301	751	7		
LU	30	1.259	18	18	11	997	47	35	0	31	1.133	0	45	25	16	24	234.470	29	0	99	14	0	21	32	0	21	32	0	166	238.549	4.079	3.422	
LV	0	15	2	27	2	264	57	53	0	95	79	25	0	386	29	11	96.707	1	259	11	0	0	0	0	0	114	0	1	287	98.421	1.715	62	
MT	8	96	0	0	0	17	0	17	0	23	28	8	0	0	25	2	4	0	21.794	35	0	0	0	0	0	0	0	74	22.086	292	0		
NL	153	15.679	0	0	0	15.916	0	0	879	153	0	0	0	0	347	0	0	0	46	9.558.139	88	0	0	0	0	0	0	0	299	9.591.699	33.560	31.595	
PL	1.022	2.342	0	109	469	13.735	1.048	0	242	286	1.957	62	0	627	476	6	189	5	0	7.790	6.07.647	53	1	655	1	31	662	639.416	31.769	14.241			
PT	0	310	0	0	0	88	0	0	5.072	0	2.207	0	0	48	8	104	0	0	35	0	1.940.678	15	32	0	0	0	50	1.968.648	7.970	5.072			
RO	322	748	0	82	3	2.825	101	0	7.323	0	548	187	40	143	15.161	0	19	0	5	97	0	289	533.123	0	0	0	261	561.259	28.136	40			
SE	146	161	0	3	21	310	11.307	80	461	789	323	113	34	354	96	0	19	0	18	104	63	0	0	0	1.982.084	0	0	606	1.997.689	15.605	12.692		
SI	1.520	29	0	0	0	288	0	1	9	0	0	0	0	0	639	0	4	0	0	22	0	3	0	0	0	66	11	124.628	927	147.567	22.939	10.682	
SK	6.866	529	0	54	3.102	1.999	110	0	851	241	818	4	744	2.684	771	0	19	0	2	3.171	11	0	0	0	0	0	4.481.337	4.447.678	16.341	9.302			
UK	92	1.108	0	0	0	984	274	0	783	0	3.000	0	0	9.302	0	0	0	0	60	737	0	0	0	0	0	0	0	4.481.337	4.447.678	16.341	9.302		
EU-27	2.207.249	6.800.677	138.940	82.778	484.556	24.811.130	1.766.381	69.482	16.880.339	2.830.999	28.766.750	1.150.627	347.846	3.639.995	10.776.056	92.629	342.168	96.785	21.998	9.644.232	610.941	1.962.950	534.347	1.987.551	104.558	126.668	4.451.483	120.730.114	624.281	476.657			
Incoming crossborder workers	35.351	78.670	923	507	5.592	112.533	18.376	282	35.494	12.886	45.465	3.738	2.239	20.078	23.166	79	107.688	78	204	86.093	3.294	2.272	1.224	5.467	437	2.039	20.146	624.281					
Incoming frontier workers	33.242	68.673	0	0	5.406	95.431	16.129	157	10.770	9.805	33.953	1.109	1.120	9.302	2.790	18	108.970	48	0	69.174	2.518	839	21	1.638	403	1.962	5.244	476.657					

Source: Own calculations based on data LFS and 2012 Ageing Report

**Table 92: Right to choose: All cross-border workers have right to choose, scenario: rational decision, in € .000**

Scenario right of choice (also for frontier workers)   Rational decision		Column labels (country of employment)																											Ongoing crossborder frontier workers		Ongoing crossborder frontier workers		
Row labels (country of residence)		AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	EU-27					
AT	2.171.898	368	235	0	514	21.771	67	0	810	35	313	46	816	59	1.302	63	77	0	15	362	255	0	625	76	578	2.982	594	2.033.872	31.975	27.971			
BE	6.722.007	224	84	107	9.469	64	0	1.620	189	23.015	546	285	302	341	0	40.038	0	103	41.159	300	295	88	87	0	0	1.407	6.841.971	119.964	113.850				
BG	57	501	138.017	204	44	2.000	0	0	2.887	0	965	1.688	9	191	1.094	0	0	0	0	688	0	79	6	105	32	0	321	148.861	10.883	1.674			
CY	0	0	0	8.271	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	82.271	0	0			
CZ	2.610	1.212	0	4.478.963	5.088	32	0	589	0	438	88	17	1.359	220	0	407	0	974	28	0	53.313	4.763	0	0	2.599	0	4.718	24.853.638	155.041	130.497			
DE	19.900	4.686	1.151	0	2.753	24.698.595	4.333	0	10.788	676	7.228	2.217	1.151	0	1.314	0	33.452	0	0	0	0	0	0	0	0	0	0	0	0	0			
DK	52	212	0	0	895	1.748.004	0	153	0	238	0	0	0	55	0	2	0	2	0	27	0	0	12	1.152	0	34	494	1.751.274	3.270	2.049			
EE	0	148	0	0	0	130	0	45	17.199	108	0	0	588	60	98	46	0	105	0	0	0	0	0	444	0	0	103	88.270	19.069	17.241			
ES	98	1.257	0	0	1.107	0	0	16.844.845	566	4.355	0	125	2.352	753	0	38	0	1.121	0	0	0	0	0	0	0	0	0	3.002	16.861.061	16.216	5.305		
FI	0	269	0	0	0	173	0	284	2.818.353	0	0	0	128	0	0	0	143	0	0	0	0	0	0	996	0	0	0	2.820.334	2.170	1.139			
FR	127	53.271	0	0	0	41.048	127	0	8.129	608	28.721.055	0	0	1.666	1.639	0	63.284	0	1.538	275	1.347	688	367	0	0	0	4.030	28.906.392	185.107	174.358			
GR	0	0	0	0	0	0	0	0	0	0	0	0	1.146.883	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.146.889	0	0			
HU	11.156	1.470	1	46	17	8.103	372	2	295	281	2.082	0	945.607	2.075	892	3	35	0	1.942	8	0	0	37	27	10	154	1.318	376.453	30.846	11.316			
IE	16	171	50	29	78	361	16	0	273	30	51	37	0	3.619.917	114	0	32	0	10	172	142	0	0	0	0	0	0	3.630.631	10.714	9.133			
IT	682	1.947	65	0	9	4.186	67	0	1.985	11	6.022	783	119	501	10.752.893	0	0	0	201	168	0	717	0	717	0	113	29	1.588	10.772.082	19.932	6.817		
LT	0	0	0	0	0	88	172	10	4	360	0	0	0	379	0	92.550	0	6	0	451	2	0	0	111	0	0	57	93.991	1.441	8			
LU	39	1.466	36	31	21	1.471	68	68	0	39	1.530	0	88	31	25	48	234.470	57	0	100	27	0	42	52	0	0	306	239.994	5.524	4.444			
LV	0	29	2	45	2	495	188	35	0	182	150	39	0	743	54	19	96.707	2	507	13	0	0	208	0	1	454	99.810	3.103	69				
MT	13	172	0	0	0	0	27	0	0	40	14	0	0	0	37	4	7	0	21.794	66	0	0	0	0	0	0	74	22.247	453	0			
NL	212	13.840	0	0	0	24.259	0	0	1.509	202	0	0	0	0	576	0	85	9.533.139	174	0	0	0	0	0	0	0	555	9.604.592	46.453	43.139			
PL	1.983	4.588	0	194	729	26.300	2.000	0	447	557	3.794	105	0	1.222	891	5	373	6	15.388	607.647	96	2	1.229	2	32	1.122	668.702	61.055	27.066				
PT	0	521	0	0	0	126	0	0	0	5.744	0	3.426	0	78	10	182	0	62	0	1.906.678	74	40	0	0	0	62	1.970.953	10.275	5.744				
RO	606	1.435	0	132	4	5.184	187	0	12.524	0	1.000	275	41	272	26.645	0	0	7	189	0	474	533.123	0	0	0	0	383	582.507	49.385	41			
SE	199	245	0	4	35	371	14.856	142	515	1.119	438	166	60	596	97	0	31	0	26	172	119	0	0	1.982.084	0	0	884	2.001.770	19.886	15.676			
SI	2.711	54	0	0	0	480	0	1	13	0	172	0	1	0	1.011	0	7	0	0	42	0	4	0	0	0	104.122	69	15	108.702	4.381	3.723		
SK	13.307	1.036	0	95	4.739	3.825	200	0	1.599	489	1.584	7	1.001	5.226	1.442	0	37	0	3	6.254	11	0	0	123	18	124.628	1.568	167.152	42.524	19.057			
UK	457	1.985	0	0	0	1.576	449	0	1.067	0	5.100	0	0	16.822	0	0	0	61	1.369	0	0	0	0	0	0	0	4.431.337	4.459.297	27.960	16.202			
EU-27	2.225.927	6.822.842	139.782	83.140	488.015	24.857.927	1.770.863	69.682	16.896.088	2.840.932	28.783.515	1.152.865	349.319	3.654.289	10.791.545	92.688	374.516	96.820	22.107	9.684.534	613.941	1.963.923	535.355	1.989.710	104.875	128.358	4.463.879	120.997.416	891.383	665.470			
Incoming Crossborder workers	54.029	100.835	1.764	869	9.052	159.131	22.869	482	54.255	22.759	62.220	5.976	3.712	34.352	38.655	138	140.046	113	313	126.395	6.294	3.245	2.233	7.626	753	3.730	32.541	891.588					
Incoming frontier workers	50.405	83.214	0	0	8.734	131.085	18.889	259	13.935	18.318	42.327	1.668	1.859	16.202	3.958	20	138.723	48	0	94.472	4.804	951	23	2.144	701	3.597	9.133	645.470					

Source: Own calculations based on data LFS and 2012 Ageing Report

**Table 93: Stay in country of employment: All cross-border workers stay in the country of last employment, in € .000**

Option 100% register in country of employment																												Outgoing crossborder workers	Outgoing frontier workers					
Row Labels (country of residence)	Column Labels (country of employment)	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	EU-27					
AT	2.171.898	368	8	0	56	15.272	50	0	302	35	309	8	53	59	595	2	77	0	3	362	8	0	39	36	70	95	104	2.189.812	17.915	16.146				
BE	42	6.712.007	5	14	8	4.448	32	0	401	147	15.274	62	12	236	104	0	40.038	0	12	44.159	6	56	4	27	0	0	163	6.824.198	102.191	100.859				
BG	57	501	138.017	204	44	2.040	0	0	2.887	0	965	1.652	9	191	1.034	0	0	0	0	698	0	79	6	105	32	0	321	148.861	10.843	16.74				
CY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	82.271	0	0				
CZ	2.610	1.222	0	4	478.963	5.838	32	0	589	0	438	83	10	1.359	220	0	407	0	0	974	8	0	1	72	0	125	443	493.369	14.406	8.581				
DE	19.560	4.686	59	0	428	24.698.596	4.333	0	5.727	676	7.228	538	107	0	31.463	0	31.463	0	0	53.313	212	0	0	1.702	0	0	1.174	24.833.048	134.462	123.611				
DK	52	212	0	0	0	848	1.748.004	0	69.201	0	77	0	238	0	0	0	0	0	0	27	0	0	1	73	0	0	103	1.750.334	2.329	1.588				
EE	0	148	0	0	0	130	0	69.201	45	17.193	108	0	0	588	60	0	98	34	0	105	0	0	0	444	0	0	103	88.261	19.061	17.233				
ES	98	1.257	0	0	0	1.107	0	0	15.844.345	966	4.355	0	22	2.352	753	0	38	0	0	1.222	0	723	0	0	0	0	1.407	16.659.141	14.296	5.088				
FI	0	269	0	0	0	104	0	40	84	2.818.163	0	0	0	0	50	0	0	0	143	0	0	0	39	0	0	0	0	2.819.220	1.057	407				
FR	127	53.271	0	0	0	23.104	95	0	3.194	608	28.712.285	0	0	1.466	753	0	63.264	0	0	1.308	9	389	45	175	0	0	711	28.883.041	161.756	156.430				
GR	0	0	0	0	0	0	0	0	0	0	1.146.889	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.146.889	0	0				
HU	11.136	1.470	1	46	17	8.103	372	2	256	282	2.082	0	945.607	2.075	892	1	35	0	1.942	4	0	1.942	4	0	36	27	10	25	1.318	376.367	30.760	11.236		
IE	13	171	0	0	0	215	10	0	86	29	43	5	0	3.619.917	44	0	32	0	1	172	4	0	0	0	0	0	0	3.622.112	2.195	1.334				
IT	632	1.947	5	0	2	4.185	67	0	1.616	11	6.022	291	17	501	10.752.891	0	0	0	0	201	11	0	99	0	0	30	2	606	10.769.187	16.297	6.734			
LT	0	0	0	0	0	89	172	10	4	960	0	0	0	379	0	92.530	0	8	0	451	2	0	0	0	0	0	0	57	93.931	1.441	8			
LU	20	1.119	1	4	1	532	26	2	0	23	757	0	3	19	6	1	234.470	1	0	100	0	0	0	1	12	0	27	237.117	2.647	2.400				
LV	0	29	2	45	2	495	108	55	0	182	150	39	0	743	54	10	96.707	2	0	507	8	0	0	208	0	1	454	99.800	3.094	65				
MT	13	172	0	0	0	27	0	0	0	40	14	0	0	0	37	1	7	0	21.794	66	0	0	0	0	0	0	74	22.244	450	0				
NL	94	12.519	0	0	0	7.533	0	0	248	105	0	0	0	0	117	0	0	0	9.538.139	2	0	0	2	0	0	0	43	9.578.806	20.667	20.052				
PL	1.983	4.388	0	194	729	26.300	2.000	0	447	557	3.794	105	0	1.222	891	6	373	6	0	15.388	607.647	95	2	1.229	2	31	1.122	668.702	61.055	27.066				
PT	0	521	0	0	0	126	0	0	5.744	0	3.426	0	0	78	10	0	182	0	0	62	0	1.950.678	5	40	0	0	38	1.970.910	10.322	5.744				
RO	606	1.435	0	132	4	5.184	187	0	12.524	0	1.030	275	41	272	26.645	0	0	0	7	189	0	474	533.123	0	0	0	383	583.507	49.385	41				
SE	199	245	0	2	8	371	14.356	17	408	1.119	438	60	8	566	95	0	31	0	10	172	8	0	0	0	0	0	328	2.001.666	18.582	15.676				
SI	2.711	54	0	0	0	480	0	1	13	0	172	0	0	1.011	0	7	0	0	42	0	0	4	0	0	0	104	122	18	15	108.650	4.529	3.728		
SK	13.307	1.086	0	95	4.738	3.835	20	0	1.589	469	1.584	7	1.001	5.226	1.442	0	37	0	3	6.254	10	0	0	123	18	24.628	1.588	167.152	42.524	19.057				
UK	157	1.985	0	0	0	1.576	449	0	1.067	0	5.100	0	0	16.202	0	0	0	0	60	1.369	0	0	0	0	0	0	0	4.451.337	4.459.297	27.959	16.202			
EU-27	2.225.765	6.616.173	138.099	83.019	485.008	24.816.468	1.770.732	69.297	16.892.023	2.840.767	28.774.812	1.150.031	346.892	3.654.191	10.788.609	92.570	374.516	96.754	21.899	9.684.534	607.940	1.962.593	533.342	1.987.528	104.283	124.978	4.443.223	120.875.954	770.121	560.962				
Incoming crossborder workers	53.868	94.166	82	748	6.045	117.867	22.728	96	37.178	22.604	53.527	3.142	1.285	34.274	35.719	20	140.046	48	105	126.395	293	1.825	219	5.444	162	350	11.885	770.121						
Incoming frontier workers	50.406	76.546	0	0	5.951	89.837	18.889	65	8.828	18.318	33.656	1.668	1.096	16.202	2.367	15	138.723	40	0	94.472	232	728	72	1.131	110	327	1.354	560.962						

Source: Own calculations based on data LFS and 2012 Ageing Report

**Table 94: Return to country of residence: All cross-border workers return to their country of residence, in € .000**

Option 100% going back to country of residence		Column Labels (country of employment)																											Outgoing crossborder workers	Outgoing frontier workers	
Row Labels (country of residence)	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	IT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	EU-27			
AT	2.171.898	245	235	0	514	21.772	67	0	810	30	313	46	816	50	1.302	63	39	0	15	160	255	0	625	76	578	2.982	594	2.013.495	31.597	27.971	
BE	64	6.722.007	224	84	1.07	9.485	64	0	1.620	188	23.015	546	285	302	341	0	30.554	0	103	27.849	300	295	88	0	0	0	1.407	6.818.687	96.680	90.566	
BG	2	12	138.017	28	15	104	0	0	277	0	35	330	5	6	81	0	0	0	0	0	11	0	10	3	8	10	0	66	139.039	1.022	354
CY	0	0	0	82.271	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	82.271	0	0	
CZ	284	88	0	2.478.963	90	5	0	172	0	48	53	17	126	55	0	47	28	0	0	0	47	28	0	2	17	0	431	258	481.525	2.562	1.650
DE	14.001	2.386	1.151	0	2.753	24.693.556	4.811	0	10.788	465	5.025	2.227	1.151	0	1.314	0	11.911	0	0	16.528	4.763	0	0	2.539	0	0	4.718	24.784.258	85.661	61.378	
DK	38	104	0	0	0	885	1.748.004	0	153	0	178	0	0	0	55	0	2	0	2	0	9	0	12	1.159	0	34	484	1.751.074	3.070	2.049	
EE	0	6	0	0	0	11	0	69.201	7	82	6	0	0	29	7	0	3	49	0	3	0	0	0	0	54	0	0	34	70.244	1.043	884
ES	37	311	0	0	588	0	0	16.844.845	307	1.639	0	125	744	613	0	7	0	0	199	0	951	0	0	0	0	0	0	3.002	16.653.369	8.524	2.930
FI	0	209	0	0	173	0	204	263	2.818.853	0	0	0	0	0	128	0	0	0	0	0	74	0	0	0	986	0	0	0	2.820.205	2.042	1.198
FR	125	38.507	0	0	41.046	127	0	6.939	509	28.721.265	0	0	1.400	1.658	0	32.773	0	0	699	275	1.347	688	367	0	0	0	4.030	28.652.775	131.490	121.951	
GR	0	0	0	0	0	0	0	0	0	0	0	1.146.889	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.146.889	0	0	
HU	729	64	1	12	10	757	33	2	45	16	138	0	345.607	149	128	3	1	0	0	56	8	0	17	4	5	154	405	348.432	2.825	905	
IE	16	134	50	29	78	361	16	0	273	30	51	37	0	3.619.917	114	0	19	0	10	89	142	0	0	0	0	0	9.133	3.630.499	10.582	9.133	
IT	512	592	65	0	9	2.729	41	0	1.985	4	2.764	783	119	195	10.752.890	0	0	0	0	41	168	0	717	0	114	29	1.588	10.765.164	12.274	3.210	
IT	0	0	0	0	4	7	5	0	4	0	4	0	0	10	0	92.550	0	4	0	6	2	0	0	0	7	0	0	10	92.611	61	6
LU	39	1.466	36	31	21	1.471	68	68	0	39	1.539	0	88	31	25	48	234.470	57	0	87	27	0	42	52	0	0	0	306	239.981	5.511	4.444
LV	0	1	2	8	1	33	7	44	0	7	7	11	0	29	5	14	0	96.707	1	10	13	0	0	20	0	1	121	97.042	336	59	
MT	2	20	0	0	0	0	6	0	0	6	2	0	0	0	14	4	1	0	21.794	5	0	0	0	0	0	0	0	74	21.928	134	0
NL	212	13.840	0	0	0	24.229	0	0	1.529	202	0	0	0	0	576	0	0	85	9.538.139	174	0	0	0	0	0	0	0	555	9.604.592	46.453	43.139
PL	62	95	0	23	209	1.171	85	0	37	15	120	39	0	32	61	11	6	4	0	212	607.647	11	11	82	0	0	0	201	601.130	2.483	1.416
PT	0	99	0	0	0	4.401	0	0	4.401	0	988	0	0	0	19	6	26	0	0	8	0	1.940.678	24	24	0	0	0	62	1.965.386	5.708	4.401
RO	38	60	0	32	3	466	16	0	2.123	0	166	101	39	15	3.677	0	0	0	2	5	0	105	533.123	0	0	0	0	139	540.011	6.888	39
SE	94	77	0	4	35	246	9.859	142	515	148	208	166	60	202	97	0	7	0	26	36	119	0	0	1.982.084	0	0	884	1.994.712	12.628	9.707	
SI	328	4	0	0	88	0	1	4	0	1	21	0	1	0	267	0	0	0	0	2	0	2	0	2	0	0	104.122	69	10	104.915	
SK	424	22	0	12	1.383	174	9	0	134	13	51	1	497	141	100	0	1	0	1	88	11	0	0	8	5	124.628	286	127.982	3.354	2.307	
UK	27	230	0	0	0	352	105	0	500	0	900	0	0	2.402	0	0	0	0	61	106	0	0	0	0	0	0	0	4.461.337	4.436.060	4.722	2.402
EU-27	2.188.733	6.785.081	139.782	82.537	484.103	24.885.796	1.762.029	69.688	16.878.654	2.821.231	28.758.688	1.151.224	346.799	3.625.798	10.765.594	92.688	309.820	96.816	22.088	9.039.300	613.941	1.963.397	535.352	1.987.574	104.833	128.357	449.743	120.584.275	478.442	392.351	
Incoming crossborder workers	16.835	63.174	1.764	266	5.140	107.210	14.025	467	33.809	3.068	37.403	4.355	3.192	5.881	10.613	138	75.530	109	304	45.791	6.294	2.719	2.229	5.490	712	3.729	28.406	478.442			
Incoming frontier workers	16.079	60.800	0	0	4.861	101.026	13.369	248	12.592	1.292	34.271	350	1.343	2.402	3.214	20	75.216	46	0	43.877	4.804	951	20	2.144	697	3.597	9.133	392.351			

Source: Own calculations based on data LFS and 2012 Ageing Report



### 10.3.2 Estimated reimbursement claims baseline scenario and different options

**Table 95: Baseline scenario: frontier workers return to country of residence and other cross-border workers have right to choose, scenario: 50% register in country of residence and 50% register in country of employment – reimbursement claim of 3 months, in €.00**

Row Labels (country of residence)	Column Labels (country of employment)																											EU-27	Outgoing crossborder workers	Outgoing frontier workers		
	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FR	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	PT	RO	SE	SI	SK				UK	
AT	271,487	31	29	0	129	5,443	8	0	101	4	39	6	204	6	327	8	5	0	2	20	32	0	32	0	78	10	146	746	74	278,933	7,446	6,993
BE	8	840,251	28	11	13	2,367	8	0	202	24	5,804	68	36	38	38	43	0	7,633	0	13	6,637	39	37	11	11	0	0	0	176	863,657	23,406	22,642
BG	0	0	1	17,251	4	2	13	0	35	0	4	88	1	1	10	0	0	0	0	1	0	1	0	1	1	0	0	8	17,424	172	88	
CY	0	0	0	0	10,284	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10,284	0	0	
CZ	71	11	0	0	59,870	227	1	0	22	0	6	7	2	16	7	0	3	0	0	6	7	0	0	0	0	0	0	0	60,397	527	413	
DE	3,500	547	144	0	688	3,087,325	1,028	0	1,348	51	1,281	277	144	0	164	0	2,978	0	0	4,132	1,191	0	0	0	0	0	0	590	3,105,705	18,380	15,945	
DK	5	13	0	0	0	1	0	0	19	0	22	0	0	0	7	0	0	0	1	0	0	0	0	0	2	289	0	4	54	219,140	640	512
EE	0	1	0	0	0	1	0	0	8,650	1	211	1	0	0	4	1	0	0	10	0	0	0	0	0	0	0	0	0	4	8,891	241	221
ES	5	39	0	0	0	73	0	0	2,105,606	38	449	0	16	99	77	0	1	0	0	25	0	239	0	0	0	0	0	375	2,106,995	1,389	647	
FR	16	9,577	0	0	0	10,261	16	0	2,048	64	3,590,161	0	0	175	409	0	8,199	0	0	82	34	168	87	46	0	0	0	54	3,621,841	31,680	30,488	
GR	0	0	0	0	0	0	0	0	0	0	0	0	48,319	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	48,319	0	0	
HU	182	8	0	1	1	95	4	0	6	2	17	0	43,201	19	16	0	0	0	7	1	0	1	0	4	0	0	1	39	62	43,667	466	226
IE	2	17	6	4	10	45	2	0	34	4	6	5	0	452,490	14	0	2	0	1	11	18	0	0	0	0	0	0	2,283	454,954	2,464	2,283	
IT	78	74	8	0	1	341	5	0	248	1	688	98	15	24	1,344,111	0	0	0	0	5	21	0	90	0	0	0	0	4	139	1,346,047	1,935	802
LT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LU	5	367	5	4	3	367	9	9	0	5	377	0	11	4	3	6	29,309	7	0	11	3	0	5	6	0	0	0	38	30,553	1,244	1,111	
LV	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MT	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NL	26	4,734	0	0	0	6,075	0	0	189	25	0	0	0	0	0	0	0	0	11	1,194,767	22	0	0	0	0	0	0	69	1,205,966	11,199	10,785	
PL	8	12	0	3	52	292	11	0	5	2	15	2	0	4	8	1	1	1	0	27	75,956	1	0	0	0	0	0	25	76,443	487	354	
PT	0	12	0	0	0	6	0	0	1,100	0	124	0	0	2	1	0	3	0	0	0	0	0	0	0	0	0	0	8	246,348	1,264	1,100	
RO	5	8	0	4	0	58	2	0	265	0	8	13	16	2	460	0	0	0	1	0	13	66,640	0	0	0	0	0	17	67,506	866	10	
SE	12	10	0	1	4	31	2,314	18	64	112	26	21	7	25	12	0	1	0	3	4	15	0	0	0	0	0	111	250,552	2,792	2,427		
SI	82	1	0	0	0	10	0	0	1	0	3	0	0	0	67	0	0	0	0	0	0	0	0	0	0	0	0	1	13,189	174	149	
SK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UK	3	29	0	0	0	49	13	0	62	0	112	0	0	60	13	0	0	0	8	13	0	0	0	0	0	0	0	0	0	0	0	0
EU-27	275,601	855,748	17,473	10,317	61,120	3,113,353	27,925	8,729	2,114,406	352,805	3,599,120	48,904	43,768	453,525	1,945,940	11,588	48,130	12,108	2,762	1,265,976	77,343	245,543	66,621	248,715	13,191	16,494	533,917	554,808	891	600	108,849	98,088
Incoming Crossborder workers	4,114	15,497	221	33	1,250	26,028	3,424	89	5,800	945	8,959	566	567	1,035	1,728	20	18,821	19	38	11,208	1,387	459	281	954	176	916	4,692	108,849				
Incoming frontier workers	4,020	15,200	0	0	1,215	25,256	3,342	62	3,148	323	8,568	88	336	600	803	5	18,804	11	0	10,969	1,201	238	5	566	174	899	2,283	98,088				

Source: Own calculations based on data LFS and 2012 Ageing Report

**Table 96: Baseline scenario: frontier workers return to country of residence and other cross-border workers have right to choose, scenario: 50% register in country of residence and 50% register in country of employment – actual payment, in € .000**

Baseline scenario: frontier workers return to country of residence and cross-border workers (50% register in country of residence and 50% register in country of employment)-3 Months- actual payment	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	EU-27	Ongoing crossborder workers	Ongoing frontier workers		
Column Labels (country of employment)	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	EU-27	Ongoing crossborder workers	Ongoing frontier workers	
AT	271,467	31	1	0	14	3,826	6	0	38	4	39	1	15	6	159	0	5	0	0	20	1	0	5	4	17	24	13	275,688	4,20	4,036	
BE	5	840,251	1	2	1	1,04	4	0	50	18	3,813	8	2	30	13	0	7,633	0	1	6,837	1	7	0	3	0	0	20	859,811	19,50	19,394	
BG	0	1	17,252	4	2	13	0	0	35	0	4	88	1	1	10	0	0	0	0	1	0	1	1	1	1	0	8	17,424	172	88	
CY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10,284	0	0	
CZ	71	11	0	0	59,870	277	1	0	22	0	6	7	1	16	7	0	3	0	0	6	2	0	0	2	0	31	32	60,315	444	331	
DE	3,500	547	7	0	107	3,087,325	1,028	0	716	51	1,281	67	13	0	107	0	2,978	0	0	4,132	53	0	0	213	0	0	147	3,102,271	14,947	13,626	
DK	5	13	0	0	0	0	218,501	0	10	0	22	0	0	0	4	0	0	0	0	1	0	0	0	184	0	0	13	218,752	252	184	
EE	0	1	0	0	0	0	0	8,650	1	211	1	0	0	4	1	0	0	3	0	0	0	0	0	7	0	0	4	8,889	239	219	
ES	5	39	0	0	0	73	0	0	2,105,606	36	401	0	3	93	77	0	1	0	0	25	0	182	0	0	0	0	176	2,106,727	1,121	592	
FI	0	26	0	0	0	13	0	0	10	332,270	0	0	0	0	6	0	0	0	0	9	0	0	0	93	0	0	0	352,437	167	102	
FR	16	9,377	0	0	0	7,276	12	0	771	64	3,391,161	0	0	175	183	0	8,193	0	0	82	1	49	6	22	0	0	89	3,616,681	26,520	26,006	
GR	0	0	0	0	0	0	0	0	0	0	143,351	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	143,351	0	0	
HU	182	8	0	1	1	95	4	0	6	2	17	0	43,201	19	16	0	0	0	0	7	0	0	4	0	0	1	62	43,646	446	206	
IE	2	17	0	1	1	27	1	0	11	4	5	1	0	452,491	6	0	2	0	0	11	0	0	0	0	0	0	0	338	452,917	427	338
IT	78	74	1	0	0	341	5	0	202	1	656	36	2	24	1,344,111	0	0	0	0	5	1	0	12	0	3	0	76	1,345,674	1,563	781	
LT	0	0	0	0	0	0	1	1	0	1	0	0	0	1	0	11,569	0	1	0	1	0	0	0	0	1	0	1	11,577	8	1	
LU	2	280	0	1	0	131	3	0	0	3	183	0	0	2	1	0	29,309	0	1	11	0	0	0	2	0	0	3	29,938	629	600	
LV	0	0	0	1	0	4	1	11	0	1	1	1	0	4	1	2	0	12,088	0	0	1	1	0	3	0	0	15	12,136	48	14	
MT	0	2	0	0	0	0	1	0	0	1	0	0	0	0	2	0	0	0	2,714	1	0	0	0	0	0	0	9	2,741	16	0	
NL	12	3,133	0	0	0	1,883	0	0	31	13	0	0	0	15	0	0	0	0	1,894,767	0	0	0	0	0	0	0	5	1,998,857	5,090	5,013	
PL	8	12	0	3	52	294	11	0	5	2	15	2	0	4	8	0	1	0	75,956	1	0	0	1	0	10	0	25	76,443	467	354	
PT	0	12	0	0	0	6	0	0	1,109	0	124	0	0	2	1	0	3	0	0	1	0	245,085	1	3	0	0	5	246,343	1,258	1,100	
RO	5	8	0	4	0	58	2	0	265	0	8	13	10	2	460	0	0	0	13	66,640	0	13	0	0	0	0	17	67,506	866	10	
SE	12	10	0	0	1	31	2,314	2	51	111	26	8	1	25	12	0	1	1	4	1	0	0	247,760	0	0	0	41	250,414	2,654	2,427	
SI	82	1	0	0	10	0	0	0	1	0	3	0	0	0	67	0	0	0	0	0	0	0	0	0	13,015	2	1	13,182	167	149	
SK	106	3	0	1	346	22	1	0	17	2	6	0	122	18	13	0	0	0	0	11	3	0	0	1	1	15,579	36	16,286	707	577	
UK	3	29	0	0	0	0	49	13	0	62	0	0	0	600	0	0	0	8	13	0	0	0	0	0	0	0	553,917	554,808	600		
EU-27	275,381	854,080	17,262	10,302	60,397	3,102,801	221,908	8,667	2,109,008	352,796	3,596,946	143,993	43,369	453,515	1,345,274	11,573	48,130	12,099	2,736	1,205,976	76,022	245,338	66,670	248,315	13,043	15,663	555,055	15,096,120	82,891	76,749	
Incoming crossborder workers	4,094	13,830	10	18	526	15,477	3,408	17	3,402	526	6,785	231	168	1,026	1,163	4	18,821	10	12	11,208	66	253	29	555	28	84	1,138	82,891			
Incoming frontier workers	4,020	13,333	0	0	519	14,732	3,342	14	1,871	323	6,395	88	145	600	406	4	18,804	9	0	10,969	58	182	5	283	26	82	338	76,749			

Source: Own calculations based on data LFS and 2012 Ageing Report

**Table 97: Baseline scenario: frontier workers return to country of residence and other cross-border workers have right to choose, scenario: rational decision – reimbursement claim of 3 months, in € .000**

Row labels (country of residence)	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	EU-27	Outgoing crossborder workers	Outgoing frontier workers		
AT	0	0	0	59	0	129	5,445	17	0	202	0	78	12	204	0	327	16	0	0	4	0	64	0	156	19	145	745	149	7,768	7,768	6,999	
BE	16	0	56	21	27	2,357	0	16	0	405	47	5,804	136	71	75	85	0	7,593	0	26	6,837	77	74	22	22	0	0	352	24,170	24,170	22,642	
BG	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	88	88	0
CY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
CZ	71	0	0	0	0	227	0	0	0	0	0	0	0	4	0	0	0	0	0	0	7	0	0	0	0	108	0	47	47	47	47	
DE	3,530	547	288	0	688	0	1,086	0	2,697	0	1,201	554	288	0	328	0	2,928	0	0	4,132	1,934	0	0	0	635	0	1,179	21,334	21,334	15,305	15,305	
DK	0	0	0	0	0	0	0	0	0	38	0	0	0	0	14	0	0	1	0	0	0	0	3	289	0	8	109	685	685	52	52	
EE	0	0	0	0	0	0	0	0	0	0	211	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	221	221	21
ES	0	0	0	0	0	0	0	0	0	0	0	403	0	31	0	0	0	0	0	0	0	0	238	0	0	0	0	750	1,429	1,429	647	647
FI	0	0	0	0	0	48	0	55	66	0	0	0	0	0	32	0	0	0	0	0	0	0	0	0	24	0	0	440	440	298	298	
FR	0	9,977	0	0	0	10,259	0	32	0	2,148	0	0	0	0	403	0	8,193	0	0	0	0	69	337	174	92	0	1,008	32,199	32,199	30,498	30,498	0
GR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HU	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IE	4	0	13	7	20	90	4	0	68	7	13	9	0	0	0	28	0	1	0	0	0	2	0	4	0	1	38	0	238	238	238	238
IT	78	0	16	0	2	0	0	0	496	0	656	195	30	0	0	0	0	0	0	0	0	42	0	179	0	26	7	397	2,168	2,168	802	802
LT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	1	1	1
LU	10	367	9	8	5	367	0	17	17	0	40	377	0	22	8	6	12	0	14	0	7	0	10	13	0	0	76	1,356	1,356	1,111	1,111	15
LV	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0	3	0	0	0	0	0	0	19	19	19	19
MT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1
NL	53	4,710	0	0	0	6,075	0	0	377	50	0	0	0	0	144	0	0	21	0	43	0	43	0	0	0	0	139	11,613	11,613	10,785	10,785	10
PL	0	0	0	0	0	52	293	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	354	354	354	354
PT	0	0	0	0	0	0	0	0	0	1,101	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	1,122	1,122	1,100	1,100	10
RO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	10	10	10
SE	0	0	0	1	9	0	2,314	35	129	112	0	42	15	0	24	0	0	7	0	30	0	30	0	0	0	0	0	221	2,999	2,999	2,427	2,427
SI	82	0	0	0	0	0	0	0	0	0	0	0	0	0	67	0	0	0	0	0	0	0	0	0	0	17	0	167	167	149	149	0
SK	105	0	0	0	0	346	0	0	0	0	0	0	0	122	0	0	0	0	0	0	3	0	0	0	0	0	0	577	577	577	577	577
UK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	600	0	0	15	0	0	0	0	0	0	0	0	0	616	616	616	616	616
EU-27	4,102	15,200	441	37	1,278	25,330	3,428	115	7,627	438	8,659	1,037	797	684	1,466	684	34	18,804	26	75	10,969	1,574	648	557	1,316	174	92	6,678	112,488	112,488	98,088	98,088
Incoming crossborder workers	4,102	15,200	441	37	1,278	25,330	3,428	115	7,627	438	8,659	1,037	797	684	1,466	684	34	18,804	26	75	10,969	1,574	648	557	1,316	174	92	6,678	112,488	112,488	98,088	98,088
Incoming frontier workers	4,102	15,200	0	0	1,215	25,255	3,342	62	3,148	323	8,538	88	336	600	803	5	18,804	11	0	10,969	1,201	238	5	536	174	899	2,283	98,088	98,088	98,088	98,088	

Source: Own calculations based on data LFS and 2012 Ageing Report

**Table 98: Baseline scenario: frontier workers return to country of residence and other cross-border workers have right to choose, scenario: rational decision – actual payment, in €.000**

Row Labels		Baseline scenario: frontier workers have to return while cross-border workers have right to choose (rational decision) - 3 Months - actual payment																											Outgoing crossborder workers	Outgoing frontier workers	
(country of residence)	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	EU-27			
AT	0	0	0	2	0	14	3,828	12	0	75	0	77	2	13	0	159	0	0	0	0	2	0	10	9	17	24	26	4,253	4,253	4,036	
BE	11	0	1	4	2	1,104	8	0	100	37	3,819	15	3	3	59	26	0	7,533	0	3	6,837	2	14	1	7	0	0	41	19,727	19,394	19,394
BG	0	0	0	0	0	0	0	0	0	0	0	88	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	88	88	88
CY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CZ	71	0	0	0	0	27	0	0	0	0	0	0	0	2	0	0	0	0	0	0	2	0	0	0	0	0	0	334	334	334	334
DE	3,500	547	15	0	107	0	1,028	0	1,432	0	1,281	155	27	0	214	0	2,578	0	0	0	4,132	53	0	0	426	0	0	293	16,167	16,167	13,626
DK	0	0	0	0	0	22	0	0	19	0	0	0	0	0	9	0	0	0	0	0	0	0	0	189	0	0	26	450	450	396	
EE	0	0	0	0	0	0	0	0	0	0	21	0	0	0	0	0	0	0	8	0	0	0	0	0	0	0	0	219	219	219	219
ES	0	0	0	0	0	0	0	0	0	0	401	0	6	0	0	0	0	0	0	0	0	182	0	0	0	0	352	949	949	592	
FI	0	0	0	0	0	26	0	2	21	0	0	0	0	0	13	0	0	0	0	0	0	0	0	99	0	0	0	161	161	102	
FR	9,577	0	0	0	0	7,276	24	0	773	0	0	0	0	0	188	0	8,193	0	0	0	2	97	11	44	0	0	178	26,361	26,361	26,006	
GR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HU	182	0	0	0	0	0	0	0	0	22	7	11	1	0	0	0	0	0	0	0	1	0	4	0	0	1	19	208	208	206	
IE	3	0	0	2	2	54	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	455	455	338	
IT	78	0	0	0	0	1	0	0	404	0	696	73	4	0	0	0	0	0	0	0	3	0	25	0	8	0	151	1,444	1,444	781	
LT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	1	1	1
LU	5	286	0	1	0	156	6	0	0	6	189	0	1	5	1	0	0	0	0	0	0	0	0	0	0	0	0	637	637	600	
LV	0	0	0	0	0	0	0	11	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0	0	16	16	14	
MT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NL	23	3,136	0	0	0	1,883	0	0	62	26	0	0	0	10	29	0	8,193	0	0	2	0	1	0	0	0	0	11	5,167	5,167	5,033	
PL	0	0	0	0	0	52	299	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	354	354	354	
PT	0	0	0	0	0	0	0	0	0	1,109	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,111	1,111	1,100	
RO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SE	0	0	0	1	2	0	2,534	4	102	112	0	15	2	0	24	0	0	0	0	2	0	2	0	0	0	0	0	82	2,663	2,427	
SI	82	0	0	0	0	0	0	0	0	0	0	0	0	0	67	0	0	0	0	0	0	0	0	0	0	0	0	154	149	149	
SK	106	0	0	0	0	346	0	0	0	0	0	0	0	122	0	0	0	0	0	0	0	3	0	0	0	0	0	577	577	577	
UK	0	0	0	0	0	0	0	0	0	0	0	0	0	600	0	0	0	0	0	15	0	0	0	0	0	0	0	615	615	600	
EU-27	4,062	13,333	20	7	526	15,024	3,395	19	4,108	399	6,483	329	190	664	732	5	18,804	10	23	10,969	73	293	54	771	26	87	1,514	82,122	82,122	76,961	
Incoming																															
Crossborder workers	4,062	13,333	20	7	526	15,024	3,395	19	4,108	399	6,483	329	190	664	732	5	18,804	10	23	10,969	73	293	54	771	26	87	1,514	82,122			
Incoming frontier workers	4,020	13,333	0	0	519	14,944	3,342	14	1,871	323	6,395	88	145	600	406	4	18,804	9	0	10,969	58	182	5	283	26	82	338	76,961			

Source: Own calculations based on data LFS and 2012 Ageing Report

**Table 99: Baseline scenario: frontier workers return to country of residence and other cross-border workers have right to choose, 50% register in country of residence and 50% register in country of employment – reimbursement claim of 3 months, in € .000**

Scenario right of choice (also for frontier workers): 50% return- 50% stay																															
Column Labels (country of employment)																															
Row Labels (country of residence)	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	EU-27	Outgoing crossborder workers	Outgoing frontier workers		
AT	271.487	31	29	0	64	2.72	8	0	101	4	39	6	102	6	164	8	5	0	2	20	32	0	78	10	72	373	74	278.457	3.950	3.496	
BE	8	840.251	28	11	13	1.184	8	0	202	24	2.902	68	36	38	43	0	3.837	0	13	3.019	39	37	11	11	0	0	176	852.336	12.085	11.321	
BG	0	1	17.252	4	2	13	0	0	35	0	4	44	1	1	10	0	0	0	0	1	0	1	0	1	1	0	8	17.380	128	44	
CY	0	0	0	10.284	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10.284	0	0	
CZ	36	11	0	0	59.870	119	1	0	22	0	6	7	2	16	7	0	3	0	0	6	4	0	0	2	0	54	32	60.191	320	206	
DE	1.750	279	144	0	344	3.087.325	504	0	1.348	51	644	277	144	0	164	0	1.489	0	0	2.066	595	0	0	317	0	0	590	3.098.032	10.708	7.672	
DK	5	13	0	0	0	0	112	218.901	0	19	0	22	0	0	0	0	0	0	0	1	0	0	2	144	0	4	54	218.884	384	256	
EE	0	1	0	0	0	0	0	0	0	1	0	0	0	0	4	1	0	3	0	0	0	0	0	7	0	0	4	8.781	130	111	
ES	5	39	0	0	0	73	0	0	2.105.606	38	269	0	16	93	77	0	1	0	0	25	0	119	0	0	0	0	375	2.106.671	1.065	304	
FI	0	26	0	0	0	22	0	35	33	352.270	0	0	0	0	16	0	0	0	0	9	0	0	0	124	0	0	0	352.526	255	149	
FR	16	4.788	0	0	0	5.133	16	0	1.024	64	3.590.161	0	0	175	205	0	4.036	0	0	82	34	168	87	46	0	0	594	3.606.597	16.496	15.244	
GR	0	0	0	0	0	0	0	0	0	0	0	143.361	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	143.361	0	0	
HU	91	8	0	1	1	95	4	0	6	2	17	0	43.201	19	16	0	0	0	0	7	1	0	3	0	0	1	19	62	43.554	353	113
IE	2	17	6	4	10	46	2	0	34	4	6	5	0	452.690	14	2	0	2	1	11	18	0	0	0	0	0	1.142	453.812	1.323	1.142	
IT	39	74	8	0	1	341	5	0	248	1	346	98	15	24	1.944.111	0	0	0	0	5	21	0	90	0	0	14	198	1.945.646	1.534	401	
LU	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	11.569	0	1	0	1	0	0	0	0	1	0	0	11.576	8	1	
LV	0	0	0	1	0	4	1	3	0	1	1	1	0	4	1	2	0	0	0	11	3	0	5	6	0	0	38	29.998	689	595	
MT	0	2	0	0	0	0	1	0	0	0	0	0	0	0	2	0	0	0	0	12.088	0	2	0	0	3	0	0	15	12.130	42	7
NL	0	26	2.355	0	0	0	0	0	189	25	0	0	0	0	0	0	0	0	0	1.194.767	22	0	0	0	0	0	69	1.200.574	5.807	5.392	
PL	8	12	0	3	26	146	11	0	5	2	15	2	0	4	8	1	1	1	0	27	75.956	1	0	10	0	4	25	76.266	310	177	
PT	0	12	0	0	0	0	6	0	0	593	0	124	0	0	2	1	0	3	0	0	0	245.085	3	3	0	0	8	245.798	714	550	
RO	5	8	0	4	0	58	2	0	265	0	8	13	3	2	460	0	0	0	0	1	0	13	66.640	0	0	0	17	67.501	861	5	
SE	12	10	0	1	4	31	1.157	18	64	56	26	21	7	25	12	0	1	0	3	4	15	0	0	247.760	0	0	111	249.339	1.579	1.23	
SI	41	1	0	0	0	10	0	0	1	0	3	0	0	0	33	0	0	0	0	0	0	0	0	0	0	13.015	9	13.114	99	75	
SK	53	3	0	1	173	22	1	0	17	2	6	0	61	18	13	0	0	0	0	11	1	0	0	1	1	1	5.579	36	15.998	419	288
UK	3	29	0	0	0	0	49	13	0	62	0	112	0	0	300	0	0	0	8	13	0	0	0	0	0	0	553.917	554.507	590	300	
EU-27	273.592	848.146	17.473	10.317	60.513	3.100.725	220.254	8.708	2.109.832	392.654	3.594.896	143.903	43.600	453.225	1.945.498	11.586	38.727	12.102	2.762	1.200.891	76.743	245.425	66.919	248.447	13.104	16.045	557.468	15.073.034	59.805	49.044	
Incoming																															
Crossborder workers	2.104	7.897	221	33	642	13.400	1.753	58	4.426	383	4.675	542	399	755	1.327	17	9.419	14	38	5.724	787	340	279	686	89	466	3.551	59.805			
Incoming frontier workers	2.100	7.600	0	0	608	12.628	1.671	31	1.574	161	4.284	44	168	300	402	2	9.402	6	0	5.485	600	119	3	268	87	450	1.142	49.044			

Source: Own calculations based on data LFS and 2012 Ageing Report

**Table 100: Right to choose: All cross-border workers have right to choose, scenario: 50% register in country of residence and 50% register in country of employment – actual payment, in €.000**

Scenario right of choice (also for frontier workers): 50% return- 50% stay - actual payment		Column Labels (country of employment)																											Outgoing crossborder frontier workers			
Row Labels (country of residence)	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	IT	LU	LV	LT	MT	NL	PL	PT	RO	SE	SI	SK	UK	EU-27	Ongoing crossborder frontier workers		
AT	271,487	31	1	0	7	1,903	6	0	38	4	39	1	7	6	75	0	5	0	0	20	1	0	1	0	5	4	9	12	13	273,679	2,092	2,098
BE	5	840,251	1	2	1	533	4	0	50	18	1,809	8	2	30	13	0	3,817	0	1	3,419	1	7	0	3	0	3	0	0	20	850,114	9,863	9,697
BG	0	1	17,252	4	2	13	0	0	35	0	4	44	1	1	10	0	0	0	1	0	1	0	1	0	1	1	1	0	8	17,390	128	44
CY	0	0	0	10,284	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10,284	0	0	
CZ	36	11	0	59,870	113	1	0	22	0	6	7	1	16	7	0	3	0	0	6	1	0	0	1	0	0	2	0	48	32	60,149	279	166
DE	1,759	279	7	0	53	3,087,325	594	0	716	51	64	67	13	0	107	0	1,488	0	2,066	27	0	0	0	0	0	213	0	0	147	3,095,458	8,134	6,833
DK	5	13	0	0	10	218,301	0	10	0	22	0	22	0	0	4	0	0	0	0	1	0	0	1	0	0	92	0	0	13	218,767	266	198
EE	0	1	0	0	0	1	8,650	1	1	105	1	1	0	0	4	1	0	0	4	0	0	0	0	0	0	7	0	0	4	8,790	129	110
ES	5	39	0	0	0	73	0	0	2,106,606	38	205	0	3	93	77	1	0	0	25	0	0	0	0	0	0	0	0	0	176	2,106,431	825	296
FI	0	26	0	0	0	13	0	11	10	352,270	0	0	0	0	6	0	0	0	9	0	0	0	0	0	0	54	0	0	0	352,386	116	51
FR	16	4,788	0	0	0	3,636	12	0	385	64	3,901,611	0	0	175	95	0	4,036	0	82	1	49	6	22	0	0	22	0	0	89	3,603,678	13,517	13,003
GR	0	0	0	0	0	0	0	0	0	0	143,361	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	143,361	0	0	
HU	91	8	0	1	1	95	4	0	6	2	17	0	43,201	19	16	0	0	0	7	0	0	0	0	0	0	2	0	1	13	43,543	342	103
IE	2	17	0	1	1	27	1	0	11	4	5	1	0	452,490	6	0	2	0	11	0	0	0	0	0	0	0	0	0	165	452,748	258	169
IT	39	74	1	0	0	340	5	0	202	1	348	36	2	24	1,344,111	0	0	0	0	5	1	0	12	0	0	0	0	4	76	1,345,284	1,172	391
LT	0	0	0	0	0	0	1	1	1	0	0	0	0	0	11,569	0	1	0	0	0	1	0	0	0	0	1	0	1	11,576	8	1	
LU	2	140	0	1	0	16	3	0	0	3	95	0	0	2	1	0	29,309	0	11	0	0	0	0	0	0	2	0	0	3	29,638	329	300
LV	0	0	0	1	0	4	1	1	1	1	1	1	1	0	4	1	1	0	11,088	0	1	1	1	0	0	3	0	0	15	12,129	41	7
MT	0	2	0	0	0	0	1	0	0	0	1	0	0	0	2	0	0	0	2,774	1	0	0	0	0	0	0	0	0	9	2,741	16	0
NL	12	1,365	0	0	0	942	0	0	31	13	0	0	0	0	15	0	11,947	0	1	1,194,767	0	0	0	0	0	0	0	0	5	1,197,351	2,983	2,936
PL	8	12	0	3	26	146	11	0	5	2	15	2	0	4	8	0	0	1	0	27	75,956	1	0	0	0	0	0	4	25	76,266	310	177
PT	0	12	0	0	0	6	0	0	0	591	0	124	0	0	2	1	0	3	0	0	0	1	0	0	0	0	0	0	5	245,793	708	550
RO	5	8	0	4	0	98	2	0	265	0	8	13	5	2	460	0	0	0	0	13	66,640	0	13	66,640	0	0	0	0	17	67,501	861	5
SE	12	10	0	0	1	31	1,157	2	51	56	26	8	1	25	12	0	1	0	1	4	1	0	0	0	0	247,760	0	0	41	249,201	1,441	1,213
SI	41	1	0	0	0	10	0	0	1	0	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	13,108	93	74	
SK	53	3	0	1	173	22	1	0	17	2	6	0	61	18	13	0	0	0	11	1	0	0	1	1	0	1	1	5,579	36	15,998	419	288
UK	3	29	0	0	0	49	13	0	62	0	112	0	0	0	300	0	0	0	8	13	0	0	0	0	0	0	0	0	559,917	554,507	590	300
EU-27	773,571	847,314	17,262	10,302	60,137	3,095,542	220,297	8,660	2,108,072	352,634	3,939,748	143,549	43,297	453,215	1,345,071	11,571	38,727	12,094	2,736	1,200,491	75,993	245,247	66,667	248,174	13,030	15,522	554,886	15,057,852	44,622	38,490		
Incoming Crossborder workers	2,084	7,063	10	18	267	8,217	1,737	10	2,467	364	3,588	188	96	715	960	3	9,419	5	12	5,724	37	162	27	414	15	44	969	44,622				
Incoming frontier workers	2,000	6,766	0	0	260	7,472	1,671	7	936	161	3,197	44	73	300	203	2	9,402	5	0	5,485	29	91	2	141	13	41	169	38,490				

Source: Own calculations based on data LFS and 2012 Ageing Report

**Table 101: Right to choose: All cross-border workers have right to choose, scenario: rational decision – reimbursement claim of 3 months, in € .000**

Scenario right of choice (also for frontier workers) rational choice																			Outgoing crossborder workers	Outgoing frontier workers														
Row labels (country of residence)	Column labels (country of employment)	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	EU-27					
AT	0	0	59	0	0	129	5,443	17	0	202	0	78	12	204	0	327	16	0	0	0	4	0	64	0	156	19	145	745	149	7,768	7,768	6,993		
BE	16	0	56	21	27	2,367	0	16	0	405	47	5,801	136	71	75	85	0	0	0	0	26	0	77	74	22	22	0	0	352	9,699	9,699	8,171		
BG	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
CY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
CZ	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0	0	0	0	0	7	0	0	0	0	108	0	119	119	115	0	
DE	0	31	288	0	688	0	0	0	2,697	0	31	554	288	0	328	0	0	0	0	0	0	1,194	0	0	0	0	635	0	1,179	7,948	7,948	1,879		
DK	0	0	0	0	0	224	0	0	0	38	0	0	0	0	14	0	0	0	1	0	0	0	0	3	283	0	8	109	685	685	512	10		
EE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
ES	0	0	0	0	0	0	0	0	0	0	0	0	0	31	0	0	0	0	0	0	0	0	0	239	0	0	0	0	750	1,019	1,019	298	0	
FI	0	0	0	0	0	43	0	0	51	66	0	0	0	0	32	0	0	0	0	0	0	0	0	0	0	247	0	0	440	440	298	0		
FR	0	0	0	0	0	10,261	32	0	2,048	0	0	0	0	0	409	0	0	0	0	0	0	0	69	337	174	92	0	0	1,008	14,429	14,429	12,718	0	
GR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HU	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	2	0	4	0	0	0	36	0	46	46	43	0	
IE	4	0	13	7	20	90	4	0	68	7	13	9	0	0	28	0	0	0	0	3	0	35	0	0	0	0	0	2,293	2,585	2,585	2,283	0		
IT	0	0	16	0	2	0	0	0	496	0	0	196	30	0	0	0	0	0	0	0	0	42	0	179	0	0	28	7	397	1,394	1,394	28	0	
LT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LU	10	367	9	8	5	867	17	17	0	10	377	0	22	8	6	12	0	14	0	0	0	7	0	10	13	0	0	76	1,356	1,356	1,111	0		
LV	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0	0	3	0	0	0	0	0	0	0	8	8	4	0	
MT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0	
NL	53	4,734	0	0	0	6,075	0	0	377	50	0	0	0	0	144	0	0	0	0	21	0	43	0	0	0	0	0	139	11,613	11,613	10,785	0		
PL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	0	0	15	21	21	0	0	0	
RO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SE	0	0	0	1	9	0	0	0	35	122	0	0	42	15	24	0	0	0	0	7	0	30	0	0	0	0	0	221	512	512	0	0	0	
SI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	17	0	38	38	18	0	
SK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	0	0	0	0	0	0	0	3	3	3	0	
UK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	0	0	0	0	0	0	0	0	15	15	0	0	0	
EU-27	83	5,077	441	37	879	24,870	85	104	6,527	115	6,272	950	665	83	1,399	33	0	25	75	75	0	1,574	0	648	556	1,316	173	924	6,678	59,591	59,591	45,191	0	
Incoming crossborder workers	83	5,077	441	37	879	24,870	85	104	6,527	115	6,272	950	665	83	1,399	33	0	25	75	75	0	1,574	0	648	556	1,316	173	924	6,678	59,591	59,591	45,191	0	
Incoming frontier workers	0	5,077	0	0	817	24,737	0	51	2,048	0	6,811	0	204	0	737	4	0	10	0	0	0	1,201	0	238	4	536	173	891	2,283	45,191	45,191	0	0	

Source: Own calculations based on data LFS and 2012 Ageing Report

**Table 102: Right to choose: All cross-border workers have right to choose, scenario: rational decision – actual payment, in € .000**

Scenario right of choice (also for frontier workers): rational choice - actual payment		Column Labels (country of employment)																											Outgoing crossborder workers	Outgoing frontier workers					
Row Labels (country of residence)	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	EU-27							
AT	0	0	29	0	129	5,443	0	8	0	101	0	39	6	204	0	32	8	0	0	2	0	0	32	0	78	10	145	74	7,381	6,993					
BE	8	0	28	11	13	2,357	0	8	0	202	24	5,804	68	36	38	43	0	0	0	13	0	39	37	11	11	0	0	176	8,935	8,171	0	0			
BG	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
CY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
CZ	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	7	0	0	0	0	0	0	0	117	115	0	0		
DE	0	0	144	0	688	0	0	0	1,348	0	0	0	277	144	164	0	0	0	0	0	0	1,131	0	0	317	0	0	590	4,864	1,879	0	0			
DK	0	0	0	0	0	224	0	0	19	0	0	0	0	0	7	0	0	0	0	0	0	0	0	2	289	0	4	54	599	512	0	0			
EE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
ES	0	0	0	0	0	0	0	0	0	0	0	0	0	16	0	0	0	0	0	0	0	0	238	0	0	0	0	375	629	238	0	0			
FI	0	0	0	0	0	22	0	51	33	0	0	0	0	0	16	0	0	0	0	0	0	0	0	0	0	0	0	0	369	298	0	0			
FR	0	0	0	0	0	10,261	16	0	2,046	0	0	0	0	0	403	0	0	0	0	0	0	34	168	87	46	0	0	594	13,574	12,718	0	0	0		
GR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
HU	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	4	0	0	0	0	44	43	0	0	0		
IE	2	0	6	4	10	45	2	0	34	4	6	5	0	0	14	0	0	0	1	0	18	0	0	0	0	0	0	2,283	2,434	2,283	0	0	0		
IT	0	0	8	0	1	0	0	0	248	0	0	0	98	15	0	0	0	0	0	0	21	0	90	0	28	4	198	711	28	0	0	0	0		
LT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
LU	5	367	5	4	3	367	9	9	0	5	377	0	11	4	3	6	0	0	7	0	3	0	3	5	6	0	0	38	1,233	1,111	0	0	0		
LV	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	6	4	0	0	0	0	
MT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
NL	26	4,710	0	0	0	6,075	0	0	189	25	0	0	0	0	72	0	0	0	11	0	22	0	0	0	0	0	0	69	11,199	10,785	0	0	0	0	
PL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
PT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0	0	0
RO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SE	0	0	0	1	4	0	0	18	64	0	0	21	7	0	12	0	0	0	3	0	15	0	0	0	0	0	0	111	256	0	0	0	0	0	
SI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	9	0	0	0	0	
SK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	3	3	3	3	3	
UK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8	8	8	8	8	8
EU-27	41	5,077	221	19	848	24,804	43	78	4,287	57	6,226	475	435	42	1,068	18	0	18	38	0	1,387	443	280	926	173	908	4,481	52,391	52,391	45,191	45,191	45,191	45,191	45,191	
Incoming Crossborder workers	41	5,077	221	19	848	24,804	43	78	4,287	57	6,226	475	435	42	1,068	18	0	18	38	0	1,387	443	280	926	173	908	4,481	52,391	52,391	45,191	45,191	45,191	45,191	45,191	45,191
Incoming frontier workers	0	5,077	0	0	817	24,737	0	51	2,048	0	6,181	0	204	0	757	4	0	10	0	0	1,201	238	4	536	173	881	2,283	45,191	45,191	45,191	45,191	45,191	45,191	45,191	45,191

Source: Own calculations based on data LFS and 2012 Ageing Report



**Table 103: Return to country of residence: All cross-border workers return to their country of residence – reimbursement claim of 3 months, in € .000**

Option 100% going back to country of residence		Column labels (country of employment)																											Outgoing crossborder workers	Outgoing frontier workers	
Row labels (country of residence)	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	EU-27	Outgoing crossborder workers	Outgoing frontier workers	
AT	54,974	61	59	0	129	5,448	17	0	202	7	78	12	204	12	372	16	10	0	4	40	64	0	156	19	145	745	149	550,874	7,899	6,993	
BE	16	1,680,302	56	21	27	2,367	16	0	405	47	5,804	136	71	75	85	0	7,633	0	26	6,837	77	74	22	2	0	0	352	1,704,672	24,170	21,642	
BG	1	3	34,504	7	4	26	0	0	69	0	9	88	1	1	20	0	0	0	0	0	3	0	2	2	2	0	16	34,760	255	88	
CY	0	0	0	20,568	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	20,568	0	0	
CZ	71	22	0	0	119,741	227	1	0	43	0	12	13	4	31	14	0	6	0	0	42	7	0	0	4	0	103	65	120,381	640	413	
DE	3,500	547	288	0	688	6,174,650	1,028	0	2,697	100	1,284	554	288	0	328	0	2,938	0	0	4,132	1,194	0	0	635	0	0	1,179	6,196,064	21,415	15,346	
DK	10	26	0	0	0	224	437,011	0	38	0	45	0	0	0	14	0	0	1	0	2	0	0	3	289	0	8	109	437,769	767	52	
EE	0	1	0	0	0	3	0	17,300	2	212	2	0	0	0	7	2	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
ES	9	78	0	0	0	147	0	0	4,211,211	77	448	0	31	186	153	0	2	0	0	50	0	238	0	0	0	0	750	4,213,342	2,131	607	
FI	0	52	0	0	0	48	0	51	66	704,541	0	0	0	0	32	0	19	0	0	19	0	0	0	0	0	0	0	705,051	510	298	
FR	31	9,577	0	0	0	10,263	32	0	2,088	327	7,180,321	0	0	350	405	0	8,193	0	0	165	69	337	174	92	0	0	1,008	7,213,194	32,872	30,488	
GR	0	0	0	0	0	0	0	0	0	0	96,677	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	96,677	0	0	
HU	182	16	0	3	3	189	8	0	11	4	34	0	86,402	37	32	1	0	0	0	14	2	0	4	1	1	38	124	87,108	706	226	
IE	4	33	13	7	20	90	4	0	68	7	13	9	0	904,979	28	0	5	0	3	22	35	0	0	0	0	0	2,283	907,625	2,645	2,288	
IT	78	148	16	0	2	682	10	0	496	1	686	196	30	49	2,688,223	0	0	0	0	10	42	0	179	0	0	26	7	397	2,691,291	3,069	802
LT	0	0	0	0	0	1	2	1	0	1	0	1	0	3	0	23,138	0	1	0	2	0	0	0	0	2	0	0	3	23,153	15	1
LU	10	367	9	8	5	367	17	17	0	10	377	0	22	8	6	12	58,618	14	0	22	7	0	10	13	0	0	76	59,995	1,378	1,111	
LV	0	0	1	2	0	8	2	11	0	2	2	3	0	7	1	4	24,177	0	3	3	0	0	0	5	0	0	0	30	24,261	84	15
MT	1	5	0	0	0	0	2	0	0	0	1	1	0	0	3	1	0	0	5,448	1	0	0	0	0	0	0	0	18	5,462	33	0
NL	53	4,710	0	0	0	6,075	0	0	377	50	0	0	0	0	144	0	0	0	21	2,380,355	43	0	0	0	0	0	0	139	2,401,148	11,613	10,786
PL	15	24	0	6	52	295	21	0	9	4	30	5	0	8	15	3	1	1	0	53	151,912	3	0	0	20	0	0	50	152,552	621	354
PT	0	25	0	0	0	13	0	0	0	0	247	0	0	5	2	0	7	0	0	2	0	490,169	6	6	0	0	15	491,597	1,427	1,100	
RO	10	15	0	8	1	117	4	0	531	0	16	25	10	4	919	0	0	1	1	1	1	26	133,261	0	0	0	35	135,003	1,722	1,0	
SE	23	19	0	1	9	62	2,514	35	129	112	52	42	15	51	24	0	2	0	7	9	30	0	0	485,521	0	0	221	498,678	3,157	2,427	
SI	12	1	0	0	0	21	0	0	1	0	5	0	0	0	67	0	0	0	0	1	0	0	0	0	0	0	3	26,229	198	149	
SK	106	5	0	3	346	43	2	0	34	3	13	0	122	35	25	0	0	0	0	22	3	0	0	2	1	31,157	72	31,995	888	577	
UK	7	58	0	0	0	98	26	0	125	0	225	0	0	0	600	0	0	0	15	26	0	0	0	0	0	0	1,107,634	1,109,015	1,181	600	
EU-27	547,183	1,686,295	34,945	20,634	121,026	6,201,449	440,377	17,417	4,216,663	705,308	7,189,672	97,721	87,200	906,449	2,690,876	23,172	77,455	24,204	5,524	2,400,382	153,485	490,849	133,838	496,894	26,208	32,089	1,114,996	29,955,984	119,610	98,088	
Incoming Crossborder workers	4,209	15,793	441	66	1,285	26,800	3,316	117	8,452	767	9,351	1,084	798	1,470	2,653	34	18,837	27	76	11,448	1,574	680	557	1,373	178	932	7,101	119,610			
Incoming frontier workers	4,020	15,200	0	0	1,215	25,255	3,342	62	3,148	323	8,598	88	336	600	803	5	18,804	11	0	10,960	1,201	238	5	536	174	899	2,283	98,088			

Source: Own calculations based on data LFS and 2012 Ageing Report

**Table 104: Return to country of residence: All cross-border workers return to their country of residence – actual payment, in € 000**

Option 100% register in country of employment: actual payment		Column Labels (country of employment)																											Outgoing crossborder workers		
Row Labels (country of residence)	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	EU27	Outgoing crossborder workers	Outgoing frontier workers		
AT	542974	61	2	0	10	33026	12	0	75	7	77	2	19	22	193	0	10	0	1	40	2	0	10	9	17	26	26	547359	4384	4066	
BE	11	1.690.302	1	4	2	1.104	8	0	100	37	3.619	15	3	59	26	0	7.626	0	3	6.697	2	14	1	7	0	0	41	1.700.228	19.727	19.394	
BG	1	3	34.934	7	4	26	0	0	69	0	9	88	1	1	20	0	0	0	0	3	0	2	1	2	2	0	16	34.760	255	88	
CY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
CZ	71	22	0	0	0	119.741	227	1	0	43	0	12	13	2	31	14	6	0	0	12	2	0	0	4	0	3	65	120.298	557	331	
DE	3.500	547	15	0	107	6.174.649	1.108	0	1.492	101	1.281	135	27	0	214	0	2.978	0	0	4.132	53	0	0	406	0	0	293	6.190.917	16.268	13.626	
DK	10	26	0	0	0	212	497.001	0	19	0	45	0	0	0	9	0	0	0	0	2	0	0	0	0	0	0	26	437.533	532	396	
EE	0	1	0	0	0	17.300	2	211	2	211	2	0	0	7	2	0	1	8	0	1	0	0	14	0	0	8	17.559	259	219	0	
ES	9	78	0	0	0	147	0	0	4.211.211	77	419	0	6	186	153	0	2	0	0	50	0	189	0	0	0	0	352	4.212.862	1.651	592	
FI	0	52	0	0	0	26	0	3	21	704.541	0	0	0	13	0	0	0	0	0	19	0	0	0	99	0	0	704.773	232	102	0	
FR	31	9.577	0	0	0	7.276	24	0	77	127	7.180.321	0	0	350	189	0	8.193	0	0	165	2	97	11	44	0	0	178	7.207.356	27.055	26.006	
GR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HU	162	16	0	3	3	189	8	0	11	4	34	0	86.402	37	32	0	0	0	14	1	0	0	4	1	9	124	87.087	685	206	0	
IE	3	33	0	2	2	54	2	0	22	7	11	1	0	90.979	11	5	5	0	0	22	1	0	0	0	0	0	338	905.495	516	338	
IT	78	148	1	0	1	682	10	0	404	1	695	73	4	49	2.688.223	0	0	0	10	3	0	0	25	0	8	151	2.690.567	2.345	781	0	
LT	0	0	0	0	0	1	2	1	0	1	0	0	0	3	0	23.138	0	1	0	2	0	0	0	2	0	0	3	23.153	15	1	0
LU	5	288	0	1	0	131	6	0	0	6	189	0	1	5	1	0	58.618	0	0	22	0	0	0	3	0	0	7	59.276	668	600	
LV	0	0	0	2	0	8	2	11	0	2	2	3	0	7	1	2	0	24.177	0	3	2	0	0	5	0	0	30	24.258	82	14	0
MT	1	5	0	0	0	2	0	0	0	1	1	0	0	3	0	0	0	5.448	1	0	0	0	0	0	0	18	5.481	33	0	0	
NL	23	3.133	0	0	0	1.883	21	0	0	9	4	30	5	0	8	15	2	1	2	2.389.535	1	0	0	0	0	0	11	2.394.701	5.167	5.013	
PL	15	24	0	6	52	299	0	0	1.100	0	247	0	0	5	2	0	7	0	53	151.912	3	0	0	20	0	6	50	152.532	621	354	
PT	0	25	0	0	0	13	0	0	0	0	0	0	0	2	0	0	0	0	0	2	0	0	1	6	0	9	491.586	1.416	1.100		
RO	10	15	0	8	1	117	4	0	531	0	16	25	10	4	919	0	0	0	1	1	0	26	132.281	0	0	0	35	135.003	1.722	10	
SE	23	19	0	1	2	62	2.394	4	102	112	52	15	2	51	24	0	2	0	2	9	2	0	0	455.521	0	0	82	498.402	2.881	2.427	
SI	82	1	0	0	0	21	0	0	1	0	5	0	0	0	67	0	0	0	1	1	0	0	0	26.000	5	3	26.216	185	149		
SK	106	5	0	3	346	43	2	0	34	3	13	0	122	35	25	0	0	0	0	22	3	0	0	2	1	31.157	72	31.995	838	577	
UK	7	58	0	0	0	98	26	0	125	0	225	0	0	600	0	0	0	0	15	26	0	0	0	0	0	1.107.834	1.109.015	1.181	600		
EU-27	547.143	1.694.028	34.525	20.604	120.274	6.191.083	440.475	17.320	4.216.145	705.269	7.187.496	287.088	86.593	906.890	2.690.142	23.143	71.455	24.188	5.472	2.400.982	151.985	490.494	133.335	496.346	26.000	31.244	1.109.772	30.115.703	89.245	76.961	
Incoming Crossborder workers	4.168	14.126	20	36	533	16.434	3.474	20	4.934	728	7.175	375	191	1.451	1.919	5	18.837	11	24	11.448	73	325	54	827	30	87	1.937	89.245			
Incoming frontier workers	4.020	13.533	0	0	519	14.944	3.342	14	1.871	323	6.395	88	145	600	406	4	18.804	9	0	10.969	58	182	5	283	26	82	338	76.961			

Source: Own calculations based on data LFS and 2012 Ageing Report

## 10.4 Detailed tables on long-term care

### 10.4.1 Estimated number of insured persons living in another country than the competent country

**Table 105: Number of insured incoming cross-border workers and their family members (20%), in 000, average 2010 and 2011**

Incoming cross-border workers+ 20% family members	Column Labels (working country)																											Total
	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	
Row Labels (country of residence)	AT	0.3	0.2	0.0	0.7	28.9	0.1	0.0	0.4	0.0	0.3	0.0	0.7	0.0	1.5	0.0	0.1	0.0	0.0	0.4	0.3	0.0	0.8	0.1	0.8	2.0	0.8	38.5
	BE	0.1	0.1	0.1	0.1	8.4	0.1	0.0	0.5	0.2	16.2	0.3	0.2	0.1	0.3	0.0	44.6	0.0	0.1	42.9	0.2	0.2	0.1	0.1	0.0	0.0	0.0	13.3
	BG	0.1	0.4	1.2	0.5	3.9	0.0	0.0	3.8	0.0	1.0	7.4	0.1	0.1	2.6	0.0	0.0	0.0	0.0	0.7	0.0	0.2	0.1	0.3	0.4	0.0	2.5	
	CY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	CZ	5.9	1.0	0.0	0.0	11.1	0.1	0.0	0.8	0.0	0.5	0.4	0.1	0.8	0.6	0.0	0.5	0.0	0.0	1.0	0.3	0.0	0.0	0.2	0.0	0.0	0.0	
	DE	44.9	3.7	1.5	0.0	5.2	8.0	0.0	7.4	0.7	7.7	2.4	1.4	0.0	2.2	0.0	37.3	0.0	0.0	55.6	6.7	0.0	0.0	0.4	0.0	0.0	9.2	
	DK	0.1	0.2	0.0	0.0	0.0	0.16	0.0	0.1	0.0	0.3	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	
	EE	0.0	0.1	0.0	0.0	0.2	0.0	0.0	0.1	18.0	0.1	0.0	0.0	0.4	0.2	0.0	0.1	0.4	0.0	0.1	0.0	0.0	0.0	0.12	0.0	0.0	0.8	
	ES	0.2	1.0	0.0	0.0	2.1	0.0	0.0	1.0	4.6	0.0	0.3	1.4	1.9	0.0	0.0	0.0	0.0	0.0	1.3	0.0	2.2	0.0	0.0	0.0	0.0	11.0	
	FI	0.0	0.2	0.0	0.0	0.2	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.11	0.0	0.0	2.0	
	FR	0.3	45.7	0.0	0.0	55.2	0.2	0.0	4.0	0.6	0.0	0.0	0.0	1.0	1.9	0.0	72.7	0.0	0.0	1.6	0.3	1.2	0.9	0.5	0.0	0.0	5.6	
	GR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	HU	25.0	1.2	0.0	0.3	0.2	15.4	0.7	0.0	0.3	2.2	0.0	1.6	2.3	0.0	0.0	0.0	0.0	0.0	2.0	0.1	0.0	0.3	0.1	0.1	1.6	10.3	
	IE	0.0	0.1	0.0	0.0	0.1	0.4	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.2	0.1	0.0	0.0	0.0	0.0	0.0	10.6	
	IT	1.5	1.5	0.1	0.0	0.0	7.9	0.1	0.0	2.1	0.0	6.4	1.3	0.2	0.3	0.0	0.0	0.0	0.0	0.2	0.4	0.0	2.0	0.0	0.3	0.0	4.7	
	LT	0.0	0.0	0.0	0.0	0.2	0.3	0.1	0.0	0.2	0.0	0.0	0.0	0.2	0.0	0.0	0.1	0.0	0.5	0.1	0.0	0.0	0.0	0.3	0.0	0.0	0.5	
	LU	0.0	0.9	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.2	
	LV	0.0	0.0	0.0	0.3	0.0	0.9	0.2	0.5	0.0	0.2	0.2	0.0	0.5	0.1	0.2	0.0	0.0	0.5	0.3	0.0	0.0	0.6	0.0	0.0	0.0	3.6	
	MT	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.0	
	NL	0.2	9.8	0.0	0.0	14.3	0.0	0.0	0.3	0.1	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	2.5	
	PL	4.5	3.6	0.0	1.1	8.9	49.8	3.7	0.0	0.6	0.6	4.0	0.5	0.0	0.7	2.3	0.1	0.4	0.1	16.0	0.3	0.0	0.0	0.34	0.0	0.7	8.8	
	PT	0.0	0.4	0.0	0.0	0.2	0.0	0.0	7.5	0.0	3.6	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.1	0.0	0.1	0.1	0.1	0.0	0.0	0.3	
	RO	1.4	1.1	0.0	0.8	0.1	9.8	0.3	0.0	16.3	0.0	1.1	1.2	0.5	0.2	67.9	0.0	0.0	0.1	0.2	0.0	1.4	0.0	0.0	0.0	0.0	3.0	
	SE	0.4	0.2	0.0	0.0	0.1	0.7	26.9	0.2	0.5	1.2	0.5	0.3	0.1	0.3	0.2	0.0	0.0	0.1	0.2	0.2	0.0	0.0	0.0	0.0	0.0	2.6	
	SI	6.1	0.0	0.0	0.0	0.9	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	10.4	
	SK	29.9	0.8	0.0	0.5	57.8	7.2	0.4	0.0	2.0	0.5	1.7	0.0	13.0	3.2	3.7	0.0	0.0	0.0	6.5	0.3	0.0	0.0	0.3	0.2	0.0	12.3	
	UK	0.4	1.6	0.0	0.0	3.0	0.8	0.0	1.4	0.0	5.4	0.0	0.0	9.8	0.0	0.0	0.0	0.0	0.5	1.4	0.0	0.0	0.0	0.0	0.0	0.0	24.3	
EU-27		121.0	73.6	1.9	4.3	73.0	194.4	42.0	0.9	47.9	23.6	56.4	13.9	16.0	20.8	89.5	0.3	155.9	0.5	0.9	131.4	9.0	3.7	14.9	1.0	5.4	92.3	
																												1287.7

Source: Own calculations based on data LFS

**Table 106: Number of insured retired cross-border workers and their family members (25%), in 000**

(cross-border) Pensioners according to present country of living +25% family members	Column labels (former working country)												EU-27																	
	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR		HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK		
AT	0.0	0.1	0.1	0.0	0.2	15.0	0.0	0.0	0.2	0.0	0.2	0.0	0.3	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.4	0.0	0.6	0.9	0.3	19.4	
BE	0.0	0.0	0.1	0.0	0.0	4.3	0.0	0.0	0.2	0.1	7.6	0.1	0.1	0.0	0.1	0.0	14.3	0.0	0.0	13.9	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.5	41.8
BG	0.1	0.2	0.0	0.3	0.2	2.0	0.0	0.0	1.4	0.0	0.5	3.8	0.1	0.0	1.5	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.1	0.1	0.1	0.3	0.0	1.0	11.8	
CY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
CZ	2.7	0.4	0.0	0.0	0.0	5.7	0.0	0.0	0.3	0.0	0.2	0.2	0.1	0.3	0.3	0.0	0.1	0.0	0.0	0.3	0.1	0.0	0.0	0.0	0.0	0.1	0.0	1.1	13.3	
DE	20.3	1.7	0.8	0.0	1.8	0.0	2.7	0.0	2.9	0.3	3.6	1.2	0.7	0.0	1.2	0.0	12.0	0.0	0.0	18.0	2.3	0.0	0.0	0.0	0.0	1.9	0.0	0.0	3.6	75.0
DK	0.1	0.1	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.0	0.0	0.3	2.3
EE	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0	7.1	0.1	0.0	0.0	0.1	0.1	0.0	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.3	8.6
ES	0.1	0.5	0.0	0.0	0.0	1.1	0.0	0.0	0.4	2.2	0.0	0.1	0.4	1.1	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.9	0.0	0.0	0.0	0.0	4.3	11.5	
FI	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.9	
FR	0.1	21.5	0.0	0.0	0.0	28.5	0.1	0.0	1.5	0.3	0.0	0.0	0.0	0.3	1.1	0.0	23.3	0.0	0.0	0.5	0.1	0.5	0.4	0.2	0.0	0.0	0.0	2.2	80.6	
GR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
HU	11.3	0.5	0.0	0.1	1.1	7.9	0.2	0.0	0.1	0.1	1.0	0.0	0.0	0.5	1.3	0.0	0.0	0.0	0.0	0.7	0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.7	4.1	29.0
IE	0.0	0.1	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2	4.8
IT	0.7	0.7	0.1	0.0	0.0	4.1	0.0	0.0	0.8	0.0	3.0	0.7	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.9	0.0	0.2	0.0	1.9	13.5	
LT	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.2	0.9
LU	0.0	0.4	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	1.6
LV	0.0	0.0	0.0	0.1	0.0	0.5	0.1	0.2	0.0	0.1	0.1	0.1	0.0	0.1	0.1	0.0	0.1	0.0	0.0	0.2	0.1	0.0	0.0	0.0	0.2	0.0	0.0	1.4	3.3	
MT	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.4
NL	0.1	4.6	0.0	0.0	0.0	7.4	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	12.6
PL	2.0	1.7	0.0	0.3	3.1	25.8	1.2	0.0	0.2	0.2	1.9	0.2	0.0	0.2	1.3	0.0	0.1	0.0	0.0	5.2	0.0	0.1	0.0	0.1	0.0	1.4	0.0	0.3	3.5	48.9
PT	0.0	0.2	0.0	0.0	0.1	0.0	0.0	0.0	2.9	0.0	1.7	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	5.2
RO	0.6	0.5	0.0	0.2	0.0	5.1	0.1	0.0	6.3	0.0	0.5	0.6	0.3	0.1	37.6	0.0	0.0	0.0	0.0	0.1	0.0	0.6	0.0	0.0	0.0	0.0	0.0	1.2	33.7	
SE	0.2	0.1	0.0	0.0	0.4	9.0	0.1	0.2	0.5	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	1.0	12.3	
SI	2.8	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	5.0	
SK	13.5	0.4	0.0	0.2	20.0	3.7	0.1	0.0	0.8	0.2	0.8	0.0	6.2	1.0	2.0	0.0	0.0	0.0	0.0	2.1	0.1	0.1	0.0	0.0	0.1	0.1	0.0	4.8	56.3	
UK	0.2	0.7	0.0	0.0	1.5	0.3	0.0	0.5	0.0	2.5	0.0	0.0	3.0	0.0	0.0	0.0	0.0	0.0	0.2	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.5	
EU-27	54.8	34.6	1.0	1.2	25.2	100.6	14.0	0.4	18.4	9.4	26.5	7.2	7.6	6.4	49.5	0.2	50.0	0.2	0.3	42.6	3.1	2.2	1.6	6.1	0.7	2.3	36.4	52.2		

Source: Own calculations based on data LFS and 2012 Ageing Report

**Table 107: Number of insured migrant pensioners (number of persons aged 60 and older at arrival and retired by country of birth), in 000, 2011**

Migrant pensioners		Column labels (country of birth)																											
Row labels (country of residence)		AT	BE	BG	CY (na)	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT (na)	NL	PL	PT	RO (na)	SE	SI	SK	UK	EU-27
AT						0.9	6.3					0.0		0.1	0.4							0.5	0.1				0.1	0.3	8.8
BE		0.4				0.9	6.5	0.1		2.8		11.1	0.6	1.5	17.8				0.3			10.3	1.4	0.2				0.9	54.6
BG						0.2																							0.2
CY					0.1							0.2			0.0	0.0						0.0	0.0					3.5	4.0
CZ												0.3														0.9			1.5
DE (na)																													
DK				0.3		0.9						0.0										0.2	0.6			0.0		0.3	2.4
EE																													0.0
ES			0.7	0.3		11.3						2.6		0.6	2.6						7.8		0.2					34.8	61.4
FI																										0.4			0.6
FR			1.6			3.6					0.3			0.4	0.0	0.0	0.4				2.7	0.3	1.2			0.8		22.8	34.1
GR				0.3		0.4									0.1											0.0		0.7	1.5
HU						0.0																				0.0	0.2	0.1	0.3
IE						0.1								0.1						0.0		0.2	0.0						
IT		0.2	0.4	0.0		1.8	0.1		0.0		0.2	0.4	0.1								0.2	0.4	0.0			0.1		5.3	5.7
LT						0.0																	0.1					0.4	4.2
LU			0.3			0.1	0.1			0.0		0.4	0.0		0.2							0.0	0.0	0.1				0.0	1.4
LV																		0.1								0.2			0.2
MT																						0.0						0.4	0.4
NL			0.9			0.3																						0.2	1.3
PL						0.6												0.2										0.2	0.8
PT						0.1						0.2		0.0							0.5	0.0				0.0		0.7	1.6
RO (na)																													
SE						2.9	0.5	0.1		0.1			0.3		0.2								0.6					0.2	5.0
SI						0.1									0.2													0.3	0.3
SK				0.1																								0.1	0.1
UK																													
EU27		0.6	4.0	1.0	0.0	1.8	35.2	0.7	0.1	3.4	0.1	15.1	1.2	2.6	1.1	21.5	0.3	0.8	0.0	0.0	22.7	3.4	1.5	0.0	1.5	0.2	1.2	70.5	100.5

Source: Own calculations based on data LFS; For an overview of the LFS reliability limits see [http://circa.europa.eu/irc/gsis/employment/info/data/eu\\_lfs/LFS\\_MAIN/Related\\_documents/reliab\\_annual\\_average.htm](http://circa.europa.eu/irc/gsis/employment/info/data/eu_lfs/LFS_MAIN/Related_documents/reliab_annual_average.htm)

**Table 108: Number of insured migrant pensioners and their family members (25%), in 000, 2011**

Migrant pensioners and family members (25%)	Column Labels (country of birth)																												
	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	NL	PL	PT	SE	SI	SK	UK	EU-27			
AT	0.0	0.0	0.0	0.0	1.1	7.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.5	0.0	0.0	0.0	0.6	0.1	0.0	0.0	0.0	0.0	0.2	0.4	11.0	
BE	0.5	0.0	0.0	0.0	1.1	8.1	0.1	0.0	3.5	0.0	13.9	0.7	1.8	0.0	22.3	0.0	0.4	0.0	0.0	12.8	1.8	0.2	0.0	0.0	0.0	0.0	0.0	68.2	
BG	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	
CY	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0	
CZ	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.8	
DE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
DK	0.0	0.0	0.4	0.0	0.0	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.3	3.0	
EE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
ES	0.0	0.9	0.3	0.0	0.0	14.1	0.0	0.0	0.0	0.0	3.3	0.0	0.7	0.8	3.3	0.0	0.0	0.0	0.0	9.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	43.5	76.7
FI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.5	0.0	0.0	0.0	0.7	
FR	0.0	2.0	0.0	0.0	0.0	4.4	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.5	0.0	0.0	3.4	0.4	1.5	0.0	1.1	0.0	0.0	28.5	42.7	
GR	0.0	0.0	0.4	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	1.8	
HU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.1	0.4	0.4	
IE	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.6	7.2	
IT	0.3	0.5	0.1	0.0	0.0	2.3	0.1	0.0	0.2	0.0	0.5	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.5	5.2	
LT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	
LU	0.0	0.4	0.0	0.0	0.0	0.2	0.1	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	1.7	
LV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.3	
MT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5	
NL	0.0	1.1	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	1.7	
PL	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	
PT	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	2.0	
RO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
SE	0.0	0.0	0.0	0.0	0.0	3.6	0.7	0.1	0.0	0.2	0.0	0.4	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.2	6.2	
SI	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	
SK	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	
UK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
EU-27	0.7	5.0	1.3	0.0	2.2	44.0	0.9	0.2	4.2	0.2	18.9	1.5	3.3	1.4	26.9	0.4	1.0	0.0	28.3	4.3	1.9	0.0	1.9	0.2	1.5	88.1	288.1		

Source: Own calculations based on data LFS For an overview of the LFS reliability limits see [http://circa.europa.eu/irc/dsis/employment/info/data/eu\\_ifs/LFS\\_MAIN/Related\\_documents/reliab\\_annual\\_average.htm](http://circa.europa.eu/irc/dsis/employment/info/data/eu_ifs/LFS_MAIN/Related_documents/reliab_annual_average.htm)

**Table 109: Share in total number of persons insured in another country than the country of residence (as % of row total), top 3 of competent MS**

Row labels (country of residence)	Column labels (competent country)																											Absolute numbers (in 1000)	
	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK		EU-27
AT	0.6%	0.5%	0.5%	0.0%	3.1%	75.1%	0.2%	0.0%	0.8%	0.1%	0.8%	0.1%	1.8%	0.1%	4.2%	0.1%	0.2%	0.0%	0.0%	1.7%	0.6%	0.0%	1.7%	0.2%	1.6%	4.3%	2.3%	100.0%	66
BE	0.3%	0.1%	0.5%	0.0%	0.5%	9.0%	0.1%	0.0%	1.9%	0.1%	16.7%	0.5%	0.9%	0.1%	10.1%	0.0%	26.3%	0.0%	0.1%	30.9%	0.9%	0.2%	0.0%	0.0%	0.0%	0.0%	1.3%	100.0%	225
BG	0.5%	1.6%	0.0%	4.0%	2.0%	15.7%	0.0%	0.0%	14.0%	0.0%	4.1%	30.4%	0.5%	0.4%	11.0%	0.0%	0.0%	0.0%	0.0%	2.6%	0.0%	0.9%	0.5%	1.1%	1.3%	0.0%	9.5%	100.0%	37
CY	0.4%	0.0%	2.5%	0.0%	0.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.9%	0.0%	0.8%	0.5%	0.0%	0.0%	0.0%	0.0%	0.4%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	87.6%	100.0%	5
CZ	19.8%	3.3%	0.0%	0.1%	0.0%	37.3%	0.2%	0.0%	2.5%	0.0%	2.4%	1.3%	2.5%	2.1%	2.1%	0.0%	1.4%	0.0%	0.0%	3.1%	0.8%	0.0%	0.1%	0.7%	0.0%	10.7%	10.5%	100.0%	43
DE	23.9%	2.0%	0.8%	0.0%	2.6%	0.0%	3.9%	0.0%	3.8%	0.4%	4.1%	1.3%	0.7%	0.0%	1.2%	0.0%	18.0%	0.0%	0.0%	26.9%	3.3%	0.0%	0.0%	2.4%	0.0%	4.7%	10.5%	100.0%	273
DK	1.6%	2.3%	4.0%	0.0%	0.0%	33.5%	0.0%	0.0%	1.3%	0.0%	4.0%	0.0%	0.0%	0.0%	1.3%	0.0%	0.0%	0.0%	0.0%	2.5%	7.1%	0.0%	0.3%	27.6%	0.0%	14.0%	10.0%	100.0%	10
EE	0.0%	0.6%	0.0%	0.0%	0.0%	1.2%	0.0%	0.0%	0.3%	83.0%	0.6%	0.0%	1.5%	0.0%	0.8%	0.0%	0.5%	1.8%	0.0%	0.5%	0.0%	0.0%	0.0%	5.7%	0.0%	3.7%	10.0%	100.0%	30
ES	0.3%	2.1%	0.3%	0.0%	0.0%	14.9%	0.0%	0.0%	1.2%	8.7%	0.0%	1.0%	2.3%	5.4%	0.0%	0.0%	0.0%	0.0%	0.0%	9.9%	0.0%	2.6%	0.0%	0.0%	0.0%	0.0%	51.1%	100.0%	115
FI	0.0%	8.7%	0.0%	0.0%	0.0%	8.0%	0.0%	0.0%	4.2%	0.0%	0.0%	0.0%	0.0%	5.5%	0.0%	0.0%	0.0%	0.0%	5.6%	5.6%	0.0%	0.0%	0.0%	58.4%	0.0%	0.0%	0.0%	100.0%	4
FR	0.1%	22.2%	0.0%	0.0%	0.0%	27.2%	0.1%	0.0%	1.9%	0.3%	0.0%	0.0%	0.6%	1.0%	1.0%	31.0%	0.0%	0.0%	1.8%	0.2%	1.0%	0.4%	0.6%	0.0%	0.0%	11.7%	10.0%	100.0%	311
GR	0.0%	0.0%	19.6%	0.0%	0.0%	27.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%	0.0%	0.0%	44.9%	100.0%	2
HU	39.5%	1.8%	0.0%	0.4%	0.3%	24.2%	1.0%	0.0%	0.5%	0.4%	3.5%	0.0%	2.3%	3.8%	0.0%	0.1%	0.0%	0.0%	2.9%	2.9%	0.2%	0.2%	0.0%	0.5%	0.1%	2.5%	15.7%	100.0%	92
IE	0.2%	0.8%	0.2%	0.2%	0.5%	2.8%	0.1%	0.1%	0.6%	0.2%	0.3%	0.2%	0.8%	0.7%	0.0%	0.2%	0.1%	0.1%	2.0%	0.0%	0.0%	0.8%	0.0%	0.0%	0.0%	0.0%	89.1%	100.0%	24
IT	5.3%	5.8%	0.5%	0.0%	0.1%	29.2%	0.5%	0.0%	6.6%	0.0%	20.9%	4.3%	0.7%	0.8%	0.0%	0.0%	0.0%	0.0%	1.7%	1.0%	0.0%	1.0%	0.0%	5.9%	0.0%	15.1%	10.0%	100.0%	47
LT	0.0%	0.0%	0.0%	0.0%	0.0%	8.5%	12.7%	4.0%	0.2%	7.0%	0.0%	0.0%	0.0%	9.0%	0.0%	0.0%	0.0%	2.9%	0.0%	18.6%	5.6%	0.0%	0.0%	12.9%	0.0%	18.7%	10.0%	100.0%	3
LU	1.0%	25.3%	0.4%	0.5%	0.3%	24.6%	2.4%	0.4%	0.5%	0.5%	25.9%	0.6%	0.8%	0.2%	3.7%	0.3%	0.0%	0.3%	0.0%	2.9%	0.7%	2.5%	0.6%	0.7%	0.0%	5.0%	10.0%	100.0%	7
LV	0.0%	0.3%	0.5%	2.8%	0.3%	11.5%	2.2%	6.5%	0.0%	2.3%	2.0%	2.2%	0.0%	5.0%	1.8%	2.8%	0.0%	0.0%	0.2%	5.9%	3.0%	0.0%	0.0%	8.5%	0.0%	41.9%	10.0%	100.0%	12
MT	2.1%	9.9%	0.0%	0.0%	0.0%	0.0%	3.4%	0.0%	0.0%	2.9%	1.1%	0.0%	0.0%	0.0%	7.2%	0.8%	0.5%	0.0%	0.2%	5.6%	0.0%	0.0%	0.0%	0.0%	0.0%	66.4%	10.0%	100.0%	2
NL	0.8%	39.9%	0.0%	0.0%	0.0%	54.3%	0.0%	0.0%	1.1%	0.4%	0.0%	0.0%	0.0%	0.0%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	1.8%	10.0%	100.0%	39
PL	4.1%	3.4%	0.0%	0.9%	7.6%	46.7%	3.2%	0.0%	0.5%	0.5%	3.8%	0.5%	0.0%	0.6%	2.2%	0.3%	0.4%	0.1%	0.0%	13.6%	0.0%	0.3%	0.0%	0.0%	0.0%	7.8%	10.0%	100.0%	156
PT	0.0%	3.0%	0.0%	0.0%	0.0%	2.2%	0.0%	0.0%	52.3%	0.0%	28.3%	0.0%	0.0%	0.5%	0.2%	0.0%	1.6%	0.0%	0.0%	3.7%	0.2%	0.0%	0.8%	0.9%	0.0%	6.3%	10.0%	100.0%	20
RO	1.3%	1.0%	0.0%	0.6%	0.0%	9.0%	0.3%	0.0%	14.3%	0.0%	1.0%	1.2%	0.5%	0.1%	66.5%	0.0%	0.0%	0.0%	0.1%	0.2%	0.0%	1.3%	0.0%	0.0%	0.0%	2.6%	10.0%	100.0%	158
SE	1.2%	0.5%	0.4%	0.0%	0.2%	8.7%	68.7%	0.7%	1.4%	3.4%	1.3%	1.6%	0.3%	0.8%	1.2%	0.0%	0.1%	0.0%	0.2%	0.4%	0.0%	0.1%	0.0%	0.0%	0.0%	7.2%	10.0%	100.0%	53
SI	56.5%	0.4%	0.0%	0.0%	0.0%	8.9%	0.0%	0.1%	0.2%	0.0%	1.7%	0.0%	0.1%	0.0%	27.5%	0.0%	0.1%	0.0%	0.0%	0.4%	0.0%	0.1%	0.0%	0.0%	0.0%	3.2%	1.0%	100.0%	16
SK	22.2%	0.7%	0.0%	0.4%	39.6%	5.4%	0.3%	0.0%	1.4%	0.3%	1.3%	0.0%	9.7%	2.1%	2.9%	0.0%	0.0%	0.0%	4.4%	4.4%	0.2%	0.2%	0.0%	0.2%	0.1%	8.7%	10.0%	100.0%	196
UK	1.5%	6.8%	0.0%	0.0%	0.0%	12.9%	3.3%	0.0%	5.7%	0.0%	23.6%	0.0%	0.0%	38.3%	0.0%	0.0%	0.0%	0.0%	2.2%	5.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	34
EU-27	8.9%	5.7%	0.2%	0.3%	5.1%	18.6%	2.9%	0.1%	3.6%	1.7%	5.2%	1.1%	1.4%	8.5%	0.0%	10.5%	0.0%	0.0%	10.2%	0.8%	0.5%	0.3%	1.2%	0.1%	0.6%	11.0%	10.0%	100.0%	1,980
# in top 3 competent countries	5	5	2	0	1	20	1	1	3	1	5	2	1	1	4	0	4	0	0	0	6	0	0	0	5	0	2	16	84

Source: Own calculations based on data LFS

**Table 110: Share in total number of persons living in another country than the competent country (as % of column total), top 3 of MS of residence**

Row Labels (country of residence)	Column Labels (competent country)																											# in top 3 countries of residence		
	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK		EU-27	
AT	0.4%	7.2%	0.0%	2.0%	13.6%	0.2%	0.0%	0.8%	0.2%	0.5%	0.2%	4.3%	0.2%	1.7%	5.5%	0.1%	0.1%	0.0%	2.5%	0.5%	2.6%	0.0%	18.0%	0.0%	0.6%	39.9%	25.1%	0.7%	3.4%	5
BE	0.3%	0.0%	4.6%	1.9%	1.2%	5.5%	0.3%	0.0%	6.0%	36.9%	4.9%	7.5%	0.7%	13.6%	0.0%	28.6%	0.0%	11.4%	34.3%	12.4%	4.8%	1.7%	0.5%	0.0%	0.0%	0.0%	1.3%	11.4%	8	
BG	0.1%	0.5%	0.0%	27.3%	0.7%	1.6%	0.0%	0.0%	7.3%	0.0%	1.5%	49.6%	0.0%	2.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	3.5%	2.8%	1.8%	18.4%	0.0%	1.6%	1.9%	3	
CY	0.0%	0.0%	2.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.3%	0	
CZ	4.8%	1.2%	0.0%	0.6%	0.0%	4.4%	0.1%	0.0%	1.5%	0.0%	1.0%	2.5%	2.0%	3.8%	0.5%	0.0%	0.3%	0.0%	0.0%	0.7%	2.1%	0.0%	0.4%	1.2%	0.0%	40.9%	2.1%	2.2%	1	
DE	36.9%	4.8%	50.4%	0.0%	6.9%	18.8%	0.0%	14.5%	3.0%	11.0%	16.0%	7.4%	0.0%	2.0%	0.0%	23.8%	0.0%	0.0%	36.3%	53.7%	0.0%	0.0%	28.7%	0.0%	0.0%	0.0%	5.9%	13.8%	14	
DK	0.1%	0.2%	9.5%	0.0%	0.0%	1.0%	0.0%	0.0%	0.2%	0.0%	0.4%	0.0%	0.0%	0.1%	0.0%	0.0%	0.3%	0.0%	0.1%	4.5%	0.0%	0.5%	12.6%	0.0%	0.0%	0.4%	0.7%	0.5%	2	
EE	0.0%	0.2%	7.8%	0.0%	0.0%	4.7%	0.0%	0.0%	0.1%	75.7%	0.2%	0.0%	0.0%	1.6%	0.1%	0.0%	0.1%	68.1%	0.0%	0.1%	0.0%	0.0%	0.0%	7.5%	0.0%	0.0%	0.5%	1.5%	2	
ES	0.2%	2.1%	7.8%	0.0%	0.0%	4.7%	0.0%	0.0%	4.3%	9.8%	0.0%	4.2%	9.3%	3.7%	0.0%	0.0%	0.0%	0.0%	5.6%	0.0%	0.0%	32.0%	0.0%	0.0%	0.0%	0.0%	27.0%	5.8%	6	
FI	0.0%	0.3%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	1.2%	0.0%	0.0%	9.0%	0.0%	0.0%	0.0%	0.2%	1	
FR	0.2%	60.8%	0.0%	0.0%	0.0%	22.9%	0.4%	8.4%	2.7%	0.0%	0.0%	0.0%	6.3%	1.8%	0.0%	46.6%	0.0%	0.0%	2.7%	4.7%	32.8%	20.3%	7.5%	0.0%	0.0%	0.0%	16.6%	15.7%	7	
GR	0.0%	0.0%	8.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.4%	0.1%	1	
HU	20.6%	1.5%	0.6%	6.1%	0.3%	6.1%	1.6%	1.4%	0.6%	1.2%	3.2%	0.0%	7.4%	2.1%	3.4%	0.0%	0.0%	0.0%	0.0%	1.3%	0.9%	0.0%	7.4%	0.5%	0.0%	7.7%	20.6%	6.6%	4.7%	2
IE	0.0%	0.2%	1.3%	0.8%	0.1%	0.2%	0.0%	1.6%	0.2%	0.1%	0.1%	0.2%	0.7%	0.1%	0.0%	0.0%	0.0%	3.9%	1.4%	0.2%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	9.8%	1.2%	1	
IT	1.4%	2.4%	5.7%	0.0%	0.0%	3.7%	0.4%	0.0%	4.4%	0.0%	9.7%	9.0%	1.2%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	3.0%	0.0%	45.1%	0.0%	0.0%	22.7%	0.5%	3.3%	2.4%	3
LT	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.7%	8.8%	0.0%	0.7%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	1.1%	0.0%	0.0%	1.9%	0.0%	0.0%	0.3%	0.2%	1	
LU	0.0%	1.5%	0.6%	0.6%	0.0%	0.4%	0.3%	1.8%	0.0%	0.1%	1.7%	0.2%	0.2%	0.1%	0.1%	2.1%	0.0%	2.7%	0.0%	0.1%	0.3%	1.7%	0.6%	0.2%	0.0%	0.0%	0.1%	0.3%	0	
LV	0.0%	0.0%	1.3%	6.1%	0.0%	0.4%	0.5%	50.8%	0.0%	0.8%	0.2%	1.2%	0.0%	2.1%	0.1%	37.5%	0.0%	0.0%	2.0%	0.3%	2.1%	0.0%	0.0%	4.4%	0.0%	0.0%	2.3%	0.6%	1	
MT	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.1%	1.8%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.1%	0	
NL	0.2%	13.7%	0.0%	0.0%	0.0%	5.7%	0.0%	0.0%	0.6%	0.5%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	6.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	2.0%	1	
PL	3.7%	4.7%	0.0%	25.9%	11.8%	19.8%	8.7%	0.0%	1.1%	2.5%	5.8%	3.1%	0.0%	3.4%	2.1%	49.7%	0.3%	13.0%	0.0%	10.5%	0.0%	4.2%	0.8%	20.7%	0.9%	7.9%	5.6%	7.9%	8	
PT	0.0%	0.5%	0.0%	0.0%	0.0%	0.1%	0.0%	14.5%	0.0%	0.0%	5.5%	0.0%	0.0%	0.3%	0.0%	0.0%	0.2%	0.0%	0.0%	0.4%	0.2%	2.4%	0.8%	0.0%	0.0%	0.0%	0.6%	1.0%	1	
RO	1.1%	1.5%	0.0%	17.7%	0.1%	3.9%	0.8%	31.7%	0.0%	1.6%	8.1%	2.8%	0.8%	62.6%	0.0%	0.0%	0.0%	0.0%	6.4%	0.1%	0.0%	20.8%	0.0%	0.0%	0.0%	0.0%	1.9%	8.0%	4	
SE	0.4%	0.2%	0.0%	0.3%	0.1%	1.3%	64.2%	25.6%	1.0%	5.4%	0.7%	3.7%	0.6%	1.4%	0.4%	0.0%	0.0%	0.0%	9.3%	0.1%	6.7%	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%	2.7%	5	
SI	5.0%	0.1%	0.0%	0.0%	0.0%	0.4%	0.0%	0.6%	0.0%	0.3%	0.0%	0.0%	0.0%	2.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	4.5%	0.1%	0.8%	0	
SK	24.6%	1.2%	0.0%	12.7%	76.7%	2.9%	0.9%	0.0%	4.0%	2.1%	2.4%	0.2%	68.6%	14.5%	3.4%	0.0%	0.0%	0.0%	3.3%	4.3%	2.6%	0.0%	0.0%	2.1%	10.3%	7.9%	9.9%	4		
UK	0.3%	2.0%	0.0%	0.0%	0.0%	1.2%	1.9%	0.0%	2.7%	0.0%	7.8%	0.0%	45.0%	0.0%	0.0%	0.0%	0.0%	0.0%	57.4%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%	2	
EU-27	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Absolute numbers (in .000)	177	113	4	5	101	368	57	2	71	33	102	23	28	29	167	1	207	1	1	203	17	10	6	23	3	11	218	1980		



Source: Own calculations based on data LFS

#### 10.4.2 Estimations based on data from the Audit Board

**Table 111: Claims on health introduced in 2011 by creditor countries**

<b>Creditor country</b>	<b>Claims introduced in 2011 (in € 000)</b>
DE	640.849
AT	208.356
BE	378.053
BG	403
CY	21.432
DK	3.418
ES	608.295
EE	1.109
FI	7.122
FR	930.662
GR	123.766
HU	9.837
IE	0
IC	392
IT	156.237
LT	72
LIE	255
LI	1.222
LU	25.950
MT	866
NO	8.676
NL	86.774
PL	22.857
PT	118.950
RO	593
UK	38.278
SK	24.328
SI	19.238
SE	20.624
CH	124.751
CZ	23.887
TOTAL	3.607.252

Source: Audit Board

**Table 112: Outstanding health claims on 31/12/2011 by creditor and debtor country as new health claims introduced in 2011, in € .000**

Debtor	DE	AT	BE	BG	CY	DK	ES	EE	FI	FR	GR	HU	E	C	IT	LT	LE	LI	LU	MT	NO	NL	PL	PT	RO	UK	SK	SI	SE	CH	CZ	TOTAL	New claims introduced in 2011 (health, including LTC)			
Creditor	DE	AT	BE	BG	CY	DK	ES	EE	FI	FR	GR	HU	E	C	IT	LT	LE	LI	LU	MT	NO	NL	PL	PT	RO	UK	SK	SI	SE	CH	CZ	TOTAL	New claims introduced in 2011 (health, including LTC)			
	100.882	29.945	13.163	185	21.117	23.376	636	2.229	99.199	55.290	4.137	1.066	117	58.895	2.846	193	922	75.210	53	894	127.670	24.931	5.371	31.244	32.494	1.060	2.441	2.734	42.986	6.313	766.539	640.049				
	104.534	2.281	2.295	78	2.295	78	2.295	28	4.47	6.573	4.991	3.018	293	19	13.742	67	602	37	232	23	312	12.751	3.258	1.252	15.575	6.179	1.123	2.708	522	4.297	1.880	190.354	208.356			
	14.638	443	2.473	36	971	10.181	47	277	92.180	10.402	274	0	65	11.441	114	3	1	68.472	31	342	147.609	2.553	7.028	4.376	18.224	371	302	269	1.050	328	394.451	370.053				
	69	0	6	13	0	63	0	0	10	110	1	5	0	124	0	0	0	0	0	1	2	6	29	10	6	20	126	9	1	7	4	34	656	403		
	114	32	4	554	2	8	11	51	47	1.256	4	106	0	124	32	0	0	0	0	3	14	24	13	8	329	5.498	31	1	24	35	42	8.368	21.432			
	2.786	28	14	23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
	58.744	1.424	12.339	2.301	22	12.880	632	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	44	9	2	1	0	9	6	213	13	2	1	16	0	52	123	0	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	1.219	16	86	28	6	0	2.383	1.238	797	128	41	144	0	563	26	0	34	4	1	23	274	93	119	202	6	2	28	3	134	10	7.612	7.122	0	0	0	
	126.992	2.494	107.717	5.083	120	2.984	22.086	476	993	18.209	746	2.657	133	98.395	132	3	298	121.847	42	2.408	26.548	5.083	50.316	14.489	30.305	1.045	384	6.653	9.022	2.487	619.067	930.682	0	0		
	88.370	1.188	5.377	1.008	1.575	181	152	0	125	4.281	7	184	0	4.540	9	18	0	19	1	299	4.163	92	81	214	8.332	10	0	5.878	1.058	175	127.337	123.766	0	0		
	3.598	3.609	197	108	3	34	69	6	10	365	36	0	0	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	126	21	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	138.018	3.400	77.714	2.224	27	1.086	2.014	180	164	18.409	5.564	423	1.611	11	68	41	117	4.110	106	466	11.353	3.134	1.192	29.473	23.667	465	1.882	721	4.546	4.431	333.607	158.237	0	0		
	19	0	0	6	0	0	4	0	0	1	0	0	0	3	0	0	0	0	0	0	0	0	2	2	1	0	0	0	0	0	0	0	0	0	0	0
	51	5	0	0	0	4	9	0	0	23	2	0	0	0	6	0	0	0	0	0	0	0	0	0	5	1	12	0	0	0	0	0	0	0	0	0
	61	0	0	0	0	11	8	11	1	19	1	0	22	-1	7	111	0	0	0	0	0	6	14	10	2	2	47	2	3	7	1	14	359	1.222	0	
	2.374	129	16.255	85	1	68	444	11	52	10.377	790	24	0	0	3.753	0	0	0	0	0	0	1.494	154	20.994	270	390	29	7	0	83	56	57.786	25.950	0		
	172	48	80	10	1	4	75	0	6	223	10	0	164	5	504	8	0	0	0	0	0	26	631	6	4	17	0	2	0	461	25	1	2.463	866	0	
	2.112	129	146	121	4	12	1.073	127	0	889	105	22	0	0	394	385	2	290	0	0	0	1.287	1.081	0	230	3	91	6	1	243	227	8.970	8.676	0		
	44.415	842	15.712	1.554	47	100	3.000	15	299	4.667	2.656	318	1.247	65	5.795	69	3	57	1.577	18	807	1.669	3.824	902	14.528	333	356	468	755	420	106.558	86.774	0			
	7.198	673	341	232	11	323	526	26	0	743	152	7	2.006	72	1.443	37	0	206	71	0	1.104	2.653	83	41	4.821	43	22	680	52	2.037	25.603	22.857	0			
	15.467	120	1.288	33	0	0	3.491	6	130	88.389	74	14	589	18	1.135	10	6	17	18.382	0	0	4.056	1.06	123	2.776	2	20	900	2.708	67	139.337	118.950	0			
	226	36	76	14	3	2	82	0	2	27	19	89	24	0	563	0	0	0	0	0	0	6	19	22	12	43	5	1	17	2	8	1.299	593	0		
	1.778	3.923	84	84	182	0	6.534	0	0	3.683	2.936	0	14.549	0	8.177	0	0	0	0	0	0	0	0	243	2.895	609	36	246	-1	53	207	46.220	38.278	0		
	629	9.646	16	20	5	2	106	6	3	66	55	1.888	373	0	308	9	1	8	22	0	129	316	146	12	107	354	63	25	37	6.867	21.019	24.328	0			
	5.994	4.801	74	64	5	19	59	2	13	639	49	129	44	0	4.264	1	0	0	12	0	2	232	69	20	98	379	19	56	93	91	17.228	19.238	0			
	3.131	381	181	245	17	322	548	12	108	2.633	7.532	166	1.894	0	1.267	150	2	18	0	247	0	1.465	3.341	641	1.203	2.342	48	22	967	197	29.130	20.624	0			
	40.342	3.165	2.772	593	19	110	8.303	31	177	9.884	10.394	595	1.057	8	35.022	41	519	103	499	0	745	12.247	637	13.388	1.288	7.214	299	656	439	571	150.983	124.751	0			
	6.356	1.938	96	327	21	16	235	1	8	439	206	37	394	1	928	12	0	16	145	14	37	889	1.034	137	422	585	6.748	39	248	220	21.629	23.887	0			
	665.537	193.332	272.822	32.659	2.381	40.515	87.170	29.918	6.599	384.546	121.546	12.152	43.302	674	227.888	4.390	1.472	2.280	290.828	610	10.524	362.361	46.714	127.938	111.392	185.211	12.324	9.241	25.126	72.170	26.842	3.331.034	3.607.252			

Source: Audit Board

**Table 113: Estimate of new claims introduced in 2011 (health including LTC) by debtor and creditor countries (based on outstanding claims), in € 000**

Debtor	BE	BG	CY	DK	ES	EE	FI	FR	GR	HU	E	C	IT	LT	LIE	LU	MT	NO	NL	PL	PT	RO	UK	SK	SI	SE	CH	CZ	Health spending total newly introduced claims			
Creditor	TOTAL																															
DE	84.340	25.035	11.005	17.654	19.543	532	1.884	82.087	46.224	3.459	908	98	49.171	2.379	161	771	62.878	44	747	106.736	20.843	4.400	26.121	27.166	886	2.041	2.286	35.938	5.278	640.848		
AT	114.387	2.475	2.512	85	293	1.920	31	161	7.195	5.025	3.303	282	21	15.042	73	659	40	254	342	13.957	3.563	1.370	17.048	6.763	1.229	2.954	571	4.703	2.058	208.358		
BE	14.029	455	2.370	35	931	9.758	45	218	88.948	9.970	263	0	82	10.955	109	3	1	328	141.473	2.447	6.736	4.194	17.486	356	289	258	1.006	314	378.053			
BG	42	0	4	8	0	39	0	6	68	1	3	0	76	0	0	0	1	1	4	18	6	4	12	77	6	1	4	2	21	403		
CY	292	82	10	1.419	5	20	28	131	120	3.217	10	271	0	318	82	0	3	8	36	61	33	20	843	14.081	79	3	61	90	108	21.452		
DK	2.086	21	10	17	0	421	11	0	0	0	11	0	0	256	18	0	16	31	43	2	186	168	0	25	0	60	6	0	27	3.418		
ES	153.139	3.712	32.166	5.998	57	38.577	81	4.226	106.072	1.783	521	38.694	420	41.52	271	203	175	443	31	7.320	15.289	1.694	53.933	14.685	69.763	477	297	12.336	8.884	1.233	608.295	
EE	81	17	4	2	0	17	11	394	24	4	2	30	0	96	228	0	39	0	37	20	33	6	4	0	2	0	46	11	2	1.109		
FI	1.141	15	80	26	6	0	2.295	746	120	38	135	0	527	24	0	32	4	1	22	266	87	111	189	6	2	26	3	125	9	7.122		
FR	189.393	3.794	161.934	7.641	180	4.456	33.127	716	1.478	3.994	200	87.787	198	5	448	183.176	63	3.620	39.910	7.641	75.642	21.797	45.558	1.571	577	10.002	13.578	3.739	930.602			
GR	65.892	1.135	5.226	800	1.531	176	148	0	1.21	4.161	7	179	0	4.413	9	17	0	18	1	291	4.046	89	79	208	8.118	10	0	5.713	1.028	170	123.769	
HU	2.453	2.460	134	74	2	23	47	7	249	25	=====	13	0	173	1	0	0	7	0	25	346	74	1	3.066	3	194	31	170	224	31	9.837	
IE											=====																					
IT	69	12	21	0	0	51	2	0	45	2	3	4	=====	64	0	1	0	0	0	2	15	14	0	50	1	3	2	6	25	392		
LT	63.233	1.582	36.396	1.046	13	513	943	77	8.621	2.806	189	754	5	=====	32	19	55	1.925	50	218	5.317	1.468	558	13.803	11.094	218	867	338	2.129	2.075	156.227	
LU	19	0	0	6	0	4	0	0	1	0	0	3	0	8	=====	0	0	0	0	2	2	1	0	20	0	0	4	0	2	72		
MT	109	11	0	0	0	9	19	0	48	4	0	0	13	0	=====	0	0	0	0	0	11	2	26	0	0	0	0	0	2	255		
NO	208	0	0	0	0	37	27	37	65	3	0	75	-3	24	378	0	=====	0	20	48	34	7	160	7	10	24	3	48	1.222			
PL	1.066	58	7.300	38	0	31	186	5	23	4.680	355	11	0	1.685	0	12	=====	0	666	69	9.444	121	171	13	3	0	37	25	25.950			
PT	60	17	28	3	0	1	26	0	2	78	3	0	57	2	176	3	0	0	220	2	1	6	0	1	0	161	9	0	666			
RO	2.043	125	141	117	4	12	1.038	123	0	841	102	21	0	381	382	2	280	0	=====	1.245	1.046	0	222	3	88	6	1	235	220	8.678		
SE	361.68	686	12.795	1.285	38	81	2.443	12	243	3.801	2.163	259	1.015	53	4.719	56	2	46	1.284	15	682	3.122	785	11.831	271	290	381	615	342	86.774		
SI	6.426	601	304	207	10	288	470	23	0	663	136	6	1.791	64	1.288	33	0	986	2.388	=====	74	37	4.304	38	20	607	46	1.819	22.857			
SK	13.147	102	1.095	28	0	0	2.967	5	111	75.133	63	12	501	15	965	9	5	14	15.625	0	3.458	90	=====	105	2.380	2	17	765	2.302	57	118.950	
UK	103	16	35	6	1	1	37	0	1	12	9	41	11	0	257	0	0	3	9	10	5	=====	20	2	0	8	1	4	593			
US	1.472	3.249	70	70	151	0	5.411	0	3.050	2.452	0	12.049	0	6.772	0	0	2	0	0	201	2.398	574	=====	30	204	-1	44	171	38.278			
CH	728	11.165	19	23	6	2	123	7	3	76	64	2.165	432	0	366	10	1	9	25	0	149	386	169	14	124	410	=====	73	29	43	7.717	24.328
SE	6.683	5.361	83	71	6	21	66	2	15	714	55	144	49	0	4.761	1	0	13	0	2	289	77	22	109	423	21	=====	63	104	102	19.288	
SI	2.217	270	128	173	12	228	388	8	76	1.878	5.947	110	1.341	0	911	106	1	475	0	1.037	2.355	454	852	1.658	34	16	=====	685	139	20.624		
CH	33.333	2.615	2.290	490	16	91	6.880	26	146	8.167	8.890	482	873	7	28.997	34	429	85	412	0	616	10.119	526	11.045	1.048	5.961	247	467	363	=====	477	124.751
CZ	7.020	2.140	106	361	23	18	260	1	9	465	316	41	435	1	1.025	13	0	18	160	15	41	982	1.142	151	466	646	7.452	43	214	243	=====	23.887
TOTAL	720.725	123.980	287.889	35.951	2.339	58.466	88.599	2.940	9.309	397.356	116.046	12.280	63.900	944	262.319	4.451	1.599	2.240	331.949	502	15.499	348.395	45.258	169.343	106.332	228.127	13.297	8.254	34.468	72.119	26.190	3.590.927

Source: Audit Board

### 10.4.3 Annual cross-border expenditure LTC benefits in kind and in cash

#### 10.4.3.1 In kind

**Table 114: Cross-border expenditure LTC benefits in kind, based on LTC spending per capita of the country of residence, in € 000**

Total LTC spending (only in kind)	Column Labels (competent country)																											Grand total LTC spending residence state (creditor)		
Row Labels (country of residence)	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK			
AT	0	115	89	0	555	14,066	33	0	147	14	136	15	325	13	766	14	31	0	9	300	117	0	318	38	359	832	424	18,714		
BE	372	0	127	65	759	12,762	105	0	2,605	132	23,170	681	1,269	116	13,947	0	36,420	0	91	42,813	1,266	278	67	3	1	3	5	0	28	303
BG	2	5	0	0	12	6	49	0	0	42	0	12	91	1	33	0	0	0	0	0	8	0	0	0	0	0	0	0	10	11
CY	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CZ	330	54	0	0	1	0	650	3	0	41	0	41	22	21	42	35	23	0	0	52	13	0	1	11	0	191	175	1,707		
DE	19,568	1,624	684	0	2,107	0	3,239	0	3,094	297	3,381	1,088	618	0	1,018	0	14,778	0	22,107	2,695	0	0	0	0	1,984	0	0	3,851	82,102	
DK	176	255	434	0	0	3,766	0	0	144	0	438	0	0	0	140	0	3	12	0	269	775	0	33	3,015	0	46	1,526	11,019		
EE	0	4	0	0	0	8	0	0	2	543	4	0	0	0	10	5	0	0	0	3	0	0	0	0	37	0	0	24	655	
ES	50	373	53	0	2,713	0	0	0	221	1,572	0	182	418	977	0	9	0	0	0	1,789	0	477	0	0	0	0	0	9,220	18,054	
FI	0	230	0	0	0	221	0	104	112	0	0	0	0	0	147	0	0	0	0	146	148	0	0	0	1,538	0	0	2,645		
FR	226	37,773	0	0	0	48,139	128	0	3,256	481	0	0	0	0	990	1,637	52,737	0	3,008	424	1,708	721	949	0	0	0	0	19,796	171,972	
GR	0	0	73	0	0	103	0	0	0	0	0	0	0	0	20	0	0	0	0	0	0	0	0	9	0	0	167	372		
HU	927	43	1	9	7	594	23	1	12	10	83	0	0	54	90	1	1	0	0	68	4	0	12	3	6	64	369	2,382		
IE	17	75	23	17	45	288	9	9	59	16	25	14	69	0	67	0	18	12	7	183	69	0	0	0	0	0	8,136	9,140		
IT	667	737	68	0	10	3,840	66	0	841	4	2,650	547	87	107	0	0	0	0	0	216	133	0	787	0	192	16	1,922	12,892		
LT	0	0	0	0	0	24	35	11	1	19	0	0	0	25	0	0	0	0	8	0	51	15	0	0	35	0	0	51	275	
LU	48	1,212	19	22	14	1,255	114	20	23	25	1,241	28	41	11	178	14	0	16	0	139	33	120	29	35	0	0	0	298	4,844	
LV	0	1	3	15	2	63	12	34	0	12	10	12	0	26	9	15	0	0	1	31	16	0	0	45	0	1	219	526		
MT	4	20	0	0	0	0	7	0	0	6	2	0	0	0	14	2	1	0	0	11	0	0	0	0	0	0	0	132	199	
NL	275	13,963	0	0	0	19,811	0	0	402	137	0	0	0	0	415	0	0	0	73	0	91	0	13	2	159	1	32	408	5,330	
PL	216	176	0	47	398	2,543	165	0	27	27	198	24	0	32	117	15	18	3	0	707	0	13	2	0	0	0	0	632	35,801	
PT	0	30	0	0	0	23	0	0	516	0	279	0	0	4	2	0	16	0	0	36	2	0	8	9	0	0	0	62	998	
RO	69	58	0	34	3	521	16	0	788	0	56	64	27	8	3,689	0	0	0	0	3	9	0	69	0	0	0	0	146	5,562	
SE	892	387	0	23	181	6,415	50,161	534	1,006	2,457	936	1,145	219	552	872	0	62	0	166	327	1,528	0	0	0	0	0	0	5,219	73,081	
SI	1,400	10	0	0	0	231	0	2	4	0	42	0	2	0	681	0	2	0	0	9	0	2	0	0	0	0	87	25	2,497	
SK	1,181	36	0	19	2,113	299	14	0	77	19	67	1	521	113	155	0	1	0	1	235	12	0	0	0	13	9	0	465	5,351	
UK	198	882	0	0	0	1,744	421	0	739	0	3,059	0	0	4,958	0	0	0	0	287	728	0	0	0	0	0	0	0	0	13,015	
Grand total LTC spending competent state (debtor)	26,614	58,064	1,574	263	6,179	120,077	54,521	715	13,938	4,421	37,403	3,732	3,383	7,479	25,015	60	104,120	53	688	73,246	7,341	2,671	1,979	7,948	572	1,270	55,003	618,281		

Source: Own calculations based on data LFS and 2012 Ageing Report

**Table 115: Cross-border expenditure LTC benefits in kind, based on LTC spending per capita of the competent country, in € 000**

Total LTC spending (only in kind)	Column labels (competent country)																											Grand total LTC spending residence state (creditor)	
Row labels (country of residence)	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	IT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK		
AT	0	261	3	0	79	1533	127	0	85	38	274	12	30	18	757	4	83	0	3	985	14	0	41	190	209	83	601	19460	
BE	164	0	2	0	47	6235	179	0	664	159	20597	227	53	72	6089	69	23	4	145	0	0	0	0	0	0	0	0	1.01	144.725
BG	50	356	0	3	28	1839	0	0	804	0	821	2301	5	58	1097	0	0	0	0	0	868	0	17	6	561	96	0	1.350	10.251
CY	6	0	1	0	0	0	0	0	0	0	0	0	0	0	6	0	0	0	0	0	20	1	0	0	0	0	0	1.691	1.822
CZ	2.314	839	0	0	5.039	83	0	166	0	576	115	14	411	244	0	436	0	0	0	1.211	11	0	1	385	0	134	1.738	13.737	
DE	17.697	3.323	18	0	272	0	11.128	0	1.634	731	6.152	742	52	0	909	0	35.871	0	0	66.260	299	0	0	0	9.065	0	0	4.937	159.071
DK	46	151	3	0	0	1.086	0	0	22	0	230	0	0	0	36	0	0	0	0	232	25	0	1	3.973	0	1	564	6.370	
EE	0	105	0	0	112	0	0	13	18.597	92	0	0	0	178	63	0	105	24	0	130	0	0	0	0	2.365	0	0	433	2.217
ES	87	1.463	3	0	5.200	0	0	0	1.045	5.482	0	30	1.016	1.674	0	41	0	0	0	10.280	0	152	0	0	0	0	0	22.658	49.130
FI	0	191	0	0	0	90	0	3	24	0	0	0	0	0	53	0	0	0	0	178	7	0	0	2.852	0	0	0	3.397	
FR	112	42.692	0	0	26.457	244	0	933	652	0	0	0	0	690	804	0	70.352	0	0	4.955	26	156	46	2.384	0	0	0	13.948	164.252
GR	0	0	3	0	0	150	0	0	0	0	0	0	0	0	26	0	0	0	0	0	0	0	0	62	0	0	314	556	
HU	9.873	1.043	0	1	11	7.004	954	0	72	303	1.772	0	0	810	948	3	38	0	0	2.414	5	0	17	145	38	88	5.576	31.094	
IE	12	121	0	0	5	212	25	1	24	32	36	7	5	0	47	0	35	1	2	432	6	0	0	0	0	0	0	8.227	9.230
IT	675	1.687	2	0	1	4.298	255	0	491	12	5.396	418	8	152	0	0	0	0	0	726	17	0	103	0	113	2	2.758	17.112	
LT	0	0	0	0	0	89	442	3	1	173	0	0	0	115	0	0	4	0	0	560	6	0	0	592	0	0	242	2.227	
LU	18	1.022	0	0	1	505	163	1	5	25	930	8	1	6	66	2	0	1	0	171	2	8	1	66	0	0	126	3.127	
LV	0	20	0	1	1	427	276	17	0	197	128	54	0	225	57	28	0	0	3	630	12	0	0	1.387	0	1	1.908	5.372	
MT	12	122	0	0	0	70	0	0	43	12	0	0	0	39	1	7	0	0	101	0	0	0	0	0	0	0	512	920	
NL	83	9.536	0	0	0	6.610	0	0	70	113	0	0	0	0	124	0	0	0	0	8	0	3	0	0	0	0	0	270	16.817
PL	1.758	3.254	0	3	463	22.918	5.163	0	126	603	3.248	145	0	370	946	36	400	5	0	19.100	0	20	2	6.545	5	26	4.720	69.855	
PT	0	369	0	0	0	135	0	0	1.619	0	3.053	0	0	34	11	0	231	0	0	657	1	0	6	244	0	0	479	6.888	
RO	537	1.018	0	2	3	4.475	479	0	3.529	0	877	377	20	82	28.289	0	0	0	0	8	235	0	99	0	0	0	0	1.611	41.640
SE	176	174	0	0	5	1.404	38.064	8	115	1.325	373	171	4	153	171	0	33	0	12	214	37	0	0	0	0	0	0	1.464	43.904
SI	2.404	39	0	0	0	439	0	0	4	0	146	0	0	0	1.155	0	7	0	0	52	0	1	0	0	0	0	15	61	4.324
SK	11.798	817	0	2	3.022	3.302	541	0	442	507	1.348	10	489	1.531	1.531	0	39	0	4	7.773	15	0	0	657	54	0	6.592	40.514	
UK	140	1.408	0	0	0	1.361	1.138	0	301	0	4.341	0	0	4.933	0	0	0	0	0	74	1.701	0	0	0	0	0	0	15.366	
Grand total spending competent state (debtor)	47.961	69.929	36	12	3.927	114.948	59.331	33	11.133	24.556	55.885	4.638	711	10.889	45.141	74	150.866	35	129	182.590	556	476	228	31.618	516	330	83.879	900.327	

Source: Own calculations based on data LFS and 2012 Ageing Report

### 10.4.3.2 In cash

**Table 116: Cross-border expenditure LTC benefits in cash, based on LTC spending per capita of the country of residence, in € 000**

Total LTC spending (only in cash)	Column labels (competent country)																											Grand total LTC spending residence state (creditor)	
Row labels (country of residence)	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK		
AT	0	120	92	0	576	14,539	34	0	153	14	141	16	337	13	794	14	32	0	0	9	312	122	0	329	39	372	863	440	19,415
BE	88	0	30	15	175	3,023	25	0	617	31	5,488	161	301	27	3,303	0	8,626	0	21	10,140	300	66	16	15	0	0	0	406	32,885
BG	3	8	0	21	10	87	0	0	74	0	21	161	3	2	58	0	0	0	0	14	0	5	3	6	9	0	0	50	555
CY	1	0	4	0	0	3	0	0	0	0	0	8	0	1	1	0	0	0	0	0	1	1	0	0	0	0	0	146	167
CZ	625	103	0	2	0	1,231	6	0	78	0	77	41	40	79	67	0	44	0	0	99	25	0	2	21	0	361	331	3,230	
DE	8,995	746	314	0	998	0	1,474	0	1,421	136	1,553	499	284	0	467	0	6,786	0	0	10,151	1,237	0	0	0	0	0	1,768	37,700	
DK	146	212	360	0	0	3,123	0	0	120	0	363	0	0	0	117	0	0	2	2	0	223	668	0	27	2,500	0	38	1,265	9,138
EE	0	6	0	0	0	13	0	0	3	896	6	0	0	17	8	0	5	19	0	5	0	0	0	0	61	0	0	40	1,081
ES	10	77	11	0	0	598	0	0	46	0	324	0	38	86	201	0	2	0	0	368	0	0	98	0	0	0	0	1,888	3,717
FI	0	32	0	0	0	31	0	15	16	0	0	0	0	0	21	0	0	0	0	21	21	0	0	0	217	0	0	0	373
FR	42	7,056	0	0	0	8,993	24	0	608	90	0	0	0	185	306	0	9,852	0	0	562	79	319	135	177	0	0	0	3,688	32,127
GR	0	0	25	0	0	36	0	0	0	0	0	0	0	0	7	0	0	0	0	0	0	0	0	0	3	0	0	58	129
HU	2,067	96	2	19	16	1,326	52	1	26	23	184	0	0	121	201	2	3	0	0	152	9	0	27	6	14	142	823	5,314	
IE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IT	546	603	56	0	8	3,145	54	0	689	4	2,170	448	72	88	0	0	0	0	0	177	109	0	645	0	158	13	1,574	10,559	
LT	0	0	0	0	0	6	8	3	0	4	0	0	0	6	0	0	0	2	0	12	4	0	0	0	8	0	0	12	64
LU	5	123	2	2	1	124	12	2	2	3	125	3	4	1	18	1	0	2	0	14	3	12	3	4	0	0	0	24	490
LV	0	0	1	3	0	14	3	7	0	3	2	3	0	6	2	3	0	0	0	7	3	0	0	10	0	0	0	48	115
MT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NL	140	7,120	0	0	0	10,101	0	0	205	70	0	0	0	0	212	0	0	0	0	37	0	47	0	0	0	0	0	322	18,254
PL	222	181	0	48	409	2,613	170	0	28	28	204	24	0	33	121	15	19	4	0	727	0	14	2	163	1	33	420	5,478	
PT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RO	1	1	0	1	0	8	0	0	13	0	1	1	0	0	60	0	0	0	0	0	0	1	0	0	0	0	0	2	90
SE	38	17	0	1	8	276	2,157	23	43	106	40	49	9	24	38	0	3	0	7	14	66	0	0	0	0	0	0	224	3,143
SI	824	6	0	0	0	136	0	1	2	0	25	0	1	0	401	0	1	0	0	5	0	1	0	0	0	0	51	1,470	
SK	268	8	0	4	480	68	3	0	17	4	15	0	118	26	35	0	0	0	0	53	3	0	0	0	3	2	0	106	1,216
UK	79	350	0	0	0	693	167	0	293	0	1,215	0	0	1,969	0	0	0	0	114	289	0	0	0	0	0	0	0	0	5,169
Grand total LTC spending competent state (debtor)	14,090	16,865	897	118	2,651	50,201	4,189	52	4,408	1,468	11,955	1,415	1,206	2,684	6,637	36	25,372	28	189	23,346	2,671	516	1,188	4,144	555	1,594	13,681	191,857	

Source: Own calculations based on data LFS and 2012 Ageing Report

**Table 117: Cross-border expenditure LTC benefits in cash, based on LTC spending per capita of the competent country, in € 000**

Total LTC spending (only in cash)	Column labels (competent country)																											Grand total LTC spending residence state	
Row Labels (country of residence)	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK		
AT	0	62	5	0	150	7142	106	0	18	5	51	4	68	0	620	1	8	0	0	508	15	0	1	8	123	19	239	9150	
BE	170	0	3	3	88	2685	148	0	137	22	3948	79	117	0	4987	0	4367	0	0	31966	71	0	0	6	0	0	0	437	48314
BG	52	84	0	49	53	885	0	0	168	0	153	797	10	0	899	0	0	0	0	0	442	0	0	0	24	57	0	536	4162
CY	6	0	2	0	0	14	0	0	0	0	0	0	18	0	5	0	0	0	0	0	10	1	0	0	0	0	0	672	728
CZ	2400	204	0	1	0	2314	69	0	34	0	108	40	31	0	200	0	44	0	0	617	12	0	0	17	0	30	690	6810	
DE	18360	787	33	0	515	0	9228	0	332	103	1149	257	117	0	745	0	3627	0	0	33785	307	0	0	390	0	0	1961	71696	
DK	48	36	6	0	0	499	0	0	4	0	43	0	0	0	30	0	0	0	0	119	25	0	0	171	0	0	224	1204	
EE	0	25	0	0	0	51	0	0	3	2621	17	0	0	0	52	0	11	5	0	66	0	0	0	102	0	0	172	3124	
ES	91	347	5	0	0	2388	0	0	147	1024	0	66	0	1371	0	4	0	0	0	5242	0	0	0	0	0	0	8999	19683	
FI	0	45	0	0	0	41	0	5	5	0	0	0	0	0	44	0	0	0	0	91	7	0	0	123	0	0	0	360	
FR	116	10064	0	0	0	12149	202	0	192	92	0	0	0	0	688	0	7114	0	0	2527	27	0	1	103	0	0	5540	38784	
GR	0	0	5	0	0	69	0	0	0	0	0	0	0	0	22	0	0	0	0	0	0	0	0	3	0	0	125	223	
HU	10243	247	0	11	20	3216	791	1	15	43	331	0	0	0	776	1	4	0	0	1231	5	0	0	6	22	15	2214	19194	
IE	12	29	1	2	9	97	21	1	5	4	7	3	10	0	38	0	3	0	0	220	6	0	0	0	0	0	3268	3736	
IT	700	400	4	0	3	1973	211	0	101	2	1008	145	19	0	0	0	0	0	1	0	370	17	0	2	0	67	1095	6116	
LT	0	0	0	0	0	41	367	5	0	24	0	0	0	0	0	0	0	0	1	0	286	6	0	0	25	0	0	96	851
LU	18	242	0	1	1	232	155	1	1	4	174	3	3	0	54	0	0	0	0	87	2	0	0	0	3	0	0	50	1012
LV	0	5	1	11	3	196	229	28	0	28	24	19	0	0	47	6	0	0	0	321	12	0	0	60	0	0	758	1746	
MT	12	29	0	0	0	0	58	0	0	6	2	0	0	0	32	0	1	0	0	52	0	0	0	0	0	0	0	203	396
NL	86	2298	0	0	0	3035	0	0	14	16	0	0	0	0	101	0	0	0	0	0	0	3	0	0	0	0	0	107	5622
PL	1824	771	0	47	877	10524	4281	0	26	85	607	50	0	0	775	8	40	1	0	9799	0	0	0	282	3	6	1875	31819	
PT	0	87	0	0	0	62	0	0	333	0	570	0	0	0	9	0	23	0	0	335	1	0	0	0	10	0	0	190	1623
RO	557	241	0	32	5	2055	397	0	727	0	164	131	45	0	23170	0	0	0	0	120	0	0	0	0	0	0	0	640	28283
SE	183	41	0	1	10	645	31565	14	24	187	70	59	9	0	140	0	3	0	0	109	38	0	0	0	0	0	0	582	33679
SI	2494	9	0	0	0	202	0	0	1	0	27	0	1	0	946	0	1	0	0	27	0	0	0	0	0	0	3	24	3735
SK	12241	193	0	23	5700	1516	448	0	91	71	252	4	1090	0	1254	0	4	0	0	3963	15	0	0	28	32	0	2608	29545	
UK	145	333	0	0	0	625	944	0	62	0	811	0	0	0	0	0	0	0	0	888	0	0	0	0	0	0	0	3787	
Grand total LTC spending competent state (debtor)	49760	16538	64	181	7494	52782	48202	54	2292	3460	10440	1607	1536	0	36993	17	15256	8	0	95099	571	0	4	1360	304	75	33314	376381	

Source: Own calculations based on data LFS and 2012 Ageing Report



10.4.3.3 Total

Table 118: Cross-border expenditure LTC benefits in cash, based on LTC spending per capita of the country of residence, in € 000

Total LTC spending	Column labels (competent country)																											Grand total LTC spending residence state (debtor)	
Row labels (country of residence)	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK		
AT	0	255	181	0	1,130	28,659	68	0	300	28	278	31	661	26	1,560	28	63	0	18	612	229	0	647	77	730	1,696	863	38,129	
BE	460	0	157	80	914	15,784	130	0	3,222	163	28,668	842	1,570	143	17,251	0	45,046	0	112	52,953	1,566	344	83	0	0	0	0	2,174	171,733
BG	4	13	0	33	16	136	0	0	116	0	34	252	4	3	92	0	0	0	0	22	0	7	4	9	14	0	0	79	837
CY	1	0	4	0	0	4	0	0	0	0	0	9	0	1	1	0	0	0	0	1	1	1	0	0	0	0	0	156	178
CZ	955	157	0	3	0	1,881	9	0	119	0	118	63	61	121	102	0	67	0	0	151	39	0	3	31	0	552	506	4,937	
DE	28,553	2,369	999	0	3,075	0	4,688	0	4,514	433	4,934	1,337	902	0	1,485	0	21,564	0	0	32,258	3,932	0	0	2,895	0	0	5,619	119,801	
DK	322	467	794	0	0	6,888	0	0	264	0	801	0	0	0	257	0	0	0	4	492	1,438	0	60	5,515	0	84	2,791	20,157	
EE	0	10	0	0	0	21	0	0	5	1,489	10	0	0	27	14	0	8	31	0	8	0	0	0	0	99	0	0	64	1,736
ES	61	450	64	0	0	3,271	0	0	0	267	1,895	0	220	504	1,178	0	11	0	0	2,158	0	575	0	0	0	0	0	11,118	21,771
FI	0	262	0	0	0	252	0	118	127	0	0	0	0	0	167	0	0	0	1,175	1,943	0	167	0	0	1,755	0	0	3,017	
FR	268	44,829	0	0	0	57,132	152	0	3,864	571	0	0	0	1,175	1,943	0	62,589	0	0	3,570	503	2,027	856	1,127	0	0	23,494	204,059	
GR	0	0	98	0	0	138	0	0	0	0	0	0	0	0	27	0	0	0	0	0	0	0	0	0	13	0	0	225	501
HU	2,993	140	2	28	23	1,921	75	2	38	34	267	0	0	175	291	3	4	0	0	221	13	0	40	9	20	206	1,193	7,696	
IE	17	75	23	17	45	268	9	9	59	16	25	14	69	0	67	0	18	12	7	188	69	0	0	0	0	0	0	8,136	9,140
IT	1,213	1,340	124	0	18	6,966	119	0	1,130	8	4,820	996	159	194	0	0	0	0	0	394	242	0	1,432	0	350	30	3,497	23,451	
LT	0	0	0	0	0	30	43	14	1	24	0	0	0	30	0	0	0	10	0	153	36	132	32	38	0	0	63	339	
LU	52	1,335	21	24	15	1,348	126	22	25	27	1,366	31	45	12	196	16	18	0	0	1	38	19	0	0	54	0	0	262	5,334
LV	0	2	3	18	2	77	14	41	0	14	13	14	0	32	11	18	0	0	0	1	38	19	0	0	0	0	1	267	641
MT	4	20	0	0	0	0	7	0	0	6	2	0	0	0	14	2	1	0	0	11	0	0	0	0	0	0	0	132	199
NL	416	21,083	0	0	0	29,913	0	0	607	208	0	0	0	0	627	0	0	0	110	0	138	0	0	0	0	0	0	954	54,055
PL	437	358	0	95	807	5,156	335	0	54	55	402	48	0	66	238	30	37	7	0	1,434	0	27	4	322	2	65	828	10,807	
PT	0	30	0	0	0	23	0	0	516	0	279	0	0	4	2	0	16	0	0	36	2	0	8	9	0	0	0	62	988
RO	70	59	0	34	3	530	16	0	801	0	57	65	28	8	3,749	0	0	0	3	9	0	70	0	0	0	0	0	149	5,651
SE	930	404	0	24	189	6,691	52,318	557	1,050	2,363	976	1,194	228	576	909	0	64	0	173	341	1,593	0	0	0	0	0	0	5,443	76,224
SI	2,224	16	0	0	0	367	0	2	6	0	67	0	3	0	1,081	0	3	0	0	15	0	4	0	0	0	0	0	139	40
SK	1,449	44	0	23	2,593	367	17	0	94	23	82	2	640	139	190	2	0	1	288	15	0	16	11	0	16	11	0	571	6,567
UK	276	1,232	0	0	0	2,437	588	0	1,032	0	4,274	0	0	6,927	0	0	0	0	401	1,017	0	0	0	0	0	0	0	0	18,184
Grand total LTC spending competent state (debtor)	40,705	74,929	2,470	381	8,831	170,278	58,710	767	18,346	5,079	49,358	5,147	4,589	10,163	31,452	96	129,493	81	827	96,592	10,013	3,187	3,167	12,092	1,127	2,773	68,685	810,137	

Source: Own calculations based on data LFS and 2012 Ageing Report

**Table 119: Cross-border expenditure LTC benefits in kind and in cash, based on LTC spending per capita of the competent country, in € 000**

Total LTC spending	Column Labels (competent country)																											Grand total LTC spending residence state	
Row Labels (country of residence)	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK		
AT	0	323	7	0	229	22,694	233	0	103	43	326	16	98	18	1,376	5	91	0	3	1,503	29	0	42	199	332	102	839	28,610	
BE	335	0	5	4	135	9,098	327	0	801	181	24,445	306	170	72	11,077	0	47,357	0	15	94,660	139	23	4	4	151	0	0	1,538	191,039
BG	103	440	0	53	82	2,655	0	0	981	0	975	3,098	15	58	1,996	0	0	0	0	1,310	0	17	6	6	585	153	0	1,836	14,413
CY	11	0	3	0	0	0	44	0	0	0	0	68	0	16	12	0	0	0	0	30	3	0	0	0	0	0	0	2,362	2,550
CZ	4,714	1,063	0	1	0	7,353	151	0	200	0	683	154	45	411	443	0	481	0	0	1,828	23	0	1	402	0	0	164	2,428	20,546
DE	36,057	4,110	51	0	787	0	20,356	0	1,946	834	7,302	999	170	0	1,654	0	39,098	0	0	100,044	606	0	0	0	9,655	0	0	6,897	230,767
DK	94	186	9	0	0	1,395	0	0	26	0	273	0	0	0	66	0	0	0	0	351	50	0	1	4,144	0	1	788	7,574	
EE	0	130	0	0	0	164	0	0	15	21,218	109	0	0	178	115	0	115	29	0	196	0	0	0	2,466	0	0	605	25,341	
ES	178	1,800	8	0	0	7,587	0	0	1,192	6,507	0	96	1,016	3,044	0	45	0	0	0	15,522	0	152	0	0	0	0	0	31,656	68,812
FI	0	236	0	0	0	131	0	8	28	0	0	0	0	0	97	0	0	0	0	289	13	0	0	2,975	0	0	0	3,757	0
FR	229	52,555	0	0	0	38,606	446	0	1,126	744	0	0	0	690	1,462	0	77,467	0	0	7,482	52	156	47	2,486	0	0	19,488	203,036	
GR	0	0	8	0	0	219	0	0	0	0	0	0	0	0	48	0	0	0	0	0	0	0	0	0	65	0	0	459	780
HU	20,116	1,290	1	12	31	10,220	1,745	1	87	346	2,103	0	0	810	1,724	3	41	0	0	3,644	10	0	17	152	61	84	7,790	50,288	
IE	24	150	1	2	13	309	46	1	29	36	43	10	15	0	85	0	38	2	2	652	12	0	0	0	0	0	0	11,495	12,966
IT	1,375	2,087	6	0	4	6,271	466	0	592	14	6,404	563	27	152	0	0	0	0	0	1,096	33	0	104	0	180	2	3,853	23,228	
LT	0	0	0	0	0	129	809	8	1	198	0	0	0	115	0	0	0	0	5	0	846	13	0	0	617	0	0	337	3,078
LU	36	1,264	1	1	2	736	299	2	6	29	1,104	11	5	6	119	2	0	1	0	259	3	8	1	69	0	0	176	4,139	
LV	0	25	1	12	4	623	505	44	0	225	152	73	0	225	103	34	0	0	3	952	24	0	0	1,447	0	1	2,665	7,119	
MT	24	151	0	0	0	9,645	0	0	84	129	0	0	0	0	71	2	8	0	0	153	0	0	0	0	0	0	0	716	1,316
NL	169	11,794	0	0	0	0	0	0	0	0	0	0	0	0	225	0	0	0	8	0	0	7	0	0	0	0	378	22,439	
PL	3,382	4,024	0	50	1,340	33,442	9,444	0	1,952	0	152	688	196	0	370	1,720	45	440	6	28,838	0	20	2	6,827	8	32	6,595	101,674	
PT	0	457	0	0	0	197	0	0	0	1,952	0	3,623	0	34	20	0	254	0	0	992	3	0	6	254	0	0	0	669	8,461
RO	1,095	1,299	0	34	8	6,530	876	0	4,256	0	1,040	507	65	82	51,459	0	0	0	8	355	0	99	0	0	0	0	0	2,250	69,923
SE	360	215	0	1	15	2,048	69,630	22	139	1,512	442	230	13	153	310	0	36	0	12	324	75	0	0	0	0	0	0	2,046	77,582
SI	4,898	48	0	0	0	641	0	1	5	0	173	0	1	0	2,101	0	8	0	0	79	0	1	0	0	0	0	18	85	8,059
SK	24,039	1,000	0	25	8,712	4,818	989	0	533	579	1,600	14	1,579	1,582	2,785	0	43	0	4	11,736	30	0	0	686	86	0	9,210	70,059	
UK	284	1,741	0	0	0	1,985	2,082	0	362	0	5,152	0	0	4,903	0	0	0	0	74	2,569	0	0	0	0	0	0	0	0	19,154
Grand total LTC spending competent state (debtor)	97,721	86,368	100	193	11,361	167,730	108,533	87	13,425	28,017	66,325	6,245	2,297	10,889	82,114	91	166,122	43	129	275,690	1,127	476	231	32,378	819	405	117,193	1,276,709	

Source: Own calculations based on data LFS and 2012 Ageing Report

### 10.5 Eurostat: inactivity rates

Table 120: Inactivity rates (inactive population as a percentage of the total population, from 20 to 64 years, quarterly figures

GEO/TIME	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2	2012Q3	2012Q4	2013Q1
EU-28	24,7	24,4	24,4	24,2	24,3	23,8	23,7	23,7	:
EU-27	24,6	24,3	24,3	24,1	24,2	23,8	23,6	23,6	:
EU-15	23,5	23,2	23,2	23,0	23,0	22,7	22,6	22,5	:
Euro area (17 MS)	24,3	24,0	24,1	23,8	23,8	23,4	23,4	23,3	:
Euro area (13 MS)	24,3	24,0	24,1	23,7	23,8	23,4	23,4	23,2	:
Belgium	28,5	27,4	27,6	27,4	28,0	27,9	27,1	26,9	27,2
Bulgaria	29,9	29,6	28,5	29,0	30,0	28,8	27,0	27,8	28,6
Czech Republic	24,4	24,0	24,0	24,2	24,2	23,5	22,8	22,7	22,7
Denmark	18,8	18,7	18,2	18,6	18,6	18,6	18,8	19,5	19,0
Germany	19,4	18,9	18,8	18,7	19,2	18,9	18,7	18,7	18,8
Estonia	20,0	19,8	19,0	19,9	19,8	19,7	19,3	20,6	19,8
Ireland	26,1	25,1	25,3	25,4	25,8	25,5	25,3	25,8	25,6
Greece	27,2	27,3	27,5	27,5	27,3	27,2	27,1	27,0	27,2
Spain	22,1	21,8	21,9	21,7	21,6	21,4	21,3	21,4	21,4
France	24,2	24,2	24,0	23,9	23,9	23,5	23,2	23,0	:
Croatia	33,9	34,6	34,5	35,0	35,3	34,1	33,5	35,5	36,6
Italy	33,5	33,5	34,0	32,7	32,1	31,7	32,6	31,5	31,8
Cyprus	19,7	19,7	21,2	20,8	21,0	20,3	20,4	20,1	20,0
Latvia	21,6	20,5	21,0	20,6	21,0	19,9	19,7	19,5	20,9
Lithuania	21,0	20,6	20,7	21,3	21,4	20,6	20,2	20,9	21,0
Luxembourg	25,2	26,8	26,5	27,0	25,3	25,7	23,7	24,6	25,3
Hungary	32,7	32,0	31,4	31,4	31,4	30,4	29,7	29,9	30,7
Malta	34,4	34,8	35,0	35,0	33,9	33,7	32,9	32,3	32,1
Netherlands	19,9	20,1	20,0	19,1	19,0	19,1	19,0	18,7	18,6
Austria	22,4	21,5	21,6	21,5	22,2	20,8	20,4	21,2	21,5
Poland	28,8	28,4	28,1	28,1	28,7	28,2	27,7	27,9	28,4
Portugal	20,5	20,4	20,9	21,2	21,1	20,6	20,8	21,3	21,6
Romania	32,4	31,9	31,8	32,7	32,6	30,9	30,4	31,7	32,7

Slovenia	25,8	25,7	25,6	24,8	25,3	25,8	24,9	24,3	25,2
Slovakia	25,4	25,3	25,0	24,8	24,7	24,7	24,5	24,8	24,3
Finland	21,5	19,7	20,1	21,0	21,2	19,6	19,7	21,3	21,3
Sweden	15,5	14,2	14,3	15,1	15,4	14,0	14,0	14,8	14,7
United Kingdom	20,9	20,9	20,7	20,8	20,8	20,5	20,0	19,9	20,0
Iceland	14,1	12,3	14,1	15,1	14,6	12,2	13,2	14,5	15,0
Norway	18,5	17,8	17,7	18,0	18,0	17,4	17,6	18,1	18,3
Switzerland	15,0	14,8	15,0	14,6	14,7	14,7	14,2	14,2	14,1

Source: Eurostat

## 10.6 List of national experts for the statistical data collection

**Table 121: Statistical data collection: list of national experts**

Name	Institution	Country
Jozef Pacolet Frederic De Wispelaere	HIVA – KU Leuven	Belgium
Frederic De Wispelaere	HIVA – KU Leuven	France
Norman Wagner	Social Policy Unit in the Chamber of Labour	Austria
Roland Eisen Hans-Christian Mager Jürgen Faik	Johann Wolfgang Goethe Universität Frankfurt am Main	Germany
Jan Edling	Flexicurity	Sweden
Franz Clément	Centre d'Etudes de Population, de Pauvreté et de Politiques Socio-Economiques	Luxemburg
Frederic De Wispelaere	HIVA – KU Leuven	The Netherlands
Eigil Boll Hansen	KORA, Danish Institute for Local and Regional Government Research	Denmark
Raphael Wittenberg	London School of Economics and Political Science	United Kingdom
Gregorio Rodríguez Cabrero	University of Alcalá	Spain
Dorota Kawiorska	Krakow University of Economics	Poland
Catalin Ghinararu	National Research Institute for Labour and Social Protection Romani	Romania
Jüri Kore	Tartu University	Estonia
Marek Radvansky	Institute of Economic Research (EU SAV)	Slovakia

### 10.7 Reliability limits LFS

Table 122: Reliability limits Labour Force Survey, 2012

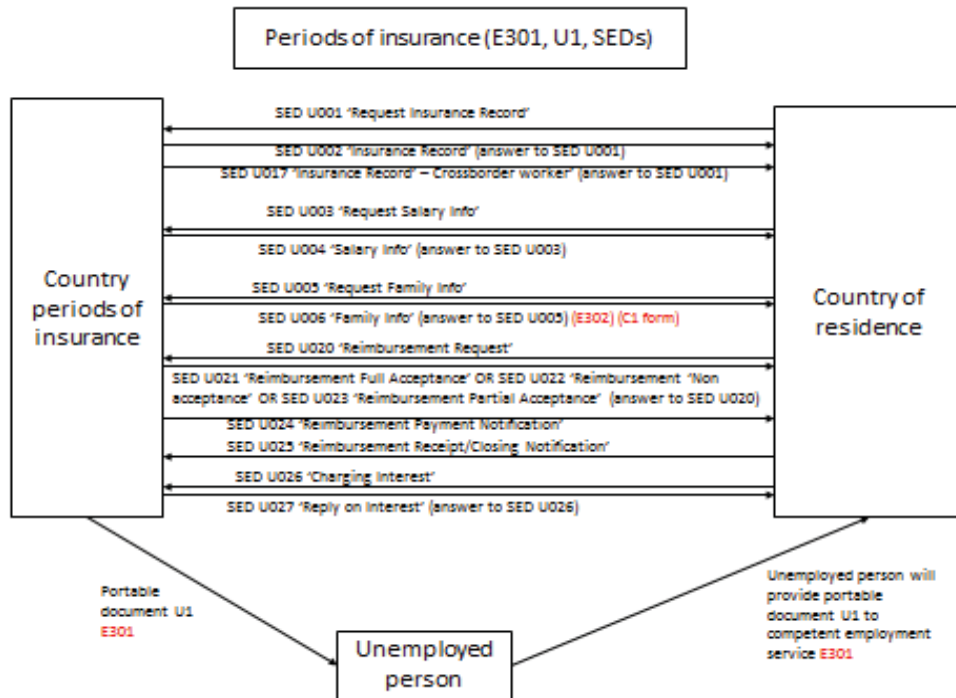
Country	Lowest reliability limit (Limit_A)
EU	6 500
BE	2 000
BG	3 500
CZ	500
DK	2 000
DE	5 000
EE	1 100
IE	1 000
GR	1 300
ES	1 000
FR	5 500
IT	1 500
CY	500
LV	1 800
LT	4 500
LU	500
HU	2 600
MT	375
NL	1 500
AT	3 000
PL	5 000
PT	4 500
RO	6 500
SI	500
SK	2 000
FI	2 000
SE	1000
UK	4 000
IS	500
NO	500
CH	1 000
HR	1 000
MK	500
TR	2 000

*Source:* Eurostat

[http://circa.europa.eu/irc/dsis/employment/info/data/eu\\_lfs/LFS\\_MAIN/Related\\_documents/reliab\\_annual\\_average.htm](http://circa.europa.eu/irc/dsis/employment/info/data/eu_lfs/LFS_MAIN/Related_documents/reliab_annual_average.htm)

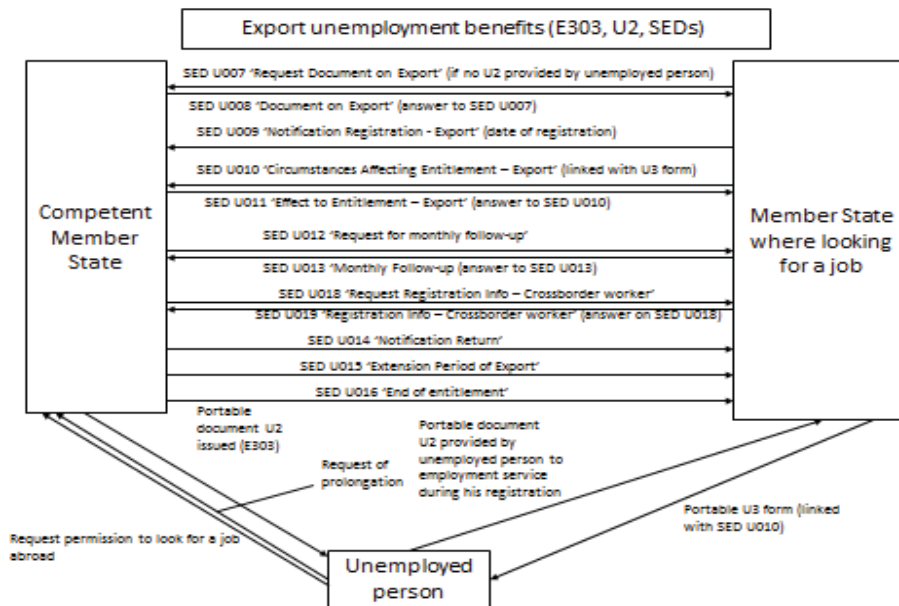
### 10.8 Analysis of the administrative burden

Figure 8: Current and future flow of documents applicable to the aggregation of periods



Source Own figure based on current and future documents

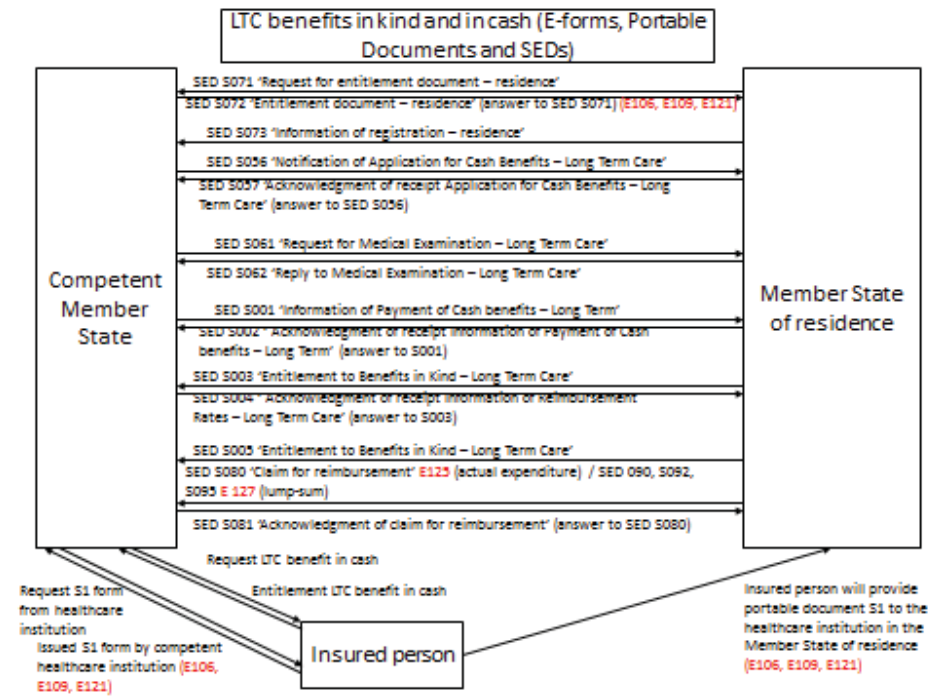
Figure 9: Current and future flow of documents applicable to the export of UB



Source Own figure based on current and future documents



Figure 10: Current and future flow of documents applicable to LTC



Source Own figure based on current and future documents

**Table 123: Administrative burden – aggregation of periods – baseline scenario - Case: Belgium**

Member State of residence		Former working Member State (periods of insurance)		Unemployed person			
BE							
BE							
Comments: new Portable Documents and Structured Electronic Documents are frequently used. SEDs received/issued by mail/post.							
Option A (baseline scenario)							
Member State of residence	Process ESD form	Process PD U1	Number of cases / Frequency (a)	Standard time (min.) (b)	Total handling time (in hours or FTE) (c=(a*b)/60)	Waiting time - performance*	Additional comments
			2367 (in 2012)	60 min			Distinction between PD U1 already received or not by unemployed person. <i>Procedure when PD U1 available</i> : contacting payment organisation (e.g. Belgian trade union). Verification by national employment office (40 min.). <i>Procedure when PD U1 not available</i> : contacting payment organisation (e.g. Belgian trade union). Verification by national employment office (30 min.). Asking PD U1 to other MS (15 min.)
	SED U001 'Request Insurance Record'			15 min (see also above)		On average 2 months (Italy no answer)	Only correspondence estimated.
	SED U003 'Request Salary Info'				608		Every 6 months - 3 to 4 days - 10 persons
	SED U005 'Request Family Info'						Neighbouring countries no problems. Some countries do not pay in time. Especially Mediterranean countries: Greece, Spain, Italy. No interest is charged at this moment.
	SED U020 'Reimbursement Request'						
	SED U025 'Reimbursement Receipt/Closing notification'						
	SED U026 'Charging Interest'						
Other							
Former working Member State (periods of insurance)	Issue of ESD1 form	Issue of PD U1	Number of cases / Frequency (a)	Standard time (min.) (b)	Total handling time (in hours or FTE) (c=a*b)	Waiting time - performance*	Additional comments
			11522 (in 2012)	Min: 15-30 min; Max: 2 hours	5761 (average of 30 min standard time)	If information is requested to other service (e.g. inspection service) awaiting time of 2 weeks is possible.	Distinction between PD U1 asked by unemployed person before leaving the MS or afterwards asked by competent MS. Asked by competent MS: Belgium tries to answer within 5 working days. Problems limited access to some databases. Handling time is approx. 30 min. Asked by unemployed person also 30 min. If all information is available
	SED U002 'Insurance Record' (answer on SED U001)						
	SED U0017 'Insurance Record - Crossborder' (answer to SED U001)						
	SED U004 'Salary Info' (answer on SED U003)						
	SED U006 'Family Info' (answer on SED U005)				0.5 FTE		
	SED U021 'Reimbursement Full Acceptance' (possible answer to SED U020)						
	SED U022 'Reimbursement Non Acceptance' (possible answer to SED U020)						
	SED U023 'Reimbursement Partial Acceptance' (possible answer to SED U020)						
	SED U024 'Reimbursement Payment Notification'						
	SED U027 'Reply on interest (answer to SED U026)						
Other							
Unemployed person	Request of PD U1 form	Provide PD U1 form to employment service in another Member State	Number of cases / Frequency (a)	Standard time (min.) (b)	Total handling time (in hours or FTE) (c=a*b)	Waiting time - performance*	Additional comments
							Person has to go to local unemployment office. Some employers/firms ask a PD U1 just before worker is leaving Belgium. Initiative is taken by unemployed person despite request insurance record.
Other							

Source Based on workshop in Belgium

**Table 124: Administrative burden – export of UB – baseline scenario - Case: Belgium**

Competent employment service		BE			
Employment service of the MS where jobseeker has gone unemployed person		BE			
Comments: new Portable Documents and Structured Electronic Documents are frequently used. SEDs received/issued by mail/post.					
Option A (baseline scenario)					
	Number of cases / Frequency (a)	Standard time (min.) (b)	Total handling time (in hours) (c=a*b)	Waiting time - performance	Additional comments
Competent employment service	1.635 (in 2012)	15 to 45 min.	409 to 1226 hours		Distinction can be made in procedure (registration : 1 to 5 min.; making up PD U2: 10-15 min; asking questions and informing unemployed persons ( about 20 min.))
Issue of E303		15 min.			Draw up SED U12 and sending it to MS where jobseeker is looking for a job.
SED U008 'Document on Export' (answer to SED U007)		30 min.			Distinction can be made: unemployed person will contact competent institution. They will give him information which information is needed (documents proving he looked for a job, job opportunities, ...): 10 to 15 min.; treatment of received information (20 min.); asking supplementary information and treatment of this information (15 min.)
SED U011 'Effect to Entitlement - Export' (answer to SED U010)					
SED U012 'Request for monthly follow-up'					
SED U014 'Notification Return'					
SED U015 'Extension Period of Export'					
SED U016 'End of entitlement'					
Other					
Information from Flemish employment service (VDAB)					
Employment service of the MS where jobseeker has gone unemployed person					
	Number of cases / Frequency (a)	Standard time (min.) (b)	Total handling time (in hours) (c=a*b)	Waiting time - performance	Additional comments
Process E303		45 min	153 (for the number of cases we have taken the number of SED U009= 204)		Procedure: register the unemployed person in database, forward PD U2 to central department. A distinction can be made between the administrative procedure and informing the jobseeker. The conversation with the jobseeker will take 20-25 min.
Process PD U2		10 min.	51		Procedure: Draw up SED U009, forward to competent MS
SED U007 'Request Document on Export'	7 (in 2012)	15 min.	19,75		Procedure: looking up file unemployed person, verification date of entry, forward to competent MS
SED U009 'Notification Registration - Export'	204 (in 2012)	15 min.	3060		Procedure: looking up file concerning employment or reason suspension payment unemployment benefit, draw up SED U009, forward to competent MS
SED U010 'Circumstances Affecting Entitlement- Export' (linked with UB form)	79 (in 2012)	5 min.	395		Procedure: draw up PD UB, send PD UB to unemployed person
Issue of PD UB (linked with SED U010)			6,6 (for the number of cases we have taken the number of SED U009= 79)		
SED U013 'Monthly Follow-up' (answer on SED U012)	33 (in 2012)	15 min.	495		Only administrative procedure: analysis file, draw up SED U013, forward to competent MS. The foreign jobseeker is treated in the same way as a Belgian unemployed person. This means he/she will receive vacant jobs, he/she can be invited for an interview with the employment service. This interview normally takes 30 minutes.
SED U028 'Request Entitlement to Export'					
Other					
*Answering questions (by mail/phone) of the unemployed person concerning their file					
* Looking up the correct contact information of the competent payment organisation. Reason: the forwarded SEDs are not always received by the right competent payment organisation which has an negative impact on the payment of the unemployment benefit.					
*Draw up documents to receive a prolongation of export		15 to 30 min.			The competent MS will ask documents that proves the jobseeker was looking for a job.
* Receiving wrong documents and forwarding them to the competent					
* Making the competent MS concerning the fact it is impossible to register the jobseeker because of no access to the Belgian labour market					
	Number of cases / Frequency (a)	Standard time (min.) (b)	Total handling time (in hours or FTE) (c=a*b)	Waiting time - performance	Additional comments
Unemployed person		45 min.			Distinction can be made in procedure (registration : 1 to 5 min.; making up PD U2: 10-15 min; asking questions and informing unemployed persons ( about 20 min.))
Request of U2 form		30 min.			The jobseeker will be informed by the employment service (rights and duties). One will need contact information (mail, phone, ...) and a job profile (diploma/certificate, job history). Possibly he/she will receive some information about vacant places.
Register with employment service in MS to which one has gone unemployed person					Procedure: jobseeker will contact jobseeker. The jobseeker has to prove he/she was really looking for a job. He/she can be invited for an interview in the MS one is seeking a job.
Request of prolongation					
Other					

Source Based on workshop in Belgium

**Table 125: Administrative burden – LTC benefits in kind – baseline scenario - Case: Belgium**

Member State of residence	BE	BE			
Insured person	LTC in kind: old age home or nursing home (or district nursing in RIZIV or residential care for persons with handicap)				
SEEs not used by the Belgian health insurance funds and National Institute for Health and Disability					
Competent Member State	Option A (baseline scenario)				
	Number of cases / Frequency (a)	Standard time (min.) (b)	Total handling time (in hours or FTE) (c= a*b)	Waiting time - performance*	Additional comments
<p>Issue E106, E109, E121</p> <p>Issue S1 form</p> <p>SED 5072 'Entitlement document - residence' (answer to SED 5071)</p> <p>SED 5001 'Information of Payment of Cash Benefits - Long Term'</p> <p>SED 5004 'Acknowledgment of receipt of Reimbursement Rates - Long Term Care (answer to S003)</p> <p>SED 5081 'Acknowledgment of claim for reimbursement' (answer to SED 5080) (actual expenditure)</p> <p>SED 5091 - 5093 - 5094 - 5096 (lump sum)</p> <p>Process E125 form (actual expenditure)</p>		<p>15 min. (no problems with content E125 form) to 1 hour (if content of E125 form is not correct forms)</p> <p>National Institute for Health and Disability insurance: 15 persons, 13.5 FTE (also for E127 forms)</p>			<p><i>Procedure within National Institute for Health and Disability and health insurance funds:</i></p> <ul style="list-style-type: none"> <li>* Receipt of E125 forms from Member State of residence/stay; * First general verification of E125 forms * Forwarding received E125 claims to Health insurance Funds; * Verification E125 forms by the health insurance funds (accepted or refused) * Sending rejected E125 claims back; Payment of claims.</li> </ul> <p><i>Procedure:</i> beneath € 200 refund of 75%; above € 200 form will be send to other MS.</p>
<p>Sending E126 (Rates for refund benefits in kind)</p>				<p>Problematic in some MS. Especially mediterranean countries do not respond or waiting time of 3 to 6 months.</p>	
<p>Process E127 form (lump sum)</p> <p>Other</p>					
Member State of residence/stay	Number of cases / Frequency (a)	Standard time (min.) (b)	Total handling time (in hours or FTE) (c= a*b)	Waiting time - performance*	Additional comments
<p>Process E106, E109, E121</p> <p>Process S1 form</p> <p>SED 5071 'Request for entitlement document - residence'</p> <p>SED 5073 'Information of registration - residence'</p> <p>SED 5002 'Acknowledgment of receipt information of Payment of Cash benefits - Long Term' (answer to SED 5001)</p> <p>SED 5003 'Entitlement to benefits in kind - Long Term Care'</p> <p>SED 5005 'Information on change of Entitlement to benefits in kind - Long Term Care'</p> <p>SED 5080 'Claim for reimbursement' (actual expenditure)</p>		<p>National Institute for Health and Disability insurance: 15 persons, 13.5 FTE (also for E127 forms)</p>			<p><i>Procedure within National Institute for Health and Disability and health insurance funds:</i></p> <ul style="list-style-type: none"> <li>* receipt of E125 forms from health insurance funds * automatical verification of content E125 forms (sections, total amounts, categories, ...); * Report of the rejected E125; * Rejected E125 forms back to Health insurance Funds.</li> <li>* integration E125 forms of all 6 Health insurance Funds into one database by Competent Member State; * Databases will be sent electronic or by post to competent Member State</li> </ul>
<p>SED 5090 - 5092 - 5095 (lump-sum)</p> <p>Sending E125 form (actual expenditure)</p> <p>Process E126 (Rates for refund benefits in kind)</p> <p>Sending E127 form (lump-sum)</p> <p>Other</p>					
Insured person	Number of cases / Frequency	Standard time (min.)	Total handling time (in hours or FTE)	Waiting time - performance*	Additional comments
<p>Request PD S1 form from healthcare institution</p> <p>Provide PD S1 form to healthcare institution in Member State of residence</p> <p>Other</p>					

Source Based on workshop in Belgium

**Table 126: Administrative burden – LTC benefits in cash – baseline scenario - Case: Belgium**

Competent Member State		BE				
Member State of residence		BE				
Insured person						
LTC in cash: Vlaamse Zorgverzekering (Flemish care insurance) - home and residential care						
Competent Member State	Number of cases / Frequency (a)	Standard time (min.) (b)	Total handling time (in hours) (c= a*b)	Waiting time - performance*	Additional comments	
Issue E106, E109, E121 Issue S1 form SED S072 'Entitlement document--residence' (answer to SED S071) Process request LTC benefits in cash		240 to 360 min. (includes also the treatment of request Medical Examination - see below)	108 to 162 hours (number of cases = 27)	* Verification of National Institute for Health and Disability Insurance (asked by the Flemish care insurance fund) if doctor or nursing home is certified in the MS of residence: Up to 6 months * Filling in necessary documents by applicant		
SED S061 'Request for Medical Examination - Long Term Care'		120 min.	54 (number of cases = 27)		<i>Home care:</i> Doctor in country of residence has to fill in a questionnaire. This enables an authorised assessor to give point on the BEL scale. <i>Residential care:</i> Nursing home has to send a certificate which proves the stay of the applicant.	
SED S001 'Information of Payment of Cash Benefits - Long Term' SED S004 'Acknowledgment of receipt Information of Reimbursement Rates - Long Term Care (answer to S003) Payment LTC benefit in cash to insured person Other	27 (in 2011)					
Member State of residence	Number of cases / Frequency (a)	Standard time (min.) (b)	Total handling time (in hours or FTE) (c= a*b)	Waiting time - performance*	Additional comments	
Process E106, E109, E121 Process S1 form SED S071 'Request for entitlement document - residence' SED S073 'Information of registration - residence' SED S057 'Acknowledgment of receipt Application for Cash Benefits - Long Term Care' (answer to SED S056)		45 to 60 min.			<i>Home care:</i> Doctor in country of residence has to fill in a questionnaire of 12 pages. <i>Residential care:</i> Nursing home has to send a certificate which proves the stay of the applicant.	
SED S062 'Reply to Medical Examination - Long Term Care' (answer to SED S061) SED S002 'Acknowledgment of receipt Information of Payment of Cash benefits- Long Term' (answer to SED S001) SED S003 'Entitlement to benefits in Kind - Long Term Care' SED S005 'Information on change of Entitlement to benefits in kind - Long Term Care' Other						
Insured person	Number of cases / Frequency	Standard time (min.)	Total handling time (in hours or FTE)	Waiting time - performance*	Additional comments	
Request PD S1 form from healthcare institution Provide PD S1 form to healthcare institution In Member State of residence Request LTC benefit in cash Medical examination Other		60 min. 45 to 60 min.			Doctor in country of residence has to fill in a questionnaire.	

Source Based on workshop in Belgium

## 10.9 Analysis of online survey of national administrations and social security institutions

### 10.9.1 Coordination of unemployment benefits

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#### Introduction

This annex contains an analysis of the online survey of national administrations and social security institutions that was set up and launched by Deloitte. In order to expand the scope of our analysis to all EU and EEA countries, we launched a web-based survey among the responsible national public authorities and other key actors with regard to both topics. The Commission sent an invitation to the members of the Administrative Commission for the Coordination of Social Security systems in December 2012. After several reminders and prolongation of the deadlines, we finally closed the survey on the 28 February 2013.

We would like to note that the analysis of the survey cannot be considered as a stand-alone document, like the public consultation analysis. We have primarily used the survey findings to support statements and other findings in our main report. The aim of this annex is to provide the reader with some more background about the attitudes of consulted parties.

#### Profile of respondents

We received 73 complete answers (and 42 incomplete answers) to the online survey that was sent to the national administrations and social security institutions in all EU Member States and EFTA/EEA countries. We received no answers from the following countries: Liechtenstein, Bulgaria, Greece, Iceland and Norway. For several countries, only 1 answer was received for each topic. This is mainly due to the fact that the national administrations and social security institutions aimed to coordinate their answers. 16.4% of the respondents were Portuguese, 13.7% were German and 8.2% were Romanian. In order to circumvent the problem of some Member States being overrepresented in the results and other countries being underrepresented, a country-by-country analysis of the replies was made for many questions (where relevant).

**Table 127: Profile of respondent – unemployment benefits survey - by MS**

Answer Options	Response Percentage	Response Count
Austria	6,8%	5
Belgium	1,4%	1
Bulgaria	0,0%	0
Cyprus	1,4%	1
Czech Republic	2,7%	2
Denmark	1,4%	1
Estonia	1,4%	1
Finland	1,4%	1
France	1,4%	1
Germany	13,7%	10
Greece	0,0%	0

Hungary	4,1%	3
Iceland	0,0%	0
Ireland	1,4%	1
Italy	5,5%	4
Latvia	1,4%	1
Liechtenstein	0,0%	0
Lithuania	4,1%	3
Luxembourg	1,4%	1
Malta	1,4%	1
Netherlands	4,1%	3
Norway	0,0%	0
Poland	8,2%	6
Portugal	16,4%	12
Romania	8,2%	6
Slovakia	2,7%	2
Slovenia	4,1%	3
Spain	1,4%	1
Sweden	1,4%	1
Switzerland	1,4%	1
United Kingdom	1,4%	1
<b>answered question</b>		<b>73</b>

61% of the respondents are national institutions, 26% are regional organisations and the remaining 12% are local authorities. Almost 18% of the respondents are organisations situated in cross-border regions.

66% of the respondents are dealing with individual claims for unemployment benefits. Almost all of them (98%) have to contact other Member States to confirm the workers' employment or insurance record.

➤ *With which countries do you mostly exchange information (top-3) – cf. table below*





## Opinions on the competent Member State for the provision of unemployment benefits

43% of all respondents think that the competent Member State should be the one in which the person last worked and paid social security contribution, even a person lives in another Member State. About 27% of the respondents favour a right of choice for workers to claim their unemployment benefits either in the country of last activity either the country of residence. About the 25% say that the country of residence should be the competent Member State, even if a person last worked and paid social contributions in another Member State.

Applying a country-by-country analysis, the results are slightly different with regard to the 2<sup>nd</sup> and 3<sup>rd</sup> preferred option.

In 11 countries (CY, CZ, FI, FR, HU, IT, LV, MT, NL, PT, SI), the most popular option among public authorities remains that unemployment benefits should be provided by the Member State in which the person last worked and paid social security contributions, even if he/she lived in another Member State. In several of these countries, there is also strong support for the option where workers would have a right of choice with regard to where to claim their unemployment benefits. Reasons why respondents say to favour this option are: it would make an end to the reimbursement of unemployment benefits between Member States and it is fairer that the Member State which receives the social security contributions is also competent to provide the unemployment benefits. However, several respondents warn that this option entails risks of abuse/fraud. The country of residence may lack an incentive to check the legitimacy of the benefits provided by the competent country and to follow-up the unemployed person during the job-seeking process.

In 9 countries (AT, BE, DK, DE, IE, LU, ES, SE, CH), most public authorities are in favour of the Member State in which the person lived being the competent Member State, even if he/she last worked and paid social security contributions in another Member State. These countries are also generally against a thorough revision of the coordination rules.

In 5 countries (CZ, EE, RO, SK, UK), the most popular option is that a person should be allowed to choose to claim the benefit either in the Member State of last employment or in the Member State where the person lived (if these Member States are different).

*Likely impact of these options - from 4 (=best/highest impact) to 1 (=least ensuring):*

**Table 129: Opinions on likely impacts of the options - unemployment benefits**

Options	Impact on labour market mobility	Impact on social protection	Impact on fair sharing of financial burden between MS	Impact on administrative burden and costs
a) Member State in which the person last worked and paid social security contributions, even if he/she lived in another Member State.	2,57	2,67	<u>3,19</u>	2,49
b) Member State in which the person lived, even if he/she last worked and paid social security contributions in another Member State	2,61	2,53	2,29	2,36
c) Person should be allowed to choose to claim the benefit either in the Member	<u>2,75</u>	<u>2,79</u>	2,28	<u>2,58</u>

State of last employment or in the  
Member State where the person has lived  
(if these Member States are different).

d) Other solution

2,07

2,01

2,24

2,57

## Export of unemployment benefits

Almost 45% of all respondents are in favour of giving the possibility of “exporting unemployment benefits” (going to another country to look for a job while continuing to receive the unemployment benefits from the competent institution) until the end of the person’s entitlement to unemployment benefits, according to the rules of the Member State which provides them. 34% of all respondents would like to maintain the current period of export of 3 months with a possible extension of the export of unemployment benefits to 6 months. About 12% would like to extend the period of export in the entire EU to at least six months.

Analysing the replies on a country-by-country basis, the results look differently. The current rule of a three-month period of export with a possible extension to 6 months is the most chosen option among public authorities in 11 countries (AT, BE, CY, DK, EE, FI, FR, DE, LI, LU, NL, CH). In 9 countries (HU, IT, LV, MT, PL, RO, SK, SI, ES, UK), exporting the unemployment benefit until the end of the person's entitlement to unemployment benefits, according to the rules of the Member State which provides them, is the most preferred option. Only in one Member State (PT), public authorities favour a general period of export of minimum 6 months.

*Likely impact of the options - from 4 (=best/highest impact) to 1 (=least ensuring)*

**Table 130: Opinions on impacts of options (export of unemployment benefits) - unemployment benefits**

Options	Impact on labour market mobility	Impact on reintegration of unemployed people in the labour market	Impact on fair sharing of financial burden between MS
a) Three months, with a possible extension up to six months	2,47	2,64	2,72
b) At least six months prolongation	2,54	2,46	2,43
c) Until the end of the person's entitlement to unemployment benefits, according to the rules of the Member State which provides them	2,72	2,57	2,42
d) Other solution	2,26	2,33	2,43

52% of all respondents think that the export of unemployment benefits could lead to increased risk of misuse or abuse of rights. This is also the opinion of most public authorities in 15 Member States. 79% of this group of respondents think that the risk of misuse or abuse of rights is particularly high when the unemployment benefits would be provided until the end of a persons’ entitlement to unemployment benefits, according to the rule of the Member State which provides them. 33% of the respondents also believe that there would be an increased risk of abuse if the period of export would be generally extended to minimum 6 months.

45% of the respondents do not think that misuse or abuse of rights is a risk in cases of export of unemployment benefits. This is also the most dominant position among public authorities in 8 countries.

Public authorities who believe that the export of unemployment benefits could lead to increased risk of misuse of rights, propose the following mitigation measures to reduce this risk:

- The guest Member State should feel more responsible for jobseekers who have exported their unemployment benefit from another Member State. Agreements should be made between Member States about the control and the provision of active

assistance to jobseekers (HU, AT, CZ, IE, IT, LI, NL, PL, PT and SI). However, more control of jobseekers by the guest Member State will also increase the administrative burden and costs on Member States (DK).

- Some Member States say that the keeping the period of export generally limited to maximum 3 months will limit the risk of abuse and misuse of rights. Extension may be possible, if there is a high probability that the jobseeker will find work at short term (AT, BE, IE). Several Member States would like to enhance the role of the "guest" Member State in providing information to the competent Member State about the chances of a person to find a job at short-term, so that the competent Member State can take a well-argued decision about extending the period of export in a specific case (BE, EE, CZ and FR).
  - All jobseekers who have exported their unemployment benefits should be obliged to report about their job seeking activities to the competent Member State (CZ, DE, MT, LT and FR). Some countries are in favour of monthly reporting by the jobseeker to the competent institution (DE, MT and LT); other Member States say that a 3-monthly reporting would be sufficient (FR).
  - One respondent suggests making language courses compulsory in the "guest" country, as language is often the most important barrier to integration in the labour market. Also reducing the height of unemployment benefit over time could provide an incentive to jobseekers abroad to actively apply for a job.
  - In the long-run, it should be possible to introduce an EU-Job pass for every EU citizen which contains his/her social data. Every public employment service should be able to access these data, based on a single European social database (DE, NL).

When people are exporting their unemployment benefit abroad, 40% of the organisations that deal with claims for exportation of unemployment benefits say that they receive information about the status of these job-seekers from the country of residence, but only on request. About 19% automatically receives information from country of residence. About 10% of the respondents say that this information is not needed. The majority of these respondents cannot say if these job-seekers (who exported their unemployment benefit) had found a job.

Under the current rules, Member States have the possibility to extend the period of export of unemployment benefits from 3 months to 6 months. The table below gives an insight about for how long the authorisation for export is given in the countries (TABLE INCOMPLETE – no data for all countries):

**Table 131: Export of unemployment benefits - current practices**

	Three months	Three months with a possibility of prolongation up to six months
Austria		
Belgium		
Cyprus		
Czech republic		
Denmark		
Estonia		
Finland		
Germany		
Hungary		

Ireland		
Italy		
Lithuania		
Malta		
Netherlands		
Poland		
Portugal		
Slovenia		
Spain		
Switzerland		
Sweden		

## Need for physical presence for job-seeking

➤ The majority (52%) of the public authorities think that, in order to actively look for a job, it is necessary for the unemployed person to be physically present in the Member State in which she/he is searching for a job. This is the most common point of view in 12 countries (AT, CY, DE, DK, EE, FI, LT, LV, PL, PT, SI and UK). These respondents consider unemployment benefits different from other social security benefits, because of the particular "availability" element which is linked to receiving an unemployment benefit. Unemployed people must be available to the labour market of the country of residence every single day. If a person resides abroad, it is difficult for the public authorities of the country of residence to check the criteria of entitlement for receiving an unemployment benefit.

Almost 17% of all respondents do not consider physical presence necessary (most common point of view in 3 countries: MT, SK and CH). They argue that ICT tools have made it possible to find a job, without having to be physically present in the country of the potential employer.

Finally, 30 % stated that it depends on the stage in the application, the skills and background of a person whether physical presence is necessary to actively look for a job (most common point of view in 8 countries: BE, CZ, FR, IE, LU, NL, ES and SE). The respondents say that the early stage of a job application procedure (e.g. identifying vacancies, first contact, phone interview) with employers abroad does not require physical presence of the jobseeker, whereas further stages of the application procedure probably require physical presence of the jobseekers. Furthermore, the need for physical presence also depends on the required skills and background of jobseekers. In some countries, employers are so desperately looking for engineer or technicians that they do not expect from candidates to be physically present in their country.

➤ Under the current EU rules, an unemployed person can register with the employment services in the Member State paying the unemployment benefits and, in addition, in the Member State where the person lives (if this is a different Member State). A person 'exporting' his/her unemployment benefit to another Member State must register, for that period, with the employment services of that Member State. Almost 42% of all surveyed public authorities would like to maintain the current rules. 36% of respondents would like to revise the current rules, so that a person could register with the employment services anywhere in the EU, regardless of where the person has lived or worked, with a possibility to register in more than one Member State. Only 16% say that a person should be able to register with the employment services anywhere in the EU, but only in one Member State.

➤ Likely impact of these options - from 4 (=highest impact) to 1 (=least/least ensuring):

**Table 132: Opinions on the need for physical presence while job seeking**

Options	Impact on labour market mobility	Impact on reintegration of unemployed persons in the labour market	Impact on administrative burden and costs
a) Anywhere in the EU, regardless of where the person has lived or worked, but only in one Member State at a time	2,36	2,25	2,18
b) Anywhere in the EU, regardless of where the person has lived or worked, with a possibility to register in more than one Member State	2,58	2,56	2,64

c) As it is under the current EU rules	2,76	2,81	2,63
d) Other solution	2,29	2,39	2,18

## Communication between Member States

Only 10% thinks that the communication with other Member States in dealing with individual claims for unemployment benefits is effective and smooth. About 25% of the respondents describe the communication as ineffective and slow. The majority of the respondents think that there is room for improvement but that in general, communication works well.

Many respondents say that there is a long waiting time before documents (particularly U2 forms and the confirmation of periods of insurance) are sent back in the exchange with a number of Member States. There is anecdotal evidence that it regularly takes two-three months when a request for information is being replied by another Member State and exceptionally, even up to one or two years. The following countries are regularly mentioned as problematic in terms of processing time, bureaucratic behaviour and communication: France, Italy, Spain and United Kingdom.

The long processing time of a case is seen as very problematic for claimants of unemployment benefits, because as long as a Member State does not have the required information about a claimant, it is not able to make a decision about the unemployment benefit.

Some Member States also ask for more information than it is usually the case (for example, the reason for termination of employment). This creates additional burden and requires more time from public authorities. There are also no clear instructions how the U2 forms or other portable documents and SED forms have to be filled in, what information goes under what section, etc. The specialists, dealing with these forms, should receive better training and better instructions. A good practice is the Austrian national authorities who have elaborated in detail how the rules should be interpreted and which information should be filled in per form. Some requests (for example the confirmation of periods of insurance/employment requires) also require much background information of a person, which causes delays in a case.

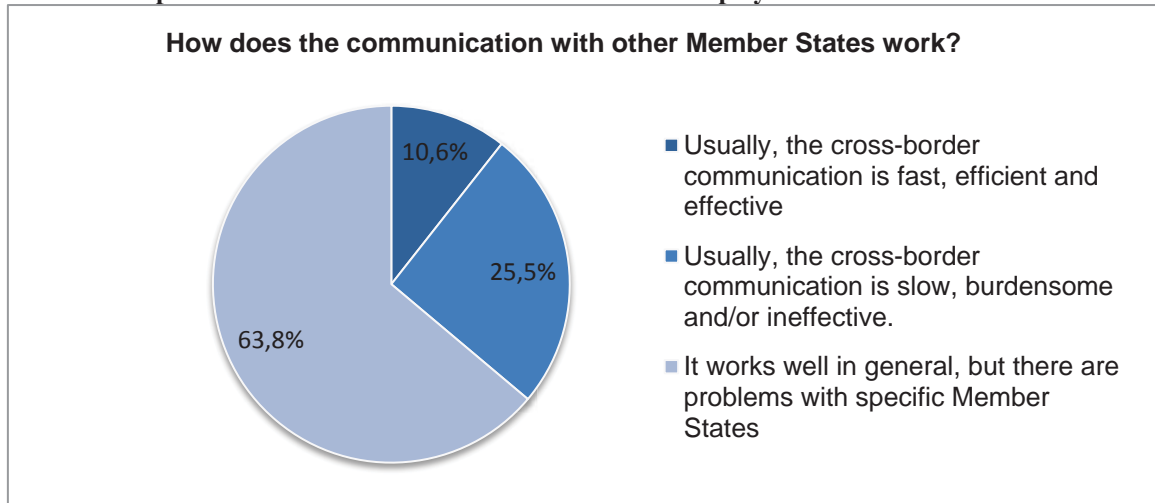
Furthermore, the regulation was designed for electronic exchange but almost all Member States are still working in paper format. Several respondents expect that the introduction of the ESSI system can partly solve existing communication problems.

Some public authorities say that the names and addresses of competent institutions are often not correct or not updated in Master Directory (EESSI).

Exceptionally, there are problems with public authorities reporting in their own language instead of English.



**Table 133: Opinions on communication with other MS – unemployment benefits**



## Opinions on need to reform

- Almost 45% of the surveyed public authorities think that current EU rules of coordination need to be changed. 14% of them find it difficult to say if there is a need to revise the current rules. About 10% of the respondents do not say any reason to change, clarify or better apply the EU rules. Respondents' answers differ from country to country. The table below gives an overview of the most given answer per country:

**Table 134: Opinions on need to reform coordination rules - unemployment benefits**

Based on your administration's experience, you conclude that EU rules on coordination of unemployment benefits?					
Member State	<i>Difficult to say</i>	<i>Do neither need to be changed, nor better explained and are correctly applied in practice.</i>	<i>Do not need to be changed, but should be better applied in practice</i>	<i>Do not need to be changed, but should be better explained</i>	<i>Need to be changed</i>
Austria				████████████████████	
Belgium					████████████████████
Cyprus					
Czech Republic			████████████████████		████████████████████
Denmark			████████████████████		
Estonia			████████████████████		
Finland					████████████████████
France		████████████████████			████████████████████
Germany		████████████████████			
Hungary					████████████████████
Ireland					████████████████████
Italy					████████████████████
Latvia				████████████████████	
Lithuania				████████████████████	
Luxembourg	████████████████████				
Malta			████████████████████		
Netherlands					████████████████████
Poland					████████████████████
Portugal			████████████████████		
Romania	████████████████████				
Slovakia	████████████████████			████████████████████	
Slovenia					████████████████████
Spain			████████████████████		
Sweden	████████████████████				
Switzerland				████████████████████	
United Kingdom					████████████████████

- For the group of respondents who see a need to change the rules:
  - 72% of them think that the current rules are not uniformly understood and applied by the Member States. A recurrent concern is the reimbursement procedure between Member States which are not sufficiently detailed and

clear. In some cases, Member States let national legislation interfere with the EU coordination rules during reimbursement procedures.

- About 60% of public authorities said that migrant workers are not sufficiently aware of their rights and informed about the rules. Those respondents say that migrant workers are unaware which institution could support them. As the regulation is quite unspecific (for example, how long do you need to work in a foreign country to be entitled for unemployment benefit) each country adds its own rules which make it difficult for jobseekers.
- 47% stated that the communication between Member States is burdensome and ineffective.
- Almost 40% see a problem in the administrative burden that is imposed on public authorities by the current rules. In addition the calculation of the reimbursement amount for cases where no entitlement exists in the Member State of last employment is not only difficult but administratively cumbersome. Last but not least the time lag between the payment of unemployment and the time of reimbursement has proven to be another administrative burden.
- About 20% think that the current EU rules are too complicated.
- 10% mention the inadequate social protection of citizens as a concern.
- Legal uncertainty associated with the current rules is not a problem (0%).
- Furthermore, some respondents say that the current rules, particularly Article 65 of the Regulation, does not allow for the fairest sharing of the financial burden as it requires Member States to reimburse regardless of the insurance/employment period.

#### Opinions on administrative burden

- Regarding the administrative burden related to handling cross-border cases, respondents particularly describe the following processes are burdensome (high workload):
  - Handling requests for information from another country about employment or self-employment periods of a claimant
  - Carrying out checks and informing the competent institutions
  - Implement measures to facilitating job-seeking abroad.

## 10.9.2 Coordination of LTC benefits

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### Profile of respondents

We received 22 complete to the online LTC survey that was sent to the national administrations and social security institutions in all EU Member States and EFTA/EEA countries. We received no answers from the following countries: Belgium, Bulgaria, Cyprus, Denmark, Finland, France, Greece, Hungary, Iceland, Ireland, Liechtenstein, Norway, Portugal, Romania, Switzerland and United Kingdom. **It should be noted that this makes the exported data not fully representative and only useful to a limited extent.**

**Table 135: Profile of respondent – LTC benefits survey - by MS**

Answer Options	Response Percentage	Response Count
Austria	9,1%	2
Belgium	0,0%	0
Bulgaria	0,0%	0
Cyprus	0,0%	0
Czech Republic	4,5%	1
Denmark	0,0%	0
Estonia	4,5%	1
Finland	0,0%	0
France	0,0%	0
Germany	9,1%	2
Greece	0,0%	0
Hungary	0,0%	0
Iceland	0,0%	0
Ireland	0,0%	0
Italy	9,1%	2
Latvia	4,5%	1
Liechtenstein	0,0%	0
Lithuania	9,1%	2
Luxembourg	9,1%	2
Malta	4,5%	1
Netherlands	4,5%	1
Norway	0,0%	0
Poland	4,5%	1
Portugal	0,0%	0
Romania	0,0%	0
Slovakia	9,1%	2
Slovenia	4,5%	1
Spain	9,1%	2
Sweden	4,5%	1
Switzerland	0,0%	0
United Kingdom	0,0%	0

73% of the respondents are national institutions, 14% are regional organisations and the remaining 14% are local authorities. Half of the respondents are organisations situated in cross-border regions.

56% of the respondents are dealing with individual claims for unemployment benefits; all of them have to contact other Member States to confirm the workers' employment or insurance record.

### Opinions on the competent Member State for the provision of LTC benefits

Keeping the status quo is only the 4<sup>th</sup> preferred option among national administrations. 17% (3 replies) of the national administrations and social security institutions would like to keep the current coordination rules for long-term care benefits. About 28% (5 replies) of the respondents believe that people should be treated equally in the Member State where he/she is insured and should not have his/her care benefits reduced if he moves to another Member State.

**Table 136: options on competent MS for provision of LTC benefits**

Options	Response Percent	Response Count
a) Should continue receiving benefits as it is today – and depending on the Member State's legislation the person might end up in a win or in a lose situation.	16,7%	3
b) Should be treated equally in the Member State where he/she is insured and should not have his/her care benefits reduced if he/she moves to another Member State.	27,8%	5
c) Should be treated equally in the Member State where he/she lives and receive the care benefits there (including the cash benefits), in accordance with national legislation.	22,2%	4
d) Should receive care benefits in cash from the Member State of insurance, supplemented by the Member State of residence in case of more advantageous conditions (top-up).	22,2%	4
e) Should receive care benefits in cash from the Member State of residence, supplemented by the Member State of insurance in case of more advantageous conditions (top-up).	0,0%	0
f) Other (please describe briefly)	11,1%	2
<i>answered question</i>		<b>18</b>
<i>skipped question</i>		<b>4</b>

The options where a person in need of care is treated equally in the Member State where he is insured (option b) or where he/she lives (option c) are considered by national administrations as the best ones to stimulate free movement of persons. The current coordination rules are seen as the **worst** option to stimulate mobility of persons.

In terms of social security coverage, national administrations have a preference for option c), where a person in need of care is treated equally in the Member State where he/she lives and receives LTC benefits there in accordance with national legislation. Also the option where a person receives care benefits in cash from the Member State of residence, supplemented by the Member State of insurance in case of more advantageous conditions (top-up).

Making the competent Member State fully responsible for the provision of the LTC benefits is seen as the best option to ensure a fair share of the financial burden between Member States (option b)).

On a 1 to 5 scale (1=negative impact; 5=positive impact)

**Table 137: Opinions on impacts of the different LTC options**

Options	Free movement of persons	Best protection of social rights	Fairest sharing of financial burden	Admin. burden & costs
a) A person in need of care should continue receiving benefits as it is today, and depending on the Member State's legislation the person might end up in a win or in a lose situation.	2,94	2,83	3,66	3,50
b) A person in need of care should be treated equally in the Member State where he/she is insured and should not have his/her care benefits reduced if he/she moves to another Member State.	3,94	3,83	4,06	3,50
c) A person in need of care should be treated equally in the Member State where he/she lives and receive the care benefits there (including the cash benefits), in accordance with national legislation.	3,94	4,28	3,5	3,61
d) A person in need of care should receive care benefits in cash from the Member State of insurance, supplemented by the Member State of residence in case of more advantageous conditions (top-up)	3,61	3,44	3,83	3,33
e) A person in need of care should receive care benefits in cash from the Member State of residence, supplemented by the Member State of insurance in case of more advantageous conditions (top-up).	3,89	4,00	3,39	3,61
f) Other solution	2,67	2,61	2,61	3,44

Almost half of the national administrations have the opinion that all costs for LTC benefits should be borne by the competent Member States (where the migrant person is insured). About one third prefers a system where those costs are shared between the Member State of residence and the competent Member State. The latter option however is seen as the most burdensome in terms of administration.

**Table 138: Opinions on fair burden sharing of the financial burden between Member States**

Regarding the distribution of costs between Member States :

Answer Options	Response Percent	Response Count
a) All costs for care benefits provided to an insured person should be borne by the Member State in which the migrant person is insured for healthcare or long-term care.	44,4%	8

b) Each Member State should bear its own expenses for benefits provided to a migrant person under its own legislation, without any reimbursement between them.	16,7%	3
c) The Member State of residence and the Member State of insurance should share the costs for the care benefits provided to a migrant person.	33,3%	6
d) Other solution (please describe briefly)	5,6%	1
<i>answered question</i>		18
<i>skipped question</i>		4

	Fairest sharing of financial burden	Admin. burden and costs
a) All costs for care benefits provided to an insured person should be borne by the Member State in which the migrant person is insured for healthcare or long-term care.	2,83	2,50
b) Each Member State should bear its own expenses for benefits provided to a migrant person under its own legislation, without any reimbursement between them.	2,33	1,94
c) The Member State of residence and the Member State of insurance should share the costs for the care benefits provided to a migrant person.	2,61	2,89
d) Other solution	2,22	2,67

About 40% of the national administrations who are in contact with administrations in other Member States think that the communication works well in general, but that they are problems with specific Member States. One third says that cross-border communication is fast, efficient and effective; another 30% finds the communication slow, burdensome and ineffective.

**Table 139: Opinion on functioning of communication between MS - LTC**

How does the communication with other Member States work?		
<i>Answer Options</i>	<i>Response Percent</i>	<i>Response Count</i>
Usually, the cross-border communication is fast, efficient and effective	30,0%	3
Usually, the cross-border communication is slow, burdensome and/or ineffective (please specify briefly)	30,0%	3
It works well in general, but there are problems with specific Member States (please specify briefly)	40,0%	4

Half of the national administrations that are dealing with claims for LTC benefits provision (10) think that the current rules need to be changed. 40% of national administrations do not want to see the rules changed.

**Table 140: Opinions on the need to reform the current LTC coordination rules**

Based on your administration's experience, would you conclude that EU rules on coordination of long-term care benefits:		
<i>Answer Options</i>	<i>Response Percent</i>	<i>Response Count</i>

Do neither need to be changed, nor better explained and are correctly applied in practice.	20,0%	2
Do not need to be changed, but should be better clarified and explained (please specify briefly).	20,0%	2
Do not need to be changed, but should be better applied in practice (please specify briefly).	0,0%	0
Need to be changed (please specify briefly).	50,0%	5
Difficult to say (please specify briefly).	10,0%	1
	<i>answered question</i>	10
	<i>skipped question</i>	12

The main problems with the current coordination rules are the fact that there is no common understanding and incorrect application of the coordination rules, the complexity of the coordination rules, the fact that the rules do not take into account new mix-types of LTC benefits.

**Table 141: Main problem regarding application of LTC coordination rules**

**What are the main problems you have noticed regarding the application of EU law in the area of long-term care benefits? (choose max. three options)**

<i>Answer Options</i>	<i>Response Percent</i>	<i>Response Count</i>
Migrant citizens are not sufficiently aware about their rights under EU law (please specify briefly).	16,7%	1
EU law is not uniformly understood and applied by Member States (please specify briefly).	100,0%	6
The cross-border communication between institutions of Member States is too slow and/or ineffective (please specify briefly).	33,3%	2
Migrant citizens are abusing the possibilities offered by EU law (please specify briefly).	0,0%	0
EU rules are too complicated (please specify briefly).	33,3%	2
EU rules face legal uncertainty and are unstable (under influence of ECJ rulings) (please specify briefly).	16,7%	1
EU rules create significant administrative costs and burdens for national administrations (please specify briefly).	16,7%	1
EU rules do not take into account new mixed-types of benefits, which are blurring the distinction between benefits in kind and cash (please specify briefly).	33,3%	2
EU rules do not provide for the effective protection of social rights of migrant citizens (please specify briefly).	16,7%	1
Other (please specify briefly). (Please specify)	0,0%	0
		4
	<i>answered question</i>	6
	<i>skipped question</i>	16



### *10.10 List of strategic interviews*

Name	Function
Mrs. Miroslava Hajkova	Legal Officer, Coordination of Social Security Schemes, Free Movement of Workers (B4), DG EMPL
Mrs. Barbara Lipszyc	DG ECFIN (on health expenditure and ageing projections)
Mr. Laurent Aujean	Policy Officer, Unit A1, DG EMPL (on statistics on mobility of EU citizens)
Mr. Rob Cornelissen	Advisor to the Director B, DG EMPL
Mr. Jackie Morin	Head of Unit B4, DG EMPL
Mr. Jörg Tagger	Deputy Head of Unit B4, DG EMPL

### 10.11 List of face-to-face interviews

	Country	LTC/UB	Organisation	Name	Date
1	LU	LTC & UB	Inspection générale de la sécurité sociale, Direction du service juridique et international	Claude Ewen	01/02/2013
2	LU	LTC	Cellule d'évaluation et d'orientation de l'assurance dépendance, IGSS-CEO	Andrée Kerger	14/02/2013
3	LU	LTC	Cellule d'évaluation et d'orientation de l'assurance dépendance, IGSS-CEO	Jacques Luck	14/02/2013
4	LU	UB	Ministère du Travail et de l'Emploi, Agence pour le développement de l'emploi, Agence de Luxembourg, Cellule des travailleurs frontaliers (Règl. 883)	Nathalie Dock	11/02/2013
5	LU	LTC	Inspection générale de la sécurité sociale (IGSS), Caisse Nationale de Santé (CNS), Département International	Romain Schaul	14/03/2013
6	LU	LTC	Inspection générale de la sécurité sociale (IGSS), Caisse Nationale de Santé (CNS)	Vanessa Di Bartolomeo	14/03/2013
7	LU	LTC	Inspection générale de la sécurité sociale (IGSS), Caisse Nationale de Santé (CNS), Département de l'Assurance Dépendance	Pierre Besler	14/03/2013
8	LU	UB	ADEM (Agence pour le développement de l'emploi, Ministère du Travail et de l'Emploi)	Jean Hoffmann	16/4/2013 & 9/7/2013
9	LU	UB	ADEM (Agence pour le développement de l'emploi, Ministère du Travail et de l'Emploi)	Monique Trierweiler	9/7/2013

	Country	LTC/UB	Organisation	Name	Date
10	LU	UB	ADEM (Agence pour le développement de l'emploi, Ministère du Travail et de l'Emploi)	Isabel Schlessler	9/7/2013
11	ES	LTC & UB	Ministry of Employment and Social Security (Ministerio de Empleo y Seguridad Social - Subdirección General de Relaciones Internacionales Sociolaborales)	Matilde Vivancos Pelegrín	13/02/2013
12	ES	LTC & UB	Ministry of Employment and Social Security (Ministerio de Empleo y Seguridad Social - Subdirección General de Relaciones Internacionales Sociolaborales)	Patricio Augusto Rodríguez García	13/02/2013
13	ES	LTC & UB	Ministry of Employment and Social Security (Dirección General de Ordenación Ministerio de Empleo y Seguridad Social)	Ms Marta Morano Larragueta	13/02/2013
14	ES	UB	Public Employment Service (Servicio Público de Empleo Estatal)	Alfredo Novales	12/02/2013
15	ES	UB	Public Employment Service (Servicio Público de Empleo Estatal)	Ana Pedro Viejo	12/02/2013
16	ES	UB	Public Employment Service (Servicio Público de Empleo Estatal)	Fernando Majan del Río	12/02/2013
17	ES	UB	Public Employment Service (Servicio Público de Empleo Estatal)	Socorro Montoya Poyato	12/02/2013
18	ES	LTC	Institute for the Elderly and Social Services (IMSERSO, Instituto de Mayores y Servicios Sociales)	María José Javaloyes	14/02/2013
19	ES	LTC	Institute for the Elderly and Social Services (IMSERSO, Instituto de Mayores y Servicios Sociales)	José María Alonso	14/02/2013
20	ES	LTC	National Institute for Social Security	Laura Molins	24/04/2013
21	UK	LTC & UB	Department for Work and Pensions	Fiona Kilpatrick	22/03/2013

	Country	LTC/UB	Organisation	Name	Date
22	UK	LTC & UB	Department for Work and Pensions	Lindsay Park	22/03/2013
23	UK	UB	Department for Work and Pensions	Eamonn Davern	22/03/2013
24	UK	LTC	Department for Work and Pensions	Geraldine Dacey	22/03/2013
25	UK	LTC	Department of Health	David Pennington	21/03/2013
26	UK	LTC	Department of Health	Neil Moors	21/03/2013
27	UK	UB	CBI (Confederation of British Industry)	Lena Tochtermann	22/03/2013
28	DK	UB	Danish Agency for Labour Retention and International Recruitment	Marie Beck Jense	28.02
29	DK	UB	Danish Agency for Labour Retention and International Recruitment	Camilla Clevin	28.02
30	DK	UB/LTC	Oresund cross-border region	Johan Tindemann	24.04
31	DK	UB	Danish Agency for Labour Retention and International Recruitment	Marie-Louise Outzen	28.02
32	DK	LTC	National Agency for Patients' Rights and Complaints	Vibeke B. Lemche	25.02 (coordinated answer with Karin Mohl Larsen)
33	DK	UB	Arbejdsmarkedsstyrelsen /National labour market authority	Vibeke Dalbro	27.02
34	DK	LTC	Social-OG Integrationsministeriet/ Ministry of Social Affairs and Integration	Karin Møhl Larsen	25.02
35	DK	UB	AK-Samvirke	Ingmar Jørgensen	27.02
36	DK	UB	AK-Samvirke	Michael Rosenby	27.02
37	NL	LTC	College van Zorgverzekeringen	R.G. van der Wissel	28.01

	Country	LTC/UB	Organisation	Name	Date
38	NL	LTC	College van Zorgverzekeringen	Gert Jan Velders	28.01
39	NL	UB	Directie Inkomensverzekeringen en – voorzieningen Afdeling Ouderen, Onderzoek en Grensoverschrijdende Sociale Zekerheid	Hans Pijnenburg	29.01
40	NL	UB	Directie Inkomensverzekeringen en – voorzieningen Afdeling Ouderen, Onderzoek en Grensoverschrijdende Sociale Zekerheid	Jos Kester	29.01
41	NL	UB	UWV	Johan De Jong	17.04
42	NL	UB	UWV	Hans Brieuwsmā	17.04
43	NL	LTC/UB	Former Eures adviser in cross-border region	Ger Essers	18.04
44	RO	UB	Ministry of Labour, Family and Social Protection	Adriana Stoinea	08.02.2013
45	RO	UB	Ministry of Labour, Family and Social Protection	Cristina Abagiu	08.02.2013
46	RO	UB	National Labour Office	Adriana Perț	08.02.2013
47	RO	UB	Ministry of Labour, Family and Social Protection	Monica Mateescu	08.02.2013
48	RO	LTC	National Health Insurance House	Andreea Gărăiacu	13.02.2013
49	RO	LTC	National Agency for Payments and Social Inspections	Raluca Weber	20.02.2013
50	RO	LTC	Ministry of Labour, Family and Social Protection	Cristina Abagiu	19.02.2013
51	RO	LTC	National Health Insurance House	Larisa Mezinu	13.02.2013
52	RO	LTC	National Health Insurance House	Dana Contineanu	13.02.2013

	Country	LTC/UB	Organisation	Name	Date
53	RO	LTC	National Health Insurance House	Ana-Maria Georgescu	13.02.2013
54	RO	LTC	National Health Insurance House	Roxana Radu	13.02.2013
55	RO	LTC	National Health Insurance House	Bogdan Popescu	13.02.2013
56	RO	LTC	National Health Insurance House	Mihaela Stoienescu	13.02.2013
57	BE	UB/LTC	Administratieve Commissie	Greet Van Gool	Done
58	BE	UB/LTC	Administratieve Commissie	Marc Morsa	Done
59	BE	LTC	RIZIV	Chris Segaert	TBD
60	BE	LTC	RIZIV	Linda De Clercq	TBD
61	BE	LTC	Landsbond der Christelijke Mutualiteiten	Philippe Loncke	TBD
62	BE	UB	RVA	Marc Van Damme	Done
63	BE	UB	Werkloosheidsbureau Gent	Nadine Pauwels	Done
64	BE	UB	VDAB	Kjille Vanhoutte	TBD
65	BE	UB	ACV	Koen Meesters	TBD
66	SE	UB	Inspektionen för arbetslöshetsförsäkringen (IAF)	Mona Karlsson	15/03/2013
67	SE	UB	Inspektionen för arbetslöshetsförsäkringen (IAF)	Parthen Hantzaridou	15/03/2013
68	SE	LTC	Flexicurity expert – former economist from Sweden's largest labour union and now working for VINNOVA	Jan Edling	16/03/2013
69	SE	LTC	Forsakringskassan	Christina Jantzon	14/03/2013
70	SE	UB	Arbetsmarknadsdepartementet (Ministry for Employment)	Ricky Ifwarsson & Jenny Oretun Wilnier	23/04

	Country	LTC/UB	Organisation	Name	Date
71	SE	LTC	Sveriges Kommuner och Landsting (Swedish Association of Local Authorities and Regions (SALAR)).	Catharina Bäck	13/03/2013
72	AT	LTC/UB	Bundesministerium für Arbeit, Soziales und Konsumentenschutz (Federal Ministry of labour, social affairs and consumer protection)	Bernhard Spiegel	15/03
73	AT	LTC	Bundesministerium für Arbeit, Soziales und Konsumentenschutz (Federal Ministry of labour, social affairs and consumer protection)	Brigitte Juraszovich-Szirota	14/03
74	AT	LTC	Insurance Association, Railway and Mining (Versicherungsanstalt für Eisenbahnen und Bergbau)	Reinhard Beiglböck	Canceled
75	AT	LTC	Sozialversicherungsanstalt der gewerblichen Wirtschaft (SVA)	Bernd Plaschka	13/03
76	AT	UB	Bundesministerium für Arbeit, Soziales und Konsumentenschutz (Federal Ministry of labour, social affairs and consumer protection)	Manfred Clemenz	12/03
77	AT	UB	Arbeitsmarktservice Österreich (AMS)	Günther Leitner	12/03
78	AT	LTC	Bundesministerium für Arbeit, Soziales und Konsumentenschutz (Federal Ministry of labour, social affairs and consumer protection)	Dr. Margarethe Grasser	14/03
79	AT	UB	Arbeitsmarktservice Österreich (AMS)	Bettina Urschler	12/03,; additional meeting on admin burden held on 14/03
80	AT	UB	Bundesministerium für Arbeit, Soziales und Konsumentenschutz (Federal Ministry of labour, social affairs and consumer protection)	Johannes Schweighofer	12/03

	Country	LTC/UB	Organisation	Name	Date
81	DE	LTC/UB	Bundesministerium für Arbeit und Soziales (Federal Ministry of labour and social affairs)	Helmut Weber	22/02
82	DE	LTC	Deutsche Gesetzliche Unfallversicherung	Helmut Maxeiner	22/02
83	DE	LTC	GKV - Deutsche Verbindungsstelle Krankenversicherung Ausland	Burchard Osterholz	22/02
84	DE	UB	Arbeitsagentur für Arbeit	Mechthild Schenk	22/02
85	DE	UB	Bundesministerium für Arbeit und Soziales (Federal Ministry of labour and social affairs)	Albrecht Otting	22/02
86	DE	UB	Bundesministerium für Arbeit und Soziales (Federal Ministry of labour and social affairs)	Beate Geiss	22/02
87	DE	UB/LTC	Bundesministerium für Arbeit und Soziales (Federal Ministry of labour and social affairs)	Dr. Sophie Germont	15/04
88	PL	UB	Ministry of Labour and social policy	Robert Wójcik	09/04
89	PL	UB	Ministry of Labour and social policy	Michał Drozdowicz	09/04
90	PL	UB	Ministry of Labour and social policy	Grażyna Sypniewska	09/04
91	PL	LTC	Ministry of Health Department of Health Insurance	Tomasz Pawłęga	08/04
92	PL	LTC	National Health Fund	Anna Rusiecka	08/04
93	PL	LTC	Foreign Pensions Department, Social Insurance Institution ZUS	Andrzej Szybkie	08/04
94	PL	LTC	Ministry of Health Department of Health Insurance	Elżbieta Tomaszewska	08/04
95	PL	LTC	Ministry of Health Department of Health Insurance	Rafał Bulanowski	08/04



	Country	LTC/UB	Organisation	Name	Date
96	SK	UB	Head of Department of Migration and Integration, Ministry of Labour & Social Affairs	Mr. Jaroslav Kováč	09.04.2013
97	SK	UB	EURES coordinator, Central Office of Labour, Social Affairs and Family of the Slovak Republic	Mrs. Alena Házašova	10.04.2013
98	SK	UB	Department of Unemployment Insurance Methodology and Guarantee Insurance	Ms. Martina Moyzesová, ,	10.04.2013
99	SK	UB	Department of Unemployment Insurance Methodology and Guarantee Insurance	Ms. Božena Pakánová,	10.04.2013
100	SK	UB	Department of Unemployment Insurance Methodology and Guarantee Insurance	Ms. Andrea Ondračková	10.04.2013
101	SK	UB	Department of Unemployment Insurance Methodology and Guarantee Insurance	Ms. Janette Trudmanová	10.04.2013
102	SK	UB/LTC	Diplomat, Permanent Representation of the Slovak Republic to the EU	Xenia Mala	
103	EE	UB	Head of Tartu county office, Estonian Unemployment Insurance Fund, Tartu county	Jane Väli	29.04.2013
104	EE	UB	Head of Valga county office, Estonian Unemployment Insurance Fund, Vaga County	Merike Metsvas	30.04.2013
105	EE	UB	MTÜ Johannes Mihkelsoni keskus (NGO Johannes Mihkelson Center), Tartu county	Ingrid Purje	20.04.2013
106	EE	LTC	Senior official, Ministry of Social Affairs	Reeli Sirotkina	18.04.2013
107	EE	LTC	Head of Board, Ministry of Social Affairs	Uku Turjus	18.04.2013
108	EE	LTC	Head of Financial Policy Social Security Departement, Ministry of Social Affairs	Agne Nettan-Sepp	27.04.2013

	Country	LTC/UB	Organisation	Name	Date
109	EE	LTC	Chief specialist international relations department, Estonia Health Insurance Fund	Linda Sassian	26.04.2013
110	FR	LTC & UB	Direction de la Sécurité Sociale	François Brillanceau	16/5/2013
111	FR	LTC & UB	Direction de la Sécurité Sociale	Geneviève Nguyen	16/5/2013
112	FR	LTC & UB	CLEISS (Centre des Liaisons Européennes et Internationales de Sécurité Sociale ) (Retired)	Françoise Roger	16/5/2013

Strasbourg, 13.12.2016  
SWD(2016) 460 final

PART 3/6

**COMMISSION STAFF WORKING DOCUMENT**

**IMPACT ASSESSMENT**

**Initiative to partially revise Regulation (EC) No 883/2004 of the European Parliament and of the Council on the coordination of social security systems and its implementing Regulation (EC) No 987/2009**

*Accompanying the document*

**Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 883/2004 on the coordination of social security systems and regulation (EC) No 987/2009 laying down the procedure for implementing Regulation (EC) No 883/2004**

**(text with relevance for the EEA and Switzerland)**

{COM(2016) 815 final}

{SWD(2016) 461 final}

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**ANNEX VI: FRESSCO REPORT: EXPORT OF FAMILY BENEFITS**

This report was prepared in the framework of Contract No VC/2014/1011 “Network of Experts on intra-EU mobility – social security coordination and free movement of workers / Lot 1: Legal expertise in the field of social security coordination and free movement of workers”. This contract was awarded to FreSsco, a network of independent experts from 32 European countries coordinated by Ghent University.



Authors:

Prof Dr Bernhard Spiegel, Federal Ministry of Labour, Social Affairs and Consumer Protection, Austria

Prof Dr Dolores Carrascosa Bermejo, Universidad Pontificia Comillas, ICADE, Madrid, Spain

LLM Ave Henberg, Office of the Chancellor of Justice of Estonia, Estonia

Prof Dr Grega Strban, Faculty of Law, University of Ljubljana, Slovenia

**Suggested citation:**

SPIEGEL, B. (ed.), CARRASCOSA BERMEJO, D., HENBERG, A. and STRBAN, G., *Assessment of the impact of amendments to the EU social security coordination rules on export of family benefits*, Analytical Report 2015, FreSsco, European Commission, June 2015, 81 p.

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## Executive summary

The coordination of family benefits has become an issue of political interest in some Member States. It is argued that an unlimited export of these benefits granted to migrant workers whose children reside outside the Member State which has to grant benefits may not meet the policy aims behind these benefits. Therefore, the FreSsco team has been mandated to look into different options which could be a remedy for these political concerns.

The options we have chosen (based on the mandate and some also added by us) to evaluate their impact (always compared to the status quo) are the following ones:

- **Option 1:** Keeping the status quo.
- **Option 2:** Introducing an adjustment mechanism (which deviates from today's unlimited amounts of family benefits for children living outside the Member State concerned and adjusts the amount due to the different cost of living in the Member State of residence compared to the Member State which has to grant the benefit). As 'adjustment' is not a clear notion and as we had an extended exchange of ideas concerning the questions how such adjustments could work, what will be the outcome, and what legal obstacles could exist which hinder such adjustments, we have also elaborated on these questions in more detail. We have analysed the following three different sub-options:
  - **Sub-option 2a:** full upwards and downwards adjustment of the amounts.
  - **Sub-option 2b:** full upwards and downwards adjustment of the amounts but reimbursement of the amount of any upwards adjustments by the Member State of residence.
  - **Sub-option 2c:** only downwards adjustment.
- **Option 3:** reversing the order of priority, and always making the Member State of residence of the children the State competent by priority.

- **Sub-option 3a:** reversing only the order of priority without additional measures.
- **Sub-option 3b:** reversing the order of priority, and reimbursement by the Member State with primary competence under today's coordination of the amount it would have to grant today.
- **Sub-option 3c:** reversing the order of priority, and adjusting the amount of the Member State which has secondary competence to an amount according to the level of costs of living in the Member State of residence (when calculating a differential supplement).

For our evaluation of these six new options the following factors were considered:

- **Clarification:** where clarity and transparency are an issue.
- **Simplification:** is the solution simple or rather complex?
- **Protection of rights:** for this evaluation benchmark it is important whether the persons concerned are well protected, whether they lose rights but also how safe and quick the procedures are which have to be followed to get a benefit.
- **Administrative burden and implementation arrangements:** here the burden for administrations is scrutinised.
- **No risk of fraud and error:** options should also not be construed in such a way that the persons concerned try to achieve better results (e.g. higher benefits) by simulating facts which do not correspond to reality.
- **Potential financial implications:** behind this point the main question is hidden, as it seems that divergent points of view of Member States have been the incentive for this report; therefore, we refrained from really giving marks on this factor, but we only show the possible impact the option will have and leave it to the decision-makers to draw the conclusions from this;

The discussion within our small group of experts already showed how difficult it would be to achieve a solution to which everyone can agree (we quickly saw

that on some points we did not agree and, thus, this also had to be reflected in this report).

To help the reader more easily identify our conclusions concerning the different factors in relation to each option we used a system of marks where (+) means better than, (-) worse than and (≈) means nearly the same as the status quo, while (?) indicates that we give the results of our analysis whereas it will be a decision for the political decision-maker to make, as we cannot.

The following table presents the results of our evaluation.

	Clarification	Simplification	Rights	Admin. burden	Fraud	Financial implications
Option 2a	-	-	?	-	≈	?
Option 2b	-	-	?	-	≈	?
Option 2c	-	-	-	-	≈	?
Option 3a	+	?	+	+	+	?
Option 3b	+	-	+	-	+	≈
Option 3c	-	-	?	-	+	?

The analysis also showed that export is not the only problem. Thus, if a revision of the family benefits chapter is envisaged also all other problems and shortcomings existing today should be examined. If possible also additional options could be achieved at the same time with the provision of the export principle. From our point of view the problems which arise due to some of the horizontal problems are much more important and, maybe, should be solved

with more energy of the legislature and urgency than the export question. We identified several issues, especially the following ones: the need for better definitions, a special coordination for child-raising benefits for persons in gainful employment (exclusive granting by the Member State which is competent for the person concerned) but also a clear rule on the question how many ‘baskets of benefits’ have to be made for the calculation of the differential supplement. Some of these horizontal issues are so interlinked with our main topic of export of family benefits that we had to recommend to take them also on board for the planned revision. As an example we want to mention that we have all been convinced that, even if an adjustment of family benefits is decided to be an interesting option, this cannot apply to contributory benefits (when only the payment of contributions opens entitlement to benefits) or to those with an income replacement function (e.g. some child-raising benefits).

Thus, our conclusion is that the examination of possibilities for a revision of the family benefits coordination rules is a valuable exercise which could improve the status quo. It should not be restricted only to the export question, but should also contain additional elements. Looking at the marks we have given to the different options it is clearly Sub-option 3a which seems to be the most suitable one for further analysis. Of course, also this option would be optimised by adding a special coordination e.g. for child-raising benefits. But it should never be forgotten that also this option would have negative aspects like e.g. a shift of the burden between the Member States, which has to be reflected upon when the political decision is taken.

## General remarks

### *1.1 Notions used throughout the text*

To ease the reading of the text some notions used throughout the text have to be defined:

**‘Regulation (EEC) No 1408/71’** means Regulation (EEC) No 1408/71 of the Council of 14 June 1971 on the application of social security schemes to employed persons and their families moving within the Community, as amended;

**‘Regulation (EEC) No 574/72’** means Regulation (EEC) No 574/72 of the Council of 21 March 1972 fixing the procedures for implementing Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons and their families moving within the Community, as amended;

**‘Regulation (EC) No 883/2004’** means Regulation (EC) No 883/2004 of the European Parliament and the Council of 24 April 2004 on the coordination of social security systems, as amended;

**‘Regulation (EC) No 987/2009’** means Regulation (EC) No 987/2009 of the European Parliament and of the Council of 16 September 2009 laying down the procedure for implementing Regulation (EC) No 883/2004 on the coordination of social security systems, as amended;

**‘Regulation (EU) No 492/2011’** means Regulation (EU) No 492/2011 of the European Parliament and of the Council of 5 April 2011 on the freedom of movement for workers within the Union;

**‘CJEU’** means the Court of Justice of the European Union; rulings which dealt with Regulation (EEC) No 1408/71 are also mentioned in relation to Regulation (EC) No 883/2004 if from our point of view these rulings are still valid under the new Regulation (the relevant material content did not change);

**‘family benefit’** means benefits in kind and in cash intended to meet family expenses (definition of Article 1(u)(i) of Regulation (EEC) No 1408/71 and Article 1(z) of Regulation (EC) No 883/2004);

**‘family allowance’** means periodical cash benefits granted exclusively by reference to the number and, where appropriate, the age of the members of the family (definition of Article 1(u)(ii) of Regulation (EEC) No 1408/71);<sup>1</sup>

**‘member of the family’** means – in accordance with Article 1(i) of Regulation (EC) No 883/2004 – any person defined or recognised as a member of the family or as a member of the household by the legislation under which benefits are provided; thus, it is a question of definition under the legislation which applies in the concrete case; if this legislation makes it necessary that the person concerned lives in the same household as the insured person or the pensioner, this condition has to be regarded as satisfied if the person in question is mainly dependent on the insured person or pensioner;

**‘export’** is from a legal point of view misleading; in principle Regulation (EC) No 883/2004 obliges to grant the family benefits also for the children residing in another Member State; therefore, it depends mainly on the legislation of the Member State which has to grant the benefits to whom the benefits have to be granted; if they have to be granted directly to the children this indeed usually means export; if they have to be granted to one of the parents this is not export, but it is assumed that the person receiving the money spends it in favour of the children concerned; if this is not the case, Article 68a of Regulation (EC) No 883/2004 safeguards that the benefit is transferred to the person who really maintains the children; this is only a clarification for the reader; we do not intend to change anything in this respect under our options and decided to use the word ‘export’ in a broader sense for all situations in which the children reside outside the Member State concerned;

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<sup>1</sup> In MISSOC tables family allowances can usually be found under the heading ‘Classic child benefits’.



‘**Member State with primary competence**’ means the Member State which has to grant its family benefits by priority (this Member State has to grant the full amount of the benefit under the legislation it applies). We will use this term throughout this report, also if we propose changing the rules of priority (for further details under today’s coordination please read chapter 3.1.2).

‘**Member State with secondary competence**’ means the Member State which only has to top up the family benefit of the Member State with primary competence in the event that the family benefits of this Member State with secondary competence are higher (differential supplement – see below).

‘**differential supplement**’ means the topping up of the family benefit of the Member State which has been declared primarily competent by the Member State which is secondarily competent to reach the amount of benefits in the latter Member State (which is only necessary if the latter amount is higher than the first one – today provided under Article 68(2) of Regulation (EC) No 883/2004);

The **different States** to which Regulation (EC) No 883/2004 applies have at certain points been abbreviated in the following way: Austria (**AT**); Belgium (**BE**); Bulgaria (**BG**); Switzerland (**CH**); Cyprus (**CY**); the Czech Republic (**CZ**); Germany (**DE**); Denmark (**DK**); Estonia (**EE**); Greece (**EL**); Spain (**ES**); Finland (**FI**); Liechtenstein (**FL**); France (**FR**); Hungary (**HU**); Croatia (**HR**); Ireland (**IE**); Iceland (**IS**); Italy (**IT**); Lithuania (**LT**); Latvia (**LV**); Luxemburg (**LU**); Malta (**MT**); the Netherlands (**NL**); Norway (**NO**); Poland (**PL**); Portugal (**PT**), Romania (**RO**); Slovenia (**SI**); Sweden (**SE**); Slovakia (**SK**) and the United Kingdom (**UK**).

A **bibliography**, including selected literature on the coordination of family benefits for further reading, is attached as **Annex 3**.

## 1.2 Mapping

We also want to already refer to the **mapping** which had to be done especially to reflect the specific impact of the proposed amendments (options) in the different Member States, but, also to map the current situation and the problems encountered. For this purpose questionnaires were sent to **FreSsco national experts**. The countries were chosen according to substantive and geographic criteria. Care was taken to select countries that provide family benefits as income replacement benefits and those with no link to employment and paying of social security contributions, those with very diverse family benefits and those with more simple ones, countries from continental Europe, Eastern Europe and a Scandinavian country. Hence, the questionnaire was sent to (and the replies were received from) **Austria, Belgium, Bulgaria, the Czech Republic, Croatia, Luxembourg, Poland, Slovenia** and **Sweden**. It has to be mentioned also that the selected Member States have very different levels of cost of living standards. Starting with the Member State with the highest level,<sup>2</sup> **Sweden** is No 2, **Luxembourg** No 4, **Belgium** No 8, **Austria** No 10, **Slovenia** No 16, **the Czech Republic** No 22, **Croatia** No 23, **Poland** No 26 and **Bulgaria** No 28. Due to the very restricted time schedule for all three think tank reports (next to the present one also on special non-contributory cash benefits and unemployment benefits), all three questionnaires could not be sent to the same national experts (candidate countries for the analysis of family benefits could also be **DE, UK** or **FR**), since this would clearly be overburdening for them. The results of the replies received have been incorporated into the report wherever best fitted. These parts are clearly distinguished in separate chapters.

Whenever we refer in this report to the special situation in one Member State, this is as a rule the outcome of the replies to the questionnaire (thus, the opinion of the FreSsco experts) and not of other (e.g. official) sources.

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<sup>2</sup> See chapter **Error! Reference source not found.**



## Current situation and problems

### 1.3 *Legal background – coordination of family benefits under today’s coordination rules*

#### 1.3.1 *The coordination embedded in the general principles of the TFEU*

The substantive rules currently in force to coordinate family benefits in the EU are stipulated by Regulation (EC) No 883/2004, more precisely in its **Title III, Chapter 8**. Understandably the preamble of the said Regulation as well as Title I, which sets out general provisions, and Title II, which fixes the main principles for the determination of the applicable legislation, are extremely important, as well as implementation Regulation (EC) No 987/2009.

To better understand the idea of the coordination rules, it is useful to note that Regulation (EC) No 883/2004 was enacted under **the legal base of Articles 48 and 352 TFEU**. The former one obliges the EU institutions to adopt measures to secure the rights of migrant workers and their dependants in the field of social security, which are necessary to provide freedom of movement to workers. In other words one of the aims of the Regulation is “*to contribute to the establishment of the greatest possible freedom of movement for migrant workers*”, which is one of four fundamental freedoms of the EU, along with free movement of capital, goods and services.

It has to be mentioned that compared to the previous coordination Regulations, the current one is broader as it applies to all nationals of a Member State, stateless persons and refugees residing in a Member State who are or have been subject to the legislation of one or more Member States, as well as to the members of their families and to their survivors (Recital No 7; Article 2). Thus, it does not only cover economically active persons and their families, but everyone who has had some contact with the social security of several Member States. For persons who cannot be regarded as being active, the

Regulation was adopted following the procedure in Article 352 TFEU. The broader personal scope is logical, taking into account the general trend to expand also the rights of non-active EU citizens (especially under the fundamental right to free movement for all Union citizens under Article 18 TFEU).

The Court of Justice of the European Union (CJEU) has consistently held that Article 48 TFEU provides for the coordination, not for the harmonisation, of the legislation of the Member States. The aim of coordination is to adjust social security schemes in relation to each other in order to regulate transnational questions, with the objective of protecting the social security position of migrants (or any other eligible persons according to the Regulation), by guaranteeing that persons do not lose their social security rights due to migration. At the same time the coordination rules have a neutral character, which means that in principle situations have to be accepted where, due to the change of applicable social security legislation, the migrant person may find him or herself in a less favourable situation deriving from the substantive law of the Member State where the person migrated to (as, for example, the substantive law, applicable according to coordination rules, provides for lower amounts of benefits). However, the situation could also be in favour of the migrant.

Before going more into detail of Regulation (EC) No 883/2004 it is also important to mention **Article 18 TFEU**, according to which, within the scope of application of the Treaties, any discrimination on grounds of nationality must be prohibited and Article 45 TFEU, which, in the context of free movement of workers prohibits any discrimination on grounds of the migrant worker's nationality.

The aim of all coordination rules, is, as previously said, to guarantee that a person, due to free movement, is not losing his or her social security rights. Looking at the preamble of the Regulation, especially recitals No 1, 7, 8, 13, and 17, and taking into account the legal base from the TFEU, it could be said

that the Regulation concentrates on securing the social security rights of all EU citizens who have used their right to free movement and their family members, and not especially of economically active persons. But, arguments could also be found which support the idea that the Regulation still gives priority to economically active persons and their families, especially concerning family benefits, (see also recitals No 8 and 17 of the preamble) as the previous Regulations did. This question of the personal scope is important in defining whether the aim is to particularly guarantee the equal treatment of migrant workers and their rights in the Member State of activity or whether the aim is more general – to secure the social security rights of all persons who have used their right to move freely on whatever ground or have been in contact with that right through family members.

### *1.3.2 Specific rules on coordination of family benefits*

This part gives a short description of the main principles of coordination of family benefits. To guarantee persons' rights (also to family benefits), in **Title I** the Regulation provides for generally applicable principles, e.g. specific rules for aggregation of insurance etc, periods in different Member States, the assimilation of facts, the waiving of residence rules. The Regulation also enacts a general rule which should prevent overlapping of benefits (Article 10 and specific rules in Title III). All these general principles are well-known to the reader and seem unnecessary to be repeated at this occasion.

**Title II** of the Regulation determines which legislation is applicable to a person. As a general rule, the person covered by the Regulation should be subjected to the legislation of a single Member State (Article 11(1)). Article 11(3) defines the general rules of applicable legislation: as in previous Regulations, the Member State in which the person concerned pursues his or her activity as an employed or self-employed person should be the (one and only) competent Member State in social security matters (see recital No 17

and Article 11(3)(a)) and that State should also apply the general principles mentioned above; in particular it should treat the person equally with its nationals (Articles 4 and 5). At the same time there are more and more rules in the Regulation which derogate from this general principle of competence of the Member State of gainful activity and which complement these rules, and also which regulate competence situations where a person is not economically active, but is still covered by the Regulation. This determination of the applicable legislation is of utmost importance for the coordination of family benefits as – on the one hand – only a Member State which is competent for one of the members of the family (including the one competent for a child) has the obligation to grant benefits under Regulation (EC) No 883/2004<sup>3</sup> and – on the other hand – every competent Member State is obliged to open entitlement to its family benefits for all family members, irrespective of whether they reside in the same or in another Member State (Article 67 of Regulation (EC) No 883/2004).

Without any additional rules this could lead to overcompensation if all Member States competent have to grant the full amount of their family benefits. Therefore, **Title III, Chapter 8** of Regulation (EC) No 883/2004 provides for priority rules which set up a hierarchy of competent Member States (especially Article 68). Only the Member State which has primary competence has to grant the full amount of its family benefits and any other competent Member States only have to grant a top-up in the event that the family benefits under the legislation of these Member States are higher than those of the Member State with primary competence. In a nutshell, this hierarchy could be described as follows: competence of a Member State due to work has priority over the competence of a Member State granting a pension,<sup>4</sup>

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<sup>3</sup> To keep this part simple we do not want to refer to the specific solutions developed by the CJEU under the general principles of the TFEU in relation to Member States not competent for any member of the family which provide for entitlements under national legislation alone – e.g. the judgment in *Hudzinski and Wawrzyniak*, C-611/10 and C-612/10, EU:C:2012:339.

<sup>4</sup> The case of pensioners is special as it is not the Member State competent for the pensioner under Title II of Regulation (EC) No 883/2004 (which would be, based on Article 11(3)(e), the Member State of residence) but the Member State which

which has priority over competence due to mere residence. The Regulation also contains special provisions for those cases in which more than one Member State at the same step of hierarchy is involved (e.g. two different Member States in which the parents exercise a gainful activity and thus are subject to the legislation of both Member States due to Article 11(3)(a) of Regulation (EC) No 883/2004). In these cases the residence of the child gives priority. Should no result be obtained thanks to this rule either (e.g. the child resides outside the two Member States in which the parents exercise a gainful activity) there are additional rules which determine the Member State which has to grant its family benefits by priority. As these are very rare cases we do not want to go into the details of these rules.

#### 1.4 Legal problems

The rules on family benefits under Regulation (EC) No 883/2004 are one of today's most complex and disputed fields of coordination. Among the problems of a legal nature especially the following have to be mentioned:

- **Various and diverging types of family benefits in cash:** Taking into account the rulings of the CJEU, not only the traditional family allowances have to be regarded as family benefits. This includes also a bouquet of other benefits which do not have a lot of common elements, but, which have a general aim, which is (at least in part) the intention to meet family expenses: child-raising benefits which are usually meant to help the concrete person taking care of the child and which, therefore, replace income which cannot be received during the child-raising period;<sup>5</sup> tax benefits which are granted as a tax bonus;<sup>6</sup> an aid for child

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grants the pension; thus, the Regulation adds Member States which have to grant family benefits to those which are competent under its Title II.

<sup>5</sup> E.g. the judgment in *Hoever and Zachow*, C-245/94 and C-312/94, EU:C:1996:379; the judgment in *Kuusijärvi*, C-275/96, EU:C:1998:279; the judgment in *Weide*, C-153/03, EU:C:2005:428; the judgment in *Dodl and Oberhollenzer*, C-543/03, EU:C:2005:364; and most recently the judgment in *Wiering*, C-347/12, EU:C:2014:300.

<sup>6</sup> Judgment in *Lachheb*, C-177/12, EU:C:2013:689, concerning the aspects of tax benefits which are at the same time social security benefits; see B. Spiegel (ed.), K. Daxkobler, G. Strban & A.P. van der Mei, 'Analytical report 2014: The relationship between social security coordination and taxation law', FreSsco, European Commission, January 2015.



care at home if the public kindergartens are not used;<sup>7</sup> but also advances of maintenance payments<sup>8</sup> and childbirth and adoption allowances<sup>9</sup> (this last group had to be explicitly excluded from the definition of family benefit to safeguard that Regulation (EC) No 883/2004 does not apply to them – Article 1 (z)). This variety of benefits makes it difficult to know exactly which benefits have to be coordinated and which fall outside the material scope of the Regulation.

- **A transition from work-related concepts towards the inclusion of anybody covered by a social security scheme:** While Regulation (EC) No 883/2004 switched from covering (in principle) only gainfully active persons and their dependents (as has been the case with Regulation (EEC) No 1408/71) towards covering all persons subject to any social security scheme (Article 2), the coordination rules for family benefits still follow the old logic by giving priority to the situation of the gainfully active persons. This could cause some tension with the rights which every EU citizen derives from European citizenship (which rights have priority: those as a European citizen as an own right or those derived from another gainfully active person?). Without going further into that issue we recommend that this is an aspect which could also be further taken into account when thinking about concrete reforms of the coordination of these benefits.
- **The calculation of the differential supplement:** When the Member State which is not competent by priority has to top up the benefits of the Member State competent by priority many questions arise. The question if this top up has to be made for the total of all family benefits together or only per benefit category has been decided under Regulation (EEC) No 1408/71 by the CJEU in favour of the second option.<sup>10</sup> Although some doubt may arise whether this also applies for the application of Regulation (EC) No 883/2004, there are convincing arguments in that direction.<sup>11</sup> Another issue which is still not decided

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<sup>7</sup> Judgment in *Maaheimo*, C-333/00, EU:C:2002:641.

<sup>8</sup> Judgment in *Offermanns*, C-85/99, EU:C:2001:166, judgment in *Humer*, C-255/99, EU:C:2002:73, and judgment in *Effing*, C-302/02, EU:C:2005:36.

<sup>9</sup> If Luxemburg had not excluded this benefit explicitly it would have been covered by Regulation (EEC) No 1408/71; judgment in *Leclere and Deaconescu*, C-43/99, EU:C:2001:303.

<sup>10</sup> Judgment in *Wiering* EU:C:2014:300.

<sup>11</sup> See also Y. Jorens & J. De Coninck, 'Reply to an ad hoc request for comparative analysis of national legislations. Family Benefits – Consequences of the Wiering judgment in C-347/12', FreSsco, European Commission, December 2014, 132 p.

is whether this calculation has to be made per family or per child (which could also lead to totally different results, the latter one giving entitlement to higher benefits than the first one).

- **An unclear situation concerning benefits in kind:** The notion of family benefits also covers all benefits in kind. Despite that, Regulation (EC) No 883/2004 does not provide for clear rules (as are e.g. provided in the field of sickness benefits in kind<sup>12</sup>) on which Member State has to grant these benefits. Although concrete rulings of the CJEU are still missing,<sup>13</sup> it cannot be excluded that these benefits have to follow the general rules of coordination of family benefits including the obligation to grant them also for children residing outside the Member State concerned. Of course it is very difficult to imagine the export of e.g. free school books, free school milk or free travel from home to school to other Member States, but, would it not be possible that the CJEU, once asked, deducts from these rules an obligation to reimburse the expenses incurred outside the competent Member State?<sup>14</sup>
- **Which persons have to be regarded as members of the family:** Under the traditional family concept the question which persons can open entitlement to family benefits was not so difficult to answer (the parents and the children). Modern family situations have altered this dramatically. Today it is in some situations very complicated to decide which persons might be involved. The CJEU had to respect these new situations and declared also persons outside the actual family as persons who might open entitlement to family benefits, e.g. a divorced parent.<sup>15</sup> As a result, much more individuals could be concerned when

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<sup>12</sup> There is a whole Chapter 1 under Title III of Regulation (EC) No 883/2004 which deals with the various aspects of the granting of sickness benefits in kind. Most important is that there is no export of these benefits but an obligation of the Member State where the concrete treatment is effected to grant these benefits at the expense of the competent Member State.

<sup>13</sup> In the judgment in *Commission v Austria*, C-75/11, EU:C:2012:605, the CJEU did not have to answer the question whether the Austrian reduced costs for public transport have to be regarded as family benefits in kind under Regulation (EEC) No 1408/71.

<sup>14</sup> Following e.g. the reimbursement obligation developed by the CJEU in the cases on 'patient-mobility'; but of course, the cases we are confronted with are usually not cases on the freedom to provide services under Article 56 et seq TFEU. As this is not the main subject of this report we do not examine this question more in depth; for our purpose it is most important to mention it as a problem.

<sup>15</sup> Judgment in *Slanina*, C-363/08, EU:C:2009:732; this ruling is understood in Austria as extending the notion of member of the family beyond the definition of Article 1(i) as also children who have not been dependent on the insured person came within the notion of member of the family .

calculating the amounts of family benefits. The definition of family member under Article 1(i) of Regulation (EC) No 883/2004 should be analysed if it really gives enough clarity concerning all persons who could fall under the notion of ‘family member’. Another issue is also if today’s definition covers in a sufficiently broad way all new forms of family which are recognised only under the legislation of some Member States (e.g. homosexual marriages).<sup>16</sup>

## **1.5 Administrative problems**

### **1.5.1 Results from the mapping exercise**

The **FreSsco national experts’** replies to the questionnaire showed some details concerning administrative difficulties. Certain administrative problems were reported by the majority of FreSsco national experts, arguing that the coordination regime for family benefits does not function perfectly in practice. Causes might lie for instance in the difficulty of comparing distinctive family benefits, not only due to diversity in the nature of these benefits, but also due to diversity of eligibility conditions for claiming them (e.g. in **LU**).

It seems that in **Austria** the principle that **the whole family must be considered** for the entitlement to family benefits leads to major administrative efforts for the competent institutions. They are obliged to identify all relevant facts regarding the mother, the father and the child. Also **Poland** reported problems regarding the classification of benefits and of a family (e.g. the legal situation of a step-parent). Similarly in **Bulgaria**, the reference to persons who have to be specified in part A of the E400 family benefit confirmation form creates certain difficulties. The form requires referral to a (former) spouse or other person/persons whose entitlement to family benefits in the country of residence of those family members should be verified. This allows referral of economically inactive persons (pensioners and even deceased relatives) and in

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<sup>16</sup> See also Y. Jorens, B. Spiegel, J.-C. Fillon & G. Strban Think Tank report 2013, ‘Key challenges for the social security coordination Regulations in the perspective of 2010’, Chapter 5.

that manner, to designate the other Member State as primarily competent (based on occupation). Moreover, in Bulgaria a large number of portable documents and certificates providing data only for family allowances for children in Bulgaria is being issued to individuals (by the Social Assistance Directorate at the Ministry of Labour and Social Policy). These do not provide information for occupation and activity in Bulgaria, and thus they cannot serve to determine the competent institution under the social security coordination rules.

All that may result in **rather long procedures**. Lengthy procedures were reported not only by **Austria**, but also by **Croatia** and **Slovenia**. In the latter it appears that the reason lies especially in complicated matters of coordination of family benefits and the important increase of coordination issues since Croatia's accession to the Union. In addition, only few experts are dealing with the coordination of family benefits, which may result in administrative decisions being issued only after a year from claiming the benefits (with an even longer tendency in the future). Moreover, certain procedures, like the one for the recovery of benefits, are as a rule not even instigated. Interestingly, in order to prevent fraud and abuse of family benefits, it is reported that **the Czech Republic** is currently starting negotiations with Slovakian partners on a possible future anti-fraud bilateral agreement. However, this procedure is only in a very beginning stage and no details on the future content of such an agreement are known yet.

So far, problems encountered and reported by the **Croatian** authorities relate also to **cooperation with the competent institutions of other Member States**. It seems that the main problem consists in obtaining the answer from another Member State, particularly where there is primary competence in another Member State on the basis of receipt of pension. The procedure is often long, without a reply from the Member State with primary competence. This results in the temporary granting of benefits by the Member State with secondary competence (i.e. **HR**), which could potentially lead to lengthy and

complicated reimbursement procedures. Another problem in communication arises with the forwarding of applications for family benefits, which are deemed submitted in all Member States if they are submitted in one Member State (which is then liable to forward it, if the facts of the case so require). Practice shows that applications are either not forwarded at all, or are forwarded without response from the other Member State.

Administrative problems in the cross-border exchange of data were also reported by **Belgium** and **Bulgaria**. In **Bulgaria** it seems that the series **E400 forms** and the SEDs of the F-series are exchanged on paper by regular post. As a result, the information flow lingers and a risk of losing documents always exists. Introduction of upcoming electronic exchange should accelerate and facilitate the process of data exchange.

Reportedly, in **Sweden** there are problems concerning the **coordination of income-replacing parental benefits** (see 4.1.4 below).

Another problem was reported by **Austria** in relation to family benefits. Entitlement to family benefits often **effects inclusion into social insurance**, like health or pension insurance. This can cause problems if the person concerned is already insured because of the prolongation of employment, e.g. during maternity leave. In this case the question arises which Member State is competent to provide social insurance coverage? This is also due to the fact that the material scope of Decision F1 of the Administrative Commission for the Coordination of Social Security Systems<sup>17</sup> is not clear enough regarding the applicable legislation.

Despite all the problems mentioned above, not many **national court cases** dealing with social security coordination of family benefits were reported. None or very few (non-recent) cases were reported by **Belgium, Bulgaria, the**

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<sup>17</sup> Administrative Commission for the Coordination of Social Security Systems, Decision F1 of 12 June 2009 concerning the interpretation of Article 68 of Regulation (EC) No 883/2004 of the European Parliament and of the Council relating to priority rules in the event of overlapping of family benefits, OJ C 106, 24.04.2010, p. 11-12.

**Czech Republic, Hungary, Luxembourg** (apart from two famous cases, i.e. *Lachheb*<sup>18</sup> and *Wiering*<sup>19</sup> – introducing insecurity for the **Luxembourg** institution CNPF<sup>20</sup>) and **Slovenia**.

It is in **Austria** that several court cases were reported. In 2014 and 2015 (until end March) Austrian higher courts had to decide 23 cases regarding the coordination of family allowance (*Familienbeihilfe*) and two cases regarding the coordination of childcare cash benefits (*Kinderbetreuungsgeld*) under Regulation (EC) No 883/2004 (or Regulation (EEC) No 1408/71, respectively).

In **Sweden** (apart from the *Kuusijärvi*<sup>21</sup> case, also mentioned below) courts had to deal with the question of the duration of export of residence-based family benefits, such as child allowance.<sup>22</sup> Sweden also reported a specific problem with regard to the case law on the deduction of days to be made when parental benefits have been paid out in other Member States.<sup>23</sup> The negative consequences for families with one frontier worker were also acknowledged in the Swedish media.

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<sup>18</sup> Judgment in *Lachheb* EU:C:2013:689.

<sup>19</sup> Judgment in *Wiering* EU:C:2014:300.

<sup>20</sup> Caisse nationale des prestations familiales.

<sup>21</sup> Judgment in *Kuusijärvi* EU:C:1998:279.

<sup>22</sup> Reportedly, one case concerned a woman who had left Sweden for France. As long as she was a student there with Swedish study allowance, she was entitled to continued payments of child allowance. However, when her studies came to an end, the Social Insurance Agency claimed that she was no longer covered by Swedish legislation. The Administrative Court of Appeal found that the woman, due to a leave of absence from her Swedish employer, could not be regarded as having ceased all occupational activity in Sweden (compare with the *Kuusijärvi* case). The Social Insurance Agency appealed and claimed that the woman was no longer covered by any risk according to Swedish social security legislation, since a person during leave of absence is not covered by the Swedish work-based social security legislation (compare with the *Dodl/Oberhollenzer* cases). The case was not granted leave to appeal in the Supreme Administrative Court.

<sup>23</sup> According to national legislation, Sweden is entitled to deduct days from the total of 480 Swedish days of benefits. However, to establish how many days have been taken out in another Member State may be problematic. The full Swedish parental benefit equals seven days of benefits a week. The Swedish Social Insurance Agency has taken the stance that, when transforming weeks taken out into days, a foreign week equals seven days, regardless of how many actual days the person has been granted in the other Member State during that week. In a situation where the mother worked in Denmark, for example, and had started the parental leave, the Swedish deduction led to situations where there were no days left for the father, working in Sweden, when he wanted to draw his parental benefit.

Several (administrative) court cases were also reported by **Poland** concerning overlapping of family benefits and the determination of the applicable legislation. Polish courts are of the opinion that the subject of comparison should be only the total amount of the benefit(s) granted, rather than the particular amounts of each type of benefits granted,<sup>24</sup> which seems to be in opposition to the CJEU judgment in *Wiering*.<sup>25</sup>

#### 1.5.2 *Short conclusions on the administrative problems*

As shown by the mapping exercise, many technical and administrative problems occur in today's application of Title III, Chapter 8 of Regulation (EC) No 883/2004 (beside the legal problems). It is not the subject of this report to deal with all the different problems; only those relevant to export will be analysed if needed. Nevertheless, from our point of view especially the following problems can be summed up (some of them stemming from the FreSsco national experts, some added from our experiences and knowledge):

- problems identifying the Member State competent by priority;
- problems calculating the differential amount by the other Member States;
- very lengthy procedures which lead to situations in which the families concerned have to wait long before any benefit is paid;
- problems calculating provisional benefits;
- problems recovering overpayments.

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<sup>24</sup> Cf Naczelny Sąd Administracyjny, akt I OSK 295/11, I OSK 713/11.

<sup>25</sup> Judgment in *Wiering* EU:C:2014:300.

## **1.6 Political problems**

### **1.6.1 General remarks**

On top of the legal and administrative problems, in recent years the coordination of family benefits also became the focus of political attention. Anecdotally, some stakeholders' main concern and point of criticism is that the family benefits which have to be granted for children residing outside the competent Member State have to be exported without any limitation, irrespective of the (economic) situation in these children's Member State of residence. Member States with relatively high amounts of family benefits could argue that this unlimited export is not fair, as it provides (in relation to the economic situation) much more money than the local families (without cross-border movement) get. Main purpose of the mandate for this report (which clearly mentions these concerns) is to look into various options for the export of family benefits which could solve the political problems. But, already at that occasion it has to be stressed that our group did not see today's situation of unrestricted export of family benefits in such a dramatic way; in public discussion only very few Member States raised this issue.

As any option which is different from the status quo will not be measured in relation to its impact on these political problems alone, but, also in relation to the legal and administrative problems described, we will also refer to them and have a look if these problems could also be solved or at least diminished. The option which could best solve all three categories of problems would be the preferred one.

### **1.6.2 Results from the mapping exercise**

Despite all the problems mentioned and also the rationale behind our mandate, hardly any **political debate** on coordination of family benefits was reported by the **FreSsco national experts**. It is considered that the coordination



Regulations are a technical matter, giving rise to debates only between experts (e.g. CNPF in LU). For example, the *Wiering* case law<sup>26</sup> is of great importance for **Luxembourg**, but it seems too hard to explain it in detail to the public. Some public debate on family benefits was reported by **Slovenia** (following the adoption of the new family benefits act) and **Bulgaria** (on very low family benefits and their entitlement for the Roma population), but none on the coordination of family benefits. No public debate on coordination was also reported by **Belgium, Bulgaria, the Czech Republic and Slovenia**.

Conversely, there was some public debate in **Poland** on transfer of family benefits from other Member States, especially from the United Kingdom to Poland. This started when David Cameron, British Prime Minister, stated that he would try to renegotiate the UK's membership of the European Union to allow it to withhold child benefits for children living in other EU countries.<sup>27</sup> This became an international affair, and Polish foreign minister Radek Sikorski, talking about reciprocity, wrote on his official site: "*If Britain gets our taxpayers, shouldn't it also pay their benefits? Why should Polish taxpayers subsidise British taxpayers' children?*"<sup>28</sup> It has to be noted that in the United Kingdom child benefit claims under Regulation (EC) No 883/2004 in respect of children living in Poland are constantly decreasing.<sup>29</sup>

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<sup>26</sup> Judgment in *Wiering* EU:C:2014:300.

<sup>27</sup> David Cameron said: "*It's a situation that I inherited ... I think it will take time because we either have to change it by getting agreement from other European countries – and there are other European countries who, like me, think it's wrong that someone from PL who comes here, who works hard, and I am absolutely all in favour of that, but I don't think we should be paying child benefit to their family back at home in Poland.*" R. Mason, 'Cameron to push for cap on European migrants in UK negotiations with EU', *The Guardian*, 5 January 2014, available at <http://www.theguardian.com/uk-news/2014/jan/05/cameron-cap-european-migrants-uk-negotiations-eu> (last accessed 17 March 2015).

<sup>28</sup> B. Waterfield, 'Poland attacks David Cameron plan to ban Polish and EU migrants from claiming child benefit', *The Telegraph*, 6 January 2014, available at <http://www.telegraph.co.uk/news/worldnews/europe/poland/10553020/Poland-attacks-David-Cameron-plan-to-ban-Polish-and-EU-migrants-from-claiming-child-benefit.html> (last accessed 17 March 2015). He argued that Polish people contributed about double the amount to the British economy than they withdrew in benefits. According to statistics, migrants from the Central and Eastern European Member States are much less likely to claim benefits than British nationals. The majority claim child benefits. In the long run the United Kingdom is receiving the fiscal contribution of migrants' work, without paying for the education and training that enables them to work.

<sup>29</sup> According to statistics, in 2009 there were 22,885 claims for 37,941 children in Poland. In 2013 there were 13,174 claims for 22,093 children of migrants from Poland. R. McInnes, 'Statistics on migrants and benefits', available at <http://www.parliament.uk/briefing-papers/SN06955/statistics-on-migrants-and-benefits> (last accessed 31 March 2015).

## **Horizontal options which are relevant for all options examined with regard to export**

Before going into the concrete options concerning the export of benefits, we want to mention some horizontal issues which emerge when problems in relation to the coordination are mentioned and, therefore, also have relevance for these options. We recommend also including these aspects in any attempt to change the existing system, as they could have significance for the impact assessment of the different options. After our examination of the different options we are convinced that these horizontal questions cannot be left aside by the policy-makers who have to take a decision on which option on export of benefits to follow.

Nevertheless, these additional options are not a must for the new coordination concerning export. They could help to avoid some additional problems, but, any export option would also perfectly work without them (maybe, with different pros and cons as a result of the impact assessment – which can be of great importance for the decision-makers). As this was not explicitly requested we have also abstained from making a detailed impact assessment of these additional options. Whenever important we will refer to them during the impact assessment of the export options. Taking into account the very restricted time available for any reform of the export provisions it would not be realistic to expect that all these additional options will be taken on board at this next occasion. Maybe, these ideas could be further discussed for a more profound revision of the coordination of family benefits in future.

## **1.7 The same coordination for all family benefits?**

### **1.7.1 General remarks concerning the variety of benefits**

Of course export today concerns all family benefits in the same way (letting aside the advances of maintenance payments and special childbirth and adoption allowances which are included in Annex I of Regulation (EC) No 883/2004). Nevertheless, it should be examined if the same coordination for all family benefits is really the perfect solution.

From a historical point of view (when Regulation (EEC) No 1408/71 was drafted) **family allowances** have been the main benefits provided for by the legislation of the Member States. Later on, the bouquet of family benefits as described above expanded and covered more and more different types of benefits. If export is considered the problem which stimulated this search for new options, we have to examine first if all the different groups of family benefits cause the same problems.

### **1.7.2 Results from the mapping exercise**

The diversity of political aims behind the different family benefits of the Member States also became very clear from the replies of the **FreSsco national experts**:

In general, the aim of social security systems is to provide income security in cases of lost (or reduced) income and in cases of additional costs (through a process of broader or narrower social solidarity). More precisely, the **primary goal** of family benefits may be deduced from the *actes préparatoires* (legislative material for the adoption of a new act). As a rule, it is to cover (part of) additional costs a family has due to maintenance and education of a child or more children.

For instance, in **Austria** in the *preparatory documents*<sup>30</sup> for the adoption of the Families' Burden Compensation Act (*Familienlastenausgleichsgesetz/FLAG*)<sup>31</sup> regulating family allowance (*Familienbeihilfe*), it is mentioned that the social policy aim of the Families' Burden Compensation Act is to support families with children when the costs of maintenance and education of children impair the standard of living, especially if a family has more than one child. It has been ascertained that compensating the additional financial burden of families for housing, clothing and nutrition is crucial for the existence of the whole **Austrian** society. This compensation is to be conducted between those who carry that burden – also for the good of the whole society – and those who do not carry such burden and therefore benefit from the fact that others do.

In **Slovenia** the social policy aim of the parental care and family benefits scheme is expressed in the preparatory materials for the new ZSDP-1 (*Zakon o starševskem varstvu in družinskih prejemkih*, Parental Care and Family Benefits Act).<sup>32</sup> It is emphasised that family benefits are a link of the entire uniform family policy, which is exercised also via other policy areas. The ZSDP-1 is based on the social nature of the Slovenian state and the fact that the state cannot ignore the basic societal cell – the family.

The primary goal of family allowances to offset the costs of a family for raising children is reported also by every other Member State (covered by our questionnaire), i.e. **Belgium, the Czech Republic, Poland, Luxembourg** (where family allowances are a personal right of the child),<sup>33</sup> **Sweden** (where family allowances should somewhat even out the differences between families

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<sup>30</sup> RV 549 BlgNR 21.GP, 11.

<sup>31</sup> Federal Gazette Number 376/1967, latest version Number 53/2014

<sup>32</sup> Government of the RS, legislative proposal for the ZSDP-1, EVA 2013-2611-0042, 10.10.2013

<sup>33</sup> Reportedly, since the beginning of the 21st Century, LU has adopted a new approach regarding welfare of children, based on the United Nations Convention on the rights of the child. Through reforms in fiscal matters – the abolition of income tax classes taking into account the presence of children in a household and the creation of a "child bonus" (2007) – and family benefits – the creation of a childcare voucher (2009), the abolition of family allowances for young people over 18 and the creation of a financial aid for young people in higher education (2010), the government recognised the child as an individual.

with children and those without) and **Bulgaria** (benefits should support parents to raise a child in the family environment).

However, there are also **ancillary (secondary) aims**, like guaranteeing equal treatment of children (**BE**), or maximising the best interests of the child, increasing birth rates and nativity (**HR**), providing more gender equality, enabling workers with family responsibilities to balance between professional and family life (**SI**), or combating the decline in birth rates (**AT**). It is also important to note that family benefits should prevent or even alleviate poverty of children and their families (**BE, BG**). In **Bulgaria** it is discussed that instead of targeting poor people (especially Roma), family benefits should follow children in educational establishments, being dedicated to education and better health care to increase children's potential for future employment and social inclusion. Some initial conceptualisations have, however, become obsolete (e.g. family benefits as a wage supplement for workers with families in **BE**).

Taking all these primary and secondary aims into account, family benefits are **shaped quite distinctively** across Member States. Some amounts may depend on the number of children (e.g. in **SE**) and their age (e.g. in **AT, CZ, SI** for child benefits). Some may be income-related and some provided as a lump sum (e.g. in **LU**). Some may be income-tested or means-tested (**HR**, child allowance in **CZ**, guaranteed child benefit in **BE**, child benefit in **SI**, family allowances and supplements in **PL**). For some (permanent) residence may be required (e.g. in **AT, SI**). There may be special benefits (e.g. partial payment for lost income and childcare supplement in **SI**) or certain supplements for children with disabilities (e.g. in **BE, BG, PL**). Supplements may include additional amounts of certain family benefits for single parents (e.g. in **BE** where it is income-tested, **SI**) or for long-term unemployed, sick or incapacitated parents or those receiving an old-age or survivor's pension (e.g. the **BE** professional scheme), supplements for heating or electricity support (in **BG**), or within the housing benefit (in **SE**).

It should be emphasised that presenting all different features of all family benefits in all Member States is not the central focus of the present report. For this we refer to the annexes (country sheets) of the FreSsco report on the *Wiering* judgment<sup>34</sup> and the MISSOC comparative tables on family benefits.

However, it might be pertinent also for the present analysis whether the **amounts of family benefits (and their adjustment)** are linked to the (minimum or average) wage or social assistance or living costs in the Member State they are being provided. Linking family benefits to different factors might influence the possibility (or criteria) for their adjustment when exporting them to another Member State.

The amounts of some family benefits are not directly linked to any of the abovementioned factors. For instance, in **Austria**, there is no defined percentage of living costs or average income which should be covered by the benefit. The amount is not directly related to minimum income or the social assistance amount. However, family allowance is not deducted when calculating social assistance (*Bedarfsorientierte Mindestsicherung*) in comparison to e.g. cash childcare benefits. This is due to the fact that the latter are qualified as ‘income’, which reduces the amount of social assistance accordingly. In contrast, the amount of social assistance even increases (plus 18%) if the claimant has to care for a child receiving family allowance.

In **Belgium**, in neither scheme (i.e. the professional and residual one) is there a defined percentage of the average income or living costs that should be covered by the benefit. In principle, the amount is not tied to the minimum income or to amounts of social assistance. However, the guaranteed child benefit is granted only to persons who receive social assistance or have a low income (hence, an indirect link to social assistance does exist), and certain supplements are income-tested.

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<sup>34</sup> Y. Jorens & J. De Coninck, ‘Reply to an ad hoc request for comparative analysis of national legislations. Family Benefits – Consequences of the *Wiering* judgment in C-347/12’, FreSsco, European Commission, December 2014, 132 p.

In **Bulgaria**, the amounts of family benefits are fixed annually by the State Budget Act for the respective year, which means they may differ from one year to another. Each family benefit or allowance type is a fixed sum and is not rate-related with living costs or average monthly or annual income. However, this does not apply to income-related family allowances.

In **the Czech Republic**, the amount of family allowances is not related to minimum income (reportedly, it used to be, but is not anymore), or to social assistance amounts. Interestingly, for Czech parental allowance, it is up to the parent who claims this benefit to choose how long he or she wants to stay at home with the child. The shorter the period, the higher the amount per month (within certain limits).

In **Croatia** benefits depend on monthly income per member of the household as put in relation to the State Budget Base of HRK 3,326 (€436) (the same base applied since 2002). Three income groups are eligible to receive the allowance: households who earn below 50% of the State Budget Base, those who earn below 33.66% of that base and those who earn below 16.33%. Those whose income exceeds 50% of this amount are not entitled. There are also additional supplements. The amount of the child allowance therefore depends directly on the amount of the State Budget Base, which is determined and laid down each year, by the Act on the Implementation of the State Budget for the current year.

Also in **Luxembourg**, the effective costs of the presence of a child in a household have never been calculated. A universalist vision prevails, which means that all children have equal rights, that they have a right to family allowances of the same (lump sum) amount. It is not related to living costs, average income, minimum income or social assistant amounts.

This is similar to **Sweden**, where child allowances and special supplements within housing benefits are not related to the minimum income/social assistance. Still, there appear to be discussions in Sweden from time to time on

whether child allowance should instead depend on the income level of the family. It is argued that in this case the costs for administrating the benefit would increase.

Also in **Poland** family benefits are not defined as a percentage of living costs, average remuneration or social assistance.

However, in **Slovenia** there seems to be a certain link to the minimum wage, e.g. parental allowance used to be determined as 55% of the minimum wage (and according to the new ZSDP-1 it is just set as a corresponding amount, no longer mentioning minimum wage as such). Also partial payments for lost income used to be equalled with (a proportional part or the entire) minimum wage (now the nominal amount is set, which corresponds to the minimum wage as it was set in the first half of 2010). Some benefits are targeted to those below 64 % of the average wage per family member (child benefit and large family supplement)

The most evident link to (former) income (wage) exists in income replacement child-raising schemes, e.g. the **Austrian** income replacement scheme of the cash childcare benefits (*Kinderbetreuungsgeld*), or parental benefits in **Sweden**.

Some family benefits do have a link with the cost of living in the country, which is evident from the **adjustment** (indexation) rules. Some family benefits are adjusted by the rate of inflation (e.g. in **AT**),<sup>35</sup> some by the evolution in living costs (e.g. in **BE** or **SI**). It may also be that family benefit amounts are fixed amounts, which are, e.g. in **Luxembourg**, no longer adjusted to the evolution of living costs.

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<sup>35</sup> In Austria, for the years 2016-2017 the amount of the family allowance will be increased by 1.9 %. The same applies for the year 2018. That approximately corresponds to the calculated rate of inflation.



### *1.7.3 Benefits with the predominant aim to meet family expenses; questions of definition*

If the political decision behind a family benefit is (besides other policy aims like e.g. the promotion of families or the encouragement to have (more) children) to cover the additional expenses which are caused by the obligation to maintain children (e.g. additional or special nutrition, nappies, prams, school books etc.) it is arguable that this decision is usually only based on the situation in the Member State concerned. The costs of these goods there are the decisive factor. In an ideal transparent world national politics set a percentage of these additional costs which has to be covered by the family benefit. If this decision says e.g. that 20% of these additional costs has to be the amount of the family benefit, this decision is outbalanced if the children need these goods in another Member State where they live and this amount covers e.g. 100% or only 5% of these goods there. In these cases a political problem might arise. On the contrary, our mapping exercise (see 4.1.2 above) showed that national legislatures usually did not refer to a specific percentage of the living costs when a new family benefit was introduced, even if it is also provided for that these benefits have to be adjusted in correspondence to the development of the costs of living in the Member State concerned. Important is also that it seems that no Member State has adjusted its family benefits to different costs of living inside the relevant territory.

For these benefits which include at least the classic family allowances, options could be considered which strive for a better way of achieving the political aims behind the benefit. These benefits will be the main focus of detailed options concerning the export of family benefits. Of course these options could also cover all other family benefits if no decision is taken to split the coordination for the different types of family benefits, but, we should never forget that especially these general benefits gave rise to the main problems with today's export obligations.

Past FreSsco work unveiled the complexity of the notion of family benefits especially if benefits are concerned which are at the same time social tax benefits (benefits granted under tax law which have the clear purpose to cover at least a part of the additional costs due to having children to maintain).<sup>36</sup> The perception from a national point of view of what constitutes a family benefit covered by Regulation (EC) No 883/2004 and which benefits fall outside its scope are very often more influenced by national systematics than European approaches (which should only look into the policy aim of a measure to establish the material scope of the Regulation). This situation has been aggravated by new types of benefits added by the CJEU which are not so evidently covered by the existing definition of family benefits as they cover also other purposes (e.g. helping the person taking care of a child to reconcile work and family life as is very often the case with child-raising benefits).

Therefore, it could be good to start any work on new ways of coordination with a new definition of a family benefit. This would be recommendable even if no specific coordination is provided for specific benefits which are income-related (see 4.1.4 below). Such a new definition should draw a clear borderline in relation to social tax benefits which still remain outside the scope of coordination under the Regulation (if there are any) and should also cover all the other benefits (if no specific new coordination is provided for them).

#### **Proposal for an additional horizontal Option No 1**

The definition of family benefits should be adapted to avoid today's questions of interpretation and to draw a clear borderline in relation to benefits which should remain outside the coordination.

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<sup>36</sup> B. Spiegel, K. Daxkobler, G. Strban & A.P. van der Mei, 'Analytical report 2014: The relationship between social security coordination and taxation law', FreSsco, European Commission, January 2015.

#### 1.7.4 *Benefits which are employment-related*

##### 1.7.4.1 Which benefits are special because they are employment-related?

Opposed to the classic family benefits there are benefits with quite different political aims. They want to replace income of the person who actually takes care of a child and for that reason interrupts or at least reduces a gainful activity. This is most evident if the amount of the benefit has a clear income replacement function, which means it is calculated as a percentage of the former earnings. But also benefits which have a lump sum nature could be added under this category as long as they are granted to persons exercising a gainful activity. It could be assumed that under today's coordination these benefits give rise to some problems and it is not safeguarded that all Member States apply Regulation (EC) No 883/2004 in the same way.

##### 1.7.4.2 Results from the mapping exercise

The above has also been confirmed by the replies from the **FreSsco national experts**. They especially report the following points:

Problems were reported with the coordination of family benefits in relation to **Sweden**, in particular as regards the **parental benefit**. When Sweden joined the EU it was considered that the parental benefit – which is related to the income of the individual parent – was to be regarded as a maternity benefit. However, the CJEU classified the parental benefit as a family benefit in the *Kuusijärvi* case.<sup>37</sup> Reportedly, there have been many cases in national courts regarding parents moving during parental leave and the issue of their right to continued payments of benefits. The issue of non-actives moving to Sweden and claiming parental benefits has also come up in the courts. The Supreme Administrative Court referred such a case to the CJEU (*Bergström*).<sup>38</sup> In general, it is argued that the coordination of family benefits has been one of

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<sup>37</sup> Judgment in *Kuusijärvi* EU:C:1998:279.

<sup>38</sup> Judgment in *Bergström*, C-257/10, EU:C:2011:839.

the main problematic issues when it comes to applying Regulation (EEC) No 1408/71 and (EC) No 883/2004 in Sweden.

There have also been some cases concerning the overlapping of benefits in Sweden. As mentioned, parental benefits compensate income loss, whereas 'normal' family benefits are related to costs in general for having a family. Since some other Member States do not classify their parental benefits as family benefits, Sweden has often been obliged to pay supplements for families residing in another State, while one of the parents is working in Sweden. The Swedish Social Insurance Agency issued two reports on this issue, one in 2004 and one in 2006, to look into the cost for Sweden.

Also, the individual worker could be negatively affected by the fact that flat-rate benefits were put in the same benefit basket as the income-related parental benefit. The following example came up in the case law: a worker in Sweden whose family and working husband were in Denmark was taking out a few days of parental benefit a month (reportedly, in Sweden this is a common way of reducing working hours when having small children, since parental benefits may be spread out over several years; also when the child is sick parental benefits can be taken out). Denmark is then primarily responsible for family benefits. The Danish child allowance is higher than the Swedish one. When calculating the supplement for Sweden to pay out in this situation, the Swedish parental benefit was regarded as a family benefit, meaning that the few days of parental benefit 'disappeared' in relation to the higher Danish amount, despite covering income loss for the worker and not general costs for the family.

The problems related to overlapping of benefits have led to a special solution in the 2012 Nordic Convention (a multilateral convention based on Regulation (EC) No 883/2004 between **SE, DK, NO, FI and IS**), meaning that when calculating differential supplements for family benefits in accordance with Article 68(2) of the Regulation, benefits intended to compensate income loss for parents are not to be included.

As of September 2011, **Sweden** reportedly has taken the view that the parental benefit is to be regarded as a maternity/paternity benefit. This means that the Social Insurance Agency from this date on no longer includes parental benefits when calculating differential supplements (i.e. the same solution as in the Nordic Convention). The re-classification of parental benefits is, however, questionable. From our point of view it is difficult to justify such a fundamental change in interpretation taking into account that the general principles of coordination and the definition of family benefits did not change when Regulation (EC) No 883/2004 was adopted.

The fact that the parental benefit could be exported to family members in other Member States with no individual income in Sweden – which was one of the consequences of the classification in *Kuusijärvi*<sup>39</sup> – has been considered quite odd. One problem that could occur was on which level the benefits had to be granted – the income level of the spouse working in Sweden or the basic level granted in Sweden to non-actives.

The above example shows the diversity of family benefits in general and specific features of employment-related benefits in particular.

#### 1.7.4.3 Proposal for a new way of coordination

From our point of view the negative consequences of coordinating a family benefit with an income replacement function can be best shown by way of an example:

***Example:***

*Member States A and B know a child-raising benefit for the person who interrupts the gainful activity and takes care of the child for one year after birth. The amount of the child-raising benefit is in Member State A 60% of the previous earnings; in Member State B it is 80%. In addition, Member State A*

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<sup>39</sup> Judgment in *Kuusijärvi* EU:C:1998:279.

*knows a lump-sum benefit (fixed amount) for persons who were not gainfully active before they started taking care of a child.*

*In a family which resides in Member State A the father works in Member State A while the mother works as a frontier worker in Member State B. The mother draws child-raising leave after maternity leave and stays with the child at home.*

*Under today's coordination<sup>40</sup> Member State A has primary competence. Will it grant the child-raising benefit under its legislation by compensating 60% of the income of the mother (who has been subject to the legislation of Member State B and not of Member State A)?<sup>41</sup> In this case Member State B (secondarily competent) will have to grant a differential amount of 20% to reach the 80% provided under its legislation. Or will it, maybe, only grant the lump-sum amount for non-active persons in that Member State and will Member State B grant a differential supplement to reach the 80% provided under its legislation?*

From the point of view of the persons concerned this solution is not understood. In principle they would expect that the legislation of the Member State where they exercise their work has to grant these benefits. This is especially the case if there is no clear-cut borderline between the duration of the maternity (paternity) benefit which has to be coordinated under Title III, Chapter 1 of Regulation (EC) No 883/2004 and, thus, be granted from Member State B in our example, and the following child-raising benefit (sometimes the benefits even have the same amount).

To avoid problems of coordination of these types of family benefits it should be considered to draft a specific coordination which is not connected to the coordination of the remaining family benefits. One way could be to state explicitly that for these benefits the same coordination as for maternity or equivalent paternity benefits (Title III, Chapter 1 of the Regulation) should

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<sup>40</sup> Let us assume we apply the *Wiering* judgment and coordinate all child-raising benefits in one basket.

<sup>41</sup> From the judgment in *Bergström* EU:C:2011:839, it could be assumed that under Regulation (EC) No 883/2004 such an obligation exists.

apply, as seems to be the practice already in some Member States. Thus, only the situation of the person concerned would be relevant and not the one of other members of the family. It has to be admitted that such a radical change of today's coordination which is also a consequence of the clear rulings by the CJEU was not shared by all members of our group. Another way, more in line with the existing coordination, could be to provide under Title III, Chapter 8 of the Regulation specific rules for this kind of family benefits which strengthen the *lex loci laboris* principle of the person who wants to claim the benefit. To avoid overcompensation, only one parent should be entitled to claim such benefits for the family wherever the children reside. Should this recommendation (which is not the focus of this report and, therefore, will also not be elaborated in full detail) be chosen, all options which we will examine in relation to the export of benefits have to be read in such a sense that they do not cover these special child-raising benefits.

For this option we recommend that also the following elements should be further examined:

- **Definition:** It could be said that 'child-raising benefits linked to a gainful activity' are those which are provided under national legislation for persons who are in a gainful activity and who interrupt or reduce this activity with the (sole) purpose to raise a child.
- **Problems with benefits which have both functions, i.e. benefits for all residents + benefits for the gainfully active:** As an example the Austrian child-raising benefit could be mentioned, which consists in various lump sum options for all residents and an income replacement option for gainfully active persons. It has to be decided if only the income replacement option has to be coordinated under the new way of coordination or any of these options if the person is in a gainful employment (we favour the second alternative because this would give any person in gainful employment the option he or she also has under national legislation).

- But, it also has to be taken into account that this approach could **take away rights which exist under today’s coordination**. If we imagine in our example that Member State B does not have any such child-raising benefits, whereas Member State A does, there would be no entitlement. We think this is a consequence which has to be accepted, as it goes without saying that in this situation also e.g. cash sickness benefits would not have to be granted by Member State A if there is no entitlement to such benefits under the legislation of Member State B. Thus, this solution would correspond to coordination usually provided under the individualised approach towards benefits.
- Another issue which should be clarified in that context: for the coordination it should not matter if a family benefit is **financed by tax or contributions or if it is provided for all residents or only the gainfully active population**. Always the same coordination rules should apply with – in principle – the same results. Of course, entitlement in contribution-based systems could be seen as problematic when no contribution has been paid into the scheme of that Member State. This is an issue which is further discussed under 5.2 below.
- In this context we have noticed that under today’s coordination the **text of Article 68 of Regulation (EC) No 883/2004** is not as clear as it should be. The words “*rights available on the basis of an activity as an employed or self-employed person*” seem to mean that the person concerned is subject to the legislation of the Member State in question due to the exercise of an activity as an employed or self-employed person under Title II of the Regulation.<sup>42</sup> Yet, it could also mean that the scheme concerned is based on an activity as an employed or self-employed person (excluding residence-based schemes). If a reform of these provisions of the Regulation is undertaken, also this possibility of misunderstandings (which leads to totally different results of coordination) should be removed. Our discussion showed that also the last sentence of Article 68(2) is not clear and could be made more explicit.

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<sup>42</sup> Recital 35 of Regulation (EC) No 883/2004 is a strong indicator for that interpretation.



### **Proposal for an additional horizontal Option No 2**

We recommend to further analyse the coordination of child-raising benefits for gainfully active persons and to look for ways of coordination which could take better care of the peculiarities of these benefits compared to classic family benefits like e.g. family allowances.

### **Proposal for an additional horizontal Option No 3**

We recommend some clarification in Article 68 on the meaning of “*rights available on the basis of an activity as an employed or self-employed person*”.

#### *1.7.5 Benefits which have the function of special non-contributory cash benefits*

Up until now Annex X of Regulation (EC) No 883/2004 does not contain any benefits which are related to family benefits. If export is a problem for some Member States because the benefit is strictly limited to the special needs of the local population, it could be examined whether an entry of these rare groups of benefits (if they exist at all) into that annex is possible already under today’s criteria for special non-contributory cash benefits.<sup>43</sup> Or, it could be examined whether a revision of the criteria contained in Article 70(2) of the Regulation is advisable to cover also these family benefits. Thus, all the options discussed in relation to the export of benefits would not apply to these benefits, which could also ease the discussion. But, as this is a very radical and far-reaching approach which could have effect for other benefits, this recommendation is not supported by all members of our group.

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<sup>43</sup> This is a decision the EU legislature will have to take when such requests for inclusion of new benefits into Annex X of the Regulation are forwarded by a Member State; the moment a benefit is not special but a general social security benefit it can never be listed in that Annex (see also the judgment in *Hosse*, C-286/03, EU:C:2006:125).

#### **Proposal for an additional horizontal Option No 4**

We recommend an examination of the list of Annex X of Regulation (EC) No 883/2004 especially to cover also some family benefits which show the relevant elements.

#### *1.7.6 Advances of maintenance payments and childbirth and adoption allowances*

This is only to mention the problems with the existing exclusion of these benefits from the coordination under Regulation (EC) No 883/2004 the moment they are listed in Annex I. As we know, excluding benefits for which the CJEU decided that they are family benefits of the Regulation does not exclude that the TFEU or even Regulation (EU) No 492/2011 applies to these benefits.<sup>44</sup> When new ways of coordination of family benefits are considered also the special situation of these benefits should not be forgotten.

#### *1.7.7 Special new rules for benefits in kind*

As already said, the exact coordination of family benefits in kind is not clear under the existing coordination. A reform of this part of Regulation (EC) No 883/2004 should also be used to insert the necessary clarifications. From our point of view various options are at our disposal:

- The definition for family benefits could be changed and the application of the Regulation restricted to benefits in cash. This would not mean that benefits in kind would no longer fall under EU law, but all the other relevant instruments, like e.g. Article 45 TFEU or Regulation (EU) No 492/2011 would apply.<sup>45</sup>
- If also family benefits in kind should remain covered by some provisions of Regulation (EC) No 883/2004 it has to be noted that under today's definition of

<sup>44</sup> Judgment in *Hartmann*, C-212/05, EU:C:2007:437.

<sup>45</sup> Judgment in *Commission v Austria* EU:C:2012:605.

benefits in kind (Article 1(va)) no reference is made to family benefits, which could be regarded as disturbing and should be clarified.

- It could be provided that family benefits in kind always have to be provided only by the children's Member State of residence (no export, but, of course aggregation of periods if needed and equal treatment); this is what seems to be today's practice by many Member States but without a clear legal basis.
- This last option could be complemented by a reimbursement provision (as today provided under the Regulation for sickness benefits in kind), thus making the provision quite complex, not changing anything for the beneficiaries concerned and – as not all Member States share the same concept of family benefits in kind – burdening some Member States with costs of family benefits much higher than under today's coordination.

#### **Proposal for an additional horizontal Option No 5**

A clearer rule concerning family benefits in kind should be introduced.

#### *1.7.8 Clustering of benefits for the purpose of calculating the differential supplement*

Of course, the consequences of the *Wiering* judgment are far from clear<sup>46</sup> and Member States are not sure about the importance of this judgment in all the different situations. Therefore, it is strongly recommended that the legislature intervenes and clearly defines the different baskets within which the comparison of benefits has to be made to calculate the differential supplements or if all the benefits should be taken together. This would be especially important if no special coordination for child-raising benefits is provided for

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<sup>46</sup> See also the FreSsco report by Y. Jorens & J. De Coninck, 'Reply to an ad hoc request for comparative analysis of national legislations. Family Benefits – Consequences of the *Wiering* judgment in C-347/12', FreSsco, European Commission, December 2014, 132 p.

(see 4.1.4). Our analysis of the different options will not deal with this issue; the reader has to imagine how complex the situation would become if the method of coordination were to be applied to different baskets by some Member States but only to one basket by others if a common approach could not be achieved.

This clarification would not only concern the calculation of the differential supplement but also other aspects like e.g. the obligation to reimburse half of the amount of the benefit(s) of the basket(s) concerned, granted under **Article 58 of Regulation (EC) No 987/2009**. In this context we have to mention that *per se* Article 58 of this Regulation is a provision which could also create a lot of problems. It is not always easy to identify the Member State with the “*highest level of benefits*”. How do you compare a lump sum benefit with a benefit paid every month during years? What is more important, that the benefit lasts longer or the amount granted? What happens when the family benefits are very different? We think that the problems identified up until now with the calculation of the differential amount apply also to the reimbursement under Article 58.

#### **Proposal for an additional horizontal Option No 6**

A clear decision should be made if and, as the case may be, how many baskets of different types of family benefits have to be made for the calculation of the differential supplement and the reimbursement.

### **1.8 Who is a member of the family at the side of the ‘grown-ups’?**

As already shown many problems arise with regard to the question who is a member of the family, especially concerning the persons who could open

entitlements. To avoid these problems and safeguard a more synchronised application of the family benefit coordination between different Member States, we recommend a more detailed definition than today's. However, the legislature could even go further and decide – under a common European definition – e.g. whether the biological parent always has the stronger ties to a child and is thus entitled to open family benefits, even if the child already lives in a new family and e.g. the mother's new partner maintains the child. Or, should it be *vice versa*: always the partners in whose household the children (irrespective of the biological father or mother) really live and are maintained. Maybe there are also other possibilities to clarify the situation. This would deviate from today's principle under which it is always the task of national legislation to define which person has to be regarded as family member (letting aside the condition of the shared household<sup>47</sup>). This far-reaching approach was not supported by all of us.

**Proposal for an additional horizontal Option No 7**

It could be useful to specify or at least clarify who is a member of the family for the purpose of the coordination of family benefits.

**1.9 Also the child could open an entitlement under Regulation (EC) No 883/2004**

If we combine the new elements of Regulation (EC) No 883/2004 (the personal scope is no longer restricted to active persons and their members of the family but covers all persons who are or have been subject to the legislation of a Member State – Article 2) with the clarifications made by the

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<sup>47</sup> Supplemented by the position of the CJEU e.g. in the judgment in *Slanina* EU:C:2009:732; which at least from the Austrian point of view added European elements to that national definition.

CJEU under Regulation (EEC) No 1408/71 (it does not matter which family member opens entitlements under national legislation; in a cross-border situation all members of the family have to be treated as if they resided in the Member State concerned<sup>48</sup>) it could be discussed if children should always be (also) entitled or open entitlements (also) to family benefits under the legislation of their Member State of residence.<sup>49</sup> Thus, in a situation where a family resides in Member State A and the father works in Member State B while the mother works in Member State C this family opens entitlement to family benefits under the legislation of all three Member States. Therefore, already in a *Bosmann* scenario<sup>50</sup> (no entitlement to benefits in the Netherlands where the mother works and entitlement under national German legislation where the family, and thus also the child, lives) would Regulation (EC) No 883/2004 open entitlement to German family benefits.<sup>51</sup> As discussions within our team showed that this question is not that clear and that the effects of *Bosmann* under the Regulation seem to need further examination as well, the child's situation with regard to entitlement to family benefits in the Member State of residence if the parents exercise their gainful activities in another Member State could be fixed in a clearer way than today.

#### **Proposal for an additional horizontal Option No 8**

It should be clarified that also every child is covered by Regulation (EC) No 883/2004 as a non-active person and, thus, can open entitlement to family benefits in its own situation in the Member State of residence.

<sup>48</sup> E.g. the judgment in *Dodl and Oberhollenzer* EU:C:2005:364.

<sup>49</sup> As they are subject to that legislation as inactive persons under Article 11(3)(e) of Regulation (EC) No 883/2004.

<sup>50</sup> Judgment in *Bosmann*, C-352/06, EU:C:2008:290.

<sup>51</sup> But, of course, this would neither solve situations as examined by the CJEU in *Hudzinski and Wawrzyniak* EU:C:2012:339, as in this case Germany was not competent under Regulation (EC) No 883/2004 for any member of the family (also the children resided outside Germany).

### 1.10 Problems with the place of residence of a child

Problems can also arise with the determination of the Member State of residence for the purpose of applying the adjustment (if we opt for this solution).<sup>52</sup>

It is not always easy to determine where a child resides in accordance with the Regulations. Verifying this can be more difficult, for example, if he or she does not attend school or, on the contrary, attends a boarding school. As is well known, the Member State of residence is where a person habitually resides<sup>53</sup> or where the centre of his or her interests is located, and there is only one for the sake of coordination.<sup>54</sup> Following the precedent case law,<sup>55</sup> Article 11 of Regulation (EC) No 987/2009 provides for a non-exhaustive list of criteria based on relevant facts that should be used, with no clear order of precedence, in order to identify the residence (the centre of interests) in the event of disagreements between national institutions. As established by the CJEU, said criteria can also be considered relevant in case of disputes between an institution and the competent Member State.<sup>56</sup>

The criteria do not suit children much. On the one hand, the Article mentions the **duration and continuity of the presence**, this presence being independent from the administrative residence terms established in Directive 2004/38/EC.<sup>57</sup> Regarding this criterion it is reasonable to wonder whether social security

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<sup>52</sup> See for instance the judgment in *Maaheimo* EU:C:2002:641. Ms Maaheimo was a Finnish national, as were her husband and her children. Having obtained parental leave, she cared for her children at home. From 8 January 1998 she received the home child care allowance. During the period from 1 May 1998 to 30 April 1999, her husband worked in Germany as a posted employee. From 10 July 1998 to 31 March 1999 Ms Maaheimo and her children stayed with her husband in Germany. She claimed that her permanent domicile remained in Helsinki. During that period the whole family was subject to Finnish social security legislation. Finnish administration stopped paying this family benefit from 10 August 1998 on the ground that the children were not actually resident in Finland.

<sup>53</sup> Article 1(j) of Regulation (EC) No 883/2004. Article 1(k), in turn, defines “*stay*” as temporary residence which does not necessarily mean of short duration (See the judgment in *I*, C-255/13, EU:C:2014:1291)

<sup>54</sup> Judgment in *Wencel*, C-589/10, EU:C:2013:303, paragraph 49.

<sup>55</sup> Mainly the judgment in *Swaddling*, C-90/97, EU:C:1999:96.

<sup>56</sup> See the judgment in *I* EU:C:2014:1291, paragraph 54.

<sup>57</sup> Reiterated by the CJEU in the judgment in *I* EU:C:2014:1291.

systems can easily gather the relevant information involved and check the duration and frequency of stays, especially inside the Schengen Area.

Article 11 of Regulation (EC) No 987/2009 also refers to different factors regarding the **person's situation**. The first factor is linked with the *working status* that in the case of minors would often be out of the question. Secondly it refers to the *family status and family ties*. Thirdly, with regard to *students* the Regulation specifically establishes that "*the source of their income*" has to be taken into account (in our scenario this income would normally be the salary of the parent working in a Member State which under today's coordination is one of the Member States competent to grant family benefits). The last factors are *housing situation* and *tax residence*. This last criterion does not apply to non-active descendants either.

If the criteria mentioned are not definitive, the **person's intention**, specifically the reason to move in the first place, should be considered. It does not seem that the minor's intention could be relevant to determine their residence.

In sum, if the adjustment mechanisms were implemented, ad-hoc criteria should be provided to determine the children's Member State of residence.

#### **Proposal for an additional horizontal Option No 9**

It could be useful to also envisage a revision of Article 11 of Regulation (EC) No 987/2009 concerning the determination of the place where a child resides.



## **Horizontal principles which are relevant for the options concerning export of family benefits**

### ***1.11 What does ‘adjustment’ mean for the options concerning the export of family benefits?***

As some options focus on the adjustment of family benefits to the living standards in the children’s Member State of residence we have decided to dedicate a special horizontal chapter to this issue and to not include it in the description of these options only.

#### ***1.11.1 Why adjust family benefits?***

Already the definition of family benefits states that the main purpose of the benefit is to meet family expenses. As shown in chapter 4.1.3 these expenses can differ from one Member State to another. Thus, it could be argued that the social policy aim behind these benefits is no longer achieved. Adjusting the benefits to the level of the child’s Member State of residence seems to avoid an imbalance and to safeguard that the social policy aim of the benefit is still achieved. This method would affect only the Member States which are competent to grant family benefits where the child does not reside.

#### ***1.11.2 Which elements could be the base to determine the factor of adjustment?***

First of all we want to mention that the legal analysis of whether such adjustments are **possible from a legal point of view** is a tricky issue which merits a study on its own. Nevertheless, we have also spent some time on this question. Interesting details which could help the decision-maker in this respect can be found in **Annex 2**.

The following elements could be used to set such adjustment. There are various figures which demonstrate economic differences between Member

States, e.g. gross domestic product per capita, average income or the price of living costs. Therefore, if the adjustment of social security benefits is discussed it is relevant which social policy aim is pursued with the benefit. If its purpose is to cover the costs of persons rendering services (e.g. in case of some long-term care benefits) it would be advisable to link it to the relations of average income between two Member States. If the purchase of goods and services is more the centre of the social policy decision, then e.g. the comparative price levels calculated by Eurostat<sup>58</sup> could be a valid tool, as the different price levels in the Member States for specific goods are the base for the calculation of these factors. Of course it could be argued that the basket of goods taken for these general statistics is not specifically the one which children need, and it should be a more focussed basket of goods to calculate these factors (e.g. child nutrition, additional living expenses for households with more than two household members, nappies, prams, furniture for children and juveniles, school costs and school equipment etc). However, it would be quite complicated to get reliable data for such specific baskets and it could be assumed<sup>59</sup> that such data are not regularly updated. Therefore, we recommend relying on general data which are published and reliable, unless more specific data with the same quality exist.

The following table contains figures taken from Eurostat to demonstrate the functioning of these data. In the following paragraphs we will give some examples and explanations to better understand how these figures could be used.

Country	Factor	Country	Factor	Country	Factor
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<sup>58</sup> <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tec00120&plugin=1> (last accessed 25 March 2015).

<sup>59</sup> As it was not our task to examine the available data sets, we restricted our work to those elements which were really necessary to better understand and evaluate the export options.

<b>EU-28</b>	100.00	<b>ES</b>	93.50	<b>NL</b>	111.10
<b>BE</b>	110.80	<b>FR</b>	109.80	<b>AT</b>	107.20
<b>BG</b>	49.00	<b>HR</b>	67.50	<b>PL</b>	55.80
<b>CZ</b>	68.70	<b>IT</b>	103.20	<b>PT</b>	81.30
<b>DK</b>	139.40	<b>CY</b>	91.40	<b>RO</b>	54.00
<b>DE</b>	102.30	<b>LV</b>	71.20	<b>SI</b>	83.10
<b>EE</b>	78.10	<b>LT</b>	63.50	<b>SK</b>	69.40
<b>IE</b>	120.00	<b>LU</b>	121.40	<b>FI</b>	123.10
<b>EL</b>	89.20	<b>HU</b>	59.70	<b>SE</b>	131.60
<b>ES</b>	93.50	<b>MT</b>	82.50	<b>UK</b>	114.60

These figures have to be understood in such a way that they always refer to the average of the EU-28 (therefore, the factor for this average is 100.00). Thus, to adjust an amount from one Member State to the level of another Member State the factors for both countries are relevant. If we assume that e.g. Denmark has a family benefit of €100<sup>60</sup> and the child resides in Bulgaria, then the calculation would be: €100 : 139.40 x 49.00 = €35.15. This has as a consequence that the same amount of family benefits of different Member States in the end differs if the children reside in the same Member State. So, if also the Czech Republic has a family benefit of €100 and the child resides in Bulgaria, this would lead to: €100 : 68.70 x 49.00 = €71.32. This is also

<sup>60</sup> We have deliberately not taken the actual figures of family benefits of the Member States chosen, but only fictitious amounts to better demonstrate the effects of adjustment. The reader can easily adapt these calculations to real live figures.

logical as the difference in living costs between Denmark and Bulgaria is higher than the one between the Czech Republic and Bulgaria. The €100 family benefit in the Czech Republic has a much higher value of purchasing power in that country than in Denmark. Therefore, also when exported for a child in Bulgaria it must have a higher value than the benefit of Denmark.

Of course this calculation method also works in the opposite sense. If we assume that Bulgaria has family benefits of €20 and the child resides in Denmark this would lead to:  $€20 : 49.00 \times 139.40 = €56.90$  and if the child resides in the Czech Republic:  $€20 : 49.00 \times 68.70 = €28.00$ . This adjustment would not only oblige Member States with comparatively low costs of living (e.g. those with an index below 100.00, thus below the average) to adjust their benefits by raising the national amounts, but in principle all Member States with the exception of the only one Member State with the highest index (DK); also the second one (SE) would have to raise its family benefit of an assumed €100 for a child resident in Denmark in the following way:  $€100 : 131.60 \times 139.40 = €105.90$ .

An important final issue to mention: these adjustments do not really reflect on the level of family benefits under the legislation of the child's Member State of residence. Depending on the social policy decisions of this Member State they could be higher or lower than the adjusted benefits of the exporting Member State. Thus, also an option which includes adjustments could, on the one side, safeguard much higher amounts than the local level and could, on the other side, be supplemented also by the obligation to grant differential supplements.

### *1.11.3 Would adjustment be possible from an administrative and technical point of view?*

Of course, such an adjustment cannot react to all developments of living costs in the Member States concerned. Some clear rules within which periodicity

such adjustments have to be revised are necessary. It would be strongly recommended, if such an option is chosen, to refer to already existing, well-known and without any doubt usable tables. The ones for the application of the EU Staff Regulations (which contain rules for adjustment of wages and also some social benefits for EU civil servants residing outside Belgium and Luxemburg – see also Annex 2) could e.g. be a good starting point,<sup>61</sup> as these are also published in the OJ, as there is always a clear indication for which period they have to be used etc.

### ***1.12 How to treat persons in a contributory scheme or in an employment-related scheme who are not in such a situation in the relevant Member State***

Another important question is how the Member State of residence has to provide benefits when no gainful activity is exercised there. No problems should exist in relation to residence-based benefits which are granted on a lump sum base to all residents. But, how is the situation in relation to other types of benefits which are more or less employment-related?

#### ***1.12.1 Benefits which are contribution-based but open entitlement to all residents***

These benefits should also create no problems. If such benefits are financed from contributions e.g. from the employer, but any resident (including families without any gainful activities) is entitled to benefits (as e.g. in AT) already under national law entitlements are given. Thus, the Member State of residence will grant entitlement also if the only gainfully active parent works in another Member State.

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<sup>61</sup> Regulation No 31 (EEC), 11 (EAEC), laying down the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Economic Community and the European Atomic Energy Community (OJ 45, 14.6.1962, p. 1385, as amended); the last publication can be found for the period beginning with 1.7.2014 in OJ C 444, 12.12.2014, p. 10. For more details see Annex 2. Something which would have to be further analysed is e.g. the question whether or not the special indexes for special cities which are provided under the Staff Regulations (Bonn, Karlsruhe, Munich, Varese and Cultham) should be maintained for family benefits also under Regulation (EC) No 883/2004.

## 1.12.2 Benefits which are provided only for insured persons

### 1.12.2.1 General remarks

More problematic are benefits which are contribution-related or employment-related and for which entitlement is granted only to those persons who are insured or in the relevant employment. Does Regulation (EC) No 883/2004 open entitlement to such benefits if a gainful activity is only exercised in another Member State?

If the Regulation provides for competence of the Member State of residence, the existing rulings of the CJEU seem to speak in favour of this solution. From the *Bergström* judgment<sup>62</sup> it could be deduced that the ban on discrimination and, of course, also the assimilation of facts under Article 5 of the Regulation obliges the Member State of residence to take into account also employment (and the income received from such employment) in another Member State as such employment in the child's Member State of residence.<sup>63</sup> As the situation of the whole family always has to be treated as if it were in the Member State of residence of the child,<sup>64</sup> it should also not matter that the person exercising such an employment is subject to the legislation of another Member State. Nevertheless, it has to be assumed that this is not always applied in a consistent way in all Member States. To avoid problems it could be interesting to exclude benefits which are employment-related like child-raising benefits from the general coordination and provide for the competence of only the Member State which is competent for the person taking care of the child (see 4.1.4).

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<sup>62</sup> Judgment in *Bergström* EU:C:2011:278.

<sup>63</sup> For family benefits there is no specific rule concerning the calculation of benefits which would allow a deviation from these principles as can be found e.g. in Article 21 of the Regulation for sickness or maternity benefits, which allows to take into account only income received in the relevant Member State and, thus, excludes the obligation to grant benefits with an income replacement function in cases in which no such income was received in that State.

<sup>64</sup> To be deduced from the judgment in *Dodl and Oberhollenzer* EU:C:2005:364.

Finally, it has to be mentioned that also if there is a condition of a special duration of periods of insurance to be entitled to a benefit, the Regulation could help, as the aggregation principle is applicable to family benefits (Article 6 of the Regulation).

#### 1.12.2.2 Results from the mapping exercise

Also the replies from **FreSsco national experts** show that benefits with an income replacement function are not always coordinated in a way as it might be necessary from e.g. the *Bergström* ruling.

For instance, in **Austria** entitlement to the income replacement scheme requires (among others) that the person concerned has been employed for a minimum period of six months before childbirth. Section 24(2) of the Child Care Cash Benefit Code (*Kinderbetreuungsgeldgesetz*) clarifies that ‘employment’ means “employment that is subject to Austrian social security insurance”. Thus, a person who resides in Austria but is working in another Member State and is therefore subject to the social security scheme of that Member State, is not entitled to income replacing cash childcare benefits in Austria, although Austria is competent to grant family benefits e.g. because the other parent works there. Austria would not take the income replacement scheme as the basis for the calculation of the differential amount, but exclusively the lump sum scheme (of the cash childcare benefits).<sup>65</sup> Similarly in **Belgium**, in order to qualify under the ‘professional’ scheme, work has to be carried out in Belgium.

Reportedly in **Sweden** the parental benefit was the only family benefit with an income replacement function. The Social Insurance Agency no longer

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<sup>65</sup> Almost all Austrian family benefits are based on residence and not on employment. That applies especially to family allowance (*Familienbeihilfe*) as well as to cash childcare benefits (*Kinderbetreuungsgeld*). As regards the latter, however, the Austrian Child Care Cash Benefit Code (*Kinderbetreuungsgeldgesetz*) provides for two different schemes: a lump sum scheme and an income replacement scheme. Therefore, at least for the income replacement scheme employment is of relevance.

considers it a family benefit (but a maternity benefit) and therefore it is not included when calculating the differential amount for family benefits.

In many Member States family benefits do not have an income replacement function. For those who have such function it could be assumed that they are sometimes coordinated under the maternity/paternity chapter of Regulation (EC) No 883/2004. An example could be the maternity benefit in **the Czech Republic**, or the maternity, paternity and parental benefits in **Slovenia**. **Bulgaria** stressed that family allowances differ from benefits under the Social Security Code and do not depend on personal contributions. Also in **Luxembourg** family benefits are only residence-based (and, therefore, no problems in that respect were reported).



## Which options could be envisaged concerning the export of family benefits?

Before starting the analysis of the different concrete options dealing with the export of family benefits we have to make some general remarks:

For all options we have used **one standard example** to safeguard a better comparison of the effects of the different options. This standard example will be supplemented, if needed, by other examples to better demonstrate all different aspects of the option.

### **Standard example:**

We assume the following situation:

**Member State A:** amount of family benefits: €100; in case of adjustments due to different costs of living in Member State B: €80

**Member State B:** amount of family benefits: €50; in case of adjustment due to different costs of living in Member State A: €63 (exactly €62.5, which has been rounded up for easier reading)

This standard example is used in two different scenarios:

**Scenario 1:** cases where work is exercised only in Member State A while the residence of the family is in Member State B

**Scenario 2:** cases where work is exercised only in Member State B while the residence of the family is in Member State A

The numerical results of the different options, when applied to this standard example, have been made visible in graphs which form **Annex 1** of this report.

The options will be examined by ways of an **impact assessment**, which was made by using the following parameters.<sup>66</sup>

The different aspects analysed for each of these options were the following:

- **Clarification:** Here we looked into the question whether the option is clear, easy to understand and transparent. From our point of view, the most important question with regard to clarification is whether persons concerned know in advance and without problems what their rights (and obligations) are. Naturally the option should be clear for institutions as well. However, as institutions would be involved in any case, also in complex legal situations, this does not have that great a weight.
- **Simplification:** For this second aspect, we examined whether the solution is simple or complex. It was sometimes difficult to distinguish between this aspect and the first one, but also between this one and the administrative burden. Therefore, these three aspects have to be seen as related to each other. It also has to be mentioned that any new way of coordination – as simple as it might seem if used for the first time – would also cause problems during a period of transition from the existing coordination towards the new coordination. We have, however, no longer mentioned this in our analysis of the different options. So even if the transition might be complex, non-transparent and arduous for the institutions we have not changed our evaluation if the option itself – looked at in an abstract way – has to be regarded as positive compared to the status quo.
- **Protection of rights:** A very important issue is whether the rights of the person concerned are well protected. This means we had to check if really all benefits which can be claimed can be granted, or if the family loses entitlements. In addition, the question how easily and how quickly the persons can get the benefits which are necessary to cover the costs related to having a family also plays a role. This evaluation was not clear in cases where political decisions need to be taken. Therefore, we abstained from evaluating, e.g. in case of

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<sup>66</sup> We want to refer also to Y. Jorens, B. Spiegel, J.-C. Fillon & G. Strban, trESS Analytic Study 2012, 'Legal impact assessment for the revision of Regulation 883/2004 with regard to the coordination of long-term care benefits', which contains the same criteria for the impact assessment. We have, therefore, included the same description for the criteria into this report whenever possible and added a new one concerning the impact on migration.

adjustments, if this is better or worse concerning the protection of rights. Of course in case of downwards adjustments a person might lose benefits which he or she is entitled to today. The political question which we did not answer under this point is whether it is necessary to always maintain the status quo (only higher benefits can be considered a plus with regard to protection of rights) or if also a solution is good with regard to the protection of rights if less benefits are awarded which, however, better meet the social policy decisions of the Member State granting the benefit.

An issue which could also be discussed when talking about protection of rights is what the impact could be on the national system of a Member State as a whole (also in situations without cross-border elements). It could be argued that if a group of Member States has to grant, under one of our options, more or higher family benefits than under the status quo this could lead to the decision of the national legislature to reduce all family benefits to achieve the same result with regard to the costs of the system as before. If this were true, on the other hand, the group of Member States which have to grant in less cases or lower benefits could spend the money saved on increasing all family benefits and thus all persons receiving family benefits from these Member States could profit. As we have estimated that no option would result in such a significant impact on the budget of the national family benefits financing mechanisms, we will not mention this aspect in the context of the different options. Still, this could be an element which should not be forgotten when the political decision is taken.

- **Administrative burden and implementation arrangements:** Here we deal with the institutions. Is it easy to administer the option without large additional processes or do we have to set up new processes? Does it need additional flows of information and does information have to be exchanged regularly? Will institutions have to set up new implementing arrangements to put the coordination into practice? The mere fact that e.g. under EESSI new SEDs or flows will become necessary does in itself not mean that an option adds to the administrative burden, because this will be a standard situation in the future if we change the existing ways of coordination.

- **No risk of fraud or abuse:** It also has to be examined if the option favours situations where the persons concerned could easily influence and manipulate their situation in such a way that they receive more benefits than they would otherwise be entitled to. We will also examine if the necessary checks are easy or not.
- **Potential financial implications:** This point as well is not easy to answer and evaluate. First, it was not the task of this report to go into data and analyse what exactly the additional amounts would be which Member States would have to pay or what the amounts would be which Member States would save under the various options compared to the status quo. Therefore, we will only outline whether groups of Member States would have to pay more or less from a general point of view. But, this does in itself not give a clue for the evaluation of the different options. Is a solution which is more costly (for some Member States) better or worse than the status quo? Taking this question into account, we have decided to extend the examination of the financial impact also to the question whether an option leads to a fairer distribution of costs compared to the status quo.

However, also the burden-sharing between the Member States involved is an issue which is very difficult to evaluate. The ‘fair burden-sharing’ between Member States largely depends on the system the Member States apply. As the political concerns of some Member States that they have to pay too high amounts of family benefits for children residing outside their countries were the main reason for the whole exercise, a shifting of burdens seems to be a solution for that problem. Therefore, it will remain a political decision which transfer of burdens makes the system more balanced and from a political point of view more acceptable for the large majority of the Member States. We will present the pros and cons for the different groups of Member States concerned, but abstain from giving recommendations, as this will be something for which a political decision is necessary.

The results of our examination of the various aspects of the impact assessment have to be seen as the comparison with the status quo (therefore, the status quo, which remains an option, is neutral in that respect):

- (+) means better than the status quo;
- (-) means worse than the status quo;
- (≈) means (nearly) the same as the status quo;
- (?) means the decision has to be taken by the policy-makers.

### ***1.13 Option 1 – Status quo***

#### *1.13.1 Legal background and general remarks about Regulation (EC) No 883/2004*

To better understand any new option it is always necessary, first, to recall the existing rules applicable to family benefits. With regard to the existing coordination rules for family benefits we want to refer to 3 above. In this context we only want to recall some elements which are necessary for our evaluation of this option.

#### *1.13.2 Rules in the event of no overlap of entitlements*

The specific rules for family benefits do not change the general rules to determine the applicable legislation. This is still to be decided in accordance with Title II of Regulation (EC) No 883/2004, which means that the Member State of employment or any other competent State according to Title II (the only exception are pensioners, as for these it might be another Member State than the one competent under Title II, if this other Member State grants a pension) should pay family benefits, which is also the case in situations where the family members of eligible persons reside in another country (see Title II and Article 67). In the following examples we will focus on active persons,

their partners and their children and not deal with the specific situation of pensioners, as in practice they are not so significant.

Family benefits are intended to meet family expenses. In this respect the sole situation of the employed person is not the only relevant one (which is the case mostly with e.g. unemployment benefits). The situation of the family, especially of dependent children, is also relevant (see also 4.3 above). Despite the latter fact, the Member State of employment or any other Member State competent according to Title II is responsible to pay the family benefits at its rate even when the children are residing in another Member State (in case of overlap of benefits, see below). This means that the situation of the family of migrant workers (or other eligible persons) could be more advantageous compared to other families in the children's State of residence. If we consider that the aim of the Regulation is first and foremost to guarantee the equal treatment of migrant and domestic workers working in one country, and not so much to achieve the material equality of families, the provisions are rational. A strong argument to defend the status quo, especially in cases where the competent Member State is the State of employment, is that the person has also paid taxes and contributions there. Of course, paying e.g. tax is not such a strong argument if we think about situations in which tax has to be paid in a Member State other than the one which is competent under Title II of the Regulation.<sup>67</sup> Or would this mean that the Member State collecting the taxes and not the one competent under Title II has to grant tax-financed benefits? This would be a totally new way of coordination which should be carefully examined.

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<sup>67</sup> See for such cases B. Spiegel, K. Daxkobler, G. Strban & A.P. van der Mei, 'Analytical report 2014: The relationship between social security coordination and taxation law', FreSso, European Commission, January 2015.

### 1.13.3 Rules in the event of overlap

As family benefits are granted mainly on behalf of dependent children, there are a great deal of cases in which family benefits overlap, for example as often both parents are eligible for benefits for the same child, but also the child itself could open entitlement to benefits in its Member State of residence. Article 68 of Regulation (EC) No 883/2004 tries to solve these questions.

The priority rules applicable depend on whether benefits are paid on a different basis – employment or residence – or on the same basis (see also 3.1.2 above; concerning possible problems of interpretation of that principle see also 4.1.4.3 above). In the first case Article 68(1)(a) of the Regulation is the applicable rule; in the latter case Article 68(1)(b). In both cases also Article 68(2) is relevant, as the Member State which does not have primary competence according to Article 68(1) may have to pay a differential supplement.

#### **Standard example:**

**Scenario 1:** Member State A (primary competence) grants €100, Member State B (secondary competence) does not grant a differential supplement

**Scenario 2:** Member State B (primary competence) grants €50, Member State A (secondary competence) grants as a differential supplement €50

#### **Additional example to highlight the effects of the status quo:**

*The family (mother, father, child) resides in Member State A, the father works in Member State A, the mother works as a frontier worker in Member State B; the amount of family benefits for a child is €120 in Member State A and €200 in Member State B.*

*Member State A (primary competence) has to grant €120; Member State B (secondary competence) grants a differential supplement of €80.*

#### *1.13.4 Advantages and constraints of the status quo*

For legal, administrative and political problems related to today's Regulation (EC) No 883/2004 with regard to export of family benefits and more general problems of coordination of family benefits see chapter 3 above.

Below, the pros and cons of the current system of coordination of family benefits are shortly presented. Reference is also made to chapters 3 and 4. In this chapter we will not give +/-/~/? marks, as the status quo is the situation against which the other solutions are evaluated, and it is hard and subjective to construct any ideal solution against which the status quo could itself be evaluated.

- **Clarification:** The current Regulation is more or less clear for the migrant workers. They usually get the family benefits in their Member State of employment at the rate of that State, despite their family residing in another Member State (this is a clear case when the other parent is non-active; less clear when both parents work, are posted etc – e.g. in cases where the priority of the States should be determined). The current option poses problems, but some of them are more general in nature. They arise more from the diverging nature of potential family benefits (what benefits exactly are family benefits that should be exported according to Articles 67 to 68) and from the question whether or not the benefits should be divided into baskets, for example to decide whether there is overlap to calculate the differential supplement– see also 4.1 above. Therefore, taking all these elements together, it could be said that today's coordination is not as clear as it could be.
- **Simplification:** If there is overlap of benefits, the current Regulation is not very simple. See also chapter 3 for existing problems and chapter 4 on our proposals for horizontal solutions.



- **Protection of rights:** Currently the Regulation is built around the migrant worker/ person, not around the children. This is logical, as the background of the Regulation is the necessity and aim to protect migrant workers (see also 3.1.1 above under which TFEU Articles the Regulation is adopted). In principle the Regulation aims to guarantee that the migrant worker (as, still, often the State of employment is competent) is treated the same way as all other workers in that country – he or she receives the same benefits also for his or her children, despite the economic situation in the Member State where they reside. There is also an economic logic behind it, as the worker usually pays taxes and contributions in the State of employment. The question whether the current Regulation sufficiently protects the rights of children is not easy to answer. It depends among other things on whether the children are living in a country with higher living costs or not; whether they have the rights to some residence-based family benefits in the country of residence; and how family benefits in kind are treated in the Member States concerned. A negative aspect for children in the current system is that it may take quite a long time before the institutions involved may take the necessary decisions and they receive the full amount of benefits, especially in cases where the priority rules are not easy to decide.

In chapter 3.3 the question was analysed whether the current system is unfair to children, in the context that children whose parents are migrant workers may, in the context of unlimited export, get higher benefits than other children in the Member State where they reside. This could be a question of reverse discrimination of the children. At the same time, the discrimination could be justified with objective reasons (no comparable situations etc).

Another point where we have doubts if today's coordination sufficiently protects the rights of the persons concerned are child-raising benefits for employed persons (e.g. also with an income replacement function). This is an issue we have already dealt with under chapter 4.1.4.

- **Administrative burden and implementation arrangements:** As analysed in chapters 3.1 and 3.2, the current system entails administrative difficulties. At the same time, the system has been in operation for years and the routines are

usually in place in the Member States. The difficulties in implementation do not lie in the fact that the benefits are not adjusted to the living standard of other Member States. They are caused by the existing general rules of the Regulation (e.g. Articles 10 and 68) and the interpretation given to them by the CJEU – which benefits should be considered as family benefits, how to calculate the differential supplement etc. See also chapter 4 for horizontal solutions.

- **No risk of fraud and abuse:** Every regulation runs the risk of being outsmarted. In the context of export of benefits it could happen in relation to children's eligibility to benefits, as the competent State cannot always easily and quickly verify the eligibility of children in another country. When the benefits are high in the children's country of residence, the family may first try to quickly get the benefits there, by denying the working activity of one parent in another Member State. In contrary cases it might be desirable to 'create' a gainful activity (e.g. a 'mini-job' or an activity which exists only on paper) in a Member State with high family benefits to receive these benefits for children living in another Member State (with not so high amounts of benefits). Also the concrete residence of children could be an issue when attempts are made to manipulate the entitlement to higher benefits. Therefore, it could be said that today's coordination is not very fraud-proof.
- **Potential financial implications:** Today's financial implications should be known to Member States. Is today's system fair with regard to the sharing of the burden between Member States? This is the main political question to be answered. It could be said that only if the Member State receiving contributions (and taxes) grants its full range of benefits this solution is fair. Others argue that when paying benefits which have the clear aim of covering additional costs of children and these costs differ between Member States, only e.g. an adjustment of amounts can lead to fair results. Therefore, we abstain from answering the question whether today's coordination of family benefits is fair.

#### ***1.14 Option 2 – Adjustment of the amount of family benefits to the living standards in the Member State of residence of the child(ren)***

**A general description of all sub-options summarised in this Option 2:** Option 2 consists in maintaining the current principles, i.e. the so-called ‘status quo’ described in chapter 6.1, but adding a new rule affecting the calculation of the amount of the family benefits. This new rule would consist of the adjustment of the amount of the family benefit granted by each Member State to the living standards in the Member State where the child or children reside.<sup>68</sup> The adjustment procedures and its logic were described above in chapter 5.1.

It should be outlined that this adjustment would be linked to the different economic situation (cost of living) in the Member State involved and would not be affected by the level of protection in the said Member State, i.e. the amount of the family benefits. The living standard is expected to go hand in hand with the level of social protection, but this is not necessarily always the case.

The **top-up obligation** (differential supplement) envisaged in Article 68(2) of Regulation (EC) No 883/2004 would still exist under this option. The difference would be that the Member State of residence of the children (if it is the Member State with secondary competence) may have to pay a differential supplement if the amount of the family benefit in said Member State exceeds the **adjusted family benefit** paid by the Member State that is primarily competent. That supplement would logically be limited to the sum exceeded. Taking into account the different levels of family benefits it could be assumed that such a top-up obligation would not occur very often.

As in the ‘status quo’, the Member State of employment would still be the one with primary competence.<sup>69</sup> Being the Member State of employment, i.e. the

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<sup>68</sup> Hereinafter the chapter will refer to children in general, although the same would apply if there was a single child.

<sup>69</sup> Regarding the determination of the legislation applicable to the entitlement of family benefits, the general rules established in Title II of Regulation (EC) No 883/2004 would be applicable. Regarding active persons, *lex loci laboris* is the

State receiving the contributions and the majority of the taxes paid by the migrant workers, it could be said that a certain economic logic is maintained. The adjustment procedure, however, may disrupt this logic as the analysis of the burden-sharing will show.

Once dealing with the idea of adjusting the amount of the family benefits to the living standards of the children's Member State of residence, several possibilities arise and will therefore be analysed. The first possibility would be the **upwards and downwards adjustment (Sub-option 2a)**. Simply put, under this sub-option, if the children reside in a less expensive Member State, the benefit would be adjusted downwards, while if they reside in a more expensive Member State, the benefit would be adjusted upwards. Logically the Member State having to pay such adjusted benefits may not have a problem paying a smaller benefit, but may oppose the idea of paying a higher benefit than the one received by the children residing in its territory.

The second **Sub-option 2b**, a possible solution to this latter situation, would be the **reimbursement of the upwards adjustment by the children's Member State of residence** (this sub-option was not included in our mandate but added by us to show also some alternatives). Under this sub-option the family benefits would be adjusted upwards and downwards as described in the previous paragraph. However, the competent Member State of employment (outside the Member State of residence of the children) would be reimbursed by the children's Member State of residence, which would cover the difference between the original benefit and the one that was adjusted (upwards). The problem could be that said reimbursement may be linked to a benefit that is not envisaged by the social security legislation of the Member State where the children reside. Said Member State may again oppose the idea of paying part of a benefit that is not covered by its social security system.

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competence rule except e.g. in the case of posted workers (among others). In Title III, Chapter 8 there are no specific conflict rules; there are only priority rules in the event of overlapping. In Option 2 the status quo is kept unchanged.

Finally, the third sub-option would be **adjusting only downwards (Sub-option 2c)**. Under this sub-option, if the children reside in a comparatively less expensive Member State, the benefit paid by another Member State would be adjusted downwards, but if they reside in a more expensive Member State, they would receive the same family benefits as those residing in the Member State which has to grant these benefits.

Finally, an issue which will be very important for any new option is whether the **legal base of the TFEU** will allow this solution (**legal compatibility**) or whether it is endangered if it is contrary to one of the principles enshrined in the TFEU. Analysing this question for the adjustment of benefits would merit a study on its own and was also not covered by the mandate of our report. Nevertheless, we have made some preliminary remarks also on that aspect in Annex 2 of this report.

Something has to be recalled in this context: we think that any rule on adjustments cannot be applied also to benefits with an income replacement function. Therefore, all three sub-options would necessitate special rules (specific coordination – see 4.1.4 above – or at least exemption from the adjustment) for this category of benefits and, thus, should apply only to **traditional family benefits like family allowances**. When the adjustment mechanism is also applied to family benefits with an income replacement function (when the benefit is e.g. calculated as a specific percentage of previous earnings) we tend to give a (-) to all three sub-options with regard to “protection of rights”, as rights acquired due to a gainful activity would be endangered. This would without any doubt also be contrary to the fundamental principles of the TFEU.

#### *1.14.1 Sub-option 2a – adjustment of the amount (no limits)*

**A short description of this sub-option:** This option would consist in maintaining the current rules of Regulation (EC) No 883/2004, but **adjusting**

**upwards and downwards** the amount of the family benefit granted by any Member State for children residing in another Member State to the living standards in that Member State of residence of the children.

To put it simply, under this option, if the children reside in a comparatively less expensive Member State, the benefit would be adjusted downwards, while if they reside in a more expensive Member State, the benefit would be adjusted upwards.

**Standard example:**

**Scenario 1:** Member State A (primary competence) grants €80: Member State B (secondary competence) does not grant any differential supplement

**Scenario 2:** Member State B (primary competence) grants €63: Member State A (secondary competence) grants a differential supplement of €37

The upwards adjustment could have no effect for the children concerned in practice if the benefit has to be topped up by a differential supplement of the Member State of residence of the children and if said supplement exceeded the amount of the adjustment already under the status quo. In such a case this option would result in a mere modification of the sharing of the burden between Member States in favour of the Member State of residence.

However, if the children's Member State of residence did not top up the benefit, the upwards adjustment would always result in an effective increment of the amount received by children residing in a Member State with a higher factor of adjustment.

**Additional examples to highlight the effects of this option:**

*Example 1*

*The father works in Member State C, the mother and 2 children reside in Member State D, and the mother does not work. The amount of a certain family benefit for 2 children is €200 in Member State C. There is no top-up (as the benefit in Member State D would amount to only €180). The factor of adjustment is 100 in Member State C to 120 in Member State D.*

*Member State C (primary competence) grants €240: Member State D (secondary competence) does not grant any differential supplement.*

*[Status quo: Member State C (primary competence) grants €200: Member State D (secondary competence) does not grant any differential supplement.]*

#### *Example 2*

*However, any adjustment of course also works in case of employment in two different Member States of the parents.*

*The father works in Member State C, the mother and 2 children reside in Member State D, and the mother works there. The amount of a certain family benefit for 2 children is €200 in Member State C. The amount of the family benefits in Member State D is €180). The factor of adjustment is 100 in Member State C to 120 in Member State D.*

*Member State D (primary competence) grants €180: Member State C (secondary competence) grants a differential supplement of €60 (the adjusted family benefits amount to €240).*

*[Status quo: Member State D (primary competence) grants €180: Member State C (secondary competence) grants a differential supplement of €20.]*

### **Evaluation of the option**

#### **(-) Clarification**

This option is less clear or easy to understand than the status quo as far as it does not simplify the current procedures and involves an additional adjustment procedure. Thus, it requires an additional factor of adjustment that is not self-explanatory and therefore requires additional clarification. Furthermore, migrant workers would be less aware of their rights, as the amount of the family benefit received would suffer variations depending on various factors, such as macro-economic criteria or the country of residence of the children and it would be different from the one received by the sedentary workers around him or her.

#### **(-) Simplification**

This option is more complex to apply as far as it imposes additional obligations for migrant workers, such as the obligation to state and eventually prove the Member State of residence of the children. Possible changes in the Member State of residence of the children would result in additional administrative obligations for the migrant worker and in changes in the amount of the benefit granted by one and the same Member State.

#### **(?) Protection of rights**

The evaluation of how the protection of rights varies under this option is not easy and depends on the point of view envisaged. First of all the 'value' of this option largely depends on political points of view. If it is decided that an unrestricted export cannot be justified (and is not necessary from a legal point of view) then this option is best adapted to protect the rights, as children always receive the benefit which corresponds to their economic circumstances. If the decision is taken that the national amount of the competent Member State is a right which has been acquired by the migrant worker, then this option cannot protect these rights.

The **beneficiaries** whose children are residing in a Member State with a **higher factor of adjustment** would see how their rights are better protected as they may receive a higher benefit to cover their family expenses. On the



other hand, the beneficiaries whose children are residing in a Member State with a **lower factor of adjustment** would see how the amount of their benefits is reduced. The processing times between the claim being filed and the benefit being received could be increased due to the verification of the residence, which might be more important, as it is decisive for the amount to be paid, in which Member State the children reside (which is not that important under the status quo from the point of view of the Member State of primary competence, as always the same amount is at stake, irrespective of whether the children reside e.g. in this or in any other Member State – of course, only if the first Member State stays the one with primary competence also after any transfer of residence of the children).

From the perspective of the States, the **Member State with primary competence** could have the perception that they are protecting the rights of their beneficiaries as a whole in a more balanced way, as each of them would receive an amount that covers a similar percentage of the related costs. A problem could arise, however, when States receive active migrants from Member States with a higher factor of adjustment, as they would have to allocate a higher share of their social budget to cover the benefits of children residing abroad, which could result in a diminished overall protection. Nevertheless, it is true that this is not expected to be a very common situation.

From the point of view of the **Member State of residence** of the children, the perception would vary depending on whether it is a State with a high or a low factor of adjustment. In the first case, children would receive higher benefits from the Member State with primary competence, so they would be better protected. In the second case, children would receive lower benefits from the Member State with primary competence, they will be less protected and the State of residence may have to allocate additional funds to protect these children, for example topping up the benefits with a differential supplement to guarantee the level of protection which this Member State wants to grant to all children residing on its territory.

Therefore, it is difficult to determine whether this option provides a better or worse protection of the rights of beneficiaries as a whole. It is for the policy-maker to determine this in the light of the level of protection which each of the groups mentioned currently has.

**(-) Administrative burden and implementation arrangements**

This option would result in a certain increase of the administrative burden. It is true that the implementation of the option would require some preliminary work, especially to establish the factors of adjustment, determining how the residence of the children needs to be proven and to include the additional adjustments in the national procedures, taking into account there will be 32 adjustment indexes. The running cases would also need further administrative processes as e.g. the updating of the adjustment factors has to be made on a regular basis (even if national amounts do not change).

As to the prevention of fraud, linked with the determination of the children's Member State of residence, a certain increment of the administrative burden may also be supposed, but, this is expected to be minor.

**(≈) No risk of fraud or abuse**

Under this option, families could be tempted to declare that their children live in a Member State with a higher factor of adjustment (or even in the Member State with primary competence), as far as the amount of the benefits would depend on the children's place of residence. For the Member State with primary competence, the children's place of residence is usually more difficult to determine than e.g. the place of work, as has been stated above (see 4.4), so the risk of abuse could increase. Nevertheless, a change of residence from a Member State with low factors of adjustment to States with high factors may not be very usual in practice; changes in a child's residence without any previous link to that Member State are not easy to explain and, therefore, administrations should have some remedies to prove the contrary (e.g. if a family resides in **PL** and the father works in **DE**, it would not be very

plausible if the children claim that they have moved to **DK**). However, it could encourage looking for constructions under which the child would be deemed residing in the Member State with primary competence and thus entitled to the full amount of the family benefit. Under today's coordination this is not an issue as the amount is always the same, irrespective of whether the children reside in the Member State with primary competence or anywhere else.

On the other hand, this option does not prevent or diminish the current risk of abuse, as it does not provide any additional instruments preventing the fraudulent overlapping accumulation of benefits.

#### **(?) potential financial implications**

This option shifts the burden from the Member States with a higher factor of adjustment, i.e. those where income and costs are higher, to Member States with lower factors of adjustment. This is made worse due to the effect of the differential supplement.

If the Member State of residence (in case it is the Member State with secondary competence) has a lower factor of adjustment, the benefit paid by the Member State of primary competence would be adjusted downwards. Consequently, the top-up obligation for the Member State of residence could emerge, if its benefits are higher than the downwards adjusted benefits from the Member State with primary competence (which is not very likely to occur). On the other hand, if the Member State of residence has a higher factor of adjustment, probably a less common situation, the benefit paid by the Member State with primary competence would be adjusted upwards. Thus, if the Member State of residence tops up the benefit, the amount of the supplement would be reduced in a proportional way.

Taking into account that migration usually heads from Member States with lower living standards to those with higher standards, this option would probably shift the burden from the latter to the former. This could result in a

certain disruption of the economic logic that assigns the obligation to pay the family benefits to the Member State receiving the contributions and taxes.

In sum, it is difficult to determine whether this modification of the burden-sharing is fairer or not and what the exact financial impact for every Member State would be. This should thus be decided by the policy-makers in the light of a broader analysis of the economic relationships between Member States.

#### *1.14.2 Sub-option 2b – adjustment of the amount (no limits) and reimbursement*

**A short description of this sub-option:** This option would consist in maintaining the current rules of Regulation (EC) No 883/2004 and adjusting upwards and downwards the amount of the family benefit granted by any other Member State to the living standards in the Member State of residence of the children, as in Sub-option 2a. Additionally, under this option the Member State of residence would **reimburse the upwards adjustment** to the other Member State(s), which might be (a) Member State(s) with primary or secondary competence.

In plain words, under this option, if the children reside in a less expensive Member State, the benefit would be adjusted downwards. If the children reside in a more expensive Member State, the benefit would be adjusted upwards. The difference between the national amount of the family benefit and the adjusted amount will be paid by the other Member State, but will be reimbursed to this State by the Member State of residence of the children.

**Standard example:**

**Scenario 1:** Member State A (primary competence) grants €80; Member State B (secondary competence) does not grant any differential supplement

**Scenario 2:** Member State B (primary competence) grants €63; Member State A (secondary

competence) grants a differential supplement of €37 and reimburses €13 to Member State B

The reimbursement of the adjustment could seem to have a certain parallelism with the payment of a differential supplement (top-up) by the Member State of residence of the children (if it is the one with secondary competence – envisaged in Article 68(2) of the Regulation) although they work differently. The adjustment and reimbursement results from the existence of a different economic situation (cost of living) in each Member State. The differential supplement, in turn, derives from a difference in the level of protection in each Member State, i.e. the Member State of residence of the children may have to top up the family benefit if the amount of the family benefit in said Member State is higher than the amount of the benefit in any Member State with primary competence, irrespective of the cost of living in each Member State.

**Additional example to highlight the effects of this option:**

*Example 1*

*The father works in Member State C, the mother and 2 children reside in Member State D, and the mother does not work. The amount of a certain family benefit for 2 children is €200 in Member State C. There is no top-up (as the benefit in Member State D would amount only to €180). The factor of adjustment is 100 in Member State C to 120 in Member State D.*

*Member State C (primary competence) grants €240: Member State D (secondary competence) does not grant any differential supplement but reimburses €40 to Member State C.*

*[Status quo: Member State C (primary competence) grants €200: Member State D (secondary competence) does not grant any differential supplement.]*

### *Example 2*

*The father works in Member State C, the mother and 2 children reside in Member State D, and the mother works there. The amount of a certain family benefit for 2 children is €200 in Member State C. The amount of the family benefits in Member State D is €180). The factor of adjustment is 100 in Member State C to 120 in Member State D.*

*Member State D (primary competence) grants €180; Member State C (secondary competence) grants a differential supplement of €60 (adjusted amount of the benefit: €240); Member State D reimburses €40 to Member State C.*

*Status quo: Member State D (primary competence) grants €180; Member State C (secondary competence) grants a differential supplement of €20.*

### **Evaluation of the option**

#### **(-) Clarification**

As with Sub-option 2a, and for the same reasons, this option is less clear or easy to understand than the status quo as far as it does not simplify the current procedures and involves an additional adjustment procedure.

#### **(-) Simplification**

As with Sub-option 2a, and for the same reasons, this option is more complex to apply. As for the reimbursement, it does not affect the beneficiaries, but only the institutions of the Member States involved.

#### **(?) Protection of rights**

As with Sub-option 2a, the evaluation of how the protection of rights varies under this option is not simple and depends on the point of view envisaged. For the **beneficiaries**, the situation is identical to the one described under Sub-

option 2a. Those with children residing in a Member State with a higher factor of adjustment could see their benefit increased, while those with children residing in a Member State with a lower factor of adjustment could see their benefit reduced.

So again it is difficult to determine whether this option offers a better or worse protection of the rights of beneficiaries as a whole. This is for the policy-makers to determine in the light of the level of protection which each of the groups mentioned currently has.

#### **(-) Administrative burden and implementation arrangements**

This option would result in a significant increment of the administrative burden, as far as it involves reimbursement of the upwards adjustment of the family benefits and adjustments. As reimbursement of healthcare costs has shown, said procedures require a significant exchange of information, involve constant delays,<sup>70</sup> and result in an additional administrative burden. It is true that the existing reimbursement procedures for healthcare benefits in kind could be applied, but that may not be the case depending on the internal organisation of the national administrations. Of course, also for family benefits reimbursement is not totally new (cf Article 58 of Regulation (EC) No 987/2009), but, the existing reimbursement provision concerns only few cases, while this reimbursement would cover much more cases. Consequently, this option is even more complex than Sub-option 2a from an administrative point of view.

#### **(≈) No risk of fraud or abuse**

As with Sub-option 2a, and for similar reasons, under this option the risk of abuse would increase although to a lesser extent. It is true that when the benefit is adjusted upwards, the Member State of residences would have to reimburse the difference and would therefore have an active role verifying the place of residence of the children. However, such verification would probably be less exhaustive when the benefit is adjusted downwards (the same as under Sub-option 2a).

As for the current risk of abuse, when the benefit is adjusted upwards the Member State of residence is expected to receive updated information regarding the benefits received by children residing in their territory (requests for reimbursement). As a result, the risk

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<sup>70</sup> See e.g. Decision S9 of 20 June 2013 concerning refund procedures for the implementation of Articles 35 and 41 of Regulation 883/2004, OJ C 279, 27.09.2013, p. 8.

of fraudulent accumulation of benefits would decrease. However, when the benefits are adjusted downwards such prevention mechanism would not exist (therefore, also in this respect, in cases of downwards adjustments, the same as under Sub-option 2a).

### **(?) potential financial implications**

This option shifts the burden between Member States due to the effect of the differential supplement, but it does it in a less predictable way. As with Sub-option 2a, if the Member State of residence has a lower factor of adjustment, the benefit paid by any Member State competent which is not the Member State of residence of the children would be adjusted downwards; thus the top-up obligation for the Member State of residence might emerge.

If the Member State of residence **tops up the benefit** (as a Member State with secondary competence), it will pay a lower supplement as in the status quo, as the supplement would be reduced by the same amount, as the reimbursement will have to be paid in addition. So, in principle, the Member State of residence would end up paying the same amount as under the status quo (part of it as reimbursement, part of it as top-up). But, if the Member State of residence **does not top up the benefit**, it will result in a higher burden for the said Member State (as it has to grant reimbursement irrespective of any differential supplements). Furthermore, the Member State of residence will be in a situation where it is obliged to pay part of a benefit that is not envisaged by its social security system. That would be, on the one hand, an imposition of the Regulations difficult to justify in the light of the mere coordination of social security systems. However, this could, on the other hand, also be found under today's coordination of e.g. sickness benefits, where the competent Member State also has to reimburse benefits in kind which are granted in another Member State and which are not provided under its legislation.

In any case, like Sub-option 2a, this option would bring a financial relief for the Member State with a higher factor of adjustment (as they could downgrade their family benefits for children living in Member States with lower factors of adjustment, while Member States with lower factors of adjustment would not see any change in their situation in cases where they have to grant benefits for children residing in Member States with higher factors of adjustment. However, they could be affected by the obligation to grant higher differential amounts (which is not very likely). This could result in a certain disruption of the economic logic that assigns the obligation to pay the family benefits to the Member State receiving the contributions and taxes.



In sum, it is difficult to determine whether this modification of the burden-sharing is fairer or not. Thus, this should be decided by the policy-makers in the light of a broader analysis of existing figures and economic relationships between Member States.

#### *1.14.3 Sub-option 2c – adjustment of the amount (limit national amount)*

**A short description of this sub-option:** This option would consist in maintaining the current rules of Regulation (EC) No 883/2004 and in **adjusting** the amount of the family benefit granted by any Member State other than the Member State of residence of the children to the living standards in the Member State of residence of the children, but **limited to the amount** provided by the social security system of the Member State having to grant the benefits. So, in practice, adjustment would only work **downwards** but not upwards.

Simply put, under this option, if the children reside in a less expensive Member State, the benefit would be adjusted downwards, while if the children reside in a more expensive Member State, the benefit would not be adjusted.

**Standard example:**

**Scenario 1:** Member State A (primary competence) grants €80: Member State B (secondary competence) does not grant any differential supplement

**Scenario 2:** Member State B (primary competence) grants €50: Member State A (secondary competence) grants a differential supplement of €50

If the benefit is topped up by the Member State of residence of the children, the supplement could neutralise the negative impact of the adjustment.

However, if the Member State of residence of the children does not top up the benefit, this option would generate unbalanced results: it only reduces the amount received by children living in Member States with lower factors of adjustment without increasing the amount received by children living in Member States with a higher factor of adjustment.

**Additional examples to highlight the effects of this option:**

*Example 1:*

*The father works in Member State C, the mother and 2 children reside in Member State D, and the mother does not work. The amount of a certain family benefit for 2 children is €200 in Member State C; and €200 in Member State D. The factor of adjustment is 100 in Member State C to 120 in Member State D.*

*Member State C (primary competence) grants €200 (no upwards adjustment); Member State D (secondary competence) does not grant any differential supplement.*

*[Status quo: Member State C grants €200; Member State D does not grant any differential supplement.]*

*Example 2:*

*The father works in Member State E, the mother and a child reside in Member State F, and the mother does not work. The amount of a certain family benefit for one child is €100 in Member State E and €85 in Member State F. The factor of adjustment is 100 in Member State E to 80 in Member State F.*

*Member State E (primary competence) grants €80; Member State F (secondary competence) grants a differential supplement of €5.*

*[Status quo: Member State E grants €100; Member State F does not grant any differential supplement.]*

## **Evaluation of the option**

### **(-) Clarification**

As with Sub-option 2a, and for the same reasons, this option is less clear or easy to understand than the status quo as far as it does not simplify the current procedures and involves an additional adjustment procedure. In addition, it distinguishes between two groups of Member States – those with comparatively higher factors of adjustment (they can decrease their family benefits) and those with lower factors of adjustment (they can grant their national amounts). As this is not fixed and depends on every bilateral relation (for every Member State there is a different borderline in relation to which Member States the national amount has to be granted and where the downwards adjustment has to start; this borderline could also change with the time) it is even more unclear than Sub-option 2a.

### **(-) Simplification**

As with Sub-option 2a, and for the same reasons, this option is more complex to apply as far as it imposes additional obligations for migrant workers such as the obligation to state and eventually prove the Member State of residence of the children.

### **(-) Protection of rights**

This option provides a worse protection of the rights of a certain group of beneficiaries, i.e. those residing in Member States with a lower factor of adjustment, while it does not improve the protection of the rights of beneficiaries residing in Member States with a higher factor of adjustment.

In sum, this is an asymmetrical solution that lacks consistency. The amount of the family benefits should be adjusted to the living standard always or never.

### **(-) Administrative burden and implementation arrangements**

As with Sub-option 2a, and for the same reasons, this option would result in a certain increment of the administrative burden, due to the inclusion of the adjustment step in the national procedures and the need for additional prevention of fraud.

**(≈) No risk of fraud or abuse**

Comparable to Sub-option 2a, and for the same reasons, under this option the risk of abuse would increase. Of course, this option would no longer be an incentive to move the children to a Member State with a higher factor of adjustment, but it could still be an incentive to move from Member States with lower factors of adjustment to the Member State which is competent to grant the benefits. Therefore, this option does not prevent or diminish the current risk of abuse, as it does not provide any additional instruments preventing the fraudulent accumulation of benefits.

**(?) Potential financial implications**

This option could shift (again) the burden from Member States with a higher factor of adjustment to Member States with a lower factor of adjustment, in a similar way as with Sub-option 2a. Of course, this option differs from Sub-option 2a, as it takes away the obligation of Member States with lower factors of adjustment to make an upwards adjustment if the children reside in a Member State with higher adjustment factors.

If the Member State of residence has a lower factor of adjustment, the benefit paid by any other Member State would be adjusted downwards. The top-up obligation for the Member State of residence (if this is the Member State with secondary competence) is thus more likely to emerge. Consequently, today's situation would be distorted as it shifts some obligations from Member States with higher levels of costs of living towards Member States with lower levels.

***1.15 Option 3 – reversed competence of the Member State of residence before the Member State of employment***

**General description of all sub-options summarised in this Option 3:** The child's Member State of residence always has competence by priority. Any other Member State involved could only be competent at a secondary level. Thus, these other Member States would only have to grant differential supplements (as Member States with secondary competence) if their family benefits are higher than those of the Member State of residence of the child.

Again various sub-options are possible. First **Sub-option 3a**: the differential supplements would have to be granted based on the unreduced national amount in the same way as differential supplements are calculated today. This is the main difference with **Sub-option 3c** (which was not contained in the mandate, but added by us for the sake of completeness), where only adjusted amounts will be taken as the base for the calculation of the differential supplement. In between sits again **Sub-option 3b** (which has also been added by us), according to which no adjustment takes place, but, the benefits provided by the Member State of residence have to be reimbursed by any Member State with primary competence under today's coordination to safeguard the same burden-sharing between Member States as today. Of course there is also room for a **fourth sub-option** (adjustment + reimbursement). However, we have refrained from a detailed description of this sub-option as it seems to be too complex. Nevertheless, the other pros and cons for this additional fourth sub-option are comparable to the ones described in Sub-options 3a to 3c.

These options would mean a total change of today's cascade of competences of Article 68(1)(a) of Regulation (EC) No 883/2004 to determine the Member State with primary and secondary competence, as no longer 'gainful activity' but 'residence of the child' would be on top, followed by 'gainful activity' and 'receipt of a pension'. 'Residence' of any other person than the child as a last resort is not necessary from our point of view as it should not be the intention of this option to change today's Article 68(2), last sentence of the Regulation, under which a member of the family other than a child (e.g. a father) only residing in another Member State without being gainfully active there or receiving a pension cannot open entitlement to a differential supplement.<sup>71</sup>

To avoid any misunderstandings: this option only works properly if it is clear that the Member State(s) where the parents exercise a gainful activity pay their

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<sup>71</sup> Concerning the necessity to clarify this sentence see also **Error! Reference source not found.**

supplements (which could reach 100% of their national amounts in cases in which the Member State of residence of the child cannot grant any benefit under its legislation) also if the national legislation of these Member States of activity are residence-based schemes. Additional provisions to safeguard such a common understanding would be advisable to avoid disadvantages for the persons concerned.

One issue which is very important with this option is whether or not **some of the horizontal options** are also taken on board. This concerns especially the question whether benefits which are employment-related are also covered by this option (also for these benefits it is always the child's Member State of residence which has to grant benefits with primary competence), or whether a special coordination is provided which would make this option easier to accept (our recommended option for these benefits can be found in 4.1.4 above). Also the additional clarifications we have made under chapter 5.2 above, e.g. concerning contribution-based benefits, are especially relevant for that option. Therefore, the impact assessment could show a different outcome depending on these horizontal decisions.

For these Options a special and separated coordination of family benefits with income replacement function (see under 4.1.4 above) could be advisable. This could safeguard that those family benefits which are clearly linked to a gainful activity of one parent exercised outside the Member State of residence of the children would still have to be granted by that Member State and not by the Member State of residence.

Concerning the legal framework (especially the **legal compatibility with the TFEU**) it has to be said that this solution should safeguard exactly the same amount for the beneficiaries. As today's solution never has been challenged by the CJEU it could be assumed that also this option would not raise any problems from the perspective of the total amount of the benefits granted. Of course it would shift the competences, thus it might happen that a person would lose immediate entitlement to high benefits by today's Member State

with primary competence e.g. where one parent works and have to start with comparatively low benefits from the Member State of residence of the children. But, we do not think that this could endanger the compliance with the TFEU as the same is valid also today if the Member State of residence of the children is the one with primary competence because one parent works there and a differential supplement has to be paid by another Member (e.g. where the other parent works). There are already measures provided to grant the differential supplement as quickly as possible. In case these measures are not yet sufficient it would be up to the Community legislator to look for further improvements.

*1.15.1 Sub-option 3a – reversed competence of the Member State of residence before the Member State(s) of employment, no adjustment, no reimbursement*

**A short description of this sub-option:** This sub-option declares the children's Member State of residence as the one with primary competence and any other Member States (e.g. those where the parents work) only competent to grant differential supplements as Member States with secondary competence, if the family benefits under that legislation are higher. The amounts of the family benefits taken into consideration are not adjusted.

**Standard example:**

**Scenario 1:** Member State B (primary competent) grants €50; Member State A (secondary competent) grants a differential supplement of €50

**Scenario 2:** Member State A (primary competent) grants €100, no differential supplement by Member State B (secondary competent)

**Additional examples to highlight the effects of this option:**

*Example 1:*

*The family (mother, father, 2 children) resides in Member State A, the mother does not work, and the father works as a frontier worker in Member State B; the amount of family benefits for 2 children is €150 in Member State A and €300 in Member State B.*

*Member State A (primary competence) has to grant its €150 immediately; Member State B (secondary competence) grants a differential supplement of €150.*

*[Status quo: Member State B (primary competence) has to grant its €300 immediately; no differential supplement by Member State A (secondary competence).]*

*Example 2:*

*The family (mother, father, 2 children) resides in Member State A, the mother works in Member State A, and the father works as a frontier worker in Member State B; the amount of family benefits for 2 children is €150 in Member State A and €300 in Member State B.*

*Member State A (primary competence) has to grant its €150 immediately; Member State B (secondary competence) grants a differential supplement of €150.*

*[Status quo: The same – Member State A (primary competence) has to grant its €150 immediately; Member State B (secondary competence) grants a differential supplement of €150.]*

*Example 3:*

*[This might be considered a not very realistic example; nevertheless, we want to mention it.] The family (mother, father, 2 children) resides in Member State C, the mother works as a frontier worker in Member State D, the father works as a*



*seasonal worker in Member State E; the amount of family benefits for 2 children is €150 in Member State C, €300 in Member State D and €200 in Member State E.*

*Member State C (primary competence) has to grant its €150 immediately; Member State D (secondary competence) grants a differential supplement of €150, €75 being reimbursed to Member State D by Member State E (tertiary<sup>72</sup> competence).<sup>73</sup>*

*[Status quo: Member State D (primary competence) has to grant its €300 immediately, €150 being reimbursed by Member State E (secondary competence); no differential supplement by Member State C (tertiary competence).]*

#### **Evaluation of the option:**

##### **(+) Clarification**

As the Member State which is competent by priority is always the Member State of residence of the children, it is clear which Member State has to start granting its benefits. In case of residence-based family benefits this is the clearest situation possible, as all children entitled to benefits under national legislation will get these benefits under Regulation (EC) No 883/2004 as well. Many disputes which today's coordination could cause (if Member States do not agree on which Member State is the primarily competent one) could be avoided. Nevertheless, this option is not the optimum with regard to clarity as we still have more than one Member State which could be competent to grant benefits (which includes differential supplements). From this perspective, the competence of only one Member State to grant its family benefits could be regarded as the clearest option.

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<sup>72</sup> As also today there is a hierarchy between Member States which are competent due to the same element (more activities, more pensions), we think there are already today more than two competent Member States at stake; therefore, in this example we call Member State E the Member State with tertiary competence.

<sup>73</sup> If we keep Article 58 of Regulation (EC) No 987/2009 and extend it also to these cases.

Anyhow, the advantages concerning clarity are very important. The Member State of residence of the children becomes the anchor for family benefits. Irrespective of where the parents work and how often they switch their workplace, the Member State of residence of the children always stays the one with primary competence and the children will continuously receive the same benefits. Only the differential supplement can change whenever a new activity is started by one parent in a new Member State.

#### **(?) Simplification**

On the one hand this option could be regarded as simpler, as always the same Member State is the competent one, irrespective of the fact whether the parents work and in which Member State they work (it is always the same Member State which is the one with primary competence). This could lead to a (+). On the other hand, this option is as complex as the status quo, as differential supplements are still provided. The reverse order of priority does not change the overall systematic. So, from an abstract point of view this option could be regarded as neutral compared to the status quo. But, in practice this option could lead to much more cases with differential supplements than today (if we assume that in general the family benefits in Member States to which workers migrate are higher than in the Member State of residence of the children). From this perspective we would have to evaluate it with a (-). Thus, a (?) seems to be a fair value for this option.

#### **(+) Protection of rights**

This option is much better than the status quo, as it will safeguard that all children immediately receive the benefits which are provided for children under the legislation of the Member State where they reside. It could be assumed that, consequently, families do not have to wait any longer for the final settlements of conflicts or rely on payment of provisional amounts of benefits.<sup>74</sup> Thus, the policy aims of the Member State of residence on how

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<sup>74</sup> Article 60(4) of Regulation (EC) No 987/2009.

much money a family should receive which resides in its territory is fully achieved. In addition, higher amounts of benefits in other Member States (especially those where one or both parents work) are also not lost, as there would be a differential supplement from these Member States. The best results concerning the protection of rights would be achieved if employment-related benefits (e.g. child-raising benefits with an income replacement function) remain within the competence of the Member State which is competent for the person taking care of the child. If this was not the case and all family benefits were covered in the same way by this new coordination, we think that many positive elements which this option really has, would be taken away again.

Another important issue is that, when the Member State of residence always has to grant its benefits with primary competence, this takes away today's obligation of this Member State to grant provisional benefits in the event of dispute of competences (Article 60(4) of Regulation (EC) No 987/2009). Thus, as benefits are granted immediately, this definitively adds to legal certainty and the protection of the persons concerned. It also safeguards that not so many cases of recovery of overpayments will occur (which is often the case today when the final competence differs from the provisional competence and thus overpayments have to be recovered (Article 6(5) and Title IV, Chapter III of Regulation (EC) No 987/2009).

Finally, in this context it has to be mentioned that, as family benefits in the Member State of residence could usually be assumed as being lower than those in a parent's Member State of work, this option could result in much more differential supplements than today. For these cases the procedures will take longer until they get the final amount of family benefits they are entitled to. This diminishes the (+).

#### **(+) Administrative burden and implementation arrangements**

No new administrative procedures have to be created, as the existing ones will work in the same way as today (sometimes only by exchanging the Member

States' roles). However, the length of procedures will be considerably shortened and provisional competences and all the administrative problems related to this (including the recovery of overpayments) could be largely avoided. Institutions of the child's place of residence can treat all applications in the same way irrespective of the parents' place of work. Again, the fewer cases of overpayment and recovery of overpayments (see under protection of rights) have to be mentioned. The possible increase of cases in which differential supplements have to be paid is something which could add negative aspects to this option.

**(+) No risk of fraud or abuse**

The Member State of residence will check the family in the same way as any other family resident there. Usually checking and evaluating the situation is easier in the same Member State than abroad and also if all residents are subject to the same checking procedures. Problems of the status quo, where sometimes a work of a parent in another Member State has been dissimulated to immediately get the benefits from the Member State of residence would no longer be an issue, as the Member State of residence is the competent one in all cases.

**(?) Potential financial implications**

This option shifts the burden in cases of only one working parent abroad (in principle only in these cases) from the Member State of work to the Member State of residence. It is difficult to decide whether this is fairer or not – this remains a political decision balancing the pros and cons mentioned below (this might also depend on the schemes involved). In case of a residence-based scheme in the Member State of residence this could be regarded as fairer, as already without the Regulation all residents would be entitled to the benefits. This would change if the Member State of residence has a contributory scheme and, thus, has to grant also benefits for persons not contributing to the scheme (if we assume that this is the consequence of this option, which has to

be clarified anyhow – see also 4.1.4 and 5.2 above<sup>75</sup>). Member States of residence could see too much burden on their shoulders (they will have to grant more family benefits than today) taking into account that a parent works and pays tax and/or contributions in another Member State, while this other Member State only has to grant a differential supplement. Therefore, we have to stress that, compared to the status quo, this solution will lead to savings of the Member State of gainful activity at the cost of the children’s Member States of residence. From the point of view of the Member States of employment this could be seen the other way around (the higher family benefits are only planned for the children resident on their territory and, therefore, it is only fair that they do not have to export the whole amount but only have to grant a differential supplement).

It could be assumed that this option is more valued by the Member States of work of migrant workers than those where the family resides (Member States from which the migrant worker came). Maybe the remaining unrestricted export obligation (which can result in sometimes considerable differential supplements by these Member States of work) could be an argument which convinces also these Member States of residence?

#### *1.15.2 Sub-option 3b – reversed competence of the Member State of residence before the Member State of employment + reimbursement*

**A short description of this sub-option:** This sub-option is very similar to Sub-option 3a (therefore, unless otherwise stated the remarks under Sub-option 3a apply to this sub-option as well). It declares again the children’s Member State of residence as the one with primary competence and any other

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<sup>75</sup> This shows, again, how many questions have to be solved before a reform of the family benefit coordination chapter can be regarded as finished in a satisfactory way. We want to recall the following issue: if the Member State of residence has a contributory family benefits scheme (only active persons who contribute are entitled to benefits), does the competence of this Member State mean that also a person gainfully active in another Member State and, thus, not contributing to that scheme can open entitlement to such benefits if the children reside there or is this not the case? In the latter case this would not change today’s situation in which the Member State outside the Member State of residence of the children where the parent works has to grant its family benefits. And, it could be said that also this new coordination does not safeguard that the Member State of residence of the children grants all the benefits which it would have to in purely internal situations. Member States with only residence-based schemes could say that such an outcome has to be regarded as not balanced.

Member State (e.g. those where the parents work) only competent to grant differential supplements (secondary competence), if the family benefits under that legislation are higher. The amounts of the family benefits taken into consideration are not adjusted. The only difference is that the Member State which would have primary competence under today's coordination would have to reimburse the Member State of residence with an amount which corresponds to its obligation today. Thus, this option would combine the advantages for the persons concerned (immediate entitlement to the benefits provided under the legislation of the Member State of residence) with the well-known burden-sharing of today's coordination.

**Standard example:**

**Scenario 1:** Member State B (primary competence) grants €50; Member State A (secondary competence) grants a differential supplement of €50 and reimburses the €50 granted by Member State B

**Scenario 2:** Member State A (primary competence) grants €100, no differential supplement by Member State B (secondary competence), but, reimbursement to Member State A of €50

**Additional examples to highlight the effects of this option:**

*Example 1:*

*The family (mother, father, 2 children) resides in Member State A, the mother does not work, and the father works as a frontier worker in Member State B; the amount of family benefits for 2 children is €150 in Member State A and €300 in Member State B.*

*Member State A (primary competence) has to grant its €150 immediately; Member State B (secondary competence) grants a differential supplement of €150 and reimburses €150 to Member State A.*

*[Status quo: Member State B (primary competence) has to grant its €300 immediately; no differential supplement by Member State A (secondary competence)].*

*Example 2:*

*The family (mother, father, 2 children) resides in Member State A, the mother works in Member State A, and the father works as a frontier worker in Member State B; the amount of family benefits for 2 children is €150 in Member State A and €300 in Member State B.*

*Member State A (primary competence) has to grant its €150 immediately; Member State B (secondary competence) grants a differential supplement of €150.*

*[Status quo: The same – Member State A (primary competence) has to grant its €150 immediately; Member State B (secondary competence) grants a differential supplement of €150.]*

*Example 3:*

*[This might be seen as a not very realistic example; nevertheless, we want to mention it.] The family (mother, father, 2 children) resides in Member State C, the mother works as a frontier worker in Member State D, and the father works as a seasonal worker in Member State E; the amount of family benefits for 2 children is €150 in Member State C, €300 in Member State D and €200 in Member State E.*

*Member State C (primary competence) has to grant its €150 immediately; Member State D (secondary competence) grants a differential supplement of €150 and reimburses the €150 to Member State C, €150 being reimbursed to Member State D by Member State E (tertiary competence).<sup>76</sup>*

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<sup>76</sup> If we keep Article 58 of (EC) No Regulation 987/2009 and extend it to these cases.

*[Status quo: Member State D (primary competence) has to grant its €300 immediately, €150 being reimbursed by Member State E (secondary competence); no differential supplement by Member State C (tertiary competence)].*

**Evaluation of the option:**

**(+) Clarification**

For the persons concerned the same advantages as under Sub-option 3a apply. Nevertheless, for the institutions it is less clear, as additional reimbursement is included. This is an issue which we have not dealt with under clarification, but under administrative burden.

**(-) Simplification**

This option is more complex as the reimbursement is added to the obligation to grant differential supplements.

**(+) Protection of rights**

For the persons concerned this option is as positive as Sub-option 3a.

**(-) Administrative burden and implementation arrangements**

As an obligation of reimbursement is added, this sub-option is more complex than the status quo. The points mentioned in relation to Sub-option 2b apply to this sub-option as well.

**(+) No risk of fraud or abuse**

The same arguments as under Sub-option 3a apply, but, it might be assumed that this sub-option is even more fraud-proof than Sub-option 3a, as also the Member State of employment which has to reimburse will check the case (even if no differential supplement has to be paid).

**(≈) potential financial implications**

For this option we can clearly indicate the effects on fair burden-sharing, as it will lead to exactly the same results as the status quo.



*1.15.3 Sub-option 3c – reversed competence of the Member State of residence before the Member State of employment + adjustment*

**A short description of this sub-option:** This sub-option is, again, very similar to Sub-option 3a (therefore, unless otherwise stated the remarks under Sub-option 3a apply also to this sub-option). It declares again the children's Member State of residence as the one with primary competence and any other Member State (e.g. those where the parents work) only competent to grant differential supplements, if the family benefits under that legislation are higher. Different from Sub-option 3a the amounts of the family benefits taken into consideration have to be adjusted. Reimbursement, as contained in Sub-option 3b, is not part of this sub-option, as it would make it even more complex.

**Standard example:**

**Scenario 1:** Member State B (primary competence) grants €50; Member State A (secondary competence) grants a differential supplement of €30

**Scenario 2:** Member State A (primary competence) grants €100, no differential supplement by Member State B (secondary competence)

**Additional examples to highlight the effects of this option:**

*Example 1:*

*The family (mother, father, 2 children) resides in Member State A, the mother does not work, and the father works as a frontier worker in Member State B; the amount of family benefits for 2 children is €150 in Member State A and €300 in Member State B; due to adjustment this amount would be reduced to €200 (the factor of adjustment is 100 in Member State A to 150 in Member State B).*

*Member State A (primary competence) has to grant its €150 immediately; Member State B (secondary competence) grants a differential supplement of €50.*

*[Status quo: Member State B (primary competence) has to grant its €300 immediately; no differential supplement by Member State A (secondary competence)].*

*Example 2:*

*The family (mother, father, 2 children) resides in Member State A, the mother works in Member State A, and the father works as a frontier worker in Member State B; the amount of family benefits for 2 children is €150 in Member State A and €300 in Member State B; due to adjustment this amount would be reduced to €200 (the factor of adjustment is 100 in Member State A to 150 in Member State B).*

*Member State A (primary competence) has to grant its €150 immediately; Member State B (secondary competence) grants a differential supplement of €50.*

*[Status quo: Member State A (primary competence) has to grant its €150 immediately; Member State B (secondary competence) grants a differential supplement of €150.]*

*Example 3:*

*[This might be considered a not very realistic example; nevertheless, we want to mention it.] The family (mother, father, 2 children) resides in Member State C, the mother works as a frontier worker in Member State D, and the father works as a seasonal worker in Member State E; the amount of family benefits for 2 children is €150 in Member State C, €300 in Member State D; due to adjustment this amount would be reduced to €200; and €200 in Member State E; due to adjustment this amount would be reduced to €120 (the factor of adjustment is 100 in Member State C to 150 in Member State D and 166 in Member State E).*

*Member State C (primary competence) has to grant its €150 immediately; Member State D (secondary competence) grants a differential supplement of €50, €25 being reimbursed to Member State D by Member State E (tertiary competence).<sup>77</sup>*

*[Status quo: Member State D (primary competence) has to grant immediately its €300, €150 being reimbursed by Member State E (secondary competence); no differential supplement by Member State C (tertiary competence)].*

#### **Evaluation of the option:**

##### **(-) Clarification**

It would be easier for the persons concerned, as they would in all cases be entitled to the family benefits of the Member State of residence. Compared to Sub-options 3a and 3b, this sub-option would not be so clear, as adjustments have to be made. This sub-option is close to Sub-option 2a. As the disadvantages seem to be stronger than the advantages it could be said that this option is worse than the status quo.

##### **(-) Simplification**

Adding adjustments to the coordination always makes it more complex.

##### **(?) Protection of rights**

Again, as an adjustment is involved, this is a question of political decision. The arguments mentioned e.g. under Sub-option 2a also apply to this sub-option.

##### **(-) Administrative burden and implementation arrangements**

As an obligation of adjustment is added, this sub-option is more complex than the status quo. The points mentioned in relation to Sub-option 2a apply to this sub-option as well.

##### **(+) No risk of fraud or abuse**

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<sup>77</sup> If we keep Article 58 of (EC) No Regulation 987/2009 and extend it also to these cases.

The same arguments as under Sub-option 3a apply.

**(?) Potential financial implications**

Here, again, we are confronted with a necessary political decision. This sub-option could be seen by some Member States as one of the best, as the Member State of residence has to grant all its benefits by priority, and if another Member State has to grant differential supplements these supplements can be adjusted to the costs of living in the Member State of residence. But, Member States which are in favour of an unrestricted export of all family benefits as it happens today will oppose this sub-option, maybe even violently, as it does not only give the Member State of residence primary competence, but might also reduce benefits exported into these Member States. From this perspective, this option appears much worse than Sub-option 3a.

## Conclusions

Having analysed the existing coordination of family benefits and possible options to modify the current system we came to the following conclusions.

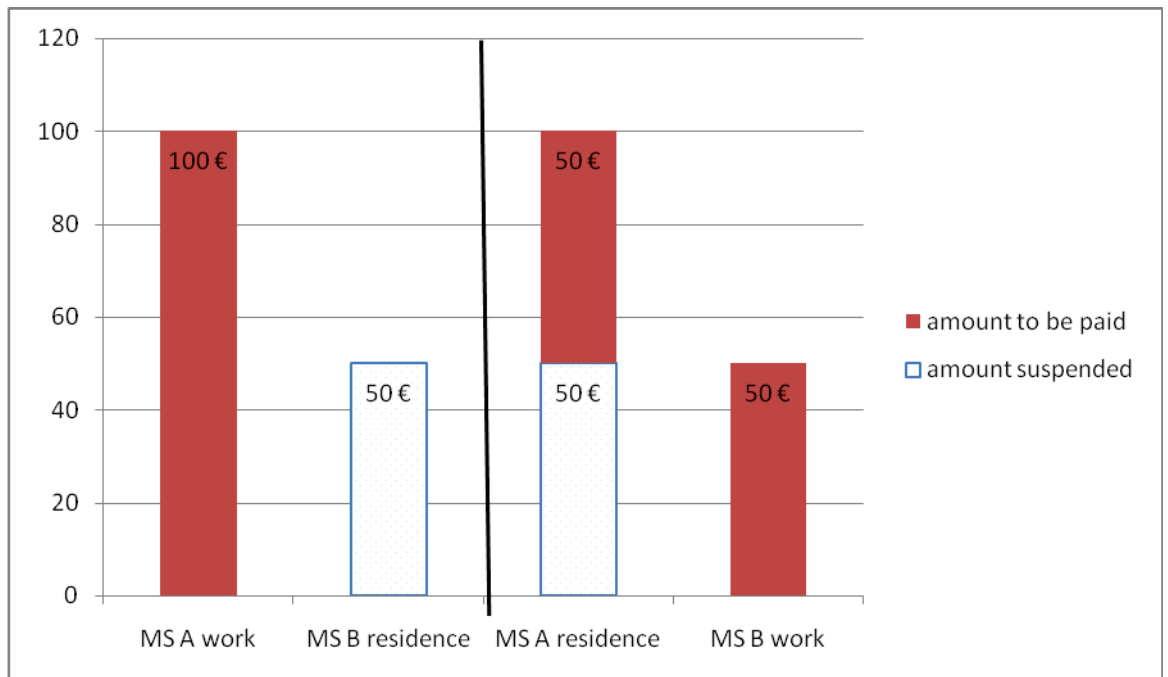
1. The existing coordination of family benefits is complex, covers a great variety of different types of benefits and has become the subject of political debate in recent times.
2. If the existing coordination is perceived as not being fair, this is a political statement. Therefore, also the search for a 'fairer' distribution of the burden depends on a political decision we cannot make. Nevertheless, from our experts' point of view some recommendations can be made irrespective of the political decision to be taken.
3. A re-examination of the existing coordination rules is advisable.
4. Export (understood as a Member State's obligation to grant family benefits also to the children residing in another Member State) is the main focus of the debate. Nevertheless, also other elements should not be forgotten. Some of these horizontal questions and problems could be regarded as more important and more burning issues than export.
5. Therefore, when discussing a reform of the coordination of family benefits we propose also clarifications ancillary to the export issue, like e.g. new or improved definitions, but also a special coordination for benefits which show a strong link to gainful activities, e.g. child-raising benefits for persons in employment. Only if these issues are solved in a satisfactory way, the options proposed for export could be a realistic alternative to the status quo.
6. Mapping has shown – at the level of FreSsco national experts – some support and advancement of legal arguments in favour of adjusting family benefits to the living costs of the country where the children reside, especially from some higher income Member States. Conversely, some lower income Member States were advancing arguments against such adjustment. It could be assumed that this will also be the official position of the Member States concerned.

Whichever solution will be further discussed, its pros and cons should be well evaluated and an EU-wide socially just solution should be adopted.

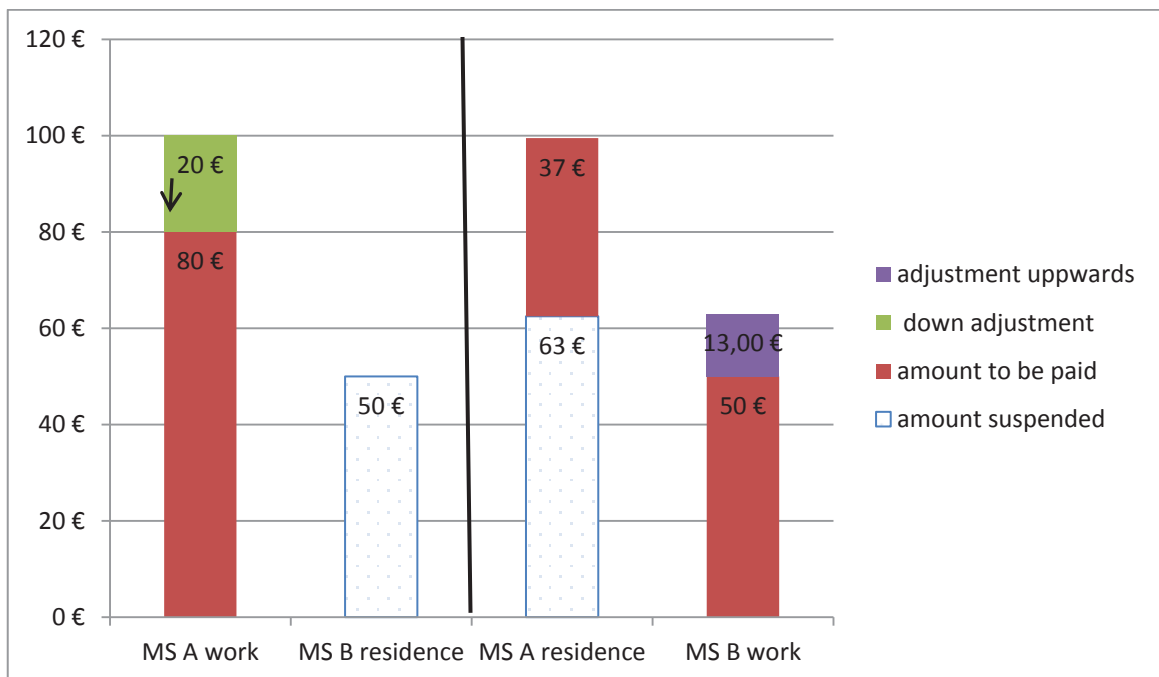
7. If there is really a political will to change the existing mechanism of export of family benefits, we think that the option which only reverses the competences from the Member State of employment towards the child's Member State of residence is a solution much easier to achieve and would also not take away any benefits granted today. Under this option, families would immediately receive the family benefits of the Member State of residence of the child (thus it can be assumed that from the perspective of the persons concerned it can be an improvement compared to the status quo). But, we have to note that this option cannot be presented as the only positive one. As it shifts the burden of the benefits from the Member State receiving the contributions and normally the taxes to the Member State of residence of the children, the fairness of this option can be disputed. It would most probably also result in more differential supplements than today and thus add administrative burden for the institutions. Anyhow, if an option is further examined to modify the existing coordination, we recommend analysing this option, as it contains the most positive elements of the options examined compared to the status quo.

## Annex 1 – Overview of the effects of the different options

### Option 1 (status quo)



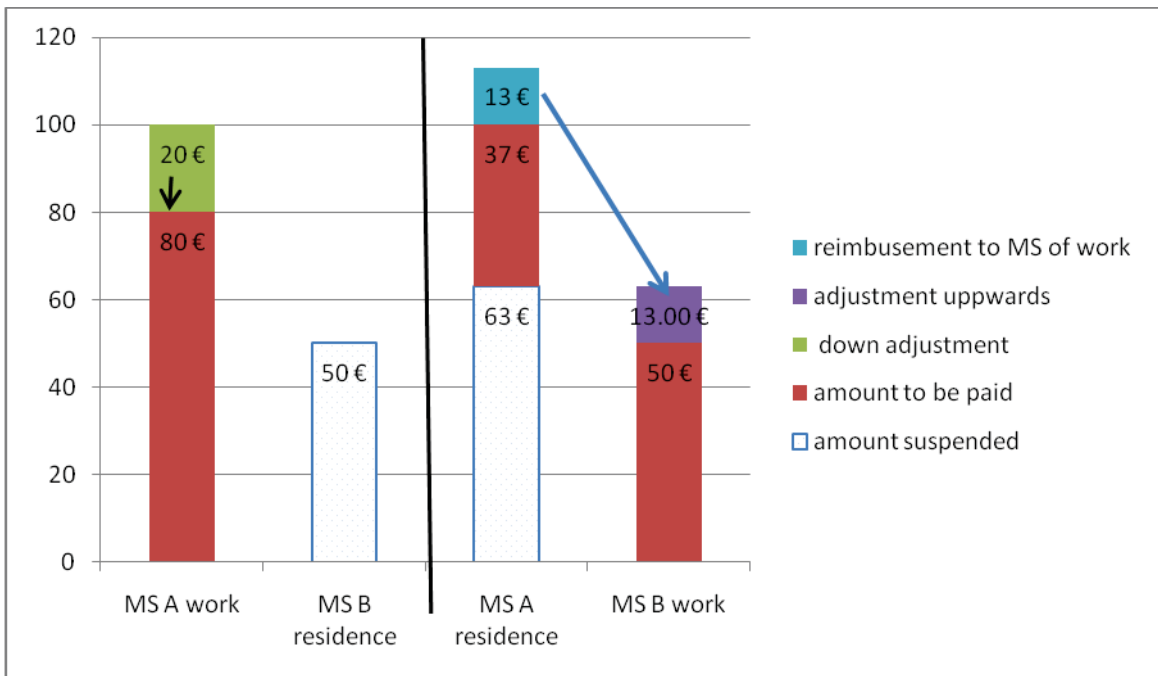
### Option 2a (adjustment of the amounts, no limits)



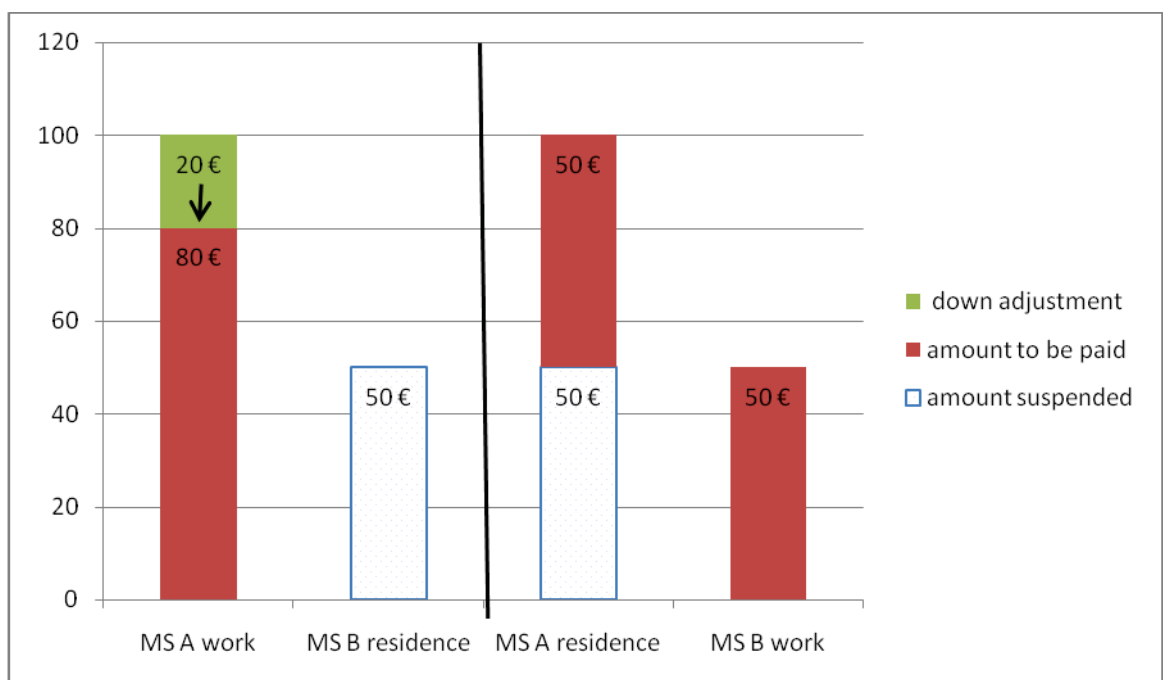
### Option 2b (adjustment and reimbursement of difference)

[As the decision towards the person concerned must show the whole suspended amount, the amount of the reimbursement has to be added to the total amount to show the real effects for the Member State of residence.]

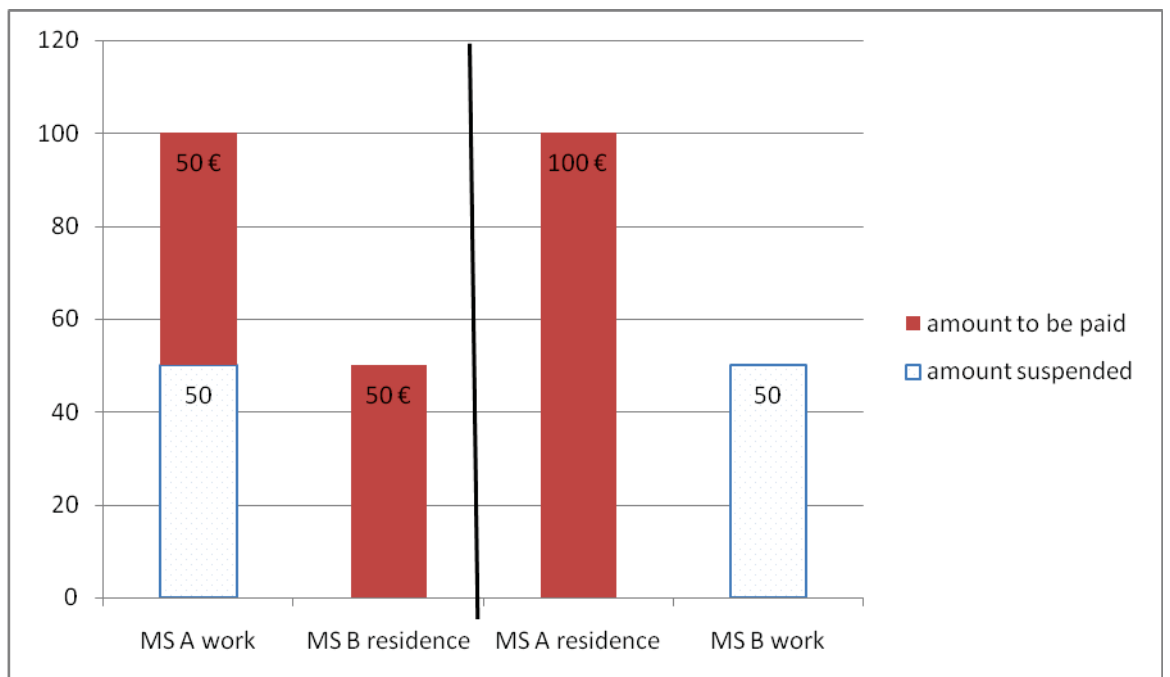




**Option 2c (adjustment + limit national amount)**

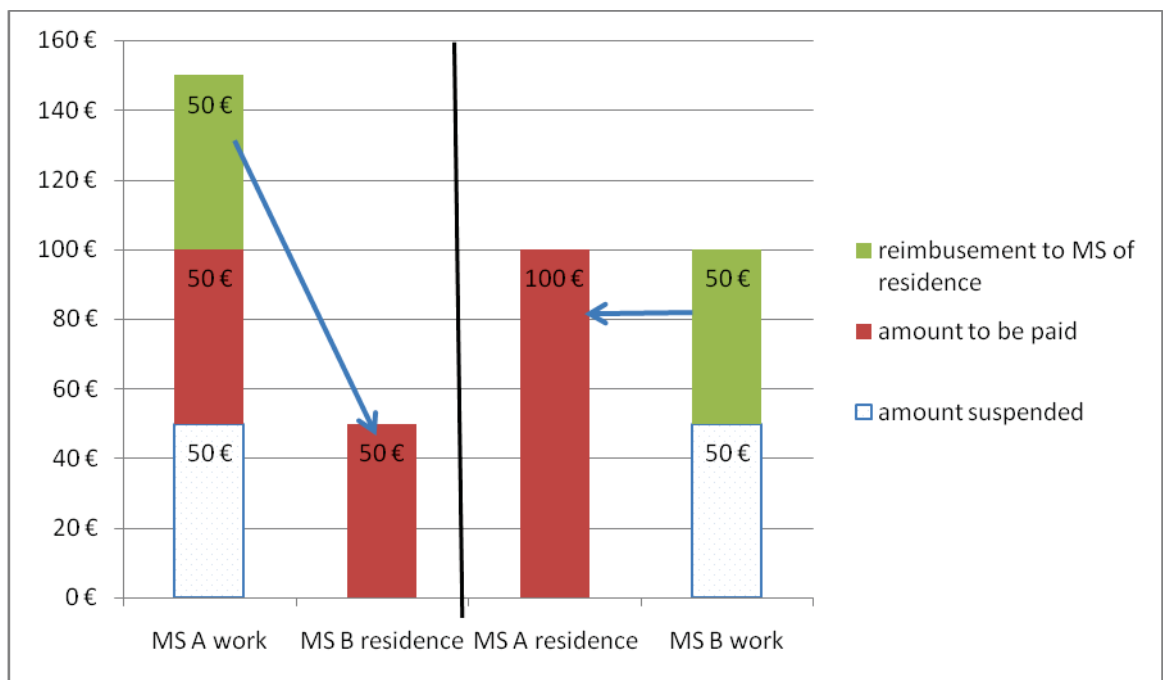


**Option 3a (reverse competence, no adjustment, no reimbursement)**

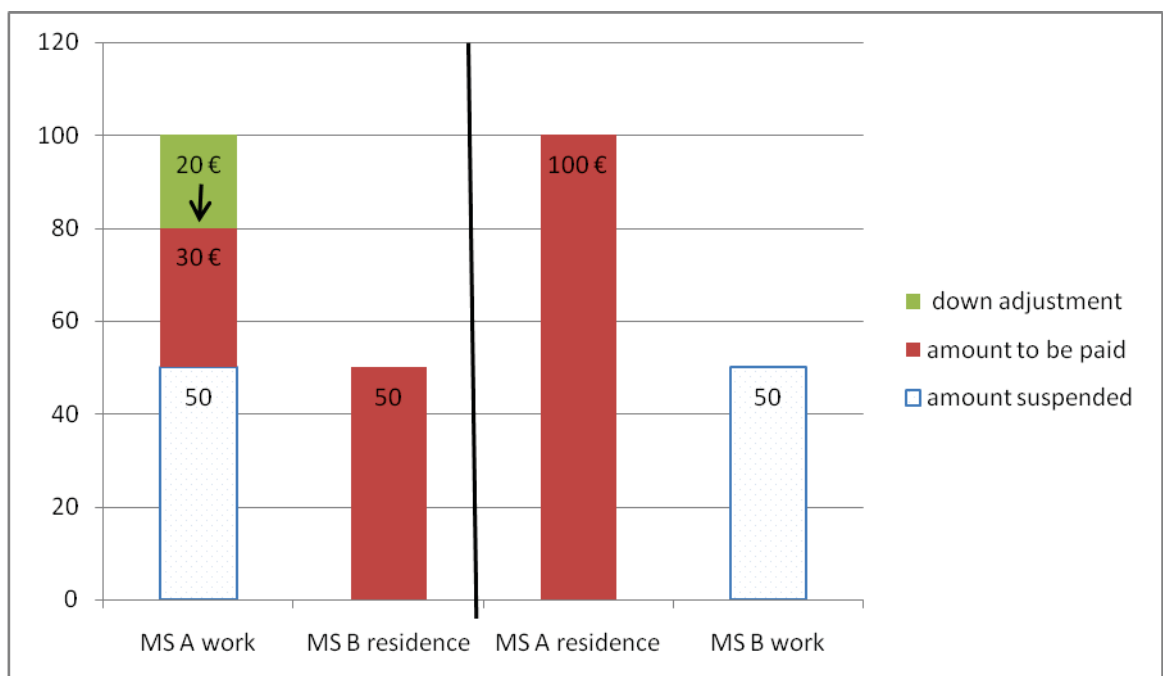


### Option 3b (reverse competence + reimbursement)

[As the decision towards the person concerned must show the whole suspended amount, the amount of the reimbursement has to be added to the total amount to show the real effects for the Member State of work.]



### Option 3c (reverse competence + adjustment)



## Annex 2 – Elements for analysing the legal possibilities to adjust the amount of family benefits to the living costs

Although the examination of a legal base for any adjustment (see 5.1 and Option 2) was not an explicit part of the mandate for this report, we have, nevertheless, collected some ideas, elements and background information to feed this examination.

### *Results from the mapping exercise*

First, it was interesting to explore how such adjustments would have to be regarded from a national perspective.

From the replies of the **FreSsco national experts** it seems that the introduction of a new coordination rule, stating that family benefits have to be adjusted according to the living costs of the Member State where the children reside, is not completely unambiguous from the viewpoint of **national law**. The main concern is the principle of equality, but it also depends on what is being compared (who is taken as a reference group, and who as comparative group).

Such new coordination rule might be in line with the **constitutional values** of some Member States. Reportedly, Article 7 of the **Austrian** Federal Constitution (*Bundesverfassungsgesetz*, B-VG) imposes equal treatment on the legislature. This means that not only persons in the same situation must be treated equally, but also that distinctive situations must be treated differently. Such a different situation may also be effectuated by different living costs in respect to family benefits which are aimed at compensating the financial burden of childcare. Thus, such a new principle would be in line with Article 7 B-VG, provided that the different living costs can be determined effectively.

A similar estimate is made for e.g. **Polish, Swedish, Luxembourg** and **Belgian** constitutions. It seems that the **Polish** constitution entails only general principles. Also in **Sweden**, there are no constitutional principles to prevent the adjustment of family benefits. For **Luxembourg** it is argued that, a priori, there would be no conflict with constitutional or general principles of Luxembourg law, since family benefits are already considered as personal rights of the children. Moreover, the adjustment of family benefits to the living standard in another Member State is also unlikely to raise constitutional issues in **Belgium**. Certain traces of a benefit adjustment approach can already be found in bilateral agreements of Belgium with Turkey, Morocco and Tunisia, in which specific, lower amounts are exported instead of the normal sums that would be due in Belgium. However, one may wonder whether it would exceed the tasks of coordination, especially where it results in the amount of the Belgian benefit being raised above the level that would be due in Belgium.

The argument of equal treatment may also go in another direction, arguing that adjusting family benefits might be against the equality principle. For instance, if **the Czech Republic** would have to pay a higher or lower amount of family benefits to children abroad only on the ground e.g. that the parents moved with the child to another Member State, this might breach the equality of children living in the Czech Republic and abroad, if the Czech Republic would remain the competent State. Obstacles for adjusting family benefits and possible breach of the equality principle were also advanced by e.g. the **Bulgarian** expert, arguing that adjustment might be against the Bulgarian Constitution and also Article 4 of Regulation (EC) No 883/2004 itself. In the **Slovenian** constitution unequal treatment based on any personal circumstance (which might include the place of residence of children) is as a rule prohibited, unless it could be proven that formally unequal treatment and positive measures are required to guarantee substantive (material) equality (although reducing family benefits might be difficult to perceive as a positive measure).

For the **legislative acts**, it is argued that national law would either have to be modified (since no adjustment is provided for, e.g. in **AT**; there is also no parallel to it in **BE, HR** or **SI** law), or the (accordingly modified) coordination Regulation would have to be directly applicable. However, in some Member States there seem to be specific conditions. For instance in **Luxembourg**, the *Caisse nationale des prestations familiales* (CNPf) would be in favour of such reform under one precise condition: the coordination Regulation has to be changed in accordance with the coordination provisions regarding unemployment benefits. For example, a Polish institution would pay family benefits according to the living costs in Poland to the children of a parent working in Luxembourg and the CNPF would have to pay the differential amount. In this case, the CNPF might agree with this change, if the costs could be reimbursed by the CNPF to the Polish institution in other words, if it would not have to pay the differential amount directly to the parent/child residing in Poland. The financial channels would have to be changed from the

parent/child to the institution (these suggestions are very similar to the ones we have further elaborated under Options 2 and 3).

What appears equally important as pure national law is the **purpose** (the philosophy) of family benefits in the Member States (which are ‘behind’ legal rules). It is argued that the adjustment of family benefits according to the living costs of the individual family is quite odd from a **Swedish** point of view, since family benefits according to national legislation are flat-rate and only vary with the number of children. A similar argument was advanced e.g. by **Slovenia**, where certain family benefits are (indirectly) linked to the minimum or average wage in the country. Adjusting them according to the living costs in another Member State might distort this balance. Also in **Poland** there is no criterion of the cost of living to determine family benefits.

The **Croatian** Act on Child Allowance would have to be amended accordingly, but such an amendment could be contrary to the national situation. The calculation of the State Budget Base (see 4.1.2) would also have to follow the costs of living and be adjusted accordingly. Although the living costs have increased in Croatia in the last decade, the State Budget Base, which is the base for calculation of many other benefits (not only within the family benefits system) has not been changed since 2002. The latest available Household Income Survey of 2011, published by the Croatian Bureau of Statistics, for example shows a dramatic increase in the percentage of households which have a lower income than the living costs (70% of households, in comparison with 40% of households in the previous year). However, there are no plans to recalculate and adjust the amount of the State Budget Base. An obligation to perform adjustments at European level could result in pressure also for the purely national cases.

This is even more the case with income-related family benefits. It is argued that adjustment of family benefits, whether an increase or a decrease, would sit uneasily with the contributory nature of the ‘professional’ benefit in **Belgium**, since it would loosen the nexus between the amount of the benefit received



and the amount of the contributions paid (for this reasoning we also refer to 5.2.).

From this point of view the current coordination regime is perceived as socially just, since it is in the first place established to enable economic mobility within the EU. In a Member State with primary competence, (unadjusted) contributions and taxes are paid, from which also family benefits are being financed. In addition, it is argued that living costs may also be distinct within one Member State (e.g. in the capital city, compared to other towns and rural areas), but this has no influence on the level of family benefits. The same principle might be applied also Union-wide.

This leads us to another interesting aspect. Imagine a Member State has already today in its **national legislation a rule which stipulates such adjustments** (e.g. higher family benefits in the big cities or in regions with higher living costs than in the rest of the country). Would this Member State be entitled to apply this national rule already today (under the current wording of Regulation (EC) No 883/2004) and reduce or increase its family benefits for children residing in another Member State, or would it be obliged to grant the amount of the region where the migrant worker actually works on its territory also for children resident in another Member State? The existing court rulings are not at all clear. While the EFTA Court seems to favour the first approach,<sup>78</sup> the Court of Justice of the European Union (CJEU) seems to support the latter one.<sup>79</sup> This is also an aspect which would merit further examination.

*Would such adjustments be possible from our point of view?*

#### *Introductory remarks*

First of all, we have to mention that we all considered it very important that this analysis was done and that all the pros and cons were very carefully

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<sup>78</sup> Case E-3/05, *EFTA Surveillance Authority v The Kingdom of Norway* (concerning the Finnmark supplement).

<sup>79</sup> Judgment in *Gouvernement de la Communauté française and Gouvernement Wallon*, C-212/06, EU:C:2008:178 (concerning the Flemish care insurance).

examined. We have to admit that we do not see this question completely in the same way. While some of us were convinced that an adjustment of family benefits would be in contradiction to the fundamental principles of the TFEU, others thought that it could be justified and thus not be that problematic. The following part has to be read bearing these divergent opinions of the authors in mind.

*Would it be legally possible to adjust family benefits to the costs of living?*

It should be examined if such adjustments (which lead to reduced or increased amounts of benefits depending on the Member States involved) are in conformity with the general principles of the TFEU (e.g. equal treatment of migrant workers under Article 45, the export obligation under Article 48, but also the core principles of coordination enshrined in Regulation (EC) No 883/2004 itself, e.g. neutrality, assimilation of facts, equal treatment and exportability). Of course, this is a question which has to be examined very carefully and does not lie within our mandate. Nevertheless, if the TFEU does not allow such measures under any circumstances this would – without any doubt – also influence the impact assessment.

Any modification of the Regulations which goes for an adjustment of family benefits requires a careful review. The following considerations could be taken into account when analysing them as far as the adjustment procedures could affect the coordination especially concerning the **neutrality principle**, the general **assimilation of facts** principle, the **equality of treatment** principle and the principle **of exportability** of the acquired rights.

*Neutrality principle*

As is well-known, the TFEU provides for the coordination, not the harmonisation, of the legislation of the Member States, with regard to differences between the Member States' social security systems and, consequently, between the rights of persons working in the different Member States. It follows that those substantive and procedural differences between the

Member States' social security systems, and hence between the rights of the persons working in the Member States, are unaffected by the Treaty.<sup>80</sup>

The coordination Regulation, with regard to family benefits, has so far identified the applicable social security legislation and granted migrants the right to obtain a certain benefit as established in said national social security legislation. Under the scenarios envisaged here, the Regulation would go a step further by introducing an adjustment of the amount of the benefit established by the national legislation. Even if the substance of the national legislation remains unchanged, its result would be distorted.

As the CJEU has said, the objective of the free movement of workers within the EU is facilitated if conditions of employment (including social security rules), are as similar as possible in the various Member States. However, this objective is imperilled and made more difficult to realise if unnecessary differences in the social security rules are introduced by the Regulations. According to the Treaty, the EU legislature must refrain from adding to the disparities which already stem from the absence of harmonisation of national legislations (due to the famous *Pinna* case).<sup>81</sup> It would be important to determine whether or not the adjustment procedures constitute such an unnecessary disparity. However, of course *Pinna* concerned a situation in which all Member States applied one coordination, while France was allowed, pursuant to the Regulation, to apply a different coordination. Therefore, it has to be examined if the *Pinna* obstacle would also apply to a rule under which all Member States have to adjust their benefits in the same way.

The Regulation's **conflict rules** have an indirect effect, as they only determine the national legislation applicable.<sup>82</sup> Under this law, the protection of the

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<sup>80</sup> Judgment in *Lenoir*, C-313/86, EU:C:1988:452, paragraph 13 and judgment in *Hervein and Lorthiois*, C-393/99 and C-394/99, EU:C:2002:182, paragraph 51.

<sup>81</sup> Judgment in *Pinna v Caisse d'allocations familiales de la Savoie*, C-41/84, EU:C:1986:1, paragraph 21.

<sup>82</sup> Judgment in *Hervein and Lorthiois* EU:C:2002:182, paragraph 53.

migrant (*lex loci laboris* in our case) can be more or less advantageous to the interests of the migrant.

Under the applicable law, the Regulations guarantee, on the one hand, that the migrant is **treated equally** with the nationals assured under this legislation (we will return to this point later on), and on the other hand, that he or she does **not lose any of the nationals' benefits** that he or she has been entitled to if the Regulations had not been applied. This is the so-called *Petroni* principle, establishing that the Regulations cannot freely limit benefits received in the light of the national legislation alone.<sup>83</sup> In fact, according to Articles 45 and 48 TFEU, which constitute the basis of the coordination, “*limitation may be imposed on migrant workers to balance the social security advantages which they derive from the Community regulations and which they could not obtain without them*”, but the Regulations may not withdraw or reduce the social security advantages that derive from the legislation of a single Member State.<sup>84</sup>

Therefore, it could be said that the adjustment procedure could only be applied if the right to the family benefit was opened by the Regulations only (no entitlement under national law alone), i.e. by applying the aggregation of periods or the assimilation of facts mechanisms (e.g. concerning the residence of the child) envisaged by the Regulations. If the right was recognised by mere application of the national social security legislation, the entitlement would be considered autonomous from and intangible for the Regulations. This important limitation for the EU legislature, defending the intangibility of autonomous ‘national benefits’, is a hermeneutical principle applied repeatedly by the CJEU since 1975 in the *Petroni* case.

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<sup>83</sup> Judgment in *Petroni*, C-24/75, EU:C:1975:129. On the application of this principle on the differential supplement of family benefits, see the judgment in *Dammer*, C-168/88, not available, paragraph 21. The same principle is also followed in the judgment in *Bosmann* EU:C:2008:290, paragraph 30, for letting a Member State which lacks competence retain (under some conditions) the possibility of granting family benefits (voluntarily?) if there are specific and particularly close connecting factors between the territory of that State and the situation at issue. This possibility disappears when there are not enough connecting factors (see the judgment in *B.*, C-394/13, EU:C:2014:2199).

<sup>84</sup> Judgment in *Jerzak*, C-279/82, EU:C:1983:228, paragraphs 11 and 12.

### *General assimilation of facts principle*

This principle envisaged under Article 5(b) of Regulation (EC) No 883/2004 should also be considered. Children living in a different Member State have to be treated as if they were residing in the competent Member State with regard to the acquisition of the right to a benefit and the calculation of the amount of the benefit. There is even a specific and a partly reiterative ad-hoc rule regarding family benefits under Article 67 of the Regulation.<sup>85</sup>

Establishing an adjustment procedure for the calculation of the amount of the benefit of the children living abroad could be in contradiction with the assimilation principle. In fact, the adjustment would result in an unequal treatment of a certain group of migrants, i.e. those leaving their children in their home Member State. But, of course, the whole Article 5 of the Regulation is under the condition “*unless otherwise provided in the Regulation*”, and thus, the EU legislature could in theory deviate from these principles. This unequal treatment of children depending on their place of residence could be considered an indirect discrimination unless there would be a reasonable and objective justification for this measure and a reasonable proportionality between the means employed and that legitimate aim which is sought to be realised.

### *Equality of treatment principle*

Finally, the principle of **equal treatment** could be affected especially when considering downwards adjustment. Under such circumstances, the migrant worker would not enjoy the same benefits as the sedentary workers, something that may contravene Article 4 of Regulation (EC) No 883/2004. Furthermore, the level of protection will depend on the living standards of the Member State where his or her children live. With regard to family benefits, there would be

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<sup>85</sup> The aim of this rule, envisaged in the precedent Regulation, was to prevent Member States from making entitlement to, and the amount of, family benefits dependent on residence of the worker's family members in the Member State providing the benefits, so that EU workers are not deterred from exercising their right to freedom of movement (see, in particular, the judgment in *Merino García v Bundesanstalt für Arbeit*, C-266/95, EU:C:1997:292, paragraph 28).

no equality of treatment between migrant workers and domestic workers. From this point of view, it can be argued that the employed person concerned would be impeded in his or her right to free movement.

From another perspective it could be argued that, if the purpose of the family benefit is to meet family expenses, children are protected to the level established by the competent Member State's social security system as far as a similar rate of their family expenses is being covered. Following this argument, the principle of equal treatment would be broken in our Sub-option 2c only when the upwards adjustment is not applied. But even if we admit that under the current Regulation there is a certain overprotection of children living abroad compared to children living in the competent Member State, this would not be breaking the equality principle, as the Regulations may provide a more favourable treatment of migrant workers compared to sedentary workers, as stated by the CJEU.<sup>86</sup>

The adjustment procedure under this option could remind one of the *Pinna I* case. Although the situation was slightly similar (a worker insured in France whose children were residing in another Member State received a different benefit from the workers whose children were residing in France), the provision included in the Regulation was fairly different. It established that, as the competent Member State, France could pay the family benefits granted by the Member State of residences of the children instead of the family benefits they granted to children residing in France. The CJEU considered this provision illegal because it gave rise to an indirect discrimination on grounds of nationality, as the unjustified provision denied the right to obtain French family benefits to a group of workers that consisted mainly of migrants. The

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<sup>86</sup> Judgment in *Movrin*, C-73/99, EU:C:2000:369, paragraph 51: “That consequence would result not from the interpretation of Community law but from the system at present in force, which, in the absence of a common social security scheme, is based on a simple coordination of national legislative systems which have not been harmonised (see, in particular, Case 27/71 *Keller v Caisse Régionale d'Assurance Vieillesse des Travailleurs Salariés de Strasbourg* [1971] ECR 885, paragraph 13, and Case 22/77 *Fonds National de Retraite des Ouvriers Mineurs v Mura* [1977] ECR I699, paragraph 10)”.

CJEU stated that the right to freedom of movement was at stake if the migrant worker received less than the national workers just because his or her spouse and children remained in the Member State of origin.

Unlike *Pinna I*, our Option 2 proposes the adjustment of the family benefits provided by the competent Member State to the living standards of the Member State of residence of the children, not the substitution of those benefits for the ones provided by the Member State of residence of the children. It could be argued that all children entitled to benefits in a certain Member State will receive a benefit covering the same rate of their protected needs, irrespective of their place of residence, at least under the first Sub-options 2a and 2b analysed. For Sub-option 2c this argument could not be used.

Finally, the references to the first recital of Regulation (EC) No 883/2004<sup>87</sup> by the CJEU<sup>88</sup> should be taken into account. The CJEU stated that migrant workers leave their countries to **improve their living standard**; not to maintain it.

#### *Exportability of the acquired rights principle*

As is well-known, Article 48 TFEU on the minimum content of the coordination Regulations mentions only two principles: aggregation and exportability of the acquired rights. Article 7 of Regulation (EC) No 883/2004 developing the exportability principle establishes that “*Unless otherwise provided for by this Regulation, **cash benefits payable under the legislation of one or more Member States or under this Regulation shall not be subject to any reduction, amendment, suspension, withdrawal or confiscation on account of the fact that the beneficiary or the members of his/her family reside***”

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<sup>87</sup> “The rules for coordination of national social security systems fall within the framework of free movement of persons and should contribute towards **improving their standard of living and conditions of employment**”.

<sup>88</sup> See e.g. the judgment in *Hudzinski and Wawrzyniak* EU:C:2012:339, paragraph 47; and the judgment in *Bosmann* EU:C:2008:290, paragraph 30.

*in a Member State other than that in which the institution responsible for providing benefits is situated.”*

Even if family benefits are, in this case, not subjected to a real exportation, and exceptions to this exportation principle have been accepted in relation to other types of benefits, this provision should also be considered when determining the viability of adjusting the family benefits on the basis of the fact that the members of the family reside in another Member State.

From our point of view it goes without saying that any benefits which are based on contributions where the amount of the benefit also reflects the duration of the payment and the amount of these contributions (classic example: pensions) have to be exported without any restriction. If benefits are lump sums or specific amounts to cover special needs inside the Member State concerned, the CJEU has already accepted export restrictions for special non-contributory cash benefits (no export at all).<sup>89</sup> Would it be the same if we introduced an export restriction for family benefits (by adjusting them to the local living costs)? Of course, these benefits cannot be considered as being ‘special’. Consequently, the arguments which speak in favour of non-export of special non-contributory cash benefits as a rule cannot be used in relation to non-contributory family benefits. So, other arguments must be used to justify such a deviation from today’s principles. Anyhow, such a solution would only be justifiable in relation to benefits which are not income-related like e.g. the child-raising benefits with an income replacement function (see 4.1.4). **Therefore, from our point of view any adjustment option would need a special coordination for these benefits to stay in conformity with the TFEU.**

Finally, the **case law of the Strasbourg ECHR** on benefits considered as *private property* could merit mentioning (e.g. case 9134/06, *Efe against Austria*, which seems to indicate that the ECHR allows different treatment

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<sup>89</sup> Judgment in *Snares*, C-20/96, EU:C:1997:518.



concerning the amount of family benefits for children inside and outside a State, but, of course, taking into account the much more developed principles in the EU we are convinced that this cannot be transposed 1:1 also in the EU; thus, also this judgment cannot be used as an argument to justify the adjustment approach under the Regulation).

*Some final additional remarks*

We have also found some additional hints which we would like to mention:

- In one case, Advocate General Kokott already pleaded for an adjustment of a benefit by taking into account the different living costs to avoid results which are embarrassing from the exporting Member State's point of view.<sup>90</sup>
- Just for consideration of the decision-makers we also would like to mention the way the remuneration of EU civil servants is adjusted in case of service outside Belgium and Luxemburg. Due to the EU Staff Regulations<sup>91</sup> also in these cases an adjustment to the different living costs has to be made (Article 64 of the Staff Regulations – of course, this concerns only the salary<sup>92</sup>). The same adjustment seems to be applicable also to the family allowances paid under the Staff Regulations (Article 67(4)<sup>93</sup>). The relevant tables are published on a yearly basis in the Official Journal.<sup>94</sup> These indexes slightly differ from the Eurostat indexes mentioned in chapter 5.1 as not the EU-28 are the factor 100 from which all calculations have to start, but the situation in Belgium and Luxemburg. Therefore, the figures indicated for the different Member States cannot be the same as the ones from Eurostat. As such an adjustment has already been done

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<sup>90</sup> Opinion of the Advocate General in *Hosse*, C-286/03, EU:C:2005:621, paragraph 109.

<sup>91</sup> Regulation No 31 (EEC), 11 (EAEC), laying down the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Economic Community and the European Atomic Energy Community (OJ 45, 14.6.1962, p. 1385, as amended).

<sup>92</sup> It seems to be a common feature of many remuneration systems that they adjust at least some parts of the salary to local costs; this could be found e.g. also for diplomats or other civil servants, but also for employees of private employers who post them abroad. It seems that the general non-discrimination principle which, of course, covers also the remuneration does not create any problems in this respect.

<sup>93</sup> But we have to be careful! Interestingly this adjustment only applies if the allowance is directly paid to a person other than the official to whom the custody of the child is entrusted.

<sup>94</sup> For the period beginning with 1.7.2014: OJ C 444, 12.12.2014, p. 10.

for decades for EU civil servants,<sup>95</sup> this seems to be, from our point of view, an interesting model which could also be used if the decision is taken to make an adjustment also of family benefits granted under Regulation (EC) No 883/2004. Of course, it should be further examined if these rules for EU civil servants can give any answer concerning a valid legal base to introduce such measures for migrant workers between Member States.

Taking into account all these different aspects we think that, after this short examination which really did not go into depth, it seems that such an adjustment should be further analysed.

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<sup>95</sup> Taking into account the mandate of this report we have not further examined whether this scheme for EU civil servants has already been disputed or even analysed by the CJEU.

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## **ANNEX VII: FRESCO REPORT: UNEMPLOYMENT BENEFITS**

This report was prepared in the framework of Contract No VC/2014/1011 “Network of Experts on intra-EU mobility – social security coordination and free movement of workers / Lot 1: Legal expertise in the field of social security coordination and free movement of workers”. This contract was awarded to FreSsco, a network of independent experts from 32 European countries coordinated by Ghent University.



Authors:

Prof Dr Maximilian Fuchs, Chair of civil law, German and European labour and social security law, Catholic University of Eichstätt-Ingolstadt

Carlos Garcia de Cortázar, Deputy General Director for Social Affairs, Education, Culture, Health , Consumers and Sport (Ministry For Foreign Affairs and Cooperation, Spain)

Prof Dr iur Bettina Kahil, Faculty of Law, Criminal Justice and Public Administration, University of Lausanne

Manfred Pörtl, Federal Ministry of Labour, Social Affairs and Consumer Protection, Austria

**Suggested citation:**

FUCHS, M. (ed.), GARCIA DE CORTAZAR, C., KAHIL, B. and PÖRTL, M., *Assessment of the impact of amendments to the EU social security coordination rules on aggregation of periods or salaries for unemployment benefits*, FreSsco, European Commission, June 2015, 57 p.

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## **Executive summary**

On the agenda of this report are reform proposals in the area of Chapter 6 of Regulation (EC) No 883/2004, which coordinates unemployment benefits. The focus is on the principle of aggregation and the calculation of unemployment benefits as they are laid down in Article 61 and Article 62 of Regulation (EC) No 883/2004. Should these provisions be preserved in their present state (Option 1)? Or are changes desired or necessary as envisaged in the presentations of Option 2 and Option 3? To be able to assess these Options, an analysis must be carried out.

Together with the principle of export of benefits, the principle of aggregation forms the backbone of the system of coordination of social security, which was enacted in 1958 in Article 51 of the EEC Treaty and which is now to be found in Article 48 TFEU. The principle of aggregation was conceived as a remedy to what is usually called the principle of territoriality, which is a characteristic of nearly all social security systems of the Member States. These systems show a clear tendency toward making entitlement to benefits dependent on territorial requirements. As a result, a benefit is very often granted on condition that the claimant has completed periods of insurance or employment in the territory of the granting Member State, periods completed elsewhere not being taken into account. The principle of aggregation helps to overcome this restriction and renders periods completed in another Member State equivalent. They are not equal, but of equal value in terms of relevance for entitlement to benefits.

Through this mechanism the principle of aggregation makes an important contribution to the freedom of movement of persons. With a view to Article 48 TFEU (and its precursor provisions) the Court of Justice of the European Union (CJEU) considers the purpose of the aggregation principle to ensure

that exercising the right to freedom of movement, conferred by the Treaty, does not deprive a worker of social security advantages to which he or she would have been entitled if he or she had spent his or her working life in only one Member State. Otherwise, this might discourage EU workers from exercising the right to freedom of movement and would therefore constitute an obstacle to that freedom.

From the beginning, Regulation (EEC) No 3/58, and later on, Regulation (EEC) No 1408/71 implemented the principle of aggregation through numerous provisions in different chapters. Regulation (EC) No 883/2004 did away with this approach and formed the principle and its essence in the general rule in Article 6 of Regulation (EC) No 883/2004. With Decision H6 of the Administrative Commission the principle of aggregation additionally gained in substance and precision giving good guidance to its application. Article 6 of Regulation (EC) No 883/2004, however, leaves room for derogating provisions (“unless otherwise provided for”). Article 61(1) of Regulation 883/2004 is in line with the exceptional clause in its Article 6. It does not abrogate the principle, but modifies it. It restricts unconditional application of the principle to periods of insurance, whereas periods of (self-)employment are not taken into account unless they would have been considered periods of insurance, had they been completed in accordance with the applicable legislation. A further restriction is laid down in Article 61(2) of Regulation (EC) No 883/2004. The relevant periods must have been completed most recently in accordance with the legislation on which the claimant bases his or her claim. This exception does not apply to persons in terms of Article 65(5)(a) of Regulation (EC) No 883/2004.

The reason for the divergent application of the aggregation principle required by Article 61(1) of Regulation (EC) No 883/2004 (and which was also required by Regulation (EEC) No 3/58 and Regulation 1408/71) is usually seen in the diversity of the unemployment benefit schemes available in the Member States. Some of them are based on periods of insurance for

entitlement, others prefer periods of employment to become entitled to unemployment benefits.

Whereas Article 61 of Regulation (EC) No 883/2004 gives guidance on the application of the aggregation principle when the competent institution has to ascertain whether there is a right to an unemployment benefit, Article 62 deals with the quantitative dimension of the benefit, the level of the benefit. Unemployment cash benefits are overwhelmingly income-related in the Member States' legislations. They are intended to replace income lost through unemployment. As a result the level of the benefit is a statutorily fixed portion of the preceding income. This line of thought is in tune with the view held consistently by the CJEU, who associates a benefit with the risk of unemployment if it is to replace a salary lost as a result of unemployment and is therefore intended for the upkeep of the unemployed worker.

Most Member States calculate the benefit on the basis of income earned during shorter or longer periods of reference preceding the unemployment. Coordination law has to give an answer to this question in cases in which income preceding the occurrence of unemployment was earned in different Member States. The answer given in Article 62(1) of Regulation (EC) No 883/2004 opts for the exclusive account of salary or professional income received by the person concerned in respect of his or her last activity as an employed or self-employed person under this legislation. The CJEU interpreted Article 62(1) of Regulation (EC) No 883/2004, and the preceding provision in Article 68(1) of Regulation (EC) No 1408/71, to the effect that the previous wage or salary which normally constitutes the basis of calculation is the wage or salary received in the last employment of the worker. In this way mobility of workers is not impeded.

Article 62(2) of Regulation (EC) No 883/2004 takes account of the reference periods widely provided for in national legislation. In this event, too, the basic calculation principle of this Article applies. In contrast to Article 62(1) and (2) of Regulation (EC) No 883/2004, Article 62(3) provides a different mode of

calculation for frontier and similar workers (Article 65(5)(a) of Regulation (EC) No 883/2004). Following the *Fellinger* case, Regulation (EC) No 883/2004 requires the competent institution of the Member State of residence to take into account the salary or professional income received by the person concerned in the Member State to whose legislation he or she was subject during the last period of (self-)employment.

**Option 1** is intended to keep to the *status quo*, as described above.

In the outline of the mandate reference is made to the one-day rule according to which aggregation is possible if there is any insurance in the new Member State, irrespective of the length of the insurance. Whether this interpretation is the right one is a moot point.

With regard to Article 61(1) of Regulation (EC) No 883/2004 (and to every other provision of EU law) a uniform interpretation has to be achieved. Perhaps there is a uniform interpretation of Article 61 of Regulation (EC) No 883/2004 by Member States in theory, but there is no uniform application of the one-day rule in its practical implementation. Some Member States require longer periods to be completed under their legislation before the aggregation mechanism is activated. And this is certainly a drawback of the present state of law. Perhaps the different application of Article 61 of Regulation (EC) No 883/2004 does not result from the wording, but from the outcome of the application of the one-day rule which may be seen as undesired. For example, one Member State's reply to the FreSsco questionnaire stated that a one-day insurance/employment period completed is often treated by the competent institutions of this State as a deceitful/abusive action. Generally speaking and judging by the replies to the questionnaire, the picture of application of the aggregation principle is not uniform. A Member State reported the adoption of a one-week rule due to the fact that in this Member State relevant periods are not expressed in days but in weeks. The rejection of the one-day clause is also motivated by the lack of guarantee that the person concerned is integrated into the labour market of this State. This thus pleads in defence of a solution

similar to what Option 2 has in mind. In addition, it is reported that local institutions follow different approaches in their decision-making. As a result, uniform application of the law is not secured, which could be a reason to consider a revision of the wording to respond to the Member States' interests or to address their concerns.

An important topic in the examination of Article 61 of Regulation (EC) No 883/2004 and its one-day interpretation is integration into the national labour market and financial implications. Nobody would say that a one-day employment is sufficient integration. However, one could argue that other short-term benefits (e.g. sickness benefits) are treated likewise offering protection on a one-day basis.

It cannot be ruled out that Article 61 of Regulation 883/2004, in its interpretation of applying the aggregation mechanism even after one day, may tempt people to benefit from it in a fraudulent way. A typical example could be when a person induces or connives with an employer to establish an employment relation which in reality is disguised employment. Other examples could be added, in particular against the background of Article 64 of Regulation (EC) No 883/2004.

Despite these critical arguments against and the evident drawbacks of Article 61 of Regulation (EC) No 883/2004, the defenders of the present state of law may put forward good reasons. The question may be raised as to whether a change of this Article would also entail a divergence from the application of aggregation rules for other benefits. In addition, the fact that everything lies in the hands of the competent State of the last employment is an advantage since it offers legal certainty. Administrative procedures need not be altered and no transitional provision is needed. Against the integration argument it may be said that the goal of unemployment benefits is not only income replacement but also support for job searching. As a result, if the final decision were the choice of Option 1, to enhance a uniform application of the aggregation

principle, a decision by the Administrative Commission could be made which renders the one-day rule obligatory.

The amendments under **Option 2** keep the principle of aggregation intact, but they aim at a postponed application of the aggregation. One month or three months of insurance or (self-)employment would have to be completed before aggregation can be applied.

Since these proposals interfere with the principle of aggregation, the examination of their compatibility with primary law, in particular with Article 48 and Article 45 TFEU, is of the utmost importance. As was already underscored above, the principle of aggregation is one of the central pillars of social security coordination. This was the reason why it was enshrined in the EEC Treaty in 1958.

Article 48 TFEU is placed within the legal framework of the free movement of workers provisions. Free movement of workers is a fundamental right. It protects every European citizen willing to go to and stay in another Member State for work and he or she must not be discriminated against. Compliance with the provisions on free movement of workers is binding not only on Member States but also on all EU institutions. In particular, secondary legislation has to be in accordance with the wording and purpose of Article 45 et seq TFEU.

Against this background the amendments envisaged have to be examined since they would constitute a change of the reach of the principle of aggregation in Article 61 of Regulation (EC) No 883/2004. Following the scheme which the CJEU has developed in its case law concerning the testing of compatibility of secondary law with primary law, the first step is to define the scope of the Treaty provision and then to see whether the derived law interferes with it. If there is interference, a second step has to be taken and possible justification sought.

The principle of aggregation as it is laid down in Article 48(a) TFEU is designed to abolish as far as possible the territorial limitations of the domestic social security schemes. Without guaranteeing aggregation the access to and the amount of benefits the person has worked for could be lost.

As far as the equality of treatment principle pursuant to Article 45 TFEU is concerned, the CJEU emphasised its importance in the arena of social security coordination very early in its case law. With reference to the *Pinna* case, the CJEU ruled that the adoption of rules which provide for unequal treatment among citizens is not permitted. Equality of treatment prohibits all covert forms of discrimination which, by applying other distinguishing criteria, in fact achieve the same result.

If Option 2 is implemented, migrant workers who become unemployed will have to accept a qualifying period the completion of which is necessary to acquire the protection through the application of aggregation of periods. As a result the amendments envisaged represent a restriction to the free movement of workers.

This brings the analysis and the compatibility examination to its second step, i.e. the search for the existence of justifying reasons. It has to be considered that the law-giving bodies of the EU may choose the most appropriate measures for attaining the objective of Article 48 TFEU and therefore dispose of a wide discretion. This includes the possibility to depart from coordination mechanisms designed by this provision.

Since there are no written reasons to justify restrictions with regard to Article 48 TFEU, only overriding reasons or mandatory requirements may justify restrictions. Case law specific to this problem in the area of social security is rare. Most of the judgments delivered by the CJEU concern discrimination resulting from national law. But it is possible to indirectly draw lessons from such cases. Below, the criteria mentioned in the mandate will be picked up and subjected to scrutiny from the viewpoint of justification.

The aspect of fighting fraud and abuse is certainly of great weight. Nevertheless, it has to be said that a good reason alone is not sufficient for justification. The CJEU sets great store on the proportionality principle. Is it really justified to partially dispense with aggregation (which is the case with stating a qualifying period) and punish unemployed people for the unwanted behaviour of a probably small group of claimants? Doubts may be cast on this. The same is true of the argument of lacking integration into the competent Member State's labour market. Even if integration is still weak due to the short length of gainful activity, does this really justify the suspension of the principle of aggregation?

A serious argument refers to the protection of the stability of national social security systems. That one Member State even after one day of employment has to bear the whole burden of unemployment benefits can be considered as inappropriate. However, under the proportionality test we might ask whether the solution to this problem should lie on the shoulders of the unemployed, or is there a way out through the introduction of a reimbursement scheme (see below).

Aspects of simplification and clarification alone are certainly no justifying reason. On the contrary, the realisation of the amendments would require additional rules concerning which State should be competent during the course of the qualifying period.

Weighing the arguments above it seems doubtful whether the CJEU would consider the new law to be in conformity with Article 48 and 45 TFEU. As a consequence additional measures have to be taken into consideration.

The envisaged amendments under Option 2 require an answer to the question which Member State should substitute the State of last employment if the minimum threshold is not met. Without a workable solution to this problem a violation of Article 48 TFEU would occur. Several alternatives can be taken into consideration, all of which have significant drawbacks.



Clarity alone could not justify substantial amendments which significantly change the legal position of large groups of migrant workers to their detriment. If the one-day rule should no longer be accepted, the present law could be modified in the sense of the amendment. But perhaps an interpretation in a decision by the Administrative Commission expressing the will behind the amendments could be sufficient. From the point of view of simplification the new law would certainly not be recommendable, since extensive amendments to other provisions, e.g. Article 64, 65 and 65a of Regulation (EC) No 883/2004 could be required.

The most serious doubts have to be put forward as far as protection of rights is concerned. As was mentioned above, the referral of the unemployed person to a Member State other than that of the last professional activity due to the introduction of a threshold may be a significant disadvantage for this person. In many cases it could be incompatible with the current life situation and the personal goals of the person concerned. To remedy these disadvantages an altered scheme of this presently laid down in Article 64 Regulation (EC) No 883/2004 would be needed.

The enormous amount of problems as to the competence of Member States in the wake of the new law weigh heavily also under the aspect of administrative burden and implementation arrangements. A new procedure would have to be established, including the use of new forms and SEDs.

The threshold of one month or three months could reduce cases of fraud and abuse, a period of three months even more than a period of one month. Still, one cannot rule out that bogus employment would also occur, lasting either one month or three months.

From the angle of financial implications, it has already been said that the new law, with its shift of costs from the Member State of the last professional activity to another Member State, might only partially lead to a cost-effective

solution. In addition, costs may be incurred by the unemployed persons due to their change of residence which would possibly be necessary.

Against this background of significant problems resulting from the enactment of the amendments under Option 2, the preservation of the present scheme in Article 61 of Regulation (EC) No 883/2004 could be preferable to the amendments envisaged. Alternatively, a new reimbursement scheme could be installed. To implement such a new reimbursement scheme the existing scheme in Article 65(6) to (8) of Regulation (EC) No 883/2004 could serve as a template.

**Option 3** aims at a change of Article 62 of Regulation (EC) No 883/2004 by introducing a new model for the calculation of unemployment benefits. This calculation will also be based on the salaries earned in the previous Member State(s). Here again the assessment must be undertaken using the criteria and the objectives contained in the mandate. In particular, concerning Option 3 the mandate requires scrutiny of whether the calculation of the amount of the unemployment benefit on very short periods of employment may lead to arbitrary results.

The function of unemployment cash benefits under national law is replacement of the income lost through unemployment. This is why unemployment benefits are income-related and why income preceding the unemployment is the calculation basis. The same is true of unemployment cash benefits on the coordination level. This is confirmed by the consistent case law of the CJEU. As far as the income is concerned upon which the calculation is based, Member States usually lay down reference periods (following the information in the mandate, on average 12 months). Article 62(2) of Regulation (EC) No 883/2004 indirectly confirms the relevance of reference periods. At any rate, Article 62(1) and (2) state that income earned exclusively in the territory of the person's last (self-)employment has to be taken into account. A derogation from these rules applies for persons in terms of Article 65(5)(a) of Regulation (EC) No 883/2004 (Article 62(3) of

Regulation (EC) No 883/2004). Both amendments under Option 3 favour a change of the basic rule in Article 62(1) and (2) in cases in which the period of (self-)employment of the claimant was very short (less than one month/three months). In this event the income basis is extended to (self-)employment in the previous Member State(s).

The new law would not pose problems from the viewpoint of clarification and simplification. A different judgment has to be made when the problem of the administrative burden and implementation arrangements has to be assessed. Taking into account income received in the previous Member State presupposes reliable information from the competent institutions in this State. As a consequence, an exchange of relevant data has to take place. Compared to the present law a further administrative step is necessary. This additional administrative burden could be relieved if use were made of the information channel which is currently used in cases concerning frontier and similar workers according to Article 62(3) of Regulation (EC) No 883/2004. The implementing rule in Article 54(2) of Regulation (EC) No 987/2009 could be extended to cases under the new law. Otherwise the competent institution would apply its law and the income communicated would be fitted into its calculation scheme.

An argument against the introduction of the new mode of calculation could be that it delays the award of the unemployment benefit. However, if this problem arises the benefit could be granted on a provisional basis according to Article 7 of Regulation (EC) No 987/2009. As far as the implementation of the new scheme is concerned the wording of Article 62(1) and (2) of Regulation (EC) No 883/2004 has to be altered correspondingly and jointly with the mentioned extension of Article 54(2) of Regulation (EC) No 987/2009.

Perhaps the most central aspect of the change of law is the protection of rights, since this is what coordination of social security aims at. Is the application of the present scheme with its exclusive reference to the income earned in the last professional activity to the advantage or to the detriment of the unemployed

person? It depends on the level of income at the time of the occurrence of unemployment compared to that of the previous State. That the person concerned is better off when his or her recent income is higher is certainly acceptable if he or she was insured under the applicable scheme for a reasonable time. But how to judge if this was not so?

In legal doctrine, the fact that the present scheme is built on chance is seen by authors as a wrong legal policy. Many an author goes a step further and asserts that indirect discrimination and as a result a violation of Article 45/48 TFEU takes place in cases in which the migrant worker takes up a lower paid employment and becomes unemployed after a very short time. The former income will not be taken into account, which may lead to the person concerned being treated worse than a person who has completed his or her periods of insurance in one and the same country.

Another weighty problem might be seen in terms of justice and fairness. As was said and shown above, Member States' legislations overwhelmingly adopt calculation schemes which form the benefit level according to a longer insurance record. In this way one could say that this method does justice both to the unemployed person and to the granting institution which administers the financial resources and has to use them economically in the interest of all the contributing workers affiliated to the scheme. We are confronted here with the problem related to one of the objectives stated in the mandate, i.e. the objective as to ensure that the financial burden for paying unemployment benefits does not arise in situations where mobile EU workers have not yet made a significant contribution to the scheme of the new Member State. However, this objective is not achieved under the current law in cases where migrant workers with a low level of income in the previous Member State benefit from the high level in the new Member State, even after very short periods of (self-)employment (in the extreme case one day).

The aspect of fraud and abuse has already been touched upon above and the mode of calculation may have a rather modest impact upon fraudulent

behaviour. Yet one aspect seems to be important at this point. The problem of moral hazard has long since been discussed in theory and policy of unemployment insurance. It is requested that unemployment insurance has to be shaped in such a way that it does not allow people to stay unemployed instead of taking up employment even if the income is lower. The present law of Article 62 of Regulation (EC) No 883/2004 could favour such undesired behaviour.

Many an argument discussed above with regard to the protection of rights may again be put forward here. The nucleus of the problem refers to the question whether enjoying the full benefit level, despite only a short time of employment and as a consequence few contributions to a scheme plus weak integration into the scheme, is in harmony with the sound financing of unemployment insurance. It is hard to find an answer in the affirmative.

## Introduction

### *1 The principle of aggregation of periods (Article 61 of Regulation (EC) No 883/2004)*

#### *1.1 The principle under primary law*

The principle of aggregation of periods is one of the leading pillars of coordination and therefore was already enshrined in (now) Article 48 TFEU. The principle has to be seen against the background of the division of competence between EU law and national law. It is consistent case law of the Court of Justice of the European Union (CJEU) that EU law does not detract from the powers of Member States to organize their social security systems.<sup>96</sup> This is the consequence of Article 48 TFEU providing for the coordination,

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<sup>96</sup> This basic statement was for the first time pronounced in the judgment in *Duphar*, C-238/82, EU:C:1984:45, paragraph 16. See for a recent case the judgment in *Salgado Gonzalez*, C-282/11, EU:C:2013:86, paragraph 35.

not the harmonisation of the Member States' legislations.<sup>97</sup> This means that periods qualifying for the acquisition, retention, duration or recovery of a right to benefits are defined by the law of the Member States. From the beginning the CJEU has underscored this empowerment of Member States and it is now consistent CJEU case law that it is up to the Member States to provide for relevant periods and its premises. It has stated that Regulation (EEC) No 1408/71 (and the same is true of Regulation (EC) No 883/2004) does not determine the conditions governing the constitution of periods of employment or insurance. Those conditions, as is apparent from Article 1(r) of that Regulation (now Article 1(t) of Regulation (EC) No 883/2004), are defined by the Member State's legislation under which the periods in question are completed.<sup>98</sup>

Domestic law traditionally follows the principle of territoriality.<sup>99</sup> And at this point the coordination principles come into operation. In essence, the principle of aggregation aims at overcoming the principle of territoriality as far as periods under domestic law are concerned. From a legal point of view this extension of territoriality takes place through a specific legal technique: equivalence. The aggregation of periods renders periods completed under different systems of social security equivalent. They are not equal, but of equal value in terms of relevance for entitlement to benefits. Therefore, it has quite rightly been said that the aggregation of periods completed under different types of social security is not a sinecure.<sup>100</sup> In other words, a process of assimilation is often needed to offer the possibility of aggregation.

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<sup>97</sup> This is one of the statements which emerge in many judgments by the CJEU, see for example recently the judgment in *Jeltes*, C-443/13, EU:C:2013:224, paragraph 43.

<sup>98</sup> Judgment in *Schmitt*, C-29/88, EU:C:1989:61, paragraph 15; judgment in *Alonso*, C-306/03, EU:C:2005:44, paragraph 30. Emphasis is laid on this legal position also in doctrine: see for example N. Guastavino (ed.), F. Basurko & M. Boto, *Lecciones de derecho social de la Unión Europea*, Tirant lo Blanch, Valencia, 2012, p. 208; S. van Raepenbusch, *La sécurité sociale des personnes qui circulent à l'intérieur de la Communauté Économique Européenne*, Story Scientia, Brussels, 1991, p. 198.

<sup>99</sup> See for this F. Pennings, *European social security law*, Intersentia, Antwerp, 2010 (5<sup>th</sup> edition), p. 9 et seq.

<sup>100</sup> F. Pennings, *European social security law*, *ibid*, p. 10.

The aggregation of periods is, if its conditions are met, a way for a migrant worker to retain the rights acquired under a legislation which is different from the one presently applicable. This happens because the aggregation mechanism leads to a unification of migrant workers' professional career.<sup>101</sup> It is based on the irrefutable presumption that the claimant of benefits has to be treated as if he or she had always and continuously performed his or her work under the social security system of that Member State from which he or she claims benefits.<sup>102</sup>

Against this background we can formulate the rationale of the aggregation principle and we can rely for this on the case law of the CJEU. With a view to Article 48 TFEU (and the precursor provision) the case law conceives the purpose of the aggregation principle to ensure that exercising the right to freedom of movement, conferred by the Treaty, does not deprive a worker of social security advantages to which he or she would have been entitled if he or she had spent his or her working life in only one Member State. Such a consequence might discourage community workers from exercising the right to freedom of movement and would therefore constitute an obstacle to that freedom.<sup>103</sup> With this statement the CJEU confers in respect of the aggregation principle what has to be observed as a general rule: all the provisions of the regulations must be interpreted in the light of Article 48 TFEU. The aim must be to remove all barriers in the sphere of social security which impede a generally free movement of workers.<sup>104</sup>

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<sup>101</sup> Cf P. Mavridis, *La sécurité sociale à l'épreuve de l'intégration européenne*, Bruylant, Brussels, 2003, p. 501.

<sup>102</sup> M. Fuchs, Introduction, in M. Fuchs (ed.), *Europäisches Sozialrecht*, Nomos, Baden-Baden, 2013 (6th edition).

<sup>103</sup> Judgment in *Alonso* EU:C:2005:44, paragraph 29 with reference to the former judgment in *Moscato*, C-481/93, EU:C:1995:44, paragraph 28.

<sup>104</sup> R. Cornelissen, '50 years of European social security coordination', in (2009) *European Journal of Social Security*, 9 (15).

## 1.2 *The codification of the aggregation principle in Article 6 of Regulation (EC) No 883/2004*

Regulation (EEC) No 1408/71 renounced a general rule on aggregation of periods. It preferred to lay down specific rules in different sections of the Regulation. By contrast, Regulation (EC) No 883/2004 opted for a general rule in Article 6. It was intended in this provision to do away with the numerous aggregation rules contained in various sections of the Regulation and to create a unitary and comprehensive regulation for all cases in which aggregation is needed.<sup>105</sup> From Recital 12 and 13 of the Preamble we can gather that the principle of aggregation serves the aim to retain the rights and the advantages acquired and in the course of being acquired by persons moving within the Community and their dependants. The mechanism of aggregation secures the acquisition and retention of the right to benefits and makes the *calculation of the amount of benefits* possible.<sup>106</sup>

The principle of aggregation has been concretised by the Administrative Commission in Decision H6. This Decision partly relies on the case law of the CJEU, but goes a step further. Firstly it requires to take into account all periods for the relevant contingency completed under the legislation of another Member State by applying the principle of aggregation. Obviously, relevant periods are very often not identical with regard to their elements. Nevertheless, point 2 of the Decision requires that periods communicated by other Member States must be aggregated without questioning their quality. However, point 3 acknowledges the Member States' jurisdiction to determine their other conditions for granting social security benefits taking into account Article 5 of

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<sup>105</sup> B. Spiegel, in B. Spiegel (ed.), *Zwischenstaatliches Sozialversicherungsrecht*, Manz-Verlag, Vienna, 2012, Article 6(2) of Regulation (EC) No 883/2004.

<sup>106</sup> Emphasis by M. Fuchs. I emphasise this aspect because it could have a direct impact on our discussion of the calculation of benefits under Article 62 of Regulation (EC) No 883/2004.



Regulation (EC) No 883/2004. This is a clear reference to the case law of the CJEU.<sup>107</sup>

Article 6 of Regulation (EC) No 883/2004 shows that this principle is not of an exclusive nature. It opens up for other provisions which deviate from what is stated in Article 6 (“*unless otherwise provided for by this Regulation*”). Article 61 is one of the rare specific rules of Regulation (EC) No 883/2004 which derogate from what is required under Article 6 of Regulation (EC) No 883/2004.<sup>108</sup>

### 1.3 *Aggregation of periods under Article 61 – the exception to the rule*

#### 1.3.1 The main contents of Article 61 of Regulation (EC) No 883/2004

Article 61(1) of Regulation (EC) No 883/2004 does not do away with the principle of aggregation of periods. However, compared to Article 6 of Regulation (EC) No 883/2004 it restricts the reach of the principle. This restriction is of a two-fold nature: firstly, periods taken into consideration are only periods of insurance or (self-)employment. Secondly, periods of (self-)employment have a lesser value than periods of insurance (61(1), second paragraph).

Why is it that Article 61 of Regulation (EC) No 883/2004 partly derogates from an unfettered application of the aggregation principle in the sense of Article 6 of Regulation (EC) No 883/2004? The distinction between insurance periods and periods of employment was already made in Article 33(1) and (2) of Regulation (EEC) No 3/58. Regulation (EEC) No 1408/71 has continued this distinction between insurance periods and periods of employment.<sup>109</sup> Article 61 of Regulation (EC) No 883/2004 is likewise based upon this distinction. For an explanation of the necessity of the distinction, reference is

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<sup>107</sup> Reported above.

<sup>108</sup> With regard to pre-retirement benefits, Article 6 will not apply (Article 66 of Regulation (EC) No 883/2004).

<sup>109</sup> Article 67 of Regulation (EC) No 1408/71.

usually made to the diversity of existing unemployment benefit schemes, which are based either on periods of insurance or periods of employment.<sup>110</sup>

#### 1.4 *The functioning of the aggregation of periods under Article 61(1) of Regulation (EC) No 883/2004*

Due to the wording of Article 61(1) of Regulation (EC) No 883/2004 three variants can be discerned and have to be treated accordingly in what follows.

##### 1.4.1 The competent State and the other Member State follow the insurance approach.

If the law on unemployment benefits in both Member States in question pursues the insurance model, i.e. benefits are dependent on the completion of insurance periods, the aggregation of periods completed in both Member States is obvious. Periods of insurance have to be taken into account also if the law of the competent Member State is based on periods of employment.<sup>111</sup> The competent Member State has no power or discretion to qualify a period of insurance completed and communicated by the authorities of the other Member State.

##### 1.4.2 The competent Member State follows the insurance approach. The other Member State builds upon periods of employment.

In this case Article 61(1), second paragraph is applicable. If the aggregation of periods principle is to apply, the periods of employment in the other Member State have to be periods of insurance under the legislation of the competent

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<sup>110</sup> P. Watson, *Social Security Law of the European Communities*, Mansell Publ., London, 1980, 229 et seq; E. Eichenhofer, *Sozialrecht der Europäischen Union*, Beck, Munich, 2013 (5<sup>th</sup> edition), p. 248; M. Fuchs in M. Fuchs (ed.), *Europäisches Sozialrecht*, Nomos, Baden-Baden, 2013 (6<sup>th</sup> edition), Article 61(1) of Regulation (EC) No 883/2004. For more detailed information about the different approaches see U. Rönsberg, *Die gemeinschaftsrechtliche Koordinierung von Leistungen bei Arbeitslosigkeit*, Centaurus, Herbolzheim, 2006, p. 22 et seq.

<sup>111</sup> Judgment in *Frangiamore*, C-126/77, EU:C:1978:64. See for a detailed analysis S. van Raepenbusch, *La sécurité sociale des personnes qui circulent à l'intérieur de la Communauté Économique Européenne*, Story-Scientia, Brussels, 1991, p. 458 et seq.

Member State. This provision has been criticised because it could deprive the migrant worker of her or his protection against the risk of unemployment, a protection which she or he has possibly earned due to contributions to the unemployment system in her or his country on the basis of an employment relationship which is not acknowledged in the competent Member State.<sup>112</sup>

In the *Warmerdam-Steggerda* case<sup>113</sup> the question was raised whether the aggregation of periods of employment completed in another Member State presupposes that such periods should be regarded as periods of insurance for the same branch of social security by the legislation under which they were completed. The CJEU denies the existence of such a condition. It suffices that the period of employment is considered as a period of insurance according to the applicable law.

1.4.3 The competent Member State and the other Member State take into account periods of employment.

This case has not been subject of controversy so far. And it seems to be obvious that aggregation has to take place. The reason for it can be taken from Article 6 of Regulation (EC) No 883/2004 or Article 61(1) of Regulation (EC) No 883/2004. Article 6 clearly states the necessity of aggregation, because Article 61(1) does not “*provide otherwise*”.

1.5 *Requirement for the application of the aggregation principle (Article 61(2) of Regulation (EC) No 883/2004)*

Article 61(2) of Regulation (EC) No 883/2004 is sometimes wrongly understood as a conflict-of-law rule. However, the applicability of the legislation for the award of unemployment benefits has to be determined by Article 11 to 16 of Regulation (EC) No 883/2004. This was clearly stated by

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<sup>112</sup> S. Van Raepenbusch, *La sécurité sociale des personnes qui circulent à l'intérieur de la Communauté Économique Européenne*, Story-Scientia, Brussels, 1991.

<sup>113</sup> Judgment in *Warmerdam-Steggerda*, C-388/87, EU:C:1989:196.

the judgment in *Adanez-Vega*.<sup>114</sup> With the exception of frontier workers Article 61(2) of Regulation (EC) No 883/2004 requires the aggregation of periods on condition that the person concerned has “*the most recently completed*” periods in accordance with the legislation under which the benefits are claimed. The objective of this provision is – following the reasoning by the CJEU – to encourage the search for work in the Member State in which the person concerned last paid contributions to the unemployment scheme and to make that State bear the burden of providing the unemployment benefit.<sup>115</sup> This requirement is met if, regardless of the lapse of time between the completion of the last period of insurance and the application for the benefit, no other period of insurance was completed in another Member State in the interim.<sup>116</sup>

The requirement under Article 61(2) of Regulation (EC) No 883/2004 is cogent and, as a consequence, does not preclude a Member State from refusing to grant a worker unemployment benefits if the worker has not most recently completed periods of insurance or employment in that Member State.<sup>117</sup> Article 61(2) of Regulation (EC) No 883/2004 is in tune with Article 48 TFEU.<sup>118</sup>

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<sup>114</sup> Judgment in *Adanez-Vega*, C-372/02, EU:C:2004:705. In this judgment the CJEU presented a clear-cut scheme how to operate this determination; see paragraph 17 et seq of the judgment.

<sup>115</sup> See the judgment in *Gray v Adjudication Officer*, C-62/91, EU:C:1992:177, paragraph 12.

<sup>116</sup> Judgment in *Adanez-Vega* EU:C:2004:705, paragraph 52.

<sup>117</sup> Judgment in *Van Noorden*, C-272/90, EU:C:1991:219. However, it is not compatible with Article 45(2) TFEU and Article 4 of Regulation (EC) No 883/2004 if a Member State of residence denies unemployment benefits to a national of another Member State on the ground that, on the date when the benefit claim was submitted, the person concerned had not completed a specified period of employment in that Member State of residence, whereas there is no such requirement for nationals of that Member State. See the judgment in *Chateignier*, C-346/05, EU:C:2006:711.

<sup>118</sup> See the judgment in *Commission v Belgium*, C-62/92, EU:C:1992:177, paragraph 12.

## 2 *Calculation of benefits (Article 62 of Regulation (EC) No 883/2004)*

### 2.1 *The basic principle (62(1))*

Unemployment benefits in cash are typical income replacement benefits. This is why Member States usually shape these benefits with reference to income lost through unemployment. If income was earned in different Member States during periods preceding the unemployment, an answer has to be given by coordination law which income should be the relevant income for the calculation of an unemployment benefit. In principle this answer is offered by Article 62(1) of Regulation (EC) No 883/2004, where the competent institution is required to take into account exclusively the salary or professional income received by the person concerned in respect of her or his last activity as an employed or self-employed person under this legislation.

The CJEU has remarked on this provision referring to the Preamble that in order to secure the mobility of labour under improved conditions, the Regulation seeks to ensure the worker without employment the unemployment benefit provided for by the legislation of the Member State to which he or she was last subject. And it goes on interpreting Article 68(1) of Regulation (EC) No 1408/71 (now Article 62(1) of Regulation (EC) No 883/2004) in such a way that the previous wage or salary which normally constitutes the basis of calculation of unemployment benefits is the wage or salary received from the last employment of the worker. In such a manner the unemployment benefit is regarded as not to impede the mobility of workers and to that end seek to ensure that the persons concerned receive benefits which take account as far as possible of the conditions of employment, and in particular of the remuneration, which they enjoyed under the legislation of the Member State of last employment.<sup>119</sup>

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<sup>119</sup> Judgment in *Fellinger*, C-67/79, EU:C:1980:59, paragraph 7.

Regulation (EC) No 883/2004 has not taken up the provision in Article 68(1), second sentence of Regulation (EC) No 1408/71, pursuant to which a four-week clause has to be observed. If the worker had his or her last employment in the territory of the competent institution for less than four weeks, the benefit has to be calculated on the basis of the normal wage or salary in the place where the unemployed person was residing or staying corresponding to an employment equivalent or similar to his or her last employment in the territory of another Member State.

## 2.2 *Reference periods*

Member States' unemployment benefit schemes very often refer to specific reference periods when the income for the calculation of benefits is to be established. Article 62(2) states that in this event, too, the basic principle laid down in 62(1) has to be applied.

## 2.3 *The special case of frontier workers (62(3))*

Regulation (EC) No 1408/71 did not contain a provision on the calculation of benefits concerning frontier workers. In a preliminary ruling the CJEU decided that the competent institution of the Member State of residence must take into account the wage or salary received by the worker in the last employment held by him or her in the Member State in which he or she was engaged immediately prior to his or her becoming unemployed. This CJEU case law was adopted in Article 62(3) of Regulation (EC) No 883/2004.<sup>120</sup> For unemployed persons to whom Article 65(5)(a) is applicable, the institution of the place of residence must, pursuant to Regulation (EC) No 987/2009, take into account the salary or professional income received by the person

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<sup>120</sup> See also in this respect R. Cornelissen, 'The new EU Coordination System for Workers who Become Unemployed', (2007) *European Journal of Social Security*, 187, 198 et seq.

concerned in the Member State to whose legislation he or she was subject during the last period of (self-)employment.

The Member States' legislations very often provide for a ceiling within the framework of calculating both contributions and benefits, whereby contributions are levied from the income that is taken into consideration up to the assessment ceiling for contributions. This is also decisive for the income used to assess the benefit. In the *Grisvard and Kreitz*<sup>121</sup> case the CJEU referred to Article 71(1)(a(ii) and (b(ii) of Regulation (EC) No 1408/71 and held that frontier workers who are wholly unemployed must receive benefits in accordance with the legislation of the Member State in the territory of which they reside as though they had been subject to that legislation while last employed. The legislation of the Member State of residence alone has to be applied and not, therefore, the legislation of the State of employment, including any rules it lays down on ceilings.<sup>122</sup> As the contents of Article 65(5) correspond with the former provisions of Article 71, existing case law can also claim validity under the new legislation.<sup>123</sup>

## Option 1

**Option 1 – *status quo*:** “one-day rule”: aggregation is possible, if there is any insurance in the new Member State, irrespective of the length of the insurance. The unemployment benefit is only calculated on the basis of the salary earned in the State of last activity.

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<sup>121</sup> Judgment in *Grisvard and Kreitz*, C-201/91, EU:C:1992:368.

<sup>122</sup> Judgment in *Grisvard and Kreitz* EU:C:1992:368, paragraph 16.

<sup>123</sup> Likewise R. Cornelissen, ‘The new EU Coordination System for Workers who Become Unemployed’, *ibid.*, p. 199 et seq.

## **1 The structure and the contents of Article 61 of Regulation (EC) No 883/2004**

### *1.1 General consideration*

Taking into account that the general content of Article 61 was placed under close scrutiny in the preceding paragraphs, here Option 1 will be examined, pointing out pros and contras. This Option entails the maintenance of this provision with the current wording, without the introduction of any change. Moreover, it is necessary to check out some aspects of this provision that could be considered as controversial. Finally, a possible solution will be provided for the best and a uniform application of this Article.

On the other hand, it has to be stressed that Option 1 not only deals with Article 61, but also with Article 62, the calculation of benefits. In that regard, in this part all the references will be made to Article 61, leaving the analysis of Article 62 for Option 3.

Article 61 of Regulation (EC) No 883/2004 establishes a special rule for the aggregation of periods of insurance or (self-)employment, which derogates from the general rule of Article 6. However, it can be considered that the basic principles of Article 6 are maintained in Article 61 with some particularities. In fact, what Article 6 and Article 61 demand as a prerequisite for the activation of the aggregation principle, is that the person concerned who claims benefits has a link with the competent State – usually through the completion of – at least – one day of insurance or (self-)employment in the said Member State.

### *1.2 Drawbacks of the current provisions*

#### **1.2.1 In the search for the uniform interpretation of Article 61**

The need for a uniform interpretation of all EU law and, in this case, of Article 61 of Regulation (EC) No 883/2004 is a “must” as the Court of Justice of the



European Union (CJEU) often reminds. Indeed, one of the principles of the EU and a prerequisite or condition for its survival and for its development is the uniform application of its law by all Member States.

The CJEU, referring to the said uniform application, determined in *Rheinmühlen-Düsseldorf*<sup>124</sup> in a very clear way that this “*is essential for the preservation of the Community character of the law established by the Treaty and has the object of ensuring that in all circumstances this law is the same in all States of the Community*” and that it “*aims to avoid divergences in the interpretation of Community law. [...] Consequently any gap in the system so organized could undermine the effectiveness of the provisions of the Treaty and of the secondary Community.*”

In theory, there is probably a unanimous interpretation of Article 61. Unfortunately, this unanimity is not reflected in its practical application. Indeed, the “one-day rule” is not followed by all Member States that require, for some cases, longer periods completed under their legislation to activate the aggregation mechanism. As a consequence, the mandatory uniform application of the law is not achieved.

Maybe the problem of the different application of Article 61 does not emanate from the wording of the provision, but from the undesirable and unwanted results of the one-day clause. Some Member States do not consider it appropriate that with a single day of insurance or (self-)employment a Member State has to aggregate periods of other Member States and bear the costs of the whole unemployment benefits. In this regard the answer of one Member State to the questionnaire of FreSsco is very enlightening (“*However, a one-day insurance/employment period completed in our Member State is often treated by the X institution as a deceitful/abusive action, targeting at the granting of the unemployment benefit. Thus, a period longer than one day, completed to our Member State, is mostly required*”).

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<sup>124</sup> Judgment in *Rheinmühlen-Düsseldorf*, C-166-73, EU:C:1974:3.

On the other hand it has to be pointed out that it is possible, for some Member States, to start the aggregation mechanism with some (few) hours of work and not with a complete working day. This fraction of a day could be rounded up and be considered as one day. More problematic is the practice followed by other Member States which do not apply the one-day rule, but the one-week rule, because their periods of insurance or (self-)employment are expressed not in days but in weeks (*“the Member State X would not therefore aggregate insurance from another Member State until the minimum period of insurance of one week had been completed i.e. ‘registered’ on the system”*).

In an indirect way, this position of rejection responds to the idea that the one-day clause does not guarantee the integration of the person concerned in the labour market of the competent State and defends – with its practical and not harmonised application of Article 61 – the “more-days clause” or, in other words, Option 2 of this report.

Indeed, from one reply received to the questionnaire, it can be concluded that the requirement of more than one day to start with the aggregation mechanism is not only a rare, atypical practice or an exception, but a frequent and common exercise (*“However, since no domestic rule expressly consolidates the ‘one-day rule’, local unemployment institutions may alternately decide that one day is not sufficient for the purpose of aggregation. A uniform application in X of ‘the one-day rule’ is therefore not guaranteed.”*).

Conversely, in theory, the zero-day rule to activate the aggregation mechanism could be envisaged for those Member States which do not require that the claimant of benefits, under their legislations, had completed a specified period of employment in that Member State. In that regard it seems that neither Regulation (EC) No 883/2004<sup>125</sup> nor the CJEU<sup>126</sup> have validated this thesis. In consequence, this possibility will not be dealt with here.

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<sup>125</sup> See Recitals 10, 11 and 12 of Regulation (EC) No 883/2004.

<sup>126</sup> Judgment in *Chateignier* EU:C:2006:711.

### 1.2.2 Simplification and clarity

This report does not pretend to go into the considerations and the reasons why some Member States do not apply the one-day clause and require more days of insurance or (self-)employment to start the aggregation mechanism. In fact, one of the advantages of Article 61 in comparison with Article 6 is precisely that “*theoretically*” it offers a clear rule for the activation of the aggregation mechanism, which makes a uniform application of the provision possible. Indeed, Member States where the person concerned claims benefits have to look if, under their legislation, periods of insurance or (self-)employment were most recently completed and if the nature of these periods fills the requirements of their applicable legislation. If the answer is yes, they start the aggregation mechanism.

It has to be said that the practical implementation of this mechanism can be complicated taking into account in particular some rulings<sup>127</sup> of the CJEU. However, this problem does not concern the purpose of this report.

In principle, no major difficulties appear for the designation of the competent State, according to Article 61 of Regulation (EC) No 883/2004. The real problem comes later when the competent State applies Article 61. At that point, the “one-day rule” or the “more-days rule” play a role, depending on the different interpretation or practical application of Article 61(2). Unfortunately, maybe the wording of this provision opens up possibilities of different interpretations or, some Member States intentionally do not apply the content of this provision because they do not agree with it. This means that one of the pros of the current provision, its clarity, is lost and the uniform application of the law, as required by the CJEU, not achieved. Perhaps a revision is needed to match Member States’ interests or address their concerns.

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<sup>127</sup> Judgment in *Warmerdam-Steggerda* EU:C:1989:196.

### 1.2.3 Integration in the national labour market and financial implications

On the other side, and going deeply into the content, sense and logic of the current Article 61, it has to be questioned whether with only one day of insurance or (self-)employment the person concerned is integrated in the labour market of the Member State where benefits are claimed or, in other words, if this rule contributes to the labour integration or if the opposite is true. Indeed it can be argued that with respect to other short-term benefits (e.g. sickness benefits) also the one-day rule is applied. However, unemployment benefits are much linked and dependent on the labour market and the integration in this market plays a very important role taking into account the nature and goal of these benefits and the different active and passive measures.

Moreover, and stressing the importance of the integration factor, it does not seem appropriate that one Member State is obliged to bear all the costs of the unemployment benefits when the person concerned only completed very short periods (one day is enough) of insurance or (self-)employment under the legislation of this Member State, due to the fact that all periods completed in other Member States have to be taken into account as a result of the aggregation mechanism.

Precisely to avoid or reduce these drawbacks, a kind of sharing of cost was established in Article 65 (unemployed persons who resided in a Member State other than the competent State). Accordingly, reimbursements between Member States were introduced.

The aim of these reimbursements was to compensate the Member State of residence which has to provide benefits in accordance with its legislation “*as if the person concerned had been subject to that legislation during his last activity as an employed or self-employed person*”.

The logic of Article 65 was clear. The Member State of residence where possibly no periods of insurance or (self-)employment were completed cannot be the only State responsible to bear all the costs.

The reimbursements, between Member States, usually follow a very complicated procedure and for this reason legislatures have always been very reluctant to introduce such instruments, although, at least from the perspective of proportionality, it does not look inappropriate.

Some defenders of the current provision could argue that the situation of Article 65 cannot be compared with the situation of Article 61. In fact, it can be imagined that a frontier worker, for instance, has completed no period (zero-day rule) of insurance or (self-)employment in the Member State of residence, and that this Member State will be considered as the competent Member State and has to provide benefits for a long period. It is reasonable, accordingly, that this Member State receives, as compensation, reimbursement up to five months of the cost of the benefits paid. In the same way, it can also be envisaged that under Article 61 a Member State may be competent as a result of a single day of insurance or (self-)employment. In this regard the difference of the zero-day and one-day rule is very small. Then again, the difference of cost (five months reimbursement/nothing) can be enormous.

It can be agreed that the situations of Article 61 and 65 are totally dissimilar. However, the rationale underlying Article 65 is to avoid that a Member State has to bear a disproportional cost related to the periods completed under its legislation. Unfortunately, this proportionality principle does not appear in the current wording of Article 61, taking into account that it is possible that with one single day of insurance or (self-)employment a Member State is obliged, based on the aggregation mechanism, to provide benefits 6, 12, 18, or 24 months or longer. For this reason the critics of the wording of the current Article 61 are, in some cases, easy to understand. And the voices that call for some restrictions and limits on the aggregation (periods of one or three months completed in the Member State where the benefits are claimed) may to some extent be considered justified and reasonable.

#### 1.2.4 Fraud and abuse

It has to be analysed whether the current Article 61 might foster fraud and abuse. In fact, beside health tourism, social tourism, and poverty tourism also unemployment tourism may be anticipated and, if possible, prevented. Indeed, under the current provision, a single day of employment suffices to be subject to the social security system of the Member State of employment. This could increase the temptation/attraction for nationals of another Member State to seek employment for a few days with a fraudulent intention. For example, the person concerned may induce or agree with an employer to establish an employment relation in a way that in reality is a form of disguised employment. After a dismissal, Article 61 will be applicable and the aggregation mechanism activated, with the possible consequence of many months of unemployment benefits. Moreover, the joint application of Article 61 and Article 62 (calculation of benefits) may as a result entail a pull factor for what is called “unemployment tourism” in particular in the direction of Member States with a high level of wages and protection, undermining the sense of the unemployment benefits coordination provisions.

From a quite different perspective, the current wording of Article 61 may also increase the risk of fraud distorting the correct meaning of the restrictions on the export of benefits of Article 64 of the Regulation. An example could be the best way to describe this problem which may affect in particular but not only the Member States of origin of the unemployment claimants. A national of State A who has been working X years in State B becomes unemployed and decides to return to his or her State of origin. The person concerned knows that the export of benefits is limited to three months (six months exceptionally in some Member States) and that he or she has to be registered as a person seeking work with the employment services of the competent Member State for at least four weeks. To overcome these restrictions, he or she immediately returns to the country of origin. There, this person may, as explained in the precedent paragraph, establish an artificial work relationship and provoke a

simulated dismissal. As a consequence, Article 61 will be applicable and the aggregation mechanism activated with possibly many months of unemployment benefits provided by State A.

This problem is well-known by some Member States, as reflected in a reply to the FreSsco questionnaire (*“A representative from the X Unemployment Service reports that they tend to review all possible simulation of professional relationships (fraud) including also those related with the application of the aggregation after a very short period of insurance in X. Simulation, however, is almost impossible to prove in most cases, especially when the person is hired via a temporary employment agency [...].”* *“According to [the] Department of Coordination of Social Security Systems in the Ministry of Labour and Social Policy of X Member State, it is estimated that over 90% from 1517 cases in 2013 were from its own citizens.”* *“Therefore I believe that a significant percentage of them are expected to be Nationals from X Member State that want to come back to this Member State after a period abroad.”*).

### 1.3 Advantages of the current provision

It can be considered, after reading the precedent paragraphs, that this report makes a plea in favour of the modification of Article 61. In part this is true and in part it is not. Or, as Voltaire said, “the better is the enemy of the good”.

It is true that the current wording of Article 61 has declared enemies but also good friends, the latter being those who consider that any changes introduced in this provision will imply more drawbacks than advantages. In fact, the defenders of the *status quo* estimate that the one-day rule is the common principle and practice, applicable for other benefits (except pensions). They believe that any restriction to the aggregation mechanism for unemployment benefits could entail a kind of time bomb that could undermine the root and pillar of the coordination system.

The arguments put forward by the defenders of maintaining Article 61 as it is now, without any change, are solid. In fact for migrant workers it is a very appropriate solution, taking into account that the Member State where the last employment was carried out will always be the competent State. Actually, this solution offers a legal certainty that perhaps will not be offered by other alternatives.

Also for the competent institutions an unchanged Article 61 implies advantages. For instance, the administrative procedures as they are now may continue. Moreover, no transitional provision will be needed.

Concerning fraud and abuse we do not seem to be confronted with a problem of great magnitude. In fact, Member States have their own legislative instruments to fight disguised employment and simulated lay-offs. Moreover, as the European Commission (EC) admits, “*EU citizens do not use welfare benefits more intensively than the host country’s nationals*”.

A similar opinion is shared by the experts<sup>128</sup> of the *University College London (UCL)*. They declared that “[t]here are claims that immigrants from Europe take advantage of the social security system. But, despite the controversy surrounding this issue, evidence for how much immigrants take out of and contribute to the public purse is surprisingly sparse. Our new research published by the Royal Economic Society in the *Economic Journal* aims to fill this void. Our findings show that European immigrants have paid more in taxes than they received in benefits, helping to relieve the fiscal burden and contributing to the financing of public services”.

Consequently it appears that fraud and abuse have more a political dimension than a real dimension.

On the other hand, the argument of the need of integration in the labour market of the competent State is not quite consistent. Indeed, the goal of

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<sup>128</sup> C. Dustman & T. Frattini, ‘Yes, EU immigrants do have a positive impact on public finances’, *The New Statesman*, 5 November 2014.



unemployment benefits is not only to replace income but also to facilitate the search for a new job. For this reason, benefits and job search are linked and any separation or distribution of competences between Member States can have, in principle, negative consequences for the employment of this person. In fact, the current provision follows the idea that the unemployed person has to make him or herself available in the Member State that offers the most favourable conditions to find new employment.

#### *1.4 An alternative proposal for amendment*

In case the final decision about Article 61 would be the election of Option 1, i.e. the maintenance of the current text, it could be appropriate to look for a uniform application of this provision, avoiding misunderstandings or different interpretations. For this purpose, the best solution would be the adoption of a Decision by the Administrative Commission establishing with clarity the “one-day rule” for the activation of the aggregation mechanism and eliminating other alternatives, in particular the “more-than-one-day rule”.

### **Option 2**

**Option 2: a threshold** is applied for the aggregation of periods of insurance or (self-)employment fulfilled in another Member State.

**Sub-option 2a: One month** of insurance or (self-)employment needs to be completed before aggregation can be applied.

**Sub-option 2b: three months** of insurance or (self-)employment needs to be completed before aggregation can be applied.

The principle of aggregation has a specific aim. It protects migrants from disadvantages that could be provoked by movements from one Member State to another. This aim is expressively assigned in Article 48 TFEU (see above Introduction, 1). Option 2 derogates from this principle. The idea produced by

the European Commission (EC) is to introduce a “threshold” (one could also call it a “qualifying” or “waiting” period). During a certain period of time (one or three months), the aggregation principle would not apply and, as a consequence, the person concerned would not be able to bring into account periods accomplished under the legislation of the previous Member State. Given the fundamental character of the aggregation principle on the one hand and the sharpness of the proposal on the other hand, we can note that Option 2, as such (without any protecting rules), is not compatible with superior EU law, especially with the Treaties. There is some relevant case law of the Court of Justice of the European Union (CJEU)<sup>129</sup> as well as doctrine<sup>130</sup> about the question (see Introduction, 1). In order to avoid a violation of primary law, additional rules should be adopted concerning the situation during the proposed qualifying (or waiting) period and connected questions (return of contributions if the waiting period is not fulfilled and if no benefits have been paid, access to other benefits and employment services etc). The report therefore includes considerations how to organise a lawful treatment of the person concerned and formulates some draft rules (see Option 2, 2).

### ***1 The compatibility of Option 2 with higher ranked EU Law***

The first part of the present report (see Introduction) explains the functioning of the aggregation principle. Option 2, however, calls for some additional remarks, because it is focused on persons who are pursuing a professional activity. It sets up a rule which covers workers. It is therefore more difficult to justify a restriction, especially by referring to the integration argument, because working and contributing to the social security system does represent a good way to integrate into the local job market.

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<sup>129</sup> Judgment in *Vougioukas*, C-443/93, EU:C:1995:394, paragraph 30. Also see Opinion of the Court 1/91, EU:C:1991:490: “*EEC Treaty, albeit concluded in the form of an international agreement, nonetheless constitutes the constitutional charter of a Community based on the rule of law.*”)

<sup>130</sup> U. Becker, in J. Schwarze (ed.), *EU-Kommentar*, Nomos, Baden-Baden, 2012 (3rd edition), Article 48 AEUV/3.

The following shortly recalls the legal effect of the rights granted by the Treaty (1.1), summarises the obligations of the EU legislature in terms of coordination (1.2), explains why the draft rule deviates from essential coordination rules required by the Treaty (1.3) and finally looks at the justifying reasons mentioned in the mandate (1.4).

### 1.1 *Free movement of workers and entitlements associated to the right of free movement*

Free movement of workers is a fundamental principle of European law<sup>131</sup> and has the function of a fundamental right.<sup>132</sup> It provides a legally protected position to every European citizen willing to work and stay in a Member State.<sup>133</sup> The relevant rules (especially Article 45 TFEU) are directly applicable,<sup>134</sup> prevail over contrary national law<sup>135</sup> and can establish a claim of compensation if violated.<sup>136</sup> In respect of Option 2, it should be recalled that the right of free movement is binding not only for the Member States but also for all EU institutions.<sup>137</sup>

### 1.2 *Obligations of the EU legislature in terms of social protection*

The EU legislature is required to set up a system to enable workers to overcome obstacles with which they might be confronted in national social security rules.<sup>138</sup> It is also obliged to omit measures which introduce additional obstacles to the free movement of workers, such as rules which allow the

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<sup>131</sup> Judgment in *Watson and Belmann*, C-118/75, EU:C:1976:106, paragraph 16.

<sup>132</sup> Judgment in *Heylens*, C-222/86, EU:C:1987:442.

<sup>133</sup> Judgment in *Ugliola*, C-15/69, EU:C:1969:46.

<sup>134</sup> Judgment in *Van Duyn*, C-41/74, EU:C:1974:133.

<sup>135</sup> Judgment in *Watson and Belmann* EU:C:1976:106.

<sup>136</sup> Judgment in *Larsy*, C-118/00, EU:C:2001:368.

<sup>137</sup> Also see Article 15(2) of the EU Charter of Fundamental Rights, which guarantees that “every citizen of the Union has the freedom to seek employment, to work, to exercise the right of establishment and to provide services in any Member State”, and which is binding for the EU.

<sup>138</sup> Judgment in *Vougioukas* EU:C:1995:394, paragraph 30.

Member States to discriminate against EU citizens.<sup>139</sup> This follows from Article 45 TFEU combined with Article 48 TFEU.<sup>140</sup> It hence could be held that the legislature does not fully discharge its obligations under Article 45 and Article 48 TFEU if Option 2, without alternatives, were adopted.

### 1.2.1 Aggregation of periods

The aggregation principle is expressly mentioned in Article 48 TFEU. It therefore appears to be part of the coordination principles the Treaty assumes to be important. The other coordination rules, like the designation of the law applicable, rules opening the access to cross-border health care, the cooperation between national social security institutions, are not. Article 48 TFEU focuses on two instruments: the aggregation of periods and the exportation of benefits. Those principles are “*intended to ensure that workers do not lose, as a result of their exercising the right to freedom of movement, social security advantages granted to them by the legislation of a Member State*”.<sup>141</sup> They are designed to abolish “*as far as possible the territorial limitations*” of the domestic social security schemes.<sup>142</sup> The principle is fundamental because without aggregation the access to and the amount of benefits the person has already worked for could be lost.<sup>143</sup> It is necessary in order to undertake a useful implementation of Article 48 TFEU. Hence aggregation of periods belongs to the measures the legislature is required to set up.<sup>144</sup> Consequently, the CJEU has held that Article 48 TFEU does not only provide the competence to adopt legal acts. Article 48 TFEU also contains a mandate the legislature has to observe.<sup>145</sup> This follows from Article 45 TFEU, which is the ‘*raison d’être*’ of Article 48 TFEU: as the CJEU has pointed out several times “*the establishment of as complete freedom of movement for*

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<sup>139</sup> Judgment in *Pinna v Caisse d’allocations familiales de la Savoie*, C-41/84, EU:C:1986:1, paragraph 24.

<sup>140</sup> U. Becker, in J. Schwarze (ed.), *EU-Kommentar*, Nomos, Baden-Baden, 2012 (3rd edition), Article 48 AEUV/3.

<sup>141</sup> Judgment in *Drake*, C-12/93, EU:C:1994:336, paragraph 22.

<sup>142</sup> Judgment in *Singer*, C-44/65, EU:C:1965:122, p. 971.

<sup>143</sup> U. Becker, in J. Schwarze (ed.), *EU-Kommentar*, Nomos, Baden-Baden, 2012 (3rd edition), Article 48 AEUV/1.

<sup>144</sup> Judgment in *Vougioukas* EU:C:1995:394, paragraph 30.

<sup>145</sup> Judgment in *Pinna v Caisse d’allocations familiales de la Savoie* EU:C:1986:1, paragraph 24.

*workers as possible, which forms part of the foundations of the Community, constitutes the ultimate objective of Article 51 of the EEC Treaty and thereby conditions the exercise of the power which it confers upon the Council.*”<sup>146</sup>

### 1.2.2 Equality of treatment

Equality of treatment is anchored in Article 20 of the EU Charter of Fundamental Rights and all measures taken by the EU have to conform to this right.<sup>147</sup> This is also true for Article 45(2) TFEU, which prohibits “*any discrimination based on nationality*”. Article 4 of Regulation (EC) No 883/2004 applies the principle to social security. The formulation used by this Article (“*unless otherwise provided for by this Regulation*”) suggests that waivers could be allowed by the legislature. According to the CJEU, however, coordination must secure the equal treatment laid down by Article 45 TFEU<sup>148</sup> and must not add to the disparities caused by national legislation.<sup>149</sup> As stated by the CJEU in the *Pinna I* case concerning a French family allowance, EU institutions are not permitted to adopt rules which provide unequal treatment among citizens; such rules are void as contrary to the Treaties, especially in respect to Article 45 TFEU mentioned above. Equality of treatment also “*prohibits (...) all covert forms of discrimination which, by applying other distinguishing criteria, in fact achieve the same result*”.<sup>150</sup> This was the case in the *Pinna* judgment mentioned above.

### 1.3 Derogation from the above-noted principles

According to Option 2, people who move their work from one Member State to another have to wait one or three months before the aggregation principle

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<sup>146</sup> Judgment in *Khalil*, C-95/99, EU:C:2001:532, see also the judgment in *Singer* EU:C:1965:122.

<sup>147</sup> Judgment in *Razzouk v Commission*, C-117/82, EU:C:1984:116; judgment in *P - Lindorfer v Council*, C-227/04, EU:C:2007:490; judgment in *Koninklijke Scholten-Honig NV and Others v Hoofdproduktschaap voor Akkerbouwprodukten*, C-125/77, EU:C:1978:187.

<sup>148</sup> Judgment in *Pinna v Caisse d'allocations familiales de la Savoie* EU:C:1986:1, paragraph 24.

<sup>149</sup> Judgment in *Pinna v Caisse d'allocations familiales de la Savoie* EU:C:1986:1, paragraph 22.

<sup>150</sup> Judgment in *Pinna v Caisse d'allocations familiales de la Savoie* EU:C:1986:1, paragraph 23.

applies. Therefore, the proposal restricts free movement of workers. The aggregation principle (1.3.1) is affected, since the draft says to not apply it. The principle of equality of treatment is also concerned because it potentially allows Member States to treat foreign workers differently (1.3.2).

#### 1.3.1 Aggregation of periods

Option 2 deviates from a rule prescribed by the Treaty. Article 48 TFEU clearly shows that the aggregation rule is one of the principles that allows workers to move freely within the European Union. The solution suggested under Option 2, however, does exactly the opposite. Whereas the Treaty says “do aggregate”, Option 2 says “do not aggregate”. Therefore, the result of Option 2 does not correspond with the aims pursued by the Treaty. The proposed change would create obstacles to the free movement of workers, because for the moment, the national legislation is not harmonised. Member States are fully allowed to define all kinds of qualifying periods. Without aggregation of periods, migrant workers would not get the protection necessary to encourage free movement.

#### 1.3.2 Equality of treatment

The draft rule of Option 2 does not expressly refer to the nationality of workers. Therefore, it does not constitute an overt discrimination. But it allows Member States to not take into account periods accomplished under the legislation of another Member State.<sup>151</sup> This type of disguised or hidden discrimination can be avoided by aggregation of periods. Option 2, instead, opens the door to such treatments. There is some case law concerning similar rules which might be interesting to mention.

In the *Roviello* case, the CJEU declared void a rule adopted by the Council in 1983. The rule in question did not itself lay down any formal difference in treatment between nationals and European citizens, but it allowed a Member

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<sup>151</sup> R. Langer, in M. Fuchs (ed.), *Europäisches Sozialrecht*, Nomos, Baden-Baden, 2013 (6th edition), Article 48 AEUV/18.

State to do so<sup>152</sup>; it was “*not of such a nature as to guarantee the equal treatment [...] and therefore [had] no place in the coordination of national law*”.<sup>153</sup> According to the CJEU, such provisions are liable to have an effect on foreigners more often than on nationals and include the risk of placing them at a particular disadvantage. The same is true for Option 2 as well, because the waiting period will typically apply to migrants; it is evident, moreover, that it reduces the rights of those migrants because unemployment benefits might be refused to them. It is therefore plausible to affirm that Option 2 is not compatible with the principle of equal treatment.

Option 2 is also problematic in terms of mutuality, because the migrant worker is not protected by the system of the receiving Member State although it is likely that the worker will have to pay social security contributions there. In several judgments the CJEU has held that an unlawful disadvantage occurs if EU citizens, other than nationals, must pay higher contributions than usual without being entitled to additional benefits<sup>154</sup> or if they are subject to social contributions “*on which there is no return*”.<sup>155</sup>

## 1.4 *Justifying reasons*

### 1.4.1 “threshold”

The EU legislature may choose the most appropriate measures to attain the objective of Article 48 TFEU and therefore disposes of a “*wide discretion*”.<sup>156</sup> This includes the right to formulate formal conditions, like the obligation to register as a jobseeker at the employment services of the competent Member

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<sup>152</sup> According to this rule only the occupation periods insured in Germany were taken into account in determining entitlement to an occupational invalidity pension.

<sup>153</sup> Judgment in *Roviello*, C-20/85, EU:C:1988:283.

<sup>154</sup> Judgment in *Terhoeve*, C-18/95, EU:C:1999:22, paragraph 18.

<sup>155</sup> See, to that effect, the judgment in *Hervein and Others*, C-393/99 and C-394/99, EU:C:2002:182, paragraph 51; judgment in *Piatkowski*, C-493/04, EU:C:2006:167, paragraph 34; judgment in *van Delft and Others*, C-345/09, EU:C:2011:57, paragraph 100 and 101; and the judgment in *da Silva Martins*, C-388/09, EU:C:2011:439, paragraph 72 and 73.

<sup>156</sup> Judgment in *Vougioukas* EU:C:1995:394, paragraph 35.

State (Article 64(1) of Regulation (EC) No 883/2004).<sup>157</sup> Furthermore, material conditions may be set, for instance the necessity of having the most recently completed period in the competent Member State (Article 61(2) of Regulation (EC) No 883/2004).<sup>158</sup> And finally, it also includes the possibility to depart from the coordination mechanisms designed by this provision.<sup>159</sup> As a consequence, exceptions or restrictions provided by EU coordination law may be regarded as valid even if they do not furnish the whole protection assigned by Article 48 TFEU.<sup>160</sup>

This leads to the questions whether deviations from fundamental principles must be justified by overriding reasons and how those reasons are to be examined. They are not completely solved yet. The case law concerning restrictions and exemptions decided by the EU legislature is relatively rare. Some decisions do not discuss justifying reasons as such. In the *Pinna* case, the CJEU does not examine the existence of justifying reasons at all.<sup>161</sup> The *Testa* judgment concerning the three-month limitation to exportation of unemployment benefits does not mention justifying reasons either; it only explains that the rule is reasonable, because it confers the possibility to seek employment outside the competent Member State.<sup>162</sup> In the *Gray* case, the CJEU notes that the “*Council considered it necessary*” to attach conditions to the entitlement to unemployment benefits (the obligation to register and the necessity to have the most recent period in the competent Member State); the CJEU also explains that people should be encouraged to seek work in the Member State in which they were last employed and that the latter should have the financial burden of providing the unemployment benefits.<sup>163</sup> Technical difficulties due to profound differences between Member State law were

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<sup>157</sup> Judgment in *Gray v Adjudication Officer* EU:C:1992:177, paragraph 11 and 12.

<sup>158</sup> Judgment in *Testa*, C-41/79, 121/79 and 796/79, EU:C:1980:163, paragraph 14; judgment in *Gray v Adjudication Officer* EU:C:1992:177.

<sup>159</sup> Judgment in *Vougioukas* EU:C:1995:394, paragraph 35.

<sup>160</sup> Judgment in *Vougioukas* EU:C:1995:394, paragraph 35.

<sup>161</sup> Judgment in *Pinna v Caisse d'allocations familiales de la Savoie*, EU:C:1986:1.

<sup>162</sup> Judgment in *Testa* EU:C:1980:163, paragraph 14.

<sup>163</sup> judgment in *Gray v Adjudication Officer* EU:C:1992:177.



discussed but denied in the *Vougioukas* case.<sup>164</sup> In the *Snares* case the CJEU accepted the argument that special non-contributory benefits are closely linked with the social environment and therefore justify the condition of residence introduced by the EU legislature in 1992.<sup>165</sup> This case law at least answers the first question. It shows that deviations need to be justified by some reasons and, evidently, that a reason must outweigh the rights conferred by Article 45 TFEU. This approach is consistent with the rule of law laid down in Article 2 TEU.

The second question could be answered in the light of the *Gray* judgment mentioned above, in which the CJEU held that the Treaty does not prohibit the Community legislature from attaching conditions to the rights granted by Article 45. In the *Gray* case the CJEU identified and approved the intention of the legislature to encourage persons to seek work in the Member State they were last employed. Therefore, the restriction is considered as valid. As Advocate General Tesouro pointed out in this case, the idea of Article 61(2) Regulation (EC) No 883/2004 is to “avoid the exportation of unemployment”.<sup>166</sup> This aim does not exactly correspond to the problem focused on by Option 2. Option 2 wants to avoid abuse and excessive financial burden for the Member States, especially the Member State where the worker has lost his or her last job. This motivation is different from the one protected by the CJEU in the *Gray* case, even if the rule proposed might have a similar impact on the European job market. For this reason we do not think that the argumentation used in the *Gray* case may be transposed on Option 2.

Furthermore, the case law related to deviations set up by the EU legislature does mention justifying reasons such as technical difficulties of coordination or the financial burden due to the exportation of benefits. However, they do not go much further, for instance explaining that the reasons put forward must

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<sup>164</sup> Judgment in *Vougioukas* EU:C:1995:394, paragraph 32.

<sup>165</sup> Judgment in *Snares*, C-20/96, EU:C:1997:518, paragraph 42.

<sup>166</sup> Opinion of the Advocate General in *Gray*, C-62/91, EU:C:1992:18, paragraph 5.

be rational and that every restrictive measure has to respect the principle of proportionality; those arguments are proper to the case law related to measures taken by the Member States.<sup>167</sup> However, they should also govern the use of competence by the Union, as Article 5(1) TEU stipulates. The necessity to have the most recent period in the competent Member State, as examined in the *Gray* case, has an effect on the aggregation principle because the jobseeker cannot ask for aggregation before having worked at least one day in the receiving Member State. But this rule is less severe than Option 2, which applies to people who have already worked in this State. Option 2 goes a step further than the existent law. It refuses aggregation to workers who already have found a job in another Member State and thus have established a link to the legal system of this Member State; those workers may not apply for benefits in the former Member State any longer. The existent law might be considered sufficient to protect the Member States' financial interests.

As far as we know, the arguments mentioned by the EC (mandate, p. 2, p. 3: clarification, simplification, risk of fraud and abuse, uneven financial burden for Member States) have not yet been subject to CJEU decisions concerning the validity of EU coordination law. In any case, arguments which allow to justify a restriction of the fundamental right of free movement of workers have to be solid. They are typically related to important interests such as inner security, public health and hospital planning.<sup>168</sup> This follows from the case law related to the internal market in general because the necessity of rational and proportionate justifying reasons are relevant for all the freedoms granted by the Treaty, especially for free movement of goods, free movement of persons (movement of workers and right of establishment) and freedom of services.<sup>169</sup> In the field of unemployment benefits or benefits which are similar to the

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<sup>167</sup> Judgment in *Stewart*, C-503/09, EU:C:2011:500, paragraph 107.

<sup>168</sup> Judgment in *Watts*, C-372/04, EU:C:2006:325; this example falls within the scope of the freedom of services, but similar justifying reasons related to health care also appear in the field of social coordination under Regulation (EC) No 883/2004; see e.g. the judgment in *Elchinov*, C-173/09, EU:C:2010:581, paragraph 44 and 51.

<sup>169</sup> R. Bieber & F. Maiani, *Précis de droit européen*, Bern, 2011 (2<sup>nd</sup> edition), p. 191.

latter, the CJEU has held that conditions such as a residence requirement have to be proportionate.<sup>170</sup> It should also be noted that most of the case law about the question how to justify discriminating rules concern national law. Restrictions can be justified, under EU law, “*if [they are] based on objective considerations independent of the nationality of the persons concerned and (are) proportionate to the legitimate objective of the national provisions.*”<sup>171</sup> The rule must be “*appropriate for securing the attainment of the objective pursued*” and it must not “*go beyond what is necessary in order to attain it.*”<sup>172</sup> Usually, the CJEU takes into account the particular national rules and circumstances. In the *Stewart* case, for instance, the CJEU had to consider the situation of a British subject to whom a disability allowance was refused, for the sole reason that she was not present in Great Britain on the date on which she claimed the allowance.<sup>173</sup> The CJEU held that this restriction could not be described as appropriate; it neither ensured a genuine link between the claimant and Great Britain nor was it necessary to preserve the financial balance of the British social security system.<sup>174</sup> In other words, the amendment proposal would have to explain why, in certain Member States, the waiting period is necessary. It would also be necessary to define under which conditions or in which kind of situation a waiting period would not apply (e.g. to persons who had already worked in the receiving Member State in former times and have contributed to the social security system of the State).

#### 1.4.2 Justifying reasons such as mentioned in the mandate

The mandate also explains that the current rules bear the risk of fraud or abuse because people can claim benefits just after arriving in another Member State (p. 2 of the mandate). According to the EC, Option 2 would limit this risk,

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<sup>170</sup> Judgment in *Petersen*, C-228/07, EU:C:2008:494, paragraph 61.

<sup>171</sup> Judgment in *De Cuyper*, C-406/04, EU:C:2006:491, paragraph 40. See also the judgment in *Sotgiu*, C-152/73, EU:C:1974:13, paragraph 4.

<sup>172</sup> Judgment in *De Cuyper* EU:C:2006:491, paragraph 42.

<sup>173</sup> Judgment in *Stewart*, C-503/09, EU:C:2011:500.

<sup>174</sup> Judgment in *Stewart* EU:C:2011:500, paragraph 108. See also the judgment in *Petersen*, C-228/07, EU:C:2008:494.

since the person would have to wait a certain period of time before he or she could ask for aggregation. In the field of social security, the CJEU has not yet discussed the risk of fraud and abuse as a justifying reason. This might be due to the fact that parts of the case law mentioned above go back to the 1970s and 1980s. Today, the Treaties include a chapter about Area of Freedom, Security and Justice, wherein the Union is to prevent and combat crime (Article 67(3) TFEU); the European Anti-Fraud Office investigates fraud against the EU budget. Therefore, it seems plausible that the EU is also concerned about fraud and abuse directed against its members. As recently pointed out by the EC, EU law contains “*a range of robust safeguards to help Member States to fight abuse and fraud*”<sup>175</sup>. In the field of social security coordination, the Treaty does not expressly mention rules fighting fraud and abuse, but neither does it prohibit such rules (Article 48 TFEU). Hence, the risk of fraud and abuse may be taken into account by the EU legislature while adopting coordination rules. It could even constitute a justifying reason for exemptions and deviations from the principles mentioned in Article 48 TFEU. The question, however, if Option 2 is justified by this argument needs some additional clarifications. It should first be verified if the fear about possible abuse is based on objective facts. The statistics seem to indicate the opposite: “*EU citizens do not use welfare benefits more intensively than the host country’s nationals*”.<sup>176</sup> Furthermore, it should be asked if the simple risk of abuse is sufficient. Would it not be more appropriate and proportional to figure out a rule which sanctions abuse committed by persons instead of choosing a measure of general prevention? Such measures are not allowed when adopted by the Member States and, consequently, should not be used by the EU legislature either.<sup>177</sup>

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<sup>175</sup> COM(2013) 837 final, Free Movement of EU citizens and their families: Five actions to make a difference, p. 7.

<sup>176</sup> COM(2013) 837 final, Free Movement of EU citizens and their families: Five actions to make a difference, p. 4, referring to data collected by the Commission.

<sup>177</sup> COM(2013) 837 final, Free Movement of EU citizens and their families: Five actions to make a difference, p. 8, concerning Member State actions.

Moreover, the waiting period could help to make sure that the migrant worker is fully integrated in the job market before getting unemployment benefits. But the integration argument (p. 1 of the mandate) is problematic if we consider the relevant Treaty provisions and the settled case law of the CJEU. The Member States may indeed adopt rules which require the migrant to show a certain degree of integration; the CJEU uses the expression “*degree of connection to society*” and admits that “*the aim of solidarity may constitute an objective consideration of public interest.*”<sup>178</sup> Conditions of territory, however, usually fail to comply with the principle of proportionality; they are not an appropriate means by which to obtain the objective of solidarity if the person who has his or her residence in another Member State is in fact as well integrated as a resident.<sup>179</sup> Several CJEU decisions did not even evoke the possibility that the refusal to take into account external events might be justified; the CJEU found a violation of EU law without discussing any overriding consideration.<sup>180</sup> In the *Mulders* case, the CJEU held that a Member State cannot preclude, as a period of insurance, an entire period during which contributions were paid for the sole reason that the person concerned did not reside in that Member State during this period.<sup>181</sup> It should also be noted that the recent case law concerning persons who move into another Member State without the intention to work, cannot be applied to the present situation.<sup>182</sup> The draft amendment concerns migrant workers, which means persons who intend to accomplish a gainful activity and therefore contribute to the national economy of the receiving Member State. This is an important factor proving integration. In the case mentioned above it was completely absent; the applicants did not have any economic activity, nor did they look for such an activity.<sup>183</sup>

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<sup>178</sup> Judgment in *Tas-Hagen*, C-192/05, EU:C:2006:676, paragraph 35 and 36.

<sup>179</sup> Judgment in *Tas-Hagen* EU:C:2006:676, paragraph 37 and 38.

<sup>180</sup> Judgment in *Elsen*, C-135/99, EU:C:2000:647; judgment in *Klöppel*, C-507/06, EU:C:2008:110.

<sup>181</sup> Judgment in *Mulders*, C-548/11, EU:C:2013:249, paragraph 47.

<sup>182</sup> Judgment in *Dano*, C-333/13, EU:C:2014:2358.

<sup>183</sup> Judgment in *Dano* EU:C:2014:2358, paragraph 39.

The waiting period might be desired by some Member States, especially by Member States with a high level of EU immigration. The mandate (p. 2) mentions the financial burden put on the shoulders of those Member States and hence refers to another important principle of the EU. The Treaties indeed contain several provisions which refer to economic difficulties the Member States have to face. Beside rules concerning the economic and social cohesion (Article 162 and 174 TFEU), competition rules<sup>184</sup> and the chapter concerning the Monetary Union (Article 140 TFEU) take into account the financial and economic power of the Member States. All Member States of the Eurozone have to guarantee financial stability and must not overload their budget. Therefore, it is plausible to defend that solidarity and the limits inherent to the latter require a measure such as Option 2. But the proposal then raises the question how to cover the person during the qualifying period and which Member State should reasonably have the financial burden (see 2 below).

This also answers the question if Option 2 could be justified by the simplification argument (p. 2 of the mandate). We do not think so. If the aim is to adopt simple coordination rules, the legislature should choose a system in which the worker is clearly subject to the law of one Member State. Option 2, however, requires the adoption of additional rules about access to benefits during the waiting period (see 2 hereafter: a paragraph added to Article 61 of Regulation (EC) No 883/2004 provides exportation of unemployment benefits from the previous Member State). The system does not become easier this way. Moreover, by abandoning the one-day rule, the draft introduces the necessity to calculate terms and periods. Such calculations do not promise any simplification.

A last reason mentioned is to ensure uniform application of the rules on aggregation of periods by all Member States (p. 2 of the mandate). This aim, however, can already be attained by a correct application of the existing law.

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<sup>184</sup> Judgment in *Kingdom of the Netherlands v Commission*, C-28/66, EU:C:1968:5.

The mapping, which is attached to this report shows that most of the questioned Member States apply the one-day rule (e.g. Germany, the Netherlands). If other Member States might not do so, they would deviate from a uniform rule and therefore violate EU law.

### 1.5 *Intermediate result*

Option 2 is not, as such, compatible with Articles 45 and 48 TFEU. By deviating from the aggregation principle it does the opposite of what is prescribed in Article 48 TFEU. It allows Member States to refuse unemployment benefits if the person concerned has less than three months (or one month) of a working period under domestic law. The motivating reasons are not solid enough to justify the restriction entailed. Even if the rule were qualified valid, a person could claim aggregation directly on the ground of Article 45 TFEU.<sup>185</sup> The provisions would also have to be interpreted restrictively<sup>186</sup> and in the light of this Article.<sup>187</sup> The additional rules proposed hereafter (see 2) take into account this aspect.

An amendment of Regulation (EC) No 883/2004 which introduces a waiting period must guarantee that the free movement of workers would not be restricted. Therefore, the following part outlines additional provisions in order to enhance Option 2 (see 2). The proposal contains rules about the protection the migrant worker gets during his or her waiting period. Those rules indicate the Member State competent to pay benefits. The new system should also be proportionate (Article 5(4) TFEU). Introducing a waiting period might be considered as such since it does not totally exclude aggregation but provides a temporary limitation; a waiting period of one month rather than three months might suffice (for more details see the draft provision in the following part of this report, 2).

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<sup>185</sup> Judgment in *Vougioukas* EU:C:1995:394, paragraph 36 and 44.

<sup>186</sup> Judgment in *Jauch*, C-215/99, EU:C:2001:139.

<sup>187</sup> Judgment in *Elsen* EU:C:2000:647.

## 2 *Evaluation of Option 2*

### 2.1 *Which Member State could be competent to aggregate if the minimum period in the last Member State of employment is not fulfilled?*

There can be no doubt that currently the focus of the rules to coordinate unemployment benefits lies predominantly on the migrant workers' interests, providing the most favourable conditions for finding new employment. The financial concerns of the institutions are being taken into account to a much lesser extent. At least this is the case while the unemployed person is available to the employment services of the State that pays the benefits. The proposals by the EC in Option 2 would shift the focus significantly to the institutions' interests by ensuring that the financial burden for paying unemployment benefits does not arise in situations where mobile EU workers have not yet made a significant contribution to the scheme of the new Member State. However, this would only be the case with regard to certain groups of migrant workers, while the coordination provisions for migrant workers falling under Article 65 would remain unchanged, unless wider amendments to Regulation (EC) No 883/2004 are implemented.

Option 2 would mean that migrant workers would not be entitled to benefits in the last Member State of employment if aggregation with periods concluded in other Member States would be necessary in order to fulfil the waiting period of this Member State. As shown in the mapping at the end of this report, this would concern 7,188 persons in only six selected Member States in a period of one year (2013, respectively 2014). If the Regulation were not to provide for another Member State to apply aggregation in such cases, this would lead to the situation that the migrant workers concerned would be entitled to benefits in no Member State at all, unless entitlement would be opened purely under the national legislation of a Member State. This would undoubtedly form an obstacle to the free movement of workers and – as shown above – would most probably be incompatible with the Treaty.



We therefore hold the view that a different Member State would have to substitute the last State of employment and apply the aggregation rule under Article 61 if the minimum threshold is not fulfilled. It would be most likely a violation of primary law to stipulate that periods completed by the person concerned would be aggregated in no Member State at all. Which institution could be obliged to apply the aggregation provision and pay the unemployment benefit instead of the last Member State of employment if the minimum period of insurance or (self-)employment was not completed in the competent Member State?

- 2.1.1 The second to last Member State of employment without requiring any minimum period of insurance or (self-)employment in this State

*Example: A worker resides and works in Member State A for five years. Afterwards he or she works in Member State B for three weeks. Then he or she moves his or her residence to Member State C and takes up employment there, but is dismissed after only two weeks.*

Referring to the second to last Member State of employment without any condition for the person concerned of having completed there the same minimum period of one or three months would be unreasonable. If the institutions' interests are relevant, why should the second to last Member State be less protected against claims of persons with only short careers than the last Member State?

- 2.1.2 The Member State of employment where the minimum period of one or three months of insurance or (self-)employment was lastly fulfilled

*Example: A worker resides and works in Member State A for five years. Afterwards he or she works in Member State B for three weeks. Then he or she moves his or her residence to Member State C and takes up employment there but is dismissed after only two weeks. The unemployed person must make him*

*or herself available to the employment services of Member State A, the institution of which provides the benefits.*

This option would pursue the objective to make a Member State pay the benefits where the unemployed had completed periods for a relevant time span. However, this could lead to situations where it would be quite difficult for the unemployed person to register as a person seeking work with the employment services of that Member State; to be subject to the control procedure organised there; and to adhere to the conditions laid down under the legislation of that Member State. As the CJEU pointed out, “*the circumstances which must exist for the condition as to availability to be satisfied cannot have the direct or indirect effect of requiring the person concerned to change his [or her] residence.*”<sup>188</sup> Particularly in cases where the person concerned has moved his or her place of residence to the last Member State of employment, further amendments to the Regulation would be required to avoid impairments of the unemployed person’s situation that would raise huge legal concerns with regard to violation of the Treaty.

What further amendments could be necessary will be analysed under 2.2.3 (see 2.2.3).

### 2.1.3 The Member State of residence

This option can only apply to persons falling under Article 65 of Regulation (EC) No 883/2004 who in principle have the right to make themselves available in the Member State of last employment. It would be the most reasonable solution for this group of persons, as the Regulation is built on the assumption that the Member State of residence provides the most favourable conditions for finding new employment and because this is the alternative offered to them already under the current legal framework.

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<sup>188</sup> Judgment in *Naruschawicus*, C-308/94, EU:C:1996:28, paragraph 26.

#### 2.1.4 The previous State of residence

This option could apply to workers who worked and resided in the same Member State when they became unemployed, but have fallen under Article 65 of Regulation (EC) No 883/2004 before.

*Example: A worker resides in Member A and works as a frontier worker in Member State B for five years. He or she terminates his or her employment in Member State B and moves his or her residence to Member State C. He or she is employed there for only three weeks and is then dismissed by his or her employer.*

As the minimum insurance period in Member State C is not fulfilled, this Member State is not competent to apply the aggregation provision and provide benefits. At first sight it would appear reasonable to impose this obligation on Member State B instead, because this is the second to last Member State of employment and the worker has paid contributions for five years to the scheme of that State. However, at that time he or she was a frontier worker. If he or she would have become unemployed while residing in Member State A, his or her Member State of residence would have provided the benefits and Member State B would have provided reimbursement under Article 65(6) only. It seems doubtful whether the obligation to provide benefits can be imposed on Member State B now. It would seem more in line with the current structure of the Regulation that the previous Member State of residence A had to substitute the last Member State of employment C. If so, then the second to last Member State of employment B would have to provide reimbursement to Member State C under Article 65(6).

## 2.2 *Identification and assessment of how the proposed options and sub-options presented by the EC would respond to certain criteria (social, economic and political pros and cons)*

### 2.2.1 Clarification

As pointed out in the mandate only “*most Member States apply the ‘aggregation rule’ after one day of insurance*”. It follows that some Member States interpret Article 61(2) in a way that also longer periods can be required in order to trigger aggregation if this finds a reasoning in the national legislation applied.

The provision in its current version speaks about “periods” of insurance and (self-)employment, terms that can be considered not fully clear and subject to different interpretations if in national legislation a “period” is a longer period than one day (e.g. one week). Against this backdrop the legal situation could be clarified by explicitly stipulating in Article 61(2) that one or three months of insurance or (self-)employment are required in the last Member State of employment in order to impose on this State the obligation to apply the aggregation provision.

However, the same clarity could be achieved by amending Article 61(2) without changing its substance. What should be relevant is the political intention of the legislature to apply a minimum threshold of one day, of 30 days or of 90 days. If the intention is clear it is up to the legal technique of the legislature to reflect this in a proper wording. Also the Administrative Commission could make this clarification in a decision, as proposed for Option 1, notwithstanding the non-binding effect of such decisions. The aim of clarity alone cannot justify substantial amendments that significantly change the legal position of large groups of migrant workers to their detriment.

### 2.2.2 Simplification

Providing for a minimum threshold of one or three months instead of one day in order to apply aggregation under Article 61 of the Regulation would be neutral under the aspect of simplification when focusing on Article 61 only.

However, we have shown that inserting a minimum threshold into the aggregation provision would most likely require extensive amendments of other provisions as well, particularly of Article 64, 65 and 65a. Also the procedures would be more complicated by involving at least one more Member States that would have to substitute the obligations of the last Member State of employment.

We come to the conclusion that neither the Regulation nor the procedures would be simpler if Sub-options 2a or 2b were implemented.

### 2.2.3 Protection of rights

Within the current legal framework the one-day rule in the aggregation provision under Article 61(2) applies to unemployed persons who make themselves available in the Member State of last employment, i.e. to persons who during their last employment resided in the competent Member State and to persons other than frontier workers who fall under Article 65 and make themselves available in the competent Member State. By introducing a minimum threshold of one or three months for applying aggregation under Article 61, a significant number of persons would not be entitled to benefits in the last Member State of employment and thus lose a right which is currently awarded to them.

This loss of right in the last Member State of employment could be mitigated by awarding a new right in another Member State. As regards persons other than frontier workers who fall under Article 65 it was proposed that they should be referred to their Member State of residence when not fulfilling the minimum period of insurance or (self-)employment. Compared to the *status*

*quo* this would be a clear loss of rights as these persons would lose their right of option. Nevertheless, this loss of right would seem to be acceptable as the right of option is a privilege within Regulation (EC) No 883/2004 and imposing on them the obligation to make themselves available in their Member State of residence complies with the general rule for frontier workers.

For unemployed persons other than frontier workers several alternative models were discussed under point 2.1. Requiring a minimum period of insurance or (self-)employment in their Member State of last employment which is also their Member State of residence would deprive these persons of their right to make themselves primarily available to the employment services in this State (which is both their Member State of last employment and their Member State of residence). This would be a clear change of concept of Chapter 6 because currently another Member State only comes into play when the export rule under Article 64 applies.

The obligation to make oneself available in a third Member State, be it a previous Member State of employment or the (previous) Member State of residence, can be to the detriment of the unemployed person, as in many circumstances this obligation cannot be fulfilled without transferring the place of residence or habitual stay to this Member State.

*Example: A mother resides and works in Member State A for two years. She moves her residence with her family to Member State B, her State of origin, and takes up employment there but is dismissed by her employer after only three weeks. If Member State A, as second to last State of employment, is competent for the person she can either make use of an amended export provision (see below) and receive benefits for up to three (six) months, or she would have to go back to Member State A and reside or habitually stay there again by perhaps leaving her family behind.*

Implementing Sub-options 2a and 2b would raise significant concerns with regard to the protection of rights of the unemployed and to their legal

certainty, if no additional amendments to the Regulation would be implemented.

Adopting provisions that the last Member State of employment is not competent and substituted by another Member State, if a minimum period of insurance or (self-)employment was not completed, could put unemployed persons in a difficult or maybe even desperate position if no accompanying amendments to the Regulation were implemented. In many cases going back to a previous State of employment or residence will be incompatible with the current life situation and the personal goals of the person concerned. As pointed out, the CJEU has held that the circumstances which must exist for the condition as to availability to be satisfied cannot have the direct or indirect effect of requiring the person concerned to change his or her residence.<sup>189</sup> It follows that certain accompanying amendments would be absolutely necessary to avoid violations of the freedom of movement of workers.

The situation could be mitigated if the person concerned was enabled to seek work in his or her Member State of residence while receiving benefits in cash from the competent Member State under Article 64 of the Regulation. However Article 64 stipulates quite harsh conditions and limits to allow an unemployed person to seek work in a Member State that is not competent while retaining entitlement to unemployment benefits. Particularly it requires that before his or her departure, the unemployed person must have registered as a person seeking work with the employment services of the competent Member State and have remained available there for at least four weeks after becoming unemployed.

First of all the unemployed person should not be forced to go back to the competent Member State to register with the employment services in that State. He or she should have the possibility to register with the employment services of the Member State of residence and submit a claim to benefits there,

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<sup>189</sup> Judgment in *Naruschawicus* EU:C:1996:28, paragraph 26.

being subject to the control procedure organised there, and adhere to the conditions laid down under the legislation of that Member State. The institution must forward the registration and claim to the institution of the competent Member State. The date of registration with the employment services in the Member State of residence must apply in the institution of the competent Member State.

Secondly, the unemployed person must not be committed to being available to the employment services of the competent Member State for at least four weeks after becoming unemployed. This deviation from the general rule is already laid down in Article 65a(3) for former self-employed frontier workers who make themselves available in their Member State of residence only.<sup>190</sup> The situation of these persons is to a certain extent comparable with the situations discussed in this report.

A minimum threshold to apply aggregation by the last Member State of employment and to determine a previous Member State as competent can create situations where the unemployed person cannot go to the competent Member State in order to seek work without completely changing his or her current life situation. We therefore suggest that the competent institution may extend the export period up to the end of the period of entitlement to benefits as already provided for under Article 65a(3), last sentence, or up to six months without discretion. It should even be discussed that the unemployed person is granted a right to that extension of the export period.

#### 2.2.4 Administrative burden and implementation arrangements

Only implementing a minimum threshold of one or three months for applying aggregation would not create any additional burden or require new implementing arrangements. One could even say that the administrative burden for the institution in the last Member State of employment would be

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<sup>190</sup> And where the Member State of last employment is competent under Article 65a(1).



reduced, because a significant number of applications for benefits could be rejected.

However, as was shown, applying a threshold in the aggregation provision would not make the legal situation simpler if another Member State would have to take over the obligations of the last Member State of employment. This would necessitate the development of a new procedure which could cause administrative costs for the institutions involved to be higher than under the current legal framework. The Administrative Commission would have to develop new forms and SEDs. It goes without saying that identifying the competent Member States and handling all necessary formalities would require a quick procedure, as the unemployed person must know within hours or days the competent Member State.

*Example: After an amendment, Regulation (EC) No 883/2004 stipulates that a threshold of three months applies in Article 61(2) and imposes on the Member State where the minimum threshold of three months of insurance or (self-)employment was lastly completed to take over the obligations of the last Member State of employment. A person works and resides in Member State A for three years. He or she moves his or her residence to Member State B and works there for two months. Then he or she moves his or her residence to Member State C and is dismissed after only two months of employment.*

*Member State C knows that it is not obliged to apply aggregation and provide unemployment benefits. However, it cannot simply reject an application by the person concerned but must support him or her to find the competent Member State. In our example information exchanges between the unemployed person and Member State C and between Member States A, B and C seem to be necessary before the unemployed person can be definitely referred to the employment services of Member State A.*

### 2.2.5 No risk of fraud and abuse

Reducing the risk of fraud and abuse is one of the central tasks of applying a threshold for aggregating periods of insurance or (self-)employment. The terms “fraud and abuse” must be restricted to cases of bogus employment only.

*Example 1: A worker resides and works in Member State A for two years. He or she is dismissed by this employer and moves his or her residence back to Member State B. The unemployment benefit paid by Member State A would be exported for three months only. In order to circumvent this limited period of entitlement, the unemployed person agrees with a friendly entrepreneur in Member State B to take up bogus employment and be dismissed after one week.*

*Example 2: As above, but the worker takes up employment in Member State B without fraudulent agreement with the employer, but with the intention to terminate the employment by his or her own choice after only one week in order to receive unemployment benefits from Member State B.*

Within the current legal framework Member State B would have to pay unemployment benefits by aggregating periods completed in other Member States and as long as provided for by national legislation. If a minimum threshold would apply in Article 61(2) of the Regulation, Member State B would not apply aggregation and the unemployed person would probably fall under the competence of Member State A again if the legislature amended the Regulation accordingly.

Cases of short-term employment without a bogus nature cannot be described as fraud and abuse. If in the example above the worker takes up normal employment and is dismissed after one week for whatever reason this would oblige the institution in the last Member State of employment to pay benefits to a person who had contributed to the scheme for a very short time only, but this is not a fraudulent or abusive situation.

Undoubtedly a threshold of one month or three months could reduce cases of fraud and abuse, as it would make it more difficult to create fraudulent and abusive situations for a longer period; a period of three months more than a period of one month.

It is doubtful whether the changes would be significant. Why should the unemployed person and the employer in Example 1 not agree on bogus employment of one month or three months? Why should the unemployed person in Example 2 not terminate the employment by his or her own decision after one month or three months?

It seems that the consequences of a threshold would be much bigger with regard to normal cases of short-term employment. This will be discussed under the next point.

#### 2.2.6 Potential financial implications

Applying a threshold of one or three months in Article 61(2) would release the competent Member State from the obligation of providing benefits to unemployed persons after very short periods of employment. This would correspond to the financial interests of paying benefits only to persons who have contributed for a relevant period to the scheme concerned. It would have a positive impact on the finances of the last Member State of employment. It goes without saying that the positive financial impacts for the last Member State of employment would be much more significant when applying a three-month threshold. On the other hand, it should not be forgotten that – when not abolishing the one-day-rule under the current legal framework – in the longer term the competent Member State of last employment (usually the place of current residence) is likely to benefit from the jobseeker's future employment through future insurance contributions and associated contributions to the competent Member State's economy. Particularly in times of demographic changes any loss of human resources may be regrettable.

Furthermore, we have explained that the obligation to provide benefits of the last Member State of employment should be substituted by a different Member State. Therefore, the savings for the last Member State of employment by not paying benefits for persons who did not complete the minimum period of insurance or (self-)employment under its legislation could – at least partly – be compensated in other cases where it must take over payment obligations for persons where it was not the last Member State of employment but for example the second to last Member State of employment.

Another financial concern could be that imposing on an unemployed person the obligation to make him or herself available to the employment services of a Member State other than the last Member State of employment could mean that this person must move his or her place of residence or habitual stay to another Member State in order to fulfil the requirements of the national legislation of that State. Of course a move of residence or stay gives rise to costs and it could be argued that the Member State where the unemployed person must make him or herself available would have to reimburse these costs, at least to a certain extent.

However, if a one-month threshold is applied, it is questionable if this quite severe measure would be appropriate, given the many concerns and detriments for the unemployed persons, because the difference in periods of contributing to the unemployment scheme of the last Member State of employment would in most cases amount to only a few days or weeks.

### 2.3 *Alternative proposal*

In order to reduce the financial burden for the Member State of last employment where not at least one month or three months of insurance or (self-)employment were completed, a new reimbursement mechanism could be installed. Analogous to Article 65(6) to (8) of Regulation (EC) No 883/2004, the benefits provided by the institution of the place of last employment should

continue to be at its own expense. However, the competent institution of the Member State where the person concerned lastly completed at least one month or three months of insurance or (self-)employment should reimburse to the institution of the place of last employment the full amount of the benefits provided by the latter institution during the first three months. The amount of the reimbursement during this period may not be higher than the amount payable, in the case of unemployment, under the legislation of the debtor Member State.

As elaborated above, introducing a minimum period of insurance or (self-)employment for aggregation under Article 61 of the Regulation could impair the position of unemployed migrant workers to find new employment. To avoid this and at the same time take into account the just financial interests of the institutions, a new reimbursement mechanism could shift the financial burden at least partly to a Member State where relevant contributions have been paid, while safeguarding the right of unemployed persons as they are currently provided. This proposal follows the model of Article 65(6) to (8) of the Regulation, which is the method currently applied in Chapter 6 of the Regulation to reconcile the interests of both the unemployed persons and of the institutions. The obligation of the Member State of residence to provide benefits to frontier workers, although the Member State of last employment received the contributions, seems to be comparable with the obligation of the Member State of last employment to pay benefits to migrant workers after a very short period of employment. Why should the solution not be the same one? Problems of interpretation that were posed by Article 65 should be avoided. In particular it should be clarified, that reimbursement is only due if the person concerned was entitled to benefits in the debtor State.<sup>191</sup> In principle a new reimbursement mechanism should follow the same criteria as applied in Article 65(6) to (8) in order to facilitate administration by the institutions.

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<sup>191</sup> We refer to the discussion about Decision U4 and the position of one Member State not to apply this decision.

#### 2.4 *Concerns about unequal treatment of workers within Chapter 6 of Regulation (EC) No 883/2004*

Regulation (EC) No 883/2004 currently builds on the assumption that the Member State of residence provides for the most favourable conditions to find new employment. Although this is explicitly laid down only for persons falling under Article 65(2), first sentence, it must be noted that other migrant workers not falling under Article 65, who must make themselves available in the competent Member State, by definition usually also reside in this State. The analysis of these basic principles of the Regulation reveals that the implementation of a minimum threshold to apply the aggregation rule under Article 61 of the Regulation could give rise to concerns as regards equal treatment of different groups of workers. As the one-day rule in Article 61(2) applies “*except in the cases referred to in Article 65(5)(a)*”, this minimum threshold would not apply to workers falling under Article 65(2) of the Regulation.

*Example: Mr X and Mr Y both move their residence from Member State A to Member State B. Mr X works for an employer in Member State B. Mr Y works for an employer in Member State C and goes back to his home in Member State B every day. After two and a half months both workers are dismissed by their employers. Under the current legal framework both workers would be entitled to benefits in Member State B, because the competent institution in this Member State would take into account their periods of insurance or (self-)employment completed in other Member States. If Option 2b were adopted, Mr X would not be entitled to benefits in Member State B because – as he did not complete the minimum period of three months under the national legislation of this Member State – the institution would not aggregate. Mr Y, however, would still be entitled to benefits in Member State B, because Mr Y falls under Article 65 of the Regulation and the institution in Member State B would take into account his periods completed in other Member States. Mr X would be denied aggregation although he has completed two and a half*

*months of insurance under the legislation of Member State B. Mr Y could rely on aggregation although he has completed no period in Member State B at all.*

Furthermore it must be noted that under Article 65(6) of Regulation (EC) No 833/2004 the competent institution of the Member State to whose legislation the person concerned was last subject must reimburse to the institution of the place of residence the full amount of the benefits provided by the latter institution during the first three months after only one day of insurance in that State.

The 2012 trESS Think Tank Report on the coordination of unemployment benefits<sup>192</sup> proposed that the competence to provide unemployment benefits should be exclusively with the institutions of the State of last (self-)employment. By introducing a minimum threshold to apply the aggregation principle under Article 61 of the Regulation this proposal could find new support, because equal treatment of frontier workers and non-frontier workers within the legal framework of the Regulation could be achieved.

	Clarification	Simplification	Rights	Administr. burden	Fraud and abuse	Financial implications
Option 2a/b	+	≈	-	-	+	?

### Option 3

**Option 3:** instead of introducing a minimum period for aggregation, only the **calculation** of unemployment benefits changes: i.e. in case of short

<sup>192</sup> C. G. de Cortázar (ed.), E. Rentola (ed.), M. Fuchs & S. Klosse, trESS Think Tank Report 2012 ‘Coordination of unemployment benefits’.

employment in the new Member State, the calculation will also be **based on the salaries earned** in the previous Member State(s).

**Sub-option 3a: the salary earned in the previous Member State is also taken into account** for the calculation of the unemployment benefit by the competent Member State, if less than **one month of insurance or (self-)employment** is completed.

**Sub-option 3b: the salary earned in the previous Member State is also taken into account** for the calculation of the unemployment benefit by the competent Member State, if less than **three months of insurance or (self-)employment** are completed.

## **1** *Unemployment benefits – legislation in the Member States*

If we are to give answers to the questions under Option 3, we have to begin with a short analysis of how unemployment benefits are shaped and conceived in the Member States as far as calculation of benefits is concerned. From the legislation studied it clearly appears that unemployment benefits are conceived mainly as income replacement benefits. The unemployed person has lost his or her income which regularly is the basis for his or her living expenses. The unemployment benefit compensates the loss of this financial basis. To serve this purpose the unemployment benefit has to be shaped correspondingly. As a consequence, the manner in which the calculation of benefits is carried out is of the utmost importance.

Apart from a system in which only a flat rate is paid, two conceptions are available. The first one takes into account the income earned at the moment when the employment relationship ended. In other words, the income received most recently is the most important factor of calculation which mainly determines the level of the unemployment benefit.<sup>193</sup>

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<sup>193</sup> Other factors like the length of the employment relationship or the members of the family may play a role.



The second approach relies for the calculation of the benefit on income earned during a longer period which precedes the occurrence of unemployment (income earned during a reference period).

The first approach is very rarely taken.<sup>194</sup> Most other countries prefer reference periods, ranging from three months to twelve months, and in very few cases up to 24 months.<sup>195</sup>

The first approach is to the advantage of the unemployed person if he or she had a higher income when he or she became unemployed compared to his or her income in the past. But, of course, if the reverse true, the method is to his or her disadvantage. To put it simple, the method builds on chance.

The second approach, however, extends the account of earnings to a longer period and, as a consequence, the determination of the relevant income is done on a basis less dependent on chance. It strikes a balance between periods of low and high levels of income and creates an average income.

Experience from some Member States shows that the second approach is mainly chosen. According to the mandate the amount of the unemployment benefit depends on average earnings gained during a certain preceding period (normally 12 months).

## **2 *Calculation of unemployment benefits under coordination law***

In principle, coordination of unemployment benefits has to serve the same purpose as does national legislation. But in contrast to what is needed in the national arena, coordination has to deal with the transnational dimension. Coordination has to offer solutions for the situation in which the unemployed person has earned income in different Member States.

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<sup>194</sup> The Netherlands take the last daily wage into account. Belgium refers to the average salary earned in the last position. See European Commission, Paper on Automatic Stabilisers, Brussels, 04 October 2013, p. 36.

<sup>195</sup> See European Commission, Paper on Automatic Stabilisers, Brussels, 04 October 2013, p. 36.

However, the main purpose of unemployment benefits, i.e. to secure the financial basis of the person concerned, is no different from what is required by national unemployment benefit schemes. To facilitate income replacement is therefore the main aim which Article 62 is indebted to.<sup>196</sup>

Article 62 of Regulation (EC) No 883/2004 requires the calculation of benefits on the basis of the amount of the salary in the State of last employment (Article 62(1)). Article 62(2) requires the same mode of calculation if the legislation of a Member State provides for a reference period. A different rule applies for persons covered by Article 65(5)(a) of the Regulation. The institution of the place of residence takes into account the income received in the Member State of last activity.

### **3** *The perspective of Option 3*

#### **3.1** *Sub-options 3a and 3b*

Both sub-options derogate from what is now established in Article 62(1) and (2) of Regulation (EC) No 883/2004, insofar as they require taking into account also salary earned in a previous Member State. This renders them similar to what applies for workers in the terms of Article 65(5)(a). In principle, Sub-options 3a and 3b are identical, but they differ in respect of the time span which renders the extension to salaries received in a previous Member State necessary.

#### **3.2** *Assessment of Sub-options 3a and 3b*

According to point 5) of the mandate, the analytical report is required to identify how the proposed options and sub-options would respond to the

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<sup>196</sup> This is also the conception of unemployment cash benefits by the consistent case law of the CJEU; see for example the judgment in *Knoch*, C-102/91, EU:C:1992:303, paragraph 44; the judgment in *Meints*, C-57/96, EU:C:1997:564, paragraph 27.

criteria specifically listed. In addition, under its heading “Considered amendments” the mandate makes it very clear that basing the calculation of the amount of the unemployment benefit on very short periods of employment may lead to arbitrary results. Against this background the assessment of Sub-option 3a and 3b will be made.

### 3.2.1 Clarification/Simplification

From the clarification and simplification point of view the envisaged amendment is not much different from the existing calculation rule. The new rule would not create many difficulties of interpretation. Besides the income earned in the competent State income received in the previous State has to be taken into account pursuant to the rules of the competent institution. This is an operation which for other cases is provided for in Article 5(a) of Regulation (EC) No 883/2004. For this reason, the amendment envisaged is clear and simple.

### 3.2.2 Administrative burden and implementation arrangements

#### **1.15.3.1.1 Exchange of information**

The present mode of calculation in Article 62(1) of Regulation (EC) No 883/2004 is simple and easy to apply from the administrative viewpoint. The competent institution can exclusively rely on the income earned in its country and the data are available. In contrast to this, calculation under the envisaged amendment has to be extended. Earnings received in the previous Member State have to be put into the calculation. To get the income data needed for calculation the competent institution has to address the institution of the previous Member State and information has to be forwarded from the latter to the former.

As a consequence and compared to the administrative burden under the current law, a second administrative step has to be taken, which thus increases the

burden of the handling of cases. This additional activity is certainly a disadvantage of the amendment. However, the additional burden could be facilitated if use were made of the information channel which serves for cases for which Article 62(3) of the Regulation applies. To get the data about the income earned in the previous State, the implementing rule in Article 54(2) of Regulation (EC) No 987/2009 could be extended to the situation under the amendment. Another or additional way could be the use of current forms for aggregation of periods including the data on income.

Apart from taking into account income earned in the previous Member State the competent institution applies its legislation. Particular rules existing in the previous Member State must not be applied. In particular ceilings provided for in the legislation of the previous Member State may not be taken into account by the competent institution.<sup>197</sup>

#### **1.15.3.1.2 Effects on the length of the awarding process**

A critical point of the amendment envisaged could be that it increases the length of the awarding of the benefit. Whether this would really be the case, is an open question, since the institutions are familiar with this situation, as it is identical or similar to what the calculation of the unemployment benefit requires from them in application of Article 62(3) of Regulation (EC) No 883/2004. But even if a certain delay occurred, the unemployment benefit could in favour of the claimant be awarded on a provisional basis according to what is laid down in Article 7 of Regulation (EC) No 987/2009.

#### **1.15.3.1.3 Implementing arrangements**

The realisation of the amendments under Options 3a and 3b would need a change of the wording in Article 61(1) of Regulation (EC) No 883/2004 in order to take into account income received in the previous Member State. The

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<sup>197</sup> See the judgment in *Grisvard and Kreitz* EU:C:1992:368.

following sentence could be added to Article 61(1): “If insurance or (self-)employment completed in the competent Member State was less than one month/three months, salary earned in the previous Member State is also taken into account as if it had been earned in the competent Member State.

It has already been said (see above ‘Exchange of information’) that an extension of the duty resulting from Article 54(2) of Regulation (EC) No 987/2009 would be reasonable to conform with the requirements under the new mode of calculation.

### 3.2.3 Protection of rights

As every provision of Regulation (EC) No 883/2004, the provisions in Chapter 6, too, have to be guided by the wording, spirit and purpose of Article 48 TFEU. In the *Fellinger* case, in which it had to be decided which income is relevant for frontier workers, the CJEU also made an important statement about the general rule in Article 68(1) of Regulation (EC) No 1408/71 (now Article 62(1) of Regulation (EC) No 883/2004)<sup>198</sup> and held that the previous wage or salary which normally constitutes the basis of calculation of unemployment benefits is the wage or salary received from the last employment of the worker. In such a manner unemployment benefits are regarded as not to impede the mobility of workers and to that end seek to ensure that the persons concerned receive benefits which take account as far as possible of the conditions of employment, and in particular of remuneration, which they enjoyed under the legislation of the Member State of last employment.<sup>199</sup>

Nevertheless, we should keep in mind that the CJEU made a short hint at exceptional cases where the general rule alone was not fully appropriate. Obviously the CJEU referred to the then existing provision in Article 68(1), second sentence, of Regulation (EC) No 1408/71, which required that if the

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<sup>198</sup> Judgment in *Fellinger* EU:C:1980:59, paragraph 7.

<sup>199</sup> Judgment in *Fellinger* EU:C:1980:59, paragraph 7.

person concerned had been in his or her last employment in that territory for less than four weeks, the benefits had to be calculated on the basis of the normal wage or salary corresponding in the place where the unemployed person is residing or staying to an equivalent or similar employment to his or her last employment in the territory of another Member State. This provision was not taken up by Regulation (EC) No 883/2004, and we think with good reason, because its application was burdensome and lacked certainty of law. Nevertheless, this abrogated provision contains a grain of salt of sound reason which may be useful to take into consideration with regard to the amendment discussed here. It is a strong argument to say that the exclusive calculation on the basis of the income from the last (self-)employment is not quite adequate if the time of employment completed in the competent Member State is very short. Sub-option 3a expresses this line of thought.

#### **1.15.3.1.4 *Advantages and disadvantages of the current calculation scheme***

The current scheme puts exclusive emphasis on the income earned in the Member State of (self-)employment. Income received elsewhere is irrelevant. This provision favours unemployed persons who earn a higher income in this Member State compared to that acquired in the previous State. And it disadvantages persons in an inverse income situation. As said above, Article 62 of Regulation (EC) No 883/2004 makes the benefit level dependent on chance.

This seems to be acceptable if the person concerned has completed a significant time in the Member State of (self-)employment. But is this solution acceptable if the period completed is very short, in the extreme case one day? The envisaged amendment seems to state it is not. To give an answer to this problem one has to check relevant criteria, whereby the yardstick is the protection of rights.

#### **1.15.3.1.5 *Equality of treatment/indirect discrimination***

In legal doctrine doubts have been cast upon the compatibility of Article 62(1) of Regulation (EC) No 883/2004 with provisions on the free movement of workers in view of the disadvantage for a worker who moves from a high-income country to a low-income country and becomes unemployed. Calculation of his or her unemployment benefit is done on her or his low wages in her or his country of employment. There are authors who criticise Article 62(1) of Regulation (EC) No 883/2004, saying that it is a wrong legal policy provision, but leaving it open to question whether the provision is a violation of Article 45 or 48 TFEU.<sup>200</sup> Yet many an author goes a step further. With reference to the aforementioned situation (movement from a high-wage country to a low-wage country) the argument of indirect discrimination is formulated. An author in the leading Austrian commentary on social security coordination discusses just this situation characterised by low wages for a very short period in his or her Member State of last employment in contrast to a higher income in the previous State and concludes the following<sup>201</sup>: “*In this way the person concerned can be treated worse than a person who has completed his or her periods of insurance and as a consequence his or her income basis in one and the same country. Article 62 may consequently lead to an indirect discrimination of migrant workers.*”<sup>202</sup>

#### **1.15.3.1.6 Justice and fairness**

Against the current provision in Article 62 of Regulation (EC) No 883/2004 we may also formulate doubts under the aspects of fairness and justice. It seems to be not quite fair or just if, in some cases, a person without having paid a reasonable amount of contributions and consequently being only weakly integrated<sup>203</sup> into the unemployment scheme is treated on an equal

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<sup>200</sup> See for this opinion R. Waltermann, ‘Arbeitslosigkeit’, in (2006) *Europäisches Arbeits- und Sozialrecht* 2, 9140, paragraph 25.

<sup>201</sup> E. Felten, in B. Spiegel (ed.), *Zwischenstaatliches Sozialversicherungsrecht*, Manz, Wien, 2012, Article 62(1).

<sup>202</sup> Translation by Maximilian Fuchs.

<sup>203</sup> It has to be reminded that the CJEU in its consistent case law has held that with regard to unemployment benefits a real link of the person claiming the unemployment benefit and the labour market is an important element. See the judgments in

footing with other insured persons who have been living and working in this Member State for a longer time.

As was shown above (see above, 1) national unemployment benefit systems usually provide for statutory reference periods. From this we may derive that it is widely held that a sound system of defining the level of unemployment benefits should take into account a longer stretch of time to guarantee a level of benefits which corresponds to and is in line with contributions to an unemployment benefit scheme. In this way the level of benefits is defined not dependent on a very short income situation which by chance may favour or disadvantage the unemployed person, but based on the preceding income situation which compensates for possible lows and highs of earnings. The current law is not in line with the ideas behind statutory reference periods in national legislation, since even with the existence of such reference periods there is a gap in logic between national legislation and the mode of calculation in Article 62 of Regulation (EC) No 883/2004, since Article 62(2) requires the application of the calculation scheme of 62(1). If the period of income earned in the Member State of last (self-)employment is very short, the aim which national statutory reference periods wish to achieve is impeded.

*Example: A worker W has worked in Member State B for five months, earning a monthly salary of € 2,000. After that she takes up employment in Member State A where he or she draws a monthly salary of € 3,000. After two weeks he or she becomes unemployed. The reference period in this Member State's legislation is six months.*

On the basis of the present rule in Article 62(1) and (2) of Regulation (EC) No 883/2004 the reference period has to be respected, but the income to be used as calculation basis is exclusively that of the Member State A. In other words the reference period under national law loses its inherent logic, the logic

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*D'Hoop*, C-224/98, EU:C:2002:432; *Ioannidis*, C-258/04, EU:C:2005:559; *Vatsouras and Koupatantze*, C-22/08, EU:C:2009:344.



requiring that income earned over a time span of six months has to be taken into account in order to establish a balanced and rational calculation basis. On the other hand, under the present law the momentary income at the time of becoming unemployed exclusively prevails. With good reason one can call this result, relying on the wording of the mandate, arbitrary. The dissatisfaction with this discrepancy between coordination law and domestic law could possibly be the reason why some Member States' institutions do not comply with Article 62 of Regulation (EC) No 883/2004. The competent institution in the case reported by the German expert (see below, 'Mapping') applied national rules for short-term (self-)employment against the clear wording of Article 62 of the Regulation. In addition, Article 62(1) could be a barrier to access to unemployment benefits. The calculation model reported for the Contribution-based Jobseekers' Allowance in the UK (see below, 'Mapping') provides for a 26-week minimum limit for national insurance contributions which the claimant must have paid during a fixed period before the occurrence of unemployment in order to become entitled to the allowance. For the worker in the example above, leaving out income in Member State B seems to deprive him or her of the allowance. Against this background sub-option 3a and to a higher degree Sub-option 3b further the protection of rights in a more balanced way than the present provision of Article 62 of Regulation (EC) No 883/2004.

It cannot be denied that the new law could be to the detriment of those migrant workers who in their new employment receive a higher income compared to the income earned in the previous Member State. As a consequence the level of the unemployment benefit could be significantly lower. However, this is in line with the logic of the new mode of calculation: balancing the income fluctuations. Moreover, it is not against what is required by Article 45 and Article 48 TFEU. It is consistent case law of the CJEU that "*Treaty rules on freedom of movement cannot guarantee to an insured person that a move to another Member State will be neutral as regards social security. In view of the*

*disparities existing between the schemes and legislation of the Member States in this field, such a move may, depending on the case, be more or less financially advantageous or disadvantageous for the person concerned.*<sup>204</sup> To argue that a migrant worker having worked for a very short period in a Member State should be treated in the same way, if it is about calculation of benefits, as persons who have worked in this Member State for a longer period and have paid contributions to the unemployment benefit scheme correspondingly, is difficult to justify.

#### 3.2.4 No risk of fraud and abuse

We have already discussed this topic above under Option 1 and 2. A few observations may be added. In some countries there is an ongoing discussion about fraud and abuse of social rights with regard to immigrants, in particular those from low-income countries. A less critical argument is called social or benefit tourism. On second thoughts the arguments do not hold water.<sup>205</sup> Free movement of workers is an essential principle of market economies. The right to free movement realises what economists call efficient allocation of resources. This economic thinking was already present in the Spaak Report.<sup>206</sup> The Spaak Report envisaged, by means of eliminating obstacles to the free movement of factors of production, that labour movements were stimulated from Member States of low productivity to industrial regions and sectors where productivity and demand for labour were highest.<sup>207</sup> Consequently, the EEC Treaty enshrined the freedom of movement of workers as a fundamental right. This fundamental right is secured by guaranteeing free access to employment and a ban on discrimination. This right is furthermore flanked by social security coordination, which extends freedom of movement and equal treatment to the arena of social security.

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<sup>204</sup> See for this the recent judgment in *Jeltes* EU:C:2013:224, paragraph 44.

<sup>205</sup> Cf M. Fuchs, 'Freizügiger Sozialtourismus?', (2014) *ZESAR*, 103 et seq.

<sup>206</sup> 'Rapport des Chefs de Délégation au Ministre des Affaires Étrangères', 1956.

<sup>207</sup> Cf S. O'Leary, 'Free movement of persons and services', in P. Craig & G. De Búrca (ed.), *The Evolution of EU Law*, Oxford University Press, Oxford, 2011 (2<sup>nd</sup> edition), 499 (503).

Therefore, the exercise of these rights can never represent abuse or fraud. To speak about fraud and abuse is justified only for a quite different behaviour that takes place. For example, it is well known that a – fortunately only very small – portion of immigrants falsifies documents or violates their duties of information in order to become entitled to social security benefits from the host State. To prevent this or fight against this is an affair of criminal law and of the law enforcement authorities. It cannot be entrusted to coordination law.

We think that from the angle of abuse and fraud the mode of calculation of benefits used under the regime of coordination presumably plays a minor part. But it should be remembered that in the economic theory on unemployment insurance the problem of moral hazard plays a role.<sup>208</sup> Reference is made to the behaviour of unemployed persons who might be tempted to stay unemployed and receive the unemployment benefit instead of taking up a job even if the income is lower. As a consequence, it is requested that unemployment insurance is shaped in a way that avoids incentives which could contribute to such behaviour.

*Example: A person, after working in a low-wage country, has got a well-paid job in another Member State and becomes unemployed after less than a month. Although he or she could get a job in the former Member State, he or she is not inclined to take up employment there due to the high level of the unemployment benefit (compared to the salary to be expected) acquired after a very short time of employment and based on the exclusive relevance of income earned in this country of employment.*

The current law may favour to behave in this way.<sup>209</sup> The envisaged amendment of the calculation model could possibly be a disincentive to prefer

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<sup>208</sup> R. Chetty, 'Moral hazard vs. liquidity and optimal unemployment insurance', in (2008) *Journal of Political Economy*, 116 (2), p. 173-234.

<sup>209</sup> See for this argument also E. Felten, in B. Spiegel (ed.), *Zwischenstaatliches Sozialversicherungsrecht*, Manz, Wien, 2012, Article 62(1), who writes that Article 62(1) has effects restricting freedom of movement, "when persons, who despite menacing unemployment rather accept the loss of employment instead of taking up lower-paid employment in another EU country, in order to avoid a lower benefit level in the case of later unemployment" (translation by M. Fuchs).

unemployment to entrance into the labour market in a low-wage country, since the unemployment benefit would be significantly lower due to the taking into account of the former income in this country.

### 3.2.5 Potential financial implications

As far as financial implications are concerned the current law shows a clear tendency to put a financial burden on the Member State of (self-)employment. This risk allocation is totally justified as long as the competent institution has received a sufficient amount of contributions by the now unemployed person. But here again justification is doubtful if only a short time of employment has created the right to an unemployment benefit.

If we assume migration from low to high-wage countries as the typical case, the latter are disadvantaged since they have to shoulder the expenses for unemployment benefits on the basis of their wage levels without getting corresponding contributions if the period of (self-)employment is short. Compared to this situation a one or three-month clause decreases this disparity, since wages earned prior to the employment in the competent Member State have to be taken into account. Certainly in cases of migration from a high-wage country to a low-wage country the inverse is the case. Apart from the fact that this is the statistically rarer situation in labour migration, we would value the protection of rights higher than the financial interests of the institutions affected. The reason is that the unemployed persons deserve the protection, since they have earned this protection through their contributions. We should not forget that critics of the amendments might use the financial argument with reference to the numerous immigrants who after a certain amount of time return to their country of origin. In this respect it has to be considered that the Member State of origin does not apply aggregation if claims are made, since Article 61(2) of Regulation (EC) No 883/2004 precludes it. And, obviously the institution of the Member State of origin benefits from the one-month/three-month rule.

The mandate requires answers to how the envisaged amendments under Option 3 respond to the specified criteria. Therefore, the foregoing analysis laid emphasis on elaborating the cons and pros which can be identified vis-à-vis the current law and its prospective changes, and its effects on the parties involved: the unemployed persons and the institutions which administer the award of unemployment benefits. However, persons not unemployed but in work and financing the benefits must not be forgotten. National unemployment schemes need to be shaped in a way that they obey sound economic requirements. A balance has to be found between the interests which result from the need of protection, the economic use of financial resources and a smooth administrative operation. Since secondary law has to be in accordance with primary law, questions of compatibility with Article 48 TFEU had to be raised.

Is a change of the current law recommendable? It depends. It depends on the preferences of the reader, observer and, needless to say, of the decision-making bodies. It is quite possible that who studies the presentation of the cons and pros is in favour of the *status quo* as laid down in Article 62 of Regulation (EC) No 883/2004. Its simplicity and its easy administration may convince him or her, putting less weight on aspects of fairness and justice or compatibility problems. Then again other experts may consider administrative problems to be rather easily solved, thinking that the increase in administrative burden is slight and the experience with the same administrative practice which applies for frontier workers will help to manage the handling of cases. They might see clear advantages with regard to the protection of the unemployed and a better realisation of the aims, which are inherent to national unemployment benefit schemes, on the coordination level. It has to be reminded that the mandate formulates as one of the objectives to ensure that the financial burden for paying unemployment benefits does not arise in situations where mobile EU workers have not yet made a significant contribution to the scheme of the new Member State. As was shown above, the

present law does not live up to this aim in cases of migration from low to high income countries if the person concerned becomes unemployed after a very short time of (self-)employment. Moreover, Article 62(1) of Regulation (EC) No 883/2004 requires to exclusively base the calculation on the income of the Member State of last employment, even when the income period is very short, in the extreme event only one day. It follows that the risk of what the mandate describes as arbitrary results when the calculation of the amount of the benefit is based on very short periods of employment, can materialise. Further weighing strategies could be continued.

	Clarification	Simplification	Rights	Administr. burden	Fraud and abuse	Financial implications
Option 3a/b	≈	≈	+	≈	+	+

## Conclusion

In our report we have outlined the pros and cons with regard to Options 1, 2 and 3 as they were formulated and explained in the mandate. The Executive Summary contains an abridgment of the arguments we considered decisive for the assessment of the different options.

In a nutshell, the report can be summarised as follows:

To decide in favour of Option 1 would mean the preservation of the legal *status quo* as it is laid down in Article 61(1) of Regulation (EC) No 883/2004. For a number of reasons, the mandatory uniform application of Article 61 of Regulation (EC) No 883/2004 in the Member States is not achieved. Several disadvantages may be stated of the present legal situation (weak integration of the unemployed person into the labour market of the new Member State, the

financial burden for this State for lack of significant contributions to its unemployment benefit scheme) due to the fact that even a one-day employment is sufficient to enjoy the benefits with application of the aggregation principle. On the other hand, Article 61 of Regulation (EC) No 883/2004 is easy to apply and offers legal certainty and in particular substantially protects the rights of unemployed persons. And, for the increased financial burden of the State of last employment a remedy could be the introduction of a reimbursement scheme whereby the one contained in Article 65 of Regulation (EC) No 883/2004 could serve as a template.

Option 2 contains the introduction of a qualifying period (one month/three months) the completion of which is necessary for the application of the principle of aggregation. With a view to Article 48 and Article 45 TFEU and the corresponding case law of the CJEU, serious doubts may be cast on the solutions proposed under Option 2. As a consequence, to avoid the risk of violation of primary law, protection of the unemployed persons has to be secured through the substitution of the State of last employment by a different Member State. Our analysis shows that all solutions for the definition of the “right” State have significant drawbacks. The assessment of Option 2 puts emphasis on the disadvantages with regard to nearly all the criteria which the mandate considers as relevant. The release of the financial burden of the Member State of last employment, the most important advantage resulting from Option 2, could be realised on another route which would at the same time avoid the disadvantages mentioned before. A reimbursement scheme as proposed above could offer the necessary compensation.

In cases of short employment in the new Member State, instead of a minimum period for aggregation, Option 3 wishes calculation to also be based on the salaries earned in the previous Member State(s). Its simple application and administration speaks in favour of the present calculation model in Article 62 of Regulation (EC) No 883/2004, since there is no need to seek information about the income in the previous State. The main dilemma of the present

calculation scheme is the fact that it is based on chance. It is in favour of migrant workers coming from low-wage to high-wage employment and is to the detriment in the inverse case. The financial burden of the Member States concerned increases or decreases correspondingly. The balancing effect which is achieved in most Member States which provide for reference periods is not achieved at the coordination level. Therefore, in legal doctrine many an author considers Article 62 of Regulation (EC) No 883/2004 as wrong legal policy and it is argued that indirect discrimination in terms of free movement of workers may take place. The mandate, especially the objective described under (2), intends that the financial burden to pay unemployment benefits does not arise in situations where mobile EU workers have not yet made a significant contribution to the unemployment scheme of the new Member State. Under the present law, this aim is hard to achieve in many cases.

## Mapping

According to point 6 of the mandate a mapping has to be included of the specific impact of the proposed amendments in eight to ten Member States with the highest number/share of EU emigrants and immigrants. Information was gathered from **France, Germany, Italy, the Netherlands, Poland, Romania, Spain** and the **United Kingdom**.

In principle most of these Member States apply the one-day rule. However, in **France** there is no specific national law or administrative circular which takes a precise position on the “one-day rule”. Circular Unédic 2010-23 of 17 December 2010 only provides that “*the latest period of employed activity must have been completed in France*”. In practice, central social security authorities as well as the French central unemployment institution (*Unédic*) consider that a literal interpretation of Article 61 should prevail. This means that aggregation may start after one day of work in France or even less (in some cases, aggregation has seemingly been implemented for migrants who had worked a few hours under a so-called ‘*chèque emploi service*’, a simplified



system of salary payment). However, the French national expert pointed out that since no domestic rule expressly consolidates the one-day rule, local unemployment institutions may alternately decide that one day is not sufficient for the purpose of aggregation. A uniform application in France of the one-day rule is therefore not guaranteed.

If the State of last employment is **Greece**, the competent institution, where the application is submitted, is obliged to take into consideration the periods of insurance and employment completed in another Member State. However, according to the Greek national expert, a one-day insurance/employment period completed in Greece is often treated by the Greek institution as a deceitful/abusive action, targeting at the granting of the unemployment benefit. Thus, a period longer than one day, completed in Greece, is mostly required. However, while periods of very short work in a Member State can give rise to further examination by the institutions, we believe that the automatic assumption that most cases concerned are about deceitful or abusive action seems to be problematic and a thorough examination on a case-by-case basis is required.

The **United Kingdom** works in qualifying weeks. So for example to meet the first contribution condition for Contribution-based Jobseeker's Allowance (JSA(C)) a claimant must have paid, or have been treated as having paid, national insurance contributions for at least 26 (weeks) times the Lower Earnings Limit (LEL) for that tax year. The United Kingdom does not aggregate insurance from another Member State until the minimum period of insurance of one week in the United Kingdom has been completed, i.e. 'registered' on the system.

Although we cannot provide data for **Finland** and **Denmark**, it should be noted that these two Member States have introduced a specific waiting period for the purpose of aggregating periods of unemployment insurance in their respective national legislations.

Section 9 of Chapter 5 of the **Finnish Unemployment Security Act 1290/2002** reads as follows (translation):

*“Insurance and employment periods completed in another State*

*If periods of insurance or employment completed in another State must be included in the previous employment requirement under a social security agreement concluded by Finland or the provisions of the Social Security Regulation or the Basic Regulation, these periods shall only be taken into account if the person concerned has pursued an activity as an employed person in Finland for at least four weeks or as a self-employed person for at least four months immediately before becoming unemployed.”*

§2 of the **Danish Ordinance No 490 of 30 May 2012** on the Danish unemployment insurance provides that if a person who has not been a member of a Danish unemployment insurance fund within the last five years, but has been insured in another Member State, this person’s periods of insurance completed in another Member State will be taken into account only under the following conditions:

Firstly, the person must apply in writing for membership of a Danish unemployment insurance fund within eight weeks after he or she ceased to be covered by the other Member State's unemployment insurance scheme.

Secondly, within this eight-week period the person must have taken up employment or self-employment in Denmark.

Thirdly, prior to unemployment the person must have worked continuously on a full-time basis, i.e. for at least 296 working hours in the past 12 weeks or three months, or, for partially employed persons, 148 working hours in the past 12 weeks or three months. In the case of self-employment, the equivalent condition is eight full weeks within a period of 12 weeks or three months prior to the unemployment.

It is a huge concern how migrant workers could cope with a situation where they are denied aggregation and benefits in the last Member State of employment if a threshold of one or three months was implemented. In Finland and Denmark this situation can already occur because of their national legislations. If relevant data were available, one could analyse how the persons concerned in these two Member States cope with the situation.

As for the numbers of cases concerned **France** provided data for the year 2014, the other Member States for 2013. **Germany** and **Italy** did not provide data. The Italian national expert explained that INPS is not able to detect in detail the required information, nor to give an estimate of such data, since there is currently no EU-wide system and information exchanges are still paper-based, not having implemented the Electronic Exchange of Social Security Information (EESSI) procedure. The difference in numbers between **France** and other Member States, particularly the **United Kingdom**, is remarkable.

Periods in last State of employment	F R	N L	P L	E S	R C	U K
1 day	n · a ·	n · a ·	n · a ·	n · a ·	n · a ·	n · a ·
1 day to 1 month	3 , 7 8 4	2 6	1 1 5	1 , 1 9 5	2	1 7
1 month to 3 months	1 , 2 2 0	2 7	2 6 5	5 3 4	2	1
3 months or more	2 , 5 7 1	1 0 7	6 8 2	7 4 2	8	1 2
Total	7 , 5 7 5	1 6 0	1 , 0 6 2	2 , 4 7 1	1 2	3 0

**Poland** was also able to provide data of rejected claims in 2013: 1,062 benefits faced 454 negative decisions. On the basis of up to one month insurance in Poland, 49 claims were rejected (115 benefits awarded); on the basis of more than one and less than three months of insurance in Poland, 113 claims were rejected (265 benefits awarded). The data do not show the reasons for the rejections.

The Department for Work and Pensions of the **United Kingdom** stated in a note accompanying the provided figures that these cases represent a small subset of job-seeking EEA migrants in the United Kingdom. In the same period around 90,000 JSA income-based (listed as a special non-contributory benefit in Regulation (EC) No 883/2004) claims were made by EEA migrants. In addition, 3,594 migrants used the Regulation to import their unemployment benefit into the United Kingdom. In isolation therefore the data provided does not serve to fully illustrate the United Kingdom's concerns with the social security coordination Regulations in this area or more widely.

A particular interest was in the share of nationals of the Member State concerned who claimed unemployment benefits after very short periods of work in the last Member State of employment. There is the assumption that nationals of the receiving State could use the one-day rule when going back to their Member State of origin in order to circumvent the limited export period under Article 64 of the Regulation. Only one Member State could give precise data on the share of nationals in the figures above. In **Romania** factually all of the migrant workers concerned were Romanian citizens. In **Poland** the share is estimated to amount to 90%. As for **Spain** it was not possible to obtain a breakdown by nationality of the persons concerned and there is no information in order to make a reliable estimation of the percentage of Spanish nationals among them. However, the national expert pointed out that it is logical to think that the persons concerned probably have a strong link with Spain as far as they want to receive an unemployment benefit in Spain. It can be assumed that

they have information regarding the amount of these benefits and their length. Therefore, the expert believes that a significant percentage of them are expected to be Spanish nationals that want to come back to Spain after a period abroad.

The **German** national experts reported a case which shows that the competent institution did not take into account income pursuant to Article 62 of Regulation (EC) No 883/2004, since the income received by the Belgian frontier worker in Germany was earned within less than 150 days. According to German law, in these cases a fictitious income forms the basis for calculation. The *Landessozialgericht* of the Land Nordrhein-Westfalen held that the arguments against the current law in Article 62 of Regulation (EC) No 883/2004 cannot justify the non-application of Article 62 in view of the clear wording. The *Bundessozialgericht* confirmed the judgment (its reasons are not yet published).

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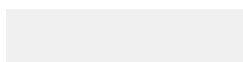
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This report was prepared in the framework of Contract No VC/2014/1011 “Network of Experts on intra-EU mobility – social security coordination and free movement of workers / Lot 1: Legal expertise in the field of social security coordination and free movement of workers”. This contract was

awarded to FreSsco, a network of independent experts from 32 European countries coordinated by Ghent University.



Authors:

Prof Dr Jean-Philippe Lhernould, Professor of private law, University of Nantes.

Prof Dr Eberhard Eichenhofer, Professor of social and civil Law, Friedrich-Schiller Universität Jena.

Nicolas Rennuy, PhD Fellow of the Research Foundation – Flanders (FWO), Ghent University.

Dr Filip Van Overmeiren, Researcher, Ghent University.

Prof Dr Ferdinand Wollenschläger, Chair for Public Law, European Law and Public Economic Law, University of Augsburg.

**ANNEX VIII: FRESCO REPORT: SPECIAL NON-  
CONTRIBUTORY BENEFITS**

**Suggested citation:**

LHERNOULD, J.-P. (ed.), EICHENHOFER, E., RENNUY, N., VAN OVERMEIREN, F. and WOLLENSCHLÄGER, F., *Assessment of the impact of amendments to the EU social security coordination rules to clarify its relationship with Directive 2004/38/EC as regards economically inactive persons*, Analytical Report 2015, FreSsco, European Commission, June 2015, 71 p.

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## Introduction

Within the framework of the FreSsco project, the European Commission mandated an Ad Hoc Analytical Study Group of FreSsco experts to provide a legal analysis in order to assess the impact of possible amendments to the EU social security coordination rules which would clarify its relationship with Directive 2004/38/EC as regards economically inactive persons.

Since the coming into force in 2010 of the modernised social security coordination Regulations, i.e. Regulations (EC) No 883/2004 (BR) and (EC) No 987/2009 (IR), there has been both political and legal debate about the rights of migrant EU citizens who are not economically active. Several Member States have raised concerns about the possible abuse of the right of free movement of workers.

Against this backdrop, requests for preliminary rulings were submitted by national courts to the Court of Justice of the European Union (CJEU) aimed at interpreting current EU law, notably the relationship between Regulation (EC) No 883/2004 and Directive 2004/38/EC, with regard to access of inactive migrants to welfare benefits of the Member States.

Following the two recent rulings in cases *Brey*<sup>210</sup> and *Dano*,<sup>211</sup> the CJEU clarified that in the case of economically inactive EU mobile citizens, the income-related special non-contributory cash benefits falling under the scope of Regulation (EC) No 883/2004 are to be treated as social assistance within the meaning of Directive 2004/38/EC. This means that they do not need to be paid during the first three months of residence, and thereafter only if the recipient has a legal right of residence in the host Member State.

In view of these judgments, the European Commission (EC) considers it may be necessary to amend the social security coordination rules, to take into

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<sup>210</sup> Judgment in *Brey*, C-140/12, EU:C:2013:565.

<sup>211</sup> Judgment in *Dano*, C-333/13, EU:C:2014:2358.

account the direction taken by the CJEU. The aim of the possible amendment is to ensure the uniform application of these judgments in the Member States and to provide more legal clarity for EU citizens, the Member States and their social security institutions.

The FreSsco network was asked to perform a legal analysis of possible amendments of Regulation (EC) No 883/2004 following judgments of the CJEU in the *Brey* and *Dano* cases. The objective of the report is thus to analyse the three possible amendments proposed by the EC:

- **Option 1:** *Status quo*: direct application of the case law of the CJEU in *Brey* and *Dano*, allowing for derogations from the equal treatment principle as regards persons who do not have a legal right of residence, or have resided for less than three months in the host State.
- **Option 2:** amendment of Regulation (EC) No 883/2004 to take into account the case law of the CJEU.
  - **Sub-option 2a:** limitation of the equal treatment principle for income-related special non-contributory cash benefits, under Regulation (EC) No 883/2004 by referring to the provisions of Directive 2004/38/EC.
  - **Sub-option 2b:** removal of the income-related special non-contributory cash benefits from the material scope of Regulation (EC) No 883/2004. The equal treatment principle and other provisions from the Regulation no longer apply.

## Executive summary

In the *Brey* and *Dano* rulings, the Court of Justice of the European Union (CJEU) clarified that in the case of economically inactive EU mobile citizens, the income-related special non-contributory cash benefits (SNCBs) falling under the scope of Regulation (EC) No 883/2004 are to be treated as social assistance within the meaning of Directive 2004/38/EC (Residence Directive). As a consequence thereof, the FreSsco network was asked to perform a legal

analysis of possible amendments of Regulation (EC) No 883/2004 following judgments of the CJEU in the *Brey* and *Dano* cases. The objective of the report is thus to analyse the three possible amendments proposed by the EC:

- **Option 1:** *Status quo*: direct application of the case law of the CJEU in *Brey* and *Dano*, allowing for derogations from the equal treatment principle as regards persons who do not have a legal right of residence, or have resided for less than three months in the host State.
- **Option 2:** amendment of Regulation (EC) No 883/2004 to take into account the case law of the CJEU.
  - **Sub-option 2a:** limitation of the equal treatment principle for income-related SNCBs, under Regulation (EC) No 883/2004 by referring to the provisions of Directive 2004/38/EC.
  - **Sub-option 2b:** removal of the income-related SNCBs from the material scope of Regulation (EC) No 883/2004. The equal treatment principle and other provisions from the Regulation no longer apply.

The purpose of the report is to identify and assess how the proposed options respond to the following criteria:

- clarification;
- simplification;
- protection of rights;
- administrative burden and implementation arrangements;
- risk of fraud and abuse;
- potential financial implications.

The differences between the three proposed options appear to be narrow. Whereas Option 1 (legislative status quo) entails that access to social assistance is subject to a condition of legal residence in the host Member State such as defined by the recent case law of the CJEU, Option 2a aims at

reaching an equivalent effect with the transposition of the CJEU case law into Regulation (EC) No 883/2004 (limitation of the principle of equality of treatment for SNCBs). Option 2b would have a broader impact: by deleting the category of SNCBs, ‘mixed benefits’ may no longer take advantage of any of the coordination principles.

The assessment of these three options takes into account the fact that it is still unclear how the *Dano/Brey* cases are to be interpreted. How will the CJEU analyse further claims to SNCBs by jobseekers, former workers, family members or workers with low income? May the existence of a ‘genuine link’ between the claimant and the Member State where the claim is made support the right to social assistance and how would this link be assessed? How will the requirement of ‘financial solidarity’ impact the access to social assistance? No response is available yet.

Even if the objective of unifying the regime of social assistance for migrants into one single instrument could improve clarity and simplicity, the complex and unstable legal context makes it necessary to highlight the drawbacks of the European Commission proposals. The rapporteurs also kept in mind the objective to preserve the coherence of coordination rules and to protect the social rights of mobile citizens within the European Union.

1. The deletion of SNCBs as a distinct legal category (Option 2b) would have consequences going far beyond the CJEU case law. It would raise the cost of administering SNCBs, decrease legal certainty and threaten the protection of the rights of migrants and hinder the fight against fraud, abuse and error. In particular, it will not answer the question of how to treat Union citizens’ entitlement to SNCBs in future cases, leaving these types of social benefits without any specific regulation somewhere between the rules of Directive 2004/38/EC, Regulation (EC) No 883/2004 and EU primary law.
2. The limitation of the principle of equality of treatment for SNCBs (Option 2a) would raise the delicate question how to concretely insert Article 24 of the



Residence Directive into the coordination regime. A thorough analysis shows that none of the sub-options envisaged for the insertion of Article 24 are satisfactory. The fact that the CJEU case law is not stable yet makes it even less reasonable to set rules aiming to limit the equal treatment principle for SNCBs. The amendment of the coordination Regulations would in any case undermine the historical compromise of Regulation (EEC) No 1247/92 on SNCBs.

3. The proposal to retain the status quo (Option 1) would give the CJEU time to refine its case law. In this respect, this option could be a reasonable choice. Nevertheless, it also has many drawbacks. Member States' discretion to grant entitlement to SNCBs would be considerable, a situation which would be ill-adapted for migrant situations. Some Member States could take advantage of this possibility to exclude non-active Union citizens from access to SNCBs. Many deprived migrants might find themselves without social assistance. There could be a flow of cases before courts concerning the interpretation in concrete cases of the Residence Directive (in connection with coordination rules) and of Treaty provisions. Without EU guidance, national welfare institutions may go through a period of turbulence. Option 1 is not supposed to be a long-term option. The CJEU case law should be considered as a work in progress. A wait-and-see position should be appropriate for the next few years by analogy with what happened with the patient mobility case law. Later, legislative action should be taken at its best on the basis of a matured case law.

A common consequence of the three propositions is that protection of citizens' rights would be in danger. Administrative burden would also increase. There would be no guarantee that the overall expenses of social assistance by EU countries in favour of migrants would diminish. As far as fraud and abuse are concerned, the risk of double payment in the Options 1 and 2a) seems to be largely reduced by the Regulation even if undue payments could increase for practical reasons. On balance, Option 2b would hinder the fight against fraud,

abuse and error more than facilitate it. The coherence and the rationale of the coordination rules would be undermined.

The discussion within our small group of experts showed how difficult it would be to achieve a solution to which everyone could entirely agree. The report is the result of a compromise on some points, but the main legal analysis, arguments and outcomes are supported by the entire group. To help the reader more easily identify our conclusions concerning the different factors in relation to each option we used a system of marks where (++) means ‘very positive’, (+) means ‘positive’, (=) means neutral, (-) means ‘negative’, (--) means ‘very negative’, and (?) means ‘unclear’. The following table presents the results of our evaluation of the three options.

	Clarification	Simplification	Rights	Admin. burden	Fraud & abuse	Financial impact
Option 1	-	-	-	-	=	?
Option 2a	-	--	--	-	=	?
Option 2b	--	--	--	--	-	?

In conformity with the mandate, three categories of alternative proposals are made in the report with the objective to promote a balanced relationship between both instruments, taking into account the free movement of Union citizens and the principle of proportionality:

1. If the option of a status quo (Option 1) was further explored, some initiatives would need to be taken to clarify the relationship between Regulation (EC) No 883/2004 and Directive 2004/38/EC, for instance by drafting guidelines. The main goal of such guidelines would be to strike a

correct balance between the equal treatment provision of Regulation (EC) No 883/2004 and legal residence requirements for non-active persons.

2. If an explicit integration of the relevant articles of Directive 2004/38/EC into the SNCB title of Regulation (EC) No 883/2004 were to remain on the agenda, it would be possible to translate the residence requirements of Directive 2004/38/EC explicitly into the text of Regulation (EC) No 883/2004 through an ‘Option 4’ which would connect the social assistance rights to the length of stay.

3. Instead of adapting Regulation (EC) No 883/2004, it would be conceivable to protect its coherence. A first option would be to remove all doubts about the relationship between Regulation (EC) No 883/2004 and Directive 2004/38/EC by defining a status of *lex specialis* for the coordination Regulation. A second option would be to provide a definition of social assistance in Directive 2004/38/EC that would not encompass SNCBs included in Annex X of Regulation (EC) No 883/2004.

## 1 Legal background

### 1.1 Rules applicable before special non-contributory cash benefits (SNCBs)

With regard to the material scope of the coordination rules, ancient Regulation (EEC) No 3/58 and Regulation (EEC) No 1408/71 (in its initial version of 1971) made a basic distinction between social security and social assistance. Whereas the old regulations applied to all social security schemes, they did not cover social and medical assistance.

In several cases brought before the Court of Justice of the European Union (CJEU) in the 1970s and 1980s, the delineation between the fields of social security and social assistance was discussed by individuals and national institutions. Supporting a dynamic interpretation of the field of application of social security coordination rules, the CJEU ruled that the concept of social security should be interpreted broadly. The reasoning was especially adapted to hybrid/mixed benefits, which have simultaneous ties with social security and social assistance. In *Frilli*<sup>212</sup> for instance, the CJEU ruled that “*Although it may seem desirable, from the point of view of applying the regulation, to establish a clear distinction between legislative schemes which come within social security and those which come within assistance, it is possible that certain laws, because of the classes of persons to which they apply, their objectives, and the detailed rules for their application, may simultaneously contain elements belonging to both the categories mentioned and thus defy any general classification*”.

The attraction of benefits aiming to guarantee a subsistence level in the area of social security was explained in the same case by the fact that they confer on recipients a “*legally defined position giving them the right to a benefit which is analogous to a social security benefit*”. Mixed benefits have “*a double function; it consists on the one hand in guaranteeing a subsistence level to*

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<sup>212</sup> Judgment in *Frilli*, C-1/72, EU:C:1972:56.

*persons wholly outside the social security system, and on the other hand in providing an income supplement for persons in receipt of inadequate social security benefits*". The CJEU concluded in *Frilli* that these benefits come within the field of social security "covered by Article 51 of the Treaty and within the regulations adopted in application of that article".

This reasoning was repeated on many occasions about invalidity,<sup>213</sup> disability<sup>214</sup> or old-age<sup>215</sup> benefits. The term 'benefits' was also understood in the widest possible sense as referring to all benefits including all fractions thereof, chargeable to public funds, increments, revaluation allowances or supplementary allowances.<sup>216</sup> Provided that they were awarded on the grounds of legally defined criteria, all benefits connected to a social security risk falling within the scope of the regulations were covered by coordination rules irrespective of the fact that they were classified as 'social assistance' under national law.<sup>217</sup>

Most welfare benefits therefore fell in the field of application of the coordination Regulations. The principles of equality of treatment, of aggregation and of export of benefits were entirely applicable. A migrant could not be denied a mixed benefit in a Member State where he or she was actually residing for the sole reason that he was not a national of that Member State. A person could not be precluded from acquiring or retaining entitlement to such benefits on the sole ground that he or she did not reside within the territory of the Member State in which the institution responsible for payment was situated.<sup>218</sup>

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<sup>213</sup> Judgment in *Biason*, C-24/74, EU:C:1974:99.

<sup>214</sup> Judgment in *Stanton Newton*, C-356/89, EU:C:1991:265.

<sup>215</sup> Judgment in *Giletti*, C-379, 380, 381/85 and 93/86, EU:C:1987:98.

<sup>216</sup> E.g. the judgment in *Biason* EU:C:1974:99, paragraph 14.

<sup>217</sup> E.g. the judgment in *Giletti* EU:C:1987:98, paragraph 10.

<sup>218</sup> Judgment in *Giletti* EU:C:1987:98, paragraph 17; judgment in *Biason* EU:C:1974:99, paragraph 22.

Nevertheless, the expansion of the case law was not limitless. First, discretionary benefits and general minimum income remained excluded from the scope of coordination rules. Second, in *Stanton Newton*<sup>219</sup> the CJEU made a subtle distinction based on the status of the migrant worker. It ruled that “*legislative provisions of a Member State cannot be regarded as falling within the field of social security within the meaning of Article 51 of the Treaty and Regulation 1408/71 in the case of persons who have been subject as employed or self-employed persons exclusively to the legislation of other Member States*”. Otherwise, “*the stability of the system instituted by national legislation [...] could be seriously affected*”. The limit fixed in *Stanton Newton*, not far from the modern concept of ‘genuine link’, was justified by the fact that the provisions of Regulation (EC) No 1408/71 “*cannot be interpreted in such a way as to upset the system instituted by national legislation*”.

## **1.2 The concept of SNCBs and the rationale of Regulation (EEC) No 1247/92**

The CJEU was aware of the problems deriving from its case law on national social protection schemes. It however considered that “*these difficulties, taken as a whole, can only be resolved within the context of a legislative action taken by the Community.*”<sup>220</sup>

It took years for Member States to amend Regulation (EEC) No 1408/71. The initial proposal from the European Commission was issued in 1985<sup>221</sup> whilst the vote of the Council occurred only seven years later. Regulation (EEC) No 1247/92 of 30 April 1992 instituted the category of “special non-contributory cash benefits” with the design to impose specific rules for benefits which fall simultaneously within the categories of social security and social assistance.

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<sup>219</sup> Judgment in *Stanton Newton* EU:C:1991:265.

<sup>220</sup> Judgment in *Frilli* EU:C:1972:56, paragraph 21.

<sup>221</sup> COM (85) 396 final, OJ C 240, 21.09.1985, p. 6-8.

Regulation (EEC) No 1247/92 was based on a compromise. One major advantage for migrant people deriving from case law was abolished: mixed benefits were no longer exportable. To make up for this important restriction to the free movement of workers, Regulation (EEC) No 1247/92 reinforced the principle of equality of treatment. Not only the condition of nationality was inapplicable, but all forms of indirect discrimination were eliminated through the principles of aggregation and assimilation.<sup>222</sup> Also, the restriction designed by the CJEU in *Stanton Newton* was removed: benefit entitlement was no longer conditional on the claimant having previously been subject to the social security legislation of the State in which he or she applied for the benefit, whereas this was the case prior to the entry into force of Regulation (EEC) No 1247/92.<sup>223</sup>

In *Dano*, the CJEU takes good note of this legislative compromise: “*The specific provision which the EU legislature thus inserted into Regulation 1408/71 by means of Regulation No 1247/92 is thus characterised by non exportability of special non-contributory cash benefits as the counterpart of equal treatment in the State of residence.*”<sup>224</sup>

The rationale of Regulation (EEC) No 1247/92 has been well explained by the CJEU. The system established “*contains coordination rules whose very purpose, as is clear from the sixth recital in the preamble to Regulation No 1247/92, is to protect the interests of migrant workers in accordance with the*

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<sup>222</sup> See Article 10(a) of Regulation (EEC) No 1408/71 (amended): the institution of a Member State under whose legislation entitlement to SNCBs is subject to the completion of periods of employment, self-employment or residence shall regard, to the extent necessary, periods of employment, self-employment or residence completed in the territory of any other Member State as periods completed in the territory of the first Member State. Also, where entitlement to an SNCB granted in the form of a supplement is subject, under the legislation of a Member State, to receipt of a social security benefit and no such benefit is due under that legislation, any corresponding benefit granted under the legislation of any other Member State shall be treated as a benefit granted under the legislation of the first Member State for the purposes of entitlement to the supplement.

<sup>223</sup> Judgment in *Snares*, C-20/96, EU:C:1997:518, paragraph 50.

<sup>224</sup> Judgment in *Dano* EU:C:2014:2358, paragraph 54.

provisions of Article 51 of the Treaty.”<sup>225</sup> Discussing Article 70(4) of Regulation (EC) No 883/2004, which introduces the principle of the *lex loci domicilii* for SNCBs, the CJEU indicates that “that provision is intended not only to prevent the concurrent application of a number of national legislative systems and the complications which might ensue, but also to ensure that persons covered by Regulation 883/2004 are not left without social security cover because there is no legislation which is applicable to them.”<sup>226</sup> In *Snares*, the CJEU ruled that Regulation (EEC) No 1247/92 was compatible with Article 51 of the EEC Treaty (now 48 TFEU) even if the application of the specific coordination rules on SNCBs “could have the effect of diminishing the means of the person concerned”. The transfer of SNCBs was anyway immediate: the loss of SNCBs in the former State of habitual residence was immediately compensated in the new State of habitual residence.

### **1.3 SNCBs regime: What would have been Mr Brey and Ms Dano’s rights under the exclusive application of Regulation (EC) No 883/2004?**

#### *1.3.1 Regime*

Regulation (EC) No 883/2004 consolidates the category of SNCBs. It contains a precise definition of SNCBs such as set out in Regulation (EC) No 647/2005 of 13 April 2005 amending Regulation (EEC) No 1408/71. If it does not cover social and medical assistance, “[t]his Regulation shall also apply to the special non-contributory cash benefits covered by Article 70” (Article 3(5)). SNCBs are defined as “benefits which are provided under legislation which, because of its personal scope, objectives and/or conditions for entitlement, has characteristics both of the social security legislation referred to in Article 3(1) and of social assistance” (Article 70(1) BR).

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<sup>225</sup> Judgment in *Snares* EU:C:1997:518, paragraph 48.

<sup>226</sup> Judgment in *Brey* EU:C:2013:565, paragraph 50.



Modernised rules of coordination state that SNCBs can either provide “*supplementary, substitute or ancillary cover against the risks covered by the branches of social security referred to in Article 3(1), and which guarantee the persons concerned a minimum subsistence income having regard to the economic and social situation in the Member State concerned*” or “*solely specific protection for the disabled, closely linked to the said person's social environment in the Member State concerned*” (Article 70(2)(a) BR).

One additional condition is inspired by the case law of the CJEU: the financing of SNCBs derives “*exclusively [...] from compulsory taxation intended to cover general public expenditure and the conditions for providing and for calculating the benefits are not dependent on any contribution in respect of the beneficiary. However, benefits provided to supplement a contributory benefit shall not be considered to be contributory benefits for this reason alone*” (Article 70(2)(b) BR).

Benefits meeting the regulation criteria and listed in Annex X follow the rules applicable to SNCBs. Both conditions are cumulative. It implies that benefits which are not listed in Annex X or which would be removed from Annex X by ruling of the CJEU<sup>227</sup> are subject to standard rules of coordination and in particular to the principle of export.<sup>228</sup>

If all conditions for belonging to the SNCB category are satisfied and if the claimant falls within the personal scope of Regulation (EC) No 883/2004, SNCBs are provided exclusively in the Member State where the persons concerned reside, in accordance with its legislation, and are provided by and at the expense of the institution of the place of residence (Article 70(4) BR). The principle of waiving residence rules does not apply (Article 70(3) BR). If

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<sup>227</sup> The list of SNCBs in Annex has been reshaped by Regulation (EC) No 647/2005 to take account of CJEU case law (see e.g. the judgment in *Commission v Parliament*, C-299/05, EU:C:2007:608). The list of Annex X of Regulation (EC) No 883/2004 is directly inspired by this case law.

<sup>228</sup> Unless they would fall exclusively within the scope of ‘social assistance’: in this case, coordination rules do not apply.

Regulation (EC) No 883/2004 no longer explicitly provides that the principles of aggregation and assimilation apply to SNCBs, this is still the case since Article 5 and 6 BR apply to SNCBs which are in the scope of the Regulation.<sup>229</sup>

### 1.3.2 *Mr Brey and Ms Dano's status under Regulation (EC) No 883/2004*

In the past, access to SNCBs was analysed by the CJEU exclusively under coordination rules. If we disregard requirements from Directive 2004/38/EC, what would have been the status of Mr Brey and Ms Dano vis-à-vis benefits claimed in Austria and in Germany on the grounds of Regulation (EC) No 883/2004 only?

In the case of Mr Brey, the Austrian *Pensionsversicherungsanstalt* refused to grant him the compensatory supplement (*Ausgleichzulage*) provided for in Austrian legislation to augment his German retirement pension. Based on the concept of residence defined in the *Swaddling* case dealing with an SNCB,<sup>230</sup> it is likely that Mr Brey was habitually residing in Austria where he had the centre of his interests. The length of residence in the Member State in which payment of the benefit is sought cannot be regarded as an intrinsic element of the concept of residence.<sup>231</sup> Thus, since the *Ausgleichzulage* is listed in Annex X and follows the conditions to be categorised as an SNCB, it would have been granted to Mr Brey since he received only a low (German) old-age pension. This outcome would not have been reversed by the fact that Mr Brey had not been previously subject to Austrian social security. Indeed, the CJEU made clear that benefit entitlement is no longer conditional on the claimant having previously been subject to the social security legislation of the State in which he or she applies for the benefit.<sup>232</sup>

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<sup>229</sup> See also the judgment in *Dano* EU:C:2014:2358, paragraph 49 and paragraph 53.

<sup>230</sup> Judgment in *Swaddling*, C-90/97, EU:C:1999:96.

<sup>231</sup> Judgment in *Swaddling* EU:C:1999:96, paragraph 30.

<sup>232</sup> Judgment in *Snares* EU:C:1997:518, paragraph 50.

In the case of Ms Dano, the Jobcenter Leipzig refused to grant her a benefit envisaged by German legislation, i.e. the subsistence benefit (*Regelleistung/Grundsicherung für Arbeitsuchende*). Again, since this benefit is listed in Annex X and meets the other SNCB regulations requirements to be classified as such, Ms Dano, who was a habitual resident in Germany under criteria set out in the *Swaddling* case, would have been granted the said benefit (also for the reason that, as said above, benefit entitlement is not conditional on the claimant having previously been subject to the social security legislation of the State in which he applies for the benefit).

#### **1.4 *The interplay between Regulation (EC) No 883/2004 and Directive 2004/38/EC: introductory elements***

Already in *Snares*, the CJEU touched upon the question of interactions between the predecessors of Regulation (EC) No 883/2004 and Directive 2004/38/EC. A person like Mr Snares, who ceased occupational activity and moved from the UK to Spain, may not have been in receipt of benefits of an amount sufficient to avoid becoming a burden on the social security system of Spain during his period of residence there.

How should the Regulation and the Directive interact? Neither the Regulation nor the Directive determine their mutual coordination. The Directive does not refer to the Regulation, nor vice versa. The interplay between both legal instruments leaves room for interpretation and makes a solution difficult. From an institutional point of view, there is no formal hierarchy between a regulation and a directive. Since both instruments were voted the same day (29 April 2004), anteriority may not be a relevant criterion to set. The principle *Lex specialis derogat legi generali* does not seem relevant either to design rules of interaction between both texts. Both legal instruments, however, are different in their legal character. This matters for solving the conflict between concurring legislative acts. The Regulation creates immediate and direct individual rights; the Directive, however, is addressed to the Member States

and makes them create domestic legislation in line with the EU Directive's standard. Therefore, both instruments have a different legal impact: the Regulation creates rights or duties, whereas the Directive empowers the Member States to take legislative action in the future. It raises the question to what extent provisions of a directive should/can be incorporated into a regulation.

The three propositions made by the European Commission have a common denominator inspired by the recent case law of the CJEU: they acknowledge that the application of Regulation (EC) No 883/2004 is without prejudice to requirements of Directive 2004/38/EC. This would be the result of the following CJEU assertion: *“The benefits [...] which constitute ‘special non-contributory cash benefits’ within the meaning of Article 70(2) of the regulation, are, under Article 70(4), to be provided exclusively in the Member State in which the persons concerned reside, in accordance with its legislation. It follows that there is nothing to prevent the grant of such benefits to Union citizens who are not economically active from being made subject to the requirement that those citizens fulfil the conditions for obtaining a right of residence under Directive 2004/38/EC in the host Member State”*<sup>233</sup>. The CJEU also ruled in the same spirit that it *“has consistently held that there is nothing to prevent, in principle, the granting of social security benefits to Union citizens who are not economically active being made conditional upon those citizens meeting the necessary requirements for obtaining a legal right of residence in the host Member State.”*<sup>234</sup>

The *Brey* and *Dano* case law has therefore addressed the relationship between the two regimes and opted for a priority of the residence approach over the coordination approach. Regarding this shift, it might nevertheless be worth

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<sup>233</sup> Judgment in *Dano* EU:C:2014:2358, paragraph 83.

<sup>234</sup> Judgment in *Brey* EU:C:2013:565, paragraph 44.

recalling that the CJEU has expressed the view that applying the Residence Directive should not result in a step back from the *acquis*.<sup>235</sup>

Guided by the mandate,<sup>236</sup> by recent cases *Brey* and *Dano* and within the context of the more global question of access to social benefits<sup>237</sup> in the State of residence by economically inactive Union citizens, the report will take on board leading principles of the free movement of Union citizens and workers (and matching case law), social security coordination principles set out in the Treaty and the rationale of Regulation (EC) No 883/2004, in particular of SNCBs. The report will focus exclusively on income-related SNCBs, leaving aside SNCBs the aim of which is the protection for the disabled (see Article 70(2)(a)(ii)). Such benefits are indeed not targeted by the recent rulings of the CJEU.

The report will thus proceed to an analysis of the status quo (part 2), of a limitation of the equal treatment principle for income-related SNCBs, under Regulation (EC) No 883/2004, by referring to the provisions of Directive 2004/38/EC (part 3), and of the removal of the income-related SNCBs from the material scope of Regulation (EC) No 883/2004 (part 4). Since case law of the CJEU is not stable yet,<sup>238</sup> the report will suggest alternative amendments to the European Commission propositions (part 5) before reaching final conclusions (part 6).

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<sup>235</sup> Judgment in *Metock*, C-127/08, EU:C:2008:449, paragraph 59; judgment in *Lassal*, C-162/09, EU:C:2010:592, paragraph 30. See, however, the judgment in *Brey* EU:C:2013:565, paragraph 53.

<sup>236</sup> Which indicates that “the aim of the possible amendment is to ensure the uniform application of these judgments in the Member States and to provide more legal clarity for EU citizens, the Member States and their social security institutions”.

<sup>237</sup> The expression ‘social benefit’ used in this report has not been defined in EU legislation or in CJEU case law and is thus not an EU law concept unlike social assistance within the meaning of Article 24(2) of Directive 2004/38/EC or ‘social advantages’ within the meaning of Article 7(2) of Regulation (EU) No 492/2011. ‘Social benefit’ refers to all advantages falling under the Union citizens’ claim to non-discrimination (Articles 18/21 TFEU; Article 24(1), first sentence of Directive 2004/38/EC). It extends to all kinds of (social and other) advantages (in a wide sense) granted by national law. Thus, the concept of ‘social benefit’ is broader than the term ‘social assistance’ used in Article 24(2) of Directive 2004/38/EC such as interpreted in *Dano*.

<sup>238</sup> See, for instance, the opinion of the Advocate General in *Alimanovic* EU:C:2015:210.

## 2 Option 1: status quo: direct application of the case law

### 2.1 *Legal analysis of the proposal*

Option 1 sticks to the status quo by proposing a direct application of the *Brey* and *Dano* case law. As a starting point, these two rulings by the Court of Justice of the European Union (CJEU) will be presented (see 2.1.1). Next, the question will be discussed under which circumstances economically inactive Union citizens may claim access to income-related special non-contributory cash benefits (SNCBs) following this case law (see 2.1.2).

#### 2.1.1 *Background: the cases Brey and Dano*

##### 2.1.1.1 Brey (19 September 2013)

#### **a) *Facts and preliminary questions (paragraph 16 et seq)***

On 19 September 2013, the CJEU ruled on a request for a preliminary ruling from the Austrian Supreme Court (*Oberster Gerichtshof*). This case concerned two German nationals, Mr Brey and his wife, who moved to Austria in March 2011 and whose income at this time solely consisted of Mr Brey's invalidity pension (€ 862.74 per month and before tax) and a care allowance (€ 225 per month). Shortly after entry, Mr Brey applied at the responsible Austrian authority for a compensatory supplement. Though Mr Brey and his wife were granted an EEA citizen registration certificate, the application for the compensatory supplement was refused on the grounds that his low retirement pension did not suffice to establish lawful residence in Austria which requires having sufficient resources.

After a successful action of Mr Brey against this refusal, the Austrian authority brought an appeal against the judgment before the Austrian Supreme Court. This Court decided to refer the case to the CJEU and raised the question, as reformulated by the CJEU,

*“whether EU law – in particular, Directive 2004/38/EC – should be interpreted as precluding national legislation [...] which does not allow the grant of a benefit, such as the compensatory supplement [...], to a national of another Member State who is not economically active, on the grounds that, despite having been issued with a certificate of residence, he does not meet the necessary requirements for obtaining the legal right to reside on the territory of the first Member State for a period of longer than three months, since such a right of residence is conditional upon that national having sufficient resources not to apply for the benefit.” (paragraph 32)*

#### **b) Judgment of the CJEU**

First, the CJEU (again) confirmed that the Austrian compensatory supplement at issue in this case constitutes an SNCB within the meaning of Articles 3(3) and 70 BR and therefore falls within the scope of the coordination regime (paragraph 33 et seq). Next, the CJEU considered a solution based uniquely on the coordination regime which was proposed by the European Commission (EC). According to the latter, SNCBs have to be provided in the Member State of habitual residence (Articles 1(j), 70(4) BR) and the introduction of any further criteria applied uniquely to EU foreigners – like a criterion of legal residence – constitutes a violation of the non-discrimination principle enshrined in Article 4 BR (paragraph 37).

The CJEU, however, rejected this reasoning by limiting the scope of the coordination regime: Article 70(4) BR “sets out a ‘conflict rule’” determining the Member State responsible for granting SNCBs, but does not lay down criteria for entitlement to SNCBs which has to be determined by national legislation (paragraph 37 without dealing with the applicability of Article 4 BR, however).

Yet, the Member States do not enjoy unlimited discretion in this regard: the CJEU stressed that the criteria stipulated in national legislation have to comply with EU law. It then considered whether the requirement of sufficient

resources for legal residence and entitlement to the benefit at issue is in line with the right of all Union citizens to free movement (Article 21 TFEU) and to non-discrimination (Article 18 TFEU), as notably concretised by Directive 2004/38/EC. In view of the economic criteria on which a right of residence for economically inactive persons depends according to Article 7(1)(b) of Directive 2004/38/EC, the CJEU in principle answered this question affirmatively. However, it also drew attention to the fact that these criteria must, being restrictions of the general right to free movement of all Union citizens (Article 21 TFEU), in view of the status of Union citizenship and in line with Article 14(3) of Directive 2004/38/EC, not be applied without a proportionality assessment in each individual case (paragraph 44 et seq):

*“[T]he fact that a national of another Member State who is not economically active may be eligible, in light of his low pension, to receive that benefit could be an indication that that national does not have sufficient resources to avoid becoming an unreasonable burden on the social assistance system of the host Member State for the purposes of Article 7(1)(b) of Directive 2004/38/EC [...] However, the competent national authorities cannot draw such conclusions without first carrying out an overall assessment of the specific burden which granting that benefit would place on the national social assistance system as a whole, by reference to the personal circumstances characterising the individual situation of the person concerned.” (paragraph 63 et seq)*

Regarding the relevance of the coordination regime in this respect, the CJEU stressed that the Austrian SNCB at issue qualifies as social assistance within the meaning of Directive 2004/38/EC and thus must not be left out, as the EC submitted in view of SNCBs in general (paragraph 48), when assessing whether a person has become a burden on the national social assistance scheme (paragraph 47 et seq).

In conclusion, the CJEU held



*“that EU law – in particular, as it results from Article 7(1)(b), Article 8(4) and Article 24(1) and (2) of Directive 2004/38/EC – must be interpreted as precluding national legislation, such as that at issue in the main proceedings, which, even as regards the period following the first three months of residence, automatically – whatever the circumstances – bars the grant of a benefit, such as the compensatory supplement provided for in Paragraph 292(1) of the ASVG, to a national of another Member State who is not economically active, on the grounds that, despite having been issued with a certificate of residence, he does not meet the necessary requirements for obtaining the legal right to reside on the territory of the first Member State for a period of longer than three months, since obtaining that right of residence is conditional upon that national having sufficient resources not to apply for the benefit.” (paragraph 80)*

2.1.1.2 Dano (11 November 2014)

**a) Facts and preliminary questions (paragraph 35 et seq)**

The *Dano* case handed down on 11 November 2014 concerned two Romanian nationals, Ms Dano and her minor son, both habitually residing in Germany. They live with the sister of Ms Dano who supports them financially. In addition, Ms Dano receives a child benefit of € 184 per month as well as an advance on maintenance payments of € 133 per month, both financed by German public funds. Ms Dano has never worked in Germany nor did she move to Germany in order to seek employment. Still, German authorities granted her an unlimited certificate of free movement for EU nationals. In 2011 and again in 2012, Ms Dano applied for the basic provision for jobseekers (*Arbeitslosengeld II*), but the competent authority each time rejected her claim. Ms Dano’s challenge of the last decision was also dismissed by the court. Subsequently, she brought another action before the social court of first instance in Leipzig, which referred the case to the CJEU and raised the question whether it is in line with EU coordination (Article 4

BR) and free movement law (Articles 18/21 TFEU; Article 24 of Directive 2004/38/EC) to exclude economically inactive Union citizens from access to SNCBs.

#### **b) Judgment of the CJEU**

The CJEU first stressed that SNCBs fall within the scope of Article 4 BR (paragraph 55). Furthermore, it underlined that entitlement to the benefit in question has to be assessed in view of the principle of non-discrimination (Article 18 TFEU), which is given a specific expression in both Article 24 of Directive 2004/38/EC as well as in Article 4 BR. Regarding the former, even if SNCBs fall under the broad concept of social assistance used in Article 24(2) of Directive 2004/38/EC (paragraph 63), this exclusion does not apply *in casu* due to the specific circumstances of the case (residence in Germany for more than three months, but without seeking employment or being willing to work). Hence, only Article 24(1) of Directive 2004/38/EC applies, meaning that

*“a Union citizen can claim equal treatment with nationals of the host Member State only if his residence in the territory of the host Member State complies with the conditions of Directive 2004/38/EC.” (paragraph 69)*

According to Article 7(1)(b) economically inactive persons (like Ms Dano) must have sufficient resources and a comprehensive sickness insurance. Hence, the CJEU concluded, without referring to the relativisation of these criteria in its established case law (*Baumbast*,<sup>239</sup> *Grzelczyk*,<sup>240</sup> *Brey*), that

*“[a] Member State must [...] have the possibility, pursuant to Article 7 of Directive 2004/38/EC, of refusing to grant social benefits to economically inactive Union citizens who exercise their right to freedom of movement solely*

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<sup>239</sup> Judgment in *Baumbast*, C-413/99, EU:C:2002:493.

<sup>240</sup> Judgment in *Grzelczyk*, C-184/99, EU:C:2001:458.

*in order to obtain another Member State's social assistance although they do not have sufficient resources to claim a right of residence.” (paragraph 78)*

Finally, regarding Article 4 BR,

*“[t]he same conclusion must be reached [...] The benefits at issue in the main proceedings, which constitute ‘special non-contributory cash benefits’ within the meaning of Article 70(2) of the regulation, are, under Article 70(4), to be provided exclusively in the Member State in which the persons concerned reside, in accordance with its legislation. It follows that there is nothing to prevent the grant of such benefits to Union citizens who are not economically active from being made subject to the requirement that those citizens fulfil the conditions for obtaining a right of residence under Directive 2004/38/EC in the host Member State.” (paragraph 83)*

### 2.1.2 Access to SNCBs under EU law<sup>241</sup>

Summing up, both *Brey* and *Dano* concern the access of economically inactive persons to income-related SNCBs. Notably, *Dano* declares the equality of treatment rule of Article 4 BR applicable to SNCBs (paragraph 46 et seq). This provision stipulates:

*“Unless otherwise provided for by this Regulation, persons to whom this Regulation applies shall enjoy the same benefits and be subject to the same obligations under the legislation of any Member State as the nationals thereof.”*

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<sup>241</sup> Cf on this F. Wollenschläger, ‘Keine Sozialleistungen für nichterwerbstätige Unionsbürger? Zur begrenzten Tragweite des Urteils des EuGH in der Rs. *Dano* vom 11.11.2014’, (2014) *NVwZ*, 1628. Cf further D. Thym, ‘The elusive limits of solidarity: Residence rights of and social benefits for economically inactive Union citizens’, (2015) *CML Rev* 52, 17; H. Verschueren, ‘Preventing “benefit tourism” in the EU: A narrow or broad interpretation of the possibilities offered by the CJEU in *Dano*?’’, (2015) *CML Rev* 52, 363; F. Wollenschläger, ‘A new Fundamental Freedom beyond Market Integration: Union Citizenship and its Dynamics for shifting the Economic Paradigm of European Integration’, (2011) *ELJ* 17, 1.

However, this rule is not interpreted, as advocated by some,<sup>242</sup> as a claim to equal treatment irrespective of legal residence in the host Member State. Rather, it is interpreted in line with the rules applicable to the access of economically inactive Union citizens to social benefits in Member States other than their country of origin, notably Article 24 of Directive 2004/38/EC (paragraph 82 et seq). Hence, the decisive question for access to SNCBs is whether a person enjoys a right of residence in the host Member State according to Residence Directive 2004/38/EC.<sup>243</sup> This development might be termed a shift from a coordination approach to a residence approach regarding access to SNCBs.

Thus, to answer the initial question of access of economically inactive persons to income-related SNCBs, the well-established case law of the CJEU, beginning with its ruling in the *Sala* case of 12 May 1998,<sup>244</sup> as well as the respective provisions of the Residence Directive have to be presented. They confirm a (limited) claim of economically inactive persons to such SNCBs in the host Member State (see 2.1.2.1). It is important to stress that this finding has not been contradicted by the CJEU's ruling in the *Dano* case, although the latter might be open to a different reading (see 2.1.2.2). Finally, it is also very important to stress that *Brey* and *Dano* do not provide the complete picture. After all, these rulings do not concern first-time jobseekers, family members, persons with a permanent residence right, former workers retaining their status of worker or workers with low income, to all of whom specific rules apply which should also be presented (see 2.1.2.3).

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<sup>242</sup> Cf e.g. Commission, the judgment in *Brey* EU:C:2013:565, paragraph 37; this approach was also followed in German case law, cf only LSG (Social Court of Second Instance) Bayern of 27 May 2014, L 16 AS 344/14 B ER, paragraph 23 et seq.

<sup>243</sup> According to the CJEU's case law, even a right of residence based uniquely on national law may be sufficient for a claim to equal treatment, cf the judgment in *Sala*, C-85/96, EU:C:1998:217, paragraph 60 et seq; judgment in *Trojani*, C-456/02, EU:C:2004:488, paragraph 37 et seq.

<sup>244</sup> Judgment in *Sala* EU:C:1998:217.

#### 2.1.2.1 Access of economically inactive persons to income-related SNCBs

Even if Directive 2004/38/EC requires sufficient (own) resources to profit from a right of residence as an economically inactive person in the host Member State, a Union citizen who becomes dependent on SNCBs may under certain circumstances retain his or her right of residence (a) and enjoy access to social benefits, including SNCBs, in the host Member State (b).

##### **a) The right of residence of economically inactive Union citizens**

Generally speaking, the right of residence of economically inactive Union citizens (not belonging to one of the groups being discussed below in 2.1.2.3) for a period of residence of more than three months depends on the fulfilment of certain economic criteria. In this respect, Article 7(1)(b) of Directive 2004/38/EC stipulates that:

*“[a]ll Union citizens shall have the right of residence on the territory of another Member State for a period of longer than three months if they [...] have sufficient resources for themselves and their family members not to become a burden on the social assistance system of the host Member State during their period of residence and have comprehensive sickness insurance cover in the host Member State.”*

However, these economic criteria must not be applied literally.<sup>245</sup> Already in its judgment in the *Baumbast* case, the CJEU relativised these conditions by applying the principle of proportionality to them. For, following the introduction of Union citizenship, they constitute a limitation to the right of free movement of all Union citizens guaranteed by EU primary law (Article 21 TFEU). Hence, the fact that a sickness insurance, other than required by secondary law, does not cover all possible risks, does not justify denying a

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<sup>245</sup> Cf in more detail F. Wollenschläger, 'A new Fundamental Freedom beyond Market Integration: Union Citizenship and its Dynamics for shifting the Economic Paradigm of European Integration', (2011) ELJ 17(1), 15 et seq.

right of residence.<sup>246</sup> The same is true, according to the judgment in the *Grzelczyk* case, with regard to the temporary reliance of a student on social assistance.<sup>247</sup> Confirming this line of case law, in its judgment in the *Brey* case of September 2013 the CJEU concluded:

*“Lastly, it should be borne in mind that, since the right to freedom of movement is – as a fundamental principle of EU law – the general rule, the conditions laid down in Article 7(1)(b) of Directive 2004/38/EC must be construed narrowly [...] and in compliance with the limits imposed by EU law and the principle of proportionality [...] In addition, the margin for manoeuvre which the Member States are recognised as having must not be used by them in a manner which would compromise attainment of the objective of Directive 2004/38/EC, which is, inter alia, to facilitate and strengthen the exercise of Union citizens’ primary right to move and reside freely within the territory of the Member States, and the practical effectiveness of that directive.” (paragraph 70 et seq)*

Article 14(3) of Directive 2004/38/EC has codified the *Baumbast* and *Grzelczyk* case law. According to this provision “(a)n expulsion measure shall not be the automatic consequence of a Union citizen’s or his or her family member’s recourse to the social assistance system of the host Member State.” Moreover, following the CJEU’s understanding in *Brey*, even Article 7(1)(b) of Directive 2004/38/EC itself qualifies the criterion of sufficient resources by adding “not to become a burden on the social assistance system of the host Member State during their period of residence”.<sup>248</sup>

Recital 16 of the same Directive specifies the proportionality test:

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<sup>246</sup> Judgment in *Baumbast* EU:C:2002:493, paragraph 90 et seq. Cf further the judgment in *Brey* EU:C:2013:565, paragraph 70, and, with a different conclusion, the judgment in *Trojani* EU:C:2004:488, paragraph 34 et seq.

<sup>247</sup> Judgment in *Grzelczyk* EU:C:2001:458, paragraph 37 et seq; in regard to the methodical difference with the judgment in *Baumbast* EU:C:2002:493, cf F. Wollenschläger, *Grundfreiheit ohne Markt*, Mohr Siebeck, Tübingen, 2007, p. 171 et seq.

<sup>248</sup> Judgment in *Brey* EU:C:2013:565, paragraph 63, 72, 77.

*“As long as the beneficiaries of the right of residence do not become an unreasonable burden on the social assistance system of the host Member State they should not be expelled. Therefore, an expulsion measure should not be the automatic consequence of recourse to the social assistance system. The host Member State should examine whether it is a case of temporary difficulties and take into account the duration of residence, the personal circumstances and the amount of aid granted in order to consider whether the beneficiary has become an unreasonable burden on its social assistance system and to proceed to his expulsion. In no case should an expulsion measure be adopted against workers, self-employed persons or job-seekers as defined by the Court of Justice save on grounds of public policy or public security.”*

In its judgment in the *Brey* case, the CJEU interpreted Article 7(1)(b) of Directive 2004/38/EC in line with these limitations. The latter provision implies that

*“[b]y making the right of residence for a period of longer than three months conditional upon the person concerned not becoming an ‘unreasonable’ burden on the social assistance ‘system’ of the host Member State, Article 7(1)(b) of Directive 2004/38/EC, interpreted in the light of recital 10 to that directive, [...] that the competent national authorities have the power to assess, taking into account a range of factors in the light of the principle of proportionality, whether the grant of a social security benefit could place a burden on that Member State’s social assistance system as a whole. Directive 2004/38/EC thus recognises a certain degree of financial solidarity between nationals of a host Member State and nationals of other Member States, particularly if the difficulties which a beneficiary of the right of residence encounters are temporary”. (paragraph 72)*

Finally, from a general point of view, the interpretation of the economic residence criteria as conditions of the right to free movement should be questioned. For reasons of legal certainty it should at least be considered

interpreting these criteria as a mere justification to end the right of residence, but not as conditions on which the existence of the right of residence depends – similar to the understanding of the *ordre public* exception, which permits restrictions on the right of entry and the right of residence on grounds of public policy, public security or public health (Article 27 of Directive 2004/38/EC).<sup>249</sup> This interpretation would, moreover, seem more convincing than applying the general non-discrimination principle also in cases of a residence only based on national law.<sup>250</sup>

#### **b) Access of economically inactive Union citizens to social benefits**

In its case law, the CJEU has not only relativised the economic conditions of residence for economically inactive Union citizens. Rather, it has also acknowledged a (limited) entitlement to social benefits, including SNCBs, based on the principle of non-discrimination enshrined in EU primary law (Articles 18/21 TFEU) and EU secondary law (Article 24(1), first sentence of Directive 2004/38/EC).<sup>251</sup> The latter reads:

*“Subject to such specific provisions as are expressly provided for in the Treaty and secondary law, all Union citizens residing on the basis of this Directive in*

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<sup>249</sup> Cf for more details F. Wollenschläger, *Grundfreiheit ohne Markt*, Mohr Siebeck, Tübingen, 2007, p. 180 et seq, 187 et seq; further C. Schönberger, ‘Die Unionsbürgerschaft als Sozialbürgerschaft. Aufenthaltsrecht und soziale Gleichbehandlung von Unionsbürgern im Regelungssystem der Unionsbürgerrichtlinie’, (2006) *ZAR*, 228; K. Strick, ‘Ansprüche alter und neuer Unionsbürger auf Sozialhilfe und Arbeitslosengeld II’, (2005) *NJW*, 2183, footnote 15. Disagreeing D. Thym, ‘Sozialleistungen für und Aufenthalt von nichterwerbstätigen Unionsbürgern’, (2014) *NZS*, 81, 86 et seq; with qualifications in view of the right of permanent residence, judgment in *Ziolkowski et al*, C-424/10 and C-425/10, EU:C:2011:866, paragraph 36 et seq.

<sup>250</sup> Judgment in *Sala* EU:C:1998:217, paragraph 60 et seq; judgment in *Trojani* EU:C:2004:488, paragraph 37 et seq; disagreeing F. Wollenschläger, *Grundfreiheit ohne Markt*, Mohr Siebeck, Tübingen, 2007, p. 217 et seq; cf also D. Thym, op cit, (2014) *NZS*, 81, 89 et seq.

<sup>251</sup> Cf for more details F. Wollenschläger, ‘A new Fundamental Freedom beyond Market Integration: Union Citizenship and its Dynamics for shifting the Economic Paradigm of European Integration’, (2011) *ELJ* 17(1), 20 et seq; idem, in A. Hatje & P.-C. Müller-Graff (eds), *Enzyklopädie Europarecht*, volume 1, Nomos, Baden-Baden, 2014, paragraph 8/138 et seq; idem, *Grundfreiheit ohne Markt*, Mohr Siebeck, Tübingen, 2007, p. 197 et seq.



*the territory of the host Member State shall enjoy equal treatment with the nationals of that Member State within the scope of the Treaty.”*

According to the CJEU’s case law (*Baumbast, Grzelczyk, Brey*), a Union citizen may rely on the non-discrimination principle<sup>252</sup> to compensate the situation where she or he does not have sufficient resources or a comprehensive sickness insurance. One condition is required, though: under the circumstances of the individual case, refusing a right of residence would be disproportionate in view of the legitimate objective behind the economic residence conditions to avoid Union citizens becoming an unreasonable burden on the social assistance system of the host Member State.<sup>253</sup>

This interpretation in favour of equality of treatment is reinforced by the fact that Article 24(2) of Directive 2004/38/EC excludes equal access to social assistance “*only during the first three months of residence*”, but not until a Union citizen has acquired a permanent right of residence (which is usually the case after a period of residence of five years<sup>254</sup>). It would mean, *a contrario*, that equality of treatment may be the rule after the first three months of residence. This corresponds to the approach of the Union legislature: in the initial proposal of the Directive the European Commission formulated an exclusion until having acquired a right of permanent residence. Subsequently, however, this exclusion was modified during the legislative process in favour of the current rule (exclusion only for the first three months of residence) in order to take account of the CJEU’s judgment in the *Grzelczyk* case.<sup>255</sup> In its judgment in the *Brey* case, other than in the *Dano* case, the CJEU referred to this provision as well as to Article 14(3) of Directive 2004/38/EC (paragraph 70).

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<sup>252</sup> Article 18 TFEU; Article 24(1), sentence 1 of Directive 2004/38/EC.

<sup>253</sup> Cf above 2.1.2.1, a) The right of residence of economically inactive Union citizens.

<sup>254</sup> Cf Article 16 et seq of Directive 2004/38/EC.

<sup>255</sup> Cf Article 21(2) – first draft of the Directive, COM (2001) 257 final, OJ C 270E, 5.9.2001, p. 150, and the reasons for the modification, COM (2003) 199 final, OJ C 76, 25.04.2004, p. 13. Cf for more details F. Wollenschläger, *Grundfreiheit ohne Markt*, Mohr Siebeck, Tübingen, 2007, p. 275 et seq.

However, being able to invoke the principle of non-discrimination does not mean that an economically inactive Union citizen may (like nationals and economically active Union citizens) claim SNCBs from the very first day after having entered the host Member State and under all circumstances. Already Article 24(2) of Directive 2004/38/EC explicitly excludes, as just mentioned, equal access to social assistance during the first three months of residence. Furthermore, the CJEU made the claim dependent on an assessment of the duration of residence,<sup>256</sup> the personal situation of the claimant,<sup>257</sup> her or his integration into the host Member State,<sup>258</sup> the nature of the benefit in question<sup>259</sup> and the consequences for the national social system.<sup>260 261</sup> Hence, only (but at least) “a certain degree of financial solidarity between nationals of a host Member State and nationals of other Member States” (cf e.g. *Brey*, paragraph 72) has been acknowledged. Whereas the *Dano* judgment does not mention this principle,<sup>262</sup> the CJEU has been more explicit in its ruling in the *Brey* case:

*“In the light of all of the foregoing, the answer to the question referred is that EU law [...] must be interpreted as precluding national legislation [...] which, even as regards the period following the first three months of residence, automatically – whatever the circumstances – bars the grant of a benefit, such*

<sup>256</sup> Judgment in *Bidar*, C-209/03, EU:C:2005:169; judgment in *Förster*, C-158/07, EU:C:2008:630; judgment in *Gottwald*, C-103/08, EU:C:2009:597.

<sup>257</sup> Judgment in *Brey* EU:C:2013:565, paragraph 64, 69.

<sup>258</sup> Judgment in *Bidar* EU:C:2005:169, paragraph 57 et seq; judgment in *Förster* EU:C:2008:630, paragraph 49 et seq.

<sup>259</sup> Judgment in *Collins*, C-138/02, EU:C:2004:172; judgment in *Ioannidis*, C-258/04, EU:C:2005:559; judgment in *Commission v Austria*, C-75/11, EU:C:2012:605, paragraph 63 et seq.

<sup>260</sup> Judgment in *Bidar* EU:C:2005:169; judgment in *Förster* EU:C:2008:630; judgment in *Brey* EU:C:2013:565.

<sup>261</sup> Cf on the concept of a gradual integration of Union citizens in the host Member State C. Schönberger, *Unionsbürger*, Mohr Siebeck, Tübingen, 2005, p. 407 et seq; D. Thym, ‘Sozialleistungen für und Aufenthalt von nichterwerbstätigen Unionsbürgern’, (2014) *NZS*, 81, 87 et seq; F. Wollenschläger, *Grundfreiheit ohne Markt*, Mohr Siebeck, Tübingen, 2007, p. 253 et seq.

<sup>262</sup> Unlike Advocate General Wathelet in his opinion to this case (Opinion of Advocate General Wathelet in *Dano* EU:C:2014:341, paragraph 127).

*as the compensatory supplement provided for in Paragraph 292(1) of the ASVG, to a national of another Member State who is not economically active, on the grounds that, despite having been issued with a certificate of residence, he does not meet the necessary requirements for obtaining the legal right to reside on the territory of the first Member State for a period of longer than three months, since obtaining that right of residence is conditional upon that national having sufficient resources not to apply for the benefit.” (paragraph 80)*

The *Grzelczyk* case constitutes one further example of this approach for a limited, albeit not absolute claim to equal access to social benefits.<sup>263</sup>

Finally, it should be noted that important questions have been left open by the CJEU’s case law. It remains to be determined whether a Member State may only rely on the justification of protecting the national social assistance system when “*the grant of a social security benefit could place a burden on that Member State’s social assistance system as a whole*”,<sup>264</sup> which is a very strict test. Or, may unreasonableness also be assessed in view of the individual claimant? For this the judgment in the *Dano* case might be an authority.<sup>265</sup> A further crucial issue is whether a Member State may lay down general rules for

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<sup>263</sup> Judgment in *Grzelczyk* EU:C:2001:458, paragraph 27 et seq.

<sup>264</sup> Judgment in *Brey* EU:C:2013:565, paragraph 72. Cf also the judgment in *Bidar* EU:C:2005:169, paragraph 56, which might read slightly less strict: “*On this point, it must be observed that, although the Member States must, in the organisation and application of their social assistance systems, show a certain degree of financial solidarity with nationals of other Member States (see Grzelczyk, paragraph 44), it is permissible for a Member State to ensure that the grant of assistance to cover the maintenance costs of students from other Member States does not become an unreasonable burden which could have consequences for the overall level of assistance which may be granted by that State*”.

<sup>265</sup> Cf the judgment in *Dano* EU:C:2014:2358, paragraph 74: “*To accept that persons who do not have a right of residence under Directive 2004/38 may claim entitlement to social benefits under the same conditions as those applicable to nationals of the host Member State would run counter to an objective of the directive, set out in recital 10 in its preamble, namely preventing Union citizens who are nationals of other Member States from becoming an unreasonable burden on the social assistance system of the host Member State.*” Cf also D. Thym, ‘The elusive limits of solidarity: Residence rights of and social benefits for economically inactive Union citizens’, (2015) *CML Rev* 52, 17, 27 et seq.

access to benefits (which facilitates administrative practice) or whether an individual assessment on a case-by-case basis is required.<sup>266</sup>

#### 2.1.2.2 *Dano*: a reversal of the CJEU's case law?

In *Dano*, the CJEU rejected a claim for income-related SNCBs by an economically inactive Union citizen who did not have sufficient resources to finance her living in the host Member State. Does this mean that the former case law with its limited claim to SNCBs for this category of persons, which has just been discussed, has been overruled? This is not the case, for the CJEU's ruling in *Dano* may be interpreted in two opposite ways. Not only may it be considered a reversal of the CJEU's former case law on Union citizenship granting economically inactive Union citizens a limited access to social assistance in the host Member State. It may also, in view of the particular facts of the case (Ms Dano did not intend to seek a job in Germany, but solely moved there in order to gain access to social benefits), be interpreted in line with the former CJEU case law.<sup>267</sup>

Some authors argue that with its clear rejection of Ms Dano's claim for entitlement to social assistance in Germany, the CJEU sets a "*prominent counterpoint to the expansive reading of Union citizenship in earlier case law*".<sup>268</sup> Understood as a reaction to anti-European developments within the Union in general and to the criticism in view of the CJEU allegedly promoting

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<sup>266</sup> Cf for the former solution the opinion of Advocate General Wathelet in *Dano* EU:C:2014:341, paragraph 132: "*I also note that the Court has held, admittedly in a different context, that 'generally speaking, it cannot be insisted that a measure [...] should involve an individual examination of each particular case [...], since the management of the regime concerned must remain technically and economically viable'*"; cf also the judgment in *Förster* EU:C:2008:630. Emphasising the need for a case-by-case assessment: judgment in *Prete*, C-367/11, EU:C:2012:668, paragraph 51. Cf further D. Thym, 'Sozialleistungen für und Aufenthalt von nichterwerbstätigen Unionsbürgern', (2014) *NZS*, 81, 85 et seq.

<sup>267</sup> Similarly H. Verschuere, 'Preventing "Benefit tourism" in the EU: a narrow or broad interpretation of the possibilities offered by the ECJ in *Dano*', (2015) *CML Rev* 52, 363, 370 et seq.

<sup>268</sup> D. Thym, *VerfBlog* 2014/11/12, <http://www.verfassungsblog.de/en/eu-freizuegigkeit-als-rechtliche-konstruktion-nicht-als-soziale-imagination/#.VSS78I5OKt8> (7 April 2015).

“social tourism” in particular and therefore as a probably wise decision from a political point of view,<sup>269</sup> the ruling of the CJEU may be interpreted as generally excluding economically inactive persons from social assistance in the host Member State, without assessing their individual background or motivation for moving on a case-by-case basis. The general wording of paragraph 2 of the CJEU’s *dictum* may support such a broad interpretation.<sup>270</sup> It reads:

*“Article 24(1) of Directive 2004/38/EC [...] must be interpreted as not precluding legislation of a Member State under which nationals of other Member States are excluded from entitlement to certain ‘special non-contributory cash benefits’ within the meaning of Article 70(2) of Regulation No 883/2004, although those benefits are granted to nationals of the host Member State who are in the same situation, in so far as those nationals of other Member States do not have a right of residence under Directive 2004/38/EC in the host Member State.”*

Additionally, any reference to the principle of proportionality is lacking and one may instead read the introduction of a “*right-to-reside-under-Directive 2004/38/EC-test*” into the ruling.<sup>271</sup> To complete the picture, the opinion of Advocate General Wathelet in the *Alimanovic* case follows the same lines and does not mention the CJEU’s former case law, including *Brey*, when discussing the situation of “*a national of a Member State who moves to the territory of another Member State and stays there for less than three months, or for more than three months but without pursuing the aim of seeking employment there*”.<sup>272</sup>

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<sup>269</sup> In this regard cf H. Verschuere, ‘Preventing “Benefit tourism” in the EU: a narrow or broad interpretation of the possibilities offered by the ECJ in *Dano*’, (2015) *CML Rev* 52, 363, 363 et seq; D. Thym, (2015) *CML Rev* 52, 17, 20 et seq.

<sup>270</sup> Cf H. Verschuere, *op cit*, (2015) *CML Rev* 52, 363, 377.

<sup>271</sup> Cf H. Verschuere, *op cit*, (2015) *CML Rev* 52, 363, 378.

<sup>272</sup> Opinion of Advocate General Wathelet in *Alimanovic*, C-67/14, EU:C:2015:210, paragraph 88 et seq.

Nonetheless, such an understanding of *Dano* as overruling the former case law of the CJEU on Union citizenship is questioned by the fact that the judgment does not mention the CJEU's former case law on Union citizenship with a single word, in particular its rulings in the cases *Baumbast*,<sup>273</sup> *Grzelczyk*<sup>274</sup> and *Brey*.<sup>275</sup> In these cases, the CJEU relativised the economic conditions of residence for economically inactive Union citizens moving from one Member state to another and also (in *Grzelczyk* and *Brey*) granted Union citizens limited access to social assistance in the host Member State even if not fulfilling the economic residence criteria.<sup>276</sup> Moreover, the *Dano* case is based on a very specific factual background. The CJEU explicitly underlines in its findings that Ms Dano is not only an economically inactive person, but also moved to Germany solely in order to gain access to social benefits (paragraph 66 et seq and 78 – emphasis added):

*“It is apparent from the documents before the Court that Ms Dano has been residing in Germany for more than three months, that she is not seeking employment and that she did not enter Germany in order to work. She therefore does not fall within the scope ratione personae of Article 24(2) of Directive 2004/38/EC. In those circumstances, it must be established whether Article 24(1) of Directive 2004/38/EC and Article 4 of Regulation No 883/2004 preclude refusal to grant social benefits in a situation such as that at issue in the main proceedings [...].”*

*A Member State must therefore have the possibility, pursuant to Article 7 of Directive 2004/38/EC, of refusing to grant social benefits to economically inactive Union citizens who exercise their right to freedom of movement solely in order to obtain another Member State's social assistance although they do not have sufficient resources to claim a right of residence.”*

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<sup>273</sup> Judgment in *Baumbast* EU:C:2002:493.

<sup>274</sup> Judgment in *Grzelczyk* EU:C:2001:458.

<sup>275</sup> Judgment in *Brey* EU:C:2013:565.

<sup>276</sup> Cf in detail above, 2.1.2.1 a) The right of residence of economically inactive Union citizens.

Against this background, it is perfectly in line with the (former) CJEU's case law to deny access to the SNCB at issue, since such an exclusion does not seem disproportionate in view of the facts of the case.<sup>277</sup> For these reasons, a narrow interpretation seems to be favourable.<sup>278</sup>

#### 2.1.2.3 SNCBs for jobseekers, family members, persons with a permanent resident right, former workers retaining their status as workers and workers with low income

As a last and very important point, it should be emphasised that, irrespective of its wide or narrow interpretation, the judgment in the *Dano* case as well as the *Brey* case do not cover all situations in which access to SNCBs (of economically inactive persons) is at issue. Rather, specific rules apply to jobseekers (1), family members (2), persons with a permanent resident right (3), (former) workers (4) or workers with low income (5).

##### **a) SNCBs for jobseekers**

Since Ms Dano had not entered Germany in order to seek employment and the judgment consequently did not address this situation (cf paragraph 66), it has remained unclear whether and to what extent jobseekers are entitled to equal access to SNCBs (including the German SNCB at issue in the *Dano* case).

Residence Directive 2004/38/EC grants jobseekers an (unconditional) right of residence even for periods of residence exceeding three months “*as long as the Union citizens can provide evidence that they are continuing to seek employment and that they have a genuine chance of being engaged*” (Article 14(4)(b)). However, this privileged situation vis-à-vis other economically inactive persons (whose right of residence depends on the economic criteria

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<sup>277</sup> Cf F. Wollenschläger, ‘Keine Sozialleistungen für nichterwerbstätige Unionsbürger? Zur begrenzten Tragweite des Urteils des EuGH in der Rs. Dano vom 11.11.2014’, (2014) *NVwZ*, 1628, 1630.

<sup>278</sup> Similarly H. Verschueren, *op cit*, (2015) *CML Rev* 52, 363; F. Wollenschläger, *op cit*, (2014) *NVwZ*, 1628, 1630.

stipulated by Article 7(1)(b) of Directive 2004/38/EC) goes hand in hand with an exclusion from entitlement to social assistance in the host Member State (cf Article 24(2)) of Residence Directive 2004/38/EC).

In *Dano*, the CJEU confirmed that this exclusion also applies to SNCBs. For, the concept of social assistance “refers to all assistance schemes established by the public authorities, whether at national, regional or local level, to which recourse may be had by an individual who does not have resources sufficient to meet his own basic needs and those of his family and who by reason of that fact may, during his period of residence, become a burden on the public finances of the host Member State which could have consequences for the overall level of assistance which may be granted by that State” (paragraph 63; also *Brey*, paragraph 61 *et seq.*).

However, this does not mean that jobseekers may be totally excluded from entitlement to SNCBs. First, in its *Collins* case law, the CJEU acknowledged that,

*“[i]n view of the establishment of citizenship of the Union and the interpretation in the case-law of the right to equal treatment enjoyed by citizens of the Union, it is no longer possible to exclude from the scope of [Article 45 para. 2 TFEU] – which expresses the fundamental principle of equal treatment, guaranteed by [Article 18 TFEU] – a benefit of a financial nature intended to facilitate access to employment in the labour market of a Member State.”*<sup>279</sup>

Nonetheless, the Member States may define conditions for entitlement such as an appropriate minimum period of residence, if these conditions are applied to ensure that “a genuine link exists between the person seeking work and the

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<sup>279</sup> Judgment in *Collins* EU:C:2004:172, paragraph 63; cf further the judgment in *Vatsouras and Koupatantze*, C-22/08 and 23/08, EU:C:2009:344; judgment in *Prete* EU:C:2012:668, paragraph 51.



*employment market of that State*".<sup>280</sup> The CJEU's findings in *Collins* do not allow for a substantial residence requirement. In fact, a period of residence must not exceed what is necessary in order for the national authorities to be able to satisfy themselves that the person concerned is genuinely seeking work in the employment market of the host Member State (paragraph 63).

Moreover, the *Prete* case has even extended the aspects to be taken into account when assessing the genuine link to the labour market of the host Member State:

*"The existence of close ties, in particular of a personal nature, with the host Member State where the claimant has, following her marriage with a national of that Member state, settled and now habitually resides are such as to contribute to the appearance of a lasting connection between the claimant and the Member State in which she has newly established herself, including with the labour market of the latter"*.<sup>281</sup>

It is obvious that this case law does not justify a total exclusion of jobseekers from social benefits as provided for in Article 24(2) of Directive 2004/38/EC.<sup>282</sup> Consequently, in *Vatsouras*, the CJEU did not apply this exclusion to such benefits covered by Article 45(2) TFEU:

*"Benefits of a financial nature which, independently of their status under national law, are intended to facilitate access to the labour market cannot be*

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<sup>280</sup> Judgment in *Collins* EU:C:2004:172, paragraph 69; cf the judgment in *Vatsouras and Koupatantze* EU:C:2009:344, paragraph 38; judgment in *Prete* EU:C:2012:668, paragraph 32 et seq.

<sup>281</sup> Judgment in *Prete* EU:C:2012:668, paragraph 50.

<sup>282</sup> Cf only LSG (Social Court of Second Instance) Nordrhein-Westfalen of 12 March 2014, L 7 AS 106/14 B ER; T. Kingreen, 'Migration und Sozialleistungen - Rechtliche Anmerkungen zu einem bayerischen Aufreger', (2014) *BayVBI*, 289, 294. Disagreeing, LSG Bayern, (2014) *NZS*, 308. Cf for more details and from a comparative perspective F. Wollenschläger & J. Ricketts, 'Jobseekers' Residence Rights and Access to Social Benefits: EU Law and its Implementation in the Member States', (2014) *FMW – Online Journal on Free Movement of Workers within the European Union* 7, p. 8, <http://ec.europa.eu/social/main.jsp?catId=737&langId=en&pubId=7690&type=1&furtherPubs=yes> (8 April 2015).

*regarded as constituting ‘social assistance’ within the meaning of Article 24(2) of Directive 2004/38/EC.*”<sup>283</sup>

This reasoning partially conflicts with *Dano*, i.e. if an SNCB is also qualified as a ‘Collins benefit’, for *Dano* has generally applied Article 24(2) of Directive 2004/38/EC to SNCBs. In this case, in view of the primacy of EU primary law over secondary law, the exclusion may only apply to the extent covered by the *Collins* case law.<sup>284</sup>

Even if an SNCB granted to jobseekers does not qualify as a ‘Collins benefit’ and thus only Articles 18/21 TFEU apply, it is questionable whether a complete exclusion of jobseekers is in line with these provisions of EU primary law. After all, if economically inactive persons may claim a limited access to SNCBs in the host Member State,<sup>285</sup> such a reasoning might all the more apply to jobseekers in view of their Janus-faced status as potential market actors.<sup>286</sup> Consequently, in *Vatsouras*, the CJEU held that “[i]n any event, the derogation provided for in Article 24(2) of Directive 2004/38/EC must be interpreted in accordance with Article 39(2) EC [=Article 45(2) TFEU].”<sup>287</sup>

However, Advocate General Wathelet has, in his opinion in the *Alimanovic* case (paragraph 98), excluded first-time jobseekers from access to social assistance (which seems questionable for the reasons just mentioned). He states

*“[t]hat exclusion is consistent, not only with the wording of Article 24(2) of Directive 2004/38/EC, in that it authorises the Member States to refuse,*

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<sup>283</sup> Judgment in *Vatsouras and Koupatantze* EU:C:2009:344, paragraph 45.

<sup>284</sup> Cf also the opinion of Advocate General Wathelet in *Alimanovic* EU:C:2015:210, paragraph 112 et seq.

<sup>285</sup> Cf above, 2.1.2.1 b) Access of economically inactive Union citizens to social benefits.

<sup>286</sup> Cf F. Wollenschläger & J. Ricketts, op cit, (2014) *FMW – Online Journal on Free Movement of Workers within the European Union* 7, p. 8 et seq,

<http://ec.europa.eu/social/main.jsp?catId=737&langId=en&pubId=7690&type=1&furtherPubs=yes> (8 April 2015).

<sup>287</sup> Judgment in *Vatsouras and Koupatantze* EU:C:2009:344, paragraph 44.

*beyond the period of the first three months of residence, to grant social assistance to the nationals of other Member States who have entered the territory of the host Member State to seek employment, but also with the objective difference – established in the case-law of the Court and, inter alia, in Article 7(2) of Regulation No 492/2011 – between the situation of nationals seeking their first job in the territory of the host Member State and that of those who have already entered the [labour] market.”*

#### **b) SNCBs for family members**

Generally speaking, the residence right of family members of economically inactive Union citizens depends on the aforementioned economic criteria unless they enjoy an (unconditional) right of residence as economically active Union citizens themselves. Article 24(1), sentence 2 of Directive 2004/38/EC extends the claim for non-discrimination to family members of Union citizens. Hence, the same rules as discussed above apply.

One important exception has to be noted, though. Following the CJEU’s case law, Article 10 of Regulation (EU) No 492/2011 implies an unconditional right of residence for children of EU workers attending general educational courses in the host Member State (irrespective of the right of residence of their parents). This right has also been extended to the parent who is acting as primary carer,<sup>288</sup> at least until the child reaches the age of majority or is still in need of the presence of that parent in order to complete education.<sup>289</sup> Since these persons enjoy a right of residence, they are also able to rely on the non-discrimination principle in order to gain access to social benefits, including SNCBs, be it on the basis of Article 24 of Directive 2004/38/EC (even if their

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<sup>288</sup> Judgment in *Baumbast* EU:C:2002:493, paragraph 63, 68 et seq; further the judgment in *Ibrahim*, C-310/08, EU:C:2010:80, paragraph 32 et seq and judgment in *Teixeira*, C-480/08, EU:C:2010:83, paragraph 43 et seq. Cf in detail F. Wollenschläger, ‘Aktuelle Fragen der EU-Personenfreizügigkeit’, in A. Achermann, M. Caroni, A. Epiney, W. Kälin, M. S. Nguyen & P. Uebersax (eds), *Jahrbuch für Migrationsrecht 2009/2010*, Stämpfli, Bern, 2010, p. 3, 20 et seq.

<sup>289</sup> Judgment in *Teixeira* EU:C:2010:83, paragraph 76 et seq.

residence right is derived from a provision of Regulation (EU) No 492/2011 and not directly from Article 24(1) of the Residence Directive), Article 4 BR, Article 7(2) of Regulation (EU) No 492/2011, Article 45(2) TFEU or Article 18 TFEU.<sup>290</sup>

**c) SNCBs for persons with a permanent residence right**

Pursuant to Article 16(1), sentence 1 of Directive 2004/38/EC, persons “*who have resided legally for a continuous period of five years in the host Member State shall have the right of permanent residence there*”. The right of permanent residence does not depend on economic criteria; moreover, access to social assistance and SNCBs has to be granted according to Article 24 of Directive 2004/38/EC.

**d) SNCBs for former workers retaining their status of workers**

Union workers within the meaning of Article 45 TFEU enjoy a comprehensive and absolute claim to equal treatment with national workers regarding access to social benefits (cf Article 7(2) of Regulation (EC) No 492/2011, Article 45(2) TFEU). In particular, no residence requirement may be justified.<sup>291</sup> It should be added, though, that with regard to frontier workers, in its recent case law, the CJEU has accepted the requirement of a “*sufficient link of integration with the society of that State*”.<sup>292</sup>

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<sup>290</sup> Cf in this respect H. Verschueren, *op cit*, (2015) *CML Rev* 52, 363, 376.

<sup>291</sup> Cf e.g. the judgment in *Hoeckx*, C-249/83, EU:C:1985:139, paragraph 23 et seq; judgment in *Commission v Luxembourg*, C-299/01, EU:C:2002:394, paragraph 12, 14; judgment in *Fascogna*, C-157/84, EU:C:1985:243, paragraph 24; judgment in *Commission v Belgium*, C-326/90, EU:C:1992:419. Disagreeing e.g. J. Steiner, ‘The right to welfare: equality and equity under Community law’, (1985) *EL Rev* 10, 21, 41. Cf on this issue F. Wollenschläger, *Grundfreiheit ohne Markt*, Mohr Siebeck, Tübingen, 2007, p. 38 et seq; *idem*, *op cit*, (2011) *ELJ* 17, 1, 6.

<sup>292</sup> Cf the judgment in *Giersch*, C-20/12, EU:C:2013:411, paragraph 63 (return to State after studies (paragraph 79) or parent has worked in the State for a certain minimum period of time (paragraph 78, 80)); judgment in *Krier*, C-379/11, EU:C:2012:798, paragraph 53 (participation in the employment market and therefore contribution to the financing of social security (paragraph 53)); judgment in *Commission v the Netherlands*, C-524/09,

In view of access to SNCBs, it has to be highlighted that, under certain circumstances, a former worker retains her or his status of worker. The conditions are listed in Article 7(3) of Directive 2004/38/EC and relate to certain cases of temporary unability to work, involuntary unemployment and vocational training. According to the case law of the CJEU these reasons are not exhaustive. Hence, (appropriate) maternity leave does not lead to a loss of the status of worker.<sup>293</sup> Moreover, the application of Article 7(3) of Directive 2004/38/EC raises further questions beyond the scope of this analysis.<sup>294</sup>

Finally, in his opinion in the *Alimanovic* case, Advocate General Wathelet (paragraph 97 et seq) argued in favour of an entitlement of former workers seeking a new job to SNCBs (under certain circumstances), even if not fulfilling the criteria of Article 7(3) of Directive 2004/38/EC, if “*the existence of a genuine link with the host Member State*” may be established:

*“In that regard, in addition to matters that can be inferred from family circumstances (such as the children’s education), the fact that the person concerned has, for a reasonable period, in fact genuinely sought work is a factor capable of demonstrating the existence of that link with the host Member State. Having worked in the past, or even the fact of having found a new job after applying for the grant of social assistance, ought also to be taken into account in that connection.”*

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EU:C:2012:346, paragraph 64 (participation in the employment market and therefore contribution to the financing of social security (paragraph 66)); judgment in *Geven*, C-213/05, EU:C:2007:438, paragraph 26 (substantial occupation (paragraph 26, 29)); judgment in *Hartmann*, C-212/05, EU:C:2007:437, paragraph 35 et seq (substantial contribution to the national labour market (paragraph 36)). Cf further the judgment in *Hendrix*, C-287/05, EU:C:2007:494, paragraph 57 et seq.

<sup>293</sup> Judgment in *Saint Prix*, C-507/12, EU:C:2014:2007, paragraph 27 et seq.

<sup>294</sup> Cf S. Mantu, ‘Analytical Note on the Retention of EU worker status – Article 7(3)(b) of Directive 2004/38’, available at <http://ec.europa.eu/social/main.jsp?catId=475&langId=en&moreDocuments=yes> (8 April 2015).

### ***e) Social assistance for workers with low income***

It should be mentioned that the concept of worker in EU law is broad, so that also persons with low income or working only for a few hours per week may qualify as workers as long as the employment is “effective and genuine”.<sup>295</sup> The CJEU confirmed the status of worker for interns,<sup>296</sup> part-time employees working three to 14 hours per week<sup>297</sup> as well as employees with such a low income that they have to rely on social assistance.<sup>298</sup> Again, persons qualified as workers according to this case law enjoy a comprehensive and absolute claim to equal treatment regarding access to social benefits.<sup>299</sup>

#### *2.1.3 Conclusion*

The case law of the CJEU, in particular *Brey* and *Dano*, shows that rules of access by economically inactive Union citizens to social benefits are far from clear. Not only can several categories of inactive migrants be identified, but the CJEU rulings themselves are subject to various interpretations. Even if the approach of a limited claim to social benefits definitely prevails, the nature of the limits is still largely unknown.

## ***2.2 Assessment of the proposal (pros/cons)***

When looking to the impacts of the *status quo* proposal from a legal and practical angle, the evaluation is ambiguous.

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<sup>295</sup> See, inter alia, the judgment in *Kempf*, C-139/85, EU:C:1986:223, paragraph 14.

<sup>296</sup> Judgment in *URSSAF*, C-27/91, EU:C:1991:441, paragraph 8; judgment in *Bernini*, C-3/90, EU:C:1992:89, paragraph 15 et seq.

<sup>297</sup> Judgment in *Geven* EU:C:2007:438, paragraph 17; judgment in *Kempf* EU:C:1986:223, paragraph 11 et seq; judgment in *Nolte*, C-317/93, EU:C:1995:438, paragraph 19.

<sup>298</sup> Judgment in *Levin*, C-53/81, EU:C:1982:105, paragraph 11 et seq; judgment in *Kempf* EU:C:1986:223, paragraph 13 et seq; judgment in *Nolte* EU:C:1995:438, paragraph 19; judgment in *Mattern*, C-10/05, EU:C:2006:220, paragraph 22.

<sup>299</sup> Cf above, 2.1.2.3 d) SNCBs for former workers retaining their status of workers.

### 2.2.1 Clarification

The *status quo* leaves open a series of fundamental questions. What should be the status of jobseekers, of workers with low income, of family members, of former workers retaining their status of workers? How to deal with persons who have a genuine link with the Member State where they claim social assistance? Do some differences have to be made between social assistance benefits according to their objectives or nature? Furthermore, the concrete application of the test of proportionality is another source of uncertainty. It is indeed unclear under which circumstances a Member State can deny a social assistance payment because of an unreasonable burden on its financial system.<sup>300</sup> In the *Brey/Dano* judgments, the CJEU underlined that the exemption from the equal treatment principle enshrined in Article 24(1) of Directive 2004/38/EC and Article 4 BR needs a clear and substantial justification by the specific circumstances of the given case. This case-by-case reasoning makes it difficult to identify a well-established general rule.

The case law emphasises<sup>301</sup> the right of the Member States to opt out from the equal treatment principle but also from the principles of EU coordination law. In the *Sala*<sup>302</sup> judgment, the CJEU held that it is not forbidden for the Member States to reduce the access to welfare benefits. But if this is done, it should be figured out on a clear and explicit legal basis, not through uncodified case law.

This possibility to give less credit to the principle of equality of treatment set out in Article 4 BR will have a great impact on the Member States, as they have a broad and diverging understanding of social assistance (see 2.3 below).

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<sup>300</sup> Judgment in *Brey* EU:C:2013:565; H. Verschueren, 'Free Movement or benefit tourism: The Unreasonable Burden of Brey', (2014) *European Journal of Migration and Law* 16, 147-179, 170 et seq.

<sup>301</sup> Judgment in *Brey* EU:C:2013:565; H. Verschueren, *op cit*, (2014) *European Journal of Migration and Law* 16, 147-179, 160 et seq; H. Verschueren, 'Preventing "benefit tourism" in the EU: A narrow and a broad interpretation of the possibilities offered by the CJEU in *Dano*?', (2015) *Common Market Law Review* 52, 363-390, 370 et seq.

<sup>302</sup> Judgment in *Sala* EU:C:1998:217.

The latter concept is not restricted to means-tested benefits for needy persons, but it refers to a great variety of tax-financed social benefits, e.g. with regard to assisting persons with special needs due to sickness, unemployment or low income, persons of young or old age, with disabilities or an extraordinary burden to be borne (e.g. single parents, caretakers) or with regard to safeguarding the mobility of the persons entitled or other cases of elementary need. The material scope of the exemption is therefore vast and broad, but is defined by each Member State.

A further difficulty results from the various Member States' laws which define the conditions for benefit entitlement (see 2.3 below). The entitlement may not only depend on nationality, but also on minimum waiting periods. Member States do not necessarily have a coherent system to identify entitlement to social assistance. Among the national legislations a great variety of rules may be found. Further differences can be observed as to the formal requirements which are to be fulfilled when applying for benefits: registration, an examination of a person's employability, or the test whether a person has her or his habitual residence in a given Member State. There are many different criteria to determine a person's habitual residence. Therefore, when one compares the legislations of the Member States there is no common rule under which circumstances a social assistance benefit matures.

### *2.2.2 Simplification*

The modernised EU coordination legislation originated in the EU's 'SLIM' initiative<sup>303</sup>: Simpler Legislation for the Internal Market. To set 'simple' rules means to design legislation that is easy to be understood by the persons addressed and clear to apply by the administrations of the Member States.

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<sup>303</sup> **Simpler legislation for the internal market (SLIM): a pilot project. Communication from the Commission to the Council and the European Parliament. COM (96) 204 final, 8 May 1996.**



Simplification of law is important to create a law which becomes relevant in social reality.

Under the auspices of simplification of coordination law, Option 1 is problematic. First, if abstaining from codifying case law may be seen as a way to avoid more complex rules in the coordination Regulations, the *status quo* will leave unanswered many questions about the interpretation of *Brey/Dano* (see 2.2.1 above). Second, the *status quo* would make the situation of non-active persons very complex with regard to social security coordination rules. In the *Pinna I* judgment<sup>304</sup> the CJEU held that it is not permissible for EU law to increase the disparities that stem from the absence of harmonisation of national legislation. That would be the indirect consequence of the *status quo*.

### 2.2.3 Protection of rights

The overall target of coordination rules is to protect migrants from any loss of social security protection whilst using the fundamental freedom of EU law.<sup>305</sup> For all persons covered by a national social security system, these rules avoid both a double coverage in two Member States' systems and the lack of coverage.<sup>306</sup> If different Member states define the personal scope of their social security systems differently, these objectives are in danger. In further judgments, as to the BR the CJEU held that it has “*not only to prevent the*

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<sup>304</sup> Judgment in *Pinna v Caisse d'allocations familiales de la Savoie*, C-41/84, EU:C:1986:1,1.

<sup>305</sup> Judgment in *Van der Veen*, C-100/63, EU:C:1964:65; judgment in *Ciechelsky*, C-1/67, EU:C:1967:27; judgment in *Segers*, C-79/85, EU:C:1986:308; W. Brechmann, in C. Calliess & M. Ruffert, *EUV/AEUV*, Beck, München, 2011, Article 48 AEUV Rn. 14 et seq; R. Langer, in M. Fuchs, *Europäisches Sozialrecht*, Beck, München, 2013 (6th edition), Article 48 AEUV Rn. 6 et seq.

<sup>306</sup> Judgment in *Van der Vecht*, C-19/67, EU:C:1967:49; judgment in *Perenboom*, C-102/76, EU:C:1977:71; judgment in *Kuijpers*, C-276/81, EU:C:1982:317; judgment in *Ten Holder*, C-302/84, EU:C:1986:242; judgment in *De Paep*, C-196/90, EU:C:1991:381; judgment in *Sehrer*, C-302/98, EU:C:2000:322; judgment in *Commission v Germany*, C-68/99, EU:C:2001:137; S. Devetzi, *Die Kollisionsnormen des Europäischen Sozialrechts*, Duncker & Humblot, Berlin, 2000, 39 et seq; F. Pennings, *Introduction to European Social Security Law*, Kluwer Law International, The Hague, 1998 (2<sup>nd</sup> edition), 71 et seq.

*simultaneous application of a number of national legislative systems and the complications which might ensue, but also to ensure that the persons covered by Regulation No 1408/71 are not left without social security cover because there is no legislation which is applicable to them.*<sup>307</sup> The *status quo* might, however, have this effect if a person applies in the Member State of her or his residence for a social benefit which is to be qualified as an SNCB under the BR, but does not fulfil the criteria for this social assistance benefit in the legislation of the competent State.

Option 1 encourages a limitation of migrants' access to social benefits. A needy migrant, who entered a Member State as an unself-sufficient person, may not be entitled to social assistance benefits from her or his State of residence and will neither qualify – due to the lack of legal residence – for the social assistance benefits from his or her previous State of residence. This person is likely to be deprived of social protection completely.

The *Brey/Dano* case law leads to distinctions between the coordination of SNCBs at EU level on one side and social assistance payments by countries at national level on the other side. Both types of benefits become a matter of shared responsibility for the EU and the Member States. This is new, but not unique. Under EU law a principle of 'more favourable treatment' between EU law and the Member States' domestic rules is acknowledged. In the past, in particular in the *Bosmann*<sup>308</sup> and *Hudzinski*<sup>309</sup> cases, the CJEU set rules where social security coordination is built upon a European and a Member States level. When a Member State's law gives more rights to the beneficiary than the EU rule, the CJEU held that EU law should not hinder more preferential entitlements to family benefits. The recent *Franzen* case confirmed this methodology.<sup>310</sup> This way to cope with competing legislations from different

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<sup>307</sup> Judgment in *Kits van Heijningen*, C-2/89, EU:C:1990:183, paragraph 12; judgment in *De Paep* EU:C:1991:381, paragraph 18.

<sup>308</sup> Judgment in *Bosmann*, C-352/06, EU:C:2008:290.

<sup>309</sup> Judgment in *Hudzinski*, C-611/10, EU:C:2012:339.

<sup>310</sup> Judgment in *Franzen*, C-382/13, EU:C:2015:261.

sources is, however, not translated into the *Brey* and *Dano* cases. If Member States' social assistance laws differ as to the nationality of the applicant, whereas EU law does not, the outcome is detrimental to the beneficiary.

The consequence of the *Brey* and *Dano* case law will be to restrict social assistance rights by the mere fact that the Member State of residence is changed. In this respect, the proposal does not contribute to widening the social protective function of the EU law.

#### *2.2.4 Administrative burden and implementation arrangements*

The *Brey* and *Dano* cases will increase the burden for national administrations. The assessment of 'legal residence' will need to be carried out in a reliable manner by a public body. Additionally, some Member States (see 2.3 below) may impose further tests to be applied by the administrations as to the employability, substantive work or successful search for work. Social administrations, which have to decide on social assistance benefits, will have to control many facts and situations occurring within the competent Member State. Distinctions will have to be made at national level between social assistance benefits, between claimants (jobseekers, workers with low income etc); the concept of 'financial solidarity' will have to be implemented; and the 'genuine link' principle needs to be concretised. Uncodified case law will make the missions of national welfare institutions hugely complex.

For instance, the assessment as to what degree a social benefit would constitute an unreasonable burden for a Member State's welfare administration is hard to make. How should this requirement be tested? Does the individual case count or is the trend in general the decisive indicator? Which are the determining factors to identify such a burden? Which burden qualifies as unbearable (see 2.1 above)? All these criteria are vague, contingent and depend on a variety of facts which also undergo changes over time. For both the administration and the judiciary this seems to be difficult to deal with.

Option 1 will increase administrative procedures, bureaucratisation of mobility and will also make fundamental freedoms more difficult to be utilised.

#### 2.2.5 *Avoiding the risk of fraud and abuse*

The debate on poverty migration within Europe is driven by the concern of a fraudulent creation of social entitlements by making use of the fundamental freedoms of EU law.<sup>311</sup> Following the economic theory on the 'welfare magnet',<sup>312</sup> a generous welfare system attracts migration of poor and welfare-dependent persons.

Notably the *Dano* case can at first glance be seen as an easy way to control fraud and abuse. Limits set by the CJEU should save countries from paying undue social assistance benefits. In the public debate the exemption of social assistance from the equal treatment clause is connected with the combat against fraud and abuse.

Does Option 1 entail risks of double payment? The *Dano* case does not modify the principle in accordance with which the Member State in which the person does not habitually reside (be it the home State or the host State) is in general free from "SNCB burden". In sum, the State of habitual residence is competent; any other State can refuse benefits on the ground that it is not competent. Therefore, the risk of double payment seems to be largely reduced by Regulation (EC) No 883/2004.

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<sup>311</sup> K. Hailbronner, 'Die Unionsbürgerschaft und das Ende rationaler Jurisprudenz durch den EuGH?', (2004) *NJW*, 2185.

<sup>312</sup> C. Grulielli & J. Wanba. 'Welfare Migration', in A. F. Constant & K. F. Zimmermann (eds), *International Handbook on the Economics of Migration*, Edward Elgar, Cheltenham/Northampton, 2013, 489; G. J. Borgas, 'Immigration and Welfare Magnet', (1999) *Journal of Labor Economics* 17, 607-613; J. K. Brueckner, 'Welfare Reform and race to the Bottom: Theory and Evidence', (2000) *Southern Economic Journal* 66(3), p. 505-525; E. Eichenhofer & C. Abig, *Zugang zu Steuerfinanzierten Sozialleistungen nach dem Staatsangehörigkeitsprinzip?*, LIT, Münster, 2004.

This said, in a dual system, in which both the Regulation and Residence Directive 2004/38/EC would apply, the risk of double payment could increase for practical reasons. Entitlement to social assistance would largely depend on national rules, in a context of evolving CJEU case law. However, since Option 1 does not include a coordination rule, but simply integrates persons into the solidarity system of the host Member State without addressing the issue of the fate of claims in the country of origin, this may lead to double payments. In borderline cases, in which it is unclear whether or not a person is entitled to minimum income support, the indicators for a genuine link to the competent State will depend on a huge variety of indicators – related to residence and labour market integration – which are difficult to assess, potentially giving leeway to abuse. Because of the legal uncertainties surrounding the interrelation between the Regulation and the Directive, it would become unclear and dubious how to implement the law, both for administrations and courts. This uncertainty could also affect the lacking coordination between the Member States – especially between those who have to manage social assistance benefits for beneficiaries leaving this Member State, and those who have to decide which persons qualify for a social benefit because she or he has established a genuine link in the Member State of residence. It might occur that one Member State continues paying benefits to a beneficiary living outside that Member State and who can successfully apply for benefits in the Member State to which he or she has moved and where he or she tries to establish a genuine link. This creates a category of people “sitting on two stools”. In addition, where a document on the legal residence is issued by the administrations, it can be unclear on which facts such a residence is certified. Quite often the certificate is issued on the basis of the intention to take residence in the Member State, without further proof of whether the residence is actually taken. This practice jeopardises the reliability of the certificates. It also endangers the risk of double payments by both the out and the ingoing Member States as residence can be established easily and formally.

### *2.2.6 Potential financial implications*

The financial impact of the option is hard to assess. The first impression is that it might be possible to think that the overall amount of social assistance benefits paid will be lower in the EU area. However, since each EU Member State will define its own system of entitlement to social assistance, it is likely that the new case law will mainly shift the distribution of the financial burden between EU Member States: those with generous rules of entitlement or loose rules of control may have to pay more benefits.

As mentioned above, fraud may include situations where a migrant might simultaneously receive social assistance in two Member States.

### **2.3 A mapping of the impact in the Member States**

In the Member States examined, the right to social assistance depends on and definitely requires the applicant's permanent stay within the territory of the Member State. This form of stay is conceived as habitual residence, which depends on a permanent residence in a given State. This condition for entitlement to a social assistance benefit in all Member States is compatible with the conditions under which persons are entitled to an SNCB in the context of Regulation (EC) No 883/2004 (Article 11 of Regulation (EC) No 987/2009 (IR)).

In some Member States, like **Cyprus**, the notion of habitual residence is unknown, but the concept is applied in the context of defining a permanent stay. In the **United Kingdom**, the habitual residence test applies to many non-contributory benefits – above all also to EEA jobseekers. Exempted from the test, however, are EEA workers or self-employed persons (which have to do genuine and effective work) and their family members, if they are workers, self-employed, jobseekers, pensioners or self-sufficient, and, finally, persons who were in the past employed in the United Kingdom, and are temporarily ill, in vocational training, disabled or old.

To test whether a person has her or his habitual residence in a given Member State, a wide range of circumstances is taken into account in national legislation. A person's centre of interest is identified by criteria like the duration of stay, the employment, the living conditions and the relation to family members and further indicators that the person belongs to a given State socially. In **Hungary** the test is based upon the accommodation, the employment and the ability to guarantee the subsistence of the applicant and her or his family. In **Ireland** similar criteria apply, such as the length and continuity of stay, the nature of employment, the centre of interest and future intentions as to the change of permanent stay. In **Germany** a cumulative analysis of various indicators and in **the Netherlands** a global test apply as to a person's genuine link to the labour market and the society of the Member State. These criteria widely correspond with the rules established by Article 11 IR, which stipulates the same criteria than the habitual residence test under domestic law.

The legal concept of social assistance is broad and not to be restricted to means-tested benefits for needy persons. It also includes non-contributory social benefits to assist persons with special needs due to sickness, unemployment (**AT, DE, IE, IT, LV, and UK**), low income (**AT, DE, NL and UK**), their young (**NL**) or old age (**AT, DE, HU, IE, IT, LV, UK**), a disability (**AT, DE, HU, IE, IT, LV and UK**) or an extraordinary burden to be borne – e.g. for single parents (**IE and IT**), caretakers (**LV, LT**) – due to the mobility of the persons entitled (**UH, LT**), housing costs (**UK**) or other cases of elementary need (**IE, UK**).

In addition, **Austria, Cyprus, Germany, Hungary, Italy, Ireland, Latvia, Lithuania** and **the Netherlands** demand from the beneficiaries to have their legal residence within this Member State. For the **United Kingdom** this condition has to be fulfilled for child benefits, and by jobseekers with regard to entitlements for a means-tested universal benefit, including child and housing benefits. Further conditions for benefits are residence in accordance

with the Member States' laws on migration. In some Member States the requirements for a legal residence depend on a minimum period of previous residence, e.g. a minimum period of permanent stay of 20 years (for those under the age of 40 years) or 35 years (for those over the age of 18 years) in the Member State (**CY**); or 60 months and within this period a permanent residence in this State for at least 12 months (**LV**) before the benefit may be requested. In **Austria** the law on EU migration and EU migrants explicitly forbids to take residence without having sufficient resources to safeguard the migrant's subsistence or for purposes other than to take up employment. In this context, the concept of and, hence, the minimum requirements for an adequate employment are formally characterised by law. The right to residence can be temporarily restricted. In the **United Kingdom** this can be done for jobseekers after six months of inefficient search, a lack of linguistic abilities or substantial work.

In the context of the right to social assistance this means that the residence taken must be lawful under the Member State's law on the migration of EU citizens. In addition, there may be formal requirements such as having a personal number for identification, an explicit residence permit issued by the competent Member State (**AT, CY, HU, IE, IT, LV**) or a medical document concerning a person's employability (**LV, UK**). This law has to be in line with the requirements established by Directive 2004/38/EC. The interplay between the factual and the legal concept of residence is, however, not in all Member States clear and settled (e.g. **DE**).

A further fundamental distinction is made by the Member States with regard to the nationality of the beneficiaries. In some of the Member States, the social minimum protection for jobseekers is excluded for EU migrants. For them, if they come to the Member State where they take their habitual residence, an additional restriction is provided for. This can be based on a further period of up to three months as a jobseeker after the establishment (**AT**) in the labour market of the Member State of residence or of the beneficiary's nationality.



The decision on the beneficiary's right is singled out as to the specific circumstances of the individual case, insofar as the habitual and legal residence test is concerned. Further tests of the individual situation apply as to the fact and duration of an applicant's degree of labour market integration. In many countries the *Brey* and *Dano* judgments raised great public and academic attention and led to doubts within the administration and judiciary. Much concern was expressed regarding how to assess whether a social benefit could turn into an unreasonable burden for a Member State.

#### 2.4 General evaluation of Option 1

Retaining the *status quo* will leave the legal development open for further case law. In this respect, this is an acceptable proposition, given that the *Brey* and *Dano* rulings are far from covering all concrete situations. Risks of fraud and abuse are probably limited. Nevertheless, Option 1 raises problems outside and inside the coordination rules.

The *status quo* means that Member States may differentiate between their nationals and non-nationals with regard to access to social assistance. The treatment of poor people vis-à-vis social assistance will vary widely according to the country of residence. National rules are likely to become more and more restrictive, with all the usual problems when conflicting national laws apply to transnational situations. Many poor migrants will find themselves without social assistance. Still, there would be no guarantee that EU countries' overall expenditure on social assistance will diminish: migrants may simply shift from one Member State to another and double payment situations could increase.

The *status quo* allows an exemption from key principles of EU social security coordination law. How will case law interact with rules on SNCBs? With regard to this question, various practices might occur between countries and within countries. This case law affects the internal coherence of the coordination rules in general and of SNCBs in particular. It will also be the

source of practical problems for national and local social security institutions having to deal with several sources of law for the determination of social assistance rights claimed by non-active migrants: to what extent coordination rules will have to be left unapplied or adapted is not easy to determine.

Negative effects of Option 1 may, however, be the necessary counterpart if the legislature wants to wait until case law stabilises. In particular, the statuses of jobseekers, former workers, frontier workers, workers with low income and family members need to be clarified. The CJEU also needs to be more specific about the proportionality test concerning the ‘financial burden’ and how the principle of ‘financial solidarity’ impacts access to social assistance in concrete cases, in order to guarantee a uniform application and therefore legal certainty within the Union.

Option 1 is, however, not supposed to be a long-term option. Option 1 leaves room for further step-by-step developments in the case law of the CJEU, yet it results in legal uncertainty and leaves many questions open. Moreover, the ability of case law to lay down general rules going beyond specific cases is very limited. Furthermore, fundamental political issues are involved (the degree of social solidarity owed to economically inactive EU citizens) which, in view of democratic legitimation, should be addressed by the Union legislature. The CJEU case law should be considered as a work in progress with an unforeseeable future. Under these circumstances a wait-and-see position should be appropriate for the next few years. Later, legislative action should be taken at its best on the basis of a matured case law, in which the growing pains have been removed.

### **3 Option 2a: limitation of the equal treatment principle set out in Article 4 BR for special non-contributory cash benefits (SNCBs)**

#### **3.1 Legal analysis of the proposal**

##### *3.1.1 Incorporation of Article 24(2) of Directive 2004/38/EC into Regulation (EC) No 883/2004*

The codification of Article 24(2) of Directive 2004/38/EC into Regulation (EC) No 883/2004 (BR) could make sense. Let us recall that this provision states that “*the host Member State shall not be obliged to confer entitlement to social assistance during the first three months of residence or, where appropriate, the longer period provided for in Article 14(4)(b), nor shall it be obliged, prior to acquisition of the right of permanent residence, to grant maintenance aid for studies, including vocational training, consisting in student grants or student loans to persons other than workers, self-employed persons, persons who retain such status and members of their families*”.

Option 2a intends to incorporate rules on social assistance for migrants which the case law of the Court of Justice of the European Union (CJEU) regards as being intertwined. This option would, therefore, create symmetric rules in the freedom of movement law and the social security coordination.

Deviation from the equal treatment principle set out in Article 4 BR is legally possible. Such a revision could close the gap between the CJEU case law and Article 4 BR. Exemptions from the equal treatment principle would be explicitly stipulated in the BR. The key problem is to determine the best legal way to implement Option 2a.

### 3.1.2 Possible legislative solutions

The emergence of SNCBs was an outcome of the case law of the CJEU. It provided for a new, distinct and special system of social security coordination for mixed benefits. This system is built on special principles and establishes coordination principles on its own.<sup>313</sup> It is based on three interrelated principles: the applicable law is the law of the claimant's country of residence, the non-discrimination of persons as to their nationality and, finally, the non-exportability of the benefits applies.<sup>314</sup> This special coordination regime was built separate from the general coordination system, but at the same time took on board some of its principles. Such principles would be substantially affected by Option 2a.

First, the meaning of residence would not be the one found in Article 11 of Regulation (EC) No 987/2009. Residence is conceived as a factual concept. In the context of Directive 2004/38/EC, however, it is defined as a legal concept.<sup>315</sup> Second, the principle of equal treatment of persons, irrespective of their nationality, would be exposed to a profound change: differences between nationals and non-nationals would be permitted. The proposal would not only modify, but deeply alter the current system of coordination of SNCBs.

With regard to the incorporation of Article 24(2) of Directive 2004/38/EC into the BR, it should be noted that the Directive is not primarily about setting standards of social security coordination. It gives Member States the right to establish their own rules of social assistance entitlement. If Article 24(2) was incorporated into the BR, this rule would change its function from an option for the Member States to a necessity at EU law level.

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<sup>313</sup> See 1 above

<sup>314</sup> See 1 above, H. Verschueren, 'Free Movement or Benefit Tourism: The Unreasonable Burden of Brey', (2014) *The European Journal of Migration and Law* 16, 169 et seq.

<sup>315</sup> See 1 above; and this despite the case law does not require the Member States to restrict the social assistance benefits to a legal residence.

On the basis of these preliminary remarks, it appears that Article 24(2) could be inserted into the BR in different ways:

- A first solution could be to introduce this provision as a general rule of coordination in Article 4 BR.
- A second solution could be to create a specific exemption in the context of Article 70 BR.
- A third solution could be to introduce Article 24(2) as part of Article 3(5) BR.
- Finally it could be examined to find an appropriate solution on the basis of the ‘genuine link’ concept in the context of Article 11(3) BR.

Each sub-option needs to be evaluated.

#### 3.1.2.1 Article 24(2) of Directive 2004/38/EC as an exemption of Article 4 BR?

Article 4 BR provides that “[a]ll persons shall enjoy the same rights and be subject to the same obligations under the legislation of any Member State as the nationals thereof”, “unless otherwise provided for” by the BR. Therefore, such an exemption could be made.

This sub-option would, however, be problematic, not only because it would go against Recital (5) BR, which declares that “it is necessary, within the framework of such coordination, to guarantee within the Community equality of treatment under the different national legislation for the person concerned”.

Sub-option a would indeed put too great an emphasis on social assistance. This branch of social protection is important, but – both from the social and the economic view – less important than the social security risk related branches. Article 4 BR applies to all rules of coordination and all social security benefits. The new exemption would set a false accent on benefits which are not at the heart of the coordination system.

Furthermore, in the Member States’ law, the distinction based on nationality is just one factor to exclude migrants from social assistance. There are other

factors, above all the lawful residence and labour market/society integration. Bearing those criteria in mind, it would not be sufficient to adapt the equality treatment principle to codify the CJEU case law.

It is therefore not recommended to incorporate Article 24(2) of Residence Directive 2004/38/EC into Article 4 BR.

### 3.1.2.2 Article 24(2) of Directive 2004/38/EC as an exemption of Article 70 BR?

Article 24(2) of the Residence Directive relates to social assistance as do the provisions on SNCBs. Since Article 70 BR refers to social assistance specifically, it would seem the appropriate place to integrate an additional provision on social assistance benefits. SNCBs have a hybrid character: they are part of both social security and social assistance legislation. The integration of rules into Article 70 BR could be done even if social assistance benefits as such are not listed as SNCBs and do not follow the general rules established by Article 70 BR. Therefore, a provision on social assistance could find its place in Article 70 BR.

There is, however, a problem to underline: social assistance payments may not necessarily be SNCBs, nor are SNCBs necessarily social assistance benefits.<sup>316</sup> A first difficulty would be to make a distinction between the two categories of benefits. This distinction should be added to the definition of SNCBs given by Article 70(2)2 BR. A second and major difficulty derives from the fact that if Article 24(2) was taken as a rule to abandon the principles established for SNCBs by Article 70(2) BR (entitlement based on residence, non-exportation and equal treatment of all EU nationals), internal coherence of the legal system of SNCBs would be affected in two respects. First, it would introduce a different notion of residence (legal *versus* factual). Second, the equal treatment clause – decisive for the SNCBs – would be left out for social assistance payments. Only the non-exportation clause would apply to both categories of

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<sup>316</sup> Cf however the judgment in *Dano* EU:C:2014:2358, paragraph 63.

benefits. The integration of derogatory residence/equal treatment rules into Article 70 BR would establish a deep contrast within the provision itself. It is difficult to imagine that opposing imperatives would apply within the same Article aiming to coordinate social benefits of a similar character and both with a social assistance dimension.

Despite the fact that *Brey* and *Dano* emphasise that SNCBs fall under the meaning of ‘social assistance’ in Article 24(2) of Directive 2004/38/EC, it should not be recommended to incorporate this provision in Article 70 BR. The concepts of ‘social assistance’ and ‘SNCB’ differ; the first is broader than the latter. Article 3(5) BR excludes social assistance from the substantive scope of application of the BR: why should it become a concept within the BR? Additionally, Article 24(2) of Directive 2004/38/EC does not primarily concern coordination in the EU context, but non-coordination of benefits rights on the basis of Member States’ prerogatives. Finally, Article 24(2) of Directive 2004/38/EC allows distinctions for social benefits – above all nationality and lawful residence – which are unlawful under the BR. Therefore, to incorporate Article 24(2) of Directive 2004/38/EC would establish a profound contradiction between on the one hand the special coordination law – EU rules for SNCBs – and on the other hand the integration of a provision which allows the Member States to abandon the leading principles of the BR – and this in respect of ‘social assistance’ benefits which are in general and in substance completely excluded from the BR.

Our conclusion is that it is not recommended that Article 24(2) of Directive 2004/38/EC is integrated into Article 70 BR.

### 3.1.2.3 Article 24(2) of Directive 2004/38/EC as part of Article 3(5) BR

Article 24(2) of the Residence Directive could be integrated into the BR as a part of Article 3(5) BR. Pursuant to this provision, social and medical assistance benefits are excluded from EU coordination.

This solution would concur with the intention of Article 24(2) since it enables the Member States to establish rules about the transnational dimensions of their social assistance legislation without any EU law interference. This insertion would create coherence within EU coordination law.

Still, there is a first hindrance which makes this proposal problematic. It would revitalise the question whether the complete exclusion of a very broad range of social benefits (providing minimum means of existence from EU coordination) could be justified if they are at the same time regarded as social security benefits due to their characteristic as SNCBs. In this respect, the question arises whether the case law, which emphasises the double characteristic of these benefits as both SNCBs in the meaning of the BR and as social assistance benefits in the meaning of Directive [2004/38/EC](#) could be compatible with such legislation. Article 3(3) BR identifies SNCBs as a category of social security benefits. As long as this rule exists, it would be inconsistent with the EU rules to exclude social assistance benefits from the material scope of the coordination if they are at the same time qualified as SNCBs. The contradiction between the EU rules and the Member States' rules on social assistance benefits would be kept.

If Article 24(2) was integrated into Article 3(5) BR, this would also overrule the previous and constant case law of the CJEU as to which social assistance benefits with minimum protection characteristic should be conceived as social security benefits under the concept of SNCBs. This reasoning and ruling of the CJEU historically led to the incorporation of SNCBs into the BR.

Finally, the rationale of Article 24(2) is not the exclusion of certain categories of social benefits from the coordination regime. Its main intention is to exclude persons from entitlement to social benefits because they are not adequately integrated into the society of a Member State. This problem relates to the question which persons are covered under the BR by the legislation of a Member State, but it does not primarily relate to the question which subject matters should be conceived as part of EU coordination law.



Therefore, this option should also be disregarded.

#### 3.1.2.4 Solution on the basis of the ‘genuine link’ concept in the context of Article 11(3) BR

Whereas Article 11(3)(a) to (e) BR sets rules of conflict of law, Article 24(2) of the Residence Directive enables Member States to exclude persons from their social assistance legislation by rules they can establish. Therefore, could Article 24(2) be integrated in the form of a negative clause to the existing rules of conflict of law set out in Article 11(3)(a) to (e) BR?

Article 11(3)(e) BR could provide an exemption. Thus, according to rules of conflict of law a competent Member State could exclude migrants from social assistance – even if the benefits concerned are income-related SNCBs – if these migrants have neither a legal residence, nor a link to the labour market, nor the nationality of the competent State. In this proposal the other main rules on the coordination of SNCBs – in particular the ones examined (Articles 4, 70, 3(5) BR) – could be kept unchanged.

This solution would also coincide with the CJEU case law where a genuine link between the applicant and the Member State more or less overtly assumes a key role.<sup>317</sup> In this approach, it could be provided that social assistance benefits to which non-active persons are in principle entitled due to their residence in the competent Member State, can be restricted by the Member States’ legislation to migrants who have a legal residence, who have the nationality of the competent State and who are integrated into the labour market of this State.

This approach could combine the provisions on the freedom of movement with the social legislation in such a manner that the exclusion of unself-sufficient migrants, as in the cases *Dano* and *Brey*, could be adequately dealt with within

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<sup>317</sup> This was the main argument in the opinion of Advocate General Wathelet in the currently pending case *Alimanovic*, delivered on 26 March 2015 (Opinion in *Alimanovic*, C-67/14, EU:C:2015:210).

the BR rules. The BR indeed translates the concept of a genuine link in Article 11(3)(a) and (e) BR into specific ties: the workplace for the workers' protection, the legal seat for the self-employed persons' protection and, finally, the residence as the key connecting factor for non-working persons.

This new provision could be enacted in Article 11 in conjunction with section (3)(e) and could be expressed in the following words: "*The Member States – competent on the basis of Article 11(3)(e) BR because of a residence in this State, may exclude persons from social assistance benefits who are neither nationals nor a legal resident nor integrated into the labour market of the Member State as a worker, self-employed person, jobseeker or family member.*"

### **3.2 Assessment of the proposal (pros/cons)**

When considering the four legislative alternatives reflected upon in the previous parts, the first three turn out not to adequately express the intention of Article 24(2) of the Residence Directive. Only Sub-option d is worth being explored. Therefore, this option alone will be assessed. The outcome of the evaluation is ambiguous.

#### *3.2.1 Clarification*

The proposal to introduce a negative clause in the provisions of the BR on applicable law might be regarded as unusual. One might argue that the integration of negative clauses in order to determine the applicable law would lead to a paradox. It may also affect the coherence of the system of rules of conflict of law.

Such a negative clause would need to be supplemented by an additional legal provision to allow the Member States to deny access to social assistance benefits on the basis of and in line with CJEU case law.

However, important problems of implementation would remain in practice and would have to be dealt with by each Member State separately. What is social assistance? What is legal residence? Who would be considered integrated into the labour market?

### *3.2.2 Simplification*

The introduction of a negative clause of conflict of law would be a way to better coordinate the CJEU's rulings on social assistance and the functioning of income-related SNCBs. In this respect, it should bring simplification.

However, the integration of the provision into the BR would increase the complexity of the rules incorporated therein. It would also enhance the difficulties mentioned in how to interpret the conditions under which the exclusive rule applies with regard to Article 24(2).

### *3.2.3 Protection of rights*

The proposal does not concern opening access to social rights or safeguarding social rights in transnational contexts, but restricts entitlement to social assistance to those who are not regarded as part of a Member State's society. Therefore, this proposal is problematic with regard to Recital 1 BR, which states that "*[t]he rules for coordination of national social security systems fall within the framework of the free movement of persons and should contribute towards improving their standard of living and conditions of employment.*"

### *3.2.4 Administrative burden and implementation arrangements*

The same problems as described in Option 1 would be observed. The proposal would not reduce the complex assessments and evaluations to be performed.

### *3.2.5 Avoiding the risk of fraud and abuse*

Since entitlement to social assistance will depend on national rules in a context of unstable CJEU case law, there could be an increased risk of social tourism – non-active migrants moving to countries where entitlement conditions are the easiest to comply with or where administrative control is loose. More generally, the risk of fraud may increase since the assessment of the residence condition will be based on factual and unclear elements. The assessment of Option 1 in terms of fraud and abuse is largely transposable to Option 2a.

### *3.2.6 Potential financial implications*

The same observation made for the previous option applies to this option.

## **3.3 A mapping of the impact in the Member States**

The concept of legal residence differs between Member States. Some Member States demand a minimum period of previous residence. In **Cyprus**, legal residence depends on a permanent stay of 20 or 35 years. In **Latvia** residence is required of 60 months and within this period of permanent residence at least 12 months, before a person is entitled. Some Member States explicitly forbid to take residence without having sufficient resources to safeguard the migrant's subsistence or for purposes other than to take up employment (**AT, DE, HU, LV, LT, UK**). Consequently, the concept of and, hence, the minimum requirements for an adequate employment characterised by national law might vary.

Further complications result from distinctions made concerning the beneficiaries' nationality (**AT, CY, HU, IE, IT, LV**) or an additional restriction for a further period of up to three months for jobseekers after the establishment in the labour market of the Member State of residence (**AT**). This entails deviations from EU law by conflicting Member States' law. The

same is true for criteria according to which the benefits are accessible. As in the **United Kingdom**, a complex test is to be applied to determine whether a person has his or her habitual residence in a Member State or is substantially employed, active as a jobseeker or has the prospect of being considered as employable.

The different Member States have enacted various criteria to define the circumstances: identifications by means of an explicit residence permit issued by the competent State (**AT, CY, HU, IE, IT, LV**) or a medical document concerning a person's employability (**Latvia, UK**), which are to be fulfilled both in substance and in the procedure for a social assistance benefit.

Therefore, even if it could be feasible to define on EU level and within the BR criteria for social assistance benefits on the basis of the two cases, it would remain an open question how to cope with the on-going differences between the EU rules and the Member States' divergent and non-concurring laws on social assistance.

### **3.4 General evaluation of Option 2a**

It appears that it is very difficult to transpose the limitation of the equal treatment principle for income-related SNCBs into the coordination Regulations.

The analyses of four sub-propositions show that there is a great risk that the overall coherence of the SNCB system is undermined and that legal inconsistencies are generated within the coordination Regulations. In this regard, the last sub-proposition (the insertion of a negative rule of conflict) might be the only one without such effect, even if its complexity and the consequences it would have on the system of rules of conflict of law raise questions about its relevance.

In any case, since the equality of treatment is only one side of the question, a modification of the coordination rules dealing exclusively with this matter would not be sufficient to clarify rules applicable to social assistance.

## **4 Option 2b: Removal of the special non-contributory cash benefits (SNCBs) from the material scope of Regulation (EC) No 883/2004**

### **4.1 *Legal analysis of the proposal***

#### *4.1.1 Introduction*

Option 2b consists in the removal of the income-related SNCBs from the scope of Regulation (EC) No 883/2004 (BR). The CJEU included hybrid benefits in the scope of the Regulation, against the wishes of the Council. Two decades later the Council responded by devising the special system for SNCBs. As that system has now been destabilised by the CJEU, it is understandable that the option of removing the SNCBs from the scope of the Regulation holds some appeal. Option 2b would have the effect of subjecting all ‘social assistance’ within the meaning of Directive 2004/38/EC to a common legal regime: it would be governed by national law, Directive 2004/38/EC and the TFEU.

This section determines the impact of Option 2b on citizens and administrations. It identifies the provisions of the Regulation that are relevant to SNCBs and that would no longer govern SNCBs under Option 2b. Furthermore, it analyses the consequences of this change. Essentially, this section concludes that:

- Option 2b would replace Article 70 BR as far as income-related SNCBs are concerned and Article 6 BR with a difficult, case-by-case appraisal of whether a claimant has sufficient links with a Member State to claim its ex-SNCBs;
- the repeal of the provisions of the BR on equal treatment and assimilation is largely neutral, as the same rights and duties derive from the TFEU and Directive 2004/38/EC;
- Option 2b would complicate the cooperation and communication between social security institutions.

Overall, it seems that the attractiveness of Option 2b does not resist closer examination.

As a preliminary point, it needs to be specified that Option 2b is not relevant to persons who lack a right to reside. Such persons can be excluded from income-related SNCBs in the circumstances described under Option 1. Whether or not SNCBs are still covered by the Regulation has no influence on their legal position. In other terms, since Ms Dano and her son could not derive any protection from the Regulation, the inapplicability thereof would not in the slightest affect their rights.

The Regulation is however relevant to persons who have a right to reside in the State where they claim SNCBs. This concerns, *inter alia*, the nationals of that State and persons holding the status of long-term resident under Article 16 of Directive 2004/38/EC. Under national and international law,<sup>318</sup> the nationals of a State have a right to reside on its territory. For instance, while Irish nationals automatically satisfy the right-to-reside condition in Ireland, they may fail to actually qualify for SNCBs on other grounds. The Regulation might assist such citizens in claiming income-related SNCBs. The same is true for the categories of migrant citizens against whom right-to-reside conditions may not be enforced. Finally, Member States are free to set right-to-reside requirements or not. Where a State does not require the applicant for certain SNCBs to have a right to reside, persons, even where they do not have such a right, might derive protection from the Regulation. These three categories cannot be (or are not) denied benefits on the basis of *Dano*; they may therefore find the Regulation helpful in claiming benefits. The removal of income-related SNCBs from the scope of the Regulation is liable to have an impact on their legal position.

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<sup>318</sup> E.g. the judgment in *McCarthy*, C-434/09, EU:C:2011:277, paragraph 29 and cases cited.



#### 4.1.2 Towards a case-by-case assessment of the real link

Under the current coordination framework, SNCBs are served in one Member State only, *i.e.* the State in which a person habitually resides.<sup>319</sup> If the institutions of different Member States hold different views on the location of a person's habitual residence, they must reach an agreement under Article 11 of Regulation (EC) No 987/2009 (IR). That provision demands “*an overall assessment of all available information relating to relevant facts*”. Its first paragraph contains a non-exhaustive list of indicators.<sup>320</sup> Article 11(2) IR provides that, in the event that the institutions fail to reach an agreement, the person's intention, as apparent from the circumstances, is decisive. Persons have one – and only one – place of habitual residence. In *Wencel*, the CJEU held that a person cannot have *more than one* habitual centre of interests.<sup>321</sup> It is generally accepted that everyone must have *one* place of habitual residence,<sup>322</sup> which may be located outside the EU.<sup>323</sup> As a result, every citizen who lives in a Member State can claim benefits in that Member State – and nowhere else.<sup>324</sup> Of course, right-to-reside conditions and other requirements may prevent a migrant from effectively enjoying SNCBs in the competent Member State.

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<sup>319</sup> Article 1(j) BR and Article 70 BR.

<sup>320</sup> *I.e.* the duration and continuity of presence on the territory of the Member States concerned; the nature and the specific characteristics of any activity pursued, in particular the place where such activity is habitually pursued, the stability of the activity, and the duration of any work contract; his or her family status and family ties; the exercise of any non-remunerated activity; in the case of students, the source of their income; his or her housing situation, in particular how permanent it is; the Member State in which the person is deemed to reside for taxation purposes. There is no order of preference between those indicators (judgment in *I v Health Service Executive*, C-255/13, EU:C:2014:1291, paragraph 46).

<sup>321</sup> Judgment in *Wencel*, C-589/10, EU:C:2013:303, paragraph 48, paragraph 51.

<sup>322</sup> Cf Article 11 IR.

<sup>323</sup> European Commission, *Practical guide on the applicable legislation in the European Union (EU), the European Economic Area (EEA) and in Switzerland*, 2013, p. 42-43. Consider e.g. the situation of the claimant in the judgment in *Collins* EU:C:2004:172.

<sup>324</sup> The CJEU ruled that a worker could access an SNCB in his or her Member State of work in which he or she no longer lived, given that he or she had maintained all of his or her economic and social links to that State (judgment in *Hendrix* EU:C:2007:494).

Option 2b removes this guarantee of one single competent State. In some situations, a person may be able to claim benefits in more than one State. For instance, the national of a Member State may be deemed resident for the purposes of national law eight weeks after returning there. At that point, he or she might still be considered as resident in the State which he or she just left, and in which he or she worked and lived for several years. As a result, he or she would unduly cumulate similar benefits from each State. Obviously, Member States may enact anti-overlapping rules, but they might not be aware of the fact that similar benefits are awarded abroad.

Conversely, a citizen might fall between two stools, if he or she is not considered resident in any Member State and therefore receives no SNCBs at all. At first sight, it seems that Option 2b would enable a Member State to refuse SNCBs to persons who do have a right to reside, on the grounds that they have not lived in its territory long enough, that they are not domiciled there, etc. For instance, could a Member State require two years of prior residence?

The TFEU and Directive 2004/38/EC raise a number of important limits to Member States' ability to restrict the access to their income-related SNCBs. Residence requirements are intrinsically liable to negatively affect migrant citizens more than sedentary, national citizens. Therefore, they amount to indirect discrimination (when applied to foreign nationals) or to a non-discriminatory restriction of free movement rights (when enforced by a State against its own nationals). According to the CJEU, it is legitimate for a Member State to grant benefits such as SNCBs only to persons who have established "*a certain degree of integration into the society of that State.*"<sup>325</sup> The CJEU furthermore accepts that residence in that State during "*a certain length of time*" demonstrates such integration for economically inactive

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<sup>325</sup> Judgment in *Bidar* EU:C:2005:169, paragraph 57.

citizens.<sup>326</sup> Yet, it insists that the condition must be proportionate. It is settled case law that “*a condition of residence may be disproportionate if it is too exclusive in nature because it favours an element which is not necessarily representative of the real and effective degree of connection and excludes all other representative elements.*”<sup>327</sup> The CJEU accepts that the following factors might indicate the existence of a genuine link: (stable) residence,<sup>328</sup> connections to a social security system,<sup>329</sup> family circumstances,<sup>330</sup> language skills,<sup>331</sup> nationality,<sup>332</sup> work,<sup>333</sup> work-seeking<sup>334</sup> etc.<sup>335</sup>

Member States who wish to introduce additional requirements must therefore tread cautiously. They are free to require that the recipients of their benefits demonstrate a real link. To that end, they may set residence-related conditions or other territorial conditions. However, they must ascertain, in each individual case, that these conditions do not go further than strictly necessary. In

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<sup>326</sup> E.g. the judgment in *Bidar* EU:C:2005:169, paragraph 59; judgment in *Collins* EU:C:2004:172, paragraph 72; judgment in *Prinz and Seeberger*, C-523/11 and C-585/11, EU:C:2013:524, paragraph 38.

<sup>327</sup> Judgment in *Giersch* EU:C:2013:411, paragraph 72 and case law cited.

<sup>328</sup> E.g. the judgment in *Collins* EU:C:2004:172, paragraph 72; judgment in *Stewart*, C-503/09, EU:C:2011:500, paragraph 101; judgment in *Prinz and Seeberger* EU:C:2013:524, paragraph 38.

<sup>329</sup> E.g. the judgment in *Stewart* EU:C:2011:500, paragraph 97-99; judgment in *Commission v Germany*, C-269/07, EU:C:2009:527, paragraph 60.

<sup>330</sup> E.g. the judgment in *Thiele Meneses*, C-220/12, EU:C:2013:683, paragraph 38; judgment in *Martens*, C-359/13, EU:C:2015:118, paragraph 41.

<sup>331</sup> E.g. the judgment in *Prinz and Seeberger* EU:C:2013:524, paragraph 38; judgment in *Thiele Meneses* EU:C:2013:683, paragraph 38; judgment in *Martens* EU:C:2015:118, paragraph 41.

<sup>332</sup> *Ibid.*

<sup>333</sup> E.g. the judgment in *Hendrix* EU:C:2007:494, paragraph 57-58; judgment in *Commission v the Netherlands* EU:C:2012:346, paragraph 65; judgment in *Krier* EU:C:2012:798, paragraph 53; judgment in *Giersch* EU:C:2013:411, paragraph 63. The CJEU listed the former employment of the father of a dependent and economically inactive citizen as an indicator of her integration in the judgment in *Stewart* EU:C:2011:500, paragraph 100, and the judgment in *Martens* EU:C:2015:118, paragraph 41, paragraph 44.

<sup>334</sup> E.g. the judgment in *Collins* EU:C:2004:172, paragraph 70, paragraph 72; the judgment in *Vatsouras and Koupatantze* EU:C:2009:344, paragraph 39.

<sup>335</sup> The open-ended nature is emphasised in the cases mentioned in footnote 331. This does not mean that the Member States always have to take account of all social ties (see e.g. the judgment in *Förster* EU:C:2008:630; the judgment in *Geven* EU:C:2007:438).

particular, they must accept that a multitude of elements can prove the existence of a link. This real link test is neither particularly clear, nor easy to administer. It would however become standard practice if Option 2b were chosen. Any attempt to specifically limit the rights of (lawfully residing) migrant citizens to ex-income-related SNCBs would amount to restriction of their free movement rights, which needs due justification; the real link is virtually the only successful justification ground.

The *Stewart* case provides a topical example.<sup>336</sup> It concerned the UK short-term incapacity benefit in youth, a non-contributory benefit providing persons aged 16 to 25 who have a long-term disability with the necessary means to meet their needs. As will be demonstrated below, this benefit fulfilled all the conditions for being considered as an SNCB, except that the UK did not list it in Annex IIa. Ms Stewart was a British national suffering from Down's syndrome. She moved to Spain with her parents age ten. Her mother claimed the UK short-term incapacity benefit in youth on her behalf when she became 16. The claim failed because Ms Stewart resided abroad. UK law required the young invalid person to have been present in the UK for a period of at least 26 weeks in the 52 weeks immediately preceding the date of the application and to be present there on that date. The UK argued that the past presence requirement was proportionate, as it was short. It had to be satisfied only on the date of the claim and there simply were no other alternatives to determine the existence of a genuine link. The CJEU conceded that the existence of such a link can be proven by a stay for a reasonable period in the UK. Yet, the 26 weeks requirement was too exclusive. It excluded other elements that may demonstrate a real connection, such as the relationship between the claimant and the social security system (Ms Stewart was already entitled to the UK disability living allowance, and was credited with UK national insurance contributions); the claimant's family circumstances (her parents received UK pensions, and her father had worked in the UK); and the fact that the claimant,

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<sup>336</sup> Judgment in *Stewart* EU:C:2011:500.

a UK national, had lived in the UK. According to the CJEU, these elements suffice to demonstrate the existence of a genuine and sufficient connection between Ms Stewart and the UK. The requirement of past presence was thus disproportionate and contrary to Article 21(1) TFEU. On the same grounds, the CJEU decided that the financial balance of the British schemes was not endangered, and that the condition of presence on the date on which the claim is made was disproportionate. In sum, an economically inactive person could not be required to reside in the UK when claiming a benefit that closely resembles SNCBs, because she had sufficiently strong attachments with the UK.

The same scenario risks unfolding for ex income-related SNCBs under Option 2b. Currently, SNCBs are conditional upon habitual and, where applicable, lawful residence. Option 2b seems to enable Member States to require more than just habitual and lawful residence. They could demand stronger attachments to their society, for instance durational residence. However, the TFEU could oppose the additional requirements of links, as soon as they are not strictly necessary. What is necessary is hard to predict, but it seems clear that rules that attach importance only to one single indicator (or just a very few indicators) are very vulnerable to a challenge under EU law. In answer to our earlier question, a Member State requiring citizens who have a right to reside to have lived on its territory during a number of years would most probably run counter EU law.

#### *4.1.3 The principle of equal treatment (Article 4 BR)*

Article 4 BR is a specific expression of the principle of non-discrimination laid down in Article 18 TFEU,<sup>337</sup> Article 45(2) TFEU, Article 49 TFEU and

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<sup>337</sup> Judgment in *Dano* EU:C:2014:2358, paragraph 61.

Article 56 TFEU. In *Dano* the CJEU entirely aligned Article 4 BR to Article 24 of Directive 2004/38/EC.<sup>338</sup>

Option 2b would make little difference when compared to the current state of affairs. Persons lacking a right to reside have no right to equal treatment under either Article 4 BR or any other provisions mentioned above. Persons possessing a right to reside would be able to claim equal treatment under Article 24 of Directive 2004/38/EC and/or the aforementioned provision of the TFEU, even if they could no longer rely on Article 4 BR because Option 2b was enacted. As illustrated above, the principle of equal treatment and the prohibition on restrictions of free movement allow a citizen who has a sufficiently close connection to a Member State to challenge territorial conditions laid down in its legislation.

#### *4.1.4 The principle of equal treatment of facts (Article 5 BR)*

Article 5 BR lays down the principle of equal treatment of benefits, income, facts or events.<sup>339</sup> It essentially provides that, where the legislation of the competent Member State attaches legal effects to the occurrence of certain facts or events, that State must take account of equivalent facts or events taking place in another Member State as though they had taken place on its own territory (Article 5(b) BR). Article 5(a) sets out a similar rule: the receipt of social security benefits and other income in another Member State must be equated to the receipt of domestic benefits or income. Article 5 can be both beneficial and detrimental to citizens – we examine both situations in turn.

Article 5 BR allows the eligibility conditions to be satisfied in another Member State. That provision then benefits the migrant. For instance, SNCBs are regularly granted in the form of a supplement; their payment is often

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<sup>338</sup> *idem*, paragraph 60 *et seq.*

<sup>339</sup> See further N. Rennuy, 'Assimilation, territoriality and reverse discrimination', (2011) *European Journal of Social Law*, 289.

conditional upon receipt of national social security benefits. Article 5(a) BR (previously Article 10(3) of Regulation (EEC) No 1408/71) provides that equivalent foreign benefits should be treated as national benefits. Consider a French SNCB which, by hypothesis, is only granted as a supplement to a French old-age pension. If a French institution wanted to refuse a person receiving a Spanish pension that SNCB, it would either have to demonstrate that the Spanish pension is not equivalent to the French pension,<sup>340</sup> or that its refusal is necessary to safeguard a legitimate interest.

Option 2b would not change this state of affairs. It is settled case law that, insofar as it is beneficial to migrants, the equal treatment of facts is required by the free movement rights laid down in the Treaty<sup>341</sup> and/or Directive 2004/38/EC.<sup>342</sup> A refusal to assimilate foreign facts amounts to indirect discrimination or to a restriction to free movement, as it only affects migrants. If the facts are equivalent, a refusal must be justified by demonstrating the legitimacy of the objective pursued and the suitability and necessity of the means deployed. The outcome of the French case would be identical.

Article 5 BR can also be relied upon to the detriment of migrants, where disentitling conditions are satisfied in another Member State. For instance, many SNCBs are means-tested or income-tested. Article 5(a) BR equates foreign income and means to domestic income and means. Whether the personal or familial income of the applicant reaches the upper limit for the grant of SNCBs is then determined by reference to the income he or she earns

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<sup>340</sup> Cf the judgment in *Larcher*, C-523/13, EU:C:2014:2458.

<sup>341</sup> E.g. the judgment in *Roviello v Landesversicherungsanstalt Schwaben*, C-20/85, EU:C:1988:283 (Article 48 and Article 51 EEC Treaty); judgment in *O'Flynn v Adjudication Officer*, C-237/94, EU:C:1996:206 (Article 7(2) of Regulation (EEC) No 1612/68); judgment in *Elsen v Bundesversicherungsanstalt für Angestellte*, C-135/99, EU:C:2000:647 (Article 18 EC, Article 39 EC and Article 42 EC); judgment in *Kauer*, C-28/00, EU:C:2002:82 (Article 18 EC, Article 39 EC and Article 43 EC); judgment in *Duchon*, C-290/00, EU:C:2002:234 (Article 39(2) EC and Article 42 EC); judgment in *D'Hoop*, C-224/98, EU:C:2002:432 (the provisions on EU citizenship).

<sup>342</sup> E.g. the judgment in *Commission v Austria* EU:C:2012:605 (Article 18, 20 and 21 TFEU and Article 24 of Directive 2004/38).

in all the Member States. The same applies to rules precluding the overlapping of SNCBs with other social benefits. Member States must however be careful to avoid creating an unjustified non-discriminatory obstacle to the free movement of persons.<sup>343</sup>

Assimilation detrimental to migrants could still be performed if Option 2b were implemented. The CJEU held that Article 18 and 45 TFEU “do not prohibit — though they do not require — the treatment by the institutions of Member States of corresponding facts occurring in another Member State as equivalent to facts which, if they occur on the national territory, constitute a ground for the loss or suspension of the right to cash benefits”.<sup>344</sup> Accordingly, the UK was free to deprive a prisoner of social security protection, even though he served his sentence in Ireland instead of the UK.

In sum, the disappearance of Article 5 BR for SNCBs would not significantly affect the substance of the rights and duties of individuals and administrations.

#### 4.1.5 *The principle of aggregation (Article 6 BR)*

The so-called principle of aggregation laid down in Article 6 BR provides that, where the legislation of the competent Member State (“MS<sub>1</sub>”) provides that the acquisition or retention of benefits is conditional upon the completion of periods of insurance, employment, self-employment or residence, the competent institution must take into account periods of insurance, employment, self-employment or residence completed under the legislation of another Member State (“MS<sub>2</sub>”), as if they were completed under its own legislation. Whether periods were validly completed under the legislation of MS<sub>2</sub> is determined by that State’s institutions, which communicate their decision to MS<sub>1</sub>. For instance, in order to qualify for the Cypriot social pension, currently an SNCB, a person must have lawfully stayed in Cyprus for

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<sup>343</sup> Judgment in *Somova*, C-103/13, EU:C:2014:2334.

<sup>344</sup> Judgment in *Kenny*, C-1/78, EU:C:1978:140.



20 years since reaching the age of 40, or for 35 years since reaching the age of 18. A person who now lives in Cyprus, but previously lived in another Member State, is entitled to the Cypriot pension after aggregation. The Cypriot authorities do not need to check whether the applicant actually lived abroad; they can simply ask the institutions of the Member State in question to make the necessary verifications.

Would the situation be any different under Option 2b? The CJEU has ruled on the question whether a Member State should aggregate in circumstances where Regulation (EEC) No 1408/71 does not apply. In one case, it held that periods completed in Germany that are comparable to those required by Greek legislation should be aggregated on the basis of Article 48 and 51 of the EEC Treaty (now Article 45 and 48 TFEU) for the purpose of determining the acquisition of a Greek old-age pension.<sup>345</sup> The discrimination arose because “*the problem of recognition of periods completed in other Member States of the Community confronts only workers who have exercised their right to freedom of movement.*”<sup>346</sup> In cases on economically inactive citizens, the CJEU tends to waive durational residence requirements as soon as they exceed what is necessary to establish the existence of a sufficient connection with the society of the State whose benefits are claimed. Therefore, it seems that the disappearance of Article 6 BR would not entail the end of all duties to aggregate. Should MS<sub>1</sub> wish to refuse to aggregate periods, it should either demonstrate that the periods at issue are not equivalent to the periods required under its legislation, or that the applicant has no genuine connection to its society. Both entail an individual and labour-intensive assessment of the facts of the case, which is unnecessary under Article 6 BR.

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<sup>345</sup> Judgment in *Vougioukas v Idryma Koinonikon Asfalisseon*, C-443/93, EU:C:1995:394.

<sup>346</sup> Judgment in *Vougioukas v Idryma Koinonikon Asfalisseon* EU:C:1995:394, paragraph 41. In other cases, the CJEU found that periods of employment should be aggregated so as to determine *the amount* of a parental benefit (C judgment in *Rockler*, C-137/04, EU:C:2006:106; judgment in *Öberg*, C-185/04, EU:C:2006:107).

Article 6 brings about a certain administrative convenience, which would come to an end under Option 2b. The institutions of MS<sub>1</sub> (Cyprus, in our example) would have to determine whether periods of insurance, (self-)employment or residence were validly completed under the legislation of MS<sub>2</sub> – a law with which they are unfamiliar. They could no longer request MS<sub>2</sub> to apply its own legislation.

#### *4.1.6 Agencies (Title IV BR)*

The fourth title of the BR lays down the rules concerning different agencies. By extracting SNCBs from their field of action, Option 2b would deprive the Member States and the European Commission of:

- the forum that is the Administrative Commission, which facilitates cooperation;
- the technical assistance provided by the Technical Commission;
- the data of the Audit Board;
- the counsel of the Advisory Committee.

These are useful fora for monitoring, managing and possibly improving the provision of SNCBs.

#### *4.1.7 Administrative cooperation (Title V BR)*

Article 76 BR lays down duties of administrative cooperation, which are flanked by Article 77 BR in respect of data protection<sup>347</sup> and refined, with respect to fraud and error specifically, by Decision H5 of the Administrative Commission.<sup>348</sup> These guarantees are crucial for the verification of facts which materialised in another Member State, and thus for the prevention of fraud and

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<sup>347</sup> See Article 2 to 5 IR.

<sup>348</sup> Decision No H5 of 18 March 2010 concerning cooperation on combating fraud and error within the framework of Council Regulation (EC) No 883/2004 and Regulation (EC) No 987/2009, OJ C 149, 8.6.2010, p. 5–7.

error. For instance, given the objective of SNCBs to guarantee a certain minimum standard of living, foreign income, means and benefits are routinely taken into account in order to determine whether a person qualifies. Likewise, the amount of SNCBs may depend on the circumstances of family members who live or work abroad. The Member State awarding SNCBs would struggle to control such conditions without assistance from other Member States.

Option 2b would deprive the Member States of the possibility to claim administrative cooperation in order to verify whether the conditions for receiving SNCBs are fulfilled. The TFEU does not endow social security institutions with a right to administrative cooperation.<sup>349</sup> Accordingly, a State seeking to check whether a person receives a pension from another Member State or earns a salary there, would be entirely dependent on the goodwill of the latter State.

Electronic exchange of data, when implemented, should greatly facilitate the flows of information and contribute to reducing error and fraud (Article 78 BR). This useful instrument for the national institutions would be inaccessible if Option 2b were put into effect.

The recovery of benefits that were erroneously paid may, by virtue of Article 84 BR, be effected in other Member States. Enforceable judicial and administrative decisions are in principle to be recognised and enforced upon request by the competent State.<sup>350</sup> If Option 2b were chosen, the institutions of the Member States may expect more difficulties to recover SNCBs that were wrongly paid.

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<sup>349</sup> Article 4(3) TEU states that the Member States shall “assist each other in carrying out tasks which flow from the Treaties” and “shall take any appropriate measure, general or particular, to ensure fulfilment of the obligations arising out of the Treaties or resulting from the acts of the institutions of the Union.” This provision is limited to actions necessary for the compliance with EU primary or secondary law and the pursuit of EU objectives. Whether a Member State would be able to invoke it in order to request another Member State’s assistance in preventing fraud and error against its own legislation – a purely national objective, if SNCBs were removed from the scope of the BR – may be seriously doubted.

<sup>350</sup> More specific rules are laid down in Article 71 to 85 IR.

#### 4.1.8 *The complete irrelevance of Regulation (EC) No 883/2004?*

Contrary to what can be expected, the disappearance of the category of income-related SNCBs might not remove all the benefits which are now considered as SNCBs from the scope of the Regulation. Indeed, much in line with its early case law in which it emphasised that hybrid benefits have features of both social assistance and social security,<sup>351</sup> the CJEU might categorise certain ex-SNCBs as social security benefits. A recent sign in that direction is the 2011 *Stewart* case.<sup>352</sup> This would have far-reaching consequences, as those benefits would in principle be governed by the provisions of the Regulation for ‘classic’ social security risks.

In *Stewart*, the CJEU qualified the UK short-term incapacity benefit in youth as an invalidity benefit within the meaning of Regulation (EEC) No 1408/71. The sole condition for that characterisation was that, at the moment of the application, it was clear that the claimant had a permanent or long-term disability. The benefit in question is a non-contributory, non-means-tested weekly payment which provides persons aged 16 to 25, who are incapable of work due to sickness or disability, with the financial means to meet their needs. It does not seek to replace lost wages; on the contrary, it is open to those who have never worked. The short-term incapacity benefit in youth expires after one year, at which point it is replaced by the long-term incapacity benefit, which can be drawn until retirement age. The main eligibility conditions are a person’s age, his or her unfitness for work and his or her residence and presence in Great Britain. Whilst the CJEU did not examine the question from that angle, it seems that the UK short-term incapacity benefit in youth is an SNCB in all but in name. It is both ‘special’ and ‘non-contributory’ in the light of the case law of the CJEU. It is very similar to the Dutch benefit for young persons who are already suffering from total or partial long-term

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<sup>351</sup> E.g. the judgment in *Frilli* EU:C:1972:56, paragraph 13.

<sup>352</sup> Judgment in *Stewart* EU:C:2011:500.

incapacity for work before joining the labour market. In *Kersbergen-Lap*, the CJEU decided that this Dutch benefit, which was not means-tested, was both special and non-contributory.<sup>353</sup> The UK short-term incapacity benefit is blatantly intended to provide “*solely specific protection for the disabled, closely linked to the said person's social environment in the Member State concerned*”, as stated in Article 70(2)(a)(ii) of Regulation (EC) No 883/2004. Only the fact that the UK did not list it in Annex IIa of Regulation (EEC) No 1408/71 stood in the way of its qualification as an SNCB. Yet, the CJEU, after a lengthy examination (paragraph 29-54), considered it as an invalidity benefit.

If a benefit that meets all the substantial criteria for being listed as an SNCB is qualified as social security, could the same not be true in respect of a benefit that used to be an SNCB, before Option 2b was enacted? There is a risk that some former SNCBs would be requalified by the CJEU as ‘social security’ within the meaning of Regulation (EC) No 883/2004. In theory, they would then be covered by all the provisions of that Regulation, including the provision on export. In *Stewart*, the residence condition was waived on the basis of that provision. It is however more likely that the CJEU would retain the non-export rule, given that it accepts that “*the grant of benefits closely linked with the social environment may be made subject to a condition of residence*”.<sup>354</sup> Even then, if certain former SNCBs were considered as social security, this would largely undermine Option 2b. An interpretation of former SNCBs as classic social security might be unlikely, but it certainly is possible.

#### 4.1.9 Overview

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<sup>353</sup> Judgment in *Kersbergen-Lap and Dams-Schipper*, C-154/05, EU:C:2006:449.

<sup>354</sup> E.g. the judgment in *Snares* EU:C:1997:518, paragraph 42. The CJEU has been seen to bend the rules of the Regulations in order to avoid disrupting minimum subsistence benefits (judgment in *Office National des Pensions v Levatino*, C-65/92, EU:C:1993:149).

	Option 1	Option 2b
<b>Legal framework</b>	Regulation (EC) No 883/2004; Directive 2004/38/EC; TFEU	Directive 2004/38/EC; TFEU
<b>Decisive element for attribution of responsibility</b>	genuine link test / habitual residence	National law, which sets <i>inter alia</i> conditions of residence / real link
<b>How many Member States are responsible?</b>	In principle, only one  Exceptions: <i>Bosmann, Hendrix, Hudzinski and Wawrzyniak</i>	None, one, or more than one
<b>Equal treatment</b>	Article 4 of Regulation (EC) No 883/2004	Article 24 of Directive 2004/38/EC and TFEU are functionally equivalent to Article 4 of Regulation (EC) No 883/2004
<b>Assimilation of facts</b>	Article 5 of Regulation (EC) No 883/2004 (+ genuine link test?)	Article 24 of Directive 2004/38/EC and TFEU could be considered to be functionally equivalent to Article 5 of Regulation (EC) No 883/2004 (the genuine link test would be applicable)
<b>Aggregation of periods</b>	Article 6 of Regulation (EC) No 883/2004 (+ genuine link test?)	Article 24 of Directive 2004/38/EC and TFEU could entail a duty of aggregation; non-aggregation would be based on objective difference or be objectively and proportionately justified (e.g. the genuine link test). Competent Member State may have to apply foreign legislation.
<b>Administrative cooperation</b>	Duties of administrative cooperation  In future, electronic exchange of data  Recovery of benefits	Goodwill of requested Member State  No electronic exchange of data  No procedure on recovery

## 4.2 *Assessment of the proposal*

### 4.2.1 *Clarification*

Under the current state of affairs, the provision of SNCBs is regulated by the Regulation. The provisions of the TFEU are only relevant in exceptional circumstances.<sup>355</sup> Option 2b accords decisive importance to the open-ended prohibitions on discrimination and on non-discriminatory obstacles of the TFEU. For instance, the definition of ‘habitual residence’ and the procedure to reconcile conflicting views is lost. This may in turn lead to a lack of social protection, where no Member State deems the person concerned to reside on its territory; or to an excess thereof, in the less likely event that more than one Member State should consider the person resident. The strength of the real link that may be required is to be determined in the light of the TFEU. It is clear that “*the proof required to demonstrate the genuine link must not be too exclusive in nature or unduly favour one element which is not necessarily representative of the real and effective degree of connection between the claimant and this Member State, to the exclusion of all other representative elements*”.<sup>356</sup> This requirement of individualised assessment is labour-intensive, unpredictable and complex. The requisite type of link depends on the constitutive elements of the benefit, including its nature and purpose.<sup>357</sup> Despite more than a decade of intense litigation on the cross-border access to study grants from the perspective of the real link, the permissible degree of integration is still unclear. The development of a reasonably operational notion of a real link for SNCBs – a group of benefits that is less homogenous than study grants – is bound to be challenging.

The functions of Article 4, Article 5 and Article 6 BR could be taken over by the TFEU and Directive [2004/38/EC](#). Yet, this would come at a price in terms

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<sup>355</sup> E.g. the judgment in *Hendrix* EU:C:2007:494.

<sup>356</sup> Judgment in *Prinz and Seeberger* EU:C:2013:524, paragraph 37 and cited case law.

<sup>357</sup> Judgment in *Commission v Austria* EU:C:2012:605, paragraph 63.

of visibility and clarity. Article 6 BR is an absolute rule, with no derogations. By contrast, *prima facie* restrictions of free movement can be objectively justified. Moreover, Article 6 BR dispenses Member States from the complex tasks of ascertaining whether periods were validly completed under foreign law, and of determining whether these foreign periods are equivalent to the required periods.

Finally, the risk of a qualification of former SNCBs as normal ‘social security’ cannot be excluded.

#### 4.2.2 *Simplification*

For the reasons mentioned under 4.2.1, Option 2b would not entail a simplification of the legal framework.

#### 4.2.3 *Protection of rights*

The Regulation is relevant to persons in possession of a right to reside and to persons lacking a right to reside, claiming SNCBs in a Member State that does not or may not make their payment conditional upon lawful residence. Option 2b would be detrimental to the protection of their rights. It might allow Member States to raise the level of connection required for the eligibility for SNCBs. Even where the TFEU is functionally equivalent to provisions of the Regulations, the loss in visibility might engender an enforcement deficit, where European rights translate less well into national practices. The loss in clarity and the complications in administrative cooperation are liable to result in unpredictability and to cause delays. Besides, migrants would lose procedural rights, such as the right to the provisional grant of benefits (Article 6 IR).



#### 4.2.4 *Administrative burden and implementation arrangements*

Option 2b would significantly raise the burden resting on the institutions administering SCNBs. As indicated above, the individual assessment that regularly replaces the mechanic application of the provisions of the Regulations is costly to the Member States. The refusal of SNCBs on territorial grounds is liable to raise an obstacle to free movement. Such restriction can be justified by positively demonstrating that, on the facts of the case, the measure is proportionate to the objective of ensuring a sufficient degree of integration (or by arguing that, *in casu*, the facts occurring abroad are not equivalent to the required facts). The institutions would lose the ability to claim the cooperation of their counterparts in other Member States. This significantly complicates the operation of SNCBs when certain relevant facts materialise abroad. For instance, where the overlap of SNCBs with certain foreign benefits is forbidden, administrations may struggle to obtain the necessary information. They would be deprived of the procedures to recover benefits unduly paid and, in future, of the advantages of the EESSI system. Besides, the Member States would lose the assistance of the four agencies.

#### 4.2.5 *Avoiding the risk of fraud and abuse*

Cross-border fraud, abuse and error is largely attributed to deficiencies in cooperation and in flows of information across borders. Imperfect though it may be in its implementation, the BR lays down an obligatory mechanism for administrative cooperation, upon which a Decision of the Administrative Commission builds further.<sup>358</sup> Once operational, the electronic exchange of data will further the fight against fraud, abuse and error.

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<sup>358</sup> Decision No H5 of 18 March 2010 concerning cooperation on combating fraud and error within the framework of Council Regulation (EC) No 883/2004 and Regulation (EC) No 987/2009, OJ C 149, 8.6.2010, p. 5-7.

Whereas it is generally recommended to enhance cross-border cooperation and communication in order to tackle fraud and error,<sup>359</sup> Option 2b could have the opposite effect. If implemented, Member States would have to rely on bilateral agreements, memorandums of understanding or cooperation on other levels. Such a bilateral network cannot approximate the current framework in terms of scope (many Member States will not be mutually bound) or strength. Moreover, this might induce Member States to increasingly rely on privacy and data protection as reasons to refuse to share data.

An argument could be made that vague rules are inherently more difficult to circumvent than clear ones. Consequently, it may be inferred that the very opacity which Option 2b entails would in itself hinder fraud and abuse. In our view the promotion of vague legislation to prevent fraud and abuse is not convincing. It could be objected that the current notion of habitual residence resists circumvention if properly applied. In order to qualify for an income-related SNCB in a Member State, a citizen must have his or her habitual centre of interests there, as determined on the basis of a multitude of indicia (Article 11 IR). This centre of gravity test essentially prevents persons from claiming such benefits in a Member State without relocating their entire life there. Furthermore, it must be borne in mind that vagueness affects not only persons with fraudulent intent, but also all *bona fide* claimants.

Option 2b may enable Member States to exclude more persons from SNCBs. This could be framed as an increased leeway to ban “welfare tourists”. To do so in compliance with the TFEU, a State would however have to demonstrate either that the person in question, despite lawfully residing on its territory, lacks a sufficient link; or that the claim is abusive or fraudulent. Under the current framework, the Regulations “*cannot be relied on for the purposes of*

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<sup>359</sup> 4<sup>th</sup> recital in the preamble to Decision H5, *ibid*; Y. Jorens, D. Gillis and I. Plasschaert, *Fraud and Error in the Field of Social Security Coordination, Network Statistics FMSSFE*, European Commission, 2014, unpublished report.

*abuse or fraud*'.<sup>360</sup> Persons who have their habitual centre of interests in a Member State within the meaning of the Regulations are very likely to have a genuine link with that State. These two elements reduce the added value of Option 2b in the prevention of fraud and abuse in comparison with the current framework, which does contain adequate guarantees regarding real links and abuse.

On balance, Option 2b would hinder the fight against fraud, abuse and error more than facilitate it.

#### 4.2.6 *Potential financial implications*

Member States may make some financial gains by excluding migrants who are not affected by *Dano*. For instance, whereas *Dano* does not affect the rights of German citizens to German SNCBs, under Option 2b Germany might find it easier to disallow their claims. This financial gain is however mitigated by increased costs in handling cases. If Option 2b were put into effect, Member States wishing to reject applications for their SNCBs would need to perform an individualised assessment. Moreover, difficulties in cross-border communication, an increased risk of fraud and error and a complication in the recovery of benefits wrongly paid might add to the operational costs.

### 4.3 *A mapping of the impact in the Member States*

Option 2b has a very diverse effect on citizens and Member States. The focus of this section lies on the notion of *habitual* residence, as issues pertaining to *legal* residence have been studied in the context of Options 1 and 2a. The following is an overview of the concept of residence as *currently* required by the laws of a number of Member States.

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<sup>360</sup> E.g. the judgment in *Brennet v Paletta*, C-206/94, EU:C:1996:182, paragraph 24.

According to **Dutch** legislation, a person ‘resides’ in the Netherlands when he or she has a durable relationship of a personal nature with the Netherlands. This is determined on the basis of a number of factors such as the work and living circumstances, family relationships, the place where the children attend education, political or cultural activities, durable housing, finances, registration at the population register and possession of a residence permit for a short or longer period of time. It is not necessary for the relationship with the Netherlands to be stronger than the relationship with another State. In **Germany**, habitual residence is not defined; rather, it must be interpreted with regard to the specific benefit and its aims. Generally speaking, the circumstances must indicate that the stay is not temporary. **Latvia** requires the applicants of certain SNCBs (i) to be permanently resident on its territory, (ii) to have lived there for five years in total, and (iii) to have lived there continuously during the year preceding the application. **Italy** requires ‘real and habitual residence’, which it interprets in line with Article 11 IR. **Finland** also uses a concept of residence that is very close to that of Article 11 IR; in the event of divergence the European definition displaces the Finnish definition. In **Lithuania**, a person must be registered in the Resident’s Registry. Likewise, **Hungary** requires the place of habitual residence to be registered. Hungary essentially incorporates the criteria set in Article 11 IR. Under **Irish** legislation, habitual residence is understood as incorporating both a significant period of past residence and the intention to remain in Ireland for the foreseeable future. The main (but non-exhaustive) indicators are the length and continuity of residence in Ireland or in any other particular country; the length and purpose of any absence from Ireland; the nature and pattern of employment; the applicant’s main centre of interest; the future intention of the applicant concerned as it appears from all the circumstances. **Cyprus** requires applicants to reside on its territory for at least 12 consecutive months in order to qualify for two of its SNCBs.

It is a matter of speculation how Member States may react to the enactment of Option 2b. Yet, this short overview demonstrates that the definition laid down in Article 11 IR is not adopted in all Member States. This increases the likelihood of divergent views on the location of a person's habitual residence, rendering the reconciliation procedure more important.

#### **4.4 General evaluation of Option 2b**

It should be underlined at the outset that the *Brey* and *Dano* rulings in no way require the removal of SNCBs from the scope of the Regulation. They merely enable Member States to set a requirement of lawful residence, which affects only certain categories of applicants. For instance, the nationals of a Member State always have a right to reside on their territory.

The recommendation would be not to propose Option 2b. Removal does not answer the question of how to handle entitlement to SNCBs in future; without any regulation they would be somewhere between Directive, Regulation and primary law. The removal of SNCBs from the scope of the Regulation would be detrimental to both citizens and administrations. It would raise the cost of administering SNCBs, decrease legal certainty and the protection of migrants' rights, disincentivise mobility and, on balance, hinder the fight against fraud, abuse and error. The assessment is negative from every angle. Moreover, all provisions relevant to SNCBs have an added value for citizens and administrations. The repeal of any provision would thus be ill-advised.

## 5 Additional proposals

All three proposals of the European Commission (EC) clearly choose an adaptation of the social security coordination rules related to income-related special non-contributory cash benefits (SNCBs) in order to align them with the requirements of legal residence as laid down in Directive 2004/38/EC. The first opts for a *status quo*, allowing for derogations from the equal treatment principle in line with the decisions in these cases. The other two proposals relate to a limitation and, even further stretched, a removal of the equal treatment principle in the SNCB coordination rules.

However, as is clear from our above legal assessments, we are of the opinion that the current state of the case law should not be regarded as ‘stable’. The analytical reading of both *Brey* and *Dano* as such already reveals pending questions in the CJEU’s approach towards the limitation of the equal treatment principle based on legal residence requirements. Whereas the CJEU puts emphasis on a proportionality test in the *Brey* case, this test is absent in the *Dano* case. Although this can very likely be explained by the specific circumstances of each case, it should be stressed that this is still uncertain and that the above assessment makes clear that many other questions are pending.

The most pressing question at this stage, in our view preventing to depart from the *Brey/Dano* case law as a basis for law-making, is whether the *Dano* judgment should be interpreted narrowly or broadly.<sup>361</sup> From a purely legal perspective, it has been defended that the *Dano* judgment should be construed narrowly. As the CJEU’s decision relates to the limitation of a fundamental principle of EU law, it is to be narrowly interpreted. In this sense, it should be clear that the limitation of the equal treatment principle with regard to SNCBs can only be understood with full respect of the fundamental principle of free

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<sup>361</sup> See 2.1 above.

movement of EU citizens and, even more important in view of the *Dano* judgment, the general principle of proportionality.

However, the present assessment shows that the current proposals as put forward by the EC do not take into account the principle of proportionality upon integrating the recent case law in Regulation (EC) No 883/2004. While Option 1 leaves the current state of EU law ‘as is’, this leaves room for a broad interpretation of the *Dano* judgment, excluding a proportionality test and a potential breach of the fundamental freedoms. It is apparent that in the current political climate, several Member States could take advantage of this possibility to illegitimately exclude non-active Union citizens from access to SNCBs. Option 2a merely proposes a referral to the provisions of Directive 2004/38/EC, which could also trigger a rigid ‘2004/38/EC-residence-test’ in the SNCB chapter of Regulation (EC) No 883/2004, i.e. excluding entitlement to SNCBs if there is no legal residence in line with the provisions of Directive 2004/38/EC. Option 2b even removes equal treatment with regard to SNCB entitlement.

In view of the above, it appears that the current proposals are only translating the impact of Directive 2004/38/EC on the coordination system for SNCBs in Regulation (EC) No 883/2004 as if clear priorities are set after the *Brey/Dano* judgments. In our view, this is not the case. In the *Brey/Dano* case law, the CJEU has applied the provisions of both instruments to the specific circumstances of each case, taking into account the specific argumentation of all parties involved. After only two decisions, no definitive rules of priority can be deduced. Only upon a clear intervention from the legislature, the relationship between both instruments can be definitively settled. As the instruments at stake do not refer to each other in their current versions, the CJEU can only apply the relevant provisions next to each other.

In other words, a proposal from the EC should not necessarily go in the direction in which the CJEU *prima facie* seems to be pointing in its recent case law, integrating legal residence requirements in the social security

coordination system. The main purpose of a legislative intervention should rather be to settle the relationship between both instruments, taking into account the free movement of Union citizens and the principle of proportionality. The integration of the latter into the current proposals could be considered a key issue to safeguard the protection of social rights for mobile citizens within the European Union.

In the light of the above and as explained in the impact assessments, both Option 1 and 2a do not sufficiently guarantee an adequate level of protection of citizens' rights when moving within the EU and should be further accommodated to safeguard full respect of the principle of free movement of EU citizens and the principle of proportionality. Next to this, it should be stressed that the European legislature can also opt for a clear-cut safeguard of the coordination principles from the impact of the residence requirements resulting from Directive 2004/38/EC. However, first of all, it should be considered whether the current state of EU law actually requires change in order to meet concerns related to the relationship between legal residence and equal treatment.

### **5.1 A 'status quo' from the perspective of Regulation (EC) No 883/2004**

Before embarking on the possible adaptation of the current proposals or exploring new proposals, it is useful to reflect on the current state of EU law in order to assess whether the alleged problems of benefit tourism have to be solved by new legislation. On the one hand, this implies an assessment of the *Brey/Dano* case law and the Member States' response to benefit tourism by stressing the importance of legal residence within the meaning of Directive 2004/38/EC when considering access to social benefits. On the other hand, this also requires an accurate view on the current state of EU law with regard to



equal treatment of mobile non-active EU citizens, considering the relevant secondary legislation and CJEU case law.<sup>362</sup>

It is essential to highlight the responses that are already laid down in the current system of social security coordination, notably in the coordination system for SNCBs. The Member States' main aim is to prevent non-active persons lacking a genuine link with the host Member State from having access to social benefits. One has to wonder whether the current SNCB regime does not already address these concerns. Indeed, it could be argued that the current SNCB regime – as it stands now – already ensures the existence of a genuine link between the claimant of such a benefit and the host Member State.

With regard to SNCBs, it was already analysed above that the European legislature and the CJEU both accepted the (factual) habitual residence condition of Regulation (EC) No 883/2004 as creating a sufficiently genuine link between the claimant and the host Member State for the entitlement to such mixed benefits. This was a crucial element of the balance achieved after the neutralisation of the export principle for these specific benefits.

In the light of the aforementioned case law, it should however be emphasised that this notion in Regulation (EC) No 883/2004 also seems to fit perfectly into the main tendency of the CJEU case law concerning the requirement of a certain degree of integration. The variety of elements that has to be taken into account to establish whether a person has his or her habitual centre of interest in a Member State indeed appears to be in harmony with the case law concerning the 'genuine link'.

This variety of factors was introduced by the CJEU's interpretation of the residence concept in Regulation (EEC) No 1408/71 and has now been codified in a further elaborated form in Article 11 of Regulation (EC) No 987/2009. According to this Article, in the event of a difference of views between the institutions of two or more Member States, an overall assessment of all

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<sup>362</sup> See 2.1 above.

available information relating to the relevant facts should be performed in order to determine a person's centre of interest. The duration and continuity of presence on the territory is one element in this assessment, but cannot be more decisive than other relevant elements. This evaluation based on all the relevant individual circumstances of the case aligns with the way the CJEU has interpreted the establishment of a certain degree of integration between a claimant of certain social benefits and the granting Member State.

The case law of the CJEU has proven that EU law is sensitive to the Member States' desire of the establishment of a genuine link between a person claiming residence-based non-contributory benefits and the Member State granting the benefit. The residence concept of Regulation (EC) No 883/2004 also seems to meet these aspirations, both formally and substantially. It could thus be observed that the current residence concept of Regulation (EC) No 883/2004 might already contain the necessary safeguards to avoid benefit tourism, i.e. non-active citizens moving to another Member State with the sole purpose of obtaining social benefits without any genuine link with that State.

## **5.2 Integrating proportionality in the current proposals**

### *5.2.1 Status quo and proportionality*

If the option of a *status quo* would be further explored, it is crucial that further initiatives are taken at the European level to clarify the relationship between Regulation (EC) No 883/2004 and Directive 2004/38/EC. This could be done by providing further guidance to the Member States on how to apply the *Brey/Dano* case law in practice, i.e. when dealing with claims for SNCBs by non-active EU citizens. Logically, such administrative guidelines should serve the competent authorities of the Member States to have a clear view on how and to which extent requirements of legal residence can impact their decisions with regard to entitlement to SNCBs if the Member State concerned is to be

regarded as the Member State of residence in line with Article 11 of Regulation (EC) No 987/2009.

The main goal of these guidelines would be to strike a correct balance between the equal treatment provision of Regulation (EC) No 883/2004 and legal residence requirements for non-active persons. In this regard, the Member States should have a clear view on how to integrate the principle of proportionality. This would require further investigation into which criteria have to be taken into account. But, it is clear that – by analogy with the proportionality criteria of Directive 2004/38/EC – such assessment should take into account the duration of the residence, the personal circumstances of the individual and the amount of aid granted in order to assess whether the individual has become an unreasonable burden on the competent State's social assistance system.

#### 5.2.2 Referring to Directive 2004/38/EC and proportionality

A mere referral to Directive 2004/38/EC would have the same result as choosing a *status quo*. Therefore, it would be our recommendation to also draft clear guidelines (as described above) for the Member States on how to apply both instruments together, with full respect for the principle of free movement of Union citizens and according to the principle of proportionality.

Alternatively, rather than a mere referral to Directive 2004/38/EC, it might provide more clarity and legal certainty if the relevant articles restricting equal access to social assistance in Directive 2004/38/EC were to be translated and integrated into the SNCB title.<sup>363</sup> It can also be observed that the mere reference to the Directive will not be sufficiently transparent, neither for social security institutions nor for EU citizens. A mere reference requires a thorough knowledge of both systems and, in lack thereof, could lead to wrong

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<sup>363</sup> On the other hand, this would also require a clear view on how both instruments would further interact in order to avoid another layer of complexity in the relationship.

application and loss of rights for citizens. In that regard, it might be better to translate the residence requirements of Directive 2004/38/EC explicitly into the text of Regulation (EC) No 883/2004.

The provisions on entitlement to SNCBs could be aligned with the provisions on equal treatment with regard to social assistance of Article 24 of Directive 2004/38/EC as follows:

- First three months: no entitlement to SNCBs without any assessment of legal residence;
- Between three months and five years: for entitlement to SNCBs, the competent authority can make an assessment of the legal residence taking into account the duration of the residence, the personal circumstances of the individual and the amount of aid granted in order to assess whether the individual has become an unreasonable burden on the competent State's social assistance system;
- Five years: full entitlement to SNCBs without any assessment.

For the first three months, it seems acceptable from a legal point of view that a claim can be rejected without a proportionality test. If the individual concerned already claims SNCBs almost immediately after arrival in the host Member State, he or she can be deemed to move to that Member State for the sole purpose of obtaining the SNCB concerned. This approach seems to be in line with the *Dano* case law.

However, even in the first three months of residence the proportionality principle should not be overlooked. The choice for a uniform and dominant residence duration requirement of three months without the possibility to demonstrate that the person already has a genuine link with the host Member State, would ignore this fundamental principle of Union law. An overall assessment of all the facts of the individual case should still be required in order to possibly overrule the waiting period. It could for instance be clarified that, during the first three months of residence within the meaning of Directive 2004/38/EC, a person

is not considered resident yet in the host Member State within the meaning of Regulation (EC) No 883/2004, “*unless this person can prove the opposite*”.<sup>364</sup> This last addition – which opens the possibility to provide proof of a genuine link with the host Member State – is important, given the need to take into account the principle of proportionality when restricting the free movement of Unions citizens, as already described above.

Next to this, it has to be recalled that the introduction of a three-month waiting period for SNCBs breaks the balance that was struck by the SNCB chapter and should be compensated to prevent mobile EU citizens from falling between two stools, contrary to the goals of Article 48 TFEU. If such a waiting period were introduced, the persons concerned should be considered as having kept their residence in the Member State of origin during this first period. The latter would thus still be the competent State as to the entitlement to SNCBs. If this necessary corollary of postponing the establishment of residence in a Member State was omitted, such a new regime for SNCBs could fall foul of the fundamental right to free movement as guaranteed by the Treaties and of the main aim of social security coordination.

An alternative option would be to seek a better sharing of the burden amongst the Member States. Such burden-sharing could be accomplished by retaining the responsibility for these persons in the Member State of origin via cost compensation between the Member States concerned. The latter would then still be financially responsible for the first three months. During this period, the institutions of the host Member State would consequently provide the SNCBs in accordance with its legislation on behalf of the institution of the Member State of origin, which would be obliged to fully reimburse the costs incurred by the host Member State.

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<sup>364</sup> See the judgment in *Swaddling* EU:C:1999:96: an individual in the specific circumstances of Mr Swaddling should not be confronted with a waiting period of eight weeks.

Between three months and five years, the claimant is building up integration within the Member State concerned and has the opportunity to create a ‘genuine link’ or ‘certain degree of integration’ as has been constructed in EU citizenship case law. It will depend on the concrete circumstances of each case whether there is sufficient integration. Therefore, a proportionality test is indispensable, as the mere claim of an SNCB cannot result in an automatic expulsion and, logically, neither in an automatic refusal of the grant of the benefit concerned which could lead to expulsion. In our view, consideration 16 of the preamble provides inspiration for the proportionality test which has to be integrated. As to the ‘personal circumstances’, further guidance is probably needed. The explicit reference to a proportionality test should make it abundantly clear that each case has to be assessed on its merits and that an automatic refusal is prohibited.

It goes without saying that after five years<sup>365</sup> the claimant is entitled to full equal treatment with regard to SNCBs.

The abovementioned adaptations to the current proposals from the EC can be regarded as a mitigation of the effect which the integration of a hard ‘2004/38/EC-residence-test’, following a broad *Dano* interpretation, would have on the social protection of mobile EU citizens. It would guarantee that the proportionality principle is respected upon integration of legal residence requirements for access to SNCBs. However, nothing excludes that the relationship between the instruments concerned would be settled more drastically.

### 5.3 *Safeguarding SNCB coordination from residence requirements in Directive 2004/38/EC*

It has to be reiterated that the current proposals presented by the EC are only pointing in the direction of integrating the requirement for legal residence

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<sup>365</sup> To be determined whether this should be a period of lawful and uninterrupted residence.

stemming from Directive 2004/38/EC into the EU social security coordination system of Regulation (EC) No 883/2004. The proposals thereby depart from the idea that the CJEU has had its final say on the relationship between both instruments.

It cannot be denied that the CJEU has clearly stated that nothing prevents that the requirements of the Directive have to be taken into account when applying Regulation (EC) No 883/2004. From a legal-technical point of view, this is absolutely correct and cannot be countered. Indeed, no provision is provided for in either instrument to arrange the relationship between them. However, the lack of such provision also means that, in principle, nothing prevents a conclusion in the other direction, i.e. that the coordination rules of the Regulation have to be taken into account when applying Directive 2004/38/EC. More precisely, the latter should not touch upon the coordination system which is aimed at preserving entitlement to social security benefits in the light of the free movement of Union citizens within the European Union. In that regard, it should be kept in mind that the European legislature can still provide for a clear provision on the relationship between Directive 2004/38/EC and Regulation (EC) No 883/2004.

It might be useful to take a step back and assess the historical background of the issue at stake. The requirement of sufficient resources and health coverage as conditions for legal residence were conditions in the former residence directives,<sup>366</sup> repealed by Directive 2004/38/EC, as well. The same goes for the SNCB chapter in the old Regulation (EC) No 1408/71. They functioned next to each other and there was no apparent friction. Clearly, it was obvious that the entitlement to SNCBs had to be decided on in the framework of the coordination Regulations and the residence directives did not intrude into the coordination system, which was and is based on a system of factual residence. This previous cohabitation of legal residence with respect to entitlement to

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<sup>366</sup> Directives 64/221/EEC, 68/360/EEC, 72/194/EEC, 73/148/EEC, 75/34/EEC, 75/35/EEC, 90/364/EEC, 90/365/EEC and 93/96/EEC.

social security benefits of a mixed nature could be consolidated. It worked well until the political climate changed and some Member States decided to link both instruments.

A first option would be to remove all doubts on the relationship between Regulation (EC) No 883/2004 and Directive 2004/38/EC by accepting a status of ‘lex specialis’ for the coordination Regulation. This would explicitly affirm the current state of EU law and the normal application of Regulation (EC) No 883/2004. *In concreto*, this could be effectuated by inserting a safeguarding clause in Directive 2004/38/EC, confirming that the Directive does not affect the coordination rules of Regulation (EC) No 883/2004. Inspiration for such a clause could be found in Article 36(2) of Regulation 492/2011, which provides for the following clause in its final provisions: “*This Regulation shall not affect measures taken in accordance with Article 48 of the Treaty on the Functioning of the European Union*”.

In the same line of reasoning, a definition of social assistance could be provided for in Directive 2004/38/EC as not encompassing SNCBs that were included in Annex X of Regulation (EC) No 883/2004. This could be done in a general way, by equating “*social assistance within the meaning of Directive 2004/38/EC*” with “*social assistance within the meaning of Regulation (EC) No 883/2004*”. However, taking into account the *Brey* judgment, the legislature could also choose to integrate the CJEU’s definition of social assistance, excluding SNCBs listed in Annex X:

*“Social assistance within the meaning of this Directive is all assistance introduced by the public authorities, whether at national, regional or local level, that can be claimed by an individual who does not have resources sufficient to meet his own basic needs and the needs of his family and who, by reason of that fact, may become a burden on the public finances of the host Member State during his period of residence which could have consequences for the overall level of assistance which may be granted by that State. Social*



*security benefits as defined in Article 3 of Regulation (EC) No 883/2004 are not social assistance within the meaning of this Directive.*<sup>367</sup>

#### 5.4 Introducing a ‘fraud and abuse of rights’ in Regulation (EC) No 883/2004

The analysis of the *Dano* judgment appears to reveal that the CJEU mainly aims to tackle ‘benefit tourism’, i.e. moving to another Member State solely to benefit from the welfare system of the host Member State. In that regard, it could be observed that it would suffice to introduce an explicit coordination rule tackling fraud and abuse of rights by claimants. Such clause could be incorporated in the SNCB chapter, but could also be a general provision on fraud and abuse in the coordination Regulations.

It is acknowledged that one has to be very careful with the use of these concepts in EU law, as they have traditionally been interpreted very narrowly by the CJEU. There is no abuse when EU citizens and their family members obtain a right of residence under Union law in a Member State other than that of the EU citizen’s nationality, as they are benefiting from an advantage inherent in the exercise of the right of free movement protected by the Treaty,<sup>368</sup> regardless of the purpose of their move to that State.<sup>369</sup> However, both the CJEU and the EC define abuse as “*an artificial conduct entered into solely with the purpose of obtaining the right of free movement and residence*”.<sup>370</sup> A residence which in actual fact is a

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<sup>367</sup> The EC’s task of thoroughly verifying whether a benefit is to be regarded as an SNCB or as social assistance would become all the more important.

<sup>368</sup> Judgment in *Centros*, C-212/97, EU:C:1999:126, paragraph 27 and the judgment in *Commission v Austria* EU:C:2012:605, paragraph 67-68.

<sup>369</sup> Judgment in *Akrich*, C-109/01, EU:C:2003:491, paragraph 55 and judgment in *Jia*, C-1/05, EU:C:2007:1, paragraph 31.

<sup>370</sup> One should keep in mind that, when the freedom of movement was extended from the economically active to the economically non-active population in the context of Union citizenship, there was a political agreement that freedom of movement should not be extended to economically non-active persons who take the freedom of movement as a means to get the highest possible social benefit. The idea was to deprive those citizens of the right to free movement, if they intended to change residence driven by the mere motive to get more social benefits.

“*fake residence*” (cf the problems mentioned with regard to “*addresses of convenience*”) would fall under such a concept of abuse. This of course cannot create rights under EU law.

It is however also apparent that in *Dano* the CJEU has further elaborated the concept of abuse of EU law and has allowed that “*the purposes of the move*” are taken into account by the host Member State. This can be regarded as a green light to integrate a fraud and abuse article in Regulation (EC) No 883/2004.

Article 35 of Directive 2004/38/EC could be a guiding article for this purpose, as it provides that Member States may adopt the necessary measures to refuse, terminate or withdraw any right conferred by this Directive in the case of abuse of rights or fraud, such as marriages of convenience. An “*address of convenience*” or a “*shift of residence with the sole purpose of obtaining social benefits*” could be treated in the same way and could consequently lead to the refusal, termination or withdrawal of the right to reside in a host Member State. A similar provision could be incorporated in Regulation (EC) No 883/2004.

## 6 Conclusion

### 6.1 *General evaluation of the proposals*

The propositions made by the European Commission (EC) have a common denominator: they acknowledge that special non-contributory cash benefits (SNCBs) do not need to be paid during the first three months of residence and thereafter only if the recipient has a lawful right of residence according to the economic criteria set out in Directive 2004/38/EC in the host Member State (which have been interpreted restrictively by the Court of Justice of the European Union (CJEU)).

The authors of this report need to underline that key questions about the meaning of the CJEU's case law remain unresolved. Is the CJEU's case law, notably as a consequence of the *Dano* judgment, to be interpreted broadly (general exclusion of economically inactive persons from social assistance in the host Member State, without any individual assessment) or narrowly (denial of access to social assistance when it is not disproportionate in view of the facts of the case)? How will the CJEU analyse claims of SNCBs by jobseekers, former workers, family members or workers with low income? In some cases, may the existence of a 'genuine link' with the country in which the claim is made justify entitlement to social assistance and how would this link be assessed in accordance with EU primary law? How will the requirement of 'financial solidarity' impact access to social assistance? It is hard to anticipate responses which partly depend on how Treaty principles will be applied by the CJEU.

In the light of these remarks, differences between the three options are narrow. Whereas Option 1 (*status quo*) entails that access to social assistance is subject to a condition of legal residence in the host Member State such as defined by the recent case law of the CJEU, Option 2a aims at reaching an equivalent effect with the transposition of the CJEU case law into Regulation (EC) No

883/2004 (limitation of the principle of equality of treatment for SNCBs). Option 2b would have a broader impact: by deleting the category of SNCBs, ‘mixed benefits’ may no longer take advantage of any of the coordination principles.

Even if the objective of unifying the regime of social assistance for migrants into one single instrument could improve clarity and simplicity, the complex and unstable legal context makes it necessary to highlight the drawbacks of the EC’s proposals.

Option 2b appears to be the most problematic one. The removal of SNCBs from the scope of Regulation (EC) No 883/2004 would be detrimental to both citizens and administrations. It would raise the cost of administering SNCBs, decrease legal certainty, endanger the protection of migrants’ rights, and hinder the fight against fraud, abuse and error. Above all, the *Brey* and *Dano* rulings in no way require the removal of SNCBs from the scope of the coordination Regulation.

Option 2a would raise beforehand the delicate question how to concretely insert Article 24 of Residence Directive 2004/38/EC into the coordination Regulation. It appears indeed that it is very difficult to transpose the limitation of the equal treatment principle into the coordination Regulation. The analysis carried out shows that there is a great risk of undermining the overall coherence of the SNCB system and of generating legal inconsistencies within the coordination Regulation. The fact that the CJEU case law is not stable yet makes it even less reasonable to set rules aiming to limit the equal treatment principle for SNCBs. In addition, is it consistent to combine two instruments which have very different institutional features? The amendment of the coordination Regulation would affect the historical compromise of Regulation (EEC) No 1247/92 on SNCBs.

The proposal to retain the *status quo* (Option 1) would give the CJEU time to refine its case law. In this respect, this could be a reasonable choice given that

*Brey* and *Dano* are far from covering all concrete situations. Nevertheless, Option 1 has many disadvantages. The *status quo* means that Member States may differentiate between their nationals and non-nationals with regard to access to social assistance. The treatment of poor people vis-à-vis social assistance will vary widely according to the country of residence. National rules are likely to be more and more restrictive with all the usual problems when conflicting national laws apply to transnational situations. Many poor migrants will find themselves without social assistance. There would be no guarantee that the overall expenditure by EU countries on social assistance would diminish: they may simply move from certain countries to others. There would be a flow of cases on the interpretation of Directive 2004/38/EC, whereas the implementation of the coordination Regulations as far as SNCBs are concerned would become more complex. Negative effects of Option 1 may, however, be the necessary counterpart if the legislature decides to wait until case law stabilises. Let us recall that for cross-border care, Directive 2011/24/EU of 9 March 2011 was published more than 10 years after the first *Kohll* and *Decker* cases. Option 1 is not supposed to be a long-term option. The CJEU case law should be considered as a work in progress. A wait-and-see position should be appropriate for the next few years. Later, legislative action should be taken at its best on the basis of a matured case law.

A common consequence of the three propositions is that protection of rights would be in danger. Inactive citizens will be deterred from exercising their right to mobility within the EU, not only because they will not know in advance their social assistance rights in the host Member State, but also because they may find themselves in situations where they have no entitlement to social assistance in any of the Member States they have a connection with. Some Member States may even take advantage of the new legal system to raise the level of integration required for the eligibility for social assistance. This evolution could lead to violations of the Charter of Fundamental Rights

of the EU and other international instruments such as the European Social Charter.

Administrative burden would increase under all three options. The concept of lawful residence will become central with a great risk of divergent concepts within the Member States. Should the concept of ‘genuine link’ continue to apply, it will be subject to recurrent problems of interpretation/evaluation. More generally, national institutions will have to permanently adjust to further rulings of the CJEU, which will be a source of unwanted administrative burden. In order to coordinate their actions, national administrations may be inclined to negotiate bilateral agreements, generating extra work for unsatisfactory results since they would be limited to signatories.

Concerning risks of fraud and abuse, the assessment of the three options is not simple. For Options 1 and 2a, the *Dano* case does not modify the principle in accordance with which the Member State in which the person does not habitually reside is in general free from "SNCB burden". Therefore, the risk of double payment seems to be largely reduced by Regulation (EC) No 883/2004. This said, in a dual system in which both the Regulation and Residence Directive 2004/38/EC would apply, the risk of double payment could increase for practical reasons. On balance, Option 2b would hinder the fight against fraud, abuse and error more than facilitate it.

As far as financial implications are concerned, savings made by some Member States thanks to stricter rules on access to social assistance would probably be compensated by extra administrative costs and new forms of fraud due to a lack of administrative cooperation. A precise financial analysis is at this stage impossible to carry out.

## **6.2 *Alternative/adapted proposals***

All three proposals of the EC opt for an adaptation of the social security coordination rules related to SNCBs in order to align them with the

requirements of legal residence as laid down in Directive 2004/38/EC. Alternative/adapted options are worth being explored. They aim to settle a balanced relationship between the Residence Directive and the coordination Regulations. The alternative propositions aim to preserve the coherence of coordination rules and to protect the social rights of mobile citizens within the European Union.

Three types of actions are envisaged.

If the option of a *status quo* (Option 1) was further explored, some initiatives would need to be taken at the European level to clarify the relationship between Regulation (EC) No 883/2004 and Directive 2004/38/EC. The main goal of these guidelines would be to strike a correct balance between the equal treatment provision of Regulation (EC) No 883/2004 and legal residence requirements for non-active persons.

If an explicit integration of the relevant articles of Directive 2004/38/EC into the SNCB title of Regulation (EC) No 883/2004 would remain on the agenda, it would be possible to translate the residence requirements of Directive 2004/38/EC explicitly into the text of Regulation (EC) No 883/2004 through an 'Option 4'. This option would connect the social assistance rights to the length of stay: first three months, between three months and five years/acquisition of permanent right of residence, over five years. Alternatively, it could be sufficient to insert an explicit rule into the coordination Regulations tackling fraud and abuse of rights by claimants.

Instead of adapting Regulation (EC) No 883/2004, it would be conceivable to preserve its coherence. A first option would be to remove all doubts on the relationship between Regulation (EC) No 883/2004 and Directive 2004/38/EC by defining a status of '*lex specialis*' for the coordination Regulation. Even if it could raise difficulties since both regimes would apply with potentially different results, a second option would be to provide a definition of social

assistance in Directive 2004/38/EC that would not encompass SNCBs included in Annex X of Regulation (EC) No 883/2004.

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**ANNEX IX: HIVA KU LEUVEN: ADDITIONAL ANALYSIS FOR  
THE PARTIAL REVISION OF THE PROVISION OF THE  
COORDINATION OF SOCIAL SECURITY SYSTEMS IN  
REGULATION (EC) NO 883/2004**

**ADDITIONAL ANALYSIS FOR THE PARTIAL  
REVISION OF THE  
PROVISION ON THE COORDINATION OF  
SOCIAL SECURITY SYSTEMS IN REGULATION  
(EC) NO 883/2004**

**Prof. dr. Jozef Pacolet & Frederic De Wispelaere**

Research commissioned by DG EMPL

*Published by*  
KU Leuven  
HIVA - RESEARCH INSTITUTE FOR WORK AND SOCIETY  
Parkstraat 47 box 5300, 3000 LEUVEN, Belgium  
hiva@kuleuven.be  
www.hiva.be

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# Introduction

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The purpose of this report is to provide further support to the Commission in drafting the Impact Assessment report for the revision of Regulations (EC) No 883/2004 and (EC) No 987/2009.<sup>371</sup> In preparation of this impact assessment a study has been made by a team of Deloitte Consulting and HIVA - Catholic University of Leuven under contract VC/2012/0949 'Study for and impact assessment for revision of Regulations (EC) No 883/2004 and (EC) No 987/2009' (hereafter the study).

The study provides among others socio-economic data and indicators to evaluate the mobility trends of the insured persons and their family members, as well as the related costs for the Members States' social security schemes.

The aim of this report is to provide further support to the Commission services to integrate directly the relevant data and statistics in the analytical part of the Impact Assessment report. This report provides a clear answer 'on what is the nature and scale of the problem, how is it evolving and who is most affected by it?' As well for the baseline scenario of the present situation, its further development, and the potential impact of the alternative options, this is documented in quantitative terms. Those quantitative pictures reveal size and scope of the problem, the baseline scenario and the impact and changes from the baseline scenario for several options.

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<sup>371</sup> The authors would like to thank L. Aujean (DG EMPL.) for the helpful comments.



# 1 | Data collection, limitations and applied methodology

## 1.1 Data collection

Within the ‘Study for an impact assessment for revision of Regulations (EC) Nos 883/2004 and 987/2009’<sup>372</sup> it was the ambition to collect in 14 Member States administrative data on the coordination rules of LTC and unemployment benefits. This questionnaire referred explicitly to the old E-forms, the current Portable Documents and Structured Electronic Documents (SED) in order to obtain a well understanding of the data needs. Although those 14 Member States cover the complete range of welfare state regimes, this administrative data collection, in terms of involved Member States and in terms of available data, was too narrow to assess in detail the baseline scenarios and the different proposed options.

To obtain a more detailed quantitative view on the baseline scenario and the different options, mainly data from the EU Labour Force Survey (LFS)<sup>373</sup> and the EC 2012 Ageing Report was exploited. The LFS is the main source of information with regard to the labour market situation and labour market trends in the European Union. The main advantage of this survey is the data availability for all EU-Member States. The EC 2012 Ageing Report contains state of the art information on the coverage of social protection schemes and its budgetary cost in all EU countries including projections for the future presents projections.

## 1.2 Limitations

Regulation (EC) No 883/2004 is applicable to countries of the European Economic Area (EEA) and Switzerland. However, calculations have been made for only 27 Member States.

## 1.3 Applied methodology

Both figures below provide a first overview of the applied methodology to estimate/calculate the budgetary impact of the baseline scenario and the different options. It was the ambition to collect in 14 Member States administrative data from the competent institutions. Afterwards, the results would have been extrapolated to the EEA countries and Switzerland. Although those 14 Member States cover the complete range of welfare state regimes, this administrative data collection, in terms of involved Member States and in terms of available data, was too narrow to assess in detail the baseline scenarios and the different proposed options. As result, mainly data from the LFS, the

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<sup>372</sup> Regulation (EC) No 883 of the European Parliament and of the Council of 24 April 2004 on the coordination of social security systems. Regulation (EC) No 987/2009 of the European Parliament and of the Council of 16 September 2009 laying down the procedure for implementing Regulation (EC) No 883/2004

<sup>373</sup> Council Regulation (EC) No. 577/98 of 9 March 1998 on the organisation of a labour force sample survey in the Community.

Ageing Report and the Audit Board Report was exploited to estimate the number of involved persons and the budgetary impact.

### 1.3.1 Unemployment benefits

Based on Labour force Survey (LFS) data, an estimation of the number of **cross-border workers** could be made (based on the question *‘What is the name and address of the local unit of the enterprise where you work?’* and variables ‘COUNTRYW’ (country of place of work) and ‘COUNTRY’ (country of residence) in the database). In the further analysis we considered all **workers who work in another country than the country of residence as cross-border workers. Workers who work in a neighbouring country are considered as frontier workers.** This is different from the legal definition.

National unemployment rates were applied to the number of cross-border workers to estimate the number of **unemployed cross-border workers**.<sup>374</sup> The national unemployment rates of 2010 (from 20 to 64 years) defined in the 2012 Ageing Report were used. **The unemployment rates of the country of employment and not of the country of residence have been applied** on the number of cross-border workers calculated by way of the LFS.

In order to **estimate the budgetary impact** of the baseline scenario, the estimated number of unemployed cross-border workers (based on the LFS and the unemployment rates of the 2012 Ageing Report) is multiplied by the annual unemployment benefit per unemployed person (unemployment benefit spending in 2010 prices / (labour force \* unemployment rate)) (data from the 2012 Ageing Report). This yearly expenditure assumes that the unemployed person did not find a job during the first year of unemployment. However, a more ‘realistic’ calculation of the yearly expenditure is taken up in this report by taking into account **the annual average duration of the payment of the unemployment benefit**.<sup>375</sup> However, also the amount of the **reimbursement claim** should be taken into account. The analysis assumes 3 months of claims (minimum scenario) where a distinction should be made between the claim made by the country of residence and the actual payment by the country of last activity.

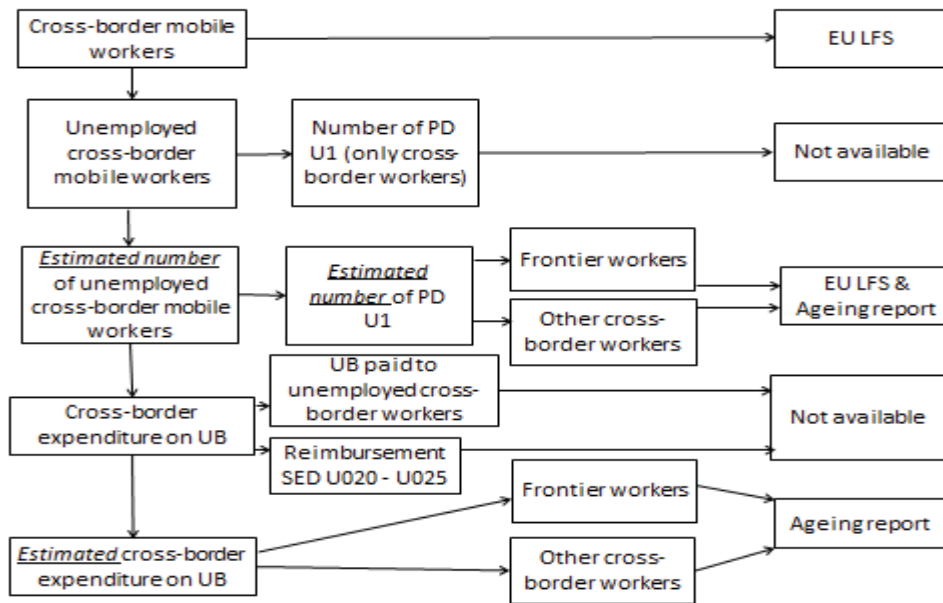
Under current rules unemployed frontier workers must claim unemployment benefits in the country of residence while unemployed other cross-border workers can choose to claim unemployment benefits in the country of last employment or in the country of residence. Due to the fact other cross-border workers can choose (between the country of last activity or the country of residence), an assumption has to be made about how many of them return to the country of residence and how many stay in the country of last activity. We assume that the unemployed persons will choose for the country which is paying the highest unemployment benefit.

---

<sup>374</sup> In order to support the use of national unemployment rates for cross-border workers, DG EMPL confirmed, on the basis of Eurostat EU-LFS data, that the overall characteristics of cross-border workers seem quite close to the average national workers (people working in the same country than their country of residence). No large differences in terms of highest level of education or age, two important factors when it comes to unemployment, appear.

<sup>375</sup> Calculations are based on the duration of the unemployment (which can be calculated with LFS data). If the duration of unemployment < 1 month, we assume a payment of the UB of 0.5 months; Between 1-2 months of unemployment = 1.5 months UB paid; Between 3-5 months of unemployment = 4 months UB paid; Between 6 and 11 months of unemployment = 8.5 months UB paid; 12 months and longer of unemployment = 12 months UB paid. This cut-off period of 12 months stems from the fact that the expenditure is calculated for only one year. It should be noted that the duration in unemployment may be underestimated since it is measured at a certain moment in time (e.g. he/she may still remain unemployed), see Employment in Europe 2008, chapter 2 and Employment and Social developments in Europe Review 2012, chapter 1.

Figure 1.1 Applied methodology – Unemployment benefits



Source HIVA KU Leuven

### 1.3.2 LTC

The fact there is no specific coordination regime and a common definition, difficulties appeared during the data collection on LTC. Member States do not explicit collect data on LTC and have not a common understanding of LTC benefits. At the moment, administrative data on LTC are only available in specific forms dealing with the coordination rules of the sickness chapter.

The number of those insured for health care living in another country than the competent country – which sometimes includes long-term care or to which LTC-insurance is closely linked – can be calculated based on the number of PD S1 - or E106 forms (insured person), E109 forms (family member of insured person) and E121 forms (pensioner and family member of pensioner). **The number of PD S1** was estimated by the sum of 3 categories:

- Cross-border workers (and their family members);
- Retired former cross-border workers (and their family members);
- Other mobile pensioners (and their family members).

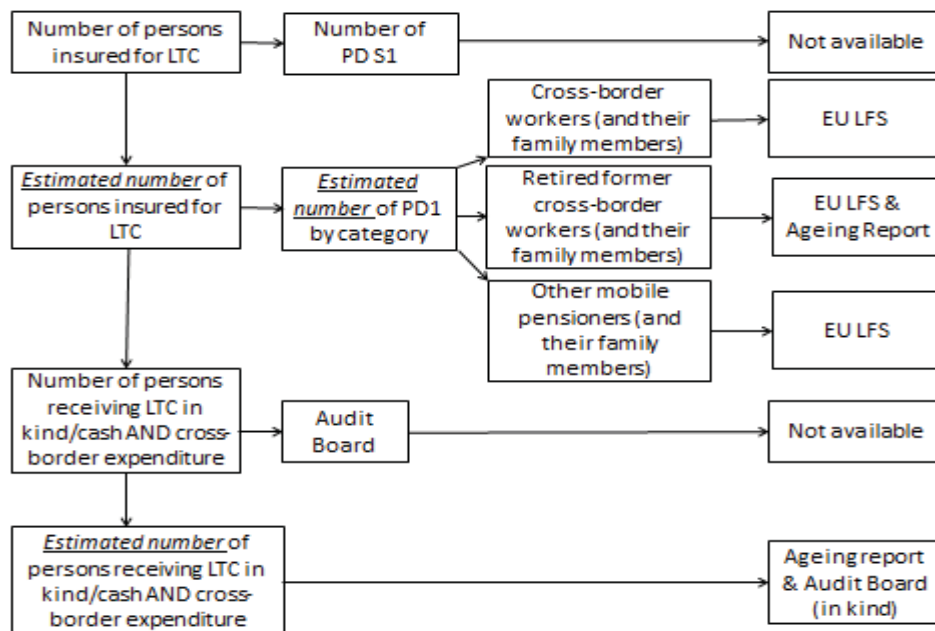
First, by way of the LFS, the number of cross-border workers were estimated. Second, we assumed in the calculation model that 20% of the cross-border workers will have an insured family member. Third, to estimate the total number of retired former cross-border workers, we applied the percentage of cross-border workers on the labour market to the number of pensioners in 2010 (figure from 2012 Aging Report- variable ‘Pensioners aged 65+’) and this by individual (former) working Member State. Fourth, an estimation of the number of migrant pensioners was calculated by using the LFS (= selection of ‘retired persons aged older than 60 at arrival’ of which country of birth= EU27 and country of residence=EU27). Final, we assume in the calculation model that 25%

of the pensioners will have also an insured family member. The sum of all these categories results in an estimate of the number of PD S1.

As next step we have estimated **the cross-border expenditure** on health care and long-term care based on figures from the 2012 Ageing Report (variables ‘Health care spending in 2010 prices per person’, ‘Population (million)’ and ‘Long-term care spending in 2010 prices (in billion Euros)’).

We calculated our estimates on average benefits for the total of the insured population. It is as mobile citizens (workers, pensioners, their family members) are using this system of LTC as if they were nationals. This involves a ‘potential’ overestimation of the number of users of cross-border LTC benefits and the related expenditure due to fact some MS consider their LTC benefit as not exportable. At the same time these estimates assume a complete ‘take-up’ of rights by mobile citizens which will not be the case in the baseline scenario. A distinction could be made between LTC benefits in kind, LTC benefits in cash and informal LTC by more detailed data from DG ECFIN.

Figure 1.2 Applied methodology - LTC



Source HIVA KU Leuven



## 2 | Analysis and results

### 2.1 Unemployment benefits

In the **baseline scenario**, frontier workers (people who work in one country and live in another, and return home daily or at least once a week) who become wholly unemployed must apply for unemployment benefits in their country of residence. Cross-border workers, other than frontier workers, may apply for unemployment benefits and register with the employment service in either the country of last activity or the country of residence (*right of choice*). The country of last activity will reimburse the institution of the country of residence an amount of the benefits provided to the returned frontier workers and other cross-border workers by the latter institution during the first three or five months.

**Option 2** implies that frontier workers also have the choice between applying for unemployment benefits and registering with the employment services either in the country of last activity or in the country of residence (*all cross-border workers have a right of choice*).

In **option 3**, the unemployed person should claim unemployment benefits and register with the employment services in the country of last activity. Reimbursement claims are no longer necessary.

**Table 2.1** Applicable rules baseline scenario and different options

	Option 1: Baseline scenario	Option 2: Right of choice	Option 3: Country of last activity
<b>Country of last activity</b>			
Other cross-border workers	UB paid to other cross-border workers when highest UB in country of last activity (rational decision)	UB paid to other cross-border workers when highest UB in country of last activity (rational decision)	UB paid to other cross-border workers
Frontier workers		UB paid to frontier workers when highest UB in country of last activity (rational decision)	UB paid to frontier workers
Reimbursement	Reimbursement claim paid of 3 or 5 months to country of residence	Reimbursement claim paid of 3 or 5 months to country of residence	No reimbursement
<b>Country of residence</b>			
Other cross-border workers	UB paid to other cross-border workers when highest UB in country of residence (rational decision)	UB paid to other cross-border workers when highest UB in country of residence (rational decision)	*
Frontier workers	UB paid to frontier workers	UB paid to frontier workers when highest UB in country of residence (rational decision)	*
Reimbursement	Reimbursement claim received of 3 or 5 months from country of last activity	Reimbursement claim received of 3 or 5 months from country of last activity	

\* A PD U1 could be issued by the country of residence to prove (self-)employed or insured periods in the country of residence to open unemployment rights in the country of last activity.

Source HIVA KU Leuven based on information from DG EMPL

Table 2.2 provides an overview of the figures we have used to estimate the number of unemployed cross-border workers and the cross-border expenditure related to unemployment benefits. The table shows that on average 1 million cross-border workers are employed in the EU27, of which on average 701.000 frontier workers are employed in a neighbouring country. For the first the MS is the country of last activity and competent country, for the latter the MS is the country of residence. The number of incoming and outgoing cross-border workers will differ between Member States. The total budgetary impact of the coordination regulation is the combination of both situations. E.g. Belgium employs 62 thousand incoming cross-border workers (of which 50 thousand incoming frontier workers) while 97 thousand cross-border workers live in Belgium but work in another country (= ‘outgoing cross-border workers’) (of which 93 thousand outgoing frontier workers). National unemployment rates were applied to the number of cross-border workers to estimate the number of unemployed cross-border workers. This results in an estimate of 73.7 thousand unemployed cross-border workers of which 45.2 thousand frontier workers. The annual unemployment benefit per unemployed person was taken to estimate the cross-border expenditure.

**Table 2.2 UB: Main parameters for estimating the baseline scenario and the different options**

Country	Average 2010 and 2011				2010	Average 2010 and 2011				2010
	Incoming Cross- border workers (in .000)	Of which: Incoming frontier workers (in .000)	Outgoing cross- border workers (in .000.)	Of which: Outgoing frontier workers (in 000)	Unemployment rate (20-64)	Incoming unemployed Cross-border workers (in .000)	Of which: Incoming unemployed frontier workers (in .000)	Outgoing unemployed cross-border workers (in .000)	Of which: Outgoing unemployed frontier workers (in .000)	Annual unemployment benefit per unemployed person (in €)
BE	62	50	97	93	8,0%	4,9	4,0	5,1	4,7	19.116
BG	2	0	21	6	10,2%	0,2	0,0	2,2	0,8	454
CZ	61	60	24	17	7,1%	4,4	4,3	1,8	1,2	1.386
DK	35	29	4	3	6,9%	2,4	2,0	0,3	0,2	9.400
DE	186	142	165	141	7,1%	13,2	10,1	9,6	6,9	8.919
EE	1	1	18	15	16,7%	0,1	0,1	1,4	1,2	729
IE	17	8	10	9	13,2%	2,3	1,1	0,7	0,6	14.970
GR	12	6	0	0	12,5%	1,5	0,8	0,0	0,0	2.164
ES	40	10	23	6	19,5%	7,9	1,9	1,8	0,5	4.735
FR	47	30	160	150	9,0%	4,3	2,7	10,5	9,7	12.577
IT	76	5	24	7	8,1%	6,1	0,4	2,1	0,6	5.815
CY	4	0	0	0	6,4%	0,2	0,0	0,0	0,0	3.282
LV	0	0	7	1	18,4%	0,1	0,1	0,6	0,1	590
LT	0	0	2	0	17,8%	0,1	0,0	0,2	0,0	401
LU	130	129	3	2	4,3%	5,6	5,5	0,2	0,2	25.048
HU	14	12	53	23	11,1%	1,5	1,3	3,4	1,1	833
MT	1	0	1	0	6,0%	0,0	0,0	0,1	0,0	2.204
NL	110	82	21	20	4,0%	4,4	3,3	1,6	1,5	28.769
AT	101	94	32	29	4,2%	4,2	4,0	2,5	2,2	12.715
PL	8	6	92	50	9,6%	0,7	0,6	6,3	3,6	397
PT	5	2	11	6	11,1%	0,5	0,2	1,6	1,2	3.628
RO	4	0	88	0	7,3%	0,3	0,0	8,6	0,0	803
SI	1	1	9	7	7,2%	0,1	0,1	0,5	0,4	1.537
SK	6	6	117	84	13,9%	0,9	0,8	8,3	5,7	405
FI	20	16	2	1	7,7%	1,5	1,2	0,1	0,1	14.892
SE	12	3	29	23	7,3%	0,9	0,2	2,1	1,6	5.978
UK	78	9	20	8	6,9%	5,4	0,6	2,1	1,1	2.219
EU-27	1.032	701	1.032	701	10,5%	73,7	45,2	73,7	45,2	6.073

\* The annual unemployment benefit per unemployed person= unemployment benefit spending in 2010 prices / unemployed persons (20-64)

Source LFS and 2012 Ageing Report

Reimbursement claims can be made by the country of residence to the country of last activity for fully unemployed frontier workers but also for other cross-border workers who have decided to register with the competent institution in their country of residence. The country of last activity shall reimburse the unemployed benefits provided in the country of residence during the first three months or five months (when the unemployed person during the preceding 24 months, completed at least 12 months of (self)employment in the country of last activity). However, the amount of reimbursement by the country of last activity to the country of residence cannot be higher than the amount payable under the legislation of the country of last activity (see art. 65, 6 Regulation (EC) No. 883/2004). This specific rule implies for the baseline scenario that the reimbursement will be 27% lower than the possible actual claim. The % difference between claim and actual payment will be influenced by the amount of the unemployment benefit paid in the country of last activity compared to this in the country of residence (last column of table 2.3). E.g. claims made to Poland (lowest estimated annual expenditure UB per person) will imply a high % difference (95%) with the actual payment while claims made to the Netherlands (highest estimated annual expenditure UB per person) will imply no % difference with the actual payment.

**Table 2.3 UB: estimated reimbursement claims and impact of maximum reimbursement country of last activity (baseline scenario)**

Country of last activity	Amount of the claims received as debtor (in .000 €)		Amount of the claims paid as debtor (in .000 €)		% difference amount claim received vs. paid	Annual expenditure UB per person (in €)
	Cross-border workers (in .000 €)	Of which: frontier workers (in .000 €)	Cross-border workers (in .000 €)	Of which: frontier workers (in .000 €)		
BE	15.200	15.200	13.533	13.533	-11%	19.116
BG	441	0	20	0	-95%	454
CZ	1.278	1.215	526	519	-59%	1.386
DK	3.428	3.342	3.395	3.342	-1%	9.400
DE	25.390	25.256	15.024	14.944	-41%	8.919
EE	115	62	19	14	-84%	729
IE	684	600	664	600	-3%	14.970
GR	1.037	88	329	88	-68%	2.164
ES	7.627	3.148	4.108	1.871	-46%	4.735
FR	8.659	8.568	6.483	6.395	-25%	12.577
IT	1.466	803	732	406	-50%	5.815
CY	37	0	7	0	-82%	3.282
LV	26	11	10	9	-62%	590
LT	34	5	5	4	-85%	401
LU	18.804	18.804	18.804	18.804	0%	25.048
HU	797	336	190	145	-76%	833
MT	75	0	23	0	-69%	2.204
NL	10.969	10.969	10.969	10.969	0%	28.769
AT	4.102	4.020	4.062	4.020	-1%	12.715
PL	1.574	1.201	73	58	-95%	397
PT	648	238	293	182	-55%	3.628
RO	557	5	54	5	-90%	803
SI	174	174	26	26	-85%	1.537
SK	932	899	87	82	-91%	405
FI	438	323	399	323	-9%	14.892
SE	1.316	536	771	283	-41%	5.978
UK	6.678	2.283	1.514	338	-77%	2.219
EU-27	112.488	98.088	82.122	76.961	-27%	

Source Estimate based on data LFS and 2012 Ageing Report

Tables 2.4 to 2.8 assume for the calculation of the ‘annual expenditure of UB’ that the unemployed person did not find a job during the first year of unemployment. However, a more ‘realistic’ estimate of the yearly expenditure is taken up in this report by taking into account the annual average duration of the payment of the unemployment benefit. For that reason, we discuss only tables 2.9 to 2.15. Tables 2.4 and 2.8 describe in more detail the calculations made in the [‘Study for and impact assessment for revision of Regulations \(EC\) No 883/2004 and \(EC\) No 987/2009’](#). For that reason, we keep them in this additional analysis. These tables were also presented in the [AC Working Party of 10 October 2013](#).

**Table 2.4 UB: estimated expenditure UB incoming cross-border workers becoming unemployed, baseline scenario, breakdown by country of last activity and country of residence and impact of reimbursement**

<b>Option 1: No policy change (Baseline scenario):</b> Frontier workers return; other cross-border workers take a rational decision (= highest UB)											
Country of employment (in .000)	Number of unemployed incoming cross-border workers (in .000)	Of which incoming unemployed frontier workers (in .000)	Expenditure			Cost without reimbursement			Cost with reimbursement		
			Estimated annual expenditure UB paid by the country of residence (in .000 €)	Estimated annual expenditure UB paid by the country of last activity (in .000 €)	Reimbursement country of last activity (3 months) (in .000 €)	% share of cost country of residence	% share of cost country of last activity	% share of cost country of residence	% share of cost country of last activity		
BE	4,9	4,0	60.800	17.621	13.533	78%	22%	66%	34%		
BG	0,2	0,0	1.764	0	20	100%	0%	99%	1%		
CZ	4,4	4,3	5.111	68	526	99%	1%	90%	10%		
DK	2,4	2,0	13.711	3.628	3.395	79%	21%	66%	34%		
DE	13,2	10,1	101.560	27.711	15.024	79%	21%	70%	30%		
EE	0,1	0,1	462	10	19	98%	2%	94%	6%		
IE	2,3	1,1	2.735	17.817	664	13%	87%	13%	87%		
GR	1,5	0,8	4.149	508	329	89%	11%	83%	17%		
ES	7,9	1,9	30.508	19.401	4.108	61%	39%	56%	44%		
FR	4,3	2,7	34.635	19.539	6.483	64%	36%	57%	43%		
IT	6,1	0,4	5.865	32.046	732	15%	85%	15%	85%		
CY	0,2	0,0	148	721	7	17%	83%	17%	83%		
LV	0,1	0,1	105	6	10	94%	6%	87%	13%		
LT	0,1	0,0	138	0	5	100%	0%	96%	4%		
LU	5,6	5,5	75.216	1.323	18.804	98%	2%	79%	21%		
HU	1,5	1,3	3.187	9	190	100%	0%	94%	6%		
MT	0,0	0,0	300	12	23	96%	4%	89%	11%		
NL	4,4	3,3	43.877	31.923	10.969	58%	42%	51%	49%		
AT	4,2	4,0	16.410	3.292	4.062	83%	17%	69%	31%		
PL	0,7	0,6	6.294	0	73	100%	0%	99%	1%		
PT	0,5	0,2	2.592	652	293	80%	20%	73%	27%		
RO	0,3	0,0	2.228	2	54	100%	0%	98%	2%		
SI	0,1	0,1	697	52	26	93%	7%	90%	10%		
SK	0,9	0,8	3.729	0	87	100%	0%	98%	2%		
FI	1,5	1,2	1.751	3.981	399	31%	69%	29%	71%		
SE	0,9	0,2	5.265	2.361	771	69%	31%	63%	37%		
UK	5,4	0,6	26.713	5.828	1.514	82%	18%	78%	22%		
EU-27	73,7	45,2	449.952	188.512	82.122	70%	30%	62%	38%		

\* Only the annual expenditure is taken into account while there will possibly be a shift of the social security system from the country of last activity to the country of residence

Source Estimate based on data LFS and 2012 Ageing Report

**Table 2.5 UB: estimated budgetary impact baseline scenario and options, in €.000**

	Option 1: No policy change (Baseline scenario): Frontier workers return; other cross-border workers take a rational decision (= highest UB)				Option 2: Right of choice: cross-border workers take a rational decision (= highest amount)				Option 3: UB provided by the country of last activity			
	Actual claims received from country of last activity (3 months) (in €.000)		Total expenditure (in €.000)		Actual claims received from country of last activity (3 months) (in €.000)		Total expenditure (in €.000)		Actual claims received from country of last activity (3 months) (in €.000)		Total expenditure (in €.000)	
	Annual expenditure UB in own country (in €.000)	Actual claims paid to country of residence (3 months) (in €.000)	Actual claims received from country of last activity (3 months) (in €.000)	%	Annual expenditure UB in own country (in €.000)	Actual claims paid to country of residence (3 months) (in €.000)	Actual claims received from country of last activity (3 months) (in €.000)	%	Annual expenditure UB in own country (in €.000)	Actual claims paid to country of residence (3 months) (in €.000)	Actual claims received from country of last activity (3 months) (in €.000)	%
BE	114.301	13.533	19.727	108.107	100%	119.326	5.077	8.935	115.467	107%	94.166	87%
BG	354	20	88	286	100%	0	221	0	221	77%	82	29%
CZ	1.736	526	334	1.928	100%	6.012	848	117	6.743	350%	6.045	313%
DK	6.368	3.395	450	9.313	100%	25.257	43	599	24.701	265%	22.728	244%
DE	112.967	15.024	16.167	111.825	100%	91.243	24.804	4.864	111.183	99%	117.867	105%
EE	894	19	219	694	100%	106	78	10	174	25%	96	14%
IE	28.156	664	455	28.365	100%	44.358	42	2.434	41.966	148%	34.274	121%
GR	508	329	0	837	100%	2.177	475	0	2.651	317%	3.142	375%
ES	25.118	4.108	949	28.277	100%	29.223	4.287	629	32.882	116%	37.178	131%
FR	148.335	6.483	26.361	128.457	100%	94.861	6.226	13.574	87.513	68%	53.527	42%
IT	40.718	732	1.444	40.006	100%	38.633	1.068	711	38.990	97%	35.719	89%
CY	721	7	0	727	100%	721	19	0	739	102%	748	103%
LV	81	10	16	75	100%	42	18	6	55	73%	48	64%
LT	6	5	1	9	100%	7	18	0	25	272%	20	217%
LU	6.747	18.804	637	24.914	100%	145.470	0	1.233	144.237	579%	140.046	562%
HU	928	190	208	910	100%	1.235	435	44	1.625	179%	1.285	141%
MT	16	23	0	39	100%	16	38	0	53	136%	105	269%
NL	78.376	10.969	5.167	84.179	100%	172.848	0	11.199	161.649	192%	126.395	150%
AT	34.366	4.062	4.253	34.175	100%	84.772	41	7.381	77.433	227%	53.868	158%
PL	1.416	73	354	1.136	100%	0	1.387	0	1.387	122%	293	26%
PT	5.139	293	1.111	4.321	100%	738	443	11	1.170	27%	1.825	42%
RO	41	54	10	85	100%	8	280	0	288	338%	219	258%
SI	719	26	154	591	100%	133	173	9	297	50%	162	27%
SK	2.307	87	577	1.818	100%	42	908	3	948	52%	350	19%
FI	5.739	399	161	5.977	100%	24.057	57	369	23.746	397%	22.604	378%
SE	14.116	771	2.663	12.224	100%	4.409	926	256	5.079	42%	5.444	45%
UK	8.290	1.514	615	9.189	100%	5.888	4.481	8	10.362	113%	11.885	129%
EU-27	638.464	82.122	82.122	638.464	100%	891.583	52.391	52.391	891.583	140%	770.121	121%

\* The annual expenditure (12 months) is estimated without taking into account national legislation and as such the possible limitation in time of the payment of UB.

Source Estimate based on data LFS and 2012 Ageing Report

**Table 2.6 UB: comparison of options between MS, estimated budgetary impact option 1 (100%) compared to other options**

	Option 1: No policy change (Baseline scenario)	Option 2: Right of choice	Option 3: UB provided by the country of last activity
BE	100%	107%	87%
BG	100%	77%	29%
CZ	100%	350%	313%
DK	100%	265%	244%
DE	100%	99%	105%
EE	100%	25%	14%
IE	100%	148%	121%
GR	100%	317%	375%
ES	100%	116%	131%
FR	100%	68%	42%
IT	100%	97%	89%
CY	100%	102%	103%
LV	100%	73%	64%
LT	100%	272%	217%
LU	100%	579%	562%
HU	100%	179%	141%
MT	100%	136%	269%
NL	100%	192%	150%
AT	100%	227%	158%
PL	100%	122%	26%
PT	100%	27%	42%
RO	100%	338%	258%
SI	100%	50%	27%
SK	100%	52%	19%
FI	100%	397%	378%
SE	100%	42%	45%
UK	100%	113%	129%
EU-27	100%	140%	121%
Lowest impact	15	3	9
Highest impact	9	12	6

\* Green: lowest budgetary impact; Red: highest budgetary impact

Source Estimate based on data LFS and 2012 Ageing Report



**Table 2.7 UB: comparison of options between MS, estimated lowest and highest budgetary impact**

	Lowest budgetary impact			Highest budgetary impact			
	Option 1: No policy change (Baseline scenario)	Option 2: Right of choice	Option 3: UB provided by the country of last activity	Option 1: No policy change (Baseline scenario)	Option 2: Right of choice	Option 3: UB provided by the country of last activity	
BE			X		X		BE
BG			X	X			BG
CZ	X				X		CZ
DK	X				X		DK
DE		X				X	DE
EE			X	X			EE
IE	X				X		IE
GR	X					X	GR
ES	X					X	ES
FR			X	X			FR
IT			X	X			IT
CY	X					X	CY
LV			X	X			LV
LT	X				X		LT
LU	X				X		LU
HU	X				X		HU
MT	X					X	MT
NL	X				X		NL
AT	X				X		AT
PL			X		X		PL
PT		X		X			PT
RO	X				X		RO
SI			X	X			SI
SK			X	X			SK
FI	X				X		FI
SE		X		X			SE
UK	X					X	UK
EU-27	15	3	9	9	12	6	EU-27

Source Estimate based on data LFS and 2012 Ageing Report

**Table 2.8 UB: impact estimated cross-border expenditure\* on total expenditure UB\*\*, by option**

	Total expenditure UB in 2010 - cash benefits (in Million €)	Estimated cross-border expenditure: Baseline scenario (in Million €)	% impact baseline scenario on total expenditure	Estimated cross-border expenditure (Option 2: Right of choice) (in Million €)	% impact option 2 on total expenditure	Estimated cross-border expenditure (Option 3: Country of last activity) (in Million €)	% impact option 3 on total expenditure
BE	13.297	108	0,8%	115	0,9%	94	0,7%
BG	202	0	0,1%	0	0,1%	0	0,0%
CZ	1.196	2	0,2%	7	0,6%	6	0,5%
DK	5.293	9	0,2%	25	0,5%	23	0,4%
DE	40.564	112	0,3%	111	0,3%	118	0,3%
EE	88	1	0,8%	0	0,2%	0	0,1%
IE	5.188	28	0,5%	42	0,8%	34	0,7%
GR	2.146	1	0,0%	3	0,1%	3	0,1%
ES	34.773	28	0,1%	33	0,1%	37	0,1%
FR	39.331	128	0,3%	88	0,2%	54	0,1%
IT	12.958	40	0,3%	39	0,3%	36	0,3%
CY	184	1	0,4%	1	0,4%	1	0,4%
LV	190	0	0,0%	0	0,0%	0	0,0%
LT	192	0	0,0%	0	0,0%	0	0,0%
LU	489	25	5,1%	144	29,5%	140	28,7%
HU	796	1	0,1%	2	0,2%	1	0,2%
MT	27	0	0,1%	0	0,2%	0	0,4%
NL	9.230	84	0,9%	162	1,8%	126	1,4%
AT	3.621	34	0,9%	77	2,1%	54	1,5%
PL	1.392	1	0,1%	1	0,1%	0	0,0%
PT	2.487	4	0,2%	1	0,0%	2	0,1%
RO	693	0	0,0%	0	0,0%	0	0,0%
SI	206	1	0,3%	0	0,1%	0	0,1%
SK	594	2	0,3%	1	0,2%	0	0,1%
FI	3.840	6	0,2%	24	0,6%	23	0,6%
SE	3.756	12	0,3%	5	0,1%	5	0,1%
UK	9.387	9	0,1%	10	0,1%	12	0,1%
EU-27	192.121	638	0,3%	892	0,5%	770	0,4%

\* Total cross-border expenditure: without taking into account the UB paid to unemployed EU migrant workers.

\*\* Total expenditure UB: ESSPROS data

Table 2.9 provides an overview of the applied methodology to estimate the ‘annual expenditure of UB based on the annual average duration of the payment of the UB’. On average 7.5 months (EU-27) the UB was paid to unemployed persons (calculated for the total year)<sup>376</sup>. The ‘annual expenditure of UB based on the average duration payment UB’ was estimated by multiplying the monthly expenditure (Annual expenditure UB in own country / 12) with the duration of the payment of the UB. This delivers a more ‘realistic’ view on the annual expenditure.

Tables 2.10 to 2.12 compare the budgetary impact of the different options. The calculation of the total expenditure takes not only the expenditure of the UB into account but also the amount of the claims received (as country of residence = creditor) and the amount of the claims paid (as country of last activity = debtor). These assumptions result in a total expenditure of € 378 Million for the baseline scenario, € 502 Million for option 2 (*right of choice*) and € 437 Million for option 3 (*provided by the country of last activity*). Both new options are more expensive than the baseline scenario. The expenditure increases with 33% in option 2 compared to the baseline scenario and increases with 16% in option 3. The budgetary impact differs between Member States. For 16 Member States the baseline scenario has the lowest budgetary impact (CZ, DK, DE, IE, GR, ES, CY, LT, LU, HU, MT, NL, AT, RO, FI, UK). Option 2 has only for 1 Member State the lowest budgetary impact (PT) while option 3 is least expensive for 10 Member States (BE, BG, EE, FR, IT, LV, PL, SI, SK, SE). Option 2 is for 16 Member States the most expensive option (BE, BG, CZ, DK, DE, IE, CY, LT, LU, HU, NL, AT, PL, RO, FI, UK). For 8 Member States the baseline scenario is the most expensive option (EE, FR, IT, LV, PT, SI, SK, SE) and for 3 Member states this will be option 3 (GR, ES, MT).

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<sup>376</sup> Calculations are based on LFS data. If the duration of unemployment < 1 month, we assume a payment of the UB of 0,5 months; Between 1-2 months of unemployment = 1,5 months UB paid; Between 3-5 months of unemployment = 4 months UB paid; Between 6 and 11 months of unemployment = 8,5 months UB paid; 12 months and longer of unemployment = 12 months UB paid.

Table 2.9 UB: Annual average duration of payment UB and impact on annual expenditure UB

Country	Annual average duration of payment UB (in months)	Option 1: No policy change (Baseline scenario): Frontier workers return; other cross-border workers take a rational decision (= highest UB)			Option 2: Right of choice: cross-border workers take a rational decision (= highest UB)			Option 3: UB provided by the country of last activity		
		Annual expenditure UB based on average duration payment UB (in €. .000)	Annual expenditure UB in own country (in €. .000)	Annual expenditure UB based on average duration payment UB (in €. .000)	Annual expenditure UB in own country (in €. .000)	Annual expenditure UB based on average duration payment UB (in €. .000)	Annual expenditure UB in own country (in €. .000)	Annual expenditure UB based on average duration payment UB (in €. .000)	Annual expenditure UB in own country (in €. .000)	Annual expenditure UB based on average duration payment UB (in €. .000)
BE	7,4	114.301	70.891	119.326	74.007	94.166	58.403			
BG	8,7	354	256	0	0	82	59			
CZ	7,6	1.736	1.097	6.012	3.798	6.045	3.819			
DK	5,7	6.368	3.029	25.257	12.014	22.728	10.811			
DE	7,3	112.967	69.040	91.243	55.763	117.867	72.034			
EE	8,2	894	609	106	73	96	65			
IE	9,1	28.156	21.239	44.358	33.461	34.274	25.854			
GR	9,0	508	381	2.177	1.632	3.142	2.356			
ES	7,6	25.118	15.919	29.223	18.520	37.178	23.563			
FR	7,0	148.335	86.602	94.861	55.382	53.527	31.250			
IT	8,4	40.718	28.531	38.633	27.070	35.719	25.028			
CY	6,5	721	391	721	391	748	405			
LV	8,2	81	55	42	29	48	33			
LT	8,2	6	4	7	5	20	14			
LU	6,2	6.747	3.510	145.470	75.684	140.046	72.862			
HU	8,0	928	615	1.235	819	1.285	852			
MT	7,8	16	10	16	10	105	68			
NL	6,3	78.376	41.060	172.848	90.552	126.395	66.216			
AT	5,4	34.366	15.426	84.772	38.052	53.868	24.180			
PL	7,4	1.416	872	0	0	293	181			
PT	8,1	5.139	3.457	738	497	1.825	1.228			
RO	7,4	41	26	8	5	219	136			
SI	7,9	719	475	133	88	162	107			
SK	9,8	2.307	1.880	42	35	350	285			
FI	4,6	5.739	2.206	24.057	9.246	22.604	8.687			
SE	4,8	14.116	5.651	4.409	1.765	5.444	2.179			
UK	6,6	8.290	4.529	5.888	3.217	11.885	6.492			
EU-27	7,5	638.464	377.761	891.583	502.113	770.121	437.167			

\* Based on Eurostat - LFS indicator: 'Unemployment by sex, age and duration of unemployment'. Duration of unemployment < 1 month = 0,5 months UB paid; Between 1-2 months of unemployment = 1,5 months UB paid; Between 3-5 months of unemployment = 4 months UB paid; Between 6 and 11 months of unemployment = 8,5 months UB paid; 12 months and longer of unemployment = 12 months UB paid. Source Estimate based on data LFS and 2012 Ageing Report

**Table 2.10 UB: estimated budgetary impact baseline scenario and options, in €.000 (corrected by Annual average duration of payment UB)**

	Option 1: No policy change (Baseline scenario): Frontier workers return; other cross-border workers take a rational decision (= highest UB)				Option 2: Right of choice: cross-border workers take a rational decision (= highest amount)				Option 3: UB provided by the country of last activity						
	Annual expenditure UB based on average duration payment UB (in €. 000)	Actual claims paid to country of residence (3 months) (in €.000)	Actual claims received from country of last activity (3 months) (in €.000)	Total expenditure (in €.000)	%	Annual expenditure UB based on average duration payment UB (in €. 000)	Actual claims paid to country of residence (3 months) (in €.000)	Actual claims received from country of last activity (3 months) (in €.000)	Total expenditure (in €.000)	%	Annual expenditure UB based on average duration payment UB (in €. 000)	Actual claims paid to country of residence (3 months) (in €.000)	Actual claims received from country of last activity (3 months) (in €.000)	Total expenditure (in €.000)	%
BE	70.891	13.533	19.727	64.697	100%	74.007	5.077	8.935	70.149	108%	58.403	0	0	58.403	90%
BG	256	20	88	188	100%	0	221	0	221	117%	59	59	0	59	31%
CZ	1.097	526	334	1.289	100%	3.798	848	117	4.529	351%	3.819	0	0	3.819	296%
DK	3.029	3.395	450	5.974	100%	12.014	43	599	11.458	192%	10.811	0	0	10.811	181%
DE	69.040	15.024	16.167	67.897	100%	55.763	24.804	4.864	75.703	111%	72.034	0	0	72.034	106%
EE	609	19	219	409	100%	73	78	10	140	34%	65	0	0	65	16%
IE	21.239	664	455	21.448	100%	33.461	42	2.434	31.069	145%	25.854	0	0	25.854	121%
GR	381	329	0	710	100%	1.632	475	0	2.107	297%	2.356	0	0	2.356	332%
ES	15.919	4.108	949	19.078	100%	18.520	4.287	629	22.179	116%	23.563	0	0	23.563	124%
FR	86.602	6.483	26.361	66.724	100%	55.382	6.226	13.574	48.035	72%	31.250	0	0	31.250	47%
IT	28.531	732	1.444	27.819	100%	27.070	1.068	711	27.427	99%	25.028	0	0	25.028	90%
CY	391	7	0	397	100%	391	19	0	409	103%	405	0	0	405	102%
LV	55	10	16	49	100%	29	18	6	41	84%	33	0	0	33	67%
LT	4	5	1	7	100%	5	18	0	23	306%	14	0	0	14	183%
LU	3.510	18.804	637	21.677	100%	75.684	0	1.233	74.451	343%	72.862	0	0	72.862	336%
HU	615	190	208	597	100%	819	435	44	1.209	203%	852	0	0	852	143%
MT	10	23	0	33	100%	10	38	0	47	142%	68	0	0	68	205%
NL	41.060	10.969	5.167	46.862	100%	90.552	0	11.199	79.353	169%	66.216	0	0	66.216	141%
AT	15.426	4.062	4.253	15.235	100%	38.052	41	7.381	30.713	202%	24.180	0	0	24.180	159%
PL	872	73	354	592	100%	0	1.387	0	1.387	234%	181	0	0	181	31%
PT	3.457	293	1.111	2.639	100%	497	443	11	929	35%	1.228	0	0	1.228	47%
RO	26	54	10	69	100%	5	280	0	285	411%	136	0	0	136	196%
SI	475	26	154	347	100%	88	173	9	252	73%	107	0	0	107	31%
SK	1.880	87	577	1.391	100%	35	908	3	940	68%	285	0	0	285	20%
FI	2.206	399	161	2.444	100%	9.246	57	369	8.935	366%	8.687	0	0	8.687	356%
SE	5.651	771	2.663	3.759	100%	1.765	926	256	2.435	65%	2.179	0	0	2.179	58%
UK	4.529	1.514	615	5.427	100%	3.217	4.481	8	7.690	142%	6.492	0	0	6.492	120%
EU-27	377.761	82.122	82.122	377.761	100%	502.113	52.391	52.391	502.113	133%	437.167	0	0	437.167	116%

\* Based on Eurostat - LFS indicator: 'Unemployment by sex, age and duration of unemployment'. Duration of unemployment < 1 month = 0,5 months UB paid; Between 1-2 months of unemployment = 1,5 months UB paid; Between 3-5 months of unemployment = 4 months UB paid; Between 6 and 11 months of unemployment = 8,5 months UB paid; Between 12 months and longer of unemployment = 12 months UB paid.  
Source Estimate based on data LFS and 2012 Ageing Report

**Table 2.11 UB: comparison of options between MS, estimated budgetary impact option 1 (100%) compared to other options (corrected by Annual average duration of payment UB)**

	Option 1: No policy change (Baseline scenario)	Option 2: Right of choice	Option 3: UB provided by the country of last activity
BE	100%	108%	90%
BG	100%	117%	31%
CZ	100%	351%	296%
DK	100%	192%	181%
DE	100%	111%	106%
EE	100%	34%	16%
IE	100%	145%	121%
GR	100%	297%	332%
ES	100%	116%	124%
FR	100%	72%	47%
IT	100%	99%	90%
CY	100%	103%	102%
LV	100%	84%	67%
LT	100%	306%	183%
LU	100%	343%	336%
HU	100%	203%	143%
MT	100%	142%	205%
NL	100%	169%	141%
AT	100%	202%	159%
PL	100%	234%	31%
PT	100%	35%	47%
RO	100%	411%	196%
SI	100%	73%	31%
SK	100%	68%	20%
FI	100%	366%	356%
SE	100%	65%	58%
UK	100%	142%	120%
EU-27	100%	133%	116%
Lowest impact	16	1	10
Highest impact	8	16	3

Source Estimate based on data LFS and 2012 Ageing Report

**Table 2.12 UB: comparison of options between MS, estimated lowest and highest budgetary impact (corrected by Annual average duration of payment UB)**

	Lowest budgetary impact			Highest budgetary impact			
	Option 1: No policy change (Baseline scenario)	Option 2: Right of choice	Option 3: UB provided by the country of last activity	Option 1: No policy change (Baseline scenario)	Option 2: Right of choice	Option 3: UB provided by the country of last activity	
BE			X		X		BE
BG			X		X		BG
CZ	X				X		CZ
DK	X				X		DK
DE	X				X		DE
EE			X	X			EE
IE	X				X		IE
GR	X					X	GR
ES	X					X	ES
FR			X	X			FR
IT			X	X			IT
CY	X				X		CY
LV			X	X			LV
LT	X				X		LT
LU	X				X		LU
HU	X				X		HU
MT	X					X	MT
NL	X				X		NL
AT	X				X		AT
PL			X		X		PL
PT		X		X			PT
RO	X				X		RO
SI			X	X			SI
SK			X	X			SK
FI	X				X		FI
SE			X	X			SE
UK	X				X		UK
EU-27	16	1	10	8	16	3	EU-27

Source Estimate based on data LFS and 2012 Ageing Report

The budgetary impact of cross-border expenditure related to UB is ‘marginal’ compared to the total national expenditure. It is only 0.2% of the total EU-27 spending on unemployment benefits in the baseline scenario. But also the 2 other options will have a limited impact on the total budget. Only for Luxembourg we observe a high impact of the cross-border spending on the total national budget (4.4% of total expenditure). The budgetary impact increases considerably in option 2 (15.2% of total expenditure) and in option 3 (14.9% of total expenditure).

**Table 2.13 UB: impact estimated cross-border expenditure\* on total expenditure UB\*\*, by option (corrected by Annual average duration of payment UB)**

	Total expenditure UB in 2010 - cash benefits (in Million €)	Estimated cross-border expenditure: <b>Baseline scenario</b> (in Million €)	% impact <b>baseline scenario</b> on total expenditure	Estimated cross-border expenditure ( <b>Option 2: Right of choice</b> ) (in Million €)	% impact <b>option 2</b> on total expenditure	Estimated cross-border expenditure ( <b>Option 3: Country of last activity</b> ) (in Million €)	% impact <b>option 3</b> on total expenditure
BE	13.297	65	0,5%	70	0,5%	58	0,4%
BG	202	0	0,1%	0	0,1%	0	0,0%
CZ	1.196	1	0,1%	5	0,4%	4	0,3%
DK	5.293	6	0,1%	11	0,2%	11	0,2%
DE	40.564	68	0,2%	76	0,2%	72	0,2%
EE	88	0	0,5%	0	0,2%	0	0,1%
IE	5.188	21	0,4%	31	0,6%	26	0,5%
GR	2.146	1	0,0%	2	0,1%	2	0,1%
ES	34.773	19	0,1%	22	0,1%	24	0,1%
FR	39.331	67	0,2%	48	0,1%	31	0,1%
IT	12.958	28	0,2%	27	0,2%	25	0,2%
CY	184	0	0,2%	0	0,2%	0	0,2%
LV	190	0	0,0%	0	0,0%	0	0,0%
LT	192	0	0,0%	0	0,0%	0	0,0%
LU	489	22	4,4%	74	15,2%	73	14,9%
HU	796	1	0,1%	1	0,2%	1	0,1%
MT	27	0	0,1%	0	0,2%	0	0,2%
NL	9.230	47	0,5%	79	0,9%	66	0,7%
AT	3.621	15	0,4%	31	0,8%	24	0,7%
PL	1.392	1	0,0%	1	0,1%	0	0,0%
PT	2.487	3	0,1%	1	0,0%	1	0,0%
RO	693	0	0,0%	0	0,0%	0	0,0%
SI	206	0	0,2%	0	0,1%	0	0,1%
SK	594	1	0,2%	1	0,2%	0	0,0%
FI	3.840	2	0,1%	9	0,2%	9	0,2%
SE	3.756	4	0,1%	2	0,1%	2	0,1%
UK	9.387	5	0,1%	8	0,1%	6	0,1%
EU-27	192.121	378	0,2%	502	0,3%	437	0,2%

\* Total cross-border expenditure: without taking into account the UB paid to unemployed EU migrant workers.

\*\* Total expenditure UB: ESSPROS data

Source Estimate based on data LFS and 2012 Ageing Report

Table 2.14 presents the distribution of the cost taking into consideration the current rules. We have made our calculations from the perspective of incoming cross-border workers who become unemployed. The estimated 45 thousand incoming frontier workers who became unemployed have to return to their country of residence while the ‘other unemployed cross-border workers’ (about 28 thousand persons) have a right of choice. We assume that this group will take choose for the country with highest UB. The baseline scenario (taking into account the assumptions we had to made) implies that the country of last activity will pay 30% of the total expenditure (only for ‘other unemployed cross-border workers’ who choose for the country of last activity) and the country of residence 70% of the total expenditure (for the unemployed frontier workers and the ‘other unemployed cross-border workers’ who choose to return). These current rules imply that a Member State with a very high number of incoming frontier workers only has to pay a small part of the cost. E.g. almost all unemployed cross-border workers in Luxembourg could be considered as ‘unemployed frontier workers’ which imply that Luxembourg is only paying 1% of the total expenditure of UB paid to former cross-border workers employed in Luxembourg. However, this disproportion is corrected by a reimbursement procedure (the country of last activity shall reimburse the unemployed benefits provided in the country of residence during the first three months or five months). We assume in the calculation model a reimbursement of 3 months. This reimbursement procedure makes the distribution of the cost ‘more fair’. Now, the county of last activity will pay 43% of the cost (or an increase with 13 % points). E.g. Luxembourg will pay no longer 1% of the cost but 30%. At the same time, this reimbursement procedure is an incentive for the country of residence to keep the duration of unemployment below the reimbursement period (of 3 or 5 months).

The current rules assume that the amount of reimbursement cannot be higher than the amount payable under the legislation of the country of last activity (see art. 65, 6 Regulation (EC) No. 883/2004). This specific rule implies that in many cases the reimbursement by the country of last activity will be lower than the actual claim of the country of residence (see also Table 2.3). Table 2.15 summarizes the distribution of the cost by assuming that the amount of reimbursement is equal to the actual claim made by the country of residence. So the reimbursement procedure is no longer taking into account the amount of the unemployment benefit in the country of last activity but the amount of the unemployment benefit in the country of residence (= actual claim). The reimbursement based on the UB of the country of residence has a positive impact on the distribution of the cost. 46% of the cost will be paid by the country of last activity (which is an increase with 3% points compared to the calculations made in Table 2.14).



**Table 2.14 UB: estimated expenditure UB incoming cross-border workers becoming unemployed, baseline scenario, breakdown by country of last activity and country of residence and impact of reimbursement (corrected by Annual average duration of payment UB)**

Country of employment	Incoming unemployed crossborder workers		Option 1: No policy change (Baseline scenario): Frontier workers return; other cross-border workers take a rational decision (= highest UB)										
	Number of unemployed incoming cross-border workers (in .000)	Of which unemployed incoming workers (in .000)	Estimated annual expenditure UB based on average duration payment UB paid by the country of residence (in .000 €)	Estimated annual expenditure UB based on average duration payment UB paid by the country of last activity (in .000 €)	Reimbursement country of last activity (3 months) (in .000 €)	% share of cost country of residence	% share of cost country of last activity	% share of cost country of residence	% share of cost country of last activity	Cost without reimbursement	Cost with reimbursement	% share of cost country of last activity	% share of cost country of residence
BE	4,9	4,0	34.334	10.929	13.533	76%	24%	58%	42%				
BG	0,2	0,0	1.052	0	20	100%	0%	98%	2%				
CZ	4,4	4,3	3.327	43	526	99%	1%	85%	15%				
DK	2,4	2,0	6.410	1.726	3.395	79%	21%	56%	44%				
DE	13,2	10,1	55.161	16.936	15.024	77%	23%	63%	37%				
EE	0,1	0,1	203	7	19	97%	3%	89%	11%				
IE	2,3	1,1	1.516	13.440	664	10%	90%	10%	90%				
GR	1,5	0,8	2.613	381	329	87%	13%	79%	21%				
ES	7,9	1,9	18.472	12.296	4.108	60%	40%	53%	47%				
FR	4,3	2,7	21.483	11.407	6.483	65%	35%	55%	45%				
IT	6,1	0,4	3.250	22.455	732	13%	87%	12%	88%				
CY	0,2	0,0	92	391	7	19%	81%	19%	81%				
LV	0,1	0,1	62	4	10	93%	7%	81%	19%				
LT	0,1	0,0	71	0	5	100%	0%	93%	7%				
LU	5,6	5,5	45.350	688	18.804	99%	1%	70%	30%				
HU	1,5	1,3	1.911	6	190	100%	0%	91%	9%				
MT	0,0	0,0	167	8	23	95%	5%	84%	16%				
NL	4,4	3,3	27.063	16.724	10.969	62%	38%	49%	51%				
AT	4,2	4,0	10.184	1.478	4.062	87%	13%	65%	35%				
PL	0,7	0,6	3.797	0	73	100%	0%	98%	2%				
PT	0,5	0,2	1.572	439	293	78%	22%	68%	32%				
RO	0,3	0,0	1.304	1	54	100%	0%	96%	4%				
SI	0,1	0,1	343	34	26	91%	9%	85%	15%				
SK	0,9	0,8	1.814	0	87	100%	0%	95%	5%				
FI	1,5	1,2	1.019	1.530	399	40%	60%	35%	65%				
SE	0,9	0,2	2.811	945	771	75%	25%	62%	38%				
UK	5,4	0,6	17.332	3.183	1.514	84%	16%	79%	21%				
EU-27	73,7	45,2	262.713	115.053	82.122	70%	30%	57%	43%				

\* Only the annual expenditure of UB is taken into account while there will possibly be a shift of the social security system from the country of last activity to the country of residence. Source Estimate based on data LFS and 2012 Ageing Report

**Table 2.15 UB: estimated expenditure UB incoming cross-border workers becoming unemployed, baseline scenario, breakdown by country of last activity and country of residence and impact of reimbursement (corrected by Annual average duration of payment UB)**

Country of employment (in .000)	Incoming unemployed crossborder workers		Option 1: No policy change (Baseline scenario): Frontier workers return; other cross-border workers take a rational decision (= highest UB)														
	Number of unemployed incoming cross-border workers	Of which incoming unemployed frontier workers (in .000)	Expenditure					Cost without reimbursement					Cost with reimbursement				
			Estimated annual expenditure UB based on average duration payment UB paid by the country of residence (in .000 €)	Estimated annual expenditure UB based on average duration payment UB paid by the country of last activity (in .000 €)	Actual claim by country of residence (3 months) (in .000 €)	% share of cost country of residence	% share of cost country of last activity	Estimated annual expenditure UB based on average duration payment UB paid by the country of residence (in .000 €)	Estimated annual expenditure UB based on average duration payment UB paid by the country of last activity (in .000 €)	Actual claim by country of residence (3 months) (in .000 €)	% share of cost country of residence	% share of cost country of last activity	Estimated annual expenditure UB based on average duration payment UB paid by the country of residence (in .000 €)	Estimated annual expenditure UB based on average duration payment UB paid by the country of last activity (in .000 €)	Actual claim by country of residence (3 months) (in .000 €)	% share of cost country of residence	% share of cost country of last activity
BE	4,9	4,0	34.334	10.929	24.170	76%	24%	49%	51%								
BG	0,2	0,0	1.052	0	88	100%	0%	92%	8%								
CZ	4,4	4,3	3.327	43	417	99%	1%	88%	12%								
DK	2,4	2,0	6.410	1.726	685	79%	21%	73%	27%								
DE	13,2	10,1	55.161	16.936	21.314	77%	23%	59%	41%								
EE	0,1	0,1	203	7	221	97%	3%	47%	53%								
IE	2,3	1,1	1.516	13.440	2.585	10%	90%	9%	91%								
GR	1,5	0,8	2.613	381	0	87%	13%	87%	13%								
ES	7,9	1,9	18.472	12.296	1.429	60%	40%	57%	43%								
FR	4,3	2,7	21.483	11.407	32.199	65%	35%	33%	67%								
IT	6,1	0,4	3.250	22.455	2.168	13%	87%	12%	88%								
CY	0,2	0,0	92	391	0	19%	81%	19%	81%								
LV	0,1	0,1	62	4	19	93%	7%	73%	27%								
LT	0,1	0,0	71	0	1	100%	0%	98%	2%								
LU	5,6	5,5	45.350	688	1.356	99%	1%	96%	4%								
HU	1,5	1,3	1.911	6	230	100%	0%	89%	11%								
MT	0,0	0,0	167	8	1	95%	5%	95%	5%								
NL	4,4	3,3	27.063	16.724	11.613	62%	38%	49%	51%								
AT	4,2	4,0	10.184	1.478	7.768	87%	13%	52%	48%								
PL	0,7	0,6	3.797	0	354	100%	0%	91%	9%								
PT	0,5	0,2	1.572	439	1.122	78%	22%	50%	50%								
RO	0,3	0,0	1.304	1	10	100%	0%	99%	1%								
SI	0,1	0,1	343	34	167	91%	9%	63%	37%								
SK	0,9	0,8	1.814	0	577	100%	0%	76%	24%								
FI	1,5	1,2	1.019	1.530	440	40%	60%	34%	66%								
SE	0,9	0,2	2.811	945	2.939	75%	25%	42%	58%								
UK	5,4	0,6	17.332	3.183	616	84%	16%	82%	18%								
EU-27	73,7	45,2	262.713	115.053	112.488	70%	30%	54%	46%								

\* Only the annual expenditure of UB is taken into account while there will possibly be a shift of the social security system from the country of last activity to the country of residence. Source Estimate based on data LFS and 2012 Ageing Report

Unemployed workers have a limited possibility of export of unemployment benefits for 3 months, with a possible extension to 6 months (when he/she looks for work in another Member State). It is the competent institution of the Member State paying the unemployment benefits that may extend this period to 6 months.

Table 2.16 tackles the impact of the current rules by describing in detail the situation of the 'Belgian' unemployed persons who have looked for a job abroad (based on administrative data). In 2011, Belgium paid to 1 081 unemployed jobseekers at least 1 month an unemployment benefit during their period of export. Only 57 jobseekers received longer than 3 months an unemployment benefit. So, for this group we can assume they have received a prolongation of export. It implies that only 5.3% of the jobseekers who looked for a job abroad asked and received a prolongation. 481 of the 1 081 jobseekers were after their period of export no longer registered with the Belgian competent institution. It supposes a 'success rate' (% jobseekers abroad who have find a job) of 44%.<sup>377</sup> At the same time we observe that the 'success rate' will be higher for the group which received a prolongation of export (success rate of 53% or 30 out of 57 persons). However, this should be considered as a broad definition of the 'success rate'. The fact the unemployed person is no longer registered with the Belgian competent institution might be for different reasons: they have found work in the country of export, they have found work in Belgium, or they moved to another country.

**Table 2.16 Impact of prolongation period on finding a job abroad (success rate\*), Belgian case, 2011**

Country of export	Received at least 1 month an 'export benefit' (A)	Received longer than 3 months an 'export benefit' (B)	Theoretical prolongation (B/A)	Not longer registered after period of export (for total group) (C)	Success rate total group (C/A)	Not longer registered after period of export (for group which received longer than 3 months an 'export benefit') (D)	Success rate group longer than 3 months (D/B)	Success rate group lower than 3 months (C-D)/(A-B)
BE								
BG	1	0	0,0%	0	0%	0		0%
CZ	4	1	25,0%	3	75%	1	100%	67%
DK	6	0	0,0%	2	33%	0		33%
DE	57	6	10,5%	31	54%	5	83%	51%
EE	1	0	0,0%	0	0%	0		0%
IE	9	0	0,0%	7	78%	0		78%
GR	10	0	0,0%	7	70%	0		70%
ES	183	10	5,5%	66	36%	3	30%	36%
FR	501	26	5,2%	232	46%	13	50%	46%
IT	51	1	2,0%	23	45%	1	100%	44%
CY	2	0	0,0%	0	0%	0		0%
LV	1	0	0,0%	0	0%	0		0%
LT	1	0	0,0%	0	0%	0		0%
LU	19	0	0,0%	7	37%	0		37%
HU	2	0	0,0%	0	0%	0		0%
MT	1	0	0,0%	0	0%	0		0%
NL	76	5	6,6%	39	51%	4	80%	49%
AT	19	2	10,5%	7	37%	1	50%	35%
PL	17	0	0,0%	6	35%	0		35%
PT	29	2	6,9%	13	45%	0	0%	48%
RO	2	0	0,0%	0	0%	0		0%
SI	3	1	33,3%	2	67%	1	100%	50%
SK	2	0	0,0%	0	0%	0		0%
FI	7	0	0,0%	3	43%	0		43%
SE	17	2	11,8%	8	47%	1	50%	47%
UK	60	1	1,7%	25	42%	0	0%	42%
EU27	1.081	57	5,3%	481	44%	30	53%	44%

\* Broad definition of success rate: no longer registered in database.

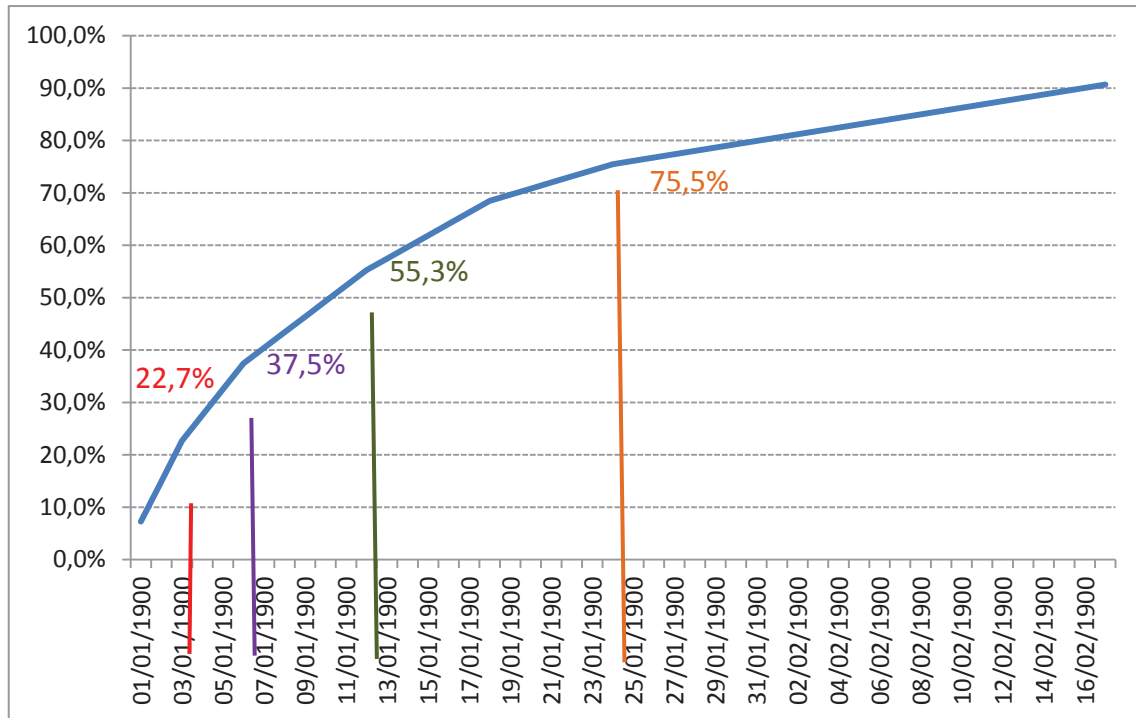
Source Estimate based on data LFS and 2012 Ageing Report

Eurostat provides an overview of the distribution of the unemployed according to the duration spent in unemployment based (on LFS data) (see Figure 2.1). However, this period is measured at a certain moment which implies a possible underestimation of the duration of unemployment. The

<sup>377</sup> The success rates for Poland and Sweden are 10% and 12%. For the incoming jobseekers in the Netherlands a success rate of 22.8% was obtained (based on administrative data).

period to find a job abroad within 3 months can be considered as a very short period observing an average duration of unemployment of 15 months. Also, only 55% of the unemployed persons are unemployed for less than one year.<sup>378</sup> The cumulative figures can be considered as a proxy of an 'exit rate' which is seen as increasing with almost 15% points between 2 observed periods (less than 3 months = 22.7% and less than 6 months = 37.5%).<sup>379</sup> But of course the composition of the group of jobseekers looking for a job abroad may (totally) differ from the general group of unemployed persons we have describe in Figure 2.1.

**Figure 2.1** Distribution of unemployed according to duration in unemployment (in months), aged 15 to 64 years, 2012, EU-28



\* Duration of unemployment is the duration of the search for employment or the length of the period since leaving last job (measured at a certain moment which implies a possible underestimation of the average duration of unemployment).

Source Eurostat (indicator: 'Unemployment by sex, age and duration of unemployment')

## 2.2 Long-term care benefits

The number of PD S1 (persons who are insured for health care living in another country than the competent country) was estimated by the sum of 3 categories: incoming cross-border workers (and their family members), retired cross-border workers (and their family members) and migrant pensioners (and their family members). By counting these different categories together, we

<sup>378</sup> On the basis of the methodology developed in ESDE review 2012 ( chapter 1, section 1.3.2), the persistence rate in unemployment for persons (aged 15-64, EU-28) unemployed less than one year can be estimated for 2011-12 to be around 39%. In other words, 39% of those unemployed less than one year in 2011 were still unemployed one year later. However, due to the methodology used, this does not imply that all the remaining 61% (the 'exit rate') have necessarily found a job as they could have become inactive (or be again short-term unemployed after a spell in employment).

<sup>379</sup> On the basis of the methodology developed in ESDE review 2012 ( chapter 1, section 1.3.2), the exit rate of unemployment for persons (aged 15-64, EU-28) unemployed less than three months can be estimated for 2012 to be around 35% - while for persons unemployed less than 6 months, it would be between 52 and 55%. It means that there would be a gain around 17-21 % points in exit rate between 3 and 6 months of time in unemployment. It is to be noted that the gain in exit rate for persons unemployed between 6 months and one year is much lower (around 6 to 9 % points, i.e.: the difference between 61% mentioned in previous footnote and 52-55%).

estimated a total number of about 2 million insured persons living in another Member State than the competent Member State. Some 60% is determined by the present cross-border workers which imply some 40% is related to mobile pensioners or retired cross-border workers. Most PD S1 certificates were issued by Germany (18.6% of total), UK (11% of total) and Luxembourg (10.5% of total) while most of the PD S1 certificates were received by France (15.7% of total) and Germany (13.8%).

**Table 2.17 LTC: Estimated number of PD S1 issued and received, by category, in .000**

	Competent country					Residing country				
	Incoming cross-border workers + 20% family members (in .000)	Retired cross-border workers only worked abroad + 25% family members (in .000)	Migrant pensioners + 25% family members (in .000)	Total number of PD S1 issued (in .000)	Share of total insured persons (in %)	Outgoing cross-border workers + 20% family members (in .000)	Retired cross-border workers only worked abroad + 25% family members (in .000)	Migrant pensioners + 25% family members (in .000)	Total number of PD S1 issued (in .000)	Share of total insured persons (in %)
BE	74	35	5	113	5,7%	116	41	68	225	11,4%
BG	2	1	1	4	0,2%	25	11	0	37	1,9%
CZ	74	25	2	101	5,1%	29	12	2	43	2,2%
DK	42	14	1	57	2,9%	5	2	3	10	0,5%
DE	223	101	44	368	18,6%	198	75	0	273	13,8%
EE	1	0	0	2	0,1%	22	9	0	30	1,5%
IE	21	6	1	29	1,4%	12	5	7	24	1,2%
GR	14	7	1	23	1,1%	0	0	2	2	0,1%
ES	48	18	4	71	3,6%	27	11	77	115	5,8%
FR	57	27	19	102	5,2%	192	77	43	311	15,7%
IT	91	50	27	167	8,5%	29	13	5	47	2,4%
CY	4	1	0	5	0,3%	0	0	5	5	0,3%
LV	1	0	0	1	0,0%	8	3	0	12	0,6%
LT	0	0	0	1	0,0%	2	1	0	3	0,2%
LU	156	50	1	207	10,5%	3	1	2	7	0,3%
HU	17	8	3	28	1,4%	64	28	0	92	4,7%
MT	1	0	0	1	0,1%	1	0	1	2	0,1%
NL	132	43	28	203	10,2%	26	12	2	39	2,0%
AT	121	55	1	177	8,9%	39	17	11	66	3,4%
PL	9	3	4	17	0,8%	110	45	1	156	7,9%
PT	5	2	2	10	0,5%	13	5	2	20	1,0%
RO	4	2	0	6	0,3%	105	52	0	158	8,0%
SI	2	1	0	3	0,1%	10	5	0	16	0,8%
SK	7	2	2	11	0,6%	141	55	0	196	9,9%
FI	24	9	0	33	1,7%	2	1	1	4	0,2%
SE	15	6	2	23	1,2%	35	12	6	53	2,7%
UK	93	36	88	218	11,0%	24	9	0	34	1,7%
EU-27	1.239	503	238	1.980	100,0%	1.239	503	238	1.980	100,0%

Source Estimate based on data LFS and 2012 Ageing Report

Based on the estimated number of PD S1 (Table 2.17), we have estimated the potential users of LTC. A distinction should be made between LTC benefits in cash and LTC benefits in kind. This is not only an important distinction in the LTC itself, but also in the coordination regulation. We apply on this total PD S1 the same percentages of use of LTC in cash or in kind as is the case in the total population of the EU 27. This is acceptable since the structure of this 'S1 population' is similar to the total population including active persons, retired persons and their family members. Those percentages of users are derived from the Ageing report 2012 (additional data was delivered by DG ECFIN, necessarily for making a distinction between LTC in kind, LTC in cash and informal LTC). For the baseline scenario we estimate that some 48 thousand mobile citizens are using LTC in kind and 45 thousand mobile citizens LTC in cash. The number of users will be multiplied by the average amount per dependent person using LTC in kind or in cash to obtain the cross-border expenditure related to LTC.

**Table 2.18 LTC: Estimated number of users baseline scenario, in .000**

	In kind		In cash		Total	
	Country of residence (in .000)	Competent country (in .000)	Country of residence (in .000)	Competent country (in .000)	Country of residence (in .000)	Competent country (in .000)
AT	2,2	3,5	1,0	9,0	3,1	12,5
BE	12,9	2,9	4,2	2,8	17,1	5,7
BG	0,2	0,1	0,8	0,0	1,0	0,2
CY	0,0	0,1	0,1	0,0	0,1	0,1
CZ	0,9	1,5	1,0	2,4	1,9	3,9
DE	7,4	8,5	7,4	4,6	14,8	13,2
DK	0,4	2,2	0,2	1,3	0,6	3,5
EE	0,4	0,0	1,4	0,0	1,9	0,1
ES	1,7	1,4	2,7	0,7	4,3	2,1
FI	0,1	0,6	0,1	1,8	0,2	2,4
FR	6,9	3,3	4,6	2,5	11,5	5,8
GR	0,1	0,3	0,0	0,6	0,1	0,9
HU	1,4	0,5	2,9	0,7	4,3	1,2
IE	0,4	0,5	0,6	0,7	1,0	1,2
IT	0,8	3,5	1,0	4,9	1,8	8,4
LT	0,2	0,0	0,1	0,0	0,2	0,0
LU	0,1	6,9	0,1	0,9	0,3	7,7
LV	0,1	0,0	0,3	0,0	0,4	0,0
MT	0,1	0,0	0,1	0,0	0,1	0,1
NL	2,3	6,7	0,7	5,0	3,0	11,8
PL	0,7	0,5	3,1	0,7	3,8	1,2
PT	0,3	0,2	0,3	0,1	0,6	0,3
RO	2,3	0,1	3,9	0,1	6,1	0,2
SE	2,6	0,5	1,3	0,6	3,8	1,1
SI	0,3	0,1	0,6	0,1	0,9	0,1
SK	2,8	0,2	5,8	0,1	8,6	0,4
UK	0,7	3,9	0,8	5,4	1,4	9,3
EU-27	48,2	48,2	45,0	45,0	93,2	93,2

Source Estimate based on data LFS and 2012 Ageing Report

In the baseline scenario (current rules) LTC benefits *in kind* are provided according to the legislation of the Member State of residence (if they exist) and reimbursed by the competent Member State while LTC benefits *in cash* (if they exist) are provided and paid by the competent Member State. In Option 3.1, the Member State of residence shall provide LTC benefits (in cash and in kind) on the basis of its legislation and reimbursed by the competent Member State (with or without a supplement from the competent Member State if benefits in the Member State of residence are at a lower level). In Table 2.19 we assume that there is no supplement paid by the competent Member State. Finally, in Option 3.2 the competent Member State shall provide LTC care benefits to insured persons residing abroad (export).

Tables 2.19 to 2.22 compare the budgetary impact of the different options. For all options a distinction is made between LTC benefits in kind and in cash. This results in a total expenditure of € 995 Million for the baseline scenario, € 810 Million for option 3.1 (*provided by the Member State of residence without a supplement*) and € 1 277 Million for option 3.2 (*provided by the competent country*). Compared to the baseline scenario, option 3.1 is less expensive (a decrease of 19% of the expenditure). In option 3.1 the LTC benefit in cash is also provided by the country of residence and no longer by the competent country. It implies a considerably decrease of the budget which is needed to finance the cross-border use of LTC benefits in cash (from € 376 Million to € 191 Million or a decrease of 49%). Option 3.2 is more expensive compared to the baseline scenario (an increase of 28% of the expenditure). The higher expenditure is influenced by the fact that the competent Member State will provide the LTC benefits in kind and no longer the country of

residence. Because of this, the budget needed to finance the cross-border use of LTC benefits in kind increases with 46% (from € 618 Million to € 900 Million). The budgetary impact differs considerably between Member States. We do not observe a consistent 'best option' for all EU-27 Member States. For 6 Member States the baseline scenario has the lowest budgetary impact (BE, IE, FR, LT, LU, SE). Option 3.1 has for 8 Member State the lowest budgetary impact (CZ, DK, GR, IT, NL, AT, FI, UK) while option 3.2 is least expensive for 13 Member States (BG, DE, EE, ES, CY, LV, HU, MT, PL, PT, RO, SI, SK). However, option 3.2 is also for 12 Member States the most expensive option (BE, DK, IE, GR, FR, IT, LU, NL, AT, FI, SE, UK). For 5 Member States the baseline scenario is the most expensive option (CZ, DE, EE, CY, HU) and for 10 Member states this will be option 3.1 (BG, ES, LV, LT, MT, PL, PT, RO, SI, SK, FI).

**Table 2.19 LTC: estimated budgetary impact baseline scenario and options, in € .000**

Debtor	Option 1: No policy change (Baseline scenario)				Option 3.1: LTC provided by the MS of residence (without supplement)				Option 3.2: LTC provided by the competent MS				
	In kind (in €.000)	In cash (in €.000)	Total (in €.000)	%	In kind (in €.000)	In cash (in €.000)	Total (in €.000)	% difference option 1	In kind (in €.000)	In cash (in €.000)	Total (in €.000)	% difference option 1	% difference option 3.1
BE	58.064	16.538	74.602	100%	58.064	16.865	74.929	100%	69.829	16.538	86.368	116%	115%
BG	1.574	64	1.638	100%	1.574	897	2.470	151%	36	64	100	6%	4%
CZ	6.179	7.434	13.613	100%	6.179	2.651	8.831	65%	3.927	7.434	11.361	83%	129%
DK	54.521	49.202	103.723	100%	54.521	4.189	58.710	57%	59.331	49.202	108.533	105%	185%
DE	120.077	52.782	172.860	100%	120.077	50.201	170.278	99%	114.948	52.782	167.730	97%	99%
EE	715	54	769	100%	715	52	767	100%	33	54	87	11%	11%
IE	7.479	0	7.479	100%	7.479	2.684	10.163	136%	10.889	0	10.889	146%	107%
EL	3.732	1.607	5.339	100%	3.732	1.415	5.147	96%	4.638	1.607	6.245	117%	121%
ES	13.938	2.292	16.230	100%	13.938	4.408	18.346	113%	11.133	2.292	13.425	83%	73%
FR	37.403	10.440	47.843	100%	37.403	11.955	49.358	103%	55.885	10.440	66.325	139%	134%
IT	25.015	36.973	61.988	100%	25.015	6.437	31.452	51%	45.141	36.973	82.114	132%	261%
CY	263	181	444	100%	263	118	381	86%	12	181	193	43%	51%
LV	53	8	61	100%	53	28	81	134%	35	8	43	71%	53%
LT	60	17	77	100%	60	36	96	124%	74	17	91	118%	95%
LU	104.120	15.256	119.377	100%	104.120	25.372	129.493	108%	150.866	15.256	166.122	139%	128%
HU	3.383	1.586	4.969	100%	3.383	1.206	4.589	92%	711	1.586	2.297	46%	50%
MT	638	0	638	100%	638	189	827	130%	129	0	129	20%	16%
NL	73.246	93.099	166.346	100%	73.246	23.346	96.592	58%	182.590	93.099	275.690	166%	285%
AT	26.614	49.760	76.374	100%	26.614	14.090	40.705	53%	47.961	49.760	97.721	128%	240%
PL	7.341	571	7.913	100%	7.341	2.671	10.013	127%	556	571	1.127	14%	11%
PT	2.671	0	2.671	100%	2.671	516	3.187	119%	476	0	476	18%	15%
RO	1.979	4	1.983	100%	1.979	1.188	3.167	160%	228	4	231	12%	7%
SI	572	304	876	100%	572	555	1.127	129%	516	304	819	94%	73%
SK	1.270	75	1.345	100%	1.270	1.504	2.773	206%	330	75	405	30%	15%
FI	4.421	3.460	7.881	100%	4.421	1.458	5.879	75%	24.556	3.460	28.017	355%	477%
SE	7.948	1.360	9.308	100%	7.948	4.144	12.092	130%	31.618	1.360	32.978	354%	273%
UK	55.003	33.314	88.317	100%	55.003	13.681	68.685	78%	83.879	33.314	117.193	133%	171%
EU27	618.281	376.381	994.662	100%	618.281	191.857	810.137	81%	900.327	376.381	1.276.709	128%	158%

Source Estimate based on data LFS and 2012 Ageing Report



**Table 2.20 LTC: comparison of options between MS, estimated budgetary impact option 1 (100%) compared to other options, breakdown by type of LTC-benefit**

Debtor country	Option 1: No policy change (Baseline scenario)			Option 3.1: LTC provided by the MS of residence (without supplement)			Option 3.2: LTC provided by the competent MS		
	In kind	In cash	Total	In kind	In cash	Total	In kind	In cash	Total
BE	100%	100%	100%	100%	102%	100%	120%	100%	116%
BG	100%	100%	100%	100%	1401%	151%	2%	100%	6%
CZ	100%	100%	100%	100%	36%	65%	64%	100%	83%
DK	100%	100%	100%	100%	9%	57%	109%	100%	105%
DE	100%	100%	100%	100%	95%	99%	96%	100%	97%
EE	100%	100%	100%	100%	96%	100%	5%	100%	11%
IE	100%		100%	100%		136%	146%		146%
EL	100%	100%	100%	100%	88%	96%	124%	100%	117%
ES	100%	100%	100%	100%	192%	113%	80%	100%	83%
FR	100%	100%	100%	100%	115%	103%	149%	100%	139%
IT	100%	100%	100%	100%	17%	51%	180%	100%	132%
CY	100%	100%	100%	100%	65%	86%	5%	100%	43%
LV	100%	100%	100%	100%	367%	134%	67%	100%	71%
LT	100%	100%	100%	100%	209%	124%	123%	100%	118%
LU	100%	100%	100%	100%	166%	108%	145%	100%	139%
HU	100%	100%	100%	100%	76%	92%	21%	100%	46%
MT	100%		100%	100%		130%	20%		20%
NL	100%	100%	100%	100%	25%	58%	249%	100%	166%
AT	100%	100%	100%	100%	28%	53%	180%	100%	128%
PL	100%	100%	100%	100%	468%	127%	8%	100%	14%
PT	100%		100%	100%		119%	18%		18%
RO	100%	100%	100%	100%	32385%	160%	11%	100%	12%
SI	100%	100%	100%	100%	183%	129%	90%	100%	94%
SK	100%	100%	100%	100%	2004%	206%	26%	100%	30%
FI	100%	100%	100%	100%	42%	75%	555%	100%	355%
SE	100%	100%	100%	100%	305%	130%	398%	100%	354%
UK	100%	100%	100%	100%	41%	78%	152%	100%	133%
EU27	100%	100%	100%	100%	51%	81%	146%	100%	128%

\* In option 3.1 LTC benefits in cash are provided by the MS of residence. This will cause an important budgetary increase for some competent MS without or with few national social rights related to LTC benefits in cash (e.g. RO, SK, BG ...). This explains the high percentages of these MS.

Source Estimate based on data LFS and 2012 Ageing Report

**Table 2.21 LTC: comparison of options between MS, estimated budgetary impact option 1 (100%) compared to other options**

Debtor country	Option 1: No policy change (Baseline scenario)	Option 3.1: LTC provided by the MS of residence (without supplement)	Option 3.2: LTC provided by the competent MS
BE	100%	100%	116%
BG	100%	151%	6%
CZ	100%	65%	83%
DK	100%	57%	105%
DE	100%	99%	97%
EE	100%	100%	11%
IE	100%	136%	146%
EL	100%	96%	117%
ES	100%	113%	83%
FR	100%	103%	139%
IT	100%	51%	132%
CY	100%	86%	43%
LV	100%	134%	71%
LT	100%	124%	118%
LU	100%	108%	139%
HU	100%	92%	46%
MT	100%	130%	20%
NL	100%	58%	166%
AT	100%	53%	128%
PL	100%	127%	14%
PT	100%	119%	18%
RO	100%	160%	12%
SI	100%	129%	94%
SK	100%	206%	30%
FI	100%	75%	355%
SE	100%	130%	354%
UK	100%	78%	133%
EU27	100%	81%	128%
Lowest impact	6	8	13
Highest impact	5	10	12

Source Estimate based on data LFS and 2012 Ageing Report

**Table 2.22 LTC: comparison of options between MS, estimated lowest and highest budgetary impact**

Debtor	Lowest budgetary impact			Highest budgetary impact			Debtor
	Option 1: No policy change (Baseline scenario)	Option 3.1: LTC provided by the MS of residence (without supplement)	Option 3.2: LTC provided by the competent MS	Option 1: No policy change (Baseline scenario)	Option 3.1: LTC provided by the MS of residence (without supplement)	Option 3.2: LTC provided by the competent MS	
BE	X					X	BE
BG			X		X		BG
CZ		X		X			CZ
DK		X				X	DK
DE			X	X			DE
EE			X	X			EE
IE	X					X	IE
GR		X				X	GR
ES			X		X		ES
FR	X					X	FR
IT		X				X	IT
CY			X	X			CY
LV			X		X		LV
LT	X				X		LT
LU	X					X	LU
HU			X	X			HU
MT			X		X		MT
NL		X				X	NL
AT		X				X	AT
PL			X		X		PL
PT			X		X		PT
RO			X		X		RO
SI			X		X		SI
SK			X		X		SK
FI		X				X	FI
SE	X					X	SE
UK		X				X	UK
EU-27	6	8	13	5	10	12	EU-27

Source Estimate based on data LFS and 2012 Ageing Report

The budgetary impact of cross-border expenditure related to LTC is only a fraction of the total national expenditure. It is 0.4% of the total EU-27 spending on LTC in the baseline scenario. Even option 3.2 (which is the most expensive option) has only an impact of 0.6% on the total LTC budget. Again, we observe the highest budgetary impact in Luxembourg (29.4% of total expenditure). The budgetary impact increases considerably in option 3.2 (40.9% of total expenditure) and less in option 3.1 (31.9% of total expenditure).

**Table 2.23 LTC: impact estimated cross-border expenditure on total expenditure LTC\*, by option**

	Total expenditure LTC in 2010 (in Million €)	Estimated cross-border expenditure LTC: <b>Baseline scenario</b> (in Million €)	% impact <b>baseline scenario</b> on total expenditure	Estimated cross-border expenditure LTC <b>(Option 3.1: Provided by country of residence)</b> (in € Millions)	% impact <b>option 3.1</b> on total expenditure	Estimated cross-border expenditure LTC <b>(Option 3.2: Provided by competent country)</b> (in € Millions)	% impact <b>option 3.2</b> on total expenditure
BE	8.271	75	0,9%	75	0,9%	86	1,0%
BG	169	2	1,0%	2	1,5%	0	0,1%
CZ	1.179	14	1,2%	9	0,7%	11	1,0%
DK	10.559	104	1,0%	59	0,6%	109	1,0%
DE	35.776	173	0,5%	170	0,5%	168	0,5%
EE	77	1	1,0%	1	1,0%	0	0,1%
IE	1.705	7	0,4%	10	0,6%	11	0,6%
GR	3.123	5	0,2%	5	0,2%	6	0,2%
ES	8.703	16	0,2%	18	0,2%	13	0,2%
FR	42.065	48	0,1%	49	0,1%	66	0,2%
IT	29.526	62	0,2%	31	0,1%	82	0,3%
CY	29	0	1,6%	0	1,3%	0	0,7%
LV	121	0	0,1%	0	0,1%	0	0,0%
LT	335	0	0,0%	0	0,0%	0	0,0%
LU	406	119	29,4%	129	31,9%	166	40,9%
HU	824	5	0,6%	5	0,6%	2	0,3%
MT	41	1	1,6%	1	2,0%	0	0,3%
NL	22.577	166	0,7%	97	0,4%	276	1,2%
AT	4.638	76	1,6%	41	0,9%	98	2,1%
PL	2.579	8	0,3%	10	0,4%	1	0,0%
PT	532	3	0,5%	3	0,6%	0	0,1%
RO	762	2	0,3%	3	0,4%	0	0,0%
SI	516	1	0,2%	1	0,2%	1	0,2%
SK	181	1	0,7%	3	1,5%	0	0,2%
FI	4.529	8	0,2%	6	0,1%	28	0,6%
SE	13.425	9	0,1%	12	0,1%	33	0,2%
UK	33.461	88	0,3%	69	0,2%	117	0,4%
EU-27	226.107	995	0,4%	810	0,4%	1.277	0,6%

\* Total expenditure LTC: data 2012 Ageing Report

Source Estimate based on data LFS and 2012 Ageing Report

In Table 2.19 three different options were compared with each other. However, option 3.1 (*provided by the Member State of residence*) assumes that no supplement was paid by the competent Member State. In Table 2.20 we have estimated the cost when this supplement would be added to option 3.1. The amount of the supplement was estimated by subtracting option 3.2 (*provided by the competent Member State*) from option 3.1 (*provided by the Member State of residence without supplement*). If the difference is negative, no supplement will be paid. In total an additional supplement of € 520 Million has to be paid by the competent Member States. This increases the budget of option 3.1 (we call it option 3.1bis (*provided by the Member State of residence with supplement*)) to a total amount of € 1 330 Million. The budget needed for option 3.1bis (with supplement) increases with 34% compared to the baseline scenario. The total expenditure estimated for this option is even higher than for option 3.2 (*provided by the competent Member State*).

Table 2.24 LTC: estimated budgetary impact of paying a SUPPLEMENT (option 3.1 - with and without supplement), in €.000

Debtor	Option 3.1: LTC provided by the MS of residence (without supplement)			Option 3.1bis: LTC provided by the MS of residence (with supplement)			% -difference option 3.1
	In kind (in €.000)	In cash (in €.000)	Total (in €.000)	For LTC in kind (in €.000)	For LTC in cash (in €.000)	Total (in €.000)	
BE	58.064	16.865	74.929	11.765	0	11.765	116%
BG	1.574	897	2.470	0	0	0	100%
CZ	6.179	2.651	8.831	0	4.782	4.782	154%
DK	54.521	4.189	58.710	4.810	45.013	49.823	185%
DE	120.077	50.201	170.278	0	2.582	2.582	102%
EE	715	52	767	0	2	2	100%
IE	7.479	2.684	10.163	3.409	0	3.409	134%
EL	3.732	1.415	5.147	906	192	1.098	121%
ES	13.938	4.408	18.346	0	0	0	100%
FR	37.403	11.955	49.358	18.482	0	18.482	137%
IT	25.015	6.437	31.452	20.126	30.536	50.662	261%
CY	263	118	381	0	64	64	117%
LV	53	28	81	0	0	0	100%
LT	60	36	96	14	0	14	114%
LU	104.120	25.372	129.493	46.746	0	46.746	136%
HU	3.383	1.206	4.589	0	380	380	108%
MT	638	189	827	0	0	0	100%
NL	73.246	23.346	96.592	109.344	69.754	179.098	285%
AT	26.614	14.090	40.705	21.347	35.670	57.017	240%
PL	7.341	2.671	10.013	0	0	0	100%
PT	2.671	516	3.187	0	0	0	100%
RO	1.979	1.188	3.167	0	0	0	100%
SI	572	555	1.127	0	0	0	100%
SK	1.270	1.504	2.773	0	0	0	100%
FI	4.421	1.458	5.879	20.135	2.002	22.138	477%
SE	7.948	4.144	12.092	23.670	0	23.670	296%
UK	55.003	13.681	68.685	28.876	19.632	48.508	171%
EU27	618.281	191.857	810.137	309.630	210.609	520.240	164%

\* The budget needed for option 3.1bis (with supplement) increases with 34% compared to the baseline scenario.

Source Estimate based on data LFS and 2012 Ageing Report

## **ANNEX X: HIVA REPORT UNEMPLOYMENT BENEFITS 2013**

### 2.3 Synoptic overview

Table 2.25 Synoptic overview of the scope of the cross border use of unemployment benefits and LTC benefits

Indicator	Year	Unit	Amount	Type variable
<b>Coordination of unemployment benefits</b>				
<b>Cross-border workers within EU-27</b>	2010-2011	in thousand	1.032,0	stock
of which <b>frontier workers</b>	2010-2011	in thousand	701,0	stock
<b>Migrant workers</b> (from 15 to 64 years, within EU 27)***	2011	in thousand	1.017,0	yearly flow
<b>Posted workers</b> (PD A1 issued)	2011	in thousand	1.508	yearly issued
Estimated number of <b>unemployed cross-border workers</b>	2010-2011	in thousand	73,7	stock
as share of total unemployment		in %	0,35%	
of which frontier workers	2010-2011	in thousand	45,2	stock
<b>Unemployed recent migrant workers</b>	2011	in thousand	94,8	stock
Estimated number of <b>proven period of insurance</b> PD U1	2010	in thousand	341,2	stock
as share of total unemployment	2010	in %	1,60%	
Estimated number of <b>exported unemployment benefit</b> PD U2	2011	in thousand	23,7	stock
as share of total unemployment		in %	0,11%	

ANNEX X ANALYSIS OF THE CHARACTERISTICS AND THE DURATION OF EMPLOYED ACTIVITY BY CROSS-BORDER AND FRONTIER WORKERS FOR THE PURPOSES OF COORDINATING UNEMPLOYMENT BENEFITS

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Coordination of long-term care benefits				
<b>Migrated pensioners***</b>	2011	in thousand	44,1	yearly flow
<b>Total estimated number of persons insured for LTC (PD S1)</b>	2010-2011	in thousand	1.980,0	stock
as % of total population EU 27		in %	0,4%	
Of which:				
cross border workers and family members	2010-2011	in thousand	1.239,0	stock
retired cross border workers and family members	2010-2011	in thousand	503,0	stock
mobile pensioners and family members	2010-2011	in thousand	238,0	stock
Estimate of <b>mobile persons obtaining LTC</b>	2010-2011	in thousand	93	stock
<b>Outstanding reimbursement claims</b> for health, Audit Board	2011	millions €	3.607,3	stock
<b>Reimbursement claims</b> for health, Audit board	2011	millions €	3.590,9	flow
Estimated reimbursement <b>claims for LTC benefits in kind</b> on figures Audit Board	2011	millions €	592,0	flow
Estimated <b>health expenditures for mobile citizens</b> on LFS and Ageing Report *	2010	millions €	3.167,4	flow
Estimated reimbursement claims for benefits in kind for mobile citizens based on LFS and Ageing Report	2010	millions €	618,3	flow
Estimated <b>LTC benefits in cash</b> for mobile citizens based on LFS and Ageing Report	2010	millions €	376,4	flow

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Total estimated <b>expenditure LTC for mobile citizens</b> based on LFS and Ageing Report	2010	millions €	994,7	flow
as % of total LTC spending		in %	0,4%	
as % of GDP		in %	0,008%	

\* Figure calculated in the interim report

\*\* Figures described in detail in several chapters of this report

\*\*\* No data for BE, BG, HU, MT, NL, PL and RO

## **ANALYSIS OF THE CHARACTERISTICS AND THE DURATION OF EMPLOYED ACTIVITY BY CROSS-BORDER AND FRONTIER WORKERS FOR THE PURPOSES OF COORDINATING UNEMPLOYMENT BENEFITS**

**Prof. dr. Jozef Pacolet & Frederic De Wispelaere**



ANNEX X ANALYSIS OF THE CHARACTERISTICS AND THE DURATION OF EMPLOYED  
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Research commissioned by DG EMPL – VT/2013/124

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*Published by*  
KU Leuven  
HIVA - RESEARCH INSTITUTE FOR WORK AND SOCIETY  
Parkstraat 47 box 5300, 3000 LEUVEN, Belgium  
hiva@kuleuven.be  
www.hiva.be

D/typ het jaartal/4718/typ het depotnummer – ISBN typ het ISBN

COVER DESIGN typ de naam van het ontwerpbureau  
COVER ILLUSTRATION typ de bronvermelding

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# Introduction

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The purpose of the report is to provide the Commission with a statistical data analysis that will give insight of the characteristics of the work pattern of frontier and cross-border workers and the duration that cross-border and frontier workers on average spend in their current job. This report shows how the policy option (option 4) differs from the baseline scenario and the other options.

A new 'conflict rule' will be introduced according to which:

- A person receives the unemployment benefits in the country of residence, except:

- When the last 12 months of employment have been completed in another Member State. In that case, the country of last activity will become competent. It is not necessary that the person has continuously worked for 12 months in the other Member State without interruption or that he has worked there up to the date when he starts to receive unemployment benefits, but only that he has accumulated 12 months of employment before unemployment (e.g. with period of sickness) without having been employed anywhere else during this period.

There will be no reimbursement mechanism for the country of residence (we assume that the person has in the past paid contributions into that scheme).





## Applied methodology

Based on Labour force Survey (LFS) data, an estimation of the number of **cross-border workers** could be made (based on the question *‘What is the name and address of the local unit of the enterprise where you work?’* and variables ‘COUNTRYW’ (country of place of work) and ‘COUNTRY’ (country of residence) in the database). In the further analysis we considered all **workers who work in another country than the country of residence as cross-border workers. Workers who work in a neighbouring country are considered as frontier workers.** This is different from the legal definition.

For the new introduced option 4 a breakdown by the period of employment of the cross-border worker had to be made. The breakdown is extracted from the LFS variable ‘STARTIME’ (Time since person started to work).

Some limitations of the use of this indicator need to be taken into account.<sup>380</sup> There is a risk of underestimation of the duration as the indicator used is a measure of the employment spell in-progress (e.g.: not finished, as the person is 'not yet' unemployed). E.g.: people having currently worked 6 months may keep the same job still for few months/years/decades. However, on the other side, there is a risk of overestimation as it can be measured only for employed persons – and that there is therefore an over-representation of people with long job tenure. E.g.: people having become unemployed recently after having worked few months are not accounted for (same holds for those having recently lost their job after 10 years but they are less numerous).

Still, the ideal would be to know how much time unemployed previously cross-border workers have worked in the country of last activity. However, the employment history of currently unemployed persons is not available in any EU-LFS variable.

National unemployment rates were applied to the number of cross-border workers to estimate the number of **unemployed cross-border workers.** The national unemployment rates<sup>381</sup> of 2010 (from 20 to 64 years) defined in the 2012 Ageing Report were used. **The unemployment rates of the country of employment and not of the country of residence have been applied** on the number of cross-border workers calculated by way of the LFS.

In order to **estimate the budgetary impact** of the baseline scenario and the different options, the estimated number of unemployed cross-border workers (based on the LFS and the unemployment rates of the 2012 Ageing Report) is multiplied by the annual unemployment benefit per unemployed person (unemployment benefit spending in 2010 prices / (labour force \* unemployment rate)) (data from the 2012 Ageing Report). This yearly expenditure assumes that the unemployed person did not find a job during the first year of unemployment. However, a more ‘realistic’ calculation of the yearly expenditure is calculated by taking into account the **annual average duration of the payment of the unemployment benefit.**<sup>382</sup>

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<sup>380</sup> Input received from DG EMPL, based on Employment in Europe 2009, chapter 2 and Employment and Social Developments in Europe Review 2012, chapter 1.

<sup>381</sup> In order to support the use of national unemployment rates for cross-border workers, DG EMPL confirmed, on the basis of Eurostat EU-LFS data, that the overall characteristics of cross-border workers seem quite close to the average national workers (people working in the same country than their country of residence). No large differences in terms of highest level of education or age, two important factors when it comes to unemployment, appear.

<sup>382</sup> Calculations are based on the duration of the unemployment (which can be calculated with LFS data). If the duration of unemployment < 1 month, we assume a payment of the UB of 0.5 months; Between 1-2 months of unemployment = 1.5 months UB paid; Between 3-5 months of unemployment = 4 months UB paid; Between 6 and 11 months of unemployment = 8.5 months UB paid; 12 months and longer of unemployment = 12 months UB paid. Based on LFS data we obtained an average duration of unemployment of 15 months. However, this average duration is measured at a certain moment which implies a possible underestimation of the duration of the unemployment (e.g. he/she may still remain

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unemployed). However, the expenditure is calculated for only one year. This explains the cut-off at 12 months. This will result in an annual average duration of payment of the unemployment of 7.5 months.

## Analysis and results

### 1.19 Unemployment benefits

In the **baseline scenario**, frontier workers (people who work in one country and live in another, and return home daily or at least once a week) who become wholly unemployed must apply for unemployment benefits in their country of residence. Cross-border workers, other than frontier workers, may apply for unemployment benefits and register with the employment service in either the country of last activity or the country of residence (*right of choice*). The country of last activity will reimburse the institution of the country of residence an amount of the benefits provided to the returned frontier workers and other cross-border workers by the latter institution during the first three or five months.

**Option 2** implies that frontier workers also have the choice between applying for unemployment benefits and registering with the employment services either in the country of last activity or in the country of residence (*all cross-border workers have a right of choice*).

In **option 3**, the unemployed person should claim unemployment benefits and register with the employment services in the country of last activity. Reimbursement claims are no longer necessary.

In **new option 4**, the country of last activity will pay the unemployment benefit of unemployed former cross-border workers employed longer than 12 months in this country while the country of residence will pay the unemployment benefit of unemployed former cross-border workers employed no longer than 12 months in the country of last activity. No reimbursement mechanism is foreseen in this option.

**Table 2.1 UB: Applicable rules baseline scenario and different options**

	Option 1: Baseline scenario	Option 2: Right of choice	Option 3: Country of last activity	Option 4: cut-off by period of employment
<b>Country of last activity</b>				
Other cross-border workers	UB paid to other cross-border workers when highest UB in country of last activity (rational decision)	UB paid to other cross-border workers when highest UB in country of last activity (rational decision)	UB paid to other cross-border workers	UB paid to cross-border workers longer than 12 months employed in the country of last activity
Frontier workers		UB paid to frontier workers when highest UB in country of last activity (rational decision)	UB paid to frontier workers	
Reimbursement	Reimbursement claim paid of 3 or 5 months to country of residence	Reimbursement claim paid of 3 or 5 months to country of residence	No reimbursement	
<b>Country of residence</b>				
Other cross-border workers	UB paid to other cross-border workers when highest UB in country of residence (rational decision)	UB paid to other cross-border workers when highest UB in country of residence (rational decision)	*	UB paid to cross-border workers no longer than 12 months employed in the country of last activity
Frontier workers	UB paid to frontier workers	UB paid to frontier workers when highest UB in country of residence (rational decision)	*	
Reimbursement	Reimbursement claim received of 3 or 5 months from country of last activity	Reimbursement claim received of 3 or 5 months from country of last activity		

\* A PD U1 could be issued by the country of residence to prove (self-)employed or insured periods in the country of residence to open unemployment rights in the country of last activity.

Source HIVA KU Leuven based on information from DG EMPL

On average (2010 and 2011) 256.8 thousand cross-border workers (or 25% of the total number of cross-border workers) are currently no longer than 12 months employed in their country of employment compared to 775.5 thousand cross-border workers (or 75% of the total number of cross-border workers) who are currently longer than 12 months employed in the country of employment (Table 2.2). However, ‘the connection’ to the labour market of cross-border workers will differ between Member States. E.g. currently 86% of the incoming cross-border workers in Luxembourg are longer than 12 months employed in this country. It proves a ‘genuine link’ of most of the cross-border workers. At the same time this ‘genuine link’ will cause a budgetary cost. National unemployment rates were applied to the number of cross-border workers to estimate the number of unemployed cross-border workers. This results in an estimated number of 53.8 thousand unemployed former cross-border workers longer than 12 months employed in the country of last activity and 19.9 thousand unemployed former cross-border workers no longer than 12 months employed.

The breakdown by period of employment will influence the budgetary cost for the country of last activity and the country of residence (Table 2.3). A country will pay the unemployment benefit for the unemployed former incoming cross-border workers who were longer than 12 months employed (or 53.8 thousand persons) and for the unemployed former outgoing cross-border workers who were no longer than 12 months employed (or 19.9 thousand persons). E.g. Luxembourg will pay for 4.8 thousand unemployed former incoming cross-border workers (or 86% of the incoming

cross-border workers) and for 0.1 thousand unemployed former outgoing cross-border workers (or 24% of the outgoing cross-border workers) an unemployment benefit.

The budgetary cost (table 2.3) is estimated at € 87.9 million for the unemployed former outgoing cross-border workers and at € 590.7 for the unemployed former incoming cross-border workers. It results in a total expenditure of € 678.6 Million. However, this will be the estimated expenditure assuming that all unemployed persons did not find a job during the first year of unemployment. A more 'realistic' estimate of the yearly expenditure is calculated by also taking into account the annual average duration of the payment of the unemployment benefit. On average 7.5 months (EU-27) the UB was paid to unemployed persons (calculated for the total year)<sup>383</sup>. It results in a total estimated budgetary cost of € 384 Million.

Tables 2.4 to 2.6 compare the budgetary impact of the different options. The calculation of the total expenditure takes not only the expenditure of the UB into account but also the amount of the claims received of the reimbursement procedure (as country of residence = creditor) and the amount of the claims paid of the reimbursement procedure (as country of last activity = debtor). It results in a total expenditure of € 378 Million for the baseline scenario, € 502 Million for option 2 (right of choice), € 437 Million for option 3 (provided by the country of last activity) and € 384 Million for option 4 (cut-off of 12 months). All three options are more expensive than the baseline scenario. The expenditure increases with 33% in option 2 compared to the baseline scenario, with 16% in option 3 and only with 2% in option 4.

The budgetary impact differs between Member States. On 12 Member States the baseline scenario has the lowest budgetary impact (CZ, DK, IE, GR, LT, LU, HU, MT, NL, AT, RO, FI). Option 2 has only on 1 Member State the lowest budgetary impact (PT) while option 3 is least expensive for 8 Member States (BG, EE, FR, LV, PL, SI, SK, SE). Finally, option 4 has to lowest budgetary impact on 6 Member States (BE, DE, ES, IT, CY, UK).

Option 2 is for 12 Member States the most expensive option (BE, CZ, DK, DE, IE, CY, LU, NL, AT, PL, FI, UK). For 7 Member States the baseline scenario is the most expensive option (EE, FR, IT, PT, SI, SK, SE) and for 5 Member states this will be option 4 (BG, LV, LT, HU, RO). Finally, option 3 will has to highest budgetary impact on 3 Member States (GR, ES, MT).

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<sup>383</sup> Calculations are based on LFS data. If the duration of unemployment < 1 month, we assume a payment of the UB of 0,5 months; Between 1-2 months of unemployment = 1,5 months UB paid; Between 3-5 months of unemployment = 4 months UB paid; Between 6 and 11 months of unemployment = 8,5 months UB paid; 12 months and longer of unemployment = 12 months UB paid.

**Table 2.2 UB: Main parameters for estimating option 4**

Country	Average 2010 and 2011				2010		Average 2010 and 2011						
	Incoming Cross-border workers longer than 12 months employed (in .000)	% of incoming cross-border workers	Incoming Cross-border workers not longer than 12 months employed (in .000)	% of incoming cross-border workers	Outgoing Cross-border workers longer than 12 months employed (in .000)	% of outgoing cross-border workers	Outgoing Cross-border workers not longer than 12 months employed (in .000)	% of outgoing cross-border workers	Unemployment rate (20-64) country of employment	Incoming unemployed Cross-border workers longer than 12 months employed (in .000)	Incoming unemployed Cross-border workers not longer than 12 months employed (in .000)	Outgoing unemployed Cross-border workers longer than 12 months employed (in .000)	Outgoing unemployed Cross-border workers not longer than 12 months employed (in .000)
BE	47,2	77%	14,4	23%	85,6	89%	11,0	11%	8,0%	3,8	1,1	4,5	0,6
BG	1,8	100%	0,0	0%	9,6	45%	11,5	55%	10,2%	0,2	0,0	1,0	1,2
CZ	52,2	85%	9,2	15%	19,5	81%	4,6	19%	7,1%	3,7	0,7	1,5	0,4
DK	27,4	78%	7,6	22%	2,8	64%	1,6	36%	6,9%	1,9	0,5	0,2	0,1
DE	140,9	76%	45,2	24%	134,3	81%	31,1	19%	7,1%	10,0	3,2	7,7	1,9
EE	0,6	74%	0,2	26%	11,9	66%	6,2	34%	16,7%	0,1	0,0	1,0	0,5
IE	14,2	82%	3,1	18%	8,5	85%	1,5	15%	13,2%	1,9	0,4	0,6	0,1
GR	5,7	49%	5,9	51%	0,0	0,0	0,0	0,0	12,5%	0,7	0,0	0,0	0,0
ES	24,7	61%	15,5	39%	13,0	58%	9,5	42%	19,5%	4,8	3,0	1,0	0,8
FR	33,8	71%	13,5	29%	132,0	83%	27,7	17%	9,0%	3,0	1,2	8,6	1,9
IT	37,1	49%	38,7	51%	17,8	73%	6,6	27%	8,1%	3,0	3,1	1,5	0,6
CY	2,9	81%	0,7	19%	0,0	0,0	0,0	0,0	6,4%	0,2	0,0	0,0	0,0
LV	0,4	85%	0,1	15%	3,2	46%	3,7	54%	18,4%	0,1	0,0	0,3	0,3
LT	0,1	52%	0,1	48%	1,1	57%	0,8	43%	17,8%	0,0	0,0	0,1	0,1
LU	111,2	86%	18,8	14%	2,1	76%	0,7	24%	4,3%	4,8	0,8	0,2	0,1
HU	12,0	86%	1,9	14%	38,8	73%	14,6	27%	11,1%	1,3	0,2	2,5	0,9
MT	0,2	20%	0,6	80%	0,6	70%	0,3	30%	6,0%	0,0	0,0	0,0	0,0
NL	91,8	84%	18,1	16%	19,1	90%	2,1	10%	4,0%	3,7	0,7	1,5	0,2
AT	77,0	76%	23,9	24%	27,6	86%	4,5	14%	4,2%	3,2	1,0	2,1	0,4
PL	6,5	85%	1,2	15%	63,1	69%	28,6	31%	9,6%	0,6	0,1	4,3	1,9
PT	2,9	64%	1,6	36%	6,5	62%	4,0	38%	11,1%	0,3	0,2	1,1	0,5
RO	3,2	86%	0,5	14%	34,0	39%	53,8	61%	7,3%	0,2	0,0	3,4	5,1
SI	1,4	93%	0,1	7%	6,9	80%	1,7	20%	7,2%	0,1	0,0	0,4	0,1
SK	5,3	85%	1,0	15%	100,1	86%	17,0	14%	13,9%	0,7	0,1	7,1	1,2
FI	13,8	70%	5,9	30%	1,1	65%	0,6	35%	7,7%	1,1	0,5	0,1	0,1
SE	8,7	70%	3,8	30%	20,8	72%	8,2	28%	7,3%	0,6	0,3	1,5	0,6
UK	52,6	68%	25,0	32%	15,3	75%	5,0	25%	6,9%	3,6	1,7	1,6	0,5
EU-27	775,5	75%	256,8	25%	775,5	75%	256,8	25%	10,5%	53,8	19,9	53,8	19,9



**Table 2.3 UB: estimated expenditure UB option 4 (corrected by Annual average duration of payment UB)**

	Number of involved unemployed cross-border workers			Budgetary impact			
	Incoming unemployed cross-border workers longer than 12 months employed (in .000)	Outgoing unemployed cross-border workers not longer than 12 months employed (in .000)	UB paid for incoming cross-border workers employed longer than 12 months (in €.000)	UB paid for outgoing cross-border workers employed not longer than 12 months (in €.000)	Annual expenditure UB (in €.000)	Annual average duration of payment UB (in months)	Annual expenditure UB based on average duration payment UB (in €.000)
BE	3,8	0,6	72.217	10.972	83.190	7,4	51.300
BG	0,2	1,2	82	552	634	8,7	460
CZ	3,7	0,4	5.141	486	5.627	7,6	3.564
DK	1,9	0,1	17.790	1.147	18.937	5,7	8.995
DE	10,0	1,9	89.245	17.327	106.572	7,3	64.832
EE	0,1	0,5	71	349	419	8,2	286
IE	1,9	0,1	28.062	1.555	29.617	9,1	22.460
GR	0,7	0,0	1.539	0	1.539	9,0	1.154
ES	4,8	0,8	22.823	3.747	26.570	7,6	16.827
FR	3,0	1,9	38.239	23.915	62.154	7,0	36.256
IT	3,0	0,6	17.472	3.385	20.857	8,4	14.600
CY	0,2	0,0	602	0	602	6,5	326
LV	0,1	0,3	41	171	211	8,2	144
LT	0,0	0,1	11	24	35	8,2	24
LU	4,8	0,1	119.795	1.286	121.081	6,2	62.559
HU	1,3	0,9	1.108	763	1.870	8,0	1.247
MT	0,0	0,0	21	41	62	7,8	40
NL	3,7	0,2	105.588	4.729	110.317	6,3	57.916
AT	3,2	0,4	41.104	4.542	45.647	5,4	20.541
PL	0,6	1,9	249	770	1.019	7,4	628
PT	0,3	0,5	1.163	1.767	2.930	8,1	1.978
RO	0,2	5,1	188	4.121	4.309	7,4	2.657
SI	0,1	0,1	150	154	304	7,9	200
SK	0,7	1,2	296	467	763	9,8	623
FI	1,1	0,1	15.827	813	16.640	4,6	6.379
SE	0,6	0,6	3.797	3.713	7.510	4,8	3.004
UK	3,6	0,5	8.050	1.115	9.165	6,6	5.041
EU-27	53,8	19,9	590.671	87.911	678.581	7,5	384.042

\* Only the annual expenditure of UB is taken into account while there will possibly be a shift of the social security system from the country of last activity to the country of residence

Source Estimate based on data LFS and 2012 Ageing Report



**Table 2.4 UB: estimated budgetary impact baseline scenario and options, in €.000 (corrected by Annual average duration of payment UB)**

	Option 1: No policy change (Baseline scenario): Frontier workers return; other cross-border workers take a rational decision (= highest UB)				Option 2: Right of choice: cross-border workers take a rational decision (= highest amount)				Option 3: UB provided by the country of last activity				Option 4: 'cut-off' of 12 months				
	Annual expenditure UB based on average duration payment UB (in €. 000)	Actual claims paid to country of residence (3 months) (in €. 000)	Actual claims received from country of last activity (3 months) (in €. 000)	Total expenditure (in €. 000)	%	Annual expenditure UB based on average duration payment UB (in €. 000)	Actual claims paid to country of residence (3 months) (in €. 000)	Actual claims received from country of last activity (3 months) (in €. 000)	Total expenditure (in €. 000)	%	Annual expenditure UB based on average duration payment UB (in €. 000)	Actual claims paid to country of residence (3 months) (in €. 000)	Actual claims received from country of last activity (3 months) (in €. 000)	Total expenditure (in €. 000)	%	Annual expenditure UB based on average duration payment UB (in €. 000)	%
BE	70.891	13.533	19.727	64.697	100%	74.007	5.077	8.935	70.149	108%	58.403	0	0	58.403	90%	51.300	79%
BG	256	20	88	188	100%	0	221	0	221	117%	59	0	0	59	31%	460	244%
CZ	1.097	526	334	1.289	100%	3.798	848	117	4.529	351%	3.819	0	0	3.819	296%	3.564	277%
DK	3.029	3.395	450	5.974	100%	12.014	43	599	11.458	192%	10.811	0	0	10.811	181%	8.995	151%
DE	69.040	15.024	16.167	67.897	100%	55.763	24.804	4.864	75.703	111%	72.034	0	0	72.034	106%	64.832	95%
EE	609	19	219	409	100%	73	78	10	140	34%	65	0	0	65	16%	286	70%
IE	21.239	664	455	21.448	100%	33.461	42	2.434	31.069	145%	25.854	0	0	25.854	121%	22.460	105%
GR	381	329	0	710	100%	1.632	475	0	2.107	297%	2.356	0	0	2.356	332%	1.154	163%
ES	15.919	4.108	949	19.078	100%	18.520	4.287	629	22.179	116%	23.563	0	0	23.563	124%	16.827	88%
FR	86.602	6.483	26.361	66.724	100%	55.382	6.226	13.574	48.085	72%	31.250	0	0	31.250	47%	36.256	54%
IT	28.531	732	1.444	27.819	100%	27.070	1.068	711	27.427	99%	25.028	0	0	25.028	90%	14.600	52%
CY	391	7	0	397	100%	391	19	0	409	103%	405	0	0	405	102%	326	82%
LV	55	10	16	49	100%	29	18	6	41	84%	33	0	0	33	67%	144	295%
LT	4	5	1	7	100%	5	18	0	23	306%	14	0	0	14	183%	24	319%
LU	3.510	18.804	637	21.677	100%	75.684	0	1.233	74.451	343%	72.862	0	0	72.862	336%	62.559	289%
HU	615	190	208	597	100%	819	435	44	1.209	203%	852	0	0	852	143%	1.247	209%
MT	10	23	0	33	100%	10	38	0	47	142%	68	0	0	68	205%	40	121%
NL	41.060	10.969	5.167	46.862	100%	90.552	0	11.199	79.353	169%	66.216	0	0	66.216	141%	57.916	124%
AT	15.426	4.062	4.253	15.235	100%	38.052	41	7.381	30.713	202%	24.180	0	0	24.180	159%	20.541	135%
PL	872	73	354	592	100%	0	1.387	0	1.387	234%	181	0	0	181	31%	628	106%
PT	3.457	293	1.111	2.639	100%	497	443	11	929	35%	1.228	0	0	1.228	47%	1.978	75%
RO	26	54	10	69	100%	5	280	0	285	411%	136	0	0	136	196%	2.657	3828%
SI	475	26	154	347	100%	88	173	9	252	73%	107	0	0	107	31%	200	58%
SK	1.880	87	577	1.391	100%	35	908	3	940	68%	285	0	0	285	20%	623	45%
FI	2.206	399	161	2.444	100%	9.246	57	369	8.935	366%	8.687	0	0	8.687	356%	6.379	261%
SE	5.651	771	2.663	3.759	100%	1.765	926	256	2.435	65%	2.179	0	0	2.179	58%	3.004	80%
UK	4.529	1.514	615	5.427	100%	3.217	4.481	8	7.690	142%	6.492	0	0	6.492	120%	5.041	93%
EU-27	377.761	82.122	82.122	377.761	100%	502.113	52.391	52.391	502.113	133%	437.167	0	0	437.167	116%	384.042	102%

\* The annual expenditure (12 months) is estimated without taking into account national legislation and as such the possible limitation in time of the payment of UB.

Source Estimate based on data LFS and 2012 Ageing Report

**Table 2.5 UB: comparison of options between MS, estimated budgetary impact option 1 (100%) compared to other options (corrected by Annual average duration of payment UB)**

	Option 1: No policy change (Baseline scenario)	Option 2: Right of choice	Option 3: UB provided by the country of last activity	Option 4: 'cut-off' of 12 months
BE	100%	108%	90%	79%
BG	100%	117%	31%	244%
CZ	100%	351%	296%	277%
DK	100%	192%	181%	151%
DE	100%	111%	106%	95%
EE	100%	34%	16%	70%
IE	100%	145%	121%	105%
GR	100%	297%	332%	163%
ES	100%	116%	124%	88%
FR	100%	72%	47%	54%
IT	100%	99%	90%	52%
CY	100%	103%	102%	82%
LV	100%	84%	67%	295%
LT	100%	306%	183%	319%
LU	100%	343%	336%	289%
HU	100%	203%	143%	209%
MT	100%	142%	205%	121%
NL	100%	169%	141%	124%
AT	100%	202%	159%	135%
PL	100%	234%	31%	106%
PT	100%	35%	47%	75%
RO	100%	411%	196%	3828%
SI	100%	73%	31%	58%
SK	100%	68%	20%	45%
FI	100%	366%	356%	261%
SE	100%	65%	58%	80%
UK	100%	142%	120%	93%
EU-27	100%	133%	116%	102%
Lowest impact	12	1	8	6
Highest impact	7	12	3	5

\* Green: lowest budgetary impact; Red: highest budgetary impact

Source Estimate based on data LFS and 2012 Ageing Report

**Table 2.6 UB: comparison of options between MS, estimated lowest and highest budgetary impact (corrected by Annual average duration of payment UB)**

	Lowest budgetary impact				Highest budgetary impact				
	Option 1: No policy change (Baseline scenario)	Option 2: Right of choice	Option 3: UB provided by the country of last activity	Option 4: 'cut-off' of 12 months	Option 1: No policy change (Baseline scenario)	Option 2: Right of choice	Option 3: UB provided by the country of last activity	Option 4: 'cut-off' of 12 months	
BE				X		X			BE
BG			X					X	BG
CZ	X					X			CZ
DK	X					X			DK
DE				X		X			DE
EE			X		X				EE
IE	X					X			IE
GR	X						X		GR
ES				X			X		ES
FR			X		X				FR
IT				X	X				IT
CY				X		X			CY
LV			X					X	LV
LT	X							X	LT
LU	X					X			LU
HU	X							X	HU
MT	X						X		MT
NL	X					X			NL
AT	X					X			AT
PL			X			X			PL
PT		X			X				PT
RO	X							X	RO
SI			X		X				SI
SK			X		X				SK
FI	X					X			FI
SE			X		X				SE
UK				X		X			UK
EU-27	12	1	8	6	7	12	3	5	EU-27

Source Estimate based on data LFS and 2012 Ageing Report

Table 2.7 presents the distribution of the cost taking into account the applicable rules for option 4. We have made our calculations from the perspective of incoming cross-border workers who become unemployed. The estimated 53.8 thousand unemployed former incoming cross-border workers who were no longer than 12 months employed in the country of last activity will receive an unemployment benefit from their country of residence while the other 19.9 thousand unemployed former incoming cross-border worker who were longer than 12 months employed in the country of last activity will receive an unemployment benefit from the country of last activity.

It implies (taking into account the assumptions we had to made) that the country of last activity will pay 88% of the total expenditure and the country of residence 12% of the total expenditure. The distribution of the cost is mainly influenced by the fact 75% of the cross-border workers are longer than 12 months employed. However, also the amount of the unemployment benefit and the period of unemployment will influence the budgetary cost. Again, differences between Member States appear.

Table 2.8 presents the distribution of the cost taking into account the current rules in the baseline scenario. The baseline scenario (also taking into account the assumptions we had to made) implies that the country of last activity will pay 30% of the total expenditure (only for 'other unemployed cross-border workers' who choose for the country of last activity) and the country of residence 70% of the total expenditure (for the unemployed frontier workers and the 'other unemployed cross-border workers' who choose to return). However, this disproportion is corrected by a reimbursement procedure. Now, the county of last activity will pay 43% of the cost and the country of residence 57%.

Comparing the distribution of the cost for option 4 to the baseline scenario (after reimbursement), a much higher share of the cost is paid by the country of last activity (88% compared to 43%). Only Italy is confronted with a lower share of cost in option 4 (85%) compared to the baseline scenario (88%). For that reason, option 4 can be considered as 'more fair' compared to the baseline scenario.



**Table 2.7 UB: estimated expenditure UB incoming cross-border workers becoming unemployed, option 4, breakdown by country of last activity and country of residence (corrected by Annual average duration of payment UB)**

Country of last activity	Incoming unemployed crossborder workers		Expenditure		Share of cost	
	Number of unemployed incoming cross-border workers <b>not longer</b> than 12 months employed (in .000)	Number of unemployed incoming cross-border workers <b>longer</b> than 12 months employed (in .000)	Estimated annual expenditure UB by country of residence based on average duration payment UB (in .000 €)	Estimated annual expenditure UB by country of last activity UB based on average duration payment UB (in .000 €)	% share of cost <b>country of residence</b>	% share of cost <b>country of last activity</b>
BE	3,8	1,1	7.033	44.534	14%	86%
BG	0,2	0,0	0	59	0%	100%
CZ	3,7	0,7	352	3.256	10%	90%
DK	1,9	0,5	1.357	8.450	14%	86%
DE	10,0	3,2	7.252	54.291	12%	88%
EE	0,1	0,0	43	48	47%	53%
IE	1,9	0,4	960	21.280	4%	96%
GR	0,7	0,7	819	1.154	42%	58%
ES	4,8	3,0	6.766	14.454	32%	68%
FR	3,0	1,2	4.110	22.306	16%	84%
IT	3,0	3,1	2.096	12.231	15%	85%
CY	0,2	0,0	34	326	9%	91%
LV	0,1	0,0	5	28	14%	86%
LT	0,0	0,0	12	7	62%	38%
LU	4,8	0,8	6.432	61.894	9%	91%
HU	1,3	0,2	368	738	33%	67%
MT	0,0	0,0	97	14	87%	13%
NL	3,7	0,7	3.496	55.434	6%	94%
AT	3,2	1,0	2.846	18.497	13%	87%
PL	0,6	0,1	578	153	79%	21%
PT	0,3	0,2	297	785	27%	73%
RO	0,2	0,0	213	116	65%	35%
SI	0,1	0,0	3	99	3%	97%
SK	0,7	0,1	202	242	46%	54%
FI	1,1	0,5	444	6.067	7%	93%
SE	0,6	0,3	665	1.519	30%	70%
UK	3,6	1,7	5.152	4.427	13%	87%
EU-27	53,8	19,9	51.631	369.169	12%	88%

\* Only the annual expenditure of UB is taken into account while there will possibly be a shift of the social security system from the country of last activity to the country of residence

Source Estimate based on data LFS and 2012 Ageing Report

**Table 2.8 UB: estimated expenditure UB incoming cross-border workers becoming unemployed, baseline scenario, breakdown by country of last activity and country of residence and impact of reimbursement (corrected by Annual average duration of payment UB)**

		<b>Option 1: No policy change (Baseline scenario):</b> Frontier workers return; other cross-border workers take a rational decision (= highest UB)											
		Incoming unemployed crossborder workers					Cost without reimbursement					Cost with reimbursement	
Country of employment (in .000)	Number of unemployed incoming cross-border workers (in .000)	Of which incoming unemployed frontier workers (in .000)	Estimated annual expenditure UB based on average duration payment UB paid by the country of residence (in .000 €)	Estimated annual expenditure UB based on average duration payment UB paid by the country of last activity (in .000 €)	Reimbursement country of last activity (3 months) (in .000 €)	% share of cost country of residence	% share of cost country of last activity	% share of cost country of residence	% share of cost country of last activity	% share of cost country of residence	% share of cost country of last activity	% share of cost country of residence	% share of cost country of last activity
BE	4,9	4,0	34.334	10.929	13.533	76%	24%	58%	42%				
BG	0,2	0,0	1.052	0	20	100%	0%	98%	2%				
CZ	4,3	4,3	3.327	43	526	99%	1%	85%	15%				
DK	2,4	2,0	6.410	1.726	3.395	79%	21%	56%	44%				
DE	13,2	10,1	55.161	16.936	15.024	77%	23%	63%	37%				
EE	0,1	0,1	203	7	19	97%	3%	89%	11%				
IE	2,3	1,1	1.516	13.440	664	10%	90%	10%	90%				
GR	1,5	0,8	2.613	381	329	87%	13%	79%	21%				
ES	7,9	1,9	18.472	12.296	4.108	60%	40%	53%	47%				
FR	4,3	2,7	21.483	11.407	6.483	65%	35%	55%	45%				
IT	6,1	0,4	3.250	22.455	732	13%	87%	12%	88%				
CY	0,2	0,0	92	391	7	19%	81%	19%	81%				
LV	0,1	0,1	62	4	10	93%	7%	81%	19%				
LT	0,1	0,0	71	0	5	100%	0%	93%	7%				
LU	5,6	5,5	45.350	688	18.804	99%	1%	70%	30%				
HU	1,5	1,3	1.911	6	190	100%	0%	91%	9%				
MT	0,0	0,0	167	8	23	95%	5%	84%	16%				
NL	4,4	3,3	27.063	16.724	10.969	62%	38%	49%	51%				
AT	4,2	4,0	10.184	1.478	4.062	87%	13%	65%	35%				
PL	0,7	0,6	3.797	0	73	100%	0%	98%	2%				
PT	0,5	0,2	1.572	439	293	78%	22%	68%	32%				
RO	0,3	0,0	1.304	1	54	100%	0%	96%	4%				
SI	0,1	0,1	343	34	26	91%	9%	85%	15%				
SK	0,9	0,8	1.814	0	87	100%	0%	95%	5%				
FI	1,5	1,2	1.019	1.530	399	40%	60%	35%	65%				
SE	0,9	0,2	2.811	945	771	75%	25%	62%	38%				
UK	5,4	0,6	17.332	3.183	1.514	84%	16%	79%	21%				
EU-27	73,7	45,2	262.713	115.053	82.122	70%	30%	57%	43%				

\* Only the annual expenditure of UB is taken into account while there will possibly be a shift of the social security system from the country of last activity to the country of residence

Source Estimate based on data LFS and 2012 Ageing Report



In table 2.9. the administrative burden of this new option is estimated based on the same assumptions used for the estimation of the baseline scenario and the other options.<sup>384</sup> However, the correction of the yearly expenditure by taking into account the annual average duration of the payment of the UB will imply a higher administrative cost as % of total expenditure for the baseline scenario and the other options. In the baseline scenario the total administrative cost is estimated at € 8.2 million of which 64% could be allocated to the country of residence. The share of the total administrative burden in the total budget is some 2.2%. A right of choice will decrease the administrative cost to 59% of the baseline scenario. The share of the administrative cost in the total budget is 1%. The lowest administrative cost is estimated for the option where the country of last activity is providing the unemployment benefit. The administrative cost is further reduced to 36% of the baseline scenario. The share of the administrative cost in the total budget is 0.7% for this option. For the new option it was already estimated that 53.8 thousand unemployed cross-border workers will receive an unemployment benefit from the country of last activity while 19.9 thousand unemployed cross-border workers will receive the benefit from their country of residence. Also, there will be no reimbursement procedure. This will imply an important shift of the administrative burden to the country of last activity compared to the baseline scenario. 39% of the administrative cost (estimated at € 4.2 million) could be allocated to the country of residence (compared to 64% in the baseline scenario). The administrative cost will decrease to 51% of the baseline scenario. . The share of the administrative cost in the total budget is 1.1%.

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<sup>384</sup>

For a more detailed description of the methodology, see Deloitte Consulting (2013), *Study for the impact assessment for revision of Regulations (EC) Nos 883/2004 and 987/2009*.

Table 2.9 UB: Estimated administrative burden (corrected by Annual average duration of payment UB)

	Country of residence		Country of last activity	
	Direct paying	Reimbursement	Direct paying	Reimbursement
	Administrative unit cost			
Control unemployed	€ 40,0		€ 40,0	
U1	€ 42,8			€ 20,0
Reimbursement		€ 20,0		€ 20,0
Total administrative unit cost - UB Residence	€ 82,8	€ 20,0		€ 40,0
Total administrative unit cost - UB Last activity			€ 40,0	
	Administrative cost			
	Baseline scenario2: Frontier workers return; other cross-border workers rational decision (=highest amount UB)			
UB Residence	€ 4.258.153	€ 1.028.539	€ 0	€ 2.057.079
UB Last activity	€ 0	€ 0	€ 889.488	€ 0
Administrative cost	€ 5.286.692		€ 2.946.567	
Grand total	€ 8.233.259			
% cost country of residence in total administrative cost	64%			
Grand total annual expenditure UB (in millions)	€ 378			
Administrative cost as % of budgetary cost	2,2%			
Estimated reimbursement (in millions)	€ 82			
	Option B2: right of choice: rational decision (=highest amount UB)			
UB Residence	€ 1.530.093	€ 369.588	€ 0	€ 739.175
UB Last activity	€ 0	€ 0	€ 2.207.391	€ 0
Administrative cost	€ 1.899.681		€ 2.946.567	
Grand total	€ 4.846.248			
As % of baseline scenario	59%			
% cost country of residence in total administrative cost	39%			
Grand total annual expenditure UB (in millions)	€ 502			
Administrative cost as % of budgetary cost	1,0%			
Estimated reimbursement (in millions)	€ 52			
	Option C: UB provided by the country of last activity			
UB Residence	€ 0	€ 0	€ 0	€ 0
UB Last activity	€ 0	€ 0	€ 2.946.567	€ 0
Administrative cost	€ 0		€ 2.946.567	
Grand total	€ 2.946.567			
As % of baseline scenario	36%			
% cost country of residence in total administrative cost	0%			
Grand total annual expenditure UB (in millions)	€ 437			
Administrative cost as % of budgetary cost	0,7%			
Estimated reimbursement (in millions)	€ 0			
	Option D: cutt-off of 12 months			
UB Residence	€ 1.647.720			
UB Last activity			€ 2.152.000	€ 398.000
Administrative cost	€ 1.647.720		€ 2.550.000	
Grand total	€ 4.197.720			
As % of baseline scenario	51%			
% cost country of residence in total administrative cost	39%			
Grand total annual expenditure UB (in millions)	€ 384			
Administrative cost as % of budgetary cost	1,1%			
Estimated reimbursement (in millions)	€ 0			

Source Estimate based on data LFS and 2012 Ageing Report





Strasbourg, 13.12.2016  
SWD(2016) 460 final

PART 4/6

**COMMISSION STAFF WORKING DOCUMENT**

**IMPACT ASSESSMENT**

**Initiative to partially revise Regulation (EC) No 883/2004 of the European Parliament and of the Council on the coordination of social security systems and its implementing Regulation (EC) No 987/2009**

*Accompanying the document*

**PROPOSAL OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**amending Regulation (EC) No 883/2004 on the coordination of social security systems and regulation (EC) No 987/2009 laying down the procedure for implementing Regulation (EC) No 883/2004**

**(text with relevance for the EEA and Switzerland)**

{COM(2016) 815 final}

{SWD(2016) 461 final}

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**ANNEX XI: HIVA REPORT FAMILY BENEFITS – EXPORT DATA**







## ANNEX XI

# Export of family benefits

*Report on the questionnaire on the export of family benefits*

Prof. dr. Jozef Pacolet and Frederic De Wispelaere  
HIVA-KU Leuven  
*June 2015*



IRIS | international research institute  
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*European Commission  
B-1049 Brussels*

# **Export of family benefits**

*Report on the questionnaire on the export of  
family benefits*

## **Network Statistics FMSSFE**

This report has been prepared in the framework of Contract No VC/2013/0301 'Network of Experts on intra-EU mobility – social security coordination and free movement of workers / Lot 2: Statistics and compilation of national data'. This contract was awarded to Network Statistics FMSSFE, an independent research network composed of expert teams from HIVA (KU Leuven), Milieu Ltd, IRIS (UGent), Szeged University and Eftheia bvba. Network Statistics FMSSFE is coordinated by HIVA.

### **Authors:**

Prof Dr Jozef Pacolet, Head of the 'Welfare State' research group, HIVA Research Institute for Work and Society, University of Leuven (KU Leuven).

Frederic De Wispelaere, Senior research associate, HIVA Research Institute for Work and Society, University of Leuven (KU Leuven).

### **Peer reviewers:**

Prof Dr József Hajdú, Head of the Department of Labour Law and Social Security, Szeged University.

Gabriella Berki, Professor Assistant at the Department of Labour Law and Social Security, Szeged University.

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## INTRODUCTION

At the end of 2014, a questionnaire on the export of family benefits was discussed and launched within the framework of the Administrative Commission in order to obtain for the first time a general picture of the size and the budgetary cost of the phenomenon. Both aspects could be compared to the total number of persons entitled and their family members involved and the national public spending on family benefits. Member States were asked to report all types of family benefits covered by the definition of a 'family benefit' given by Regulation (EC) No 883/2004 on the coordination of social security systems<sup>1</sup> and to be applied by the provisions defined in Chapter 8 of this Regulation. These provisions, especially the ones on the applicable priority rules in the event of overlapping entitlements,<sup>2</sup> cover a broader range of situations than what is asked by the administrative questionnaire on the export of family benefits. First, the questionnaire did not cover, and hence no information will be available on, the supplement paid by the Member State of residence as the secondarily competent Member State. Second, no information will be available on the number of households for which no supplement should be exported because the family benefit paid by the Member State of residence is higher than the family benefit of the exporting Member State.

In total 30 Member States responded to the questionnaire (see also *Annex I*). 27 Member States provided overall data, 19 Member States were able to provide more detailed data on the export of family benefits and only 10 Member States were able to provide a breakdown by primary and secondary competences. It follows that some caution is required when drawing general conclusions especially given that some Member States which can be considered highly relevant in this respect, in particular Member States with a high level of incoming cross-border workers,<sup>3</sup> did not provide data on the export of family benefits.

This report first presents an overview of the total number of persons entitled to a family benefit (*section 1*). Afterwards, more detailed figures on the export of family benefits are presented (*section 2.1*), in total (*section 2.1.1*) and as a distribution between the primary and secondary competences of the reporting exporting Member State (*section 2.1.2*). Finally, a selection is made of the exported child benefits (*section 2.2*) in order to avoid double-counting and to ensure the comparability between the reporting Member States.

## 1. OVERALL PICTURE

Member States apply different types of family benefits in cash and in kind.<sup>4</sup> Besides the general scheme of child benefits also other types of family benefits are applicable, among others child care allowances, parental benefits, single parent allowances or supplements, allowances or supplements for children with disabilities etc. At European but also even at national level, these benefits show considerable differences in terms

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<sup>1</sup> A 'family benefit' includes "all benefits in kind or in cash intended to meet family expenses, excluding advances of maintenance payments and special childbirth and adoption allowances" [mentioned in Annex I.] (Article 1(z) of Regulation (EC) No 883/2004).

<sup>2</sup> Article 68 of Regulation (EC) No 883/2004.

<sup>3</sup> Cross-border workers: working in a Member State other than the Member State of residence of the child(ren). Another important group with regard to the export of family benefits are migrants living in a Member State other than the Member State of the child(ren).

<sup>4</sup> This includes also tax expenditures towards families. These, however, fall outside the scope of this report.



of eligibility criteria, design and generosity.<sup>5</sup> *Table 2* summarises all family benefits listed by the reporting Member States. However, based on the 'exhaustive' list of family benefits reported in the MISSOC<sup>6</sup> tables (2014) and in the data set of public spending on family benefits in cash available in ESSPROS,<sup>7</sup> it appears that this list is to some extent incomplete. However, the MISSOC tables and the data of ESSPROS not necessarily correspond completely with data provided by the Member States and are therefore merely indicative (e.g. advances of maintenance and special childbirth and adoption benefits expressly fall outside the scope of Regulation (EC) No 883/2004, but are integrated in the MISSOC tables; the selection of 'cash benefits' via ESSPROS is broader (e.g. including parental leave benefits) than the 'cash benefits' defined by Regulation (EC) No 883/2004); also, Member States were asked to provide data on family benefits in cash and in kind). *Table 1* compares the data reported in the questionnaire with the data available in ESSPROS on public spending on cash family benefits. A total expenditure on cash family benefits of € 81.1 billion is reported. This implies that on average 64% of the EU-28 expenditure on cash family benefits is covered by the questionnaire. It turns out that some Member States only reported a fraction of their public spending on cash family benefits, in contrast to other Member States which have reported all types of cash family benefits.

**Table 1 Public spending on family benefits reported in the questionnaire (2013 or 2014) compared to ESSPROS (2012), in million €**

	Questionnaire (A)	ESSPROS – cash benefits (B)	Share reported in questionnaire (A/B)
BE	6,065	6,857	88.5%
BG			
CZ	1,000	1,488	67.2%
DK	2,219	3,917	56.7%
DE	38,806	55,726	69.6%
EE	101	294	34.2%
IE	3,249	4,563	71.2%
EL	519	2,431	21.3%
ES	1,358	5,148	26.4%
FR			
HR	220	672	32.8%
IT	4,297	12,074	35.6%
CY	121	248	48.9%
LV	164	172	95.4%
LT	20	334	6.0%
LU	1,005	1,257	80.0%
HU	2	2,005	0.1%
MT	43	71	60.7%
NL	6,069	4,247	142.9%
AT	4,069	6,288	68.2%
PL	1,714	2,572	66.6%
PT	794	1,333	59.6%
RO	1,001	1,216	82.3%
SI			
SK			
FI	1,493	3,129	47.7%
SE			
UK			
EU-28	74,557	116,040	64.3%
IS	63	119	53.1%
LI	41	n.a.	
NO	1,908	4,847	39.4%
CH	4,581	6,075	75.4%
Total	81,149	127,081	63.9%

\* n.a.: No data available. No data available for: BG, DK, FR, SI, SK, SE and UK.

Source Questionnaire on the export of family benefits and ESSPROS [spr\_exp\_ffa]

<sup>5</sup> The MISSOC tables (2014) provide more detailed information on the different types of family benefits applicable in Member States as well as their characteristics.

<sup>6</sup> Mutual Information System on Social Protection.

<http://www.missoc.org/MISSOC/INFORMATIONBASE/COMPARATIVETABLES/MISSOCDATABASE/comparativeTableSearch.jsp>

<sup>7</sup> The European system of integrated social protection statistics.

<http://ec.europa.eu/eurostat/web/social-protection/data/database>

### **1.1. An overview of the different types of family benefits by Member State**

The reported figures on the total number of persons entitled (i.e. households), the number of family members (i.e. children) involved and the corresponding expenditure on family benefits could be used as a denominator in order to calculate the impact of the export of family benefits to the total.

The average spending per family member or per person entitled varies markedly between Member States from a high average amount in Luxembourg, Germany and Ireland to a much lower average amount in Hungary, Romania, Greece and Latvia (*Table 2* and *Figure 1*). Also at national level this average amount varies significantly between the different types of family benefits (e.g. IE and LV). Not only the average amount per type of family benefit will differ, but also the eligibility criteria (universal or selective) between and within Member States. Child benefit schemes also appear to be less selective compared to other family-oriented benefits. On the contrary, other family-oriented benefits show on average a higher average amount per child or per household.

**Table 2 A global picture of family benefits**

MS	Type	Year	Total number of persons entitled	Number of family members involved	Total annual amount (in €)	Annual average amount per child (in €)	Annual average amount per person entitled (in €)	Average number of family members per person entitled
BE	Cash family benefit (only salaried persons)	2013	1,144,049	2,037,993	4,504,340,165	2,210	3,937	1.8
	Cash family benefit (total estimate)	2013	1,589,175	2,748,242	6,065,173,658	2,207	3,817	1.7
BG	Child care benefit, Parental allowance, Payment for children in foster care	2013	771,800	n.a.	1,000,000,000		1,296	
DK	Ordinary child benefit	2013	172,843	406,632	292,566,408	719	1,693	2.4
	Child and youth allowance	2013	716,380	1,226,536	1,926,884,070	1,575	2,690	1.7
DE	Child benefit ( <i>Kindergeld</i> )	2013	8,791,626	13,942,574	33,313,739,921	2,389	3,789	1.6
	Parental benefit ( <i>Elterngeld</i> )	2013	580,983	n.a.	5,105,063,073		8,787	
	Childcare supplement ( <i>Betreuungsgeld</i> )	2013	64,874	n.a.	16,884,444		260	
EE	Child allowance ( <i>Kinderzuschlag</i> )	2013	78,133	183,349	370,067,509	2,018	4,736	2.3
IE	Family benefit	2014	157,603	250,715	100,510,000	401	638	1.6
	Child benefit	2013	611,366	1,168,582	1,899,922,000	1,626	3,108	1.9
	One-parent family payment	2013	78,246	132,057	977,961,000	7,406	12,499	1.7
	Domiciliary Care Allowance	2013	25,510	27,363	104,272,000	3,811	4,087	1.1
	Family Income Supplement	2013	44,159	98,350	261,758,000	2,661	5,928	2.2
	Guardians (non-contributory) payment	2013	345		5,124,000		14,852	
EL	Family benefit granted to the employees of the private sector	2013	307,307	560,134	82,391,930	147	268	1.8
	Family benefit granted to civil servants	2013	390,766	n.a.	297,138,764		760	
	Spouse benefit public sector	2013	243,627	n.a.	102,323,340		420	
	Child and spouse benefit public sector	2013	33,017	n.a.	28,854,295		874	
	Child benefit public sector	2013	10,320	n.a.	8,201,296		795	
ES	Cash family benefit ( <i>INSS</i> )	2013	941,297	1,437,567	1,330,505,640	926	1,413	1.5
	<i>Hijo a cargo (MUFACE)</i>	2013	7,694	n.a.	2,509,390		326	
	Disabled childcare benefit ( <i>ISFAS</i> )	2013	5,499	5,664	24,944,534	4,404	4,536	1.0
FR	Children's allowance	2013	204,941	383,199	220,211,881	575	1,075	1.9
IT	<i>Assegni ai Nucleo Familiare</i>	2013	4,507,380		4,297,134,189		953	
CY	Family benefit	2013	74,345	135,689	94,243,040	695	1,268	0.5
	Single parent benefit	2013	9,370	14,219	27,008,080	1,899	2,882	0.7
LV	Family state benefit	2014	213,206	306,315	42,971,290	140	202	1.4
	Supplement to the family state benefit for a disabled child	2014	7,240	7,617	9,777,275	1,284	1,350	1.1
	Parent's benefit	2014	12,541	12,537	70,877,418	5,653	5,652	1.0
	Childcare benefit	2014	27,038	27,336	40,379,430	1,477	1,493	1.0
	Disabled child care benefit	2014	1,932	1,966	5,061,178	2,574	2,620	1.0
LT	Child benefits	2014	n.a.	88,000	20,157,553	229		
LU	Child benefit (incl. special supplementary allowance, annual school year allowance and child-raising allowance)	2014	136,699	244,629	1,005,181,298	4,109	7,353	1.8

## Export of family benefits

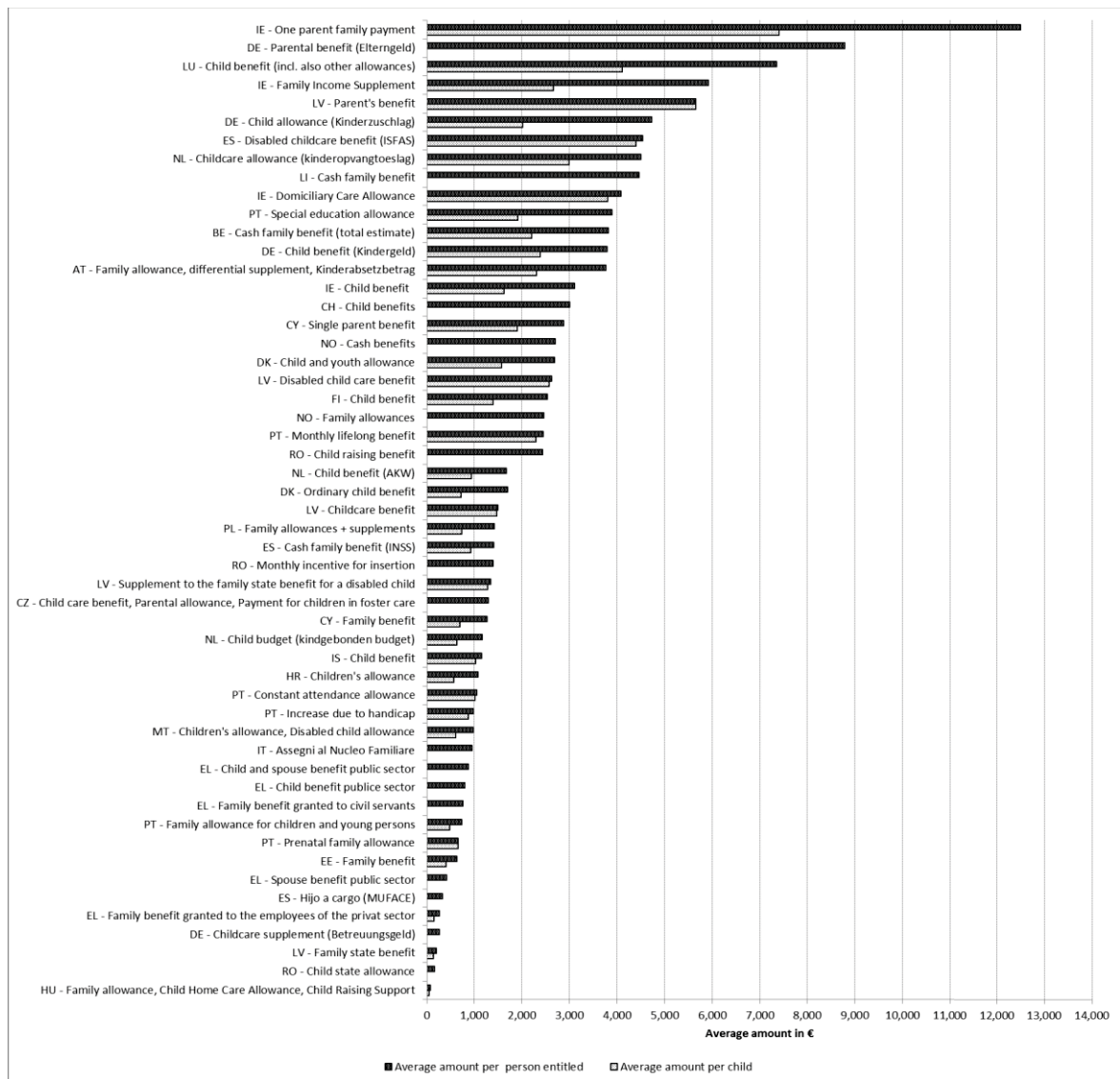
MS	Type	Year	Total number of persons entitled	Number of family members involved	Total annual amount (in €)	Annual average amount per child (in €)	Annual average amount per person entitled (in €)	Average number of family members per person entitled
HU	Family allowance, Child Home Care Allowance, Child-raising Support	2013	22,188	35,714	1,748,433	49	79	1.6
		2013	43,980	69,706	42,790,000	614	973	1.6
NL	Children's allowance, Disabled child allowance	2013	1,929,003	3,435,945	3,228,648,188	940	1,674	1.8
		2013	415,911	625,505	1,875,000,000	2,998	4,508	1.5
AT	Child benefit (AKW) Childcare allowance ( <i>kinderopvangtoeslag</i> )	2013	825,241	1,510,584	965,000,000	639	1,169	1.8
		2013	1,138,821	1,860,821	4,291,665,684	2,306	3,769	1.6
PL	Family allowances + supplements	2013	1,202,400	2,337,600	1,713,670,511	733	1,425	1.9
		2013	831,770	1,289,106	614,409,760	477	739	1.5
PT	Family allowance for children and young persons	2013	73,371	81,998	71,508,989	872	975	1.1
		2013	56,893	56,902	37,832,206	665	665	1.0
		2013	12,439	13,211	30,367,596	2,299	2,441	1.1
		2013	12,713	13,078	13,326,634	1,019	1,048	1.0
		2013	6,850	13,958	26,680,674	1,911	3,895	2.0
		2013	3,779,894	n.a.	612,811,151		162	
		2013	142,170	n.a.	345,912,387		2,433	
		2013	30,506	n.a.	42,694,942		1,400	
		2013	589,693	1,074,360	1,492,775,776	1,389	2,531	1.8
		2013	7,550,265	13,107,460	n.a.			
UK	Child benefit	aug/13	5,758,000	n.a.	n.a.			1.7
		2012	54,616	61,289	63,225,784			
IS	Child and Working Tax Credits	2013	9,065	n.a.	40,512,251	1,032	1,158	1.1
		2013	718,979	n.a.	1,766,784,480		4,469	
LI	Cash family benefit	2013	52,059	n.a.	140,863,520		2,457	
		2013	1,061,200	n.a.	3,188,000,000		2,706	
NO	Family allowances	2013	n.a.	n.a.	1,335,000,000		3,004	
		2013	n.a.	n.a.	58,000,000			
CH	Child benefits	2013	n.a.	n.a.	81,149,026,869			
		2013	n.a.	**				
Tot	Vocational training allowances	2013	n.a.	n.a.				
		2013	n.a.	**				
Tot	Household allowances	2013	n.a.	n.a.				
		2013	n.a.	**				

\* No data available for: BG, FR, SI, SK and SE.

\*\* In order to avoid double-counting, only the total expenditure is reported.

Source Questionnaire on the export of family benefits

**Figure 1 The average annual amount (in €) per person entitled and per family member**



\* IE: The amount of the guardians (non-contributory) payment is not included.  
 \*\* No data available for: BG, DK, FR, SI, SK and SE. Also, no figures are available for LT (no figures on the number of persons entitled) and UK (no figures on the expenditure).  
 Source Questionnaire on the export of family benefits

**1.2. The amount of the child benefit compared to the net earnings in the Member State of residence (of a one-earner married couple, at 100% of the average wage, with two children)**

Table 2 already showed clear differences in average spending between Member States. The annual average amount could also be compared to the net earnings of households (Table 3). In view of this report's topic, namely the export of family benefits, not only the net earnings of households residing in the same Member State as the competent Member State, but also those of the households residing in another Member State should be taken into account in order to assess the impact of family benefits on the net earnings of families. In so doing, also differences between Member States in the extent to which they support families in their daily living through the

payment of a family benefit will become clear and even the increase or decrease of this extent if those family benefits would be exported.

In this case the average annual amount per child (multiplied by two), by selecting only the national child benefit schemes,<sup>8</sup> is compared to the annual net earnings of a one-earner married couple, at 100% of the average wage, with two children. The case of a one-earner family is selected as this corresponds best with the prevailing export situation of primarily competent Member States.<sup>9</sup> However, these assumptions make the results reported in *Table 3* merely indicative.

**Box 1 – interpretation of Table 3 – Two examples**

An employee in Belgium whose children live in the Czech Republic is receiving a Belgian family benefit that amounts to 36% of the average earnings of a one-earner married couple with two children working in the Czech Republic.

An employee in the Czech Republic whose children live in Belgium is receiving a Czech family benefit that amounts to 4% of the average earnings of a one-earner married couple with two children working in Belgium.

The financial support of the child benefit to households living in the competent Member State, expressed as a percentage of the net earnings, varies markedly between Member States from only 2% in Greece to 18% in Poland and Slovenia (*Table 3*). In general, this amount is on average (EU-28/EFTA) equal to 10% of the net earnings.

The net earnings of households in the children’s Member State of residence will be of utmost relevance, since it reflects the ‘standard of living’<sup>10</sup> in those Member States. In the context of the export of a family benefit, the relation with the level of the financial support differs again to a high extent between the Member States of residence. The differences are even accentuated since nominal benefits from potential high-income level Member States with high levels of benefits are confronted with earnings in low-income level Member States. This could lead to a situation where a household residing in Bulgaria or Romania receives 1.9 times its net earnings as a result of the export of a family benefit of Luxembourg (*Table 3*).<sup>11</sup> The financial support as a result of the export will also differ from the financial support the household would receive from their Member State of residence.

<sup>8</sup> Some Member States provided information on several types of family benefits. Most of the time the ‘child benefit scheme’ was selected. However, it is not always sure that the term covers the same type of benefit. Also, some Member States reported only the sum of more than one family benefit (e.g. CZ, LU and MT).

<sup>9</sup> Other possible cases are, for example: a single person with two children, at 67% of the average wage; a one-earner married couple, at 33% of the average wage, with two children; a two-earner married couple, one at 100%, the other at 67% of the average wage, with two children etc (see Eurostat [earn\_nt\_net]).

<sup>10</sup> Sen (1984, p. 86) concludes that “*living standard can be seen as freedom of particular types, related to material capabilities. [...] It is in this sense that living standard can be seen as ‘economic freedom’.*” The ‘standard of living’ needs to be distinguished from the ‘cost of living’ but certainly also from ‘purchasing power standards’. For a more detailed discussion we refer to the analysis of the economic impact of the export of family benefits (Pacolet and De Wispelaere, 2015).

<sup>11</sup> The amount of the child benefit paid by Luxembourg is divided by the net earnings of Bulgaria and Romania.

**Table 3 The average annual amount of the child benefit compared to the net annual earnings in the Member State of residence of a one-earner married couple, at 100% of the average wage, with two children (as %)**

Member State of residence	Net earnings (€)	Competent Member State																																	
		BE	BG	CZ	DK	DE	EE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SU	IS	LI	NO	CH				
BE	35,566	1	2	9	1	5	3	4	1	2	3	0	3	1	1	4	3	0	8	3	1	1	4	3	0	8	3	1	1	4	3	0	8		
BG	4,328	1	1	7	4	3	2	3	6	1	1	3	0	2	1	1	3	0	2	2	1	1	3	2	4	6	2	1	1	3	2	4	6		
CZ	12,251	2	0	3	0	5	3	2	1	0	2	1	9	7	1	0	2	1	4	3	1	8	1	8	1	2	3	9	3	2	3	2	3		
DK	38,436	6	1	6	9	7	8	1	4	7	1	0	9	8	2	2	0	3	1	1	4	2	0	7	3	6	0	3	1	1	6	0	6		
DE	35,424	1	3	8	2	1	5	3	4	1	1	0	2	3	1	1	0	3	1	1	4	3	0	8	3	1	3	3	1	1	7	7	3		
EE	10,632	2	4	9	3	4	8	3	1	3	0	7	3	1	1	3	0	7	3	1	9	2	2	2	2	2	1	1	4	2	2	4	2	3	
IE	33,629	4	1	3	0	5	2	1	1	4	1	4	1	3	4	1	1	4	3	0	8	4	3	0	8	1	3	1	1	7	3	1	7		
EL	17,614	2	1	2	5	1	2	1	2	4	0	7	3	2	2	8	5	1	1	1	8	5	1	1	1	1	7	2	1	2	1	2	1	8	
ES	22,041	5	7	8	7	8	1	1	8	5	6	1	3	7	1	1	6	2	2	2	7	4	1	1	3	6	5	2	1	1	4	1	1	4	
FR	30,373	0	6	4	2	4	5	4	5	1	2	7	0	4	2	2	0	4	2	1	5	3	1	9	3	1	9	4	1	8	4	1	8	5	
HR	9,742	5	4	0	6	1	1	6	1	3	2	7	0	1	6	4	1	3	2	2	7	1	5	3	1	9	4	1	5	5	2	0	1	8	
IT	24,416	5	3	2	9	8	3	3	1	9	9	4	1	3	2	7	5	0	9	1	6	4	1	1	1	1	1	2	6	5	1	1	1	1	
CY	n.a.	8	5	3	0	3	3	4	2	4	0	5	2	5	2	1	6	4	1	1	9	5	3	1	1	1	1	8	0	0	0	0	0	0	
LV	7,746	5	7	1	4	2	4	2	4	4	1	4	1	1	7	8	0	1	2	3	6	9	2	3	6	1	5	3	2	3	6	2	2	2	
LT	6,473	6	2	4	4	2	0	9	2	4	6	1	3	6	1	9	6	1	3	4	0	2	1	3	4	1	8	6	3	3	4	1	6	3	
LU	51,301	9	3	6	9	2	6	1	4	2	3	1	1	2	7	2	2	1	2	0	5	3	2	0	5	2	2	9	5	2	9	5	2	9	5
HU	8,314	5	1	3	5	1	3	4	2	4	2	1	6	0	1	9	5	1	1	2	3	1	1	2	3	1	1	5	3	3	1	5	3	3	3
MT	17,772	3	6	8	7	0	9	2	2	6	1	7	9	1	5	2	5	8	1	1	8	1	5	8	5	1	4	4	0	4	4	0	0	0	
NL	36,485	2	7	8	7	8	1	2	1	2	4	2	4	7	8	2	4	4	6	1	2	8	5	1	1	6	7	2	1	1	1	4	2	1	4
		5	4	9	1	2	9	1	5	3	4	1	1	2	0	3	6	1	4	3	0	8	3	0	8	4	3	1	5	8	5	4	4	7	

Export of family benefits

AT	33,276	2	1	2	1	1	1	6	3	4	1	2	3	4	1	4	3	0	8	3	1	7
PL	8,092	3	4	9	0	4	4	2	1	3	1	5	0	1	3	1	2	3	3	1	3	3
PT	15,229	5	1	3	0	0	3	3	4	7	0	0	1	5	8	2	4	5	4	5	5	0
RO	4,431	6	9	2	5	2	2	1	8	9	2	5	1	6	3	1	6	1	1	8	2	1
SI	15,766	9	1	1	1	7	4	2	2	3	4	1	1	8	9	0	0	8	9	9	6	6
SK	9,499	1	2	7	0	8	3	2	6	2	1	8	2	8	3	0	3	2	6	2	1	5
FI	32,180	0	9	1	8	3	2	2	2	2	0	5	2	5	4	4	2	3	3	6	0	5
SE	37,105	0	2	3	5	2	2	1	7	9	2	5	2	8	3	2	9	6	1	7	2	1
UK	33,852	2	8	0	0	1	2	2	6	3	2	1	1	8	9	1	8	8	9	7	2	1
IS	33,222	4	1	3	5	8	3	3	1	1	3	8	1	1	6	4	1	2	2	1	4	2
LI	n.a.	7	4	3	0	4	9	9	2	0	5	7	1	3	9	5	0	9	5	0	2	7
NO	52,219	1	4	0	5	0	0	0	3	4	1	6	0	4	1	5	3	1	9	4	1	8
CH	68,868	1	3	8	1	2	9	1	3	4	1	2	0	3	1	2	0	7	6	2	3	1
EU2	25,737	3	4	9	4	1	6	3	3	4	1	2	0	4	1	4	3	0	8	3	1	7
8		4	4	9	4	0	0	0	3	3	1	5	0	4	8	4	3	0	8	3	1	7
		8	2	6	9	2	6	1	2	3	1	1	1	3	2	0	5	2	0	2	9	5
		6	2	5	7	1	5	0	2	2	0	1	6	0	1	9	2	1	0	2	6	4
		1	2	1	1	3	1	1	1	1	2	0	0	7	5	2	1	6	4	4	1	1
		7	5	2	9	3	3	3	4	4	2	2	0	0	3	8	1	1	1	1	7	0

\* No data available for: BG, FR, LT, AT, SI, SK, SE, UK and CH.

\*\* For some Member States (RO, IT, IS, LI and NO) the average amount per child is not known. In that case the average amount per household is selected. In that case this amount is not multiplied by 2.

Source Questionnaire on the export of family benefits and Eurostat [earn\_nt\_net]



## 2. THE EXPORT OF FAMILY BENEFITS

Chapter 8 of Regulation (EC) No 883/2004 on the coordination of social security systems covers the EU provisions on the coordination of family benefits (Article 67 to 69). If family members live in a Member State other than the one where the insured person works and/or resides, family benefits can in some cases be exported to these family members. Because the entitlement to family benefits might arise in more than one Member State (based on residence, employment or receipt of a pension) Article 68 lays down some priority rules in order to define the 'primarily competent Member State'. In this respect, rights available on the basis of (self-)employment have priority.<sup>12</sup> However, when there is employment in two different Member States, it is the Member State of residence of the children<sup>13</sup> that will become primarily competent for the payment of the family benefits.

However, a Member State might have to pay a supplement (corresponding to the difference between the two family benefits) as the 'secondarily competent Member State' if the family benefit paid by the primarily competent Member State is lower than the family benefit the person entitled would have received from the secondarily competent Member State.<sup>14</sup>

Of the 19 Member States that provided quantitative data on the export of family benefits, only nine were able to provide more detailed figures on the primary and secondary competences of the exporting Member State (see *Annex I*).

### 2.1. All types of family benefits

Table 4 provides an overview of all exported family benefits in terms of numbers and expenditure reported by the different Member States. The export of child benefits will be discussed in more in detail in section 2.2 in order to guarantee the comparability of the figures.

#### 2.1.1. General overview

A total amount of some € 983 million related to the export of family benefits was brought into the picture by the reporting Member States (Table 4). As the export of child benefits will be discussed in a separate section of this report, in this section more attention will be given to the other exported family-oriented benefits.

- Germany exported parental leave (*Elterngeld*) to 1,426 households (or 0.2% of the total households entitled) and a childcare supplement (*Betreuungsgeld*) to 78 households (or 0.1% of the total households entitled).
- Ireland exported a family income supplement to 775 households (or 1.7% of the total households entitled) amounting to a public spending of € 4.7 million (or 1.8 % of total expenditure) and a domiciliary care allowance to only 6 households. The average amount exported by Ireland per entitled household for other family-oriented benefits (e.g. € 6,225 for a family income supplement) is much higher than the one related to the export of a child benefit (€ 1,412).

<sup>12</sup> Article 68 (1)(a) of Regulation (EC) No 883/2004.

<sup>13</sup> Article 68 (1)(b)(i) of Regulation (EC) No 883/2004.

<sup>14</sup> Article 68 (2) of Regulation (EC) No 883/2004.

## Export of family benefits

- Denmark exported an 'ordinary' child benefit (allowance for single parents) to 421 households (or 0.2% of the total household entitled) amounting to a public spending of € 1 million (or 0.4% of total spending).
- Latvia reported the exportability of a childcare benefit to 435 households (or 1.6% of the total households entitled) amounting to a public spending of € 344,000, a parent's benefit to 100 households (or 0.8% of the total households entitled) amounting to a public spending of € 303,000, a supplement to the family state benefit for a disabled child to 22 households, and finally a disabled childcare benefit to 6 households. Again, the average exported amount per entitled household for other family-oriented benefits (e.g. € 3,034 for a parent's benefit) appears to be higher than the exportable child benefit (€ 113).
- Hungary exported a child home care allowance to 118 households and a child-raising allowance to 2 households.
- The Netherlands exported to 15,810 households (or 1.9% of the total households entitled) or 26,026 children a child budget (*kindgebonden budget*) amounting to a public spending of € 20.7 million (2.2 % of total spending). 16,982 benefits or 65% of the total number of benefits were exported to Poland. Also, a childcare allowance (*kinderopvangtoeslag*) was exported to 1,556 households (or 0.4% of the total households entitled) or 2,238 children amounting to a public spending of € 4.9 million (or 0.3% of total spending). 1,274 benefits or 57% of the total number of benefits were exported to Belgium.
- Romania reported the exportability of a child-raising benefit to 24 households.
- By Slovakia, a parental allowance was exported to 2,935 households amounting to a public spending of € 4.3 million. This expenditure is much higher than their expenditure related to the export of child benefits (€ 1.5 million).
- The United Kingdom also reported, besides the export of the child benefit, the export of a child tax credit. This benefit was exported to 7,005 households or 11,735 children. 6,952 benefits or almost 60% of the total number of benefits were exported to Poland. Another 1,928 benefits (16% of total) were exported to Ireland.
- Norway exported a cash benefit to 1,919 families (or 3.7% of the total households entitled) amounting to a public spending of € 5.4 million (or 3.8% of total spending).

**Table 4 Export of family benefits, by type of family benefit, by number of persons entitled, family members involved and annual amount paid, 2013/2014**

	Type	Total number of persons	Number of family members involved	Total annual amount (in €)	Annual average amount per child (in €)	Annual average amount per person entitled (in €)	Average number of family members per person entitled
BE	Cash family benefit (only salaried persons)	23,962	45,010	83,566,755	1,857	3,487	1.9
BG							
CZ	Child care benefit, Parental allowance, Payment for children in foster care	1,009	4,596	951,041	207	943	4.6
DK	Ordinary child benefit	421	1,101	1,033,380	939	2,455	2.6
	Child and youth allowance	4,720	15,797	24,383,654	1,544	5,166	3.3
DE	Child benefit ( <i>Kindergeld</i> )	62,587	106,552	105,759,924	993	1,690	1.7
	Parental leave ( <i>Elterngeld</i> )	1,426					
	Childcare supplement	78					
EE	Family benefit ( <i>Betreuungsgeld</i> )	406	537	573,075	1,067	1,412	1.3
IE	Child benefit	4,636	7,421	11,576,760	1,560	2,497	1.6
	Domiciliary care allowance	6	6	22,344	3,724	3,724	1.0
	Family income supplement	755		4,700,000		6,225	
EL	Family benefit granted to the employees of the private sector	0	0	0			
ES		37	49	10,729	219	290	1.3
FR							
HR							
IT							
CY							
LV	Family state benefit	948	1,102	107,478	98	113	1.2
	Supplement to the family state benefit for a disabled child	22	36	12,639	351	575	1.6
	Parent's benefit	100	100	303,414	3,034	3,034	1.0
	Childcare benefit	435	437	344,275	788	791	1.0
	Disabled childcare benefit	6	6	11,878	1,980	1,980	1.0
LT							
LU	Child benefit (incl. special supplementary allowance, annual school year allowance and child raising allowance)	69,310	127,500	476,900,069	3,740	6,881	1.8
HU	Family allowance	1,154	1,616	336,232	208	291	1.4
	Child home care allowance	118	123	11,404	93	97	1.0
	Child-raising support	2	6	185	31	93	3.0
MT							
NL	Child benefit (AKW)	20,225	37,924	35,622,000	939	1,761	1.9
	Childcare allowance ( <i>kinderopvangtoeslag</i> )	1,556	2,238	4,869,733	2,176	3,130	1.4

## Export of family benefits

Type	Total number of persons	Number of family members involved	Total annual amount (in €)	Annual average amount per child (in €)	Annual average amount per person entitled (in €)	Average number of family members per person entitled
AT						
Child budget ( <i>kindgebonden budget</i> )	15,810	26,016	20,669,349	794	1,307	1.6
Family allowance, differential supplement, <i>Kinderabsetzbetrag</i>	63,828	104,295	147,322,836	1,413	2,308	1.6
Family benefit	8,698		3,995,406		459	
PT						
RO	11,427					
Child benefit allowance	24					
Child-raising benefit						
SI						
SK	4,520	6,846	1,544,876	226	342	1.5
Parental allowance	2,935	3,010	4,292,123	1,426	1,462	1.0
Child benefit	11,449	13,206	19,359,180	1,466	1,691	1.2
SE						
UK	20,271	33,553				1.7
Child benefit	7,005	11,735	116,339	978	1,594	1.7
Child tax credit						1.6
Child benefit	73	119				
IS						
LI						
NO	14,524		29,660,573		2,042	
Family allowances	1,919		5,415,554		2,822	
Cash benefits						
CH						
Total	**	**	983,473,205			

\* No data available for BG, DK, ES, FR, HR, IT, CY, LT, PT, SI, SE, LI and CH.

\*\* In order to avoid double-counting, only the total expenditure is reported.

Source Questionnaire on the export of family benefits

### 2.1.2. Primarily or secondarily competent Member States

Table 5 and Figure 2 provide a breakdown between the primary and secondary competences of the reporting Member State. This distinction between both is very important as the numbers of exports and the amount these represent will differ between the primary and secondary competences of Member States and also will influence the total numbers and expenditure. The priority rules and the differences in the amounts of the family benefits will determine to a high extent the number of exports and the related expenditure as primarily or secondarily competent Member State. It follows that the context will vary between Member States. As a result, the share of the expenditure as primarily competent Member State varies from 97% of total expenditure on export in the Netherlands to 17% in Estonia. In total for the reporting Member States, in particular influenced by Luxembourg, 64% of the cross-border expenditure is paid as primarily competent Member State. The distribution between primarily and secondarily competent Member States will in particular be influenced by the partner being employed in the Member State of residence of the child(ren) (i.e. a low employment rate of the partner in the children's Member State will result in a high number of exports as primarily competent Member State) and by the level of the family benefits in the children's Member State of residence and in the Member State of employment of one of the parents (i.e. if the family benefit paid by the children's Member State of residence is lower than the family benefit which the person entitled would have received from the secondarily competent Member State, a supplement will be paid by the latter).

- Luxembourg paid a child benefit to 39,301 households (57% of the total households entitled living abroad) amounting to € 329 million as primarily competent Member State, and to 30,009 households (43% of the total households entitled living abroad) amounting to € 148.4 million as secondarily competent Member State. The fact that Luxembourg as a primarily competent Member State pays a higher average amount (€ 4,898) than as secondarily competent Member State (limited to the supplement) (€ 2,455) results in a higher share in the total expenditure as primarily competent Member State (69% of total expenditure related to export).
- Germany paid to 78,450 children (74% of the total households entitled living abroad) a child benefit as primarily competent Member State compared to 28,102 children (26% of the total households entitled living abroad) as secondarily competent Member State.
- Austria paid to 15,437 households a total amount of € 60 million as primarily competent Member State and to 48,391 households a total amount of € 87.3 million. This implies that 76% of the households entitled received only 59% of total expenditure related to the export of family benefits, because they were only entitled to receive a supplement (average of € 1,104).
- The Netherlands exported a child benefit to 13,346 households (66% of the total households entitled living abroad) and paid a supplement to 6,879 households (34% of the total households entitled living abroad). The fact that the Netherlands as a secondarily competent Member State had to pay a small average supplement (€ 105) compared to the average amount they had to pay as primarily competent Member State (€ 1,215) results in a very high share in the total expenditure as primarily competent Member State (97% of total expenditure related to export).

Export of family benefits

**Table 5 The export of family benefits, breakdown between the primary or secondary competences of Member States, 2013/2014**

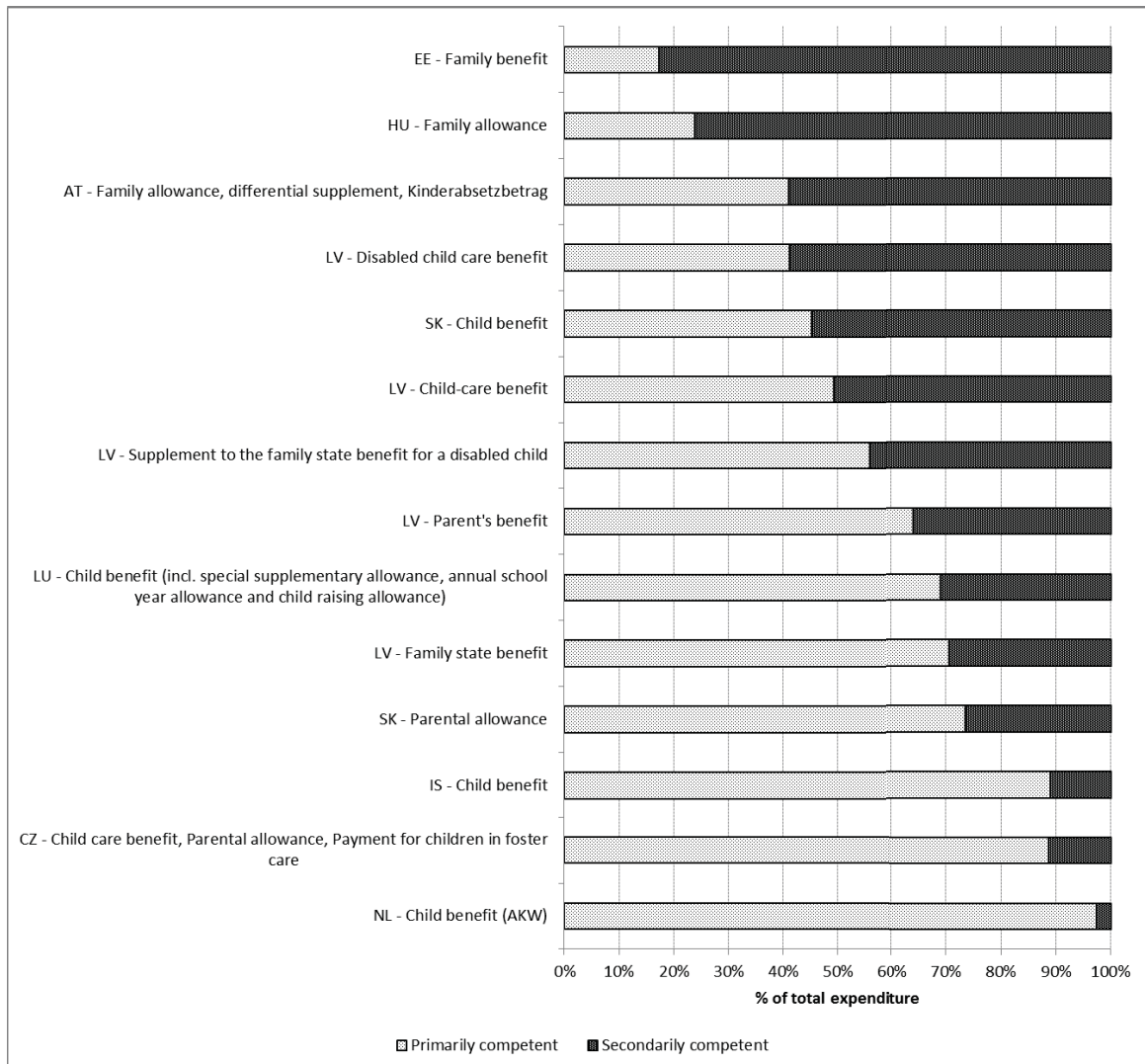
Type	Primary competence				Secondary competence				Share of total annual expenditure <sup>e</sup>
	Number of persons entitled	Number of family members involved	Total annual expenditure (in €)	Annual average amount per child	Share of total expenditure	Number of persons entitled	Number of family members involved	Total annual expenditure (in €)	
BE									
BG									
CZ	878	3,981	842,207	212	89%	131	615	108,834	177
	Child care benefit, Parental allowance, Payment for children in foster care								
DK									
DE	53	78,450	98,731	1,496	17%	353	28,102	474,344	1,007
EE									
IE									
EL									
ES									
FR									
HR									
IT									
CY									
LV	515	12	75,783	148	71%	433	589	31,695	54
	6		7,063	589	56%	16	24	5,576	232
	Family state benefit Supplement to the family state benefit for a disabled child								
	73	200	193,702	2,653	64%	27	27	109,712	4063
	199	2	169,605	848	49%	236	237	174,670	737
	2		4,880	2,440	41%	4	4	6,998	1,750
	Disabled child care benefit								
LT	39,301	67,067	328,522,947	4,898	69%	30,009	60,433	148,377,116	2,455
LU									
	Child benefit (incl. special supplementary allowance, annual school year allowance and child-raising allowance)								
HU	825	1,100	82,936	75	24%	449	645	264,885	411
MT									
NL	13,346	28,508	34,634,040	1,215	97%	6,879	9,416	987,960	105
AT	15,437	25,225	60,000,516	2,379	41%	48,391	79,070	87,322,320	1,104
	Family allowance, differential supplement, <i>Kinderarbeitsbetrag</i>								
PL									
PT									
RO									
SI	2,410	3,554	697,600	196	45%	2,110	3,292	847,276	257
SK	2,342	2,402	3,153,891	1,313	73%	593	608	1,138,232	1,872
FI									
SE									
UK									
IS	64	99	103,389	1,044	89%	9	20	12,950	647
LI									
NO									
CH									
Tot.	**	**	428,587,289		64%			239,862,568	

\* No data available for BE, BG, DK, IE, EL, FR, HR, IT, CY, LT, MT, PL, PT, RO, SI, FI, SE, UK, LI, NO and CH.

\*\* In order to avoid double-counting, only the total expenditure is reported.

**Source** Questionnaire on the export of family benefits

**Figure 2 The export of family benefits, breakdown of total annual expenditure on export, by primary or secondary competences of Member States, 2013/2014**



\* No data available for BE, BG, DK, DE, IE, EL, FR, HR, IT, CY, LT, MT, PL, PT, RO, SI, FI, SE, UK, LI, NO and CH.

Source Questionnaire on the export of family benefits

## 2.2. Selection of the 'child benefits'

As could be observed, some Member States provided information on the exportability of several types of family benefits. In order to avoid double-counting, this section will discuss only one family benefit scheme of each of the reporting Member States. Most of the time the child benefit scheme was selected. But it is not always sure that the term covers the same type of benefit. As mentioned before, some Member States reported only the sum of more than one family benefit (e.g. CZ, LU, AT and MT). By selecting only one family benefit scheme per Member State, also a view on the Member State of residence of the children will be obtained.



### 2.2.1 General overview

Tables 6 to 8 provide detailed information on the bilateral cross-border flows of child benefits between the exporting competent Member States and the Member States of residence in terms of the number of persons entitled (*Table 6*), the number of family members involved (*Table 7*) and expenditure (*Table 8*). These total figures are the sum of the child benefits exported as primarily and as secondarily competent Member State. 19 Member States reported a total export of child benefits to some 324,000 households or 506,000 children amounting to a total expenditure of € 942 million. The cross-border tables provide a view on the 'main' exporting and receiving Member States. In particular, Luxembourg, Austria and Germany appear to be the 'main' exporting Member States in absolute terms. Luxembourg has even paid a total amount of € 477 million for family benefits exported abroad (*Table 8*). At the same time, a high number of child benefits were exported to France, Poland, Belgium and Germany. The detail of the cross-tables gives also a first impression of the strong concentration of the bilateral export of child benefits between Member States.

The share of each of the reporting Member States but also of the children's Member States of residence in the total export of child benefits will be discussed in more detail later on (*Tables 9 and 10*). Also, the number of exported child benefits could be compared to the total number of child benefits paid by the reporting Member State in terms of households entitled, family members involved and expenditure (*section 2.2.2*). Finally, the strong concentration of the export of child benefits will be discussed in more detail in *section 2.2.4*.



## Export of family benefits

O	Competent MS																											Total				
	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE		UK	IS	LI	NO
CH	52				168			1							61				67				6		58	203	61			40		717
To	23,		1,0	4,7	62,	40	4,63	3				9		69,	1,1			20,	63,	8,6		11,		4,5	11,	20,	20,	7	14,		323,	
tal	962	09	20	587	6	6	7					4	310	54	225	828	98	427						20	449	271	3	524			784	

\* No data available for BG, FR, HR, IT, CY, LT, MT, PT, SI, SE, LI and CH. The breakdown by Member State of residence provided by DK has not been reported given that for most of the cases the Member State of residence is unknown (for non-Danish citizens in particular).

Source Questionnaire on the export of family benefits

**Table 7 The export of *child benefits*, the number of family members involved, 2013/2014**

Member State of residence	Competent Member State																Total													
	BE	BG	BZ	DK	DE	EE	EL	ES	FR	IE	IT	LU	HU	MT	NL	AT		PL	PT	RO	SI	SK	FI	SE	UK	IS	LI	NO	CH	
BE					945	1	4					34,9	2	8,9							33	225	123						45,2	
BG	84				2,36	2	19					71		29							2	199	261						3,09	
CZ	52				5,57	5	43					542	1	255							2,4	59	208	3					9,14	
DK	12				226		0					18		20							04	147	35						2	
DE	399	2				1	24	2			26,1	2	7,2	20							28	767	426						483	
EE	9				77	6	10				34	2	2,0	20							4								35,2	
IE	25				74	3	0				2		46								0	5,4	59	3					72	
EL	73				3,38	7	0				13		48								68	105	2,4						5,69	
ES	728				243		92				5		140								24	144	69						2,79	
FR	31,036				16,5	1	31	2			76		651								89	790	919						3,84	
HR	84				53		0				62,1	4	484								56	350	1,1						3,58	
IT	547				304		0				43		35								0	21	5						8	
CY	0				7		32	1			65	2	203								17	296	264						111,	
LV	24				3		1				0		6								4	38	56						858	
LT	14				717	3	19	7			1		143								2	169	1,0	6					452	
LU	103				817	2	43	7			1		198								1	135	1,5	5					5,47	
HU	64				57	2	2				46		26								33	49	88						108	
MT	2				3,94	44	1				0		17								12	195	223						1,1	
NL	64				2		1				0		17								0	10	23						8	
PL	3,8				6,42	4	16				591		143								10	229	272						14,0	
PT	492				8		0				40		59								2	122	35						59	
RO	531				2,16		0				40		59								2,8	122	35						5,32	
SI	16				47,2	1	4,4	2			1,04		17,								55	368	22,	8					96,5	
SK	103	4,4			73		73	3			4		181								33	49	120	1					05	
FI	12	82			1,85	28	3				1,13		350								12	195	304						4,22	
SE	42				1		16	3			89	38	200								81	122	35						8	
UK	192				5,72	7	7	8			2		200								13	238	393						7,43	
IS	2				107	1	6				2		84								17	1,4	88						4	
LI	0				1,04	1	1,6	1			74	3	418								17	21	11						263	
NO	17				3	1	25				283	1,5	611								0	39	1,1	1					10,5	
CH					4		0				9		15								14		19						86	
					30	5	0				0		37								14	314	69						523	
					3	0	0				0		0								2	15	65	6						8
					4	0	0				0		0								2	14	19							0
					30	5	0				0		0								2	15	65	6						5
					30	5	0				0		0								2	15	65	6						610



**Table 8 The export of *child benefits*, expenditure (in €), 2013/2014**

Member State of residence	Competent Member State																Total																			
	BE	BG	CZ	DK	DE	EE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT		LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	IS	LI	NO	CH		
B					7,986	5,370	6,240									122,087	85,010,000									7,011	323,844						210,542	130,928,092		
B	316,				744,7	29,64										32,04	151,0									333	264,2						315,748	1,854,141		
G	349				67	0										0	0										64						48	1,854,141		
C	117,	398			1,509	67,08										2,59740	235,0									487	80,43						77,169	5,172,488		
Z	192				823	0										2,77	0										6							9	488	
D	15,1				48,14	0										70,42	19,00										5,48	216,2						701,782	1,076,313	
K	87				2											7	0										88						82	313		
D	738,				7,5	37,44				4,						85,55	6,646										70,2	1,100						574,6	94,73	
E	158				64	0				54						5,195	991										17	232						41	4,983	
E	8,36				33,63	98,	15,60									9,797	40,00										0	7,880						596,8	8,684,	
E	7				5	731	0									0	0										340						28	908		
I	63,1				23,71	6,4	0									59,11	46,00										16,7	154,8						50,78	420,7	
E	35				2	14										2	0										85	24					7	68		
E	198				861,2	0										23,19	135,0										5,18	216,3						54,86	1,494,	
L	705				65											2	0										9	00						7	518	
E	2,01				957,4	143,5										341,1	624,0										21,9	1,195						900,5	6,199,	
S	4,64				66	20										95	00										99	800						71	194	
F	53,4				12,87	150	48,36			29						250,7	465,0										13,2	506,0						208,3	318,2	
R	10,3				9,629	0				1						30,20	00										55	04						35	67,74	
H	172,				15,10											14,69	28,00										0	27,55						14,55	272,2	
I	347,				4											5	195,0										41,1	439,3						139,6	4,346,	
R	1,43				862	0				6						43	00										40	92						84	582	
C	9				1,196											0	6,000										761	57,40						7,560	74,48	
Y	0				228,9	5,5	307,3									3,756	134,0										369	237,5						998,3	1,961,	
L	43,3				17	20										4,898	185,0										162	185,7						4,840	6,165,	
V	64				72,	681,7										20	00										7,1	359						7,1	6,165,	
L	19,1				99	23,18										24,00	24,00										8,82	69,94						4,359	460	
L	16,				5											0	0										3	8						17,82	307,0	
U	109				4,086											227,0	22,0										26,5	265,0						103,2	5,135,	
H	167,				640	0										25	00										56	44						912	912	
U	131				1,33											0	16,00										0	14,11						10,60	44,05	
M	1,63				3,559	9,4	24,96									2,379	0										25,1	325,8						289,2	18,41	
T	8				962	60	0									0,098	0										07	12						19	7,776	
N	11,8				2,344											160,4	56,00										69,2	175,2						29,67	3,473,	
L	04,1				70,38	98	6,977									08	0										799	84						0	916	
A	13,5		2,2		4,885											5,101	16,33										14,9	502,1						14,15	122,9	
T	00		31		885											172	2,000										54	40						7,680	70,83	
P	9,37		25,		901											4,484	344,0										277	89,17						215,7	7,023,	
L	9,94		901													241	00										0	2						7,023,	7,023,	
P	1,45				687,8											0	0										2	89,17							49	518
T	8,16				76											241	00										0	2							518	
R	1,41				2,433											355,9	19,00										2,71	333,1							9,039	5,026,
O	7,32				666	20										07	00										4	80							450	
S	27,8				81,11											7,426	14,00										2,97	28,64							9,272	171,5
I	86				7											301	578,0										4	4							61	
S	223,		922		2,614											1,121	0										0	52,44							360,3	6,438,
K	934		51		866											625	00										0	0							72	552
F	12,5		1		43,07	285	3,120									7	14,00										3,06	89,17							204,5	594,9
I	45				9	0										5	0										4	2							55	58
S	65,8				58,05	29,	9,360									291,7	79,00										3,66	2,230							2,930	5,706,
E	92				8	838										46	23										5	260							459	1,118
U	311,				158,3	6,6	2,535									368,2	6,5										52,1	1,532							1,118	6,486,

## Export of family benefits

Country	Competent Member State														Total																		
	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV		LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	IS	LI	NO	CH
K	83,6				61	51	,000	0	6							99	55	00							14	,184					,076	221	
I	3,77				9,818											44,08		0							531	21,79		3,9	440,7		440,7	524,7	
S	1															6		0							508	2		80		66	44	508	
L	0				0	0	0	0								0		0													0		
N	33,4				13,08	45,	0									12,95		32,00							19,1	475,2							631,0
C	223,				31,25	179	3,120									532,7		128,0							52	357,9					72,32		1,368,
H	27,6				0	573	11,57		10,72						107	,03	476,9	336	00	147,3	3,99				1,54	19,35			116	29,66	4	998	
T	83,5		951	24,38	105,7	573	11,57		9					,47		00,06	,23	2,000	22,83	5,40				4,87	9,180			,33	0,573	29,66	941,7		
o	66,7		,04	5,654	59,92	,07	6,760								8	9	2	6	6	6				6	6							86,92	
t	35		1	4	4	5										9	2	6	6	6				6	6							7	

\* No data available for BG, FR, HR, IT, CY, LT, MT, AT, PT, RO, SI, SE, UK, LI and CH. The breakdown by Member State or residence provided by DK has not been reported given that for most of the cases the Member State of residence is unknown (for non-Danish citizens in particular).

Source Questionnaire on the export of family benefits

In absolute terms, most child benefits are exported by Luxembourg, Austria and Germany (*Table 9*). 21% of the total number of households entitled received a child benefit being exported by Luxembourg. This percentage increases even in terms of total expenditure. In that case Luxembourg paid 51% of total reported spending on the export of child benefits. The main reason for this is the high average amount paid per child (€ 3,740)<sup>15</sup> compared to the other reporting Member States. Also, the figures reported by Luxembourg do not make a distinction between types of family benefits. This implies that for Luxembourg a (much) broader definition of child benefit is applied compared to other reporting Member States. Austria represents 20% of the child benefits exported to the households entitled and 21% of the children involved. Their share in total expenditure is, however, much lower (16% of total expenditure). 19% of the child benefits exported to the households entitled were paid by Germany or to 21% of the children involved. Also Belgium (7% of the total persons entitled), the United Kingdom (6% of the total persons entitled), the Netherlands (6% of the total persons entitled) and Norway (5% of the total persons entitled) exported in absolute terms a quite high number of child benefits. Denmark, Ireland, Finland, Romania, Poland, Slovakia and Norway have a share between 1 and 5% in the total export of child benefits, while the Czech Republic, Estonia, Spain, Latvia, Hungary and Iceland have a share of less than 1% in the total export of child benefits in absolute figures. The impact of the export of child benefits in relative terms (as a percentage of the total number of child benefits paid by a Member State and the related amount) will be discussed in a separate section of this report. The number of child benefits being exported by the EU-15 to households living abroad covers 87% of the total households entitled but accounts for 96% of total expenditure.

The annual average amount paid per child varies between Member States from € 3,740 in Luxembourg to € 98 in Latvia (*Table 9*). Belgium, Denmark, Ireland, Finland, Austria, Estonia, Germany, Iceland and the Netherlands paid an average amount between € 900 and € 2,000. Finally the Czech Republic, Spain, Hungary, Slovakia and Latvia paid on average less than € 300. These total averages will be influenced by the proportionate distribution of the primary and secondary competences of the reporting Member States.

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<sup>15</sup> However, there is a strong difference between the amount paid as primarily competent Member State (€ 4,898) and the supplement paid as secondarily competent Member State (€ 2,455) (see also *Table 5*).



## Export of family benefits

**Table 9 The export of *child benefits*, by competent Member State, 2013**

	Persons entitled		Family members involved		Annual expenditure		Annual average amount per child	Average number of family members per person entitled
	<i>Number</i>	<i>% of column total</i>	<i>Number</i>	<i>% of column total</i>	<i>Amount (in €)</i>	<i>% of column total</i>		
BE	23,962	7.4%	45,010	8.9%	83,566,755	8.9%	1,857	1.9
BG								
CZ	1,009	0.3%	4,596	0.9%	951,041	0.1%	207	4.6
DK	4,720	1.5%	15,797	3.1%	24,383,654	2.6%	1,544	3.3
DE	62,587	19.3%	106,552	21.1%	105,759,924	11.2%	993	1.7
EE	406	0.1%	537	0.1%	573,075	0.1%	1,067	1.3
IE	4,636	1.4%	7,421	1.5%	11,576,760	1.2%	1,560	1.6
EL								
ES	37	0.0%	49	0.0%	10,729	0.0%	219	1.3
FR								
HR								
IT								
CY								
LV	948	0.3%	1,102	0.2%	107,478	0.0%	98	1.2
LT								
LU	69,310	21.4%	127,500	25.2%	476,900,069	50.6%	3,740	1.8
HU	1,154	0.4%	1,616	0.3%	336,232	0.0%	208	1.4
MT								
NL	20,225	6.2%	37,924	7.5%	35,622,000	3.8%	939	1.9
AT	63,828	19.7%	104,295	20.6%	147,322,836	15.6%	1,413	1.6
PL	8,698	2.7%			3,995,406	0.4%		
PT								
RO	11,427	3.5%						
SI								
SK	4,520	1.4%	6,846	1.4%	1,544,876	0.2%	226	1.5
FI	11,449	3.5%	13,206	2.6%	19,359,180	2.1%	1,466	1.2
SE								
UK	20,271	6.3%	33,553	6.6%				1.7
IS	73	0.0%	119	0.0%	116,339	0.0%	978	1.6
LI								
NO	14,524	4.5%			29,660,573	3.1%		
CH								
Total	323,784	100.0%	506,123	100.0%	941,786,927	100.0%		
EU-12	28,162	8.7%	14,697	2.9%	7,508,108	0.8%		
EU-15	281,025	86.8%	491,307	97.1%	904,501,907	96.0%		
EFTA	14,597	4.5%	119	0.0%	29,776,912	3.2%		

\* No data available for BG, EL, FR, HR, IT, CY, LT, MT, PT, SI, SE, LI and CH.

Source Questionnaire on the export of family benefits

Data could also be analysed for the export of child benefits to the Member State of residence of the children. However, the missing data for a number of Member States, in particular Member States with a high level of incoming commuters, may lead to a distorted view of reality if the export of child benefits is reported by the Member State of residence. Most of the households that received a child benefit from abroad lived in France and Poland (*Table 10*). 25% of the child benefits were exported to France comprising 42% of total expenditure. This much higher share of France in the total expenditure is mainly explained by the fact that more than half of the households residing in France received a child benefit paid by Luxembourg. Also Belgium and

Germany have a much higher share in total expenditure compared to their share in the number of households or children receiving a child benefit, as again both Member States received a child benefit mainly from Luxembourg. These examples illustrate how much certain rights are 'derived' by an underlying reality of cross-border work. Furthermore, 25% of the child benefits were exported to households living in Poland. Finally, a high percentage of child benefits was exported to Belgium (10%) and Germany (8.5%). The number of child benefits being imported by a household living in the EU-15 covers 61% of the total households entitled, but accounts for 78% of total expenditure. Several Member States (e.g. BE, CZ, DE, LU, HU and NL) exported the child benefit mainly to their neighbouring Member States (*Tables 6 and 12*).

**Table 10 The export of *child benefits*, by Member State of residence, 2013**

	Persons entitled		Family members involved		Annual amount	
	<i>Number</i>	<i>% of column total</i>	<i>Number</i>	<i>% of column total</i>	<i>Amount (in €)</i>	<i>% of column total</i>
BE	23,658	9.6%	45,233	11.8%	130,928,092	17.1%
BG	2,171	0.9%	3,091	0.8%	1,854,141	0.2%
CZ	5,635	2.3%	9,142	2.4%	5,172,488	0.7%
DK	732	0.3%	483	0.1%	1,076,313	0.1%
DE	20,918	8.5%	35,272	9.2%	94,734,983	12.4%
EE	5,537	2.3%	5,694	1.5%	8,684,908	1.1%
IE	1,572	0.6%	2,792	0.7%	420,768	0.1%
EL	2,744	1.1%	3,842	1.0%	1,494,518	0.2%
ES	8,486	3.5%	3,588	0.9%	6,199,194	0.8%
FR	62,148	25.3%	111,858	29.1%	318,267,742	41.6%
HR	260	0.1%	452	0.1%	272,253	0.0%
IT	7,453	3.0%	5,471	1.4%	4,348,582	0.6%
CY	223	0.1%	108	0.0%	74,485	0.0%
LV	2,018	0.8%	2,293	0.6%	1,961,506	0.3%
LT	4,404	1.8%	3,219	0.8%	6,165,460	0.8%
LU	179	0.1%	287	0.1%	307,012	0.0%
HU	3,084	1.3%	4,875	1.3%	5,135,912	0.7%
MT	49	0.0%	55	0.0%	44,050	0.0%
NL	7,569	3.1%	14,059	3.7%	18,417,776	2.4%
AT	3,551	1.4%	5,320	1.4%	3,473,916	0.5%
PL	62,047	25.3%	96,505	25.1%	122,970,831	16.1%
PT	2,836	1.2%	4,228	1.1%	7,023,518	0.9%
RO	4,616	1.9%	7,434	1.9%	5,026,450	0.7%
SI	174	0.1%	263	0.1%	171,561	0.0%
SK	4,833	2.0%	10,586	2.8%	6,438,552	0.8%
FI	500	0.2%	523	0.1%	594,958	0.1%
SE	3,342	1.4%	1,852	0.5%	5,706,101	0.7%
UK	3,391	1.4%	4,623	1.2%	6,486,221	0.8%
IS	254	0.1%	43	0.0%	524,744	0.1%
LI	3	0.0%	5	0.0%	508	0.0%
NO	486	0.2%	610	0.2%	631,011	0.1%
CH	717	0.3%	1,123	0.3%	1,368,998	0.2%
Total*	245,590	100.0%	384,929	100.0%	765,977,553	100.0%
EU-13	95,051	38.7%	143,717	37.3%	163,972,596	21.4%
EU-15	149,079	60.7%	239,431	62.2%	599,479,694	78.3%
EFTA	1,460	0.6%	1,781	0.5%	2,525,262	0.3%

\* This is an incomplete picture due to missing data for BG, DK, FR, HR, IT, CY, LT, PT, SI, SE, LI and CH as reporting Member State. However, IT reported that the export of family benefits is increasing, especially to RO and ES. Also, no breakdown by Member State of residence was provided by AT, PL and LV and an incomplete breakdown provided by DK.

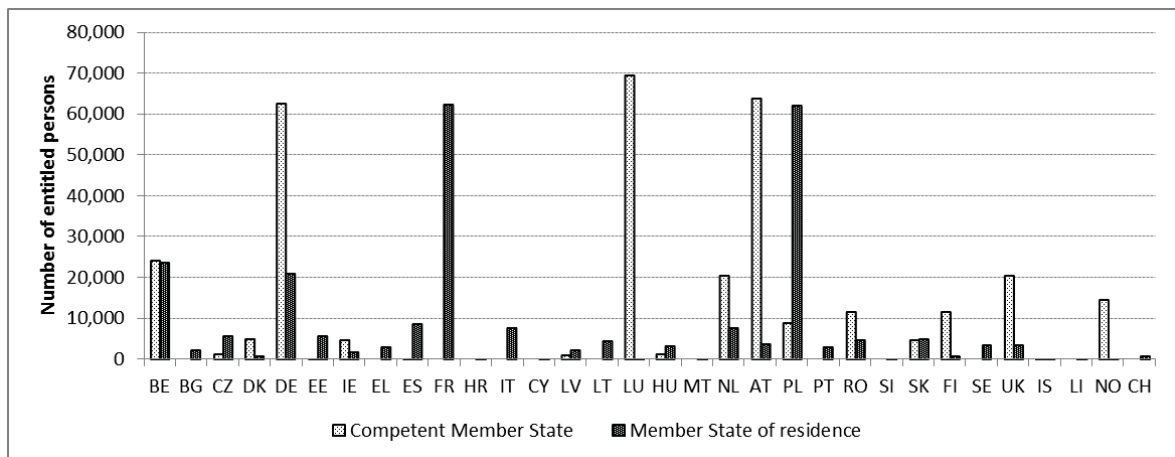
\*\* Total numbers differ compared to Table 9 as some Member States (AT, PL and LV) did not provide a breakdown by Member State of residence.

**Source** Questionnaire on the export of family benefits

Comparing the number of exported and imported child benefits and the related amount allows to obtain a more detailed view on the 'net figures' (*Figures 3 to 6*). These net figures correspond to a high extent to the impact of the export of child

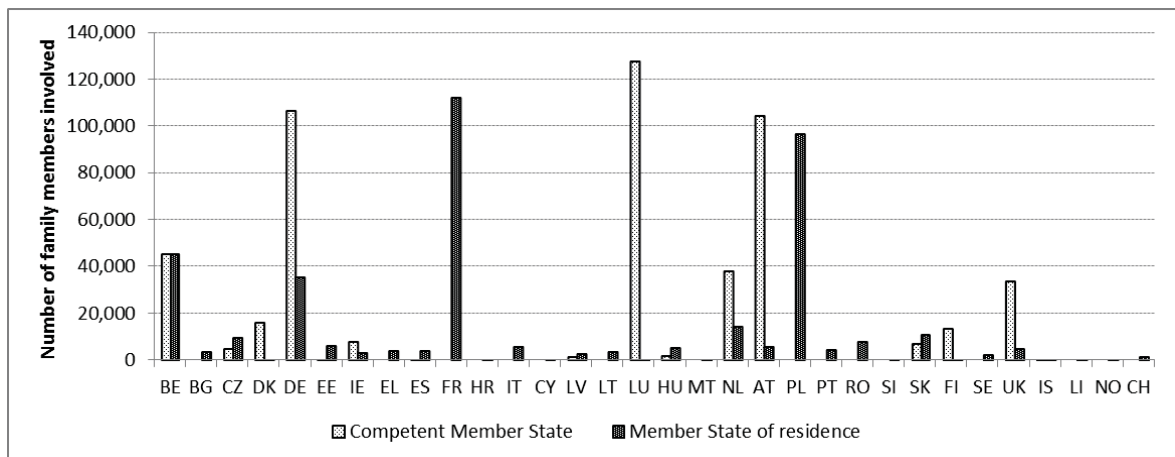
benefits for several Member States. Despite the number of imported and exported child benefits being almost equal, the net budgetary cost may still vary markedly. This is especially the case for Belgium. In terms of budgetary implications, some Member States are net recipients (in particular PL, BE and probably also FR), while other Member States are net contributors (in particular LU and AT) (Figure 5). The cross-tables illustrate how the export in one Member State is the import in another. In each Member State the export and the import relate to a different group of persons. So netting reveals some statistical compensation, but only the gross flows serve to illustrate the number of persons involved.

**Figure 3 The export of *child benefits*, by competent Member State and Member State of residence, number of persons entitled, 2013**



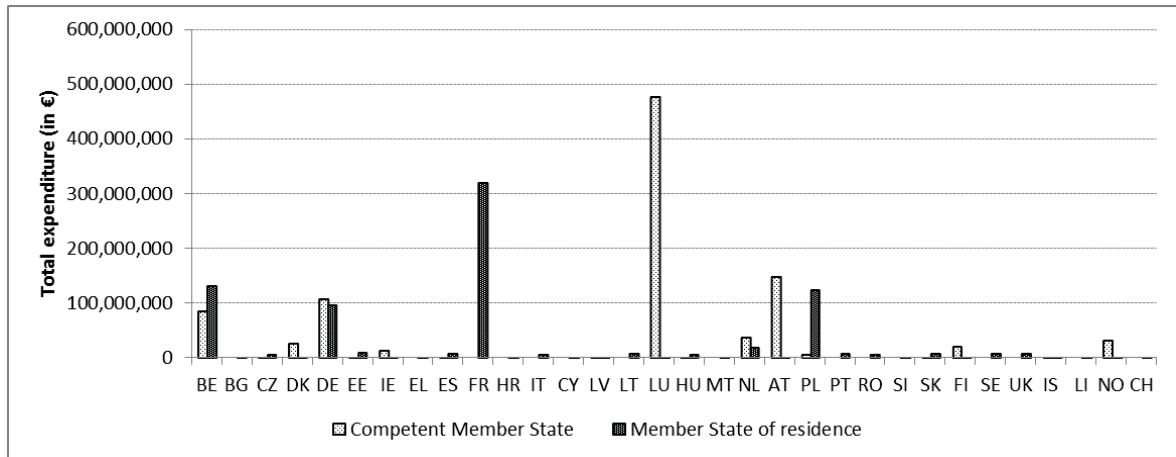
Source Questionnaire on the export of family benefits

**Figure 4 The export of *child benefits*, by competent Member State and Member State of residence, number of family members involved, 2013**



Source Questionnaire on the export of family benefits

**Figure 5 The export of *child benefits*, by competent Member State and Member State of residence, total expenditure (in €), 2013**



Source Questionnaire on the export of family benefits

### 2.2.2 The percentage of export in the total number of child benefits

In relative terms, the impact of the export of child benefits (as a percentage of the total number of child benefits paid by a Member State and the related amount) is quite limited for most of the Member States. On average 1% of child benefits are being exported abroad, which represents 1.6% of total public spending on child benefits of 17 reporting Member States. Luxembourg is an important 'outlier' with regard to the export of child benefits. More than 50% of the child benefits paid by Luxembourg were exported abroad. The lower share of export in the total public spending of Luxembourg on child benefits could be explained by the lower average amount paid per child as secondarily competent Member State (supplement of € 2,455) compared to the average amount of the child benefit paid per child (€ 4,107) and the impact of this supplement on the average amount being exported per child (€ 3,740). Austria exported almost 6% of their child benefits amounting to some 3% of their public spending on child benefits. Belgium, Finland and Norway exported some 2% of their child benefits. The Netherlands, Denmark, Germany, Ireland and Poland exported between 0.5 and 1.5% of their child benefits, while Latvia, the United Kingdom, Estonia, Romania, Iceland, the Czech Republic and Spain exported even less than 0.5% of their child benefits. However, the impact is expected to level-off for most of the EU Member States, as stated above, when also the import of child benefits is taken into account.

**Table 11** The share of the export of *child benefits* in the total number of child benefits paid by the reporting Member State, 2013

	Total number of persons	As % of Number of family members involved	Total amount (in €)
BE	2.1%	2.2%	1.9%
BG			
CZ	0.1%	n.a.	0.1%
DK	0.7%	1.3%	1.3%
DE	0.7%	0.8%	0.3%
EE	0.3%	0.2%	0.6%
IE	0.8%	0.6%	0.6%
EL			
ES	0.004%	0.003%	0.001%
FR			
HR			
IT			
CY			
LV	0.4%	0.4%	0.3%
LT			
LU	50.7%	52.1%	47.4%
HU			
MT			
NL	1.0%	1.1%	1.1%
AT	5.6%	5.6%	3.4%
PL	0.7%	n.a.	0.2%
PT			
RO	0.3%	n.a.	n.a.
SI			
SK			
FI	1.9%	1.2%	1.3%
SE			
UK	0.3%	0.3%	n.a.
IS	0.1%	0.2%	0.2%
LI			
NO	2.0%	n.a.	1.7%
CH			
Total of reporting MSs (weighted)	1.0%	1.2%	1.6%

\* No data available for BG, EL, FR, HR, IT, CY, LT, MT, PT, SI, SK, SE, LI and CH. Figures of HU not included.

Source Questionnaire on the export of family benefits

### 2.2.3 The impact of intra-EU mobility on the export of family benefits: cross-border workers and migrants

The number of child benefits being exported abroad is influenced by two main groups, namely cross-border workers (working in a Member State other than the Member State of residence of the child(ren)) and migrants living in a Member State other than the Member State of the child(ren). The share of both groups in the total number of child benefits being exported abroad was not asked in the questionnaire on the export of family benefits. However, by comparing the available information provided via the questionnaire with data from the Labour Force Survey, for each of the Member States the correlation can be investigated between the breakdown of the export of child benefits by Member State of residence and the breakdown of the cross-border workers' Member State of residence or the nationality of the migrants at working age.<sup>16</sup> Belgium, the Czech Republic, Germany, Luxembourg, Hungary and Finland show a strong correlation (greater than 0.8) between the breakdown of the number of child benefits being exported abroad and the breakdown of the number of incoming cross-border workers. We observe a strong correlation between the breakdown of the number of child benefits being exported abroad and the breakdown of the number of

<sup>16</sup> However, the export is not limited only to migrants at working age. Also retired migrants might export a family benefit.

migrants at working age by their nationality for the Czech Republic, Germany, Ireland, Spain, Luxembourg, the Netherlands, Slovakia, Finland, the United Kingdom, Iceland and Norway. The number of child benefits exported by Ireland and the United Kingdom (and perhaps also IT) are mainly influenced by the number of immigrants. Several Member States (e.g. BE, CZ, NL, LU, ES, NL and FI) might be influenced by both groups.

**Table 12 The impact of intra-EU mobility on the export of *child benefits***

	Incoming cross-border workers		EU/EFTA migrants at working age (last 10 years)		
	<b>3 main MSs export of family benefit</b>	<b>Correlation cross- border workers**</b>	<b>3 main MSs</b>	<b>Correlation migrants*</b>	<b>3 main MSs</b>
BE	<b>FR, NL, PL</b>	0.99	<b>FR, NL, DE</b>	0.73	<b>FR, NL, RO</b>
BG					
CZ	<b>SK, PL, AT</b>	0.99	<b>SK, PL, DE</b>	1.00	<b>SK, BG, IT,</b>
DK					
DE	<b>PL, FR, RO</b>	0.87	<b>PL, FR, HU</b>	0.90	<b>PL, RO, IT</b>
EE	<b>FI, EE, NO</b>	0.08	<b>LV, PL, FI</b>	-0.60	<b>LV, UK, ES</b>
IE	<b>PL, UK, LT</b>	0.16	<b>UK, SK, HU</b>	0.98	<b>PL, LT, UK</b>
EL					
ES	<b>RO, PT</b>	0.75	<b>RO, PT, FR</b>	0.98	<b>RO, IT, BG</b>
FR					
HR					
IT	***				
CY					
LV					
LT					
LU	<b>FR, DE, BE</b>	0.99	<b>FR, DE, BE</b>	0.84	<b>FR, PT, BE</b>
HU	<b>SK, RO, FR</b>	1.00	<b>SK, AT, DE</b>	0.12	<b>RO, SK, ES</b>
MT					
NL	<b>PL, BE, DE</b>	0.67	<b>DE, BE, PL</b>	0.94	<b>PL, DE, BE</b>
AT					
PL					
PT					
RO	<b>ES, IT, EL</b>	-0.22	<b>IT, HU, PT</b>	n.a.	n.a.
SI					
SK	<b>PL, DK, UK</b>	0.77	<b>CZ, AT, HU</b>	0.95	<b>CZ, HU, RO</b>
FI	<b>EE, SE, UK</b>	0.97	<b>EE, FR, DE</b>	0.98	<b>EE, UK, SE</b>
SE					
UK	<b>PL, IE, LT</b>	0.09	<b>ES, IE, SK</b>	0.98	<b>PL, RO, LT</b>
IS	<b>PL, SK</b>			0.99	<b>PL, LT, LV</b>
LI					
NO	<b>PL, LT, SE</b>			0.98	<b>PL, SE, LT</b>
CH					

\* In bold: Neighbouring Member State.

\*\* Correlation calculated for each Member State between breakdown export and breakdown incoming cross-border workers or migrants at working age by nationality.

\*\*\* IT reports the export of family benefits is increasing, in particular to RO and PL.

\*\*\*\* No data available for BG, EL, FR, HR, IT, CY, LT, MT, PT, SI, SE, LI and CH. No breakdown by Member State of residence was provided by AT, PL and LV or an incomplete breakdown provided by DK.

Source Questionnaire on the export of family benefits and Eurostat Labour Force Survey

## 2.2.4 Concentration in bilateral Member States

As already stated above, both the export and import of child benefits are strongly concentrated in the EU-15 Member States. However, export is even concentrated in only a few number of bilateral flows between certain Member States. The export of child benefits from Luxembourg to France amounts to 14% of the total number of exports to households. In terms of spending, this single flow even amounts to € 250.7 million or 33% of total expenditure on the export of child benefits. Also the flows of export of child benefits from Germany to Poland (11% of total), from Luxembourg to

## Export of family benefits

Belgium (7% of total), from Belgium to France (6.5% of total), from Luxembourg to Germany (6% of total) and from the United Kingdom to Poland (5%) are considerable. Most of the main flows are geographically concentrated between neighbouring countries. The main 10 bilateral flows amount to 63% of the child benefits being exported abroad and the main 20 bilateral flows even amount to 78%.

Export of family benefits

**Table 13** The share of the export of *child benefits* between bilateral Member States compared to the total export (*selection of top 20*), number of persons entitled, 2013, *as %*

Member State of residence	BE	BG	BZ	CD	DE	EE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	Total
Competent Member State	7.	2.																										
BE																												9.6
BG																												0.9
CZ			1.	4																								2.3
DK																												0.3
DE																												8.5
EE																												2.3
IE																												0.6
EL																												1.1
ES																												3.5
FR	6.																											25.
HR	5																											3
IT																												0.1
CY																												3.0
LV																												0.1
LT																												0.8
LU																												1.8
HU																												0.1
MT																												1.3
NL	1.																											0.0
AT	4																											3.1
PL																												1.4
PT																												25.
RO																												3
SI																												1.2
SK																												1.9
FI																												0.1
SE																												2.0
UK																												0.2
																												1.4
																												1.4



Export of family benefits

Σ	Competent Member State																											Tot							
	B	B	C	D	D	E	E	E	E	F	H	I	C	L	L	L	H	M	N	A	P	P	R	S	S	F	S		U	I	L	N	C	H	
IS																																			0.1
LI																																			0.0
NO																																			0.2
CH																																			0.3
Tot.	7.	0.	1.	19	0.	1.	0.	0.	0.	0.	21	0.	6.	19	2.	3.	1.	3.	0.	6.	0.	4.	1.	3.	0.	6.	0.	4.	0.	5.	100				
	4	3	5	.3	1	4	0	0	3	.4	4	2	.7	7	5	4	4	5	0	3	0	5	4	5	0	3	0	5							

\* No data available for BG, DK, FR, HR, IT, CY, LT, PT, SI, SE, LI and CH. No breakdown by Member State of residence was provided by AT, PL and LV.  
**Source** Questionnaire on the export of family benefits

## CONCLUSION

At the end of 2014, a questionnaire on the export of family benefits was launched in order to obtain for the first time a general picture of the size and the budgetary cost of the phenomenon. 19 Member States were able to provide more detailed data on the export of family benefits and only 10 Member States were able to provide more detailed figures on the primary and secondary competences of the reporting Member State. It follows that some caution is required when drawing general conclusions especially given the fact that some Member States which can be considered highly relevant in this respect did not provide data on the export of family benefits.

The relative impact of child benefits being exported abroad amounts to some 1% of the total number of child benefits paid by the reporting Member States. It is strongly related to the volume of cross-border workers. Only Luxembourg is confronted with a considerably high budgetary impact, as almost 50% of their public spending on child benefits is being exported abroad. In absolute terms, most child benefits were exported by Luxembourg, Austria and Germany. Luxembourg reported a total expenditure of € 477 million, which is more than half of total expenditure reported. Also in absolute terms, most child benefits were imported by France and Poland. The number of child benefits being exported by the EU-15 to households living abroad covers 87% of the total households entitled, but accounts for 96% of total expenditure.

The flow of child benefits is in particular concentrated in a limited number of bilateral (mostly neighbouring) Member States. The single flow between Luxembourg and France even amounts to a third of reported total expenditure on the export of child benefits. The number of child benefits being exported abroad is influenced by the number of incoming cross-border workers (working in a Member State other than the Member State of residence) and the number of migrants without family reunification. The numbers of child benefits exported by Ireland and the United Kingdom are mainly influenced by the number of immigrants. However, several Member States (e.g. BE, CZ, NL, LU, ES, NL and FI) might be influenced by both groups. The share of both groups in the number of exported child benefits is determined by the absolute number of incoming cross-border workers and migrants without family reunification, their household composition and the spouse's labour status.

The total number of family benefits being exported and the amount it represents will be a result of the primary or secondary competences of the Member State. The supplement paid by secondarily competent Member States sometimes represents a significant amount of total expenditure related to the export of family benefits. Among others, 31% of the amount paid by Luxembourg is linked to the supplement they have paid as secondarily competent Member State.

The export of a child benefit could have a considerable positive impact on the net earnings of the household living abroad and compared to the amount they would receive from the competent institution in their Member State of residence. This situation cannot be generalised to all households, as the average amount paid by the competent Member State should be compared to the amount paid by the Member State of residence. Nevertheless, due to the strong concentration of the number of exports in EU-15 Member States and in particular Luxembourg and Germany most of the households will benefit from the export compared to what they would receive if the Member State of residence paid the benefit and if no additional supplement was paid. A detailed analysis of the economic impact of those differences in amounts according to who is paying will be analysed in the impact study in preparation.

**ANNEX I RESPONSE****Table 14 Response**

	Answer received?	Overall data?	Data on export?	Data primarily or secondarily competent?
BE	YES	YES	YES	NO
BG	YES	NO	NO	NO
CZ	YES	YES	YES	YES
DK	YES	YES	YES	NO
DE	YES	YES	YES	YES
EE	YES	YES	YES	YES
IE	YES	YES	YES	NO
EL	YES	YES	NO	NO
ES	YES	YES	YES	NO
FR	NO	NO	NO	NO
HR	YES	YES	NO	NO
IT	YES	YES	NO	NO
CY	YES	YES	NO	NO
LV	YES	YES	YES	YES
LT	YES	YES	NO	NO
LU	YES	YES	YES	YES
HU	YES	YES	YES	YES
MT	YES	YES	NO	NO
NL	YES	YES	YES	YES
AT	YES	YES	YES	YES
PL	YES	YES	YES	NO
PT	YES	YES	NO	NO
RO	YES	YES	YES	NO
SI	YES	NO	NO	NO
SK	YES	NO	YES	YES
FI	YES	YES	YES	NO
SE	NO	NO	NO	NO
UK	YES	YES	YES	NO
IS	YES	YES	YES	YES
LI	YES	YES	NO	NO
NO	YES	YES	YES	NO
CH	YES	YES	NO	NO
Total	30	27	19	10

**Source** Based on the Questionnaire on the export of family benefits



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**ANNEX XII: HIVA HIVA REPORT AGGREGATION OF UNEMPLOYMENT  
BENEFITS – DATA**

**ANNEX XII**

# **Aggregation of periods or salaries for unemployment benefits**

*Report on U1 portable documents  
for migrant workers*

Prof. dr. Jozef Pacolet and Frederic De Wispelaere  
HIVA-KU Leuven

*June 2015*



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# **Aggregation of periods or salaries for unemployment benefits**

*Report on U1 portable documents  
for migrant workers*

## **Network Statistics FMSSFE**

This report has been prepared in the framework of Contract No VC/2013/0301 'Network of Experts on intra-EU mobility – social security coordination and free movement of workers / Lot 2: Statistics and compilation of national data'. This contract was awarded to Network Statistics FMSSFE, an independent research network composed of expert teams from HIVA (KU Leuven), Milieu Ltd, IRIS (UGent), Szeged University and Eftheia bvba. Network Statistics FMSSFE is coordinated by HIVA.

### **Authors:**

Prof Dr Jozef Pacolet, Head of the 'Welfare State' research group, HIVA Research Institute for Work and Society, University of Leuven (KU Leuven).

Frederic De Wispelaere, Senior research associate, HIVA Research Institute for Work and Society, University of Leuven (KU Leuven).

### **Peer reviewers:**

Prof Dr József Hajdú, Head of the Department of Labour Law and Social Security, Szeged University.

Gabriella Berki, Professor Assistant at the Department of Labour Law and Social Security, Szeged University.

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## INTRODUCTION

As a principle, unemployed migrant workers will claim benefits in the Member State of last activity. In some cases a recent migrant worker's period of insurance, employment or self-employment is insufficient to be entitled to an unemployment benefit. In that case additional periods completed by the person in a Member State other than the competent Member State are required.<sup>17</sup> For the aggregation of periods, the competent institution where the person applied for unemployment benefits must contact the institutions of the Member States to whose legislation the person has also been subject in order to determine all periods completed under their legislation. The Portable Document (PD) U1 or the corresponding Structured Electronic Document (SED) U002 certify periods of insurance, employment or self-employment completed by a worker in another Member State that are to be taken into account for the award of unemployment benefits. The PD U1 is issued to the worker, on his or her request, by the institution of the Member State where the person completed the periods of insurance, employment or self-employment.<sup>18</sup> The SED U002 is issued at the request of the competent institution. It should be noted that a migrant worker becomes subject to the legislation of a Member State as soon as he or she starts to work there (leaving aside the special case of posting). Hence, the aggregation rules become fully applicable as from that moment.

Furthermore, not only the period of insurance, employment or self-employment already completed by the unemployed recent migrant worker, but also the qualifying period, which varies markedly across Member States, will determine the number of PDs U1 or SEDs U002 requested by the competent Member States and issued by the Member States of origin.

The scope of the aggregation rules covered by PDs U1 not only includes unemployed recent migrant workers. The provisions are also applicable to unemployed frontier workers and cross-border workers other than frontier workers.<sup>19</sup> This group, however, falls beyond the scope of this questionnaire. The group of unemployed frontier workers and other cross-border workers involved and the budgetary consequences on public unemployment spending may even be larger compared to the number of unemployed recent migrant workers and the corresponding expenditure.<sup>20</sup> The fact that this risks to be marginal is also illustrated by the fact that some Member States provide much larger figures beyond the scope of this questionnaire.<sup>21</sup>

<sup>17</sup> Article 61 of Regulation (EC) No 883/2004.

<sup>18</sup> Article 54 of Regulation (EC) No 987/2009.

<sup>19</sup> Frontier workers (people who work in a Member State other than the Member State of residence, and return home daily or at least once a week – Article 1(f) of Regulation (EC) No 883/2004) who become wholly unemployed must apply for unemployment benefits in their Member State of residence. Cross-border workers other than frontier workers may apply for unemployment benefits and register with the employment service in either the Member State of last activity or the Member State of residence. See Article 65 of Regulation (EC) No 883/2004.

<sup>20</sup> The current system for coordinating unemployment benefits applicable to the different categories of cross-border workers was already subject to an impact assessment. In the process of this assessment a preparatory study was prepared (Doherty, R., Vandresse, B., Bulté, S., Bardaji Horno, M., Ulrich, M., Pacolet, J. and De Wispelaere, F. (2013), *Study for an impact assessment for revision of Regulations (EC) Nos 883/2004 and 987/2009*, Deloitte – HIVA KU Leuven, 295 p.). Based on the results of a questionnaire launched, it appears that more PDs U1 were issued to unemployed frontier workers and other cross-border workers compared to migrant workers.

<sup>21</sup> E.g. the United Kingdom refers to some 90,000 income-based Jobseeker's Allowances (listed as a special non-contributory benefit in Regulation (EC) No 883/2004) claims made by EEA migrants. Portugal refers to 3,274 unemployment benefits granted to unemployed frontier workers and other cross-border workers, while Belgium reports 2,785 unemployed frontier workers and other cross-border workers who will receive an unemployment benefit. Slovenia refers to 2,142 unemployment benefits granted to unemployed migrant workers, frontier workers and other cross-border workers of which 90% of the benefits granted to unemployed frontier workers and other cross-border workers. Finally, Italy reports some 900 PD U1

At the end of 2014 a questionnaire on the aggregation of periods for unemployment was launched in order to obtain for the first time an idea of the size of the phenomenon. The questionnaire only covered migrants who became unemployed in their Member State of last activity and needed additional periods completed in a Member State other than the competent Member State to be entitled to an unemployment benefit. As a result, not all unemployed migrant workers are covered by this questionnaire. 23 Member States provided quantitative data, of which three Member States were not able to provide a breakdown by Member State of origin and two other Member States were not able to provide a breakdown by length of insurance, employment or self-employment in the Member State of last activity. The missing data for a number of large Member States, in particular EU-15 Member States, may lead to a distorted view. As a result, some caution is required when drawing conclusions.

## 1. GENERAL OVERVIEW

In total 24,821 cases of aggregation of periods for unemployment were reported for 2013 by 23 Member States (*Table 1*). The cross table illustrates that some Member States of last activity (= competent Member State) and some Member States of origin more frequently report a limited number of cases. However, the reasons for this are not fully clear (large number of (re)migration, high level of unemployment, long qualifying period). Most of the cases concern France (33.6% of total), Bulgaria (16.6% of total), Spain (10.0% of total), Belgium (8.8% of total) and Poland (6.1% of total) as Member State of last activity (*Table 2*). Also, in 56% of the cases an EU-15 Member State was the Member State of last activity. Given that information from some large EU-15 Member States (e.g. DE and IT) is missing, this result is even an underestimation of the share of the EU-15 Member States.

28% of the reported cases of aggregation of periods related to a period of insurance, employment or self-employment of less than 30 days in the Member State of last activity (*Table 2 and Figure 1*). 14% of the cases were applicable to a period between one and three months, and 58% to a period of three months or longer. So, in the majority of cases of aggregation already a period of insurance, employment or self-employment of more than three months was completed by the unemployed migrant worker in the Member State of last activity.

Nonetheless, this distribution varies markedly between the EU-13 and the EU-15. 62% of the cases reported by the EU-15 concerned a period of insurance, employment or self-employment of less than three months compared to only 16% of the cases reported by the EU-13. But, the period already completed by the unemployed migrant workers also differs across the Member States of last activity. The length of insurance, employment or self-employment in most of the cases completed in Denmark (63% of the cases)<sup>22</sup> and the United Kingdom (57% of the cases) was less than one month. This in contrast to Hungary (97% of the cases) and Bulgaria (96% of the cases), which aggregated most of their periods on the basis of a period of insurance, employment or self-employment of more than three months.<sup>23</sup>

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documents issued by an electronic procedure (no breakdown reported between unemployed recent migrant workers, frontier workers or other cross-border workers).

<sup>22</sup> There are 499 cases in a total of 569 cases (88%) where DK is both the competent Member State and the Member State of origin. Most of these cases concern Danish citizens from the Faroe Islands. However, the Faroe Islands are not covered by Regulation (EC) No 883/2004.

<sup>23</sup> Also in Croatia and Cyprus most of their limited number of cases are applicable to a period longer than three months.

**Table 1** The number of aggregations of periods in case of unemployment, 2013

Member State of origin	Competent Member State																											Total					
	BE	BG	CZ	DK	DE	EE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK		IS	LI	NO	CH	
BE	2	13	0	0	0	0	0	0	0	0	0	0	0	0	6	1	0	0	53	27	0	0	0	2	2	2	0	0	0	0	0	7	115
BG	8	0	2	0	0	0	0	0	0	0	0	0	0	0	0	8	0	0	0	2	0	0	0	0	0	1	0	0	0	0	3	24	
CZ	4	15	1	0	0	0	0	0	0	0	0	0	0	1	0	7	0	0	0	56	0	0	0	0	45	0	3	0	2	0	0	689	
DK	1	2	0*	0	0	0	0	0	0	0	0	0	0	2	0	0	0	2	16	16	0	0	0	0	0	0	91	0	0	3	117		
DE	79	33	6	6	7	0	0	0	0	0	0	0	2	9	8	68	0	0	26	26	1	0	0	34	8	22	3	34	0	20	1,139		
EE	0	10	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0	0	3	2	0	0	0	0	63	2	0	0	0	2	82		
IE	15	10	0	0	0	0	0	0	0	0	0	0	2	45	0	1	1	1	13	0	0	0	83	0	7	6	0	0	0	1	305		
EL	54	28	0	0	0	0	0	0	0	0	0	0	0	1	1	4	0	2	8	8	1	1	1	1	3	5	1	0	0	9	118		
ES	38	16	1	0	0	0	0	0	0	0	0	0	0	4	1	3	0	8	23	0	0	0	4	8	13	5	0	0	0	56	678		
FR	38	27	1	0	0	0	0	0	0	0	0	0	0	12	4	0	0	8	50	0	0	0	6	1	3	1	0	0	0	48	549		
HR	1	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	2	4		
IT	26	41	1	0	0	0	0	0	0	0	0	0	1	3	11	0	2	28	28	1	1	1	23	0	3	1	0	0	0	13	509		
CY	1	77	1	0	0	0	0	0	0	0	0	3	0	1	1	0	0	1	4	4	4	7	1	3	2	0	0	0	0	0	0	801	
LV	0	18	1	0	0	0	0	0	0	0	0	0	0	1	0	1	0	0	0	0	0	0	0	0	2	0	1	0	0	1	25		
LT	3	0	5	0	0	0	0	0	0	0	0	0	0	2	1	0	0	0	0	0	0	0	0	0	4	1	0	0	0	0	17		
LU	10	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	4	4	0	0	2	0	2	0	2	0	0	0	128		
HU	15	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	2	2	2	2	3	3	66	0	1	1	1	0	0	13	104		
MT	4	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	2	0	0	0	0	0	13		
NL	55	3	0	0	0	0	0	0	0	0	0	0	2	18	2	4	0	0	28	7	0	0	21	2	9	4	0	0	0	6	914		
AT	4	39	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	4	25	25	1	43	0	7	2	0	0	68	0	29	843		
PL	72	15	3	0	0	0	0	0	0	0	0	0	0	2	1	22	0	6	0	0	0	4	4	5	0	0	0	0	0	13	147		
PT	66	10	0	0	0	0	0	0	0	0	0	0	0	5	3	0	2	0	0	0	0	0	0	0	0	0	0	3	0	62	804		
RO	26	11	5	0	0	0	0	0	0	0	0	0	0	0	0	83	0	0	0	0	0	0	0	5	1	0	0	0	0	6	887		
SI	3	19	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0	0	6	0	0	0	0	0	0	0	5	46		
SK	4	19	3	0	0	0	0	0	0	0	0	0	0	0	0	16	0	0	10	0	0	0	0	0	0	0	0	1	0	7	208		
FI	5	22	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	15	0	0	1	0	1	0	24	0	0	0	3	72		
SE	11	8	18	0	0	0	0	0	0	0	0	0	0	6	0	0	0	3	7	0	0	1	14	0	1	0	0	0	0	2	71		
UK	73	2	2	0	0	0	0	0	0	0	0	0	10	12	4	6	6	5	51	7	0	0	37	12	38	0	0	0	0	17	3,329		
IS	2	0	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0	5	0	0	1	1	6	0	0	0	0	0	0	19		
LI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
NO	1	13	3	0	0	0	0	0	0	0	0	0	0	6	0	0	0	0	20	0	0	0	11	3	20	0	0	0	0	0	259		
CH	43	12	0	0	0	0	0	0	0	0	0	0	0	1	3	0	0	8	13	0	0	14	1	4	2	0	0	0	11	322			
Unk.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50	11,483			



Aggregation of periods or salaries for unemployment benefits

	Competent Member State																Total															
	BE	BG*	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU		HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	IS	LI	NO
Tot	2,196	4,118	54	54	174	174	4	2,471	2,471	8,338	16	3	19	22	48	1,149	1,149	8	16	1,160	1,160	1,517	1,517	1,160	1,160	13,457	13,457	30	72	50	1,305	24,821

\* DK reported 569 cases where DK is also the Member State of origin. DK estimates that 80-90% of these are Danish citizens from the Faroe Islands.

\*\* LT: figures reported for 2012. LT reports 370 cases for 2013. Some Member States provided data for 2012: FR: 8,208 cases (7,575 cases in 2014);

BG: 3,482 cases; SK: 1,243 cases and SE: 590 cases.

\*\* No data available for CZ, DE, IE, EL, FR, IT, AT, PT, SI and IS.

Source Questionnaire on aggregation of periods for unemployment

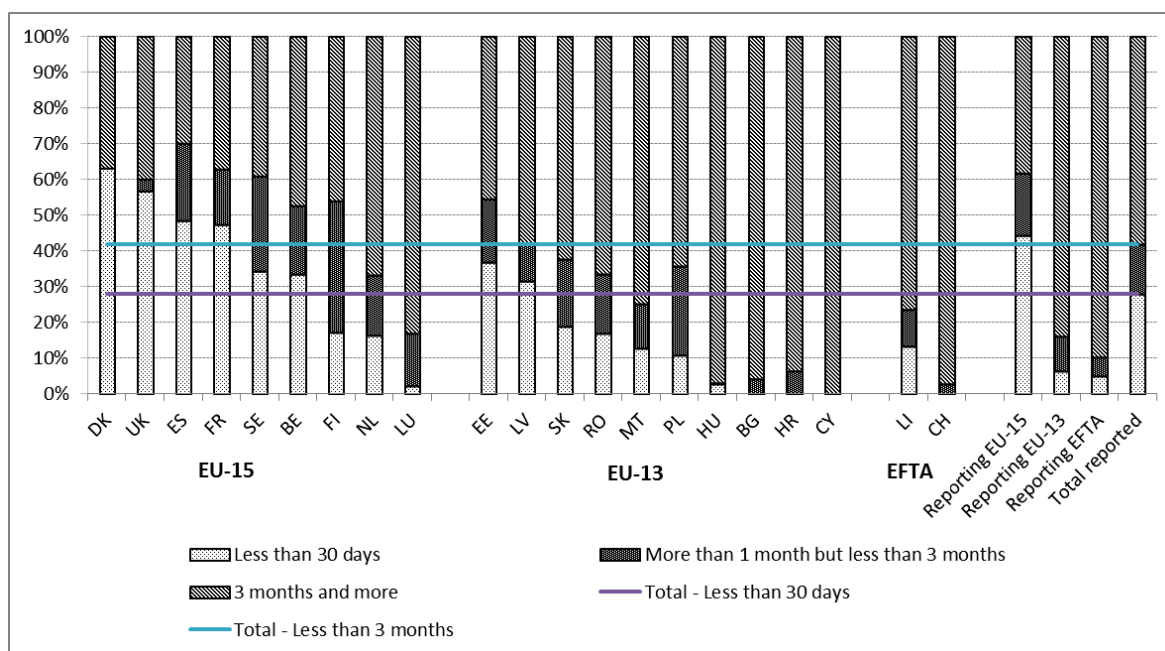
**Table 2 The number of aggregations of periods in case of unemployment, by length of insurance, employment or self-employment in Member State of last activity, by competent Member State, 2013**

	Less than 30 days		More than 1 month but less than 3 months		3 months and more		Total for subperiods	Total	
	<i>Number</i>	<i>Row %</i>	<i>Number</i>	<i>Row %</i>	<i>Number</i>	<i>Row %</i>	<i>Number</i>	<i>Number</i>	<i>Column %</i>
BE	736	33.5%	420	19.1%	1,040	47.4%	2,196	2,196	8.8%
BG	22	0.5%	150	3.6%	3,946	95.8%	4,118	4,118	16.6%
CZ									
DK	34	63.0%	0	0.0%	20	37.0%	54	54	0.2%
DE									
EE	64	36.8%	31	17.8%	79	45.4%	174	174	0.7%
IE									
EL									
ES	1,195	48.4%	534	21.6%	742	30.0%	2,471	2,471	10.0%
FR	3,948	47.3%	1,283	15.4%	3,107	37.3%	8,338	8,338	33.6%
HR	0	0.0%	1	6.3%	15	93.8%	16	16	0.1%
IT									
CY	0	0.0%	0	0.0%	3	100.0%	3	3	0.0%
LV	6	31.6%	2	10.5%	11	57.9%	19	19	0.1%
LT							0	225	0.9%
LU	1	2.1%	7	14.6%	40	83.3%	48	48	0.2%
HU	29	2.5%	6	0.5%	1,114	97.0%	1,149	1,149	4.6%
MT	1	12.5%	1	12.5%	6	75.0%	8	8	0.0%
NL	26	16.3%	27	16.9%	107	66.9%	160	160	0.6%
AT									
PL	164	10.8%	379	25.0%	974	64.2%	1,517	1,517	6.1%
PT									
RO	2	16.7%	2	16.7%	8	66.7%	12	12	0.0%
SI									
SK	217	18.7%	218	18.8%	725	62.5%	1,160	1,160	4.7%
FI	23	17.0%	50	37.0%	62	45.9%	135	135	0.5%
SE	156	34.1%	122	26.7%	179	39.2%	457	457	1.8%
UK	17	56.7%	1	3.3%	12	40.0%	30	30	0.1%
IS									
LI	96	13.2%	75	10.3%	555	76.4%	726	726	2.9%
NO								500	2.0%
CH	4	0.3%	32	2.5%	1,269	97.2%	1,305	1,305	5.3%
Total									100.0%
	6,741	28.0%	3,341	13.9%	14,014	58.2%	24,096	24,821	%
EU-13	505	6.2%	790	9.7%	6,881	84.2%	8,176	8,401	33.8%
EU-15	6,136	44.2%	2,444	17.6%	5,309	38.2%	13,889	13,889	56.0%
EFTA	100	4.9%	107	5.3%	1,824	89.8%	2,031	2,531	10.2%

\* No data available for CZ, DE, IE, EL, IT, AT, PT, SI and IS.

Source Questionnaire on aggregation of periods for unemployment

**Figure 1** Aggregation of periods in case of unemployment by length of insurance, employment or self-employment in Member State of last activity, *by competent Member State*, 2013



\* No data available for CZ, DE, IE, EL, IT, AT, LT, PT, SI, NO and IS.

Source Questionnaire on aggregation of periods for unemployment

It is also useful to determine the Member State of origin whose legislation the unemployed migrant worker has been subject to. The missing data for a number of Member States may also lead to a distorted view of reality if the numbers of cases are reported by the Member State of origin. Again some caution is therefore required when drawing conclusions.

In most of the cases the period of insurance, employment or self-employment of the Member State of last activity was aggregated with an additional period completed in the United Kingdom (25% of total) (Table 3). Remarkable is that some of the Member States of origin are 'immigration' Member States, such as the United Kingdom and Germany. This becomes even more obvious if the periods are aggregated. We observe that 73% of the cases come from the EU-15 and only 23% from the EU-13. This could be an indication of return migration<sup>24</sup> for the EU-13 Member States, but probably also of a high flow of migrants across neighbouring Member States (*cf. infra*).

The length of insurance, employment or self-employment that was already achieved by the unemployed migrant worker in the Member State of last activity and that should be complemented with an additional period completed in the Member State of origin varies across the EU-13 and EU-15 Member States of origin (Table 3 and Figure 2). Unemployed migrant workers who proved an additional period from an EU-13 Member State of origin had completed in general already a longer period of insurance, employment or self-employment (approximately nine in ten of the cases a period of three months and longer) compared to the unemployed migrant workers coming from the EU-15 (approximately seven in ten of the cases a period of three months of longer). For most of the Member States of origin already a period of longer than three months was completed in the Member State of last activity (more than

<sup>24</sup> In that respect, not only the Member State of origin but also the nationality of the unemployed recent migrant worker should be asked.

90% for CY, PT, RO, SI and SK). This is also the case for new EU Member States such as Bulgaria and Romania.

**Table 3 The number of aggregations of periods in case of unemployment, by length of insurance, employment or self-employment in Member State of last activity, by Member State of origin, 2013**

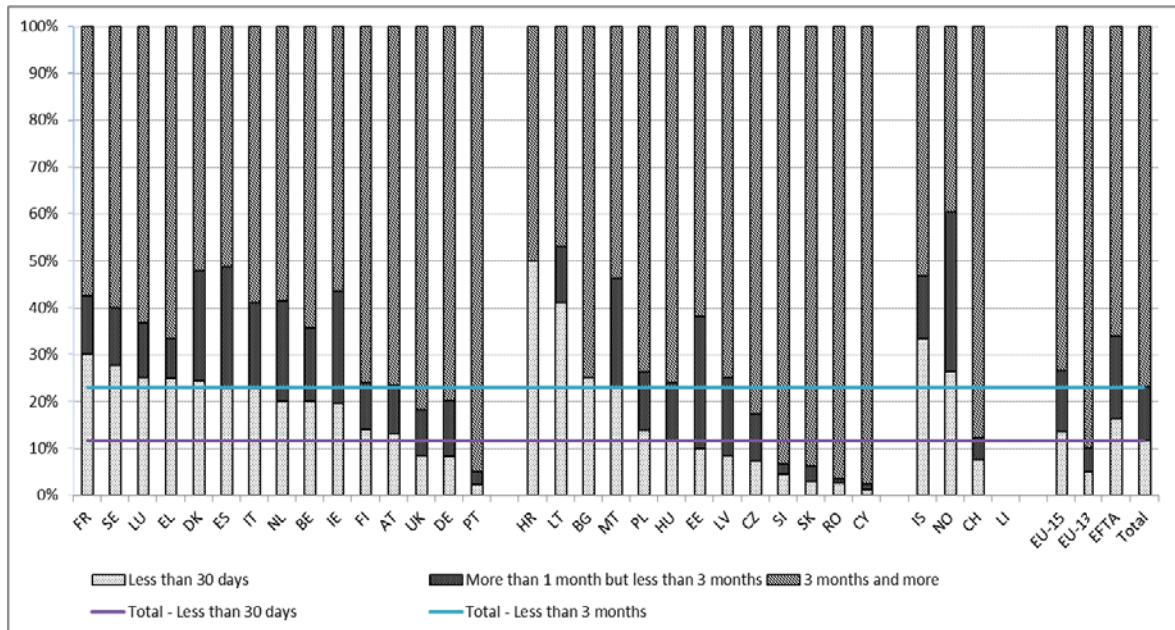
	Less than 30 days		More than 1 month but less than 3 months		3 months and more		Total for subperiods		Total
	<i>Number</i>	<i>Row %</i>	<i>Number</i>	<i>Row %</i>	<i>Number</i>	<i>Row %</i>	<i>Number</i>	<i>Number</i>	<i>Column %</i>
BE	23	20.0%	18	15.7%	74	64.3%	115	115	0.9%
BG	6	25.0%	0	0.0%	18	75.0%	24	24	0.2%
CZ	50	7.3%	68	9.9%	570	82.8%	688	689	5.2%
DK	28	24.3%	27	23.5%	60	52.2%	115	117	0.9%
DE	94	8.3%	133	11.8%	903	79.9%	1,130	1,139	8.5%
EE	8	9.9%	23	28.4%	50	61.7%	81	82	0.6%
IE	51	19.6%	62	23.8%	147	56.5%	260	305	2.3%
EL	29	24.8%	10	8.5%	78	66.7%	117	118	0.9%
ES	153	22.7%	175	26.0%	346	51.3%	674	678	5.1%
FR	165	30.1%	68	12.4%	316	57.6%	549	549	4.1%
HR	2	50.0%	0	0.0%	2	50.0%	4	4	0.0%
IT	115	22.6%	94	18.5%	299	58.9%	508	509	3.8%
CY	9	1.1%	10	1.3%	781	97.6%	800	801	6.0%
LV	2	8.3%	4	16.7%	18	75.0%	24	25	0.2%
LT	7	41.2%	2	11.8%	8	47.1%	17	17	0.1%
LU	32	25.0%	15	11.7%	81	63.3%	128	128	1.0%
HU	12	11.5%	13	12.5%	79	76.0%	104	104	0.8%
MT	3	23.1%	3	23.1%	7	53.8%	13	13	0.1%
NL	179	20.0%	192	21.4%	525	58.6%	896	914	6.9%
AT	110	13.0%	88	10.4%	645	76.5%	843	843	6.3%
PL	20	13.8%	18	12.4%	107	73.8%	145	147	1.1%
PT	18	2.2%	22	2.7%	764	95.0%	804	804	6.0%
RO	23	2.6%	8	0.9%	856	96.5%	887	887	6.7%
SI	2	4.3%	1	2.2%	43	93.5%	46	46	0.3%
SK	6	2.9%	7	3.4%	195	93.8%	208	208	1.6%
FI	10	14.1%	7	9.9%	54	76.1%	71	72	0.5%
SE	18	27.7%	8	12.3%	39	60.0%	65	71	0.5%
UK	263	8.2%	314	9.8%	2,631	82.0%	3,208	3,329	25.0%
IS	5	33.3%	2	13.3%	8	53.3%	15	19	0.1%
LI	0	0.0%	0	0.0%	0	0.0%	0	0	0.0%
NO	67	26.5%	86	34.0%	100	39.5%	253	259	1.9%
CH	24	7.5%	15	4.7%	282	87.9%	321	322	2.4%
Total									100.0
	1,534	11.7%	1,493	11.4%	10,086	76.9%	13,113	13,338	%
EU13	150	4.9%	157	5.2%	2,734	89.9%	3,041	3,047	22.8%
EU15	1,288	13.6%	1,233	13.0%	6,962	73.4%	9,483	9,691	72.7%
EFTA	96	16.3%	103	17.5%	390	66.2%	589	600	4.5%

\* This is an incomplete picture due to missing data for CZ, DE, IE, EL, IT, AT, PT, SI and IS as reporting Member State and given that some Member States did not provide a breakdown by Member State of origin (FR, ES and EE).

\*\* Total numbers differ compared to *Table 2* as some Member States did not provide a breakdown by Member State of origin.

**Source** Questionnaire on aggregation of periods for unemployment

**Figure 2** Aggregation of periods in case of unemployment by length of insurance, employment or self-employment in Member State of last activity, by Member State of origin, 2013

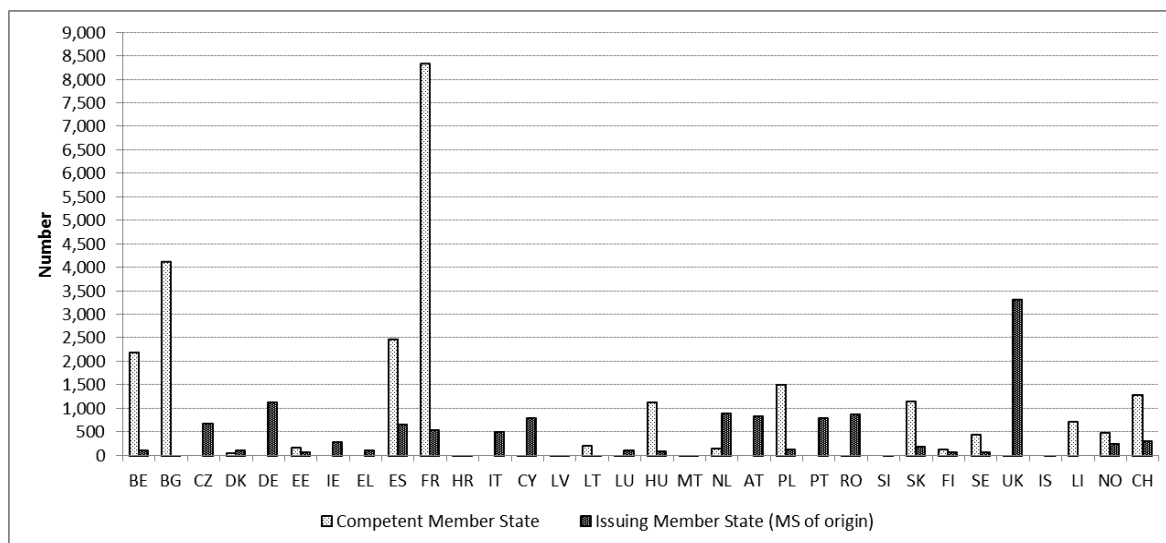


\* This is an incomplete picture due to missing data for CZ, DE, IE, EL, IT, AT, PT and IS as reporting Member State and given that some Member States did not provide a breakdown by Member State of origin (FR, ES and EE).

Source Questionnaire on aggregation of periods for unemployment

Figure 3 gives an idea of the number of cases of periods aggregated by the Member State of last activity (= competent Member State) on the basis of an additional period certified with a PD U1 of the Member State of origin. However, these 'net' figures do not change the conclusions already made. France, Bulgaria, Spain and Belgium are the main 'net recipients', and the United Kingdom is the main 'net contributor'.

**Figure 3 The number of aggregations of periods in case of unemployment, by competent Member State and Member State of origin, 2013**



\* This is an incomplete picture due to missing data for CZ, DE, IE, EL, IT, AT, PT, SI and IS as reporting Member State and given that some Member States did not provide a breakdown by Member State of origin (FR, ES and EE).

Source Questionnaire on aggregation of periods for unemployment

## 2. A LIMITED SHARE IN THE TOTAL UNEMPLOYMENT FIGURE AND IN INTRA-EU MOBILITY

It is probably even more interesting to compare the absolute number of cases of aggregation to a denominator.

First, the number of cases where the aggregation with previous periods of insurance, employment or self-employment was needed could be compared to the total number of unemployed persons.<sup>25</sup> In general, only 0.1% of the unemployed persons had to rely on the principle of aggregation of periods.

Second, these cases of aggregated periods could be compared to the annual inflow of intra-EU migrants at working age.<sup>26</sup> An estimated average of 2.1% of the migrants at working age became unemployed and completed an insufficient period of insurance, employment or self-employment in order to be entitled to an unemployment benefit. However, for more than 50% of the inflow of intra-EU migrants in Bulgaria and Liechtenstein periods needed to be aggregated. Also for approximately 2.5% of the immigrants towards the EU-13 an additional period of insurance, employment or self-employment was required in order to be entitled to an unemployment benefit. In comparison, 'only' 1.9 % of the immigrants towards the EU-15 needed to rely on the aggregation principle. This might be the result of a high level of (return) migration towards Member States with a high(er) unemployment level.

<sup>25</sup> Note that no data is available on the total number of unemployed persons who were or became unemployed during the year. This implies a (small) overestimation of the share of the cases of aggregated periods in the total unemployment figure. However, also unemployment persons who required a PD U1 in previous years could still be unemployed.

<sup>26</sup> Taking into consideration that most of the Member States apply a qualifying period of 12 months.

**Table 4 The number of aggregations of periods in case of unemployment, as a percentage of the total number of unemployed persons and the total annual EU-27/EFTA migration inflow at working age**

	Cases of aggregation	Number of annual average unemployed persons (2013)		Total annual inflow of EU-27/EFTA migrants at working age (2012)	
	<i>Number</i>	<i>Number (in ,000)</i>	<i>% cases of aggregation</i>	<i>Number</i>	<i>% cases of aggregation</i>
BE	2,196	417	0.5%	65,403	3.4%
BG	4,118	436	0.9%	7,468	55.1%
CZ					
DK	54	202	0.0%	34,265	0.2%
DE					
EE	174	59	0.3%	1,187	14.7%
IE					
EL					
ES	2,471	6,051	0.0%	102,405	2.4%
FR	8,338	3,010	0.3%	160,534	5.2%
HR	16	318	0.0%		
IT					
CY	3	69	0.0%	10,591	0.0%
LV	19	120	0.0%	8,738	0.2%
LT	225	172	0.1%	16,310	1.4%
LU	48	15	0.3%	13,568	0.4%
HU	1,149	441	0.3%	20,911	5.5%
MT	8	12	0.1%	3,424	0.2%
NL	160	647	0.0%	72,799	0.2%
AT					
PL	1,517	1,793	0.1%	132,837	1.1%
PT					
RO	12	653	0.0%	137,913	0.0%
SI					
SK	1,160	386	0.3%		
FI	135	219	0.1%	14,088	1.0%
SE	457	411	0.1%	38,246	1.2%
UK	30	2,441	0.0%	224,915	0.0%
IS					
LI	726			446	162.8%
NO	500	95	0.5%	37,060	1.3%
CH	1,305	2,449	0.1%	96,056	1.4%
Total of reporting MS	24,821	20,416	0.1%	1,199,164	2.1%
EU-13	8,401	4,459	0.2%	339,379	2.5%
EU-15	13,889	13,413	0.1%	726,223	1.9%
EFTA	2,531	2,544	0.1%	133,562	1.9%

\* No data available for CZ, DE, IE, EL, FR, IT, AT, PT, SI and IS.

Source Questionnaire on aggregation of periods in case of unemployment; Eurostat [une\_nb\_a]; Eurostat data on migration [migr\_imm1ctz]

### 3. IMPACT OF (RE)MIGRATION

For migrants who became unemployed in Belgium, Bulgaria, Denmark, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Slovakia, Sweden, the United Kingdom, Liechtenstein and Switzerland in particular an additional period completed in an EU-15 Member State of origin was added to the short period already achieved in the Member State of last activity. Only for unemployed migrants living in Croatia, Cyprus, Hungary, Romania and Finland in particular an additional period completed in an EU-13 Member State was added to their period already completed in their Member State of last activity. The United Kingdom is the main Member State of origin for unemployed migrants who had to aggregate periods in order to be entitled to an unemployment benefit in Bulgaria, Latvia, Lithuania, Malta or Poland. New EU-Member States such as Bulgaria and Romania never appear as one of the main Member States of origin of the unemployed migrants in the EU-15 who had to prove additional periods of insurance, employment or self-employment.

The fact that many cases of aggregation were applied by a Member State of the EU-13 as Member State of last activity and that in most of the cases also a Member State of the EU-15 was the Member State of origin could be an indication of return migration. At the same time, more than half of the cases in Liechtenstein (95% of total), Hungary (87% of total), Sweden (69% of total), the Netherlands (65% of total), Finland (59% of total), Croatia (56% of total), Luxembourg (54% of total) and Belgium (52% of total) refer to a neighbouring Member State of origin. In total, some 34% of all cases reported refer to a neighbouring Member State as the Member State of origin.



**Table 5** The number of aggregations of periods in case of unemployment as % of column total, 2013

Member State of origin	Competent Member State													Total																				
	BE	BG	CZ	DK	DE	EE	EL	ES	FR	GR	IE	IT	CY		LV	LT	LU	HU	MT	NL	AT	PT	RO	SI	SK	FI	SE	UK	IS	LI	NO	CH	Total	
BE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.9	
BG	0	0	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.2		
CZ	0	4	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5.2		
DK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.9		
DE	4	8	0	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8.5		
EE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.6		
EL	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2.3		
ES	18	4	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.9		
FR	18	1	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5.1		
GR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4.1		
IE	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0		
IT	12	1	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3.8		
CY	0	19	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6.0		
LV	0	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.2		
LT	0	0	0	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.1		
LU	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.0		
HU	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.8		
MT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.1		
NL	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6.9		
AT	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6.3		
PT	3	0	0	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.1		
RO	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6.0	
SI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6.7	
SK	0	0	0	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.3		
FI	0	1	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.5	
SE	1	0	0	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.5		
UK	3	52	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	25.0		
IS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.1	
LI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	
NO	0	0	0	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.9	
CH	2	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.9	
Total	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	2.4
EU-13	0	0	0	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	23	
EU-15	91	72	56	56	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	73	
EFTA	2	3	6	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	
Neighboring MS	52	1	44	44	56	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	

\* Dark blue: main Member State of origin.

Aggregation of periods or salaries for unemployment benefits

\*\*\* No data available for CZ, DE, IE, EL, IT, AT, PT and IS.

**Source** Questionnaire on aggregation of periods in case of unemployment

## CONCLUSION

The scope of the questionnaire on the aggregation of periods for unemployment was limited to recent migrant workers who completed an insufficient period of insurance, employment or self-employment in their Member State of last activity in order to be entitled to an unemployment benefit. In that case additional periods completed by the person in a Member State other than the competent State and proven by a PD U1 are required. 23 Member States provided quantitative data. Missing data for a number of large Member States, in particular EU-15 Member States, may lead to a distorted view. As a result, some caution is required when drawing conclusions.

In total 24,821 cases reported for 2013 by 23 Member States concern unemployed migrant workers whose period of insurance, employment or self-employment completed in the Member State of last activity was insufficient to be entitled to an unemployment benefit. This is equal to an estimated share of 0.1% of the total unemployment figure in those Member States and to 2.1% of the annual flow of intra-EU migrants at working age to these Member States. 54% of the cases related to a period of insurance, employment or self-employment already completed in the Member State of last activity of three months and longer. 28% of the reported cases of aggregation concerned a period of less than 30 days. This distribution varies markedly across Member States, but also between the EU-13 and the EU-15. 62% of the cases reported by the EU-15 concerned a period of insurance, employment or self-employment of less than three months compared to only 16% of the cases reported by the EU-13.

Most aggregations of periods for unemployment concern France (34% of total), Bulgaria (16.6% of total) and Spain (10.0% of total). Also, 56% of the aggregations of periods for unemployment were applied by the EU-15. This percentage is even an underestimation given that some EU-15 Member States did not provide any data. In most of the cases the insufficient period of insurance, employment or self-employment was aggregated with an additional period completed in the United Kingdom (25% of total). For 73% of the cases an additional period fulfilled in an EU-15 Member State was added to the period already achieved in the Member State of last activity. The period of insurance, employment or self-employment already completed in the Member State of last activity is also much longer for unemployed migrant workers coming from the EU-13 (90% longer than three months) compared to those coming from the EU-15 (73% longer than three months).

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**ANNEX XIII: HIVA HIVA REPORT FAMILY BENEFITS – ECONOMIC  
IMPACT**

# Export of family benefits

*Analysis of the economic impact of the options*

Prof. dr. Jozef Pacolet and Frederic De Wispelaere  
HIVA-KU Leuven

*August 2015*



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*Contact:* Andrea Pontiroli

*E-mail:* [andrea.pontiroli@ec.europa.eu](mailto:andrea.pontiroli@ec.europa.eu)

*European Commission*  
*B-1049 Brussels*

# **Export of family benefits**

*Analysis of the economic impact of the options*



## **Network Statistics FMSSFE**

This report has been prepared in the framework of Contract No VC/2013/0301 'Network of Experts on intra-EU mobility – social security coordination and free movement of workers / Lot 2: Statistics and compilation of national data'. This contract was awarded to Network Statistics FMSSFE, an independent research network composed of expert teams from HIVA (KU Leuven), Milieu Ltd, IRIS (UGent), Szeged University and Eftheia bvba. Network Statistics FMSSFE is coordinated by HIVA.

### **Authors:**

Prof Dr Jozef Pacolet, Head of the 'Welfare State' research group, HIVA Research Institute for Work and Society, University of Leuven (KU Leuven).

Frederic De Wispelaere, Senior research associate, HIVA Research Institute for Work and Society, University of Leuven (KU Leuven).

### **Peer reviewers:**

Prof Dr József Hajdú, Head of the Department of Labour Law and Social Security, Szeged University.

Dr Gabriella Berki, Professor Assistant at the Department of Labour Law and Social Security, Szeged University.

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## PREFACE

In the framework of an impact assessment of a revision of Regulation (EC) Nos 883/2004 and 987/2009 by the end of 2015 the Commission requires a preparatory study on the economic impact of an amendment to the rules on the export of family benefits. The Commission proposed several alternative options, to be compared with the current situation, i.e. the 'status quo'.<sup>27</sup>

- **Status quo**
- **Option 1** – Adjustment of the exported family benefit to the living standards.
  - **Option 1a** - Adjustment of the exported family benefit to the living standards (upwards and downwards).
  - **Option 1b** - Adjustment of the exported family benefit to the living standards (ceiling).
- **Option 2** – No export (discarded).
- **Option 3** – A reverse order of competence.
- **Horizontal Option** - Different coordination rules for salary-related child-raising allowances.

Informing the debate with reliable and recent information is essential. Information could be collected in several ways to gain insight in the current situation. This information should also be useful in order to calculate the different options. Over the past few years, the collection of national administrative data moved ahead as several questionnaires were launched within the framework of the Administrative Commission. In 2015, among others, a questionnaire was launched on the export of family benefits. These data provide already a first overview of the current situation (see Pacolet and De Wispelaere, 2015). Nonetheless, data collected outside the framework of the Administrative Commission is also highly relevant. These data available at EU level or at national level are especially useful when they are combined or confronted with data collected within the framework of the Administrative Commission. This will in particular be the case if current rules need to be assessed and alternative scenarios have to be calculated.

Some data sources, interesting for different reasons, which could be extracted at EU level:

- provide information on national social security systems (MISSOC, OECD);
- provide information on intra-mobility (LFS, Eurostat migration statistics, national reports);
- compare total national expenditure with the specific cross-border expenditure (Organisation for Economic Cooperation and Development ("OECD"), European system of integrated social protection statistics ("ESSPROS")).

Intra-EU labour mobility, and as a result the export of family benefits, has different faces (*Table 1*): 'permanent' stay in another EU Member State as a result of migration; cross-border commuting and 'temporary' stay through the posting of workers. A first group are EU migrants of working age who moved to an EU Member State other than their EU Member State of birth or of their citizenship. In 2013, the share of citizens of working age (15 to 64 years) from an EU-28 Member State/EFTA country who resided in another EU-28 Member State was around 3.1% of the total population residing in the EU-28 Member States (Cannetta et al., 2014). In 2013,

<sup>27</sup> Several proposals for changes to the current rules (e.g. Holzmann and Koettl, 2014; Barslund and Busse, 2014; BMI and BMAS, 2014; Tænketanken Europa, 2014) or for a 'harmonisation' of the child benefit schemes (e.g. Levy et al., 2013) emerged in recent years.

some 7 million EU citizens worked and lived in an EU Member State other than their own (equal to 3.3% of total employment in the EU) (European Commission, 2014). In 2012, some 1.1 million citizens of working age moved to an EU-28 Member State or EFTA country other than the State of their nationality (Cannetta et al., 2014). However, also some 700 thousand EU-28/EFTA citizens returned to their Member State of citizenship. In addition, in 2013 some 1.3 million EU citizens were employed in an EU Member State other than their EU Member State of residence (i.e. 'cross-border workers'), representing 0.6% of total employment in the EU. Some 65% (about 814,000) cross-border workers were employed in a neighbouring Member State (i.e. 'frontier workers'). Finally, in 2013 some 1.34 million 'Portable Documents A1'<sup>28</sup> were issued to posted workers residing in an EU-28 Member State/EFTA country (Pacolet and De Wispelaere, 2014). The reference group to be studied in case of export of family benefits are the intra-EU migrants and cross-border workers. Both reference groups will be studied in more detail in this report.

### Box 1 – Glossary

- *Cross-border workers*: working in a Member State other than the Member State of residence which is also the Member State of residence of the child(ren).
- *Frontier workers*: cross-border workers employed in a neighbouring Member State. This definition differs from the definition defined in Article 1 (f) of Regulation (EC) No 883/2004: "any person pursuing an activity as an employed or self-employed person in a Member State and who resides in another Member State to which he/she returns as a rule daily or at least once a week."
- *Migrants*: living (and working) in a Member State other than the Member State of the child(ren).

**Table 1** Types of intra-EU labour mobility, 2012-2013

Type	Flow/Stock	Number	%	Year
Total stock EU/EFTA migrants at working age*	Stock		3.1% of total EU-28 population at working age	2013
Flow of EU/EFTA migrants at working age*	Flow	1.8 million	0.5% of total EU-28/EFTA population at working age	2012
<b>Of which 'return migration'</b> **	Flow	714,000	0.2% of total EU-28/EFTA population at working age	2012
EU migrants working and living in another MS	Stock	7 million	3.3% of total EU employment	2013
Cross-border workers in EU-28	Stock	1.3 million	0.6% of total EU employment	2013
<b>Of which 'frontier workers'</b>	Stock	814,000		2013
Posted workers in EU28/EFTA***	Stock	1.34 million	± 0.6% of total EU/EFTA employment	2013

\* By citizenship of the migrant.

\*\* We cannot know if someone has ever previously lived in the country of citizenship.

\*\*\* Number of forms issued.

**Source** Based on LFS; Eurostat data on migration, Cannetta et al., 2014; Pacolet and De Wispelaere, 2014

<sup>28</sup> Portable Document A1 is a formal statement on the applicable social security legislation and proves that the posted worker pays social security contributions in another Member State.

## INTRODUCTION

Chapter 8 of Regulation (EC) No 883/2004 on the coordination of social security systems covers the EU provisions on the coordination of family benefits<sup>29</sup> (Article 67 – 69). If family members live in a Member State other than the State where the insured person works and/or resides, family benefits could in some cases be exported to these family members. Since entitlement to family benefits might arise in more than one Member State (based on residence, employment or receipt of a pension) Article 68 has defined some priority rules in order to determine the 'primarily competent Member State'. In this respect, rights available on the basis of employment have first priority.<sup>30</sup> However, when there is employment in two different Member States, it is the Member State of residence of the children that will become primarily competent for the payment of the family benefits.<sup>31</sup> Also, a Member State might have to pay a supplement (corresponding to the difference between the two benefits) as the 'secondarily competent Member State' if the family benefit paid by the competent Member State is lower than the family benefit the entitled person would have received from the other Member State.<sup>32</sup>

These provisions, especially those containing the applicable priority rules in the event of overlapping entitlements, cover a broader scope than what is asked by the administrative questionnaire launched within the framework of the Administrative Commission<sup>33</sup> ("**administrative questionnaire**") on the export of family benefits to members of the family residing in another Member State. Firstly, no information will be available on the supplement paid by the Member State of residence as the secondarily competent Member State. Secondly, no information will be available on the number of households for which no supplement should be exported because the family benefit paid by the Member State of residence is higher than the family benefit the person entitled would have received from the exporting secondarily competent Member State.

This implies that parameters such as the number of intra-EU cross-border workers and migrants, the number of children involved, the Member State of residence of the children, the household composition of the insured persons living/working in a Member State other than the Member State of residence of the children, the labour status of the spouse and the level of the family benefits will influence the number of exports of family benefits (*Figure 1*). This means that more detailed figures on all the parameters are required in order to estimate the economic impact of the several options.

---

<sup>29</sup> 'Family benefit' means all benefits in kind or in cash intended to meet family expenses, excluding advances of maintenance payments and special childbirth and adoption allowances (Article 1 (z) of Regulation (EC) No 883/2004).

<sup>30</sup> Article 68 (1) (a) of Regulation (EC) No 883/2004.

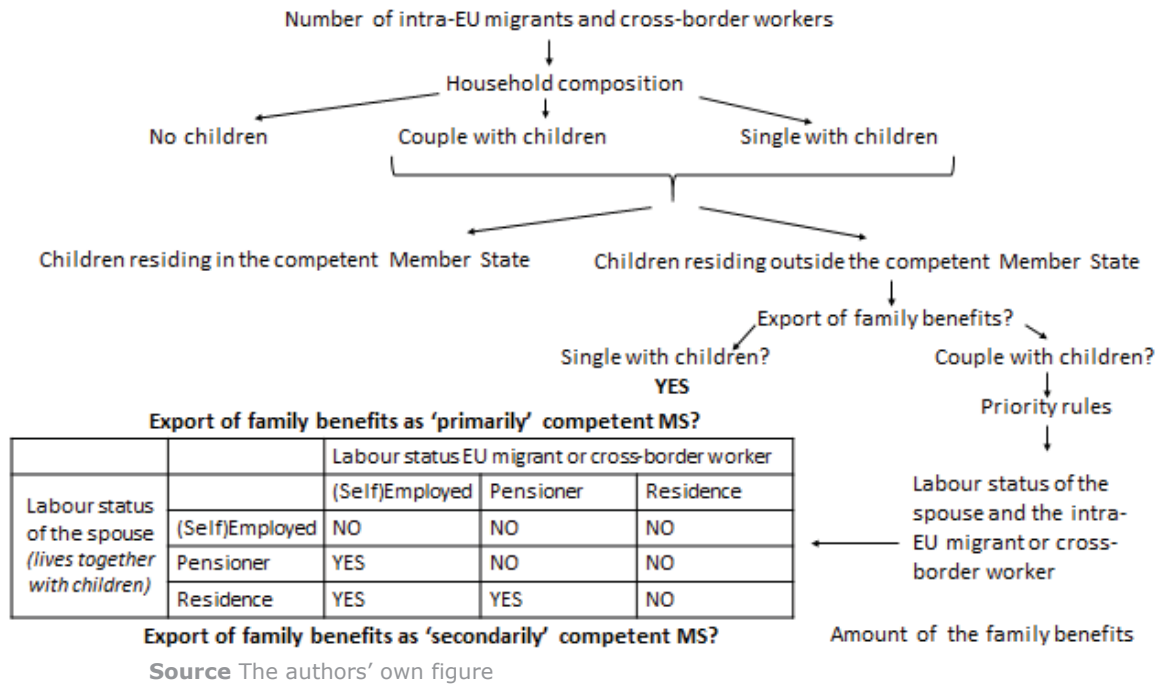
<sup>31</sup> Article 68 (1) (b) of Regulation (EC) No 883/2004.

<sup>32</sup> Article 68 (2) of Regulation (EC) No 883/2004.

<sup>33</sup> Article 71 and 72 of Regulation (EC) No 883/2004 define the composition and tasks of the Administrative Commission for the coordination of social security schemes.



**Figure 1 Determination of the reference group**



In order to discuss the economic impact of intra-EU mobility on family benefits, different aspects have to be taken into account:

- *the structure of the family benefits*: distribution between family benefits in cash or in kind; eligibility criteria; variation by age, number of children or income; benefit level etc;
- *the determination of the reference group*: intra-EU migrants and cross-border workers might export their family benefit to the family members residing in another Member State;
- *the household composition*: spouse and number of children;
- *the labour market status of the spouse*: employed, unemployed or inactive;
- *the Member State of residence of the family members*: the same (family reunification) or another (export) Member State than the Member State of employment of the intra-EU migrant. Cross-border workers will live in the same Member State as their children (no family reunification possible).

All Member States have defined specific family benefit schemes (in particular child benefit schemes). There are, however, considerable differences in design, structure, and generosity. These family benefit schemes should be embedded within a broader term of 'family policy' aiming to compensate the cost of children and to increase households' wellbeing. This family policy resulted in specific family-oriented benefits (e.g. family benefits (in kind and in cash), maternity leave<sup>34</sup> and equivalent paternity leave,<sup>35</sup> parental leave,<sup>36</sup> etc)<sup>37</sup> and tax policies (e.g. tax relief for children, tax deduction etc). They are the result of different objectives and motives, among others to assist parents with the additional costs of raising children, to increase fertility, to fight (child) poverty risks, to supplement household income, to respond to new family

<sup>34</sup> Article 3 of Regulation (EC) No 883/2004.

<sup>35</sup> Article 3 of Regulation (EC) No 883/2004.

<sup>36</sup> See Recital (19) of Regulation (EC) No 883/2004.

<sup>37</sup> Maternity and equivalent paternity benefits (Chapter 1) and family benefits (Chapter 8) are coordinated differently under Regulation (EC) No 883/2004.

structures and labour market structures, to reconcile work and family life, and to create horizontal (between small and large families) and/or vertical (between high and low-income families) redistribution (Gauthier, 1999; Barr, 1998; Bradshaw and Finch, 2010). Van Lancker (2014, p. 40) concludes that *“the particular design of the system of child benefits in the various countries often reflects such historical objectives and ideological motives: They may be income or non-income related, variable with the age or parity of the children, taxable or non-taxable, have a contributory or non-contributory base and operate through the tax system, via cash benefits, or a combination of the two.”* In Annex I of this report a list of family benefits per Member State is presented based on the MISSOC tables (2014). Besides the national child benefit schemes, many Member States have implemented more specific child-raising allowances, child care allowances, birth and adoption grants, advances of maintenance payments and special allowances/supplements for single parents and/or for children with disabilities. However, these tables not necessary match data provided by the Member States and therefore need to be treated with caution (advances of maintenance and special childbirth and adoption benefits expressly fall outside the scope of Regulation (EC) No 883/2004).<sup>38</sup>

## 1. CHARACTERISTICS

First, a more detailed analysis will be made of the characteristics of the national child benefit schemes (as part of the family benefit schemes). The differences in legislation will influence the number of entitled intra-EU migrants/cross-border workers and their children involved.

The child benefit could be either universal (all children are entitled) or selective (e.g. targeting only low-income households). However, universal systems could also be targeted (e.g. by taking into account the number of children, the child’s age, the vulnerability of families etc). *Table 2* shows the age limit for children. It varies most of the time between 15 and 18 years old, but is extended in many Member States up to a higher age if the child remains in further education. The child benefit varies in many Member States with the child’s age (applied in 13 Member States) and/or with the number of children (applied in 15 Member States). Some of the child benefit schemes also implement a means-test in the form of a ‘family’ income test. 11 Member States (CZ, DK, ES, HR, IT, CY, LT, MT, PT, SI and IS) apply more selective income-tested child benefit schemes. This means that only families which fulfil the income criteria will be entitled to the targeted child benefits. Because of this, the level of the benefit might differ according to the ‘family’ income (DK, IT, PT, SI and IS) and/or families exceeding the ‘family’ income threshold will not be entitled to a child benefit (CZ, ES, HR, IT, CY, LT, MT, PT, SI and IS). These differences in characteristics of the child benefit schemes, but also the distribution of means between benefits in cash or in kind and the tax system will have an impact on the national expenditure of child benefits and as a consequence on their export. The related expenditure will be discussed in more detail in *Tables 3 and 4* based on figures from ESSPROS.

<sup>38</sup> Article 1 (z) of Regulation (EC) No 883/2004.

**Table 2** Characteristics of child benefits, 2014

Member State	Age limit (student)	Number of children	Benefit varies with Child's age	Income
BE	18 (25)	YES	YES	NO
BG	20	YES	NO	NO
CZ	15 (26)	NO	YES	YES
DK	18	NO	YES	YES
DE	18 (25)	YES	NO	NO
EE	16 (19)	YES	NO	NO
IE	16 (18)	NO	NO	NO
EL	18 (22)	YES	NO	NO
ES	18	NO	NO	YES
FR	20	YES	YES	NO
HR	15 (19)	NO	NO	YES
IT	18 (21)	YES	NO	YES
CY	18 (19)	NO	NO	YES
LV	15 (19)	NO	NO	NO
LT	7	NO	YES	YES
LU	18 (27)	YES	YES	NO
HU	18 (20)	YES	NO	NO
MT	16 (21)	YES	NO	YES
NL	18	NO	YES	NO
AT	18 (24)	YES	YES	NO
PL	18 (21)	NO	YES	NO
PT	16 (24)	NO	YES	YES
RO	18	NO	YES	NO
SI	18	NO	NO	YES
SK	16 (25)	NO	NO	NO
FI	17	YES	NO	NO
SE	16 (*)	YES	NO	NO
UK	16 (20)	YES	NO	NO
IS	18	YES	YES	YES
LI	18	NO	YES	NO
NO	18	NO	NO	NO
CH	16 (25)	NO	NO	NO
Total				
YES		<b>15</b>	<b>13</b>	<b>11</b>
NO		<b>17</b>	<b>19</b>	<b>21</b>

\* Until the child completes compulsory education

Source MISSOC, 2014

## 2. EXPENDITURE

Family benefits can be either paid in cash (e.g. child benefit) or in kind (e.g. child care) (Table 3). Total family expenses vary from 4% of GDP (DK) and 3.7% of GDP (LU) to 0.9% (PL) and 1.0% (LV). The majority of public spending on family benefits (excluding the financial support provided through the tax system) are related to *cash* benefits (1.4% of GDP in the EU-28 compared to 0.8% of GDP related to benefits *in kind*). This is particularly so in Ireland and Luxembourg. On the contrary, policy in the Nordic countries (DK, SE, FI, IS and NO) and Spain is more focused on the development of family benefits in kind (Figure 2).<sup>39</sup> The unweighted EU average of the tax expenditure towards families amounts to 0.3% of GDP and varies from 0.7% of GDP in France to being practically non-existent in other Member States (e.g. LU, SE, DK, AT, FI, SI and EL). The distribution of means between family benefits in cash or in kind (and the tax system) will also have consequences for the eligibility criteria and the level of the cash benefits and consequently for their export (Figure 2).

<sup>39</sup> The OECD Family Database also reports figures on public spending on family benefits and contains not only figures on the spending in cash and in kind but also on the 'financial support for families provided through the tax system'.

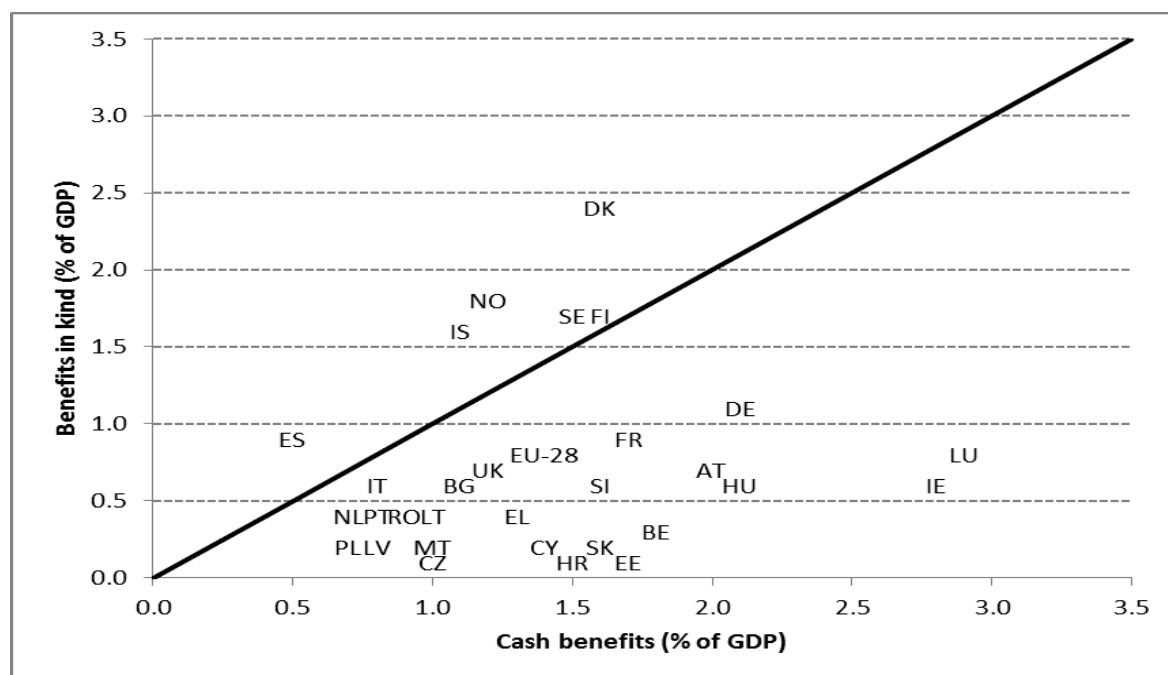
## Export of family benefits

**Table 3 Family benefits expenditure, in kind and in cash, 2012**

Member State	Cash benefits		Benefits in kind	
	<i>In million €</i>	<i>In percentage of GDP</i>	<i>In million €</i>	<i>In percentage of GDP</i>
BE	6,856.89	1.8	1,216.52	0.3
BG	457.38	1.1	253.86	0.6
CZ	1,487.69	1.0	213.02	0.1
DK	3,917.17	1.6	5,946.66	2.4
DE	55,725.97	2.1	28,646.45	1.1
EE	294.21	1.7	10.57	0.1
IE	4,562.73	2.8	942.57	0.6
EL	2,431.34	1.3	744.87	0.4
ES	5,147.56	0.5	9,041.51	0.9
FR	33,615.86	1.7	18,215.85	0.9
HR	672.15	1.5	38.90	0.1
IT	12,074.00	0.8	9,548.00	0.6
CY	247.82	1.4	38.55	0.2
LV	171.93	0.8	49.73	0.2
LT	333.91	1.0	118.66	0.4
LU	1,256.83	2.9	337.31	0.8
HU	2,004.52	2.1	580.38	0.6
MT	70.53	1.0	11.83	0.2
NL	4,247.00	0.7	2,344.00	0.4
AT	6,288.46	2.0	2,227.57	0.7
PL	2,571.83	0.7	642.97	0.2
PT	1,332.61	0.8	719.46	0.4
RO	1,216.10	0.9	529.10	0.4
SI	549.17	1.6	197.22	0.6
SK	1,141.24	1.6	124.51	0.2
FI	3,129.07	1.6	3,326.66	1.7
SE	6,093.11	1.5	6,769.91	1.7
UK	23,284.45	1.2	13,000.40	0.7
EU-28	181,181.53	1.4	105,837.05	0.8
IS	119.18	1.1	168.37	1.6
NO	4,846.56	1.2	6,958.03	1.8
CH	6,075.05	1.2	1,198.36	0.2

Source ESSPROS [spr\_exp\_ffa]

**Figure 2 Public spending on family benefits in cash and in kind, as percentage of GDP, 2012**



Source ESSPROS [spr\_exp\_ffa]

Child benefit expenditure could, among others, be expressed in absolute amounts, in a percentage of GDP, as average expenditure per child (0 to 17 years) or per inhabitant. These figures could also be converted to purchasing power standards<sup>40</sup> (PPS) in order to eliminate the effect of price level differences across Member States. To calculate the impact of the different options, in particular figures on the average expenditure per child are useful given the fact that not all Member States have answered the administrative questionnaire.

In terms of GDP, Luxembourg (2.1% of GDP), Ireland (2.0% of GDP), Austria (1.8% of GDP), Germany (1.7% of GDP) and Belgium (1.6% of GDP) show the largest child benefit expenditure within the EU-28/EFTA area (*Table 4*).

The average amount per child and per inhabitant (also in purchasing power standards) varies markedly across the EU-15 Member States<sup>41</sup> and the EU-13 Member States. Member States could also be clustered into specific welfare state regimes by taking into account the characteristics (e.g. Bismarck-oriented or Beveridge-oriented) and the development (e.g. in terms of social protection expenditure at a high or low level) of the national welfare states.<sup>42</sup> These welfare state regimes also seem to be clustered geographically. Especially the EU-15 Bismarck-oriented countries (BE, FR, AT, DE, NL, LU and CH) show high public spending on child benefits. But also the eligibility criteria and the coverage of the family benefit schemes (as discussed above and described in more detail by the MISSOC tables) influence public spending.

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<sup>40</sup> See section 4 for a detailed description of this term.

<sup>41</sup> 'EU-15' refers to the 'old' EU Member States: Belgium, Greece, Luxembourg, Denmark, Spain, the Netherlands, Germany, France, Portugal, Ireland, Italy, the United Kingdom, Austria, Finland and Sweden. 'EU-13' refers to the 'new' Member States: Croatia, Romania, Bulgaria, Poland, the Czech Republic, Latvia, Lithuania, Slovenia, Estonia, Slovakia, Hungary, Cyprus and Malta.

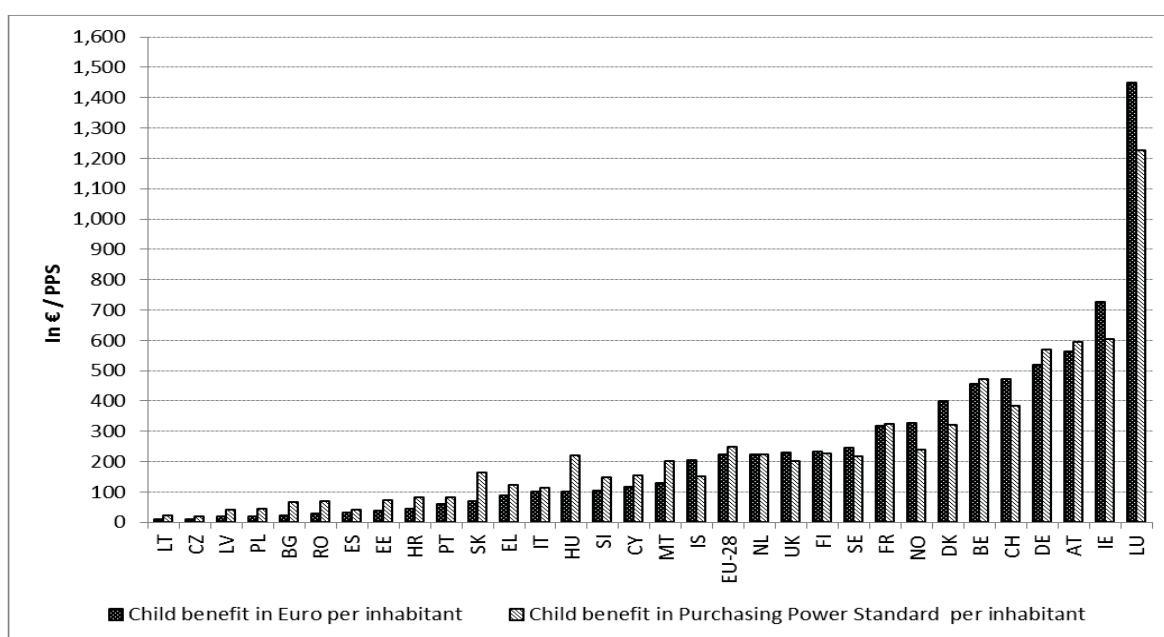
<sup>42</sup> See Pacolet and Coudron, 2006; EC, 2015.

**Table 4 Family or child allowance – expenditure, 2012**

Member State	In million €	In percentage of GDP	In € per child (0-17)	In € per inhabitant*	In Purchasing Power Standard per inhabitant
BE	5,916	1.6	2,616	455	471
BG	213	0.5	180	21	67
CZ	133	0.1	72	9	19
DK	2,603	1.1	2,165	399	321
DE	46,017	1.7	3,481	519	569
EE	68	0.4	281	38	73
IE	3,329	2.0	2,870	727	605
EL	1,196	0.6	611	89	121
ES	1,797	0.2	215	33	41
FR	23,233	1.1	1,603	317	325
HR	227	0.5	287	43	80
IT	6,882	0.4	688	100	113
CY	119	0.7	671	115	155
LV	53	0.2	152	18	40
LT	38	0.1	68	9	22
LU	889	2.1	8,147	1,448	1,226
HU	1,211	1.2	679	102	222
MT	63	0.9	820	129	200
NL	4,147	0.7	1,189	223	222
AT	5,508	1.8	3,650	563	593
PL	910	0.2	127	20	44
PT	706	0.4	371	60	81
RO	668	0.5	181	28	68
SI	250	0.7	706	102	148
SK	577	0.8	566	68	164
FI	1,495	0.8	1,382	234	225
SE	2,790	0.7	1,454	244	216
UK	15,005	0.8	1,113	229	202
EU-28	126,043	1.0	1,322	222	250
IS	53	0.5	667	206	150
NO	2,015	0.5	1,802	329	240
CH	5,094	1.0	3,496	471	384

\* At constant 2005 prices

Source ESSPROS [spr\_exp\_ffa]

**Figure 3 Family or child allowance – expenditure, in € and Purchasing Power Standard per inhabitant, 2012**


Source ESSPROS [spr\_exp\_ffa]

### 3. REFERENCE GROUP

Intra-EU cross-border workers are an important group of persons that will be affected by changes to the applicable legislation on the export of family benefits. A second group, and for some Member States even more important (see also Pacolet and De Wispelaere, 2015), are intra-EU migrants who live in a Member State other than their child(ren). However, no recent figures are available on the number of intra-EU migrants who find themselves in such a situation.

In 2013, some 1.26 million persons were employed in an EU Member State other than their EU Member State of residence. Despite a remarkable increase of almost 20% compared to 2010, still only 6 in 1,000 workers commute across borders of EU Member States (*Table 5*). The extent of outgoing cross-border workers varies significantly between Member States, from 5.6% of the employed population in Slovakia and 3% in Estonia to only a marginal percentage of the employed population in Finland, Italy and the United Kingdom (1 in 1,000). But also the scale of incoming cross-border workers varies. Especially Luxembourg (43% of the employed population) and Austria (3.5% of the employed population) are confronted with a high number of incoming cross-border workers. In absolute figures, most of the outgoing cross-border workers reside in France (198,000), Germany (170,000) and Slovakia (131,000). Again in absolute figures, most of the incoming cross-border workers are employed in Germany (267,000), Luxembourg (178,000) and Austria (151,000). However, it is important to mention that also many EU cross-border workers are employed in Switzerland. In 2013, some 325,000 workers crossed the border to be employed in Switzerland, more than half of them (some 180,000) residing in France.

**Table 5 The number of outgoing and incoming cross-border workers (in ,000), EU-28**

Member State	Number of outgoing cross-border workers (in ,000)				Number of incoming cross-border workers (in ,000)			
	2011	2012	2013	as % of national employment in 2013	2011	2012	2013	as % of national employment in 2013
BE	92.5	91.7	94.6	2.1%	65.9	71.9	72.6	1.6%
BG	22.8	18.4	20.1	0.7%	1.9	1.4	1.1	0.0%
CZ	25.0	23.8	36.0	0.7%	55.6	58.8	54.5	1.1%
DK	2.4	3.5	4.1	0.2%	28.1	27.7	29.6	1.1%
DE	172.9	174.1	169.6	0.4%	197.5	227.9	266.7	0.7%
EE	17.7	20.5	18.6	3.0%	0.4	0.7	2.1	0.4%
IE	11.0	10.3	11.5	0.6%	15.4	13.7	14.1	0.8%
EL	0.0	0.0	0.0	0.0%	13.7	10.1	7.3	0.2%
ES	20.6	35.7	45.7	0.3%	46.3	38.9	43.2	0.3%
FR	151.5	161.9	197.8	0.8%	45.9	55.9	59.8	0.2%
HR	19.4	22.9	26.7	1.8%	1.7	1.6	1.6	0.1%
IT	22.3	35.1	31.7	0.1%	80.8	81.9	93.6	0.4%
CY	0.0	0.0	0.0	0.0%	3.0	3.7	2.8	0.8%
LV	5.9	9.2	7.6	0.9%	0.4	0.5	0.3	0.0%
LT	1.5	1.7	2.1	0.2%	0.2	0.7	1.0	0.1%
LU	2.7	3.4	3.7	1.5%	134.6	151.8	178.1	43.0%
HU	59.2	76.7	92.5	2.4%	13.0	9.6	8.0	0.2%
MT	1.0	0.8	0.5	0.3%	0.2	3.2	0.9	0.5%
NL	25.9	27.5	31.1	0.4%	100.3	114.2	103.0	1.2%
AT	32.9	32.8	33.1	0.8%	105.9	119.6	151.2	3.5%
PL	93.9	107.9	107.0	0.7%	4.4	8.3	6.6	0.0%
PT	19.8	20.2	23.4	0.5%	4.6	8.1	5.2	0.1%
RO	89.4	95.7	109.8	1.2%	3.2	5.6	4.0	0.0%
SI	10.1	14.0	14.9	1.6%	6.0	7.7	9.3	1.0%
SK	111.1	117.3	130.6	5.6%	7.3	3.9	7.8	0.4%
FI	0.5	0.7	1.6	0.1%	19.7	18.9	17.9	1.3%
SE	25.8	18.0	20.4	0.4%	13.0	13.3	14.3	0.3%
UK	14.3	20.4	24.4	0.1%	83.0	84.7	102.6	0.3%
EU-28	1,052.0	1,144.1	1,259.2	0.6%	1,052.0	1,144.1	1,259.2	0.6%
CH					325.1	319.3	324.9	

Source Own calculations based on LFS

Some 65% of the cross-border workers are employed in a neighbouring Member State, which amounts to some 814,000 frontier workers (Table 6). This percentage varies markedly across Member States. Over 90% of the cross-border workers living in Belgium (97%) and France (96%) are employed in a neighbouring Member State. Also some 67% of the cross-border workers living in Slovakia, a Member State indicating a high number of outgoing cross-border workers in absolute and relative terms, are employed in one of the neighbouring countries. At the same time, also more than 90% of the cross-border workers working in Luxembourg (99%), the Czech Republic (99%), Slovenia (94%) and Austria (91%) reside in a neighbouring Member State. This more detailed analysis is useful, as it demonstrates that most of the cross-border workers are employed in a neighbouring Member State (and as a consequence most of the time also in a similar welfare state regime). When there is a great similarity in family benefits across neighbouring Member States and a net balance in outgoing and incoming cross-border workers, it does not matter who pays the family benefit.



**Table 6 The number of outgoing and incoming frontier workers (in ,000), EU-28, 2013**

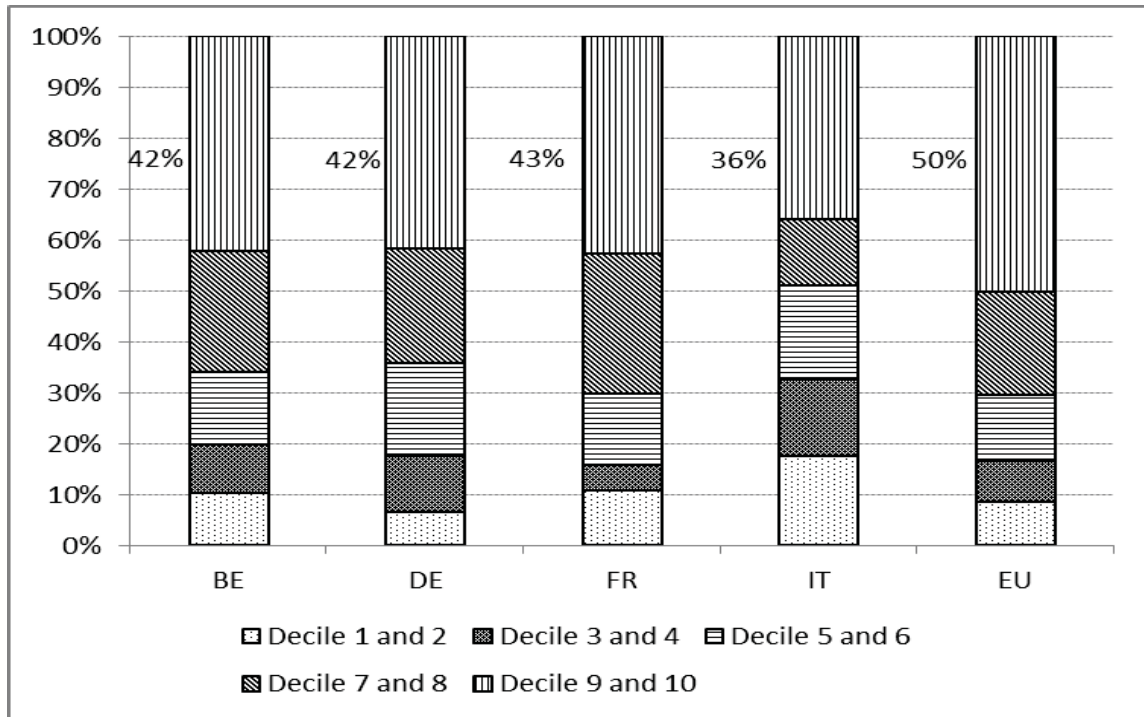
<b>Member State</b>	<b>Outgoing frontier workers</b>		<b>Incoming frontier workers</b>	
	<b>Number (in ,000)</b>	<b>As share of cross-border workers</b>	<b>Number (in ,000)</b>	<b>As share of cross-border workers</b>
BE	91.6	96.9%	55.3	76.2%
BG	4.8	23.6%	0.0	0.0%
CZ	30.6	85.0%	53.7	98.6%
DK	2.1	49.9%	22.1	74.7%
DE	149.2	88.0%	162.8	61.0%
EE	15.7	84.3%	1.4	66.9%
IE	10.8	94.0%	6.3	44.4%
EL	0.0	0.0%	4.5	61.5%
ES	6.7	14.6%	15.5	35.9%
FR	189.4	95.7%	33.3	55.7%
HR	6.5	24.4%	0.2	15.6%
IT	7.8	24.6%	5.7	6.1%
CY	0.0	0.0%	0.0	0.0%
LV	1.2	15.2%	0.1	49.8%
LT	0.0	1.6%	0.1	12.1%
LU	2.9	79.1%	176.3	99.0%
HU	45.0	48.7%	7.1	89.0%
MT	0.0	0.0%	0.0	0.0%
NL	26.7	85.9%	79.8	77.4%
AT	28.9	87.4%	137.3	90.8%
PL	66.0	61.7%	5.3	80.3%
PT	6.9	29.5%	1.8	34.9%
RO	0.0	0.0%	1.0	25.1%
SI	12.6	84.8%	8.7	93.8%
SK	88.0	67.3%	6.3	80.8%
FI	1.3	83.9%	15.9	88.8%
SE	13.2	64.7%	2.4	17.0%
UK	6.3	25.6%	10.8	10.5%
EU-28	813.9	64.6%	813.9	64.6%

Source Own calculations based on LFS

Figure 4 depicts the distribution of cross-border workers among the income deciles in their Member State of residence (decile 1: the lowest 10% of income earners and decile 10: the top 10% of income earners). On average 50% of EU cross-border workers fall within the two highest income deciles (or within the top 20% of income earners in their Member State of residence). This suggests that cross-border workers earn on average a (much) higher income compared to workers employed in their Member State of residence. There is, however, a possible selection bias (see e.g. EC, 2011; Nerb et al, 2009). "There is a marked difference between the occupations of cross-border commuters and others in employment in the country in which they live, which underlies the differences observed above in educational attainment levels" (EC, 2011, p. 101).

As a result, some of the cross-border workers might not be entitled to a family benefit when working in a Member State that has implemented a means-test. However, it is to be noted that the distribution of cross-border workers among the income deciles in the Member State of residence is not necessarily comparable to the distribution among the income deciles in the Member State of employment. This distribution of the cross-border workers among the income deciles of the Member State of residence is at the same time also an indication of the living standard of the cross-border worker, which is more likely to be higher compared to other citizens.

**Figure 4** Distribution of income of the outgoing cross-border workers, by income deciles of their Member State of residence, 2013



Source Own calculations based on LFS

The household composition of the cross-border worker and the labour work status of the spouse will have a significant influence on the number and the level of exported family benefits. This will be further elaborated in *Tables 7* and *8*. In general, half of the cross-border workers have no children. There are on average 0.9 children per cross-border worker in the EU area. Cross-border workers with children have on average 1.7 children. These average figures vary slightly between Member States, both for outgoing and incoming cross-border workers. This average number of children in the cross-border workers' families will consequently influence the expected financial impact of the export of family benefits.

**Table 7 The number of children of cross-border workers, 2013**

Member State	Outgoing cross-border workers				Incoming cross-border workers			
	No children	Children	Total number of children (in ,000)	Average number of children per worker	No children	Children	Total number of children (in ,000)	Average number of children per worker
BE	45.0%	55.0%	92.1	1.0	49.4%	50.6%	65.9	0.9
BG	33.4%	66.6%	21.2	1.1	50.6%	49.4%	0.7	0.6
CZ	46.1%	53.9%	33.0	0.9	43.2%	56.8%	53.0	1.0
DK	71.4%	28.6%	2.4	0.6	58.3%	41.7%	23.9	0.8
DE	67.5%	32.5%	91.1	0.5	45.8%	54.2%	259.4	1.0
EE	44.6%	55.4%	17.6	0.9	46.9%	53.1%	1.6	0.8
IE	37.2%	62.8%	15.7	1.4	54.9%	45.1%	10.3	0.7
EL					29.4%	70.6%	8.7	1.2
ES	50.1%	49.9%	39.0	0.9	54.9%	45.1%	33.9	0.8
FR	44.9%	55.1%	191.5	1.0	46.1%	53.9%	52.3	0.9
HR	41.1%	58.9%	26.7	1.0	72.3%	27.7%	0.6	0.4
IT	57.5%	42.5%	20.6	0.6	52.2%	47.8%	70.9	0.8
CY					47.0%	53.0%	2.1	0.7
LV	52.0%	48.0%	5.1	0.7	63.0%	37.0%	0.1	0.5
LT	58.0%	42.0%	1.3	0.6	89.1%	10.9%	0.2	0.2
LU	52.4%	47.6%	3.4	0.9	42.2%	57.8%	173.0	1.0
HU	53.3%	46.7%	71.4	0.8	64.7%	35.3%	3.7	0.5
MT	67.3%	32.7%	0.2	0.5	84.4%	15.6%	0.2	0.2
NL	57.0%	43.0%	24.0	0.8	54.5%	45.5%	80.0	0.8
AT	58.2%	41.8%	21.0	0.6	51.4%	48.6%	119.4	0.8
PL	30.8%	69.2%	130.7	1.2	78.7%	21.3%	2.1	0.3
PT	38.8%	61.2%	22.1	0.9	43.0%	57.0%	4.6	0.9
RO	43.9%	56.1%	103.4	0.9	52.0%	48.0%	2.2	0.5
SI	44.0%	56.0%	13.2	0.9	44.4%	55.6%	8.0	0.9
SK	46.5%	53.5%	121.2	0.9	60.1%	39.9%	5.2	0.7
FI	81.9%	18.1%	0.4	0.3	43.6%	56.4%	18.0	1.0
SE	59.0%	41.0%	15.7	0.8	58.3%	41.7%	10.5	0.7
UK	61.3%	38.7%	14.8	0.6	51.8%	48.2%	88.3	0.9
EU-28	49.0%	51.0%	1,098.6	0.9	49.0%	51.0%	1,098.6	0.9

Source Own calculations based on LFS

By taking the different components into account (number of children – household composition – labour status of the spouse), the number of cross-border workers entitled to a child benefit for their children residing in another Member State could be estimated. At EU level, 22% of cross-border workers (276,000) live in a household with child(ren) whereby the spouse does not take up employment (*Table 8*). Also 2% of cross-border workers (22,000) is a single parent with child(ren). Both groups of cross-border workers is entitled to export their family benefit outside the Member State acting as 'primarily competent'. At the same time, 27% of cross-border workers (334,000) live in a household with child(ren) whereby the spouse is employed. In this case there will be no export of the child benefit from the Member State of employment of the cross-border worker as the 'primarily competent Member State'. However, this Member State might have to pay a supplement as the 'secondarily competent Member State'. Finally, as has been said, also 49% of cross-border workers have no children. The percentage of cross-border workers entitled to export a child benefit slightly differs across Member States. *Table 8* describes only those Member States with a high number of incoming cross-border workers (in absolute or/and in relative terms) (DE, LU and AT).<sup>43</sup> As a result, for these cross-border workers with children (some 50% of the reference group) almost 5 in 10 have a partner who is employed. For the other 50% of cross-border workers with children, the child benefit is exported outside the 'primarily competent Member State'.

<sup>43</sup> The impact assessment will take all Member States into consideration.

**Table 8 The number of cross-border workers and involved children by household composition, 2013**

	DE		LU		AT		EU Total		
	Cross-border workers (in ,000)	% of total	Cross-border workers (in ,000)	% of total	Cross-border workers (in ,000)	% of total	Cross-border workers (in ,000)	% of total	% of total (excl. no children)
<b>No children</b>	122	46%	75	42%	78	51%	617	49%	
Single with child(ren)	<b>4</b>	<b>2%</b>	<b>8</b>	<b>5%</b>	<b>2</b>	<b>1%</b>	<b>22</b>	<b>2%</b>	<b>38</b>
<b>Couple with child(ren)</b>	141	53%	94	53%	72	47%	610	48%	1,043
Partner working	73	27%	65	36%	38	25%	334	27%	571
Partner not working	<b>68</b>	<b>25%</b>	<b>29</b>	<b>17%</b>	<b>34</b>	<b>22%</b>	<b>276</b>	<b>22%</b>	<b>472</b>
<b>Other</b>	0	0%	0	0%	0	0%	10	1%	18
<b>Total</b>	267	100%	178	100%	151	100%	1,259	100%	1,098

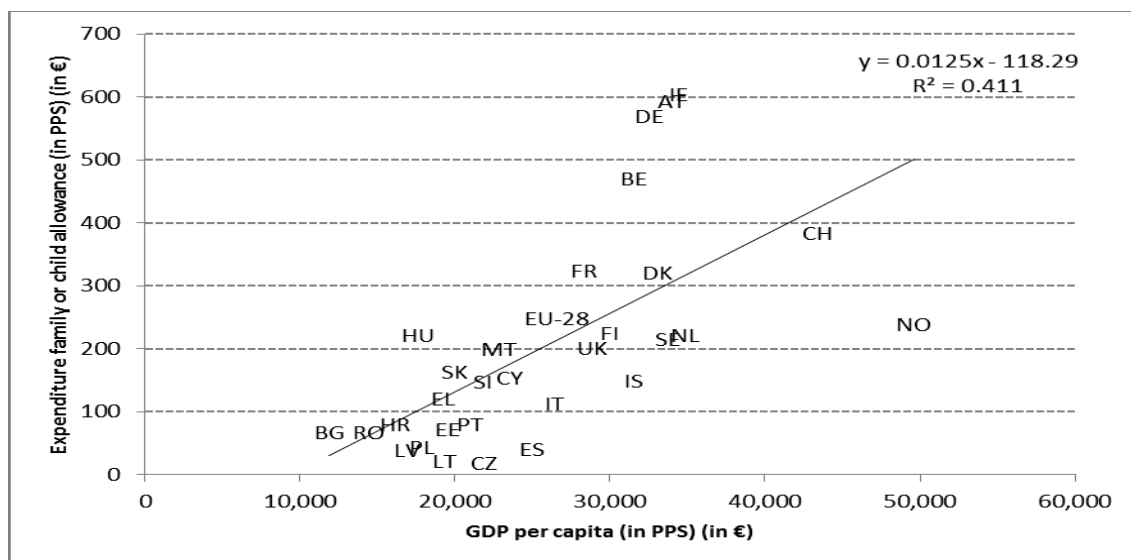
\* **Bold:** Export of family benefit as primarily competent Member State.  
**Source** Own calculations based on LFS

#### 4. THE LEVEL OF SOCIAL PROTECTION VERSUS THE STANDARD OF LIVING VERSUS THE COST OF LIVING

A possible amendment to the rules could correct the amount of the family benefit in proportion to the 'standard of living' in the Member State where the children reside (Option 1). Financial support by means of a family benefit aims to meet family expenses (see also Article 1 (z) of Regulation (EC) No 883/2004). However, the extent to which family benefits compensate family expenses might be different between the competent Member State and the Member State of residence of the children.<sup>44</sup> This section will focus on the definition of the concept 'living standard', the possible methodology to measure it, but also the similarities/differences with other concepts such as the level of social protection and the cost of living.

The concept 'living standard' has already been discussed frequently in literature (e.g. by Sen 1984; Dubnoff, 1985; Stávková, 2012). Sen (1984, p. 86) concludes that "living standard can be seen as freedom of particular types, related to *material capabilities*. ... It is in this sense that living standard can be seen as '*economic freedom*'." Several indicators could measure this. GDP per capita is, despite the imperfections of the indicator (see Stiglitz, Sen and Fittoussi, 2009), the most frequently used economic indicator to measure the standard of living. The correlation between this indicator and public spending on social protection (in this case related to family or child allowances) is shown by Figure 5. It will articulate the relative differences in generosity of social spending per capita. The Actual Individual Consumption (AIC) is an alternative economic indicator and is probably also better adapted to describe the material welfare of households. It includes all consumer goods and services purchased directly by households, as well as services provided by non-profit institutions and the government for individual consumption.

**Figure 5** The influence of GDP per capita on expenditure family or child allowance, 2013



\* Figures of LU are excluded in this figure. Correlation of 0.64.

Source Eurostat [prc\_ppp\_ind] [spr\_exp\_ffa]

<sup>44</sup> Barslund and Busse (2014, p. 20) concluded yet that "any indexation should apply in a non-discriminatory way, i.e. also when benefits are exported to countries with higher costs of living."

Both indicators, but also expenditure on social protection, could be converted by the Purchasing Power Parities (PPPs)<sup>45</sup> rates into a Purchasing Power Standard (PPS), eliminating the effect of price level differences across Member States, as price levels for consumer goods and services vary widely between Member States from 140% of the EU-28 average in Denmark to 48% of the EU-28 average in Bulgaria (figures for 2013) (*Figure 6*). EFTA countries Norway (157% of the EU-28 average) and Switzerland (155% of the EU-28 average) have, however, the highest price levels. These price level indices could be used to calculate a 'correction coefficient' in order to correct the price level differences between the competent Member State and the Member State of residence of the child(ren). But, this is rather a correction for the cost of living, which is in the most extreme situation three times higher or lower between Member States.

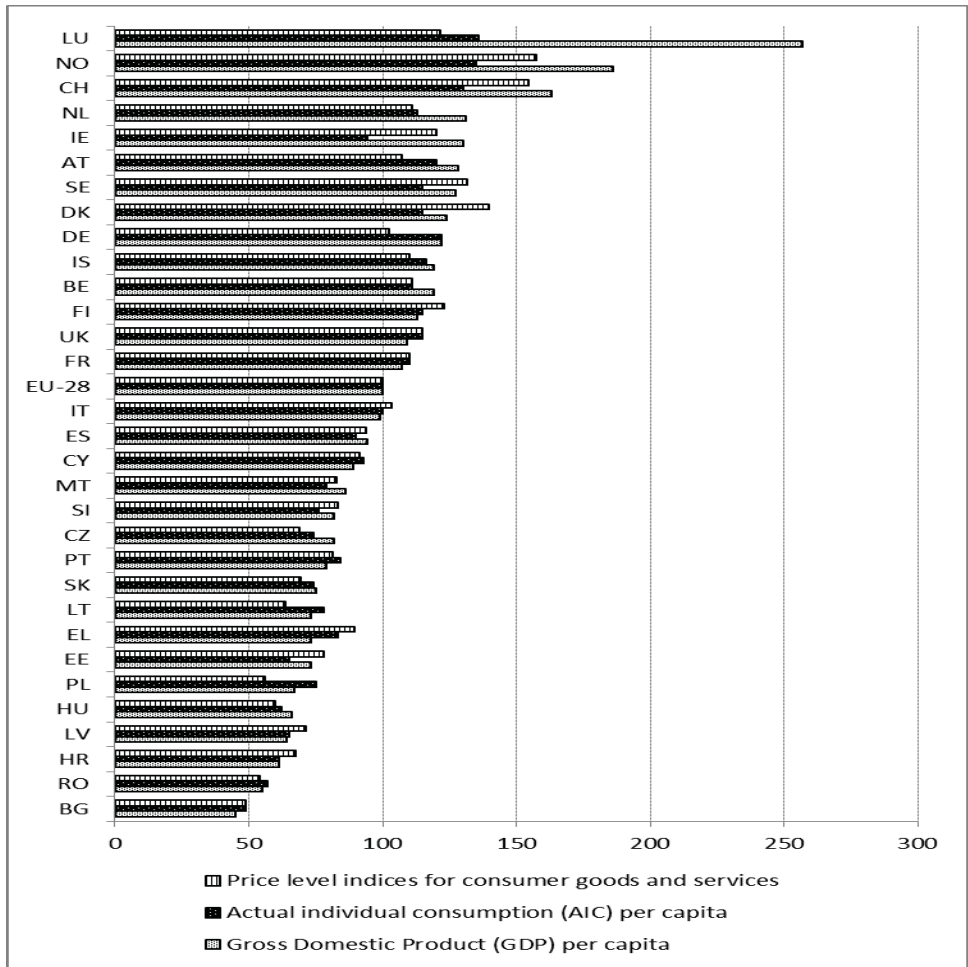
In 2013, the highest level of AIC per capita (136% of the EU-28 average) and GDP per capita<sup>46</sup> (257% of the EU-28 average) expressed in Purchasing Power Standards (PPS) was recorded in Luxembourg (*Figure 6*). This in contrast to Bulgaria, where the lowest level of AIC per capita in PPS (49% of the EU-28 average) and GDP per capita in PPS (45% of the EU-28 average) was recorded.

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<sup>45</sup> See also EU Staff Regulations, Annex XI ([http://ec.europa.eu/civil\\_service/docs/toc100\\_en.pdf](http://ec.europa.eu/civil_service/docs/toc100_en.pdf)).

<sup>46</sup> With the exception that GDP per capita is not a good measure for a small country with a huge external workforce (cross-border commuters), as is the case for Luxembourg. In that case, GNP, which adds to the GDP net income received from abroad by the national population, is a better indicator.

**Figure 6** Indices of GDP and AIC per capita in PPS and price levels, 2013 (EU-28 = 100)



Source Eurostat [prc\_ppp\_ind]

## 5. THE ESTIMATED ECONOMIC IMPACT OF THE CURRENT RULES AND THE ALTERNATIVE OPTIONS

### 5.1. Data collection

The scope of the administrative questionnaire was limited to the number of households and children who received a child benefit from a competent exporting Member State. For the calculation of the options, the complete reference group should be taken into account. However, some persons of the reference group do not appear on the basis of the administrative questionnaire. In particular persons who did not receive a supplement from the exporting Member State because the family benefit paid by the Member State of residence of the child(ren) is higher than the family benefit of the exporting Member State (see also *Figure 7*). This is a limitation of the data which should be taken into account. The definition of the complete reference group is in particular important for Option 3 (making the Member State of residence of the child primarily competent). Also, more information is required on the average amount of the family benefit on the basis of ESSPROS, as not all Member States have answered the administrative questionnaire. This kind of additional information will be needed for the calculation of Option 3.

**Figure 7 Limited scope of the questionnaire on export of family benefits**

Exporting Member State	Member State of residence of the child(ren)		
	Primarily competent MS	Supplement as secondarily competent MS	No supplement
Primarily competent MS			
Supplement as secondarily competent MS	YES	} Partial	
No supplement			

\* Black: Unknown  
**Source** The authors' own figure

19 Member States were able to provide more detailed data on the export of family benefits, of which 17 Member States provided data on the amount of exported family benefits. It follows that some caution is required when drawing conclusions especially given the fact that some Member States which can be considered highly relevant in this respect did not provide data on the export of family benefits. A total amount of some € 983 million related to the export of family benefits was brought into the picture by the reporting Member States (Table 9). As could be observed, some Member States provided information on the exportability of several types of family benefits. In order to avoid double-counting, the options will discuss only one family benefit scheme of each of the reporting Member States. Most of the time the child benefit scheme was selected. For a detailed reporting on the questionnaire on the export of family benefits we refer to Pacolet and De Wispelaere (2015).

The Member States have reported a total export of child benefits to some 324,000 households or 506,000 children, which amounts to a total expenditure of € 942 million. The cross-border tables provide a view on the 'main' exporting and receiving Member States. In particular, Luxembourg, Austria and Germany appear to be the 'main' exporting Member States in absolute terms. Luxembourg has even paid a total amount of € 477 million on family benefits exported abroad.



**Table 9 Export of family benefits, per type of family benefit, per number of persons entitled, family members involved and annual amount paid, 2013/2014**

	Type	Total number of persons	Number of family members involved	Total annual amount (in €)	Annual average amount per child (in €)	Annual average amount per person entitled (in €)	Average number of family members per person entitled
BE	Cash family benefit (only salaried persons)	23,962	45,010	83,566,755	1,857	3,487	1.9
BG							
CZ	Child care benefit, parental allowance, payment for children in foster care	1,009	4,596	951,041	207	943	4.6
DK	'Ordinary' child benefit	421	1,101	1,033,380	939	2,455	2.6
	Child and youth allowance	4,720	15,797	24,383,654	1,544	5,166	3.3
DE	Child benefit ( <i>Kindergeld</i> )	62,587	106,552	105,759,924	993	1,690	1.7
	Parental leave ( <i>Elterngeld</i> )	1,426					
	Child care supplement	78					
	( <i>Betreuungsgeld</i> )						
EE	Family benefit	406	537	573,075	1,067	1,412	1.3
IE	Child benefit	4,636	7,421	11,576,760	1,560	2,497	1.6
	Domiciliary care allowance	6	6	22,344	3,724	3,724	1.0
	Family income supplement	755		4,700,000		6,225	
EL	Family benefit granted to the employees of the private sector						
ES		37	49	10,729	219	290	1.3
FR							
HR							
IT							
CY							
LV	Family state benefit	948	1,102	107,478	98	113	1.2
	Supplement to the family state benefit for a disabled child	22	36	12,639	351	575	1.6
	Parent's benefit	100	100	303,414	3,034	3,034	1.0
	Child care benefit	435	437	344,275	788	791	1.0
	Disabled child care benefit	6	6	11,878	1,980	1,980	1.0
LT							
LU	Child benefit (incl. special supplementary allowance, annual school year allowance and child-raising allowance)	69,310	127,500	476,900,069	3,740	6,881	1.8
	Family allowance	1,154	1,616	336,232	208	291	1.4
HU	Child home care allowance	118	123	11,404	93	97	1.0
	Child-raising support	2	6	185	31	93	3.0
MT							
NL	Child benefit (AKW)	20,225	37,924	35,622,000	939	1,761	1.9
	Child care allowance ( <i>kinderopvang-toeslag</i> )	1,556	2,238	4,869,733	2,176	3,130	1.4

## Export of family benefits

Type	Total number of persons	Number of family members involved	Total annual amount (in €)	Annual average amount per child (in €)	Annual average amount per person entitled (in €)	Average number of family members per person entitled
AT						
Child budget ( <i>kindgebonden budget</i> )	15,810	26,016	20,669,349	794	1,307	1.6
Family allowance, differential supplement, <i>Kinderabsetzbetrag</i>	63,828	104,295	147,322,836	1,413	2,308	1.6
Family benefit	8,698		3,995,406		459	
PT						
RO						
Child benefit allowance	11,427					
Child raising benefit	24					
SI						
SK						
Child benefit	4,520	6,846	1,544,876	226	342	1.5
Parental allowance	2,935	3,010	4,292,123	1,426	1,462	1.0
Child benefit	11,449	13,206	19,359,180	1,466	1,691	1.2
SE						
UK						
Child benefit	20,271	33,553				1.7
Child tax credit	7,005	11,735				1.7
Child benefit	73	119	116,339	978	1,594	1.6
IS						
LI						
NO						
Family allowances	14,524		29,660,573		2,042	
Cash benefits	1,919		5,415,554		2,822	
CH						
Total	**	**	983,473,205			

\* No data available for BG, ES, FR, EL, IT, CY, LT, PT, SI, SE, LI and CH.

\*\* In order to avoid double-counting, only total expenditure is reported.

Source Questionnaire on the export of family benefits

## 5.2. Overview of the different options

### Status quo

Family benefits are paid at the level of the 'primarily' competent Member State. Also, a Member State might have to pay a supplement as the 'secondarily' competent Member State.

### Option 1 – Adjustment of the exported family benefit to the living standards

Under this option there is an adjustment of the amount of exported family benefits to the living standard in the Member State of residence of the child(ren). Under Sub-option 1a the adjustment of the amount could be upwards as well as downwards. This in contrast to Sub-option 2b, where the adjustment of the amount is limited to the amount paid by the competent Member State.

An adjustment of the family benefit paid by the exporting Member State (not only as primarily competent Member State but also as secondary competent Member State) by a correction coefficient should guarantee a correction for the differences in the cost of living between the exporting Member State and the Member State of residence of the child(ren).

Table 10 describes different possible cases and their impact on the cost of living (i.e. the benefit level) in the Member State of residence of the children. We observe that in two specific cases the payment of the family benefit under the current rules will result into a higher benefit level in the Member State of residence (*cases 1 and 3*).

**Table 10** The impact of the payment of a supplement on the living standard in the MS of residence

No of cases	Member State of employment/residence EU migrant/ cross-border worker (MS A)	Member State of residence of the children (MS B)	Result
	<b>Primarily competent</b>	<b>Secondarily competent</b>	
1 <b>FB MS A &gt; FB MS B</b>	No supplement paid by MS of residence		Above the 'benefit level' MS of residence
2 <b>FB MS A &lt; FB MS B</b>	Supplement paid by MS of residence		Equal to the 'benefit level' MS of residence
	<b>Secondarily competent</b>	<b>Primarily competent</b>	
3 <b>FB MS A &gt; FB MS B</b>	Supplement paid by the Member State of employment		Above the 'benefit level' MS of residence
4 <b>FB MS A &lt; FB MS B</b>	No supplement paid by the Member State of employment		Equal to the 'benefit level' MS of residence

Source The authors' own table based on the current EU provisions

### Option 2 – No export

This option will be disregarded due to legal reasons.

### **Option 3 – Reverse order of competence**

Under this option the order of priority in order to determine the 'primarily' competent Member State would be changed. The Member State of residence of the child should become the 'primarily' competent Member State. The Member State of employment of the migrant worker or cross-border worker would top up this amount as the 'secondarily' competent Member States if the level of family benefits is higher there. This implies a change in the allocation of the cost between the Member State of residence and the Member State of employment of the migrant/cross-border worker.

### **Horizontal Option - Different coordination rules for salary-related child-raising allowances**

This is a horizontal option, which may be applied alone or in conjunction with any of the options above. Under this option salary-related child raising allowances (or any salary-related components of a benefit which comprises of both salary-related and flat rate elements) would continue to be exportable as family benefits, but would be treated as individual and personal rights which may only be claimed by the parent who is subject to the applicable legislation in question (not by other members of their family). In addition, it is proposed that no anti-overlapping rules would apply to such benefits meaning that they would be payable in full to the parent concerned under the applicable national legislation irrespective of whether the Member State concerned has primary or secondary competence.

### **5.3. The estimated economic impact of the different options**

As could be observed, some Member States provided information on the exportability of several types of family benefits. In order to avoid double-counting, most of the time only the child benefit scheme was selected. But it is not always sure that the term covers the same type of benefit. As mentioned before, some Member States reported only the sum of more than one family benefit (e.g. CZ, LU, AT and MT). By selecting only one family benefit scheme per Member State, also a view on the Member State of residence of the children will be obtained.

#### **Status quo**

The status quo scenario results in a total reported expenditure on the export of child benefits of € 941.8 million (*Table 11*). In absolute terms, most child benefits are exported by LU, AT<sup>47</sup> and DE. In particular, Luxembourg spends a high amount on the export of child benefits. In total an amount of € 476.9 million, amounting to somewhat more than half of public spending reported by the different Member States, was paid by Luxembourg.

This cross-table also provides a more detailed breakdown of the expenditure per Member State of residence of the child(ren). This kind of detailed information will be needed in order to calculate the impact of Option 2 (adjustment of the amount to the 'living standard' (i.e. cost of living) in the Member State of residence of the child(ren)). Most child benefits were exported to France and Poland. The high share of

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<sup>47</sup> Austria reported a total exported amount of € 147 million for 2013. However, an amount of € 206 million for 2013 was recently reported in a press article based on a parliamentary question. This amount includes two additional payments: retroactive payments for the last five years based on a national rule and double payments for differential supplements (2012 and 2013). Moreover, the breakdown per Member State of residence reported in this parliamentary question is very informative given that the Austrian delegation did not provide a breakdown per Member State of residence.

## Export of family benefits

France in total expenditure is mainly explained by the fact that most of the child benefits imported by France are exported by Luxembourg. However, the missing data for a number of competent exporting Member States may lead to a distorted view of reality if the export of child benefits is reported per Member State of residence of the child(ren).



### **Option 1 – Adjustment of the exported family benefit to the living standards**

Under this option there is an adjustment of the amount of the exported family benefits to the cost of living in the Member State of residence of the child(ren). An adjustment of the family benefit paid by the exporting Member State by a correction coefficient should guarantee a correction for the differences in the cost of living between the exporting Member State and the Member State of residence of the child(ren). By making use of the price level indices for consumer goods and services a correction coefficient between the exporting Member State and the Member State of residence of the child(ren) could be calculated. *“The price level indices provide a comparison of Member States' price levels relative to the European Union average: if the price level index is higher than 100, the Member State concerned is relatively expensive compared to the EU average, while if the price level index is lower than 100, then the Member State is relatively cheap compared to the EU average. They provide an indication of the order of magnitude of the price level in one Member State in relation to others.”*<sup>48</sup> This correction coefficient will afterwards be multiplied by the amounts reported in the status quo scenario.

#### **Box II – Interpretation of Table 12 – Two examples**

The price level of BG is 0.44 times the price level of BE. Therefore, the Belgian family benefit exported to BG will be multiplied by 0.44 in order to correct for the cost of living in BG.

The price level of BE is 2.3 times the price level of BG. Therefore, the Bulgarian family benefit exported to BE will be multiplied by 2.3 in order to correct for the cost of living in BE.

<sup>48</sup> [http://ec.europa.eu/eurostat/statistics-explained/index.php/Comparative\\_price\\_levels\\_of\\_consumer\\_goods\\_and\\_services](http://ec.europa.eu/eurostat/statistics-explained/index.php/Comparative_price_levels_of_consumer_goods_and_services)





Export of family benefits

12	K	65	48	00	51	70	89	60	80	75	65	04	69	83	00	09	58	18	89	65	66	25	83	25	86	00	58	55	62	71	63	a.	46	46	
3	FI	13	56	73	88	21	54	04	38	29	13	81	19	43	73	89	00	05	54	12	15	16	43	16	48	73	00	95	08	23	10	a.	79	79	
13	S	1	2	1	0	1	1	1	1	1	1	1	1	1	1	2	1	2	1	1	1	2	1	2	1	1	1	1	1	1	1	n.	0	83	
0	E	19	71	83	93	27	63	10	46	37	19	91	26	51	83	00	06	17	63	18	21	28	51	28	57	83	06	00	14	30	16	a.	84	83	
11	U	1	2	1	0	1	1	0	1	1	1	1	1	1	1	1	0	1	1	1	1	2	1	2	1	1	1	1	1	1	n.	0	0		
4	K	05	38	61	81	12	43	97	28	20	05	68	11	33	61	75	93	90	43	04	07	00	33	00	37	61	93	88	00	14	02	a.	74	73	
10	E	0	2	1	0	0	1	0	1	1	0	1	0	1	1	1	0	1	1	0	0	1	1	1	1	1	0	0	0	1	0	n.	0	0	
0	U	92	08	41	71	98	25	85	12	05	92	47	97	16	41	54	81	67	25	91	93	75	16	75	20	41	81	77	88	00	89	a.	65	64	
11	IS	1	2	1	0	1	1	0	1	1	1	1	1	1	1	1	0	1	1	1	1	1	1	1	1	1	0	0	0	1	n.	0	0		
2		03	33	58	80	10	40	95	26	18	03	65	09	30	58	72	91	87	40	02	05	96	30	96	35	58	91	86	98	12	00	a.	72	72	
	LI	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.	n.
15	N	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.	a.
5	O	1	3	2	1	1	1	1	1	1	1	2	1	1	2	2	1	2	1	1	1	2	1	2	1	2	1	1	1	1	1	n.	1	0	
15	C	42	23	18	11	52	94	31	74	63	42	28	50	80	18	38	26	58	94	41	45	72	80	72	87	18	26	19	36	55	38	a.	00	99	
6	H	1	3	2	1	1	1	1	1	1	1	2	1	1	2	2	1	2	1	1	1	2	1	2	1	2	1	1	1	1	1	n.	1	1	
		43	25	20	11	53	95	32	75	64	43	29	51	81	20	40	27	60	95	42	46	74	81	74	88	20	27	20	37	56	39	a.	01	00	

\* No figures available for LI

Source: Calculations based on Eurostat figures

***Sub-option 1a: adjustment of exported family benefit to the living standards (upwards and downwards)***

Under Sub-option 1a the adjustment of the amount could be upwards as well as downwards. The application of this option results in a total expenditure of € 792.1 million or a decrease by 15.9% compared to the status quo scenario (*Table 13*). The budgetary impact of this option will mainly be determined by the distribution of the exported family benefits to the Member States of residence of the child(ren), the cost of living in these Member States and the differences with the exporting Member State. A higher cost of living in the Member State of residence of the child(ren) compared to the exporting Member State will result in a higher public spending under this option compared to the status quo scenario.

Luxembourg will experience a decrease of public spending related to the export of child benefits of 13% if this option is applied (*Table 13*). Germany will even spend 33% less under this option compared to the status quo scenario. The fact that Germany experiences a higher decrease of public spending compared to Luxembourg is mainly the result of the export towards a different kind of Member States of residence of the child(ren). Luxembourg exported most family benefits to France (which has a comparable level of cost of living) while Germany exported most family benefits to Poland (which has a much lower level of cost of living). Member States showing a low cost of living, among others Poland (+75%), Latvia (+41%), Estonia (+37%), Slovakia (+35%), Hungary (+21%), will experience a (much) higher public spending under this option compared to the status quo scenario.

**Table 13** Export of *child benefits*, estimated expenditure (in million €), 2013/2014 – *Sub-option 1a (adjustment upwards and downwards)*

Member State of residence of the child(ren)	Competent exporting Member State																											Tot								
	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE		UK	IS	LI	NO	CH			
BE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.2	0.0	0.0	8.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11			
BG	0.1	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.8				
DE	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	3.4				
DK	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.6	1.1				
EE	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0	0.0	0.0	6.2	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.9	0.0	0.0	0.4	7.9	2				
EL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.1	0.0	0.0	5.6	0.4	0.4				
ES	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	1.2				
FR	0.2	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.0	0.6	5.1	1.2				
HR	5.3	0.0	0.0	0.0	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.2	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.1	2.9	1.8				
IT	4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18	0.0			
IE	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5	3.9			
IS	1.4	0.0	0.0	0.0	1.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	64	0.0			
LI	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
LU	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
HU	0.2	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
MT	0.1	0.0	0.0	0.0	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
NL	11	0.0	0.0	0.0	3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
AT	0.0	0.0	0.0	0.0	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
PT	4.9	0.0	0.0	0.0	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.4	0.0	0.0	8.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
RO	0.9	0.0	0.0	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
SI	0.0	0.0	0.0	0.0	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
SK	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FI	0.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.4	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
SE	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
UK	0.3	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
IS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.1	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
LI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CH	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total	77	6	0.9	17	71	0.8	7.1	0.0	0.0	0.0	0.0	0.0	0.2	41	0.4	3.6	0.4	26	13	7.0	7.7	4	7.7	1	2.1	15	1	14	15	2.1	7.9	2.1	7.9	2.1		
Status quo	83	1.0	24	10	0.6	11	0.0	0.0	0.0	0.0	0.0	0.0	0.1	47	0.3	35	14	35	14	4.0	4.0	4.0	4.0	1.5	19	1	19	1	29	19	94	19	94			
% change	6	4	28	32	3	37	6	15	1	1	1	40	8	6.9	20	6.9	7.3	6	7.3	6	7.3	4	7.3	4	34	4	4	4	7	7	1.8	7	1.8			
	7.2	0.4	28	32	3	38	9	15	9	9	9	40	8	13	9	13	9	26	6.5	4	4	4	6	22	6	22	2	45	50	8	50	8	15			

\* No data available for BG, DK, FR, HR, IT, CY, LT, MT, AT, PT, RO, SI, SE, UK, LI and CH.

\*\* Calculations for DK, PL, LV and AT are based on the price level differences between the EU-28 and DK, PL/LV/AT as no (or an incomplete) breakdown per Member State of residence of the child(ren) is reported.

Source The authors' own calculations based on questionnaire on the export of family benefits and Eurostat

***Sub-option 1b: adjustment of exported family benefits to the living standards (with ceiling)***

Under Sub-option 1b, the adjustment of the amount is limited to the amount paid by the competent exporting Member State. This implies that if the correction coefficient calculated in *Table 12* is above 1 the expenditure will be equal to the amount reported under the status quo scenario (*Table 11*). If the correction coefficient is below 1, the expenditure will be equal to the amount reported under Sub-option 1a (*Table 13*). The application of this option results in a total expenditure of € 785.8 million or a decrease by 16.6% compared to the status quo scenario (*Table 14*). This is only a minor difference in total expenditure compared to Sub-option 1a. However, this is not necessarily the case for each of the individual Member States.

Luxembourg (-13%) does almost not experience a higher decrease of their public spending compared to Sub-option 1a (*Table 14*). This is because Luxembourg almost all the time shows a higher cost of living compared to the Member State of residence of the child(ren) (except for NO and CH). This option corrects especially the public spending for exporting Member States showing a low cost of living. Exporting Member States which experienced a higher expenditure under Sub-option 1a show under Sub-option 1b a (limited) lower expenditure compared to the status quo scenario (for instance, PL, LV, EE, SK and HU).

**Table 14** **Export of child benefits, estimated expenditure (in million €), 2013/2014 – Sub-option 1a (adjustment limited to the amount of the competent MS)**

Member State of residence of the child(ren)	Competent exporting Member State																											Tot.				
	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE		UK	IS	LI	NO
B	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	108.2	0.0	8.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.1	116.9	
E	0.1	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.8		
G	0.1	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.4		
Z	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.6	1.0		
D	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	70.9	0.0	6.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.0	0.4	79.2		
E	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.1	0.0	0.0	0.3	5.6		
E	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.4		
IE	0.2	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	1.2		
EL	1.8	0.0	0.0	0.0	0.9	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.0	0.6	5.1			
S	53.4	0.0	0.0	0.0	12.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	222.2	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.1	289.6			
F	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2		
H	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.1	4.1		
R	1.4	0.0	0.0	0.0	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	4.1	
IT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	
C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Y	0.0	0.0	0.0	0.0	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.5	1.1		
L	0.0	0.0	0.0	0.0	0.1	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	2.0	2.8			
U	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.3		
H	0.1	0.0	0.0	0.0	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	2.9		
U	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
T	11.8	0.0	0.0	0.0	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.2	18.0			
N	0.0	0.0	0.0	0.0	2.3	0.0	3.4	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.0	0.0	3.4		
L	4.9	0.0	0.0	0.0	39.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.4	0.0	2.4	0.0	8.5	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.0	5.2	64.0			
P	0.9	0.0	0.0	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1	0.0	3.1	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.1	5.1			
T	0.7	0.0	0.0	0.0	1.4	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.0	2.7			
O	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	
SI	0.1	0.0	0.0	0.0	1.8	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.6	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	4.6			
S	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.6			
K	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.6			
FI	0.0	0.0	0.0	0.0	0.1	0.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.3	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	2.2	0.0	0.0	2.5	5.2			
S	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.3	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	1.4	0.0	0.0	0.8	6.0			
E	0.3	0.0	0.0	0.0	0.2	0.0	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.4			
U	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
K	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
N	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
O	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4	0.0	0.1	1.4			

## Export of family benefits

H	Competent exporting Member State																											Tot.				
	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE		UK	IS	LI	NO
Total	77.3	0.0	0.0	17.4	69.9	0.0	7.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	413.0	0.0	0.0	26.0	137.0	0.0	0.0	0.0	0.0	0.0	0.0	14.7	0.1	0.1	14.0	0.0	0.0	785.0
Status quo	83.6	1.0	0.0	24.8	105.0	0.0	11.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	476.0	0.0	0.0	35.0	147.0	0.0	0.0	0.0	0.0	0.0	0.0	19.5	0.1	0.1	29.0	0.0	0.0	941.0
% change	7.5	0.0	0.0	28.6	33.9	0.0	38.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.3	0.0	0.0	26.3	6.5	0.0	0.0	0.0	0.0	0.0	0.0	24.0	45.7	45.0	50.0	0.0	0.0	16.6

\* No data available for BG, DK, FR, HR, IT, CY, LT, MT, AT, PT, RO, SI, SE, UK, LI and CH.

\*\* Calculations for DK, PL, LV and AT are based on the price level differences between the EU-28 and DK/PL/LV/AT as no breakdown per Member State of residence of the child(ren) is reported.

Source The authors' own calculations based on the questionnaire on the export of family benefits and Eurostat

### **Option 2 – No export**

This option will be disregarded due to legal reasons.

### **Option 3 – Reverse order of competence**

Under this Option 3 the exporting Member State would only top up the amount as the 'secondarily' competent Member State if the level of family benefits is higher than the level of family benefits in the Member State of residence of the child(ren). This implies that the Member State of residence of the child(ren) will become the 'primarily' competent Member State of the reference group of 506,123 children involved (*Table 15*). However, not all reporting Member States were able to provide a breakdown by Member State of residence (DK, PL, LV and AT). This implies that calculations will be based on a limited group of approximately 385,000 children. Also, as already mentioned the reference group is incomplete, as no view is available of the number of persons who received no supplement from the exporting Member State as the 'secondarily' competent Member State under the current rules (*Figure 7*).

**Table 15 Export of child benefits, the number of family members involved, 2013/2014**

Member State of residence of the child(ren)	Competent exporting Member State																											Total					
	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE		UK	IS	LI	NO	CH
BE	84				945	1	4	0	0	0	0	0	0	34,971	2	8,929	7	157	2	199	261	123	33	225	33	225	123	45,233					
BG	52				2,362	19	0	0	0	0	0	0	0	542	1	255	5	147	1	199	261	123	2	199	261	123	3,091						
CZ	12				5,575	43	0	0	0	0	0	0	0	18	20	20	18	20	20	20	20	20	20	20	20	20	20	20	20	20	20	9,142	
DK	399	2			226									26,134	2	7,220	26,134	2	7,220	26,134	2	7,220	26,134	2	7,220	26,134	2	7,220	26,134	2	7,220	26,134	35,272
DE	9				77	66	10	0	2	2	2	2	2	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46	5,694	
EE	25				74	3	0	0	0	0	0	0	0	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	2,792	
EL	73				3,387									5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	3,842	
ES	728				243	243	92	0	0	0	0	0	0	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	3,588	
FR	31,036				16,553	1	31	0	2	2	2	2	2	62,143	4	484	62,143	4	484	62,143	4	484	62,143	4	484	62,143	4	484	62,143	4	484	62,143	111,858
HR	84				304									3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	452	
IT	547				3,887									65	203	65	203	65	203	65	203	65	203	65	203	65	203	65	203	65	203	65	5,471
CY	0				3									0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	108	
LV	24				717	3	197	0	0	0	0	0	0	1	143	1	143	1	143	1	143	1	143	1	143	1	143	1	143	1	143	2,293	
LT	14				817	23	437	0	198	198	198	198	198	1	135	198	1	135	198	1	135	198	1	135	198	1	135	198	1	135	198	3,219	
LU	103				57									26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	287	
HU	64				3,942									46	239	46	239	46	239	46	239	46	239	46	239	46	239	46	239	46	239	46	4,875
MT	2				2									0	17	0	17	0	17	0	17	0	17	0	17	0	17	0	17	0	17	55	
NL	6,417				6,428	4	16	0	0	0	0	0	0	591	591	591	591	591	591	591	591	591	591	591	591	591	591	591	591	591	591	14,059	
AT	11	12			2,160									40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	108	
PL	3,807	100			47,273	1	4,473	0	2	2	2	2	2	1,044	17,181	1,044	17,181	1,044	17,181	1,044	17,181	1,044	17,181	1,044	17,181	1,044	17,181	1,044	17,181	1,044	17,181	53,200	
PT	492				1,851									1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	4,228	
RO	531				5,727									89	38	200	89	38	200	89	38	200	89	38	200	89	38	200	89	38	200	7,434	
SI	16				176									2	5	15	2	5	15	2	5	15	2	5	15	2	5	15	2	5	15	263	
SK	103	4,482			2,167									283	1,555	611	283	1,555	611	283	1,555	611	283	1,555	611	283	1,555	611	283	1,555	611	10,586	
FI	12				105	347								9	15	9	15	9	15	9	15	9	15	9	15	9	15	9	15	9	15	523	
SE	42				107	14	6	0	0	0	0	0	0	79	4	84	79	4	84	79	4	84	79	4	84	79	4	84	79	4	84	1,852	
UK	192				1,043	11	1,625	0	1	1	1	1	1	74	3	418	74	3	418	74	3	418	74	3	418	74	3	418	74	3	418	4,623	
IS	2				4									9	0	0	9	0	0	9	0	0	9	0	0	9	0	0	9	0	0	9	43
LI	0				3									0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	
NO	17				30	51								4	37	4	37	4	37	4	37	4	37	4	37	4	37	4	37	4	37	610	
CH	112				307									113	137	113	137	113	137	113	137	113	137	113	137	113	137	113	137	113	137	1,123	
<b>Total</b>	<b>45,010</b>	<b>4,596</b>	<b>15,797</b>	<b>106,552</b>	<b>537</b>	<b>7,421</b>	<b>0</b>	<b>49</b>	<b>1,102</b>	<b>127,500</b>	<b>1,616</b>	<b>37,924</b>	<b>104,295</b>	<b>6,846</b>	<b>13,206</b>	<b>33,553</b>	<b>119</b>	<b>506,123</b>															

\* No data available for BG, DK, FR, HR, IT, CY, LT, MT, AT, PT, RO, SI, SE, LI, NO and CH. The breakdown per Member State of residence by DK was not reported given that an incomplete breakdown by per Member State of residence of the child(ren) was reported.

Source Questionnaire on the export of family benefits



## Export of family benefits

In order to calculate the topping up of the exporting Member State more detailed figures on the level of the child benefit should be obtained. However, not all Member States answered the administrative questionnaire. The selection of the level of the child benefit is as a result based on the following criteria (*Table 16*): 1) the selection of the overall average annual amount per child (*column 1*), if not available: 2) the selection of the average annual exported amount as primarily competent Member State (*column 4*), if not available: 3) calculations based on ESSPROS (*column 5*).

**Table 16 Average annual amount per child based on different sources, 2013/2014**

	Questionnaire 'general'	Questionnaire export (total)	Questionnaire export primarily Average amount per child	ESSPROS*	Selected
	<i>Average amount per child</i>	<i>Average amount per entitled person</i>	<i>Average amount per child</i>	<i>Average amount per child (0-17)</i>	<i>Average amount per child</i>
BE	2,207	3,817	1,857	2,616	2,207
BG				180	180
CZ		1,296	207	72	212
DK	1,575	2,690	1,544	2,165	2,165
DE	2,389	3,789	993	3,481	2,389
EE	401	638	1,067	281	401
IE	1,626	3,108	1,560	2,870	1,626
EL	147	268		611	147
ES	926	1,413	219	215	926
FR				1,603	1,603
HR	575	1,075		287	575
IT		953		688	688
CY	695	1,268		671	695
LV	140	202	98	152	140
LT	229			68	229
LU	4,109	7,353	3,740	4,898	4,109
HU			208	75	75
MT	614	973		820	614
NL	940	1,674	939	1,215	940
AT	2,306	3,769	1,413	2,379	2,306
PL	733	1,425		127	733
PT	477	739		371	477
RO		162		181	181
SI				706	706
SK			226	196	196
FI	1,389	2,531	1,466	1,382	1,389
SE				1,454	1,454
UK				1,113	1,113
IS	1,032	1,158	978	667	1,032
LI		4,469			4,469
NO		2,457		1,802	1,802
CH		3,004		1,496	1,496

\* See also *Table 4* of this report.

Source Questionnaire on the export of family benefits and ESSPROS

Afterwards, the level of the child benefit of the exporting Member State was deducted from the level of the child benefit of the Member State of residence of the child(ren) (*Table 17*). A positive figure points at a higher level in the exporting Member State and should be considered as the annual paid supplement per child. If there is a negative result no supplement should be paid by the exporting Member State. The result of this is reported in *Table 18*. Especially Member States with a high level family benefit (among others LU, DE, DK, FR, AT, IE, BE, NL, FI, SE UK, LI, NO and CH) have to pay a supplement.









In order to estimate the budgetary impact of Option 3, the supplement paid by the exporting Member State (*Table 18*) is multiplied by the number of children involved (*Table 15*).

The application of this option results in a total exported amount of € 522.5 million or a decrease by 30.9% compared to the status quo scenario (excluding some Member States which did not provide a breakdown per Member State of residence of the children) (*Table 19*). This reflects to a high extent a shift of the expenditure from the exporting Member State towards the Member State of residence of the child(ren).

Some caution is, however, required if these calculations are compared to the status quo scenario. The level of the family benefit, selected in *Table 16*, is sometimes a proxy of the real figure. As a result, the expenditure for individual exporting Member States is sometimes higher under Option 3 compared to the status quo scenario (applicable to DE and ES). This is not possible in practice given that a family benefit will no longer be paid as the primarily competent Member State under this option (but only the supplement). Luxembourg, as a main exporting Member State under the current rules, experiences a decrease in expenditure of € 195 million or 41% compared to the status quo scenario.

However, there is also an underestimation of total spending if only the cost of the topping up is taken into account. The expenditure of the Member State of residence of the child(ren) as the primarily competent Member State should also be taken into account. It is at the same time an estimate of the total expenditure related to the coordination of family benefits and not only of the narrow scope of the export of family benefits. Under Option 3 this implies that mainly France (€ 179 million), Belgium (€ 100 million), Germany (€ 84 million) and Poland (€ 71 million) will experience a high cost of expenditure in absolute terms as the Member State of residence of the child(ren) (*Table 20* – see row totals). Counting together the expenditure under Option 3 as the exporting Member State and as the Member State of residence, a total estimated annual expenditure of € 1.2 billion is obtained (for a limited group of approximately 385,000 children) (*Table 21*). Despite the change of the current order of priority under Option 3, some of the exporting Member States will still have to pay a high share of the expenditure related to the coordination of family benefits. This is because the overall level of the family benefit is in some of the exporting Member States (in particular LU) (much) higher compared to the level of the main Member States of residence of the child(ren) (in particular FR and PL).

**Table 19** Export of *child benefits*, estimated expenditure (in million €) = supplement paid by the 'secondarily' competent exporting Member State, 2013/2014 – Option 3 (Member State of residence of the child primarily competent)

Member State of residence of the child(ren)	'secondarily' competent exporting Member State																											C	H	Tot						
	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE				UK	IS	LI	NO		
BE	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	66.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	66.7	0	
BG	0.2	0.0	0.0	0.0	5.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.0	0	
CZ	0.1	0.0	0.0	0.0	12.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0	14.9	0	
DK	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0	
DE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	44.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	44.9	0	
EE	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.6	0	
IE	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0	
EL	0.2	0.0	0.0	0.0	7.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.1	0	
ES	0.9	0.0	0.0	0.0	0.4	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.2	0.0	0.0	0.0	0.0	0.0	2.1	0	
FR	18.7	0.0	0.0	0.0	13.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	187.5	0	
HR	0.1	0.0	0.0	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0	
IT	0.8	0.0	0.0	0.0	6.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.0	8.1	0	
CY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0	
LV	0.0	0.0	0.0	0.0	1.6	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	1.0	0.0	0.0	0.0	0.0	0.0	3.3	0	
LT	0.0	0.0	0.0	0.0	1.8	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	1.4	0.0	0.0	0.0	0.0	0.0	4.1	0	
LU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
HU	0.1	0.0	0.0	0.0	9.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.2	0.0	0.0	0.0	0.0	0.0	10.2	0	
MT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NL	8.1	0.0	0.0	0.0	9.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.5	0	
AT	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0	
PL	5.6	0.0	0.0	0.0	78.3	0.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.5	0.0	0.0	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	8.4	0.0	0.0	0.0	0.0	103.7	0		







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\* The row totals (expenditure by the Member State of residence) are in this case important.

**Source** The authors' own calculations based on the questionnaire on the export of family benefits and ESSPROS

**Table 21** Sum of the estimated expenditure as 'primarily' competent Member State of residence of the child(ren) and as 'secondarily' competent exporting Member State, Option 3, 2013/2014

	Member State A =		Total
	<i>Exporting MS</i>	<i>Member State of residence</i>	
BE	37,566,519	99,829,231	137,395,750
BG	n.a.	556,380	556,380
CZ	71,712	1,938,104	2,009,816
DK	n.a.	760,725	760,725
DE	169,428,065*	84,277,282	253,705,347
EE	4,739	2,283,294	2,288,033
IE	6,517,702	4,539,332	11,057,035
EL	n.a.	565,132	565,132
ES	30,261*	3,320,787	3,351,048
FR	n.a.	179,308,374	179,308,374
HR	n.a.	259,750	259,750
IT	n.a.	3,764,048	3,764,048
CY	n.a.	75,012	75,012
LV	n.a.	321,020	321,020
LT	n.a.	737,151	737,151
LU	281,947,287	1,179,283	283,126,570
HU	0	365,625	365,625
MT	n.a.	33,763	33,763
NL	5,310,060	13,215,460	18,525,520
AT	n.a.	12,267,920	12,267,920
PL	n.a.	70,746,823	70,746,823
PT	n.a.	2,015,136	2,015,136
RO	n.a.	1,345,554	1,345,554
SI	n.a.	185,678	185,678
SK	16,275	2,074,856	2,091,131
FI	8,134,181	726,685	8,860,866
SE	n.a.	2,692,808	2,692,808
UK	13,583,613	5,145,399	18,729,012
IS	51,308	44,376	95,684
LI	n.a.	22,345	22,345
NO	n.a.	1,099,220	1,099,220
CH	n.a.	1,680,008	1,680,008
Tota	522,661,722	497,376,561	1,020,038,283

\* The amount related to the export of family benefits to be paid by DE under this option is higher compared to the amount (€ 106 million) under the status quo scenario. This is not possible in practice and is the result of an overestimation of the supplement to be paid by DE (average annual amount per child of € 2,389 applied for DE – see *Tables 16 and 17*) or an underestimation of the budgetary cost related to the export of family benefits under the status quo scenario reported by the German Delegation (only an average annual amount exported per child of € 993 – see *Table 16*). This also applies to ES but involves only a small amount in absolute terms (from € 10,729 to € 30,261).

**Source** The authors' own calculations based on the questionnaire on the export of family benefits

### Horizontal Option - Different coordination rules for salary-related child-raising allowances

Only a limited number of Member States have reported separate administrative data on their export of child-raising allowances. By Slovakia, a parental allowance was exported to 2,935 households amounting to a public spending of € 4.3 million (*Table 22*). Latvia reported the exportability of a parent's benefit to 100 households (or 0.8% of the total households entitled) amounting to a public spending of € 303,000 (or 0.4% of total export of family benefits). Romania reported the exportability of a child-raising benefit to 24 households. Finally, Hungary exported a child home care allowance to 118 households and a child-raising allowance to 2 households.

**Table 22 Export of child raising allowances, 2013**

	Name	Spending related to child-raising allowances (in Million €) (A)	Total spending on family benefits (in Million €) (B)	Share in total spending on family benefits (A/B)	Exported child-raising allowances (in €) (C)	Share in spending related to child-raising allowances (C/A)
DE	Parental benefit ( <i>Elterngeld</i> )	5,105	38,805	13.2%		
LV	Parental benefit ( <i>Vecaku pabalsts</i> )	71	169	41.9%	303,414	0.4%
HU	Child home care allowance ( <i>Gyermekgondozási segély</i> )				11,403	
	Child Raising Support ( <i>Gyermeknevelési támogatás</i> )				185	
RO	child raising benefit (indemnizatie pentru cresterea copilului)	346	1,001	34.5%	24 in 142,170 households (0.02%)	
SK	Parental allowance ( <i>Rodičovský príspevok</i> )				4,292,122	

**Source** Based on the questionnaire on the export of family benefits

On the basis of the number of cross-border workers and their household composition (*by using LFS data*) the impact of this horizontal option has been estimated.<sup>49</sup> Under the status quo scenario cross-border workers with child(ren) and their partner will be entitled to a salary-related child-raising allowance. It implies a reference group of some 785 thousand persons at EU-level (*by selecting only those cross-border workers with a child aged less than 15 (column A) and by adding their partner*<sup>50</sup> (*column B*)).<sup>51</sup> However, this reference group will be much smaller if only the Member States which have a child-raising allowance calculated by reference to salary or professional income are taken into consideration (17 Member States – see below). Moreover, it should be highlighted that only Bulgaria, Germany, Croatia and Finland permit that a right may be granted to a person despite not factually fulfilling the child-raising activity (i.e. derived rights).<sup>52</sup>

It will result in a considerable decrease of the number of persons entitled if the salary-related child raising allowance would be treated as an individual and personal right (*only claimed by the cross-border who is subject to the applicable legislation in question and not by other members of their family*) as the reference group would decline by 40% at EU-level compared to the status quo scenario.

<sup>49</sup> A second group of persons concerned are of course intra-EU migrants who live in a Member State other than their child(ren).

<sup>50</sup> As not all cross-border workers with children live together as a couple (e.g. single).

<sup>51</sup> However, in order to determine the competent Member State also the socio-economic position of the partner should be taken into consideration. Moreover, some households will be entitled to a child-raising allowance of the exporting Member State even if this Member State is not primarily competent. All these remarks are not taken into account and implies a possible overestimation of the reference group.

<sup>52</sup> Based on De Coninck, J. (2015), *Reply to an ad hoc request for comparative analysis – Salary-related child-raising benefits*, FreSsco.

**Table 23** Estimated number of cross-border workers with children and their family members entitled to a child-raising allowance, impact of horizon option on the number of persons entitled, 2013

Member State of employment	Cross-border workers with child aged less than 15 (A)	of which: couple with child aged less than 15 (B)	Total (= status quo) (A+B)	New option (individual right) (A)	% change
BE	26	17	43	26	-39.3%
BG	0	0	0	0	-50.0%
CZ	22	13	35	22	-36.2%
DK	11	10	21	11	-47.5%
DE	106	65	172	106	-38.1%
EE	1	1	1	1	-43.7%
IE	4	3	6	4	-43.4%
EL	4	1	5	4	-25.6%
ES	13	8	22	13	-38.5%
FR	24	17	41	24	-40.8%
HR	0	0	0	0	-45.3%
IT	28	13	41	28	-32.4%
CY	1	1	2	1	-40.1%
LV	0	0	0	0	-50.0%
LT	0	0	0	0	-20.0%
LU	83	66	149	83	-44.1%
HU	1	1	2	1	-39.5%
MT	0	0	0	0	-50.0%
NL	37	30	67	37	-44.5%
AT	50	33	84	50	-39.8%
PL	1	1	1	1	-35.4%
PT	1	1	2	1	-42.4%
RO	1	1	2	1	-50.0%
SI	4	1	5	4	-16.7%
SK	3	3	5	3	-47.8%
FI	7	6	13	7	-44.2%
SE	5	3	8	5	-41.3%
UK	33	22	55	33	-39.8%
EU-28	469	316	785	469	-40.3%
IS	0		0	0	0.0%
NO	17	13	30	17	-42.8%
CH	112	93	205	112	-45.3%

Source LFS

In addition, it is proposed by this option that no anti-overlapping rules would apply to salary-related child raising allowances meaning that they would be payable in full to the parent concerned under the applicable national legislation irrespective of whether the Member State concerned has primary or secondary competence. According to our information, the countries which have a child-raising allowance calculated by reference to salary or professional income are: Austria, Bulgaria, Denmark, Greece, Portugal, Croatia, Estonia, Spain, Finland, Germany, Hungary, Italy, Latvia, Lithuania, Romania, Slovenia and Sweden. No data collected within the framework of the Administrative Commission is available for the assessment of this 'no anti-overlapping rule'. However, based on the data available from ESSPROS and MISSOC some figures on the impact could be provided, but taking several assumptions into consideration. By dividing parental leave spending (figures for 2012 – no distinction could be made among income-related parental leave benefits and flat-rate parental leave benefits) by an assumed reference group of children aged 0 to 3 years an average expenditure per child has been obtained. The same exercise was already reported in Table 4 with regard to the child benefit spending were we assumed a reference group aged 0 to 17 years. Under current rules a supplement will be paid by the secondarily competent Member State if the amount of the income-related child-raising allowance in this country is higher than the amount already paid by the primarily competent Member

State. However, under this new option the person concerned will be entitled to the full amount paid by the Member State of employment (= secondarily competent Member State). By confronting the average supplement paid per child (status quo) with the full amount to be paid under the new option the percentage change in expenditure per benefit being exported could be calculated for the secondarily competent Member State.<sup>53</sup> We first only selected the exporting Member states which have an income-related child raising allowance or a mixed allowance (*Table 24a*). Results are reported for the export of the child-raising allowance to all Member States of residence and to a more selective group of Member States of residence which have also an income-related or a mixed child-raising allowance. This option will lead to an average increase in expenditure per average exported benefit of 62% in all Member States that provide a child-raising benefit in case the average child-raising allowance from all Member States of residence is taken into account and even to an average increase of 81% if only the Member States of residence which have an income-related or a mixed child-raising benefit are selected.<sup>54</sup> The same exercise has been repeated for a broader group of Member States which have an income-related child raising benefit, a flat-rate child raising benefit or a mixed benefit (*Table 24b*).

**Table 24a** Estimated impact of disapplying the anti-accumulation rules for income-related child-raising allowance, % change per benefit status quo compared to new option, selection: ***MSs with a salary-related child raising benefit or a mixed benefit***

	BG	DK	DE	EE	EL	ES	HR	IT	LV	LT	HU	AT	PT	RO	SI	FI	SE	Total
All MSs of residence	16 1%	n.a .	50 %	16 4%	14 1%	18 9%	86 %	n.a .	93 %	55 %	58 %	n.a .	n.a .	11 7%	37 %	57 %	21 0%	62 %
Only MSs of residence which have a salary-related or a mixed child raising benefit	25 8%	n.a .	66 %	26 5%	21 3%	33 1%	11 6%	n.a .	12 6%	72 %	77 %	n.a .	n.a .	16 3%	46 %	77 %	43 2%	81 %

Source ESSPROS and Eurostat

**Table 24b** Estimated impact of disapplying the anti-accumulation rules for income-related child-raising allowance, % change per benefit status quo compared to new option, selection: ***MSs with a salary-related child raising benefit, a flat rate child-raising benefit or a mixed benefit***

	B E	B G	C Z	D K	D E	E E	E L	E S	F R	H R	IT	L V	LT	L U	H U	A T	P L	P T	R O	SI	FI	S E	N O	To tal
All MSs of residence	15 8 %	16 1 %	44 %	n. a.	50 %	16 4 %	14 1 %	18 9 %	10 4 %	86 %	n. a.	93 %	55 %	32 %	58 %	n. a.	11 0 %	n. a.	11 7 %	37 %	57 %	21 0 %	10 1 %	58 %
Only MSs of residence which have a salary-related child raising benefit, a flat-rate child-raising benefit or a mixed benefit	31 3 %	32 1 %	61 %	n. a.	71 %	32 7 %	26 3 %	38 8 %	17 4 %	13 3 %	n. a.	15 0 %	77 %	43 %	82 %	n. a.	18 6 %	n. a.	20 4 %	51 %	81 %	47 4 %	16 6 %	84 %

Source ESSPROS and Eurostat

Also, a case study has been conducted with reference to the German parental allowance (*Elterngeld*) to analyse the economic impact of this change for Germany as a secondary competent Member State exporting a parental allowance. The parental allowance will differ according to the net income of the recipient. The average net income (taking into consideration the average personal net income for a person living in a family of two working parents with two children (one at 100% and the other at

<sup>53</sup> For instance in case a child-raising allowance is exported from Luxembourg (annual average amount per child: € 2,786) to Germany (annual average amount per child: 1,830) a supplement will be paid by Luxembourg of €955 under the current rules and an amount of € 2,786 under the new option.

<sup>54</sup> The average increase per exporting Member State is based on the percentage change between the sum of supplements paid to an entitled person under the baseline scenario living in another EU-28/EFTA country or in one of the selected countries and the sum of the average amounts paid per entitled person under the new option (will always be the same amount).

67% of the average wage in the Member State of residence)) of the Member State of residence has been taken into account as well as the minimum and maximum ceiling of the benefit.<sup>55</sup> According to this analysis the increase in Germany's expenditure per benefit would range from 24% to Poland (increase from €383 to €476) to more than 250% in the case of Austria (increase from €405 to €1,428 paid to the family). Please notice, that only 14 Member States have a child-raising allowance calculated by reference to salary or professional income (see above).

**Table 25 Estimated impact of disapplying the anti-accumulation rules for income-related child-raising allowance, % change status quo compared to new option**

**Germany: Parental allowance (*Elterngeld*):** The parental allowance replaces the available monthly net income that the child-raising parent lost after the birth by a percentage rate which is dependent on the amount of the relevant income prior to confinement. For a net income between €1,000 and €1,200 prior to confinement, the percentage rate corresponds to 67%. The replacement rate decreases by 0.1% down to minimum of 65% for every €2 by which the net income exceeds €1,200. Therefore, the replacement rate for a net income of €1,240 or more is 65%. The replacement rate increases by 0.1% up to a maximum of 100% for every €2 by which the income is below €1,000. The parental allowance amounts to at least €300 and at most €1,800. In case of multiple births, the parental allowance is raised by €300 for every sibling from the multiple birth. Families with several children can receive a sibling's bonus to the amount of 10% of the parental allowance they are entitled to, which is at least €75 per month (MISSOC).

MS of residence	Child-raising allowance MS of residence (not exhaustive list) (MISSOC)	Monthly net earnings	Percentage (min: 65% and max: 100%)	Amount (min: € 300 and max: € 1,800)	Status quo	New option	%change
BE	771	2,138	65%	1,389	618	1,389	125%
BG	174	289	100%	300	126	300	138%
CZ		707	80%	563			
DK		2,439	65%	1,586			
DE		2,153	65%	1,399			
EE	1,452	697	80%	558	0	558	
IE		2,054	65%	1,335			
EL		1,269	65%	825			
ES		1,468	65%	954			
FR	391	1,977	65%	1,285	895	1,285	44%
HR	347	652	82%	537	190	537	182%
IT		1,571	65%	1,021			
CY							
LV	171	493	90%	445	274	445	62%
LT		425	94%	399			
LU	485	3,149	65%	1,800	1,315	1,800	37%
HU		525	89%	466			
MT		1,270	65%	826			
NL		2,549	65%	1,657			
AT	1023	2,197	65%	1,428	405	1,428	253%
PL	93	541	88%	476	383	476	24%
PT		957	67%	643			
RO		303	100%	303			
SI		937	68%	639			
SK	203	592	85%	505	302	505	67%
FI		2,245	65%	1,460			
SE	317	2,525	65%	1,641	1,324	1,641	24%
UK		2,339	65%	1,521			
IS		1,981	65%	1,288			
NO		3,495	65%	1,800			
CH		4,456	65%	1,800			

Source ESSPROS and Eurostat

## Summary

### Partial view on the budgetary impact on the exporting Member States

A total amount of exported child benefits of € 941.8 million was reported by 17 exporting Member States under the current rules (*Table 26*). The budgetary impact

<sup>55</sup> The income earned in the exporting MS is a better indicator. However, no figures are available on the average income of cross-border workers (which is an important reference group). Also because this will be an individual right under the new option.

decreases under Sub-option 1a (-15.9%) and even further under Sub-option 1b (-16.6%) if there is an adjustment of the amount of exported family benefits to the cost of living in the Member State of residence of the child(ren). The budgetary impact of these sub-options will mainly be determined by the distribution of the exported family benefits to the Member States of residence of the child(ren), the cost of living in these Member States and the differences with the exporting Member State. Sub-option 2b even corrects the expenditure for exporting Member States which show a low cost of living compared to the Member States of residence of the child(ren). Belgium, the Czech Republic, Germany, Ireland, Spain, Luxembourg, the Netherlands, Austria, Finland, Iceland and Norway already experience a decrease of expenditure under Sub-option 1a. Under Sub-option 1b also for Estonia, Latvia, Hungary, Poland and Slovakia a budgetary decrease is observed compared to the status quo scenario. A change of the current priority rules so that a supplement should be paid only by the exporting Member State even results to a decrease by 30.9% of expenditure compared to the status quo scenario (excluding some Member States which did not provide a breakdown per Member State of residence of the children). It reflects to a high extent the shift of the expenditure from the exporting Member State towards the Member State of residence of the child(ren). However, this shift is only partially realised as the level of the family benefit in the main exporting Member States is most of the time (much) higher than this of the main Member States of residence of the child(ren).

**Table 26 Estimated budgetary impact of the options on the exporting Member States**

	<i>Status quo</i>	<i>Sub-option 1a</i>		<i>Sub-option 1b</i>		<i>Option 3**</i>	
	<b>Amount in €</b>	<b>Amount in €</b>	<b>% change</b>	<b>Amount in €</b>	<b>% change</b>	<b>Amount in €</b>	<b>% change</b>
BE	83,566,755	77,558,696	-7.2%	77,281,208	-7.5%	37,566,519	-55.0%
BG							
CZ	951,041	947,065	-0.4%	945,934	-0.5%	71,712	-92.5%
DK	24,383,654	17,416,896	-28.6%	17,416,896	-28.6%		
DE	105,759,924	71,251,668	-32.6%	69,861,782	-33.9%	169,428,065	60.2%
EE	573,075	787,109	37.3%	558,900	-2.5%	4,739	-99.2%
IE	11,576,760	7,078,949	-38.9%	7,076,728	-38.9%	6,517,702	-43.7%
EL							
ES	10,729	9,018	-15.9%	8,599	-19.9%	30,261	182.0%
FR							
HR							
IT							
CY							
LV	107,478	151,377	40.8%	107,478	0.0%		
LT							
LU	476,900,069	413,610,450	-13.3%	413,438,010	-13.3%	281,947,287	-40.9%
HU	336,232	406,584	20.9%	335,278	-0.3%	0	-100.0%
MT							
NL	35,622,000	26,376,682	-26.0%	26,268,245	-26.3%	5,310,060	-85.1%
AT	147,322,836	137,684,893	-6.5%	137,684,893	-6.5%		
PL	3,995,406	7,009,485	75.4%	3,995,406	0.0%		
PT							
RO							
SI							
SK	1,544,876	2,079,134	34.6%	1,536,648	-0.5%	16,275	-98.9%
FI	19,359,180	15,057,470	-22.2%	14,680,971	-24.2%	8,134,181	-58.0%
SE							
UK						13,583,613	
IS	116,339	63,209	-45.7%	63,209	-45.7%	51,308	-55.9%
LI							
NO	29,660,573	14,578,887	-50.8%	14,578,421	-50.8%		
CH							
Total	917,403,273	774,650,678	-15.6%	768,421,711	-16.2%	522,661,722	-30.9%***

\* No data available for BG, FR, HR, IT, CY, LT, MT, AT, PT, RO, SI, SE, UK, LI and CH.

\*\* DK, PL, LV, AT and NO did not provide a breakdown by Member State of residence of the children

\*\*\* Numeration: excl. UK; denominator: excl. DK, PL, LV, AT and NO.

**Source** The authors' calculations based on the questionnaire on the export of family benefits



**'Complete' view on the budgetary impact related to the coordination of family benefits**

The total expenditure related to the coordination of family benefits is broader than only the expenditure related to the export of family benefits. The expenditure of the Member State of residence of the child(ren) should also be taken into consideration.

The expenditure of the Member State of residence under Option 3 could be compared with the expenditure of the Member State of residence under the status quo scenario. Therefore, more detailed information on the number of family benefits exported as the primarily and as secondarily competent Member State is required. However, only eight Member States (LU, DE, HU, DK, CZ, EE, NL and IS) provided such detailed information.

Under the status quo scenario the Member State of residence might pay a supplement as the secondarily competent Member State (reference group of 182,825 children reported by eight Member States, including LU) and the family benefit as the primarily competent Member State (reference group of 102,994 children reported by eight Member States, including LU) (*Table 27*). Only when the amount of the child benefit of the Member of residence of the child(ren) is higher than this of the exporting Member State will a supplement be paid by the Member State of residence of the child(ren) (*Table 28*). The expenditure of the Member State of residence of the child(ren) under the status quo scenario is estimated at €175.6 million (including only eight reporting Member States).

**Table 27** Export of child benefits, number of family members involved, breakdown per primarily and secondarily competences of the exporting Member State, 2013/2014

Member State of residence of the child(ren)	Exporting Member State										Total									
	LU		DE		HU		SK		CZ		EE		NL		IS		Total			
	1st comp. p.	2nd comp. p.	1st comp. p.	2nd comp. p.	1st comp. p.	2nd comp. p.	1st comp. p.	2nd comp. p.	1st comp. p.	2nd comp. p.	1st comp. p.	2nd comp. p.	1st comp. p.	2nd comp. p.	1st comp. p.	2nd comp. p.	1st comp. p.	2nd comp. p.		
BE	14,2	20,6	34,97	1	566	379	945	2	2	0	2	33	1	7,63	1,29	8,92	0	22,51	22,36	44,88
BG	97	74	1	1,79	569	2,362	0	2	0	0	2	0	0	157	0	157	0	1,953	575	2,528
CZ	474	68	542	5,00	567	5,575	1	2,12	275	2,4	0	0	0	181	74	255	3	7,796	984	8,780
DK	13	5	18	1,40	86	226	0	9	0,4	0	0	0	0	20	0	20	0	186	103	289
DE	12,6	13,4	26,13	1	1,3	12	25	1	13	12	2	12	12	6,52	692	7,22	0	19,23	14,42	33,65
EE	69	65	4	61	16	77	0	0	0	0	0	0	0	8	0	0	0	0	0	4
IE	10	3	13	49	25	74	0	37	31	68	0	66	3	47	1	48	3	156	38	194
EL	4	1	5	2,67	710	3,387	0	23	1	24	0	0	0	131	9	140	0	143	206	349
ES	62	14	76	81	162	243	0	74	15	89	0	0	0	544	107	651	0	761	298	1,059
FR	37,6	24,5	62,14	16,2	263	16,55	5	34	22	56	0	0	1	445	39	484	0	54,39	24,84	79,24
HR	19	24	3	90	57	304	3	0	0	0	0	0	0	34	1	35	0	284	58	342
IT	54	11	65	3,57	308	3,887	3	131	43	174	0	0	0	187	16	203	0	3,954	378	4,332
CY	0	0	0	0	0	0	0	3	1	4	0	0	0	5	1	6	0	11	2	13
LV	0	1	1	529	188	717	0	2	0	2	0	3	3	85	58	143	0	620	252	872
LT	1	0	1	745	72	817	0	1	0	1	0	23	23	123	75	198	4	875	170	1,045
LU	0	0	0	55	2	57	0	7	26	33	0	0	0	23	3	26	0	85	31	116
HU	21	25	46	1,60	2,33	3,942	0	96	26	122	0	0	0	190	49	239	0	1,915	2,434	4,349
MT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11	8	19
NL	273	318	591	2,35	4,07	6,428	0	53	49	102	0	4	4	0	0	0	0	2,683	4,442	7,125
AT	26	14	40	2,03	125	2,160	0	655	2,22	2,8	12	0	0	53	6	59	0	2,781	2,371	5,152
PL	1,01	31	1,044	33,5	13,7	47,27	0	42	13	55	100	1	1	10,5	6,63	17,1	76	45,33	20,40	65,73
PT	170	966	1,136	1,37	472	1,851	0	0	1	1	0	0	0	44	7	81	0	1,852	1,486	3,338
RO	38	51	89	3,30	2,42	5,727	0	7	6	13	0	0	0	162	38	200	0	3,531	2,539	6,070
SI	1	1	2	87	89	176	5	12	5	17	0	0	0	14	1	15	0	119	96	215
SK	105	178	283	1,01	1,15	2,167	2	1,06	617	1,6	4,4	0	0	3,87	606	82	3	6,470	2,768	9,238
FI	3	6	9	64	41	105	0	7	7	14	0	0	0	14	1	15	0	88	402	490
SE	32	47	79	84	23	107	4	4	4	13	17	347	14	76	8	84	0	196	109	305
UK	65	9	74	888	155	1,043	3	125	117	242	0	0	11	399	19	418	0	1,477	314	1,791
IS	9	0	9	4	0	4	0	2	2	4	0	0	0	0	0	0	5	20	22	42
LI	0	0	0	0	0	0	0	2	0	2	0	0	0	0	0	0	0	5	0	5
N	0	4	4	23	7	30	0	42	46	88	0	51	51	32	5	37	0	97	113	210
O	102	11	113	216	91	307	0	8	81	89	0	0	0	130	7	137	0	456	190	646
To	67,0	60,4	127,5	78,4	28,1	106,5	1,7	3,55	3,29	6,8	4,5	537	66	28,5	9,41	37,9	119	182,8	102,9	285,8
t.	67	33	00	50	02	52	45	4	2	46	96	46	1	08	6	24	20	25	94	19

Source: The authors' own calculations based on the questionnaire on the export of family benefits

**Table 28 Estimated expenditure of the Member State of residence of the child(ren) under the status quo scenario, 2013/2014**

Member State of residence of the child(ren)	Exporting Member State										Total
	LU	DE	HU	SK	CZ	EE	NL	IS	Total		
	4,109 1st comp.	2,389 1st comp.	75 1st comp.	196 1st comp.	212 1st comp.	401 1st comp.	940 1st comp.	1,032 1st comp.	940 2nd comp.	1,032 2nd comp.	Total
B 2,2	45,627,518	836,453	4,264	261,143	70,283	2,207	9,672,278	12,530,343	2,858,065	0	59,071,068
E 07	518	0	0	0	0	0	0	0	0	0	518
G 180	1,080	102,420	0	0	0	0	0	0	0	0	103,500
B 212	14,416	120,204	137	34,064	92,364	0	12,700	15,688	15,688	0	242,809
Z 2,1	7,875	135,450	0	17,927	36,827	0	12,700	12,700	0	0	192,852
D 65	32,172,647	0	2,314	65,801	672,666	4,355	9,461,381	11,114,813	1,653,433	0	43,997,887
E 89	0	6,416	0	0	0	0	-12,936	-4,114	8,822	0	409
E 401	0	40,646	0	52,904	103,305	4,878	32,234	33,860	1,626	0	187,566
I 1,6	4,878	104,436	0	0	147	4,878	1,324	1,324	1,324	0	106,054
E 26	147	149,935	0	53,985	67,868	0	99,031	99,031	99,031	0	329,792
L 147	12,957	421,589	7,640	47,838	83,104	1,603	295,035	357,552	62,517	0	40,183,460
E 926	39,311,972	32,756	0	0	0	0	575	575	575	0	33,331
S 1,6	0	211,904	1,839	64,452	94,036	0	11,008	11,008	11,008	0	326,355
F 03	0	0	0	1,496	2,190	0	695	695	695	0	2,885
H 575	7,568	26,320	0	1,496	2,190	0	8,120	8,120	8,120	280	35,280
I 688	140	16,488	0	0	0	420	17,175	17,175	17,175	0	38,930
T 695	0	175,050	0	27,391	134,225	5,267	72,887	85,214	12,327	0	322,238
C 140	0	175,050	0	0	1,950	0	3,675	3,675	3,675	0	182,550
Y 140	0	0	0	0	0	0	4,911	4,911	4,911	0	4,911
L 229	298,920	3,826,740	0	39,432	85,492	3,760	0	0	0	0	4,214,912
V 4,1	32,284	288,250	0	1,382,050	6,515,206	25,128	72,398	86,234	13,836	0	6,947,102
L 09	0	8,218	0	0	0	0	0	0	0	0	8,218
U 75	1,875	175,050	0	22,558	32,088	733	4,865,516	4,865,516	4,865,516	3,665	15,028,673
H 75	0	10,049,927	0	0	0	0	0	0	0	0	10,049,927
M 614	0	224,963	0	0	0	0	22,401	22,401	22,401	0	708,253
U 733	460,412	438,744	0	0	477	0	706	706	706	0	461,785
L 477	9,231	62,834	2,226	6,120	9,650	0	0	0	6,878	0	77,051
P 706	706	62,834	3,155	6,120	9,650	0	0	0	706	0	77,051
T 181	34,888	226,772	128,502	0	0	118,776	38,612	38,612	38,612	2,548	671,030
R 706	8,337	56,968	0	8,354	18,080	482,141	1,389	7,682	1,389	0	573,208
S 1,3	68,338	33,442	5,816	5,032	18,902	20,356	39,064	50,696	11,632	0	202,582
F 89	10,017	172,515	3,339	114,625	244,846	12,243	21,147	21,147	21,147	0	464,107
L 1,0	0	0	0	1,672	2,064	0	0	0	0	0	3,736

## Export of family benefits

		Exporting Member State											Total	
		LU	DE	HU	SK	CZ	EE	NL	IS			IS	Total	
		4 109	2 389	75	196	312	401	940	1 032			1 032	Total	
		1st comp.	1st comp.	1st comp.	1st comp.	1st comp.	1st comp.	1st comp.	1st comp.			1st comp.	Total	
		2nd comp.	2nd comp.	2nd comp.	2nd comp.	2nd comp.	2nd comp.	2nd comp.	2nd comp.			2nd comp.	Total	
		Total	Total	Total	Total	Total	Total	Total	Total			Total	Total	
		1st comp.	1st comp.	1st comp.	1st comp.	1st comp.	1st comp.	1st comp.	1st comp.			1st comp.	Total	
		2nd comp.	2nd comp.	2nd comp.	2nd comp.	2nd comp.	2nd comp.	2nd comp.	2nd comp.			2nd comp.	Total	
		Total	Total	Total	Total	Total	Total	Total	Total			Total	Total	
32	SL	0	0	0	8,546	0	0	0	0			0	14,785	
44	LI	0	6,239	0	0	8,546	0	0	0			0	14,785	
69	NI	7,208	12,614	0	67,452	82,882	91,902	27,584	9,010			36,594	298,662	
1,8	NO	16,456	136,136	0	10,400	121,176	0	72,280	10,472			82,752	467,740	
02	OC	16,456	136,136	0	10,400	121,176	0	72,280	10,472			82,752	467,740	
1,4	CH	16,456	136,136	0	10,400	121,176	0	72,280	10,472			82,752	467,740	
96	HT	16,456	136,136	0	10,400	121,176	0	72,280	10,472			82,752	467,740	
	Tot	41,099	23,389	75	196	312	401	940	1,032			1,032	175,495,501	

**Source** The authors' own calculations based on the questionnaire on the export of family benefits

This expenditure under the status quo scenario could be compared to the expenditure of the Member State of residence of the child(ren) under Option 3. If under this option only the eight reporting Member States of the status quo scenario are taken into consideration a total expenditure of € 391.4 million is obtained (compared to a total expenditure for all Member State of residence under this option of € 497.4 million). This implies that the expenditure of the Member States of residence of the child(ren) will increase by 123% under Option 3 compared to the status quo scenario (selecting only eight reporting Member States) (*Table 29*). Especially France, Poland, Belgium and Germany will experience a much higher expenditure in absolute terms.

**Table 29 Estimated expenditure of the Member State of residence of the child(ren) under the status quo scenario and Option 3**

	Cost as MS of residence under status quo scenario (only 8 exporting MSs)	Cost as MS of residence under Option 3 (only 8 exporting MSs)	% change
BE	59,071,068	99,052,367	67.7%
BG	103,500	455,040	339.7%
CZ	242,809	1,861,360	666.6%
DK	192,852	455,175	136%
DE	43,997,887	80,411,307	82.8%
EE	409	77,794	18920.5%
IE	187,566	334,922	78.6%
EL	106,054	523,064	393.2%
ES	329,792	980,132	197.2%
FR	40,183,460	127,023,323	216.1%
HR	33,331	196,536	489.7%
IT	326,355	2,979,728	813.0%
CY	2,885	9,029	213.0%
LV	35,280	122,080	246.0%
LT	38,930	239,305	514.7%
LU	322,238	476,644	47.9%
HU	182,550	326,175	78.7%
MT	4,911	11,663	137.5%
NL	4,214,912	6,697,500	58.9%
AT	6,947,102	11,880,512	71.0%
PL	15,028,673	48,189,652	220.7%
PT	708,253	1,590,947	124.6%
RO	461,785	1,098,127	137.8%
SI	77,051	151,790	97.0%
SK	671,030	1,786,344	166.2%
FI	573,208	680,833	18.8%
SE	202,582	443,470	118.9%
UK	464,107	1,993,383	329.5%
IS	3,736	22,704	507.7%
LI	14,785	22,345	51.1%
NO	298,662	378,420	26.7%
CH	467,740	966,416	106.6%
Total	175,495,501	391,438,089	123.0%

**Source** The authors' own calculations based on the questionnaire on the export of family benefits

By taking together both the expenditure as exporting Member State (*see Table 26*) and Member State of residence (*see Table 29*) the total expenditure related to the coordination of family benefits could be estimated. It is to be noted that the expenditure of the Member of residence is only based on the export of eight Member States in order to guarantee the comparability between the status quo scenario and Option 3. Although the total expenditure related to Option 3 without making this selection is reported as well (*see also Table 21*). Belgium, Denmark,<sup>23</sup> Estonia, Ireland, Latvia,<sup>56</sup> Luxembourg, the Netherlands, Austria,<sup>23</sup> Slovakia, Finland, Iceland and Norway<sup>23</sup> experience a lower budgetary cost compared to the status quo scenario.

<sup>56</sup> DK, LV, AT, PL and NO: No figures are available as exporting Member State under Option 3. This implies that the total cost under Option 3 is underestimated.

## Export of family benefits

This in contrast to the Czech Republic, Germany,<sup>57</sup> Spain<sup>58</sup> and Poland<sup>23</sup> (and probably also France taking into account the high number of exported family benefits to FR)<sup>59</sup> who will experience a higher budgetary cost.

**Table 30 Total estimated expenditure related to the coordination of family benefits under the status quo scenario and Option 3**

	Status quo			Option 3			Total all MSs	% change (B-A)/A
	Exporting MS	MS of residence (only 8 exporting MSs)	Total (A)	Exporting MS	MS of residence (only 8 exporting MSs)	Total (B)		
BE	83,566,755	59,071,068	142,637,823	37,559,439	99,052,367	136,611,806	137,395,750	-4.2%
BG							556,380	
CZ	951,041	242,809	1,193,850	71,712	1,861,360	1,933,072	2,009,816	61.9%
DK	24,383,654	192,852	24,576,506	n.a.	455,175	455,175	760,725	-98.1%
DE	105,759,924	43,997,887	149,757,811	169,294,725**	80,411,307	249,706,033	253,705,347	66.7%
EE	573,075	409	573,484	4,739	77,794	82,533	2,288,033	-85.6%
IE	11,576,760	187,566	11,764,326	6,517,702	334,922	6,852,624	11,057,035	-41.8%
EL							565,132	
ES	10,729	329,792***	340,521	30,261**	980,132***	1,010,393	3,351,048	196.7%
FR							179,308,374	
HR							259,750	
IT							3,764,048	
CY							75,012	
LV	107,478	35,280	142,758	n.a.	122,080	122,080	321,020	-
LT							737,151	14.5%*
LU	476,900,069	322,238	477,222,307	281,936,667	476,644	282,413,311	283,126,570	-40.8%
HU	336,232	182,550	518,782	0	326,175	326,175	365,625	-37.1%
MT							33,763	
NL	35,622,000	4,214,912	39,836,912	5,310,060	6,697,500	12,007,560	18,525,520	-69.9%
AT	147,322,836	6,947,102	154,269,938	n.a.	11,880,512	11,880,512	12,267,920	-
PL	3,995,406	15,028,673	19,024,079	n.a.	48,189,652	48,189,652	70,746,823	92.3%*
PT							2,015,136	153.3%*
RO							1,345,554	
SI							185,678	
SK	1,544,876	671,030	2,215,906	16,275	1,786,344	1,802,619	2,091,131	-18.7%
FI	19,359,180	573,208	19,932,388	8,134,181	680,833	8,815,014	8,860,866	-55.8%
SE							2,692,808	
UK							18,729,012	
IS	116,339	3,736	120,075	51307.73334	22704	74,012	95,684	-38.4%
LI							22,345	
NO	29,660,573	298,662	29,959,235	n.a.	378420	378,420	1,099,220	-
CH							1,680,008	98.7%*
Tota	941,786,927	132,299,772	1,074,086,699	522,661,722	253,733,922	776,395,644	1,020,038,283	-
I								27.7%*

\* No figures are available for DK, LV, PL, AT and NO as exporting Member State under Option 3. This implies that the total cost under Option 3 is underestimated! If we exclude those countries a total percentage change of **-15.4%** is obtained.

\*\* The amount related to the export of family benefits to be paid by DE under this option is higher compared to the amount (€ 106 million) under the status quo scenario. This is not possible in practice and is the result of an overestimation of the supplement to be paid by DE (average annual amount per child of € 2,389 applied for DE – see *Tables 16 and 17*) or an underestimation of the budgetary cost related to the export of family benefits under the status quo scenario reported by the German Delegation (only an average annual amount exported per child of € 993 – see *Table 16*). This also applies to ES but involves only a small amount in absolute terms (from € 10,729 to € 30,261).

<sup>57</sup> As already mentioned, the expenditure for DE as exporting Member State is higher under Option 3 compared to the status quo scenario. This is not possible in practice.

<sup>58</sup> ES: The cost to be paid as the Member State of residence is probably overestimated taking into account the selective income-tested child benefit scheme of ES.

<sup>59</sup> The total cost to be paid by FR under Option 3 was estimated at € 179 million (see *Table 30*). For instance, CLEISS has reported an amount related to the export of family benefits of € 9.5 million for 2013.

## Export of family benefits

\*\*\* The cost to be paid as Member State of residence is probably overestimated taking into account the selective income-tested child benefit scheme of Spain.

**Source** The authors' own calculations based on the questionnaire on the export of family benefits

The impact of the export of child benefits on total expenditure is quite limited for most of the Member States under the current rules. On average 1.6% of total public spending on child benefits of 16 reporting Member States could be related to the export of it. Luxembourg is an important 'outlier' with regard to the export of child benefits. Almost 50% of the amount of child benefits paid by Luxembourg was exported abroad. When total expenditure related to the coordination of family benefits is taken into account (amount paid as the exporting Member State but also as the Member State of residence of the child(ren)) the budgetary impact on total expenditure will be higher. A change to another option has on average no significant impact on the public spending on family benefits. Only Luxembourg will experience an important decrease in public spending if the Member State of residence of the child(ren) would become primarily competent. This in contrast to Poland (and probably also FR taking into account the high number of exported family benefits to FR), which will experience a much higher public spending if the Member State of residence of the child(ren) would become primarily competent.

Export of family benefits

**Table 31 Budgetary impact as the share of total expenditure on family benefits, 2013/2014**

	Status quo	Sub-option 1a	Sub-option 1b	Option 3 (only export)	Status quo broad def. (selective)	Option 3 broad def. (selective)	Option 3 broad def. (all MSs)
B	1.9%	1.7%	1.7%	0.8%	3.2%	3.0%	3.1%
E							
B							
G							
C	0.1%	0.1%	0.1%	0.0%	0.1%	0.2%	0.2%
Z							
D	1.3%	0.9%	0.9%	n.a.	1.3%	0.02%*	0.04%*
K							
D	0.3%	0.2%	0.2%	0.5%**	0.4%	0.7%**	0.8%**
E							
E	0.6%	0.8%	0.6%	0.0%	0.6%	0.1%	2.3%
E							
I	0.6%	0.4%	0.4%	0.3%	0.6%	0.4%	0.6%
E							
E							
L							0.7%
E	0.001%	0.001%	0.001%	0.002%**	0.03%	0.1%**	0.3%**
S							
F							
R							
H							
R							
I							
T							
C							
Y							
L	0.3%	0.4%	0.3%	n.a.	0.3%	0.3%*	0.7%*
V							
L							
T	47.4%	41.1%	41.1%	28.0%	47.5%	28.1%	28.2%
L							
U	19.2%	23.3%	19.2%	0.0%	29.7%	18.7%	20.9%
H							
U							
M							
T							
N	1.1%	0.8%	0.8%	0.2%	1.2%	0.4%	0.6%
L							
A	3.4%	3.2%	3.2%	n.a.	3.6%	0.3%*	0.3%*
T							
P	0.2%	0.4%	0.2%	n.a.	1.1%	2.8%*	4.1%*
L							
P							
T							
R							
O							
S							
I							
S							
K	1.3%	1.0%	1.0%	0.5%	1.3%	0.6%	0.6%
F							
I							
S							
E							
U							
K							
I	0.2%	0.1%	0.1%	0.1%	0.2%	0.1%	0.2%
S							
L							
I							
N	1.7%	0.8%	0.8%	n.a.	1.7%	0.02%*	0.06%*
O							
C							
H							



\* No figures are available for DK, LV, PL, AT and NO as exporting Member State under Option 3. This implies that the total cost under Option 3 is underestimated!

\*\* DE and ES: this is probably an overestimation of the budgetary impact.

**Source** The authors' own calculations based on the questionnaire on the export of family benefits

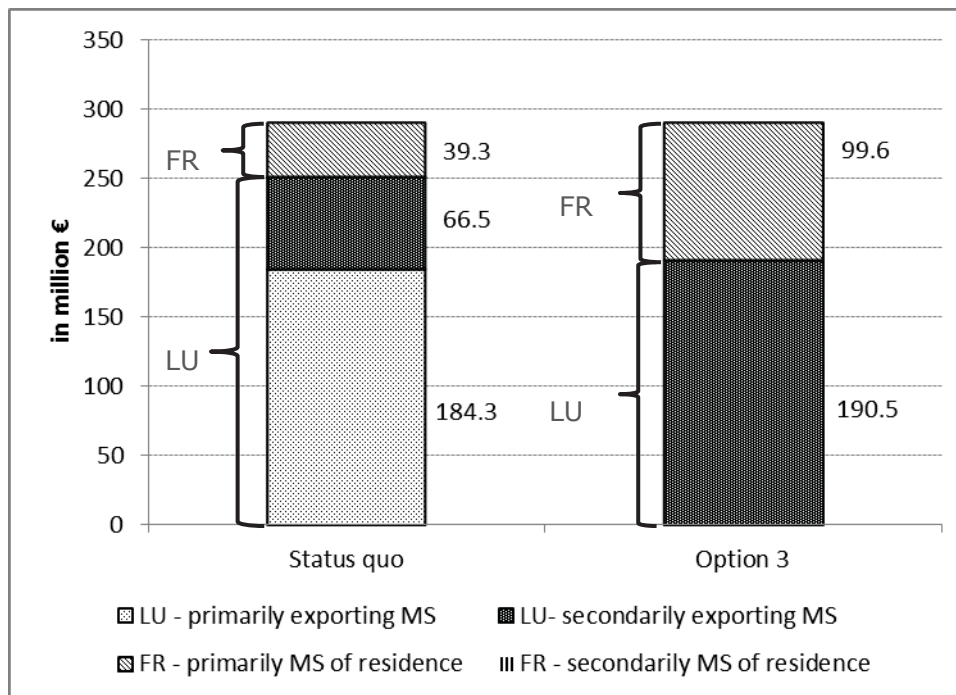
### ***Impact of bilateral flows on the budgetary impact of the exporting Member State and the Member State of residence of the children: 2 specific cases***

The budgetary impact of the application of a reversed order of competence (Option 3) on the exporting Member State and on the Member State of residence of the child(ren) is visualised below for two main flows of exported family benefits, representing together almost a third of total reported expenditure on the export of family benefits.

#### *1) From Luxembourg to France*

Luxembourg has exported 62,164 family benefits to children living in France representing an amount of € 250.7 million. 37,619 children living in France received a family benefit from Luxembourg as the primarily competent Member State representing a total amount of € 184.3 million and another group of 24,524 children living in France received a family benefit from Luxembourg as the secondarily competent Member State representing a total amount of € 66.5 million. The latter already received an estimated amount of € 39.3 million from France as the primarily competent Member State. No supplement should be paid by France as the Member State of residence given that the level of the family benefit in Luxembourg (average annual amount of € 4,109 per child) is higher compared to France (average annual amount of € 1,603 per child). Under Option 3 France as the Member State of residence of the children will be competent to pay a family benefit to the total group of 62,164 children. By taking into consideration an average annual amount of € 1,603 per child, France will pay an estimated total amount of € 99.6 million. Afterwards a supplement of € 190.5 million will be paid by Luxembourg in order to ensure that the child receives the same amount under this option as under the current rules. This implies that Luxembourg has to pay a lower but still significant amount under Option 3 despite the fact that it only has to pay a supplement. This is the result of a much higher family benefit paid by Luxembourg compared to France.

**Figure 8 Estimated budgetary impact of the export of family benefits from Luxembourg to France**



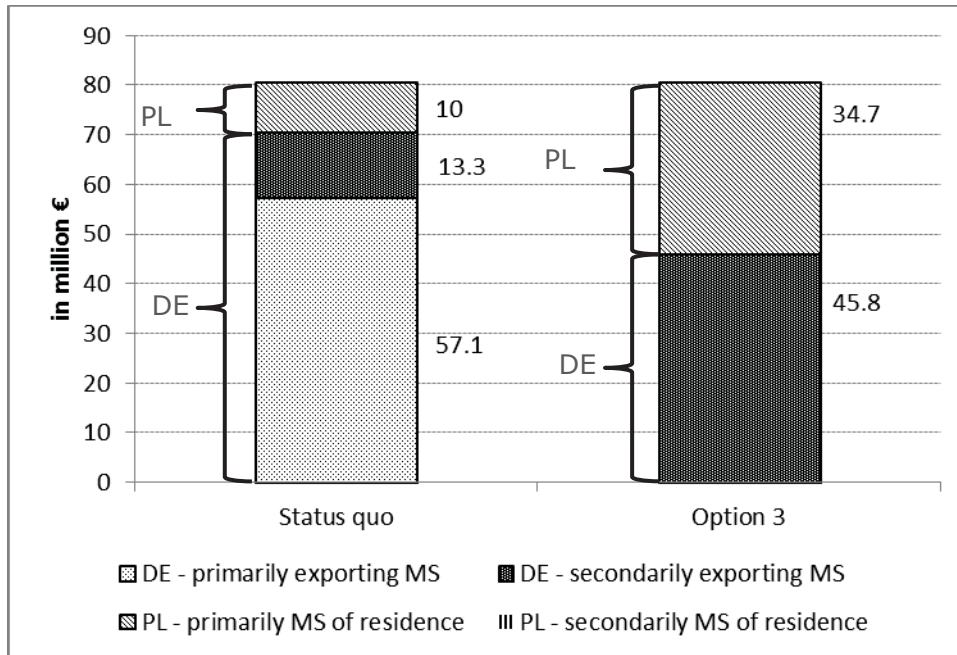
\* The amount paid by LU under Option 3 is higher compared to the amount reported in Table 19 since total spending on the export of family benefits of both options should be equal to each other.

Source The authors' own calculations based on the questionnaire on the export of family benefits

## 2) From Germany to Poland

Germany has exported 47,273 family benefits to children living in Poland representing an amount of € 70.4 million. 33,564 children living in Poland received a family benefit from Germany as the primarily competent Member State, representing an estimated total amount of € 57.1 million, and another group of 13,709 children living in Poland received a family benefit from Germany as the secondarily competent Member State representing a total estimated amount of € 13.3 million. The latter already received an estimated amount of € 10 million from Poland as the primarily competent Member State. No supplement should be paid by Poland as the Member State of residence given that the level of the family benefit in Germany (average annual amount of € 2,389 per child) is higher compared to Poland (average annual amount of € 733 per child). Under Option 3 Poland as the Member State of residence of the children will be competent to pay a family benefit to the total group of 47,273 children. By taking into consideration an average annual amount of € 733 per child, Poland will pay an estimated total amount of € 34.7 million. Afterwards a supplement of € 45.8 million will be paid by Germany in order to ensure that the child receives the same amount under this option as under the current rules. This implies that Germany has to pay a lower but still significant amount under Option 3 despite the fact that it only has to pay a supplement. This is the result of a much higher family benefit paid by Germany compared to Poland.

**Figure 9** Estimated budgetary impact of the export of family benefits from Germany to Poland



\* The amount paid by DE under Option 3 is lower compared to the amount reported in Table 19 since total spending on the export of family benefits of both options should be equal to each other.

**Source** The authors' own calculations based on the questionnaire on the export of family benefits

## CONCLUSIONS

Chapter 8 of Regulation (EC) No 883/2004 on the coordination of social security systems covers the EU provisions on the coordination of family benefits. If family members live in a Member State other than where the insured person works and/or resides, family benefits could in some cases be exported to these family members. Since entitlement to family benefits might arise in more than one Member State (based on residence, employment or receipt of a pension) some priority rules are defined in order to determine the 'primarily competent Member State'. In this respect, rights available on the basis of employment have first priority. However, when there is employment in two different Member States, it is the Member State of residence of the children that will become primarily competent for the payment of the family benefits. Also, a Member State might have to pay a supplement (corresponding to the difference between the two benefits) as the 'secondarily competent Member State' if the family benefit paid by the competent Member State is lower than the family benefit the entitled person would have received from the other Member State.

In the framework of an impact assessment of a revision of Regulation (EC) Nos 883/2004 and 987/2009 by the end of 2015, the Commission requires a preparatory study on the economic impact of an amendment to the rules of the export of family benefits. The Commission proposed several alternative options, to be compared with the current situation, i.e. the 'status quo'.

- **Status quo;**
- **Option 1** – Adjustment of the exported family benefit to the living standards.
  - **Option 1a** - Adjustment of the exported family benefit to the living standards (upwards and downwards).
  - **Option 1b** - Adjustment of the exported family benefit to the living standards (ceiling).
- **Option 2** – No export (discarded).
- **Option 3** – A reverse order of competence.
- **Horizontal Option** - Different coordination rules for salary-related child-raising allowances.

Three different types of public spending on family benefits could be defined, in particular benefits in cash, benefits in kind and tax expenditure towards families. However, the analysis of the economic impact of the options has in particular focused on the characteristics of the child benefit schemes. These benefits vary in many Member States with the child's age and/or with the number of children, and even eleven Member States have implemented a means-test. Public spending on child benefits varies markedly across the 'old' and 'new' Member States, but also across welfare state regimes. Especially the EU-15 Bismarck-oriented countries show a high level of public spending on child benefits. These differences in characteristics of the child benefits schemes, but also the distribution of means between benefits in cash or in kind and the tax system will have an impact on the national expenditure of child benefits and as a consequence on their export.

A questionnaire on the export of family benefits was launched within the Administrative Commission in order to obtain a view on the budgetary impact of the current rules, but also to use the reported figures for the calculation of the alternative options. 19 Member States were able to provide more detailed data on the export of family benefits of which 17 Member States provided data on the amount of exported family benefits. It follows that the same caution is required when drawing general conclusions on the economic impact of the different options.

A total amount of exported child benefits of € 941.8 million was reported by 17 exporting Member States under the current rules. The impact of the export of child benefits on total expenditure is quite limited for most of the Member States under the current rules. On average 1.6% of total public spending on child benefits of 16 reporting Member States could be related to their export. Luxembourg is an important 'outlier' with regard to the export of child benefits. Almost 50% of the amount of child benefits paid by Luxembourg was exported abroad.

The budgetary impact decreases under Sub-option 1a (-15.9%) and even further under Sub-option 1b (-16.6%) if there is an adjustment of the amount of exported family benefits to the cost of living in the Member State of residence of the child(ren). The budgetary impact of these sub-options will mainly be determined by the breakdown of the family benefits per Member State of residence of the child(ren), the cost of living in these Member States and the differences with the exporting Member State. Sub-option 1b even corrects the expenditure for exporting Member States which show a low cost of living compared to the Member States of residence of the child(ren).

A change of the current priority rules so that only a supplement should be paid by the exporting Member State even results in a decrease by 30.9% of expenditure by the exporting Member States compared to the status quo scenario (excluding the cost to be paid as the Member State of residence). It reflects to a high extent a shift of the expenditure from the exporting Member State towards the Member State of residence of the child(ren). In that case, France, Poland, Belgium and Germany will experience a much higher expenditure as the Member State of residence of the child(ren) compared to the status quo scenario. However, this shift is only partially realised as the level of the family benefit in the main exporting Member States is most of the time (much) higher than the level of the main Member States of residence of the child(ren).

By taking together both the expenditure as exporting Member State and Member State of residence, the total expenditure related to the coordination of family benefits could be estimated. Luxembourg will experience an important decrease in public spending if the Member State of residence of the child(ren) were to become primarily competent. This in contrast to Poland (and probably also FR taking into account the high number of exported family benefits to FR), which will experience a much higher public spending if the Member State of residence of the child(ren) were to become primarily competent.

**ANNEX 1 LIST OF FAMILY BENEFITS PER MEMBER STATE**

Table A1.1 List of family benefits per Member State

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
Austria	Universal scheme for all residents financed by employers' contributions and taxes providing Child benefit (Familienbeihilfe)	Child-raising allowance (Kinderbetreuungsgeld) The Income-related Child-raising allowance (einkommensabhängiges Kinderbetreuungsgeld)	No special allowance.	No special allowance.	Flat-rate Child-raising allowance (Kinderbetreuungsgeld): YES Tax credit for single parents (Alleinerzieherabsetzbetrag): YES	Child benefit (Familienbeihilfe) YES	YES	Accommodation and housing allowances according to the Minimum Resources Acts of the Länder.  Child tax credit (Kinderabsetzbetrag)  Supplement to the flat-rate Child-raising allowance (Beihilfe zum pauschalen Kinderbetreuungsgeld): Families with low income are granted a supplement When a child is put under the care of a private person through or at the expense of a public authority.  Supplement called back-to-school grant.  Annual amounts for children with a supplement for single parent families and a social supplement and who are disabled
Belgium	Compulsory social insurance scheme financed by a federal grant and covering any person considered as active with lump-sum benefits or working as self-employed.	Parental leave	No special allowance.	Birth grant (allocation de naissance/kraamgeld).  Adoption grant (prime d'adoption/adoptiepremie)	No special allowance.	Supplementary allowance for children	No special allowance.	Supplement called back-to-school grant.  Annual amounts for children with a supplement for single parent families and a social supplement and who are disabled
Bulgaria	A universal system financed by the State budget providing flat-rate benefits to all beneficiaries.	Part of the contribution-funded scheme providing flat-rate benefit for raising a young child (Обезщетение за отглеждане на малко дете) or for adoption of a child between 2 and 5 years of age (Обезщетение при осиновяване на дете от 2 до 5 годишна възраст).  Also two non-contributory child benefits.	No special allowances.	Pregnant women whose average monthly gross income per family member is equal to or lower than a certain level if they are not entitled to maternity benefit (Обезщетение за бременност и раждане) under the Social Insurance Code (Кодекс за социално осигуряване) and are permanent residents.	No special allowance.	Mothers of children diagnosed before their 2nd birthday as having more than 50% permanent disability  Monthly benefit for raising a child with permanent disabilities	YES (Министерски съвет).	Targeted allowances for pupils (Целеви помощи за ученици)  Targeted allowance for free travel by rail and bus in the country for mothers of many children (Целева помощ за безплатно пътуване с железопътния и автобусния транспорт в страната за многодетни майки)
Croatia	Tax-financed scheme covering all residents who satisfy a means test and providing	Providing a flat-rate cash benefit payable during parental leave.	No special allowance.	New-born child assistance	No special allowance.	Children allowance (Doplatka za djecu) for disabled children	No special allowance.	Partial State subsidies for children staying in day-care centres (means tested).  Benefit according to the Income Tax Act (Zakon o porezu na dohodak)

## Export of family benefits

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
Cyprus	benefits which vary according to income. Tax financed scheme based on habitual residence, number of dependent children, family income and property assets. Tax financed universal scheme covering all residents in the Czech Republic with income-tested benefits depending on the age of the children.	No special allowance.	No special allowance.	Maternity Grant (Βοήθημα Τοκετού)  Special maternity grant to unmarried mothers (Ειδικό βοήθημα τοκετού σε άγαμους μητέρες)	Single parent benefit is granted (Επιδότηση Τέκνου).	No special allowance.	No special allowance.	No other allowances.
Czech Republic	Tax financed universal scheme covering all residents in the Czech Republic with income-tested benefits depending on the age of the children.	Parental Allowance (Rodičovský příspěvek): Tax financed universal system providing a flat-rate benefit to a parent who personally provides full-time proper care for a small child.	No special allowance.	Entitlement to Birth Grant (Porodné) is related to the first liveborn child and is only granted to families whose income does not exceed 2.4 times the family Living Minimum (Zivotní minimum). Birth Grant is paid to:	No special allowance.	Disability of children is reflected in two Foster Care Benefits (Dávky péstounské péče): Foster Child Allowance (Příspěvek na úhradu potřeb dítěte) and Foster Parent Allowance (Odměna péstouna), see "Other allowances".	No special benefit.	Foster Care Benefits (Dávky péstounské péče):  * Foster Child Allowance (Příspěvek na úhradu potřeb dítěte),  * Foster Parent Allowance (Odměna péstouna),  * Fostering Grant (Příspěvek při převzetí dítěte),  * Motor Vehicle Grant (Příspěvek na nákup motorového vozidla),  * Grant in Foster Care Termination (Příspěvek při ukončení péstounské péče). Special allowance for parents still studying (bømetilskud til forældre under uddannelse)  Supplementary child allowance (supplerende børnetilskud i visse skole- og praktikperioder) for parents during internship and school term (statens uddannelsesstøtte)
Denmark	Tax financed universal scheme covering all residents providing benefits depending on the age of the child and the income of the family.	No special allowance.	Child care allowance: Tax financed. Municipalities can introduce such benefit for parents taking care of their own children instead of putting them in a day care facility. No special allowance.	Amount per child per quarter until the children's 7th birthday, in case of birth of more than one child and in case of adoption of more than one child (flerbørnetilskud).  Allowance (single benefit) in case of adoption of a foreign child	The general Child allowance (ordinært børnetilskud) is supplemented (ekstra børnetilskud)	Income replacement benefit for domiciliary care of a disabled child	YES	Supplementary child allowance (supplerende børnetilskud i visse skole- og praktikperioder) for parents during internship and school term (statens uddannelsesstøtte)  Conscript's and Alternative Civilian Servant's Child Allowance (ajateenija ja asendusteenistuja lapse toetus)  Foster Care Allowance (eeskostel või perekonnas hooldamisel oleva lapse toetus)
Estonia	Tax financed universal scheme with flat rate benefits covering all residents.	Parental Benefit: (vanemahüvitis)  Child Care Allowance (lapsehooldustasu)  Supplementary Child Care Allowance (täiendav	No special allowance.	Childbirth Allowance (sünnitoetus)	Single Parent's Child Allowance (üksikvanema lapse toetus)	Disabled Child Allowance (puudega lapse toetus)  The Social Benefit Rate (sotsiaaltoetuste määr)  Study Allowance	YES	Conscript's and Alternative Civilian Servant's Child Allowance (ajateenija ja asendusteenistuja lapse toetus)  Foster Care Allowance (eeskostel või perekonnas hooldamisel oleva lapse toetus)



## Export of family benefits

	Child benefit	Child-raising allowances lapsehoidustasus)	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
Finland	Tax financed flat rate benefit for children resident in Finland.	Parental allowance (vanhempainraha)	All children (aged 10 months – 6 years) have a subjective right to day care arranged by municipalities . Families who care for their children at home or arrange the care privately are entitled to cash benefits.	A maternity grant (aitiysavustus) An adoption grant (adoptiotuki)	The Child Allowance (lapsilisä) is supplemented	Disability allowance for persons under 16 years of age (alle 16-vuotiaan vammaistuki)	Maintenance allowance for children (elätustuki)	Adoption Grant (lapsestamistoetus) Means-tested housing allowances (asumistuki) available to families with low income.
France	Universal scheme financed by contributions from employers, from the self-employed and from a portion of the Generalised social contribution (contribution sociale généralisée, CSG).	Infant Welcome Benefit (Prestation d'accueil du jeune enfant, PAJE).	Choice of the Infant Welcome Benefit (Complément de libre choix de mode de la garde de la Prestation d'accueil du jeune enfant, PAJE)	Birth or Adoption Grant of the Infant Welcome Benefit (Prime à la naissance ou à l'adoption de la Prestation d'accueil du jeune enfant, PAJE) Basic Allowance of the Infant Welcome Benefit (Allocation de base de la Prestation d'accueil du jeune enfant, PAJE)	Active solidarity income (revenu de solidarité active, RSA)	Special education allowance for a disabled child (allocation d'éducation de l'enfant handicapé, Aeeh) for persons with a 50% or more handicap, up to the age of 20 Possibility to opt for the disability compensation allowance (prestation de compensation du handicap, PCH)	YES	New School Year Allowance (allocation de rentrée scolaire) for children aged 6 – 18. Family supplement (complément familial) subject to means test Housing allowance (allocation de logement)
Germany	Tax-funded scheme with fixed amounts for tax exemption of the parental income to the amount of certain needs of a child for all parents and for the promotion of family, in so far as child benefit is not used for tax exemption.	Parental allowance (Elterngeld) child care allowance (Betreuungsgeld)	No special allowances.	No special allowances	No special allowances	No special allowances.	The Advance Payment of Maintenance Act (Unterhaltsvorschussgesetz)	The Parental allowance (Elterngeld) is treated separately from Child-raising leave (Elternzeit).  Grandparents are also entitled to child-raising leave. Parents are entitled to supplementary child allowance (Kinderzuschlag) under specific conditions.

## Export of family benefits

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
Greece	Compulsory social insurance system financed by contributions covering employees, and providing benefits depending on the number of children. Benefits are granted once every calendar year covering the whole year. Tax financed universal scheme covering all residents.	No special allowance.	No special allowance.	Childbirth benefit for obstetrics costs (ΒΟΗΘΗΜΑ ΤΟΚΕΤΟΥ)	The single parent receives the Child benefit (ΟΙΚΟΓΕΝΕΙΑΚΑ ΕΠΙΔΟΜΑΤΑ)	Allowance for parent of disabled child	No special allowance.	* Benefit granted to mothers for the support of unprotected children who do not have a father.  * Single allowance child support (ΕΝΙΑΙΟ ΕΠΙΔΟΜΑ ΣΤΗΡΙΞΗΣ ΤΕΚΝΩΝ)  * Special benefit for families with at least three children (ΕΙΔΙΚΟ ΕΠΙΔΟΜΑ ΤΡΥΤΕΚΝΩΝ ΚΑΙ ΠΟΛΥΤΕΚΝΩΝ)
Hungary	Tax financed universal scheme covering all residents.	Child Home Care Allowance (Gyermekgondozási segély)  Child Raising Support (co-financed támogatás)	In-kind benefit, local authority run creches and kindergarden (co-financed by the parent).	Pregnancy-Confinement Benefit (Terhességi-gyermekágyi segély) Birth Grant (Anyasági támogatás)	Entitlement to higher amounts of Family Allowance (Családi pótlék)	Entitlement to higher amounts of Family Allowance (Családi pótlék)	Advance on maintenance payments (Tartásdíj megelőlegezése)	Regular Child Protection Allowance (Rendszeres gyermekvédelmi kedvezmény)  Family tax allowance (Családi kedvezmény)
Iceland	Flat-rate benefits, based on residency, to families with children reduced when income exceeds a certain level.	Child Care Fee (Gyermekgondozási díj)  No child-raising allowance.	No special allowance. Municipalities may subsidise the cost of day care for children in private homes, e.g. in the case of single parents.	Flat-rate adoption grant (ættfleiðingarstyrkur)	Single parent allowance (mæðralaun)	Home care allowance (umönnunargreiðslur)	YES	A single flat-rate child pension with respect to education (barnalífeyrir vegna skólánáms)  Means-tested housing allowances (húsaleigubætur)
Ireland	Tax financed flat rate universal scheme covering all resident children. The rate of payment is dependent on the ranking of the child within the family.	No special allowance.	Not applicable.	No special allowance.	One Parent Family Payment is available as a separate and specific means-tested scheme	Domiciliary Care Allowance	No special allowance.	Family Income Supplements (FIS)  Guardian's Payment (Non-Contributory)
Italy	System	Optional	No special	Increased family	No specific	No special allowance.	Social Card	

## Export of family benefits

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
	financed mainly by the employers' contributions and partly by workers' contributions (as established in the employment contract) covering the employees with benefits depending on the family income and on the number of family members.	supplementary parental leave (Congedo parentale facoltativo)	allowance, but vouchers are granted to help meeting the additional expenses of raising children		allowance if lone parent with a child.	allowance for disabled children.		Children of severely disabled persons (Erogazione integrativa per grandi invalidi)
Latvia	Tax-financed universal scheme with flat-rate benefits and covering all permanent residents.	Child Raising Allowance (Bērna kopšanas pabalsts) Parental benefit (Vecāku pabalsts)	No special allowance.	Childbirth Allowance (Bērna piedzimšanas pabalsts)	No special allowance.	Supplement to the family State benefit for disabled child (Piemaksa pie ģimenes valsts pabalsta par bērnu invalidu) Disabled child raising allowance (Bērna invalīda kopšanas pabalsts)	No special allowance.	Compensation for taking care of an adoptee Compensation for adoption Compensation for the execution of the guardian's duties Remuneration for the fulfilment of foster family duties Allowance to a foster family for a dependent child Allowance to a foster family for the purchase of clothing and soft furnishings Compensation of differences
Liechtenstein	Compulsory public system financed by contributions for persons resident or gainfully employed in Liechtenstein.	No child-raising allowance	No special benefit.	Amount at the birth of one child, Amount per child in the case of multiple births.	Additional monthly Single Parent Allowance (Alleinerziehendenzulage)	No special benefit.	NO	
Lithuania	Tax financed universal scheme for all residents with benefits depending on family income, age and number of the children. Child benefit is paid to families	Compulsory insurance for employees financed by contributions and providing earnings-related Maternity/Paternity Benefit, Motinystės/tėvystės pašalpa).	No special allowance.	Birth allowances (Geburtszulagen) are also paid in cases of adoption of a child under the age of 5. Child Grant (Vienkartinė išmoka vaikui)	Payments for child maintenance in pre-school institution may be reduced by 50%.	Social assistance pension (Šalpos pensija)	No special allowance.	Benefit for a Child of a Serviceman in Mandatory Primary Military Service (Išmoka privalomosios pradinės karo tarnybos kario vaikui) Guardianship (Curatorship) Benefit (Globos (rūpybos) išmoka) Settlement grant

## Export of family benefits

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
Luxembourg	raising children and to children deprived of parental care. Universal tax financed scheme. Child's own right linked to residence. The amount varies depending on the family group and increases according to the age of the child.	Child-raising Allowance (allocation d'éducation)	No special allowance.	Birth Grant (allocation de naissance)	No special benefit.	Supplementary allowance	Any maintenance due to the spouse, an ascendant or a descendant is paid on request and under certain conditions by the national solidarity fund and recovered by it.	Parental leave (congé parental) New School Year Allowance (allocation de rentrée scolaire) A child bonus (boni pour enfant)
Malta	A universal system financed by general taxation providing an earnings-related allowance to all Maltese citizens whose children reside in Malta.	No special allowance.	No special allowance.	Maternity Benefit (Beneficċju tal-Maternità)	Single Parents are treated as a family in their own right and are entitled to Social Assistance (Għajnunha Soċjali) as well as Child Allowance (Allowance tat-Tfal).	Disabled Child Allowance (Allowance għal tfal b'Dizabilità).	The law courts determine whether and how much maintenance should be paid. If claimant does not receive maintenance, the social security department pays the full rate to claimant.	* A head of household who cares for a child or a person whose parents are unknown or have abandoned him/her will be entitled in respect of such a child or person to the allowances as a distinct and separate entitlement to that applicable in respect of his/her own children. * A benefit is payable to recognised institutions for the care of children and foster parents for the benefit of children without families or children in foster homes. Means-tested housing support (bosstotte)
Norway	Tax financed universal scheme providing a flat-rate benefit for all children.	Compulsory social insurance scheme for the active population (employees and self-employed) with Parental Benefit (foreldrepenger)	Monthly Cash Benefit for Parents with Small Children (kontantstøtt e)	Maternity/Adoption Grant (engangsstønnad ved fødsel/adoptisjon)	* Child benefit for one more child than the single parent actually has. In addition an infant supplement (småbarnstillegg) is paid (over-gangsstønnad) . * Education benefit (utdanningsstønnad) * Child Care Benefit (stønnad til barnetilsyn wsyn).	Transitional benefit (overgangsstønnad)	Advance maintenance payment (bidragsforskott)	Child-minding Allowance (Zasilek opiekunczy) Commencement of a School Year supplement (Dodatek z
Poland	Tax financed universal scheme covering all residents with	Tax financed universal scheme providing a flat-rate benefit as a supplement to Family Allowance.	No special allowance.	Childbirth lump-sum as supplement to Family Allowance (Dodatek z tytułu urodzenia dziecka)	Supplement for raising a child alone (dodatek z tytułu samotnego wychowywania dziecka)	Medical Care Allowance (Zasilek pielęgnacyjny) Training and	Alimony Fund Benefit (Swiadczenie z funduszu alimentacyjny)	Child-minding Allowance (Zasilek opiekunczy) Commencement of a School Year supplement (Dodatek z

## Export of family benefits

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
Portugal	Child benefit benefits depending on the age of the children.	Child-raising allowances	Child care allowances	Birth and adoption grants One-time childbirth grant (Jednorazowa zapomoga z tytułu urodzenia się dziecka)	Allowance for single parents	Special allowances for children with disabilities Rehabilitation of Disabled Child supplement (dodatek z tytułu kształcenia i rehabilitacji dziecka niepełnosprawnego) Special attendance allowance (Specjalny zasitek opiekuńczy)	Advance on maintenance payments	Other allowances tytułu rozporządzenia roku szkolnego) Child Education out of the Place of Residence supplement (Dodatek z tytułu podjęcia przez dziecko nauki w szkole poza miejscem zamieszkania) Large family supplement (Dodatek z tytułu wychowywania dziecka w rodzinie wielodzietnej) Funeral grant (subsídio de funeral) Additional payment (montante adicional) Prenatal Child Benefit (abono de família pré-natal) Study grant (bolsa de estudos)
	Compulsory universal protection system for all inhabitants financed by taxes, with benefits depending on household income, number and age of the children. Individual right of the child, related to residence.	Extended parental benefit (subsídio parental alargado)	No special allowance.	No special allowance.	Child benefit and related supplements are increased	* Supplement to disabled children (bonificação, por deficiência, do subsídio familiar a crianças e jovens): * Monthly life annuity (subsídio mensal vitalício) * Extraordinary solidarity supplement (complemento extraordinário de solidariedade) I * Solidarity supplement for the elderly (complemento solidário para idosos)	No special allowance.	
Romania	Social assistance scheme, universal, financed by the State Budget, providing both cash and in-kind benefits, including State Allowance for Children (alocatie de stat pentru copii) and Family Support Allowance (alocatie pentru sustinerea familiei).	Social assistance scheme, universal, financed by the State Budget, providing both cash and in-kind benefits, including Child-Raising Indemnity (indemnizatie pentru cresterea copilului).	Social assistance scheme, universal, financed by the State Budget, providing both cash and in-kind benefits, including Child-Raising Indemnity (indemnizatie pentru cresterea copilului).	No birth and adoption grants.	Family Support Allowance (alocatie pentru sustinerea familiei)	State Allowance for Children with Handicap (alocatie de stat pentru copii cu handicap) Child-Raising Leave (concediu pentru cresterea copilului) and Child-Raising Indemnity (indemnizatie pentru cresterea copilului)	No advance on maintenance payments.	Bonus for Insertion (stimulent de insertie)

## Export of family benefits

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
Slovakia	Tax financed universal scheme covering all residents with dependant child/ren.	Tax financed universal flat-rate benefit to all residents with child/ren. The State supports entitled persons in the ordinary (regular) care of children.	State subsidy for kindergartens . Tax Bonus (Daňový bonus) Child Care Allowance (Príspevok na starostlivosť o dieťa)	Birth Grant (Príspevok pri narodení dieťaťa)  Annual benefit for multiple birth (Príspevok na viac súčasne narodených detí)	No special allowance.	Special Child care Allowance (dodatek za nego otrocka, ki potrebuje posebno nego in varstvo)	Alimony Benefit (Náhradné výživné) .	Partial refund (State subsidy) of bus/train fares to school or work and boarding costs for school or work for those undergoing vocational training.  Substitute Child Care Support Benefits (Príspevky na podporu náhradnej starostlivosti o dieťa)
Slovenia	Tax financed universal scheme with income-tested benefits depending among others on income and ranking of the child in the family.	Compulsory parental protection insurance with earnings-related benefits for the insured person. Financed by contributions and taxes.	Reduction in payment of nursery school fees (znižanje plačila vrtca)	Layette (pomoč ob rojstvu otroka):	When a child lives in a single-parent family then Child Benefit (otroški dodatek) is increased by 30%.	Special Child care Allowance (dodatek za nego otroka, ki potrebuje posebno nego in varstvo)  Partial Payments for Loss of Income (delno plačilo za izgubljeni dohodek)	Maintenance Replacement (nadmestilo preživnine)	Parental Allowance (starševski dodatek)  Large Family Allowance (dodatek za veliko družino)
Spain	Tax financed non-contributory benefits for all residents with benefits depending on income, age and degree of disability.	Contributory benefit in kind: the first three years of parental leave (Excedencia por cuidado de hijo)	No special allowance.	Multiple birth grant for two or more children. T	No special allowance.	YES	No special allowance.	No other allowances, but as a contributory benefit in kind, the first year of leave to take care of other relatives (Excedencia para el cuidado de familiares) is considered as period of contribution.
Sweden	Tax financed, compulsory and universal scheme covering all resident parents and children providing a flat-rate child allowance (barnbidrag) and a large family supplement (fienbarnstillägg)	Municipal Child care Allowance Act (lagen 2008:307) om kommunalt vårdnadsbidrag) is giving the municipalities the right to introduce, finance and administer municipal child care allowances.	No special allowance.	No special allowance in case of birth.  Allowance in case of adoption	Care Allowance for Disabled Child (vårdbidrag)	Maintenance support (underhållsstöd)	Gender equality bonus (jämställdhetsbonus):  Housing allowance (bostadsbidrag) c	
Switzerland	Federal scheme: Scheme for agricultural workers and	No special allowance.	No special allowance.	Federal scheme: No birth allowance. Cantonal schemes: 9 cantons provide a birth allowance	No special allowance.	Two cantons pay a special allowance.	All cantons have a system for advancing support payments.	Federal scheme: Household allowance (Haushaltungszulage/allocati on de ménage)

## Export of family benefits

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
The Netherlands	<p>self-employed farmers, financed by contributions and taxes.</p> <p>Cantonal schemes:</p> <p>Schemes for employees and self-employed not involved in agriculture (financed by contributions) and for persons not engaged in paid employment with low income (financed by taxes).</p> <p>General Child Benefit Act (Algemene Kinderbijslagwet, AKW) and Act on Child-related Allowance (Wet op het kindgebonden budget, WKB): tax financed universal scheme covering all residents.</p>	No child-raising allowances.	Under the Child care Act (Wet Kinderopvang) the State, parents and employers together pay the costs of child care in the case the child is cared for outside the home during working hours of the parents.	No special benefit. (Geburtszulage/allocation de naissance). 8 of these 9 cantons pay a welcome allowance (Adoptionszulage/allocation d'accueil) for the child placed to be adopted.	No special benefit.	Invalid youths aged 18 or over are entitled to a benefit on account of incapacity for work under the Compensation Regulations governing Contributions towards the Upkeep of Disabled Children living at Home (Tegemoetkoming Onderhoudskosten Thuiswonende gehandicapte kinderen TOG).	No special benefit.	No other allowances.
United Kingdom	<p>Child Benefit: Tax financed (non-contributory) system for all parents of children under 16 (under 20 in certain circumstances).</p> <p>Child Tax Credit: Tax financed, non-</p>	No child-raising allowance.	Help can be given with child care as part of Working Tax Credit.	Sure Start Maternity Grant	NO	Disability Living Allowance (care/mobility benefit)		Working Tax Credit (WTC)

## Export of family benefits

Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
contributory, income-related system for all parents of children under 16 (under 20 in certain circumstances).							

\* Summary of the more detailed MISSOC tables  
**Source** MISSOC



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## **ANNEX XIV: HIVA REPORT AGGREGATION – ECONOMIC IMPACT**

**ANNEX XIV**

# **Aggregation of periods or salaries for unemployment benefits**

*Analysis of the economic impact of the options*

Prof Dr Jozef Pacolet and Frederic De Wispelaere  
HIVA-KU Leuven

*August 2015*



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*European Commission  
B-1049 Brussels*

# **Aggregation of periods or salaries for unemployment benefits**

*Analysis of the economic impact of the options*



## **Network Statistics FMSSFE**

This report has been prepared in the framework of Contract No VC/2013/0301 'Network of Experts on intra-EU mobility – social security coordination and free movement of workers / Lot 2: Statistics and compilation of national data'. This contract was awarded to Network Statistics FMSSFE, an independent research network composed of expert teams from HIVA (KU Leuven), Milieu Ltd, IRIS (UGent), Szeged University and Eftheia bvba. Network Statistics FMSSFE is coordinated by HIVA.

### **Authors:**

Prof Dr Jozef Pacolet, Head of the 'Welfare State' research group, HIVA Research Institute for Work and Society, University of Leuven (KU Leuven).

Frederic De Wispelaere, Senior research associate, HIVA Research Institute for Work and Society, University of Leuven (KU Leuven).

### **Peer reviewers:**

Prof Dr József Hajdú, Head of the Department of Labour Law and Social Security, Szeged University.

Gabriella Berki, Professor Assistant at the Department of Labour Law and Social Security, Szeged University.

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## PREFACE

In the framework of an impact assessment of a revision of Regulation (EC) Nos 883/2004 and 987/2009 by the end of 2015 the Commission requires a preparatory study on the economic impact of an amendment of the aggregation rules for unemployment. The Commission proposed several alternative options, to be compared with a first option representing the current situation, i.e. the 'status quo'.<sup>60</sup>

- **Option 1** – Status quo: “maintaining the wording of Article 61”.
- **Option 2** – The formalisation of the “one-day rule”.
- **Option 3** – The introduction of a minimum period for aggregating periods of insurance, employment or self-employment;
  - **Sub-option 3a: one month** of insurance, employment or self-employment needs to be completed before aggregation can be applied.
    - **Sub-option 3a1:** *Previous Member State is responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed one month of insurance, employment or self-employment.*
  - **Sub-option 3b: three months** of insurance, employment or self-employment need to be completed before aggregation can be applied.
    - **Sub-option 3b1:** *Previous Member State is responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed three months of insurance, employment or self-employment.*
- **Option 4** – A change of the calculation method of the unemployment benefit.
  - **Sub-option 4a:** the salary earned in the previous Member State is also taken into account for the calculation of the unemployment benefit by the competent Member State, if less than **one month** of insurance, employment or self-employment is completed.
  - **Sub-option 4b:** the salary earned in the previous Member State is also taken into account for the calculation of the unemployment benefit by the competent Member State, if less than **three months** of insurance, employment or self-employment is completed.

Informing the debate with reliable and recent information is essential. Information could be collected in several ways to gain insight in the current situation. This information should also be useful in order to calculate the different options. Over the past few years, the collection of national administrative data moved ahead as several questionnaires were launched within the framework of the Administrative Commission for the Coordination of Social Security Systems. In 2015, among others, a questionnaire was launched on the aggregation of unemployment benefits. These data provide already a first overview of the current situation (see Pacolet and De Wispelaere, 2015). Nonetheless, data collected outside the framework of the Administrative Commission is also highly relevant. These data available at EU level or at national level are especially useful when they are combined or confronted with administrative data of the questionnaire.

Some data sources, interesting for different reasons, which can be extracted at EU level:

- provide information on national social security systems (MISSOC, OECD);
- provide information on intra-mobility (LFS, Eurostat migration statistics, national reports);

<sup>60</sup> In recent years, several proposals of changes to the current rules (see, for instance, Barslund and Busse, 2014; BMI and BMAS, 2014; Tænketanken Europa, 2014) or for a 'harmonization' of the social security schemes (see, for instance, Dullien, 2014) emerged.

- compare total national expenditure with the specific cross-border expenditure (OECD, ESSPROS, Ageing Report 2012 or 2015).

Intra-EU labour mobility has different faces (*Table 1*): 'permanent' stay in another EU Member State as a result of migration; cross-border commuting and 'temporary' stay through the posting of workers. A first group are EU migrants of working age who moved to an EU Member State other than their EU Member State of birth or of their citizenship. In 2013, the 'stock' of citizens of working age (15 to 64 years) from an EU-28 Member State/EFTA country who resided in another EU-28 Member State was around 3.1% of the total population residing in the EU-28 Member States (Cannetta et al., 2014). In 2013, some 7 million EU citizens worked and lived in an EU Member State other than their own (equal to 3.3% of total employment in the EU) (European Commission, 2014a). However, in order to assess the current aggregation rules a more detailed view on the yearly flow of intra-EU migrants is needed. In 2012, some 1.8 million EU/EFTA citizens of working age migrated to another EU-28 Member State or EFTA country, of which some 700,000 EU-28/EFTA citizens returned to their Member State of citizenship. In addition, in 2013 some 1.3 million EU citizens were employed in an EU Member State other than their EU Member State of residence (i.e. 'cross-border workers'), representing 0.6% of total employment in the EU.<sup>61</sup> Some 65% (about 814 thousand) cross-border workers were employed in a neighbouring Member State (i.e. 'frontier workers')<sup>62</sup>. Finally, in 2013 some 1.34 million 'Portable Documents A1'<sup>63</sup> were issued to posted workers residing in an EU-28 Member State/EFTA country (Pacolet and De Wispelaere, 2014). The reference group to be studied within the context of this report are the new intra-EU migrants of working age.

**Table 1** Types of intra-EU labour mobility, 2012-2013

Type	Flow/Stock	Number	%	Year
Total stock EU/EFTA migrants of working age*	Stock		3.1% of total EU-28 population of working age	2013
Flow of EU/EFTA migrants of working age*	Flow	1.8 million	0.5% of total EU-28/EFTA population of working age	2012
<b>Of which 'return migration'</b> **	Flow	714,000	0.2% of total EU-28/EFTA population of working age	2012
EU migrants working and living in another MS	Stock	7 million	3.3% of total EU employment	2013
Cross-border workers in EU-28	Stock	1.3 million	0.6% of total EU employment	2013
<b>Of which 'frontier workers'</b>	Stock	814,000		2013
Posted workers in EU28/EFTA***	Flow	1.34 million	± 0.6% of total EU/EFTA employment	2013

\* By citizenship of the migrant.

\*\* We cannot know if someone has ever previously lived in the country of citizenship.

\*\*\* Number of forms issued.

**Source** Eurostat data on migration, Cannetta et al., 2014; Pacolet and De Wispelaere, 2014.

<sup>61</sup> Based on Labour Force Survey (LFS) data, an estimation of the number of cross-border workers can be made (based on the question 'What is the name and address of the local unit of the enterprise where you work?' and variables 'COUNTRYW' (country of place of work) and 'COUNTRY' (country of residence) in the database). However, some interpretation problems appear. While legally a distinction should be made between posted workers and cross-border workers, this distinction is not made by this question in the LFS. For that reason we think that the LFS question covers both cross-border workers (within the rules of free movement of workers) and posted workers (within the rules of free movement of services). Ideally, the LFS should make this distinction to avoid possible interpretation problems. In the further analysis we considered all workers who work in a country other than the country of residence as cross-border workers.

<sup>62</sup> This definition of a frontier worker differs from the definition used in Regulation (EC) No 883/2004.

<sup>63</sup> Portable Document A1 is a formal statement on the applicable social security legislation and proves that the posted worker pays social security contributions in another Member State.

## INTRODUCTION

The unemployment chapter of Regulation (EC) No 883/2004<sup>64</sup> provides for specific coordination rules for the aggregation of periods of insurance, employment or self-employment in case of unemployment. Aggregation will be applied to those unemployed recent migrant workers who have completed their most recent periods of insurance, employment or self-employment in the Member State where the benefit is claimed. In some cases the period of insurance, employment or self-employment is insufficient to be entitled to an unemployment benefit. In that case additional periods of insurance, employment or self-employment completed by the person in a Member State other than the competent State are required (by the use of a Portable Document U1 or a Structured Electronic Document U002).<sup>65</sup> Portable Document (PD) U1 or the corresponding Structured Electronic Document (SED) U002 certify periods of insurance, employment or self-employment completed by a worker in another Member State, which are to be taken into account for the award of unemployment benefits. PD U1 is issued to the worker, on his or her request, by the institution of the Member State where the person completed the periods of insurance, employment or self-employment. SED U002 is issued at the request of the competent institution. It should be noted that a migrant worker becomes subject to the legislation of a Member State as soon as he or she starts to work there. Hence, the aggregation rules become fully applicable as from that moment.

### Box 1 – Scope of the aggregation rules

The scope of the aggregation rules covered by PD U1 or SED U002 includes unemployed recent migrant workers, unemployed frontier workers and cross-border workers, other than frontier workers. However, the latter two groups fall outside the scope of this study.

- *Frontier workers* (i.e. people who work in a Member State other than the Member State of residence, and return home daily or at least once a week) who become wholly unemployed must apply for unemployment benefits in their Member State of residence.

- *Cross-border workers, other than frontier workers* (i.e. people who work in a Member State other than the Member State of residence, and do NOT return home daily or at least once a week), may apply for unemployment benefits and register with the employment service in either the Member State of last activity or the Member State of residence.

There is also a reimbursement mechanism between the Member State of last activity and the Member State of residence where unemployment benefits are claimed. The Member State of last activity only reimburses the State of residence the first three months of the unemployment benefits paid by the latter. This is extended to five months if the person has been insured in the Member State of last activity for at least 12 months in the preceding 24 months.

The group of unemployed frontier workers and other cross-border workers involved and the budgetary consequences on public unemployment spending may even be larger compared to the number of unemployed recent migrant workers and the corresponding expenditure.

By quantifying the number of new intra-EU movers who became unemployed after only a short period of employment and the budgetary consequences, an impact

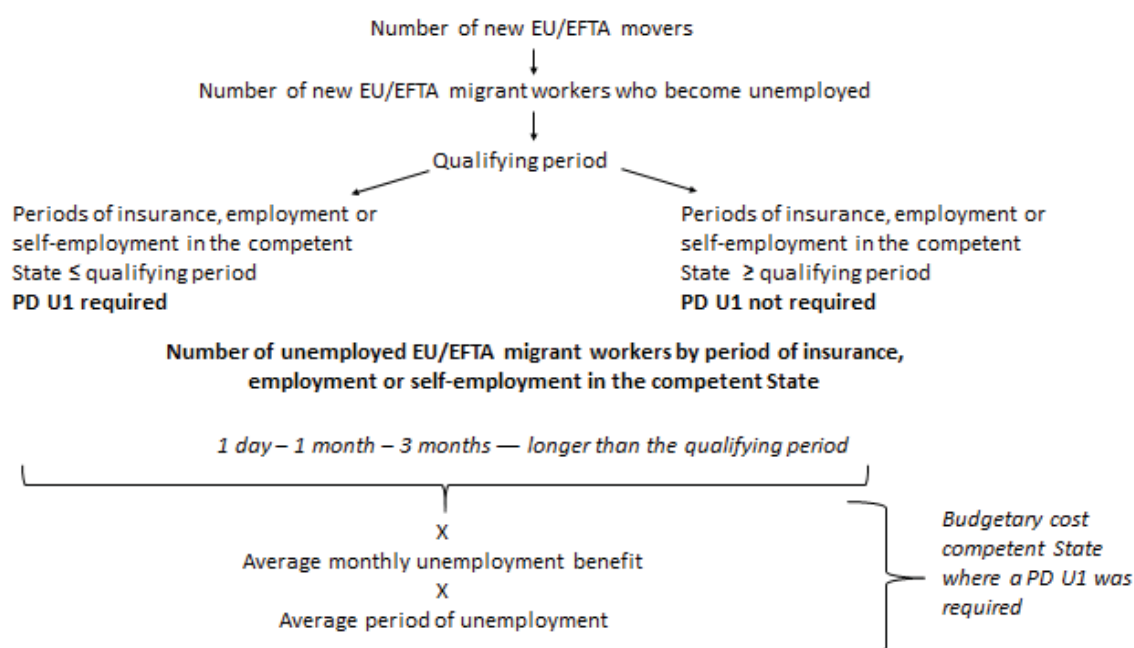
<sup>64</sup> Chapter 6 of Regulation (EC) No 883/2004, Article 61-65.

<sup>65</sup> Article 61 of Regulation (EC) No 883/2004.



assessment of the current rules but also of the several options can be made (Figure 1). Thus, more information on the number of new EU/EFTA movers; the number of new EU/EFTA movers who became unemployed; the period of insurance, employment or self-employment fulfilled in the Member State of last activity; the qualifying period; the average level of the unemployment benefit and the average duration of unemployment will be required.

**Figure 1 Determination of the reference group and the budgetary impact**



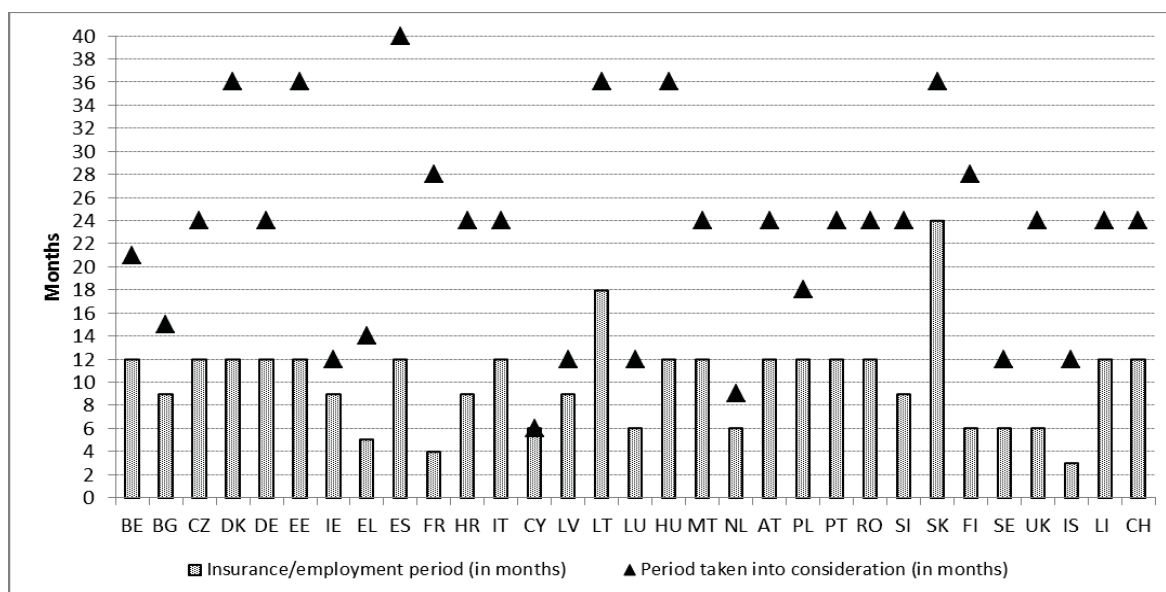
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## 1. CHARACTERISTICS

The analysis of MISSOC (2014) creates the opportunity to obtain an overview of the different dimensions of the national unemployment schemes and in particular of the qualified period, the waiting period, the level of the unemployment benefit, the duration of the unemployment benefit etc. A comparable exercise was recently provided by Esser et al (2013), commissioned by DG EMPL, based on data from the Social Policy Indicator Database (SPIN).<sup>66</sup>

The entitlement to unemployment benefits is based upon the completion of periods of insurance, employment or self-employment. The qualifying period varies across Member States, from at least four months in France to 24 months in Slovakia (Figure 2). Nevertheless, many Member States apply a qualifying period of some 12 months (BE, CZ, DK, DE, EE, ES, IT, HU, MT, AT, PL, PT, RO, LI and CH). However, it should be noted that there are large differences in the time in which this period must be completed. It will make the accomplishment of the acquired period more severe or less severe. Those national provisions will influence the number of PDs U1 required and the period of insurance, employment or self-employment to be completed by a worker in a Member State other than the competent State in order to be entitled to an unemployment benefit. This report will provide more information on the links between those elements.

<sup>66</sup> See also EC, 2014b. The report of the European Migration Network maps national rules on social security by using the MISSOC tables.

**Figure 2 Unemployment benefits – Qualifying period, 2014**


Source MISSOC, 2014

In almost all Member States (excluding IE, MT, PL and UK) earnings received before unemployment will be taken into account as reference basis for the calculation of the unemployment benefit (Table 2). However, the applied calculation method varies, from taking into account the last salary earned (BE, NL and LI) to the average earnings of several months (from three months in HR, CZ, DK and LU to 36 months in LT).

These national rules do not apply to earnings acquired in another Member State. Article 62 of Regulation (EC) No 883/2004 has defined the calculation method of the unemployment benefit in case of aggregation of periods. The calculation method should only take into account the salary or professional income received by the person concerned in respect of the last activity as an employed or self-employed person. This implies that the unemployment benefit calculated on the basis of the current EU provisions might differ from the unemployment benefit if national rules would be applied (most of the Member States calculate the unemployment benefit on the basis of an average amount of earnings received during several months).<sup>67</sup>

This calculation method of the unemployment benefit has also been changed compared to 'old' Regulation (EEC) 1408/71. The second part of Article 68 of Regulation (EEC) No 1408/71 stated that "if the person concerned had been in his last employment in that territory for less than four weeks, the benefits shall be calculated on the basis of the normal wage or salary corresponding, in the place where the unemployment person is residing or staying, to an equivalent or similar employment to his/her last employment in the territory of another Member State".

<sup>67</sup> Barslund and Busse (2014, p. 21) concluded that any revision (in this case the inclusion of actual earnings during the relevant period) should also apply to workers moving from higher to lower salary countries.

**Table 2 Unemployment benefits – Earnings taken as reference, 2014**

Not based on earnings	Variation by level of earnings	Last salary earned	Average earnings of ... months						
			3	6	8	9	12	24	36
IE; MT; PL; UK	EL	BE; NL; LI	HR; CZ; DK; LU	IS; ES; CH	SI	EE	AT; CY; FR; DE; HU; LV; NO; PT; RO; SE	BG; IT; SK	LT

Source MISSOC, 2014

Another dimension which will influence the budgetary cost is the duration of the unemployment benefits (*Table 3*).<sup>68</sup> The applied method in order to determine the maximum entitlement period varies across Member States. In many Member States the period of insurance/employment/contribution also determines the duration of the payment while in other Member States a fixed duration of entitlement has been determined. Only Belgium has an unlimited benefit duration.

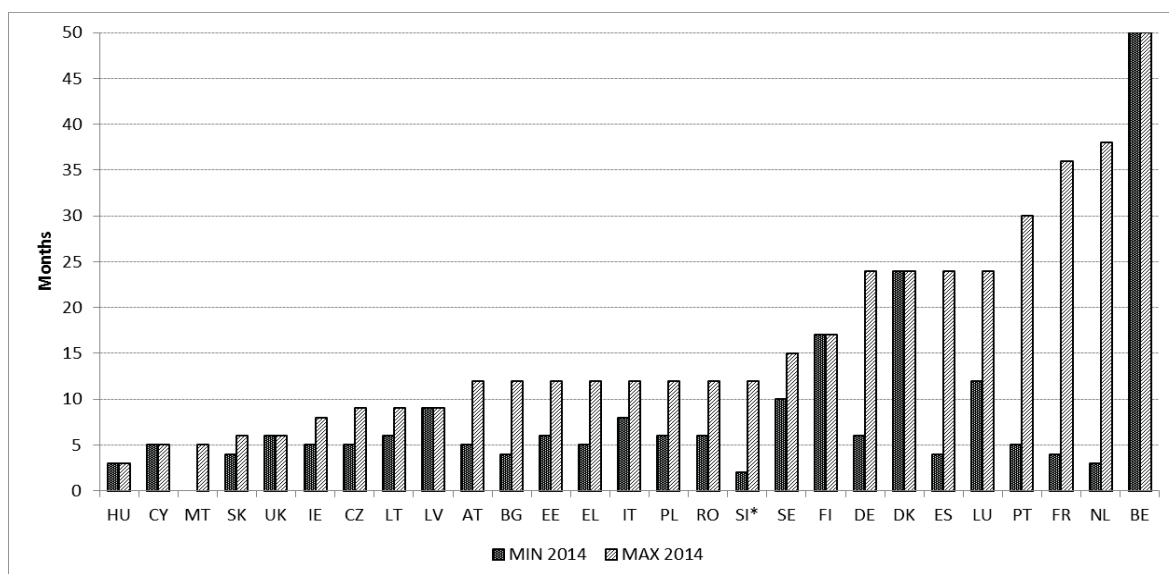
**Table 3 Unemployment benefits – Determination of the duration of the benefits, 2014**

No limit	Fixed number	Unemployment rate	Insurance period	Employment (contribution) period	Insurance duration and age	Contribution duration and age	Age
BE	CY; DK; FI; IS; LV; MT; LU; NO; SK; SE; UK	PL	BG; EE; FR; HU; IE; LT	HR; EL; RO; ES; CH; NL	AT; DE; LI; SI	PT	CZ; IT

Source MISSOC, 2014

*Table 4* provides information on the minimum and maximum duration of the unemployment benefit. The entitlement to an unemployment insurance benefit will be limited to a number of weeks or months (except for BE) and varies markedly across but also within Member States.

<sup>68</sup> Based on LFS data we calculated in previous research the average duration of unemployment (average duration of 15 months). However, this average duration is measured at a certain moment which implies a possible underestimation of the duration of the unemployment (e.g. the person may still remain unemployed).

**Figure 3 Minimum and maximum duration of the unemployment benefit, 2014**


\* Belgium: unlimited

\* Note that for Slovenia the minimum duration has changed due to a new category being introduced so that coverage of least entitled actually increased.

Source EC, 2015 (chart 76) based on MISSOC 2014

## 2. EXPENDITURE

In 2012, the average EU public spending on unemployment benefits amounted to 1.0% of GDP and varied from 0.1% of GDP in Romania to 2.3% of GDP in Ireland (Table 4). Total expenditure could be divided by the total number of unemployed persons who became unemployed during the reference year.<sup>69</sup> The average annual spending per unemployment varies markedly across the EU Member States from a high amount per unemployed person in the Netherlands, Luxembourg and Norway to a very low one in Romania, Lithuania and Poland (see also Figure 4). Differences in terms of expenditure across the EU-15 Member States and the EU-13 Member States could be observed as well. These amounts will be important for the calculation of the financial impact of the several options.

The eligibility criteria and the coverage of the national unemployment schemes (discussed above and described more in detail by the MISSOC tables) will influence to a high extent the public unemployment spending.<sup>70</sup> Moreover, the access to guaranteed minimum resources (i.e. social assistance)<sup>71</sup> and the transition to it when there is no longer an entitlement to an unemployment benefit could result in a shift from contribution-financed public unemployment spending towards tax-financed public spending on social assistance.

<sup>69</sup> Note that only data is available on the number of unemployed persons at a certain time or on the average number of unemployed persons over a certain time and not on the total number of unemployed persons who were or became unemployed during the year. This implies also an overestimation of the public spending per unemployed person reported in Table 5 (based on the annual average of 2012).

<sup>70</sup> See also Darvas and Wolff (2014).

<sup>71</sup> These benefits are not part of the branches covered by Regulation (EC) No 883/2004.

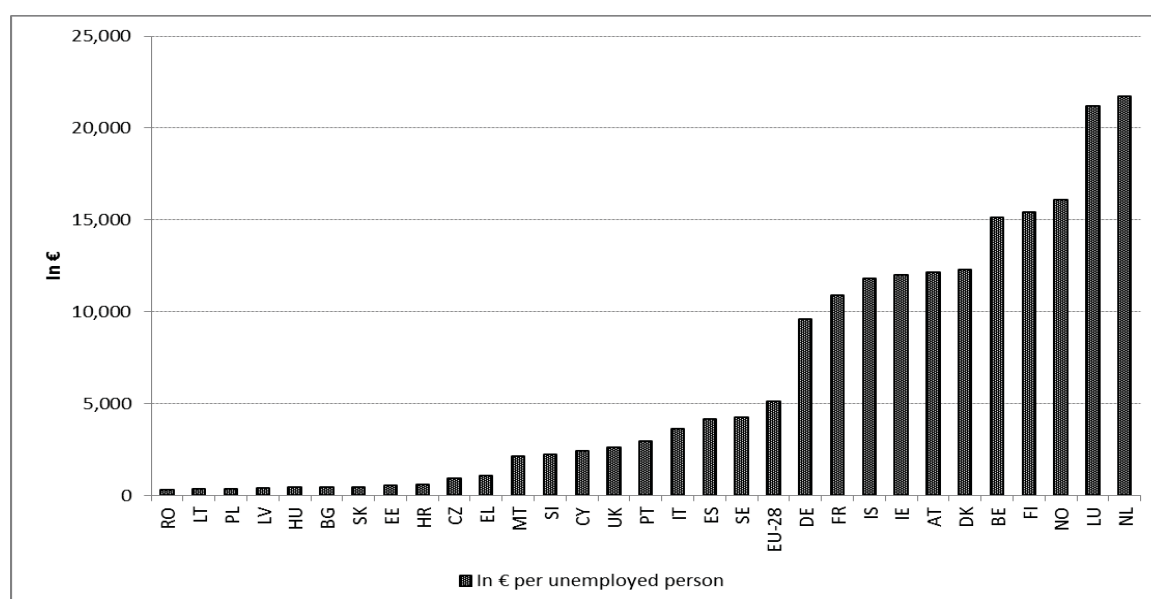
**Table 4 Expenditure unemployment benefits (Full unemployment benefits), 2012**

Member State	In million €	In percentage of GDP	In € per unemployed person	In € per inhabitant**	In purchasing power standard per inhabitant
BE	5,577	1.5	15,113	429	444
BG	181	0.5	442	18	57
CZ	341	0.2	929	24	48
DK	2,696	1.1	12,310	413	332
DE	21,363	0.8	9,606	241	264
EE	37	0.2	540	20	39
IE	3,792	2.3	11,999	828	689
EL	1,279	0.7	1,071	95	130
ES	24,146	2.3	4,155	440	547
FR	31,121	1.5	10,889	425	435
HR	180	0.4	607	34	64
IT	9,929	0.6	3,618	144	163
CY	124	0.7	2,394	121	162
LV	59	0.3	378	19	44
LT	68	0.2	345	16	39
LU	275	0.6	21,189	449	380
HU	208	0.2	439	18	38
MT	23	0.3	2,115	48	74
NL	10,183	1.7	21,712	547	546
AT	2,297	0.7	12,151	235	247
PL	640	0.2	366	14	31
PT	2,482	1.5	2,969	211	283
RO	183	0.1	291	8	19
SI	199	0.6	2,214	82	118
SK	176	0.2	465	21	50
FI	3,189	1.7	15,408	499	480
SE	1,704	0.4	4,227	149	132
UK	6,646	0.3	2,623	102	89
EU-28	129,097	1.0	5,111	227	256
IS	130	1.2	11,810	501	366
NO	1,367	0.4	16,087	223	163
CH	3,266	0.7	15,157	302	246

\* Annual average number of unemployed persons

\*\* At constant 2005 prices

Source ESSPROS [spr\_exp\_fun], [une\_nb\_a] and [lfsa\_ugan] (only for CH)

**Figure 4 Full unemployment benefits – expenditure, in € per unemployed person, 2012**


Source ESSPROS [spr\_exp\_fun] and [une\_nb\_a]

### 3. REFERENCE GROUP

The Annual report on labour mobility (Cannetta, Fries-Tersch and Mabilia, 2014), commissioned by DG EMPL, provides information on the stock and flows of EU citizens residing and/or working in another EU Member State/EFTA country. In 2013, the share of citizens of working age (15 to 64 years) from an EU-28 Member State/EFTA country who resided in another EU-28 Member State was around 3.1% of the total population of working age residing in the EU-28 Member States. However, in order to assess the impact of the aggregation rules a more detailed view on the inflow of EU migrants is required. The labour status during the first year of residence of this group of recent movers and their previous labour status in the Member State of origin will determine if periods of insurance, employment or self-employment completed in a Member State other than the competent Member State are taken into account by the unemployment scheme of the competent Member State.

Based on the 'Migration and migrant population statistics' published by Eurostat more detailed information could be obtained on the annual flow of immigrants (*Table 5*). In 2012, some 1.8 million EU-28/EFTA citizens of working age (between 15 and 64) migrated to another EU Member State/EFTA country. Some 700 thousand or 40% of the EU-28/EFTA movers have, however, the same nationality as their new Member State of residence (so-called 'return migration')<sup>72</sup>. This is especially observed for Romania, Estonia, Lithuania and Latvia (higher than 90% of the 'new' immigrants). These figures on return migration are also discussed in European Commission, 2014a.<sup>73</sup> The flow of intra-EU movers of working age represents some 0.5% of the total EU population (this percentage is equal to 0.3% of the EU population when movers with the same citizenship as their new Member State are excluded) (*Table 5*). This percentage varies across Member States, from 3.8% of the population in Luxembourg and 1.8% in Switzerland, to only 0.1% in Portugal and Estonia. This annual flow of intra-EU movers is the reference group which should be studied. Some of them will become unemployed after a 'short' period of employment and might need to prove insured periods of another Member State in order to be entitled to an unemployment benefit.

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<sup>72</sup> However, based on these data we cannot know if someone has ever previously lived in the country of citizenship, although he or she has the same nationality.

<sup>73</sup> However, in this report of the EC (2014a) also third-country nationals are taken into account to calculate the share of 'return migration' in total immigration.

**Table 5 Migration flows of EU-27 and EFTA movers of working age (15-64), by citizenship, 2012**

Member State (MS of immigration)	EU-27 citizenship	EFTA citizenship	Total	Citizenship of reporting MS	% citizenship of reporting MS	Population	% of total population	% of total population (excl. citizenship of reporting MS)
<b>BE</b>	65,073	330	65,403	12,779	19.5%	7,283,976	0.9%	0.7%
<b>BG</b>	7,435	33	7,468	3,767	50.4%	4,966,189	0.2%	0.1%
<b>CZ</b>	16,807	47	16,854	6,082	36.1%	7,262,768	0.2%	0.1%
<b>DK</b>	32,414	1,851	34,265	14,412	42.1%	3,625,974	0.9%	0.5%
<b>DE</b>	325,216	2,102	327,318	63,291	19.3%	54,131,105	0.6%	0.5%
<b>EE</b>	1,185	2	1,187	1,131	95.3%	884,990	0.1%	0.0%
<b>IE</b>	32,352	247	32,599	13,955	42.8%	3,048,552	1.1%	0.6%
<b>EL</b>	50,511	196	50,707	31,258	61.6%	7,302,140	0.7%	0.3%
<b>ES</b>	100,800	1,605	102,405	20,970	20.5%	31,613,238	0.3%	0.3%
<b>FR</b>	157,355	3,179	160,534	85,800	53.4%	41,976,279	0.4%	0.2%
<b>HR</b>								
<b>IT</b>	108,927	349	109,276	19,236	17.6%	38,698,168	0.3%	0.2%
<b>CY</b>	10,591	0	10,591	1,203	11.4%	609,334	1.7%	1.5%
<b>LV</b>	8,720	18	8,738	8,235	94.2%	1,373,105	0.6%	0.0%
<b>LT</b>	16,293	17	16,310	15,607	95.7%	2,016,247	0.8%	0.0%
<b>LU</b>	13,484	84	13,568	733	5.4%	361,617	3.8%	3.5%
<b>HU</b>	20,694	217	20,911	12,081	57.8%	6,815,721	0.3%	0.1%
<b>MT</b>	3,424	0	3,424	1,369	40.0%	287,233	1.2%	0.7%
<b>NL</b>	72,298	501	72,799	26,469	36.4%	11,117,321	0.7%	0.4%
<b>AT</b>	50,970	486	51,456	6,305	12.3%	5,687,630	0.9%	0.8%
<b>PL</b>	132,639	198	132,837	112,419	84.6%	27,394,455	0.5%	0.1%
<b>PT</b>	9,105	4	9,109	8,030	88.2%	6,961,852	0.1%	0.0%
<b>RO</b>	137,886	27	137,913	134,992	97.9%	13,768,151	1.0%	0.0%
<b>SI</b>	3,696	12	3,708	1,834	49.5%	1,416,347	0.3%	0.1%
<b>SK</b>						3,881,088		
<b>FI</b>	13,987	101	14,088	5,565	39.5%	3,532,645	0.4%	0.2%
<b>SE</b>	35,979	2,267	38,246	14,683	38.4%	6,113,917	0.6%	0.4%
<b>UK</b>	219,947	4,968	224,915	68,247	30.3%	41,680,662	0.5%	0.4%
<b>EU</b>	1,647,788	18,841	1,666,629	690,453	41.4%	333,810,704	0.5%	0.3%
<b>IS</b>	1,644	1,565	3,209	1,537	47.9%	212,970	1.5%	0.8%
<b>LI</b>	216	230	446	121	27.1%	25,474	1.8%	1.3%
<b>NO</b>	32,176	4,884	37,060	4,006	10.8%	3,294,281	1.1%	1.0%
<b>CH</b>	77,839	18,217	96,056	17,889	18.6%	5,394,861	1.8%	1.4%
<b>EU/EFTA</b>	1,759,663	43,737	1,803,400	714,006	39.6%	342,738,290	0.5%	0.3%

\* By citizenship of the EU/EFTA migrant.

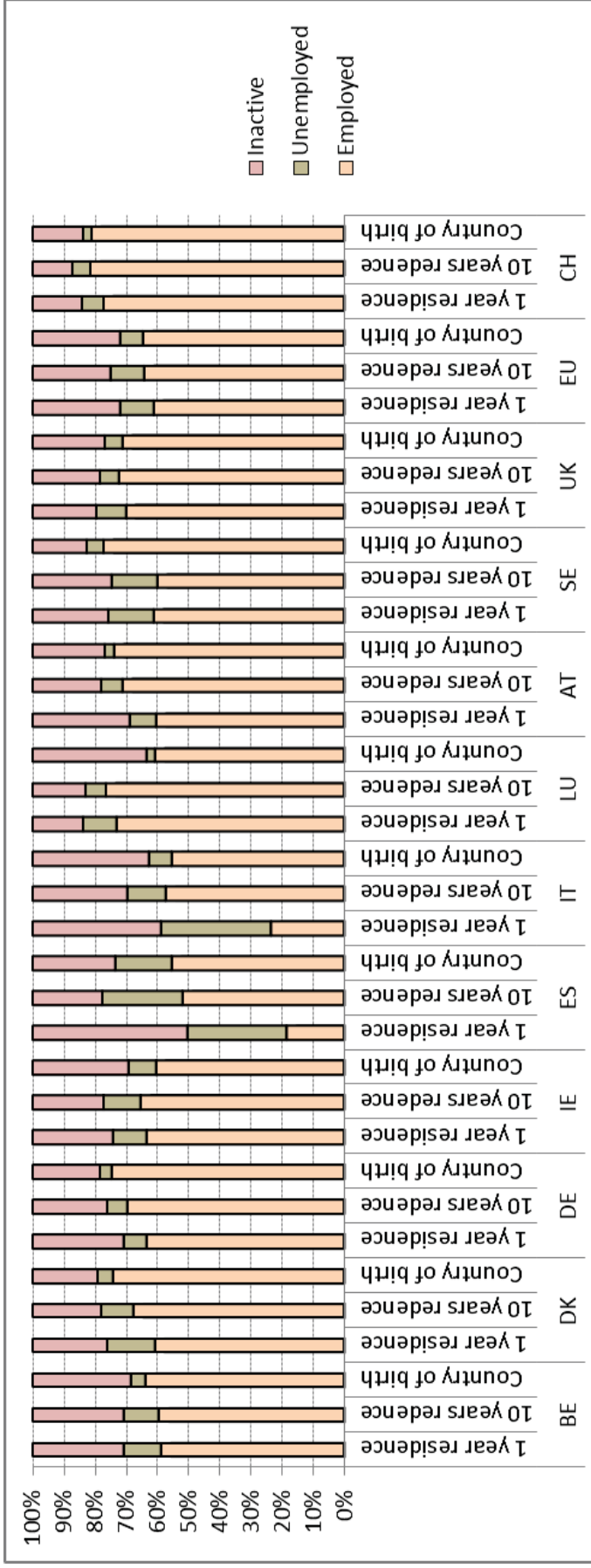
\*\* We cannot know if someone has ever previously lived in the country of citizenship.

Source Own calculation based on Eurostat data on migration by age group and citizenship [migr\_imm1ctz]

More information on the labour status (employed, unemployed or inactive) of this group of recent movers is therefore needed. This information was extracted from the Labour Force Survey (LFS). Three different categories are defined: new EU-28/EFTA movers (= < 1 year of residence),<sup>74</sup> recent EU-28/EFTA movers (= < 10 years of residence) and people who are born in the country. Note that also EU-28/EFTA movers who have the same nationality of their new Member State of residence (but not born in this country) have been taken into consideration. In general, some 11% of the new EU-28/EFTA movers are unemployed (*Figure 5*). This percentage is comparable to the unemployment rate of recent EU-28/EFTA movers but is higher compared to the unemployment rate of the nationals (7%). The unemployment rate of those three categories varies also markedly across Member States.

<sup>74</sup> However, for this first year the number of new migrants will be underestimated for most of the Member States. Based on the LFS, somewhat more than 500 thousand EU-28/EFTA citizens at working age reside less than one year in a new EU-28 Member State/EFTA country. Compared to 1.8 million EU-28/EFTA citizens based on the Eurostat Migration Statistics.

Figure 5 EU-28/EFTA movers and nationals, by labour market status, 2013



\* Selection of Member States above the reliability levels

Source Own calculations based on LFS



By taking into account the yearly flow of EU-28/EFTA movers (based on the 'Migration and migrant population statistics' published by Eurostat presented in *Table 5*) and the unemployment rate (based on LFS data – presented in *Figure 5*) of this group, a first estimate of the number of unemployed new EU-28/EFTA movers could be provided. This group might need to prove periods of insurance, employment or self-employment completed in a Member State other than the competent State (dependent on the qualifying period of the competent Member State and the 'short' period of employment). Confronting the 1.8 million EU-28/EFTA citizens of working age (between 15 and 64) who migrated in 2012 to another EU Member State/EFTA country with a total EU unemployment rate of 11%, some 200,000 unemployed recent movers might need a PD U1 or an SED U002 in order to acquire a right to unemployment benefits.<sup>75</sup>

## **4. THE ESTIMATED ECONOMIC IMPACT OF THE CURRENT RULES AND THE ALTERNATIVE OPTIONS**

### **4.1. Data collection**

Based on the data from the questionnaire on the aggregation of periods for unemployment the budgetary impact of the current rules and the different alternative options can be calculated. However, those data do not cover all EU-28/EFTA countries. A total of 23 Member States provided quantitative data, of which three Member States were not able to provide a breakdown by Member State of origin and two other Member States were not able to provide a breakdown by length of insurance, employment or self-employment in the Member State of last activity. The missing data for a number of large Member States, in particular EU-15 Member States, may lead to a distorted view. As a result, some caution is required when drawing conclusions. For a detailed reporting on the questionnaire on the aggregation of periods for unemployment we refer to Pacolet and De Wispelaere (2015).

These administrative data provided by the questionnaire do not cover all components of the economic impact (e.g. expenditure on social assistance) or are insufficient to calculate the options (e.g. more data is required on average earnings, the calculation method of the unemployment benefit, the qualifying period, the average level of the unemployment benefit, the duration of the unemployment benefit etc). Therefore, these administrative data will be complemented with other data available at EU-level and in particular data of MISSOC and Eurostat.

In total 24,821 cases reported by 23 Member States for 2013 concern unemployed migrant workers whose period of insurance, employment or self-employment completed in the Member State of last activity was insufficient to be entitled to an unemployment benefit (*Table 6*). This is equal to an estimated share of 0.1% of total unemployment in those Member States and to 2.1% of the annual flow of intra-EU migrants of working age to these Member States. Most aggregations of periods for unemployment were reported by France (8,338 cases or 33.6% of total), Bulgaria (4,118 cases or 16.6% of total) and Spain (2,471 cases or 10.0% of total).

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<sup>75</sup> However, based on the LFS only 53,000 new EU-28/EFTA movers have become unemployed (selection of the respondents who migrated one year ago and became unemployed – COUNTRY1Y (not the same country (EU-28) and MAINSTAT (unemployed)). But as mentioned before, these data of the LFS underestimate the number of new migrants for most of the Member States (see previous footnote).

**Table 6 Number of aggregations of periods in case of unemployment, 2013**

MS	Cases of aggregation (A)	Total annual inflow of migrants of working age (B)	% cases of aggregation (A/B)	Number of annual average unemployed persons (in ,000) (C)	% of aggregation (A/C)
BE	2,196	65,403	3.4%	417	0.5%
BG	4,118	7,468	55.1%	436	0.9%
CZ					
DK	54	34,265	0.2%	202	0.0%
DE					
EE	174	1,187	14.7%	59	0.3%
IE					
EL					
ES	2,471	102,405	2.4%	6,051	0.0%
FR	8,338	160,534	5.2%	3,010	0.3%
HR	16			318	0.0%
IT					
CY	3	10,591	0.0%	69	0.0%
LV	19	8,738	0.2%	120	0.0%
LT	225	16,310	1.4%	172	0.1%
LU	48	13,568	0.4%	15	0.3%
HU	1,149	20,911	5.5%	441	0.3%
MT	8	3,424	0.2%	12	0.1%
NL	160	72,799	0.2%	647	0.0%
AT					
PL	1,517	132,837	1.1%	1,793	0.1%
PT		9,109	0.0%	855	0.0%
RO	12	137,913	0.0%	653	0.0%
SI					
SK	1,160				
FI	135	14,088	1.0%	219	0.1%
SE	457	38,246	1.2%	411	0.1%
UK	30	224,915	0.0%	2,441	0.0%
IS					
LI	726	446	162.8%		
NO	500	37,060	1.3%	95	0.5%
CH	1,305	96,056	1.4%	2,449	0.1%
Total reporting MS	24,821	1,199,164	2.1%	20,416	0.1%

Source Questionnaire on aggregation of periods of unemployment; LFS; Eurostat data on migration and ESSPROS

## 4.2. Overview of the different options

### Option 1 – Status quo

This option will be disregarded since the wording of Article 61 of Regulation (EC) No 883/2004 does not provide sufficient clarity on the time period required before aggregation.

### Option 2 – The formalisation of the “one-day rule”

Aggregation is possible if any period of insurance, employment or self-employment has been fulfilled in the Member State of last activity. The unemployment benefit is calculated on the basis of the salary earned in the Member State of last activity.

### Option 3 – A threshold for a minimum period for aggregation

A threshold is applied for the aggregation of periods of insurance, employment or self-employment fulfilled in the Member State of last activity. A threshold of one month (sub-option 3a) or three months (sub-option 3b) could be implemented.

The application of a threshold will have some important consequences on the situation of the recent migrant worker who became unemployed and has fulfilled a period of insurance, employment or self-employment below the threshold (of one or three months). In that case, there are three possibilities: a) the person tries to find a new job as quickly as possible; b) the person returns to the Member State of origin; or c) the person asks for social assistance (or a special non-contributory benefit) (if he or she is entitled to it). As a result, this option also has to take into account public spending on social assistance. However, to what extent unemployed recent migrant workers who are not entitled to an unemployment benefit will ask for social assistance is of course unclear.

If the unemployed recent migrant worker did not fulfil a minimum period of insurance, employment or self-employment required for an unemployment benefit, this person might ask for social assistance (if he or she is entitled to it).<sup>76</sup> Therefore, the economic impact calculated for one year could also take into account the public spending on social assistance. The person involved might be entitled to an unemployment assistance scheme (*Table 7*) or to a more general assistance scheme (*Table 8*). Denmark, Estonia, Ireland, Spain, France, Austria, Portugal, Finland and the United Kingdom have defined a specific unemployment scheme. Besides, almost all Member States have defined a guaranteed minimum scheme. The monthly financial support varies from € 1,348 in Luxembourg to € 32 in Romania.

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<sup>76</sup> The host Member State is not obliged to provide social assistance during the first three months of residence. Also, to acquire the right to reside (after three months) movers have to show that they have sufficient resources.

**Table 7 Unemployment assistance, EU-28/EFTA, 2014**

MS	Unemployment assistance scheme?	Name	Conditions or remarks
BE			
BG			
CZ			
DK	YES	<i>Midlertidig arbejdsmarkedssydelse</i>	Paid after entitlement to unemployment benefit has expired
DE			
EE	YES	<i>Töötutoetus</i>	Same as for unemployment insurance benefit, but unemployment can either be voluntary or involuntary
IE	YES		
EL			
ES	YES		To have exhausted the entitlement to contributory unemployment benefit; not to have the right to the contributory benefit because of lack of contributions, other groups (e.g. emigrant workers returning from abroad)
FR	YES	<i>Régime de solidarité</i>	To have exhausted entitlement to unemployment insurance benefits
HR			
IT			
CY			
LV			
LT			
LU			
HU			
MT			
NL			
AT	YES	<i>Notstandshilfe</i>	The unemployed person must have exhausted the right to unemployment benefits and be in a state of need
PL			
PT	YES		To have exhausted entitlement to unemployment benefits or not to have completed the qualifying period required for unemployment benefits; to fulfil the condition of resources
RO			
SI			
SK			
FI	YES	<i>Työmarkkinatuki</i>	Same as for unemployment insurance benefits and in several cases need for assistance
SE			
UK	YES	<i>Income-based Jobseekers' Allowance</i>	From 1 January 2014, claimants must also have been living in the UK for 3 months prior to the claim
IS			
LI			
NO			
CH			

Source MISSOC, 2014

**Table 8**      **Guaranteed minimum resources, cash benefits, 2014**

Member State	Monthly amount (in €)	Remark
BE	817.36	Single person
BG	24.09	Single person (73% of € 33)
CZ	124	Single
DK	1,433	Basic amount for persons of 30 years and more
DE	391	Single person
EE	90	Single person
IE	806	Single person
EL		
ES	426	€ 532.5 *0.8 (max. amount)
FR	499.31	Single person
HR	73.20	Single person (120% of € 66.02)
IT	484.90	€ 5,818.93 / 12 months
CY	452	Head of the household
LV	128.06	Max. amount (applied by the municipalities)
LT	101	Single person
LU	1,348.18	
HU	133.20	Max. amount
MT	426.46	Single person
NL	679	Single person
AT	813.99	Single person or parent
PL	Between 4.82 and € 101	
PT	178.15	Single person
RO	32	€ 113 * 0.283
SI	265.2	Single person
SK	61.6	Single person
FI	480.2	Single person
SE	321	Single person
UK	360	Single person (weekly amount of € 90)
IS		Should not be lower than the monthly UB
LI		
NO	669	Single person
CH	1,977.4	€ 23,693 /12

Source MISSOC, 2014

Under this options unemployed persons who have not completed a period of one or three months of insurance, employment or self-employment risk falling between two stools given that they probably will not be entitled to social assistance. An alternative within option 3 is that the previous Member State is responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed one month (*option 3a*) or three months (*option 3b*) of insurance, employment or self-employment.

#### Option 4 – A change of the calculation method

Article 62 of Regulation (EC) No 883/2004 defines the calculation method of the unemployment benefit in case of aggregation of periods. The current calculation method only takes into account the salary or professional income received by the person concerned in respect of the last activity as an employed or self-employed person.

This calculation method is changed under option 4. If a period of insurance, employment or self-employment of less than one month (sub-option 4a) or three months (sub-option 4b) has been fulfilled in the Member State of last activity, the calculation of the unemployment benefit will also be based on the salaries earned in the Member State of origin.

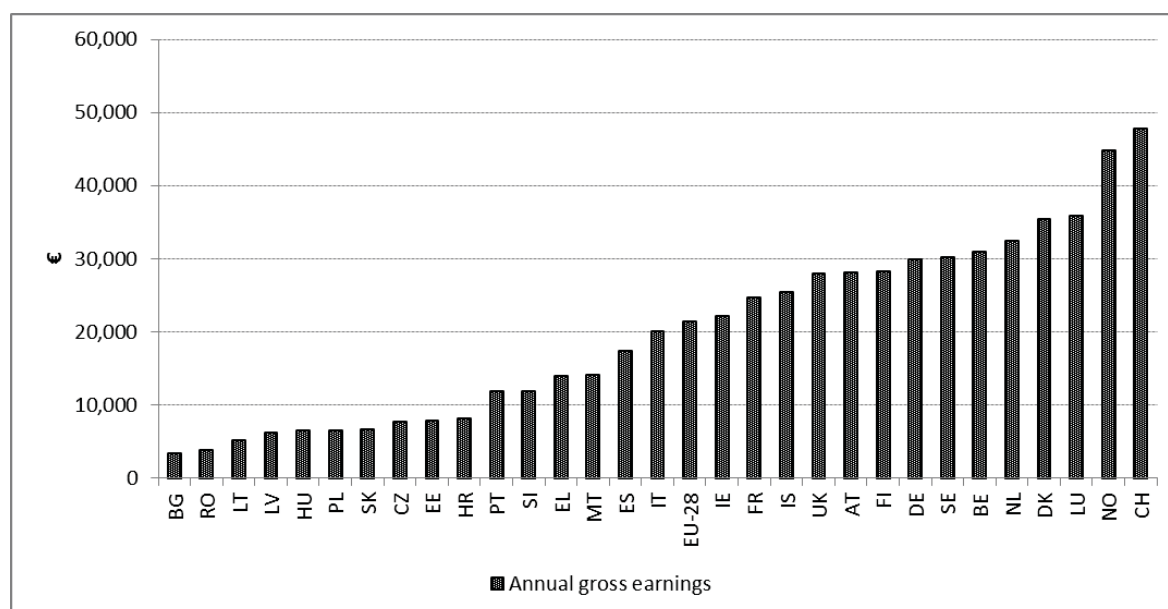
This option implies that more detailed information is required on the unemployed recent migrant worker's Member State of origin, on the salary earned, but also on the

calculation method of the competent Member States (e.g. the ceiling of the earnings taken into account, minimum and maximum unemployment benefit).

For most of the cases reported by the Member States, the period of insurance, employment or self-employment of the Member State of last activity was aggregated by an additional period completed in the United Kingdom (22% of total) and Austria (18% of total) (Pacolet and De Wispelaere, 2015). The United Kingdom is the main Member State of origin for unemployed migrants who had to aggregate periods in order to be entitled to an unemployment benefit in Bulgaria, Latvia, Lithuania, Malta or Poland. New EU Member States such as Bulgaria and Romania never appear as one of the main Member States of origin of the unemployed migrants in the EU-15 who had to prove additional periods of insurance, employment or self-employment. For 76% of the cases an additional period fulfilled in an EU-15 Member State was added to the period already achieved in the Member State of last activity. This might be an indication of return migration for the EU-13 Member States. However, the missing data for a number of Member States may lead to a distorted view of reality if the numbers of cases are presented by the Member State of origin. Therefore, again some caution is required when drawing conclusions.

No information on the salary earned in the competent Member State as well as in the Member State of origin was collected via the administrative questionnaire.<sup>77</sup> Therefore, wage data published by Eurostat should be used. In 2013, the annual gross earnings (of a single person without children and earning 67% of the average wage) for the EU-28 amounted to € 21,361 (Figure 6). These annual gross earnings vary from a high amount in Switzerland (€ 47,741) and Norway (44,763) to a low amount in Bulgaria (€ 3,332) and Romania (€ 3,915).

**Figure 6 Annual gross earnings, single person without children, 67% of average wage, 2013**



Source Eurostat [earn\_nt\_net]

Despite the fact that the calculation of the unemployment benefit will be based on the salaries earned in the Member State of origin, this does not necessarily imply that changing this will result to the same extent in a change of the level of the unemployment benefit. Some Member States apply a maximum ceiling of earnings to

<sup>77</sup> The PD U1 form contains a section where more 'income details' (gross income) could be reported.

be taken into account (BE, BG, DE, ES, HR, FR, IT, CY, NL, AT, SE, LI, NO and CH) (*Table 9*). Also, a number of Member States apply a minimum and/or a maximum benefit level which flattens a strong increase or decrease in average earnings (BE, BG, CZ (max.), DK (max.), ES, HR, IT (max.), LT, LU (max.), HU (max.), AT, SI, SE and LI (max.)).

Finally, Ireland, Malta, Poland and the United Kingdom do not take previous earnings as a reference for the calculation of the unemployment benefit (*see also Table 2*), which implies that this option does not influence the unemployment benefit in these Member States.

**Table 9 Unemployment benefit, impact of the earnings on the level of the UB, 2014**

MS	Ceiling earnings taken as reference	Rate of the benefits	Lowest	Highest
BE	€ 2,266.59/month	65% of last salary	€ 36.66/day	€ 61.66/day
BG	€ 1,227/month	60% of the average daily contributory income for the last 24 months	€ 3.68/day	60% of the daily max. amount of the max. contributory of € 1,227 for 2014
CZ		65% of reference earnings		0.58 the national average wage
DK		90% of previous earnings		€ 109/day
DE	€ 5,000 /month	67% of net earnings (with children), 60% of net earnings (without children)		
EE		50% of reference earnings		
IE		€ 188/week		
EL		€ 360/month although variation with previous earnings		
ES	€ 3,597/month	70% of the calculation basis	107% of the Public Income Rate of Multiple Effects (IPREM)	175%, 200% or 225% of the IPREM
FR	4 times the social security ceiling (€12,516 per month)	40.4% reference daily wage (RDW) + € 11.72 per day or 57.4% of the RDW within the limit of 75% of the RDW.		
HR	Ceiling fixed as a percentage of the budget base.	70% of the base salary	€ 148.63/month	€ 506.35/month
IT	€ 1,192.98/month	75% of the monthly reference + supplement		€ 1,165.58 month
CY	Up to 3 times basic insurable earnings			
LV		50% of average contribution wage		
LT		€ 101 + variable component/month	No less than the State Supported Income	€ 188/month
LU		80% of previous earnings		€ 4,802.57 month
HU		60% of the average wage		€ 329/month
MT		€ 7.72 per day for a single person		
NL	Last daily wage with a max. of € 198.28	75% of the daily wage		
AT	€ 4,200/month	55% of daily net income	€ 7.43/day	€ 48.02/day
PL		80% of the basic unemployment allowance of € 200		
PT				
RO				
SI		80% of the reference basis	€ 350/month	€ 892.5/month
SK		50% of the reference earnings		
FI		Basic: € 32,66 + possible supplement of € 34.44		
SE	€ 2,033/month	80% of reference earnings		€ 74/day
UK		€ 90/week		
IS				€ 1,155/month
LI	€ 103,601/year	80% of insured earnings		
NO	6 times the basic amount (€ 63,363)	0.24% of the income basis, which normally gives a compensation level of 62.4%		
CH	€ 8,633/month	80% of the insured salary		

Source MISSOC, 2014



### 4.3. Estimated economic impact of the different options

#### Options 1 and 2 – The current rules

As mentioned before, in total 24,821 cases were reported by 23 Member States for 2013. 6,741 cases or 28% of total cases relate to a period of insurance, employment or self-employment of less than 30 days in the Member State of last activity (*Table 10*). 3,341 cases or 14% of total cases apply to a period between one and three months, and finally 14,014 cases or 58% to a period of three months or longer. So, for most of the cases of aggregation, already a period of insurance, employment or self-employment of more than three months was completed by the unemployed migrant worker in the Member State of last activity. This distribution varies markedly across Member States, but also between the EU-13 and the EU-15. 8,580 cases or 62% of the cases reported by the EU-15 concerned a period of insurance, employment or self-employment of less than three months compared to only 1,295 cases or 16% of the cases reported by the EU-13. This breakdown by period of insurance, employment or self-employment will have an influence on the budgetary impact of the different options. For example, the different options will have (almost) no impact on Cyprus (100% of the cases), Hungary (97% of the cases) and Bulgaria (96% of the cases) as they have aggregated all or most of their cases on the basis of a period of insurance, employment or self-employment of more than three months.

Under the current rules all cases should be taken into consideration. These could be multiplied by the annual average expenditure per unemployed person in order to estimate the public unemployment spending (*amounts reported in Table 5 – column 3*). This yearly expenditure assumes to some extent that the unemployed person did not find a job during the first year of unemployment. While the entitlement to an unemployment insurance benefit in most of the Member States (except for BE) will be limited to a number of weeks or months. Therefore, a more 'realistic' calculation of the yearly expenditure is calculated by taking into account the annual average duration of the payment of the unemployment benefit.<sup>78</sup> The average duration of the payment of the unemployment benefit amounts to 7.5 months, but differs strongly across Member States (*Table 10 – column 6*). The average duration is multiplied by the average amount reported in *Table 5 – column 3* and results in a corrected figure reported in *Table 10 – column 7*.

The budgetary impact for Lithuania and Norway could be estimated for the baseline scenario, but not for the other options given that these Member States could not provide a breakdown by period of insurance, employment or self-employment. Also for Liechtenstein the budgetary impact is missing, since no information on the annual average expenditure per unemployed person is available.

A total estimate of annual public unemployment spending of € 100 million is obtained for the 22 reporting Member States. In absolute terms, in particular France (€ 53 million) and Belgium (€ 20.5 million) are the main spending Member States. Their expenditure is influenced by the higher number of cases and average expenditure per unemployed person compared to the other Member States (*Table 10*).

The budgetary impact of the aggregation of periods for unemployment on total unemployment spending is, however, very limited (*Table 10*). In general, 0.11% of

<sup>78</sup> Calculations are based on the duration of the unemployment (which can be calculated using LFS data). If the duration of the unemployment < 1 month, we assume a payment of the unemployment benefit (UB) of 0.5 months; between 1-2 months of unemployment = 1.5 months UB paid; between 3-5 months of unemployment = 4 months UB paid; between 6 and 11 months of unemployment = 8.5 months UB paid; 12 months or longer of unemployment = 12 months UB paid. Based on LFS data we obtained an average duration of unemployment of 15 months. However, this average duration is measured at a certain moment, which implies a possible underestimation of the duration of the unemployment (e.g. the person may still remain unemployed). However, the expenditure is calculated for only one year. This explains the cut-off at 12 months. This will result in an annual average duration of payment of the unemployment of 7.5 months.

total unemployment spending by the reporting Member States could be related to the aggregation of periods for unemployment. This percentage is similar for EU-13 Member States (0.12%) and EU-15 Member States (0.10%). Denmark, Spain, Croatia, Cyprus, Latvia, Lithuania, Poland, the Netherlands, Romania, Finland, Sweden and the United Kingdom spent less than 0.1% of their unemployment expenditure on unemployed recent migrant workers who completed an insufficient period of insurance, employment or self-employment to be entitled to an unemployment benefit.

**Table 10 Estimate of the annual budgetary impact under the current rules (options 1 and 2)**

	Number of unemployed persons who needed an aggregation of periods (A)				Average duration of the payment of the UB	Annual average expenditure per unemployed persons (in €) (B)	Expenditure related to the aggregation of periods (in €) C=A*B			Total expenditure in million € (D)	% share C/D
	Less than 30 days	1 to 3 months	3 months or more	Total for subperiods			Less than 30 days	1 to 3 months	3 months or more		
BE	736	420	1,040	2,196	2,196	9,319	6,859,118	3,914,171	9,692,233	20,465,522	0.37%
BG	22	150	3,946	4,118	4,118	320	7,048	48,052	1,264,077	1,319,176	0.73%
CZ	34	0	20	54	54	5,847	198,801	0	116,942	2,696	0.01%
DE	64	31	79	174	174	369	23,603	11,433	29,135	37	0.17%
EE	1,195	534	742	2,471	2,471	2,632	3,144,819	1,405,300	1,952,683	6,502,801	0.03%
EL	3,948	1,283	3,107	8,338	8,338	6,352	25,077,188	8,149,451	19,735,264	52,961,903	0.17%
ES	8	1	15	16	16	475	0	475	7,130	7,606	0.00%
FR	0	0	3	3	3	1,297	0	0	3,890	3,890	0.00%
GR	0	2	11	19	19	258	1,550	517	2,841	4,908	0.01%
IE	6	0	0	225	225	236	n.a.	n.a.	n.a.	53,055	0.08%
IT	1	7	40	48	48	10,948	10,948	76,634	437,911	275	0.19%
LT	29	6	1,114	1,149	1,149	293	8,493	1,757	326,255	208	0.16%
LU	1	1	6	8	8	1,375	1,375	1,375	8,250	23	0.05%
LX	26	27	107	160	160	11,399	296,371	307,770	1,219,680	10,183	0.02%
MT	164	379	974	1,517	1,517	226	36,983	85,466	219,642	640	0.05%
NL	2	2	8	12	12	180	359	359	1,438	183	0.00%
PL	217	218	725	1,160	1,160	380	82,434	82,814	275,413	176	0.25%
PT											
RO											
SI											
SK											

## Aggregation of periods or salaries for unemployment benefits

	Number of unemployed persons who needed an aggregation of periods (A)				Average duration of the payment of the UB	Annual average expenditure per unemployed persons (in €) (B)	Expenditure related to the aggregation of periods (in €) C=A*B			Total expenditure in million € (D)	% share C/D	
	Less than 30 days	1 to 3 months	3 months or more	Total			Less than 30 days	1 to 3 months	3 months or more			Total
FI	23	50	62	135	135	5,906	135,847	295,319	366,196	797,363	3,189	0.03 %
SE	156	122	179	457	457	1,691	263,777	206,287	302,667	772,731	1,704	0.05 %
UK	17	1	12	30	30	1,443	24,523	1,443	17,310	43,275	6,646	0.00 %
IS												
LI	96	75	555	726	726	6,167	n.a.	n.a.	n.a.	n.a.	1,367	0.23 %
NO				500	500	7,705	n.a.	n.a.	n.a.	n.a.	3,083,353	0.31 %
CH	4	32	1,269	1,305	1,305	7,705	30,819	246,554	9,777,402	10,054,775	3,266	0.11 %
Total	6,741	3,341	14,014	24,821	24,821		36,204,056	14,835,177	45,756,359	99,932,000	92,248	0.12 %
EU-13	505	790	6,881	8,401	8,401		161,845	232,248	2,138,071	2,585,220	2,078	0.10 %
EU-15	6,136	2,444	5,309	13,889	13,889		36,011,392	14,356,375	33,840,886	84,208,653	85,537	0.10 %
EFTA	100	107	1,824	2,031	2,531		30,819	246,554	9,777,402	13,138,128	4,634	0.28 %

\* No data available for CZ, DE, IE, EL, IT, AT, LT, PT, SI, NO and IS.

Source Own calculations based on the administrative questionnaire and ESSPROS

### **Option 3 – A threshold for a minimum period for aggregation**

A threshold is applied for the aggregation of periods of insurance, employment or self-employment fulfilled in the Member State of last activity. A threshold of one month (sub-option 3a) or three months (sub-option 3b) could be implemented.

#### *Sub-option 3a – A threshold of one month*

If a threshold of one month is applied, 6,741 cases or 28% of the total reported cases will no longer have an impact on public unemployment spending (*Table 11*). The remaining 17,355 cases are again multiplied by the annual average expenditure per unemployed person in order to estimate the public unemployment spending.

The application of this sub-option results in a total estimate of annual public unemployment spending of € 60.6 million for 20 reporting Member States. This implies a decrease of expenditure by 37% compared to the baseline scenario (excl. LT and NO).

This option will in particular have an influence on competent Member States confronted with a high percentage of aggregated cases during the first month. For example, the length of insurance, employment or self-employment of most of the cases completed in Denmark and the United Kingdom is less than one month. In contrast, Croatia and Cyprus did not report any cases below a period of one month (see also *Table 10*). The expenditure for Denmark will decrease by 63% compared to the baseline scenario. This option has no or almost no budgetary impact on Croatia (0%), Cyprus (0%), Bulgaria (-0.5%) and Switzerland (-0.3%). The expenditure of France and Belgium, two Member States which show a high expenditure in absolute terms under the baseline scenario, will decrease by 47% and 34% respectively compared to the baseline scenario (*Table 11*).

Under this option, 0.07% of total unemployment spending by the reporting Member States will be related to the aggregation of periods for unemployment (*Table 11*). However, as mentioned above, also spending on social assistance could be added to the budgetary cost.

**Table 11 Estimate of the annual budgetary impact under sub-option 3a**

	Number of unemployed persons who needed an aggregation of periods (A)			Annual average expenditure per unemployed person (in €) (B)	Expenditure related to the aggregation of periods (in €) C = A*B			% change compared to the baseline scenario	Total unemployment spending in million € (D)	% share C/D	Excluded aggregated cases <b>Less than 30 days</b>
	1 to 3 months	3 months or more	Total for subperiod		1 to 3 months	3 months or more	Total				
BE	420	1,040	1,460	9,319	3,914,171	9,692,233	13,606,403	-33.5%	5,577	0.24%	736
BG	150	3,946	4,096	320	48,052	1,264,077	1,312,129	-0.5%	181	0.72%	22
CZ	0	20	20	5,847	0	116,942	116,942	-63.0%	2,696	0.00%	34
DE	31	79	110	369	11,433	29,135	40,568	-36.8%	37	0.11%	64
EE											
EL											
ES	534	742	1,276	2,632	1,405,300	1,952,683	3,357,982	-48.4%	24,146	0.01%	1,195
FR	1,283	3,107	4,390	6,352	8,149,451	19,735,264	27,884,715	-47.3%	31,121	0.09%	3,948
HR	1	15	16	475	475	7,130	7,606		180	0.00%	0
IT											
CY	0	3	3	1,297	0	3,890	3,890	0.0%	124	0.00%	0
LV	2	11	13	258	517	2,841	3,358	-31.6%	59	0.01%	6
LT			n.a.				n.a.				
LU	7	40	47	10,948	76,634	437,911	514,545	-2.1%	275	0.19%	1
HU	6	1,114	1,120	293	1,757	326,255	328,012	-2.5%	208	0.16%	29
MT	1	6	7	1,375	8,250	9,625	9,625	-12.5%	23	0.04%	1
NL	27	107	134	11,399	307,770	1,219,680	1,527,450	-16.3%	10,183	0.02%	26
AT											
PL	379	974	1,353	226	85,466	219,642	305,108	-10.8%	640	0.05%	164
PT											
RO	2	8	10	180	359	1,438	1,797	-16.7%	183	0.00%	2
SI											
SK	218	725	943	380	82,814	275,413	358,226	-18.7%	176	0.20%	217
FI	50	62	112	5,906	295,319	366,196	661,516	-17.0%	3,189	0.02%	23
SE	122	179	301	1,691	206,287	302,667	508,954	-34.1%	1,704	0.03%	156
UK	1	12	13	1,443	1,443	17,310	18,753	-56.7%	6,646	0.00%	17
IS											
LI	75	555	630		n.a.	n.a.	n.a.	n.a.			96
NO			n.a.								
CH	32	1,269	1,301	7,705	246,554	9,777,402	10,023,956	-0.3%	3,266	0.31%	4
Total											
					14,835,17	n.a.	60,591,53	-	3,266	0.31%	6,741
EU-13	3,341	14,014	17,355		45,756,359		60,591,53	37.4%*	90,614	0.07%	505
EU-15	790	6,881	7,671		2,138,071		2,370,319		1,810	0.13%	
	2,444	5,309	7,753		14,356,37	33,840,886	48,197,26		85,537		6,136
EFTA	107	1,824	1,931		246,554	9,777,402	10,023,95		3,266	0.06%	100

## Aggregation of periods or salaries for unemployment benefits

Number of unemployed persons who needed an aggregation of periods (A)	Annual average expenditure per unemployed person (in €) (B)	Expenditure related to the aggregation of periods (in €) C= A*B	% change compared to the baseline scenario	Total unemployment spending in million € (D)	% share C/D	Excluded aggregated cases <b>Less than 30 days</b>
<b>1 to 3 months or more</b>	<b>3 months or more</b>	<b>1 to 3 months or more</b>	<b>Total</b>	<b>Total</b>		
<b>1 to 3 months or more</b>	<b>3 months or more</b>	<b>1 to 3 months or more</b>	<b>Total</b>	<b>Total</b>		

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\* No data available for CZ, DE, IE, EL, IT, AT, LT, PT, SI, NO and IS.

\*\* Compared to the reporting Member States under the baseline scenario (excl. LT and NO).

Source Own calculations based on the administrative questionnaire and ESSPROS

*Sub-option 3a1 – A threshold of one month AND the previous Member State is responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed one month of insurance, employment or self-employment*

Under this sub-option the previous Member State (i.e. Member State of origin) will be responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed one month of insurance, employment or self-employment. The Member State of last activity will still be responsible for paying the unemployment benefits for those workers who have completed more than one month of insurance, employment or self-employment.

The missing data for a number of reporting Member States may lead to a distorted view of reality if the number of cases are reported by the previous Member State. As has been pointed out, most of the aggregated cases apply to a period of insurance, employment or self-employment of more than three months. It implies that the previous Member State only for a limited number of cases will be responsible for paying the unemployment benefit if a threshold of one month is applied. Moreover, only 1,534 of the 13,113 aggregated cases which could be allocated to a previous Member state of residence have to be taken into account (see also Pacolet and De Wispelaere, 2015). Most of the cases with a period of insurance, employment or self-employment of less than one month were aggregated with an additional period completed in an EU-15 Member State and mainly completed in the United Kingdom (263 cases), the Netherlands (179 cases) and France (165 cases) (*Table 12*).

The calculation of the budgetary cost for the previous Member State could be based on the average duration of unemployment (*see also Table 10*), the entitlement to an unemployment benefit up to 3 or 6 months or for the maximum duration of the entitlement (*see also Figure 3*). Please notice that the average duration of unemployment not necessarily corresponds to the duration of the entitlement to an unemployment benefit (e.g. the period of unemployment could be longer than the entitlement to an unemployment benefit). The total annual budgetary cost for the Member States of origin varies from € 3.4 Million (entitlement up to 3 months) to € 13.7 Million (maximum duration of the entitlement) for the 1,534 reported cases depending on the calculation method used (*Table 12*). The Netherlands and France will probably be confronted with the highest budgetary cost in absolute figures. However, this cost is marginal if we confront the budgetary cost of paying an unemployment benefit for those unemployed persons who, in their Member State of last activity, have not completed one months of insurance, employment or self-employment with total unemployment spending (for instance equal to 0.005% of total public spending if the average duration of unemployment is taken into account).

The additional cost to be paid as previous Member State should be added to the budgetary cost Member States will experience as Member State of last activity (*Table 13*). However, the additional cost as previous Member state will hardly influence the total cost. Only the Netherlands shows a higher cost as Member State of origin than as Member State of last activity. The real budgetary impact is, however, underestimated given that under the baseline scenario 6,741 aggregated cases of a period of insurance, employment or self-employment of less than 1 month have been taken into consideration compared to only 1,534 cases under sub-option 3a1 (*Table 12*) and even only 986 cases when selecting only the 20 reporting Member States (*Table 13*). Nevertheless, these figures show already that this option will lead to a higher budgetary impact for some Member States compared to the current rules (for instance the United Kingdom). If we extrapolate the 986 cases to the total group of 6,741 cases an estimated amount of € 32.2 Million (assuming an average expenditure



per unemployed person) or € 14,912,546 (assuming the entitlement for 3 months) will be paid by the Member States of origin (*Table 13*). It implies that the loss of an unemployment benefit in the Member State of last activity is compensated considerably by the Member State of origin (compared to an expenditure of € 36.2 Million under current rules for those 6,741 cases – see *also Table 10*).

Aggregation of periods or salaries for unemployment benefits

**Table 12 Annual cost for the previous Member State responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed one month of insurance, employment or self-employment, average duration of unemployment, three months entitled to an unemployment benefit and maximum duration entitled to an unemployment benefit**

Previous MS	Cases less than 30 days (A)	Average duration of unemployment			Three months entitled			Six months entitled			Maximum duration of entitlement		
		Annual average expenditure (in €) (B)	Expenditure (in €) (C=A*B)	Total unemployment spending (in Million euro) (D)	Annual average expenditure (in €) (B)	Expenditure (in €) (C=A*B)	% share (C/D)	Annual average expenditure (in €) (B)	Expenditure (in €) (C=A*B)	% share (C/D)	Annual average expenditure (in €) (B)	Expenditure (in €) (C=A*B)	% share (C/D)
BE	23	9,319	214,347	5,577	3,778	86,898	0.002%	7,556	173,795	0.003%	15,113	347,590	0.006%
BG	6	320	1,922	181	110	663	0.001%	221	1,326	0.001%	442	2,651	0.001%
CZ	50	588	29,407	341	232	11,608	0.003%	464	23,216	0.007%	696	34,824	0.010%
DK	28	5,847	163,719	2,696	3,077	86,168	0.003%	6,155	172,336	0.006%	12,310	344,671	0.013%
DE	94	5,844	549,294	21,363	2,401	225,737	0.001%	4,803	451,475	0.002%	9,606	902,949	0.004%
EE	8	369	2,950	37	135	1,079	0.003%	270	2,159	0.006%	540	4,318	0.012%
IE	51	9,099	464,053	3,792	3,000	152,985	0.004%	5,999	305,969	0.008%	7,999	407,959	0.011%
EL	29	803	23,285	1,279	268	7,762	0.001%	535	15,524	0.001%	1,071	31,047	0.002%
ES	153	2,632	402,642	24,146	1,039	158,938	0.001%	2,078	317,875	0.001%	4,155	635,751	0.003%
FR	165	6,352	1,048,059	31,121	2,722	449,168	0.001%	5,444	898,336	0.003%	10,889	1,796,672	0.006%
HR	2	475	951	180	152	303	0.000%	303	607	0.000%	607	1,214	0.001%
IT	115	2,533	291,284	9,929	905	104,030	0.001%	1,809	208,060	0.002%	3,618	416,121	0.004%
CY	9	1,297	11,669	124	598	5,386	0.004%	1,197	10,771	0.009%	997	8,976	0.007%
LV	2	258	517	59	95	189	0.000%	189	378	0.001%	284	567	0.001%
LT	7	236	1,651	68	86	604	0.001%	173	1,208	0.002%	259	1,812	0.003%
LU	32	10,948	350,329	275	5,297	169,514	0.062%	10,595	339,028	0.123%	42,378	1,356,111	0.492%
HU	12	293	3,514	208	110	1,318	0.001%	220	2,636	0.001%	110	1,318	0.001%
MT	3	1,375	4,125	23	529	1,587	0.007%	1,058	3,173	0.014%	881	2,644	0.011%
NL	179	11,399	2,040,400	10,183	5,428	971,619	0.010%	10,856	1,943,238	0.019%	21,712	3,886,475	0.038%
AT	110	5,468	601,493	2,297	3,038	334,163	0.015%	6,076	668,326	0.029%	12,151	1,336,651	0.058%
PL	20	226	4,510	640	91	1,828	0.000%	183	3,657	0.001%	366	7,314	0.001%
PT	18	2,004	36,077	2,482	742	13,362	0.001%	1,485	26,724	0.001%	7,423	133,620	0.005%
RO	23	180	4,134	183	73	1,676	0.002%	146	3,352	0.002%	291	6,704	0.004%
SI	2	1,458	2,915	199	554	1,107	0.001%	1,107	2,214	0.001%	2,214	4,428	0.002%
SK	6	380	2,279	176	116	698	0.000%	233	1,395	0.001%	233	1,395	0.001%
FI	10	5,906	59,064	3,189	3,852	38,520	0.001%	7,704	77,040	0.002%	15,408	154,080	0.005%
SE	18	1,691	30,436	1,704	1,057	19,022	0.001%	2,114	38,045	0.002%	4,227	76,090	0.004%
UK	263	1,443	379,380	6,646	656	172,445	0.003%	1,311	344,891	0.005%	1,311	344,891	0.005%
IS	5	0	0	130	2,953	14,763	0.011%	5,905	29,525	0.023%	0	0	0.000%
LI	0												
NO	67	6,167	413,169	1,367	4,022	269,458	0.020%	8,044	538,916	0.039%	16,087	1,077,833	0.079%
CH	24	7,705	184,915	3,266	3,789	90,942	0.003%	7,579	181,884	0.006%	15,157	363,768	0.011%
Total	1,534		7,322,492	133,861		3,393,539	0.003%		6,787,078	0.005%		13,690,444	0.010%

\* This is an incomplete picture due to missing data for CZ, DE, IE, EL, IT, AT, PT, SI and IS as reporting Member State and given that some Member states did not provide a breakdown by the Member State of origin (FR, ES and EE).

Source Own calculations based on the administrative questionnaire and ESSPROS

**Table 13 Total cost under sub-option 3a1**

	As Member State of last activity (in €) (n: 17,355)	Average duration			Three months		
		As Member State of origin (in €) (n: 986)	Total cost (in €)	% difference baseline scenario	As Member State of origin (in €) (n: 986)	Total cost (in €)	% difference baseline scenario
BE	13,606,403	214,347	13,820,751	-32.5%	86,898	13,693,301	-33.1%
BG	1,312,129	1,922	1,314,051	-0.4%	663	1,312,791	0.5%
CZ							
DK	116,942	163,719	280,661	-11.1%	86,168	203,110	-35.7%
DE							
EE	40,568	2,950	43,518	-32.2%	1,079	41,647	-35.1%
IE							
EL							
ES	3,357,982	402,642	3,760,625	-42.2%	158,938	3,516,920	-45.9%
FR	27,884,715	1,048,059	28,932,774	-45.4%	449,168	28,333,883	-46.5%
HR	7,606	951	8,556	-12.5%	303	7,909	-4.0%
IT							
CY	3,890	11,669	15,559	300.0%	5,386	9,275	138.5%
LV	3,358	517	3,875	-21.1%	189	3,547	-27.7%
LT							
LU	514,545	350,329	864,874	64.6%	169,514	684,059	30.2%
HU	328,012	3,514	331,527	-1.5%	1,318	329,330	-2.1%
MT	9,625	4,125	13,750	25.0%	1,587	11,212	1.9%
NL	1,527,450	2,040,400	3,567,850	95.6%	971,619	2,499,069	37.0%
AT							
PL	305,108	4,510	309,618	-9.5%	1,828	306,936	-10.3%
PT							
RO	1,797	4,134	5,932	175.0%	1,676	0	100%
SI							
SK	358,226	2,279	360,506	-18.2%	698	358,924	-18.5%
FI	661,516	59,064	720,579	-9.6%	38,520	700,035	-12.2%
SE	508,954	30,436	539,390	-30.2%	19,022	527,977	-31.7%
UK	18,753	379,380	398,132	820.0%	172,445	191,198	341.8%
IS							
LI							
NO							
CH	10,023,956	184,915	10,208,871	1.5%	90,942	10,114,898	0.6%
Total	60,591,536	4,909,862	65,501,398	-32.3%	2,257,960	62,849,496	-35.1%
Extrapolation (n: 6,741)		32,177,913			14,912,546		

\* This is an incomplete picture due to missing data for CZ, DE, IE, EL, IT, AT, PT, SI and IS as reporting Member State and given that some Member states did not provide a breakdown by the Member State of origin (FR, ES and EE).

**Source** Own calculations based on the administrative questionnaire

### *Sub-option 3b – A threshold of three months*

In case a threshold of three months is applied, the remaining 14,049 cases are multiplied by the annual average expenditure per unemployed person in order to estimate the public unemployment spending.

Under this sub-option, the total estimated annual public unemployment spending for 20 reporting Member States amounts to € 45.8 million or to a decrease of expenditure by 53% compared to the baseline scenario (*Table 14*).

This sub-option 3b almost does not result in any further decrease of expenditure compared to sub-option 3a in Denmark (0 p.p.),<sup>79</sup> Cyprus (0.0 p.p.), Hungary (-0.5 p.p.), Switzerland (-2.5 p.p.), the United Kingdom (-3.3 p.p.), Bulgaria (-3.6 p.p.) and Croatia (-6.3 p.p.) (*Table 14*). Especially Finland (-37.0 p.p.), Sweden (-26.7 p.p.) and Poland (-25.0 p.p.) will experience a higher decrease of expenditure compared to sub-option 3a. This option will consequently lead to a further decrease of public unemployment spending to 0.05% of total unemployment spending by the reporting Member States (*Table 14*).

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<sup>79</sup> p.p. = percentage points.

**Table 14 Estimate of the budgetary annual impact under sub-option 3b**

	Number of unemployed persons who needed aggregated cases (A)	Annual average expenditure per unemployed persons (in €) (B)	Expenditure related to the aggregation of periods C=A*B	% change compared to the baseline scenario	Change in p.p. compared to sub-option 3a	Total UB spending in million euro (D)	% share C/D	Less than 30 days	1 to 3 months	Total number
	3 months or more		3 months or more					736	420	1,156
BE	1,040	9,319	9,692,233	-52.6%	-19.1 p.p.	5,577	0.17%			
BG	3,946	320	1,264,077	-4.2%	-3.6 p.p.	181	0.70%	22	150	172
CZ										0
DK	20	5,847	116,942	-63.0%	0.0 p.p.	2,696	0.00%	34	0	34
DE										0
EE	79	369	29,135	-54.6%	-17.8 p.p.	37	0.08%	64	31	95
IE										0
EL										0
ES	742	2,632	1,952,683	-70.0%	-21.6 p.p.	24,146	0.01%	1,195	534	1,729
FR	3,107	6,352	19,735,264	-62.7%	-15.4 p.p.	31,121	0.06%	3,948	1,283	5,231
HR	15	475	7,130	-6.3%	-6.3 p.p.	180	0.00%	0	1	1
IT										0
CY	3	1,297	3,890	0.0%	0.0 p.p.	124	0.00%	0	0	0
LV	11	258	2,841	-42.1%	-10.5 p.p.	59	0.00%	6	2	8
LT	n.a.		n.a.							0
LU	40	10,948	437,911	-16.7%	-14.6 p.p.	275	0.16%	1	7	8
HU	1,114	293	326,255	-3.0%	-0.5 p.p.	208	0.16%	29	6	35
MT	6	1,375	8,250	-25.0%	-12.5 p.p.	23	0.04%	1	1	2
NL	107	11,399	1,219,680	-33.1%	-16.9 p.p.	10,183	0.01%	26	27	53
AT										0
PL	974	226	219,642	-35.8%	-25.0 p.p.	640	0.03%	164	379	543
PT										0
RO	8	180	1,438	-33.3%	-16.7 p.p.	183	0.00%	2	2	4
SI										
SK	725	380	275,413	-37.5%	-18.8 p.p.	176	0.16%	217	218	435

## Aggregation of periods or salaries for unemployment benefits

	Number of unemployed persons who needed aggregated cases (A)	Annual average expenditure per unemployed persons (in €) (B)	Expenditure related to the aggregation of periods C=A*B	% change compared to the baseline scenario	Change in p.p. compared to sub-option 3a	Total UB spending in million euro (D)	% share C/D	Excluded aggregated cases		
								Less than 30 days	1 to 3 months	Total number
FI	62	5,906	366,196			3,189	0.01 %	23	50	73
SE	179	1,691	302,667	-54.1%	-37.0 p.p.	1,704	0.02 %	156	122	278
UK	12	1,443	17,310	-60.8%	p.p.	6,646	0.00 %	17	1	18
IS				-60.0%	-3.3 p.p.					
LI	555		n.a.	n.a.	n.a.			96	75	171
NO	n.a.	6,167	n.a.							0
CH	1,269	7,705	9,777,402	-2.8%	-2.5 p.p.	3,266	0.30 %	4	32	36
Total	14,014		45,756,359	-52.7%**	-15.3 p.p.	90,614	0.05 %	6,741	3,341	10,082
EU-13	6,881		2,138,071			1,810	0.12 %		790	1,295
EU-15	5,309		33,840,886			54,416	0.06 %	6,136	2,444	8,580
EFTA	1,824		9,777,402			3,266	0.30 %	100	107	207

\* No data available for CZ, DE, IE, EL, IT, AT, LT, PT NO and IS.

\*\* Compared to the reporting Member States under the baseline scenario (excl. LT and NO).

Source Own calculations based on the administrative questionnaire and ESSPROS

*Sub-option 3b1 – A threshold of three months AND the previous Member State is responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed three months of insurance, employment or self-employment*

Under this sub-option the previous Member State (i.e. Member State of origin) will be responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed three months of insurance, employment or self-employment. The Member State of last activity will still be responsible for paying the unemployment benefits for those workers who have completed more than three month of insurance, employment or self-employment.

As mentioned before, the missing data for a number of reporting Member States may lead to a distorted view of reality if the number of cases are reported by the previous Member State. Also, most of the aggregated cases apply to a period of insurance, employment or self-employment of more than three months. It implies that the previous Member State only for a limited number of cases will be responsible for paying the unemployment benefit if a threshold of three months is applied. Moreover, only 3,027 of the 13,113 aggregated cases which could be allocated to a previous Member state of residence have to be taken into account (see also Pacolet and De Wispelaere, 2015). Most of the cases with a period of insurance, employment of self-employment of less than three months were aggregated with an additional period completed in an EU-15 Member State and mainly completed in the United Kingdom (577 cases), the Netherlands (371 cases) and Spain (328 cases) (*Table 15*).

The calculation of the budgetary cost for the previous Member State could be based on the average duration of unemployment (*see also Table 10*), the entitlement to an unemployment benefit up to 3 or 6 months or for the maximum duration of the entitlement (*see also Figure 3*). Please notice that the average duration of unemployment not necessarily corresponds to the duration of the entitlement to an unemployment benefit (e.g. the period of unemployment could be longer than the entitlement to an unemployment benefit). The total annual budgetary cost for the Member States of origin varies from € 14.2 Million (entitlement up to 3 months) to € 26.2 Million (maximum duration of the entitlement) for the 3,027 reported cases depending on the calculation method used (*Table 15*). Again, The Netherlands and France will probably be confronted with the highest budgetary cost in absolute figures. This cost is still marginal if we confront the budgetary cost of paying an unemployment benefit for those unemployed persons who, in their Member State of last activity, have not completed three months of insurance, employment or self-employment with total unemployment spending (for instance equal to 0.01% of total public spending if the average duration of unemployment is taken into account).

**Table 15 Annual cost for the previous Member State responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed three months of insurance, employment or self-employment, average duration of unemployment, three months entitled to an unemployment benefit and maximum duration entitled to an unemployment benefit**

Previous MS	Cases less than three months (A)	Average duration of unemployment			Three months entitlement			Six months entitlement			Maximum duration of entitlement			
		Annual average expenditure (in €) (B)	Expenditure (in €) (C=A*B)	Total unemployment (in Million euro) (D)	% share (C/D)	Annual average expenditure (in €) (B)	Expenditure (in €) (C=A*B)	% share (C/D)	Annual average expenditure (in €) (B)	Expenditure (in €) (C=A*B)	% share (C/D)	Annual average expenditure (in €) (B)	Expenditure (in €) (C=A*B)	% share (C/D)
BE	41	9,319	382,098	5,577	0.0069	3,778	154,904	0.0028	7,556	309,809	0.0056	15,113	619,618	0.0111
BG	6	320	1,922	181	0.0011	110	663	0.0004	221	1,326	0.0007	442	2,651	0.0015
CZ	118	588	69,400	341	0.0204	232	27,395	0.0080	464	54,790	0.0161	696	82,184	0.0241
DK	55	5,847	321,590	2,696	0.0119	3,077	169,258	0.0063	6,155	338,516	0.0126	12,310	677,032	0.0251
DE	227	5,844	1,326,487	21,363	0.0062	2,401	545,131	0.0026	4,803	1,090,263	0.0051	9,606	2,180,526	0.0102
EE	31	369	11,433	37	0.0312	135	4,183	0.0114	270	8,365	0.0228	540	16,731	0.0456
IE	113	9,099	1,028,197	3,792	0.0271	3,000	338,966	0.0089	5,999	677,932	0.0179	7,999	903,909	0.0238
EL	39	803	31,315	1,279	0.0024	268	10,438	0.0008	535	20,877	0.0016	1,071	41,753	0.0033
ES	328	2,632	863,180	24,146	0.0036	1,039	340,729	0.0014	2,078	681,458	0.0028	4,155	1,362,916	0.0056
FR	233	6,352	1,479,986	31,121	0.0048	2,722	634,280	0.0020	5,444	1,268,559	0.0041	10,889	2,537,119	0.0082
HR	2	475	951	180	0.0005	152	303	0.0002	303	607	0.0003	607	1,214	0.0007
IT	209	2,533	529,378	9,929	0.0053	905	189,064	0.0019	1,809	378,127	0.0038	3,618	756,254	0.0076
CY	19	1,297	24,635	124	0.0198	598	11,370	0.0091	1,197	22,740	0.0183	997	18,950	0.0152
LV	6	258	1,550	59	0.0026	958	567	0.0010	189	1,134	0.0019	284	1,701	0.0029
LT	9	236	2,122	68	0.0031	86	776	0.0011	173	1,553	0.0023	259	2,329	0.0034
LU	47	10,948	514,545	275	0.1868	5,297	248,973	0.0904	10,595	497,947	0.1808	42,378	1,991,788	0.7231
HU	25	293	7,322	208	0.0035	110	2,746	0.0013	220	5,491	0.0026	110	2,746	0.0013
MT	6	1,375	8,250	23	0.0355	529	3,173	0.0136	1,058	6,346	0.0273	881	5,289	0.0227
NL	37	11,399	4,228,98	10,183	0.0415	5,49	2,013,80	0.0198	10,856	4,027,604	0.0396	21,71	8,055,209	0.0791



Aggregation of periods or salaries for unemployment benefits

AT	1 19	5,468	1,082,68 8	2,297	0.0471 %	28 3,0	2 601,493	0.0262 %	6,076	1,202,986	0.0524 %	2 12,15	2,405,972	0.1048 %
PL	38	226	8,569	640	0.0013 %	38 91	3,474	0.0005 %	183	6,948	0.0011 %	1 366	13,896	0.0022 %
PT	40	2,004	80,172	2,482	0.0032 %	74	29,693	0.0012 %	1,485	59,387	0.0024 %	7,423	296,933	0.0120 %
RO	31	180	5,572	183	0.0030 %	73	2,259	0.0012 %	146	4,518	0.0025 %	291	9,036	0.0049 %
SI	3	1,458	4,373	199	0.0022 %	55	1,661	0.0008 %	1,107	3,321	0.0017 %	2,214	6,642	0.0033 %
SK	13	380	4,938	176	0.0028 %	4	1,512	0.0009 %	233	3,024	0.0017 %	233	3,024	0.0017 %
FI	17	5,906	100,409	3,189	0.0031 %	6	65,484	0.0021 %	7,704	130,968	0.0041 %	15,40	261,936	0.0082 %
SE	26	1,691	43,963	1,704	0.0026 %	52	27,477	0.0016 %	2,114	54,954	0.0032 %	4,227	109,907	0.0065 %
UK	57	1,443	832,327	6,646	0.0125 %	57	378,331	0.0057 %	1,311	756,661	0.0114 %	1,311	756,661	0.0114 %
IS	7	0	0	130	0.0000 %	6	20,668	0.0159 %	5,905	41,335	0.0318 %	0	0	0.0000 %
LI	15	6,167	943,506	1,367	0.0690 %	4,0	615,330	0.0450 %	8,044	1,230,660	0.0900 %	16,08	2,461,320	0.1800 %
NO	3	7,705	300,488	3,266	0.0092 %	22	147,781	0.0045 %	7,579	295,562	0.0090 %	7	591,123	0.0181 %
CH	39		14,240,3 49	133,861	0.0106 %	89	6,591,88 3	0.0049 %		13,183,76 7	0.0098 %	7	26,176,36 9	0.0196 %
Total	3,0 27													

\* This is an incomplete picture due to missing data for CZ, DE, IE, EL, IT, AT, PT, SI and IS as reporting Member State and given that some Member states did not provide a breakdown by the Member State of origin (FR, ES and EE).

Source Own calculations based on the administrative questionnaire and ESSPROS

The additional cost to be paid as previous Member State should be added to the budgetary cost Member States will experience as Member State of last activity (*Table 16*). Especially the United Kingdom and the Netherlands show in absolute figures a higher cost as Member State of origin than as Member State of last activity. The real budgetary impact is, however, underestimated given that under the baseline scenario 10,082 aggregated cases of a period of insurance, employment or self-employment of less than three month have been taken into consideration compared to only 3,027 under sub-option 3b1 (*Table 15*) and even only 1,911 cases when selecting only the 20 reporting Member States (*Table 16*). Nevertheless, these figures show already that this option will lead to a higher budgetary impact for some Member States compared to the current rules (for instance the United Kingdom). If we extrapolate the 1,911 cases to the total group of 10,082 cases an estimated amount of € 47.4 Million (assuming an average expenditure per unemployed person) or € 21,955,523 (assuming the entitlement for 3 months) will be paid by the Member States of origin (*Table 16*). It implies that the loss of an unemployment benefit in the Member State of last activity is compensated considerably by the Member State of origin (compared to an expenditure of € 51.0 Million under current rules for those 10,082 cases – see also *Table 10*).

**Table 16 Total cost under sub-option 3b1**

	As Member State of last activity (in €) (n: 14,014)	Average duration			Three months		
		As Member State of origin (in €) (n: 1,911)	Total cost (in €)	% difference baseline scenario	As Member State of origin (in €) (n: 1,911)	Total cost (in €)	% difference baseline scenario
BE	9,692,233	382,098	10,074,330	-50.8%	154,904	9,847,137	-51.9%
BG	1,264,077	1,922	1,265,999	-4.0%	663	1,264,740	-4.1%
CZ							
DK	116,942	321,590	438,532	38.9%	169,258	286,200	-9.4%
DE							
EE	29,135	11,433	40,568	-36.8%	4,183	33,318	-48.1%
IE							
EL							
ES	1,952,683	863,180	2,815,863	-56.7%	340,729	2,293,412	-64.7%
FR	19,735,264	1,479,986	21,215,250	-59.9%	634,280	20,369,544	-61.5%
HR	7,130	951	8,081	6.3%	303	7,434	-2.3%
IT							
CY	3,890	24,635	28,524	633.3%	11,370	15,260	292.3%
LV	2,841	1,550	4,391	-10.5%	567	3,408	-30.6%
LT							
LU	437,911	514,545	952,456	81.3%	248,973	686,884	30.7%
HU	326,255	7,322	333,577	-0.9%	2,746	329,001	-2.2%
MT	8,250	8,250	16,501	50.0%	3,173	11,423	3.8%
NL	1,219,680	4,228,985	5,448,665	198.8%	2,013,802	3,233,482	77.3%
AT							
PL	219,642	8,569	228,211	-33.3%	3,474	223,116	-34.8%
PT							
RO	1,438	5,572	7,010	225.0%	2,259	3,697	71.4%
SI							
SK	275,413	4,938	280,351	-36.4%	1,512	276,924	-37.2%
FI	366,196	100,409	466,605	-41.5%	65,484	431,680	-45.9%
SE	302,667	43,963	346,630	-55.1%	27,477	330,144	-57.3%
UK	17,310	832,327	849,637	1,863.3%	378,331	395,641	814.2%
IS							
LI							
NO							
CH	9,777,402	300,488	10,077,889	0.2%	147,781	9,925,183	-1.3%
Total	45,756,359	9,142,713	54,899,071	-43.3%	4,211,268	49,967,627	-48.4%
Extrapolation (n: 10,082)		47,430,196			21,955,523		

\* This is an incomplete picture due to missing data for CZ, DE, IE, EL, IT, AT, PT, SI and IS as reporting Member State and given that some Member states did not provide a breakdown by the Member State of origin (FR, ES and EE).

Source Own calculations based on the administrative questionnaire

#### Option 4 – A change of the calculation method: salary earned in the Member State of origin is also taken into account

For this option the calculation of the unemployment benefit will also be based on the salaries earned in the Member State of origin. The average wage earned during the qualifying period laid down in national legislation will be calculated. As mentioned

above (see also *Figure 2*), many Member States apply a qualifying period of some 12 months.

**Box 2 – An example**

An unemployed migrant worker worked for one month (option 4a) in the Member State of last activity and received a salary of € 2,000. The qualifying period in the Member State of last activity is 12 months. Therefore, a period of insurance, employment or self-employment of 11 months completed by the unemployed migrant worker in the Member State of origin has to be taken into account for the award of an unemployment benefit by the Member State of last activity. During this period of 11 months the unemployed migrant worker received a monthly salary of € 1,000. The unemployment benefit of the Member State of last activity is calculated as a certain percentage of the average salary of the previous 12 months (i.e. the qualifying period). The average salary will amount to € 1,083 ( $= (\text{€ } 2,000 \times 1 + \text{€ } 1,000 \times 11) / 12$ ). In accordance with the current rules, the calculation of the unemployment benefit would be based on the salary received in the Member State of last activity only, i.e. € 2,000.

If the unemployed migrant worker worked for three months (option 4b) in the Member State of last activity, the average salary would amount to € 1,250 ( $= (\text{€ } 2,000 \times 3 + \text{€ } 1,000 \times 9) / 12$ ).

*Tables 17* (threshold of one month) and *18* (threshold of three months) provide bilateral information on the impact of the average wage when also salaries earned in the Member State of origin are taken into account compared to the current situation. Figures are expressed as x times the average salary under the current rules. For example, consider the changes between Belgium and Bulgaria. The average wage in option 4a (*Table 17*) for an unemployed migrant worker who is employed only one month in Belgium as Member State of last activity (qualifying period = 12 months) and requiring an aggregation of a period of 11 months from Bulgaria as Member State of origin is equal to 0.2 times the average wage under the current rules. This in contrast to an unemployed worker employed in Bulgaria as Member State of last activity (qualifying period = 9 months) and requiring an aggregation of a period of eight months from Belgium as Member State of origin, where the average wage in option 4a will be equal to 8.4 times the average wage under the current rules. These cross-tables could be used to estimate the decrease or increase of the amount of the unemployment benefit. However, this should be corrected by the ceiling of earnings taken into account and the minimum and maximum unemployment benefits. For example, Bulgaria applies a maximum amount of the monthly contributory income of € 1,227. This implies that the salary earned in the Member of origin by unemployed migrant workers coming from high-wage Member States will be flattened to this ceiling. Also, unemployed migrant workers entitled to an unemployment benefit from Belgium will receive at least a daily amount of € 36.6 despite the fact that their average wage is decreased many times by taking into account also the salary earned in low-wage Member States of origin.

**Table 17** Average earnings also taking into account the salaries earned in the Member State of origin compared to the current situation, threshold of one month

Reference period	Gross monthly earnings	Member State of last activity																										
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	
BE	2,579	1,579	1,585	1,591	1,597	1,603	1,609	1,615	1,621	1,627	1,633	1,639	1,645	1,651	1,657	1,663	1,669	1,675	1,681	1,687	1,693	1,699	1,705	1,711	1,717	1,723	1,729	1,735
BG	2,780	1,780	1,785	1,790	1,795	1,800	1,805	1,810	1,815	1,820	1,825	1,830	1,835	1,840	1,845	1,850	1,855	1,860	1,865	1,870	1,875	1,880	1,885	1,890	1,895	1,900	1,905	1,910
CZ	639	1,639	1,644	1,649	1,654	1,659	1,664	1,669	1,674	1,679	1,684	1,689	1,694	1,699	1,704	1,709	1,714	1,719	1,724	1,729	1,734	1,739	1,744	1,749	1,754	1,759	1,764	1,769
DK	2,948	1,948	1,953	1,958	1,963	1,968	1,973	1,978	1,983	1,988	1,993	1,998	2,003	2,008	2,013	2,018	2,023	2,028	2,033	2,038	2,043	2,048	2,053	2,058	2,063	2,068	2,073	2,078
DE	2,496	1,496	1,501	1,506	1,511	1,516	1,521	1,526	1,531	1,536	1,541	1,546	1,551	1,556	1,561	1,566	1,571	1,576	1,581	1,586	1,591	1,596	1,601	1,606	1,611	1,616	1,621	1,626
EE	655	1,655	1,660	1,665	1,670	1,675	1,680	1,685	1,690	1,695	1,700	1,705	1,710	1,715	1,720	1,725	1,730	1,735	1,740	1,745	1,750	1,755	1,760	1,765	1,770	1,775	1,780	1,785
IE	1,851	1,856	1,861	1,866	1,871	1,876	1,881	1,886	1,891	1,896	1,901	1,906	1,911	1,916	1,921	1,926	1,931	1,936	1,941	1,946	1,951	1,956	1,961	1,966	1,971	1,976	1,981	1,986
EL	1,159	1,164	1,169	1,174	1,179	1,184	1,189	1,194	1,199	1,204	1,209	1,214	1,219	1,224	1,229	1,234	1,239	1,244	1,249	1,254	1,259	1,264	1,269	1,274	1,279	1,284	1,289	1,294
ES	1,453	1,458	1,463	1,468	1,473	1,478	1,483	1,488	1,493	1,498	1,503	1,508	1,513	1,518	1,523	1,528	1,533	1,538	1,543	1,548	1,553	1,558	1,563	1,568	1,573	1,578	1,583	1,588
FR	2,055	2,060	2,065	2,070	2,075	2,080	2,085	2,090	2,095	2,100	2,105	2,110	2,115	2,120	2,125	2,130	2,135	2,140	2,145	2,150	2,155	2,160	2,165	2,170	2,175	2,180	2,185	2,190
HR	684	1,684	1,689	1,694	1,699	1,704	1,709	1,714	1,719	1,724	1,729	1,734	1,739	1,744	1,749	1,754	1,759	1,764	1,769	1,774	1,779	1,784	1,789	1,794	1,799	1,804	1,809	1,814
IT	1,677	1,682	1,687	1,692	1,697	1,702	1,707	1,712	1,717	1,722	1,727	1,732	1,737	1,742	1,747	1,752	1,757	1,762	1,767	1,772	1,777	1,782	1,787	1,792	1,797	1,802	1,807	1,812
CY	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
LV	520	1,520	1,525	1,530	1,535	1,540	1,545	1,550	1,555	1,560	1,565	1,570	1,575	1,580	1,585	1,590	1,595	1,600	1,605	1,610	1,615	1,620	1,625	1,630	1,635	1,640	1,645	1,650
LT	430	1,430	1,435	1,440	1,445	1,450	1,455	1,460	1,465	1,470	1,475	1,480	1,485	1,490	1,495	1,500	1,505	1,510	1,515	1,520	1,525	1,530	1,535	1,540	1,545	1,550	1,555	1,560
LU	2,986	1,986	1,991	1,996	2,001	2,006	2,011	2,016	2,021	2,026	2,031	2,036	2,041	2,046	2,051	2,056	2,061	2,066	2,071	2,076	2,081	2,086	2,091	2,096	2,101	2,106	2,111	2,116
HU	545	1,545	1,550	1,555	1,560	1,565	1,570	1,575	1,580	1,585	1,590	1,595	1,600	1,605	1,610	1,615	1,620	1,625	1,630	1,635	1,640	1,645	1,650	1,655	1,660	1,665	1,670	1,675
MT	1,175	1,180	1,185	1,190	1,195	1,200	1,205	1,210	1,215	1,220	1,225	1,230	1,235	1,240	1,245	1,250	1,255	1,260	1,265	1,270	1,275	1,280	1,285	1,290	1,295	1,300	1,305	1,310
NL	2,704	1,704	1,709	1,714	1,719	1,724	1,729	1,734	1,739	1,744	1,749	1,754	1,759	1,764	1,769	1,774	1,779	1,784	1,789	1,794	1,799	1,804	1,809	1,814	1,819	1,824	1,829	1,834
AT	2,309	1,309	1,314	1,319	1,324	1,329	1,334	1,339	1,344	1,349	1,354	1,359	1,364	1,369	1,374	1,379	1,384	1,389	1,394	1,399	1,404	1,409	1,414	1,419	1,424	1,429	1,434	1,439

Aggregation of periods or salaries for unemployment benefits

Reference period	Member State of last activity																										
	1	2	3	4	5	6	7	8	9	10	11	12															
Gross monthly earnings	2,579	2,278	2,639	2,278	1,851	1,453	1,055	684	1,677	520	2,430	1,549	2,985	1,704	2,342	2,549	985	326	987	558	2,359	2,517	2,325	2,180	3,730	3,078	
PL	9	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PT	3	0	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RO	4	0	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SI	2	0	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SK	4	0	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FI	3	0	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SE	9	0	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UK	1	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IS	9	0	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LI	8	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NO	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
CH	3,978	5	2	8	1	5	2	9	6	7	3	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1

Source Own calculations based on Eurostat

**Table 18 Average earnings taking into account also the salaries earned in the Member State of origin compared to the current situation, threshold of three months**

Reference period	Gross monthly earnings	Member State of last activity																					
		BE	BG	CZ	D	K	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	H	U	MT	NL	AT
2,57	9	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
278	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
639	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
2,94	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
2,49	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
655	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1,85	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
1,15	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
1,45	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
2,05	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
684	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1,67	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
520	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
430	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
2,98	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
545	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
1,17	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
5	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
2,70	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
2,34	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2

Aggregation of periods or salaries for unemployment benefits

Reference period Gross monthly earnings	Member State of last activity															
	1	2	3	4	5	6	6	9	9	1	1	1	2	2	6	6
PL 549	1, 85	2, 65	1, 94	2, 54	2, 43	2, 17	2, 43	2, 54	2, 70	2, 34	2, 54	1, 98	2, 32	2, 35	2, 51	2, 32
PT 985	1, 85	2, 65	2, 94	2, 54	2, 43	2, 17	2, 43	2, 54	2, 70	2, 34	2, 54	1, 98	2, 32	2, 35	2, 51	2, 32
R 326	1, 85	2, 65	2, 94	2, 54	2, 43	2, 17	2, 43	2, 54	2, 70	2, 34	2, 54	1, 98	2, 32	2, 35	2, 51	2, 32
O 987	1, 85	2, 65	2, 94	2, 54	2, 43	2, 17	2, 43	2, 54	2, 70	2, 34	2, 54	1, 98	2, 32	2, 35	2, 51	2, 32
SI 558	1, 85	2, 65	2, 94	2, 54	2, 43	2, 17	2, 43	2, 54	2, 70	2, 34	2, 54	1, 98	2, 32	2, 35	2, 51	2, 32
SK 2,35	1, 85	2, 65	2, 94	2, 54	2, 43	2, 17	2, 43	2, 54	2, 70	2, 34	2, 54	1, 98	2, 32	2, 35	2, 51	2, 32
FI 2,51	1, 85	2, 65	2, 94	2, 54	2, 43	2, 17	2, 43	2, 54	2, 70	2, 34	2, 54	1, 98	2, 32	2, 35	2, 51	2, 32
SE 7	1, 85	2, 65	2, 94	2, 54	2, 43	2, 17	2, 43	2, 54	2, 70	2, 34	2, 54	1, 98	2, 32	2, 35	2, 51	2, 32
UK 2,32	1, 85	2, 65	2, 94	2, 54	2, 43	2, 17	2, 43	2, 54	2, 70	2, 34	2, 54	1, 98	2, 32	2, 35	2, 51	2, 32
IS 2,11	1, 85	2, 65	2, 94	2, 54	2, 43	2, 17	2, 43	2, 54	2, 70	2, 34	2, 54	1, 98	2, 32	2, 35	2, 51	2, 32
LI 0	1, 85	2, 65	2, 94	2, 54	2, 43	2, 17	2, 43	2, 54	2, 70	2, 34	2, 54	1, 98	2, 32	2, 35	2, 51	2, 32
N 3,73	1, 85	2, 65	2, 94	2, 54	2, 43	2, 17	2, 43	2, 54	2, 70	2, 34	2, 54	1, 98	2, 32	2, 35	2, 51	2, 32
O 3,97	1, 85	2, 65	2, 94	2, 54	2, 43	2, 17	2, 43	2, 54	2, 70	2, 34	2, 54	1, 98	2, 32	2, 35	2, 51	2, 32
CH 8	1, 85	2, 65	2, 94	2, 54	2, 43	2, 17	2, 43	2, 54	2, 70	2, 34	2, 54	1, 98	2, 32	2, 35	2, 51	2, 32

Source Own calculations based on Eurostat



*Option 4a – A threshold of one month*

In order to calculate option 4a the following definition is applied:

**= (Cases of less than 30 days \* average spending per unemployed person \* correction coefficient) + (cases more than 30 days \* average spending per unemployed person).**

The correction coefficient is defined in *Table 17* (assuming a period of employment of one month in the Member State of last activity and 11 months in the Member State of origin). The unemployment expenditure related to the cases of a period of more than one month is already reported in *Table 11* under sub-option 3a.

For six of the reporting Member States the budgetary impact could not be estimated: Lithuania and Norway could not provide a breakdown by period of insurance, employment or self-employment; France, Spain and Estonia could not provide a breakdown by Member State of origin and for Liechtenstein the average spending per unemployed person is not known.

The estimated budgetary impact does not take into account the ceiling of earnings taken as a reference defined by some Member States, or the lowest and highest levels of the unemployment benefits. Therefore, these estimates should be considered as a maximum impact, given that the real impact will be flattened for some Member States. As already mentioned, also some Member States do not take previous earnings as a reference for the calculation of the unemployment benefit and as a result this option will not affect these Member States (Ireland, Malta, Poland and the United Kingdom).

Under this sub-option 0.10% of total yearly unemployment spending by the reporting Member States will be related to the aggregation of periods for unemployment (*Table 19*).

If the calculation of the unemployment benefit will also be based on the salaries earned in the Member State of last activity for those unemployed recent migrant workers who fulfilled a period of insurance, employment or self-employment of less than one month in their Member State of last activity, in particular 'low-wage' competent Member States (compared to the Member States of origin) will be confronted with an additional budgetary cost (e.g. BG (+2.7%), LV (+94.7%), HU (+1.5%), SK (+43.7%) and SE (+3.2%)) (*Tables 15 and 16*). This of course in contrast to 'high-wage' competent Member States (e.g. BE (-6.8%), DK (-24.7%); NL (-1.4%), FI (-4.3%) and CH (-0.2%)).

**Table 19 Estimate of the budgetary annual impact under sub-option 4a**

MS	Less than 30 days	More than one month	Expenditure related to the aggregation of periods (in €)	% change compared to the baseline scenario	Total unemployment spending (in million €)	% share
BE	5,457,818	13,606,403	19,064,221	-6.8%	5,577	0.34%
BG	43,216	1,312,129	1,355,345	2.7%	181	0.75%
CZ		0				
DK	120,852	116,942	237,794	-24.7%	2,696	0.01%
DE						
EE						
IE						
EL						
ES						
FR						
HR	0	7,606	7,606	0.0%	180	0.00%
IT						
CY	0	3,890	3,890	0.0%	124	0.00%
LV	6,196	3,358	9,554	94.7%	59	0.02%
LT				n.a.		
LU	8,103	514,545	522,648	-0.5%	275	0.19%
HU	13,621	328,012	341,634	1.5%	208	0.16%
MT	(2,100)	(9,625)	(11,725)	6.6%	23	0.05%
NL	270,987	1,527,450	1,798,437	-1.4%	10,183	0.02%
AT						
PL	(152,136)	(305,108)	(457,244)	33.7%	640	0.07%
PT						
RO	30	1,797	1,827	-15.3%	183	0.00%
SI						
SK	275,080	358,226	633,306	43.7%	176	0.36%
FI	101,483	661,516	762,999	-4.3%	3,189	0.02%
SE	288,706	508,954	797,660	3.2%	1,704	0.05%
UK	(19,467)	(18,753)	(38,219)	-11.7%	6,646	0.00%
IS						
LI				n.a.		
NO				n.a.		
CH	12,454	10,023,956	10,036,409	-0.2%	3,266	0.31%
Tot al	6,772,249	29,308,270	36,080,519	-3.2*	35,310	0.10%

\* Only selecting Member States for which figures are available under sub-option 4a.

\*\* ( ) = Member States which do not take previous earnings as a reference for the calculation of the Unemployment Benefit.

Source Own calculations based on the administrative questionnaire and ESSPROS

**Table 20 Estimate of public spending for cases less than 30 days under the baseline scenario and under sub-option 4a**

MS	Number of cases	Baseline scenario (in €)	Sub-option 4a (in €)	% change
BE	736	6,859,118	5,457,818	-20.4%
BG	22	7,048	43,216	513.9%
DK	34	198,801	120,852	-39.2%
HR	0	0	0	
CY	0	0	0	
LV	6	1,550	6,196	299.8%
LU	1	10,948	8,103	-26.0%
HU	29	8,493	13,621	60.4%
MT	1	1,375	2,100	(52.7%)
NL	26	296,371	270,987	-8.6%
PL	164	36,983	152,136	(311.4%)
RO	2	359	30	-91.7%
SK	217	82,434	275,080	233.7%
FI	23	135,847	101,483	-25.3%
SE	156	263,777	288,706	9.5%
UK	17	24,523	19,467	(-20.6%)
CH	4	30,819	12,454	-59.6%

\* ( ) = Member States which do not take previous earnings as a reference for the calculation of the Unemployment Benefit.

Source Own calculations based on the administrative questionnaire and ESSPROS

#### Option 4b – A threshold of three months

In order to calculate option 4b the following definition is applied:

**= (Cases of less than 30 days \* average spending per unemployed person \* correction coefficient) + (cases more than one month but less than three months \* average spending per unemployed person \* correction coefficient) + (cases more than three months \* average spending per unemployed person).**

The correction coefficient for the cases of less than 30 days is defined in *Table 17* (assuming a period of employment of one month in the Member State of last activity and 11 months in the Member State of origin) and for the cases of more than one month but less than three months in *Table 84* (assuming a period of employment of three months in the Member State of last activity and nine months in the Member State of origin). The unemployment expenditure related to the cases of a period of more than three months is already reported in *Table 15* under sub-option 3b.

For six reporting Member States the budgetary impact could not be estimated: Lithuania and Norway could not provide a breakdown by period of insurance, employment or self-employment; France, Spain and Estonia could not provide a breakdown by Member State of origin and for Liechtenstein the average spending per unemployed person is not known.

The estimated budgetary impact does not take into account the ceiling of earnings taken as a reference defined by some Member States, or the lowest and highest levels of the unemployment benefits. Therefore, these estimates should be considered as a maximum impact, given that the real impact will be flattened for some Member States. As already mentioned, also some Member States do not take previous earnings as a reference for the calculation of the unemployment benefit and as a result this option will not affect these Member States (IE, MT, PL and UK).

Under this sub-option, 0.10% of total unemployment spending by the reporting Member States will be related to the aggregation of periods for unemployment

(Table 21). Also, a similar view on the budgetary impact of 'low-wage' and 'high-wage' Member States as described under sub-option 4a is obtained.

**Table 21 Estimate of the budgetary annual impact under sub-option 4b**

MS	Less than 30 days	More than 1 month but less than 3 months	More than 3 months	Expenditure related to the aggregation of periods (in €)	% change compared to the baseline scenario	Total unemployment spending (in million €)	% share
BE	5,457,818	3,182,447	9,692,233	18,332,498	10.4%	5,577	0.33%
BG	43,216	237,859	1,264,077	1,545,152	17.1%	181	0.85%
CZ							
DK	120,852	0	116,942	237,794	24.7%	2,696	0.01%
DE							
EE							
IE							
EL							
ES							
FR							
HR	0	1,315	7,130	8,446	11.0%	180	0.00%
IT							
CY	0	0	3,890	3,890	0.0%	124	0.00%
LV	6,196	1,680	2,841	10,717	118.4%	59	0.02%
LT					n.a.		
LU	8,103	62,786	437,911	508,800	-3.2%	275	0.18%
HU	13,621	2,424	326,255	342,300	1.7%	208	0.16%
MT	(2,100)	(721)	(8,250)	(11,072)	0.6%	23	0.05%
NL	270,987	292,771	1,219,680	1,783,439	-2.2%	10,183	0.02%
AT							
PL	(152,136)	(293,485)	(219,642)	(665,263)	94.5%	640	0.10%
PT							
RO	30	575	1,438	2,043	-5.3%	183	0.00%
SI							
SK	275,080	248,899	275,413	799,392	81.4%	176	0.45%
FI							
	101,483	222,066	366,196	689,745	13.5%	3,189	0.02%
SE	288,706	238,894	302,667	830,267	7.4%	1,704	0.05%
UK	(19,467)	(1,955)	(17,310)	(38,732)	10.5%	6,646	0.00%
IS							
LI					n.a.		
N					n.a.		
O					n.a.		
CH	12,454	134,820	9,777,402	9,924,675	-1.3%	3,266	0.30%
Total	6,772,249	4,922,698	24,039,277	35,734,224	-4.1*	35,310	0.10%

\* Only selecting Member States for which figures are available under sub-option 4b.

\*\* ( ) = Member States which do not take previous earnings as a reference for the calculation of the Unemployment Benefit.

Source Own calculations based on the administrative questionnaire and ESSPROS

**Table 22 Estimate of public spending for cases less than three months under the baseline scenario and under sub-option 4b**

MS	Number of cases	Baseline scenario (in €)	Sub-option 4b (in €)	% change
BE	1,156	10,773,289	8,640,265	-19.8%
BG	172	55,099	281,123	410.2%
DK	34	198,801	120,852	-39.2%
HR	1	475	1,315	176.7%
CY	0	0	0	
LV	8	2,066	7,876	281.1%
LU	8	87,582	70,889	-19.1%
HU	35	10,250	16,045	56.5%
MT	2	2,750	2,821	(2.6%)
NL	53	604,141	563,759	-6.7%
PL	543	122,449	445,621	(263.9%)
RO	4	719	605	-15.8%
SK	435	165,248	523,979	217.1%
FI	73	431,166	323,549	-25.0%
SE	278	470,064	527,599	12.2%
UK	18	25,965	21,422	(-17.5%)
CH	36	277,373	147,274	-46.9%

\* ( ) = Member States which do not take previous earnings as a reference for the calculation of the Unemployment Benefit.

Source Own calculations based on the administrative questionnaire and ESSPROS

### Summary

All Member States will experience the lowest budgetary impact on their public unemployment spending if option 3b – application of a threshold of three months – is applied (*Tables 23 and 24*). The budgetary impact differs for each of the Member States and depends on the percentage of aggregated cases applicable to a period of insurance, employment or self-employment below three months compared to the total number of aggregated cases. For instance, Cyprus and Hungary will experience almost no decrease of public unemployment spending under option 3b. These estimates only include the budgetary impact on public unemployment spending. However, also public spending on social assistance applicable to recent unemployed migrant workers who fall below the threshold could be taken into account. This will also limit the financial 'gain' when applying a threshold of one or three months. The impact of option 4 – the calculation of the unemployment benefit will also be based on the salaries in the Member State of origin if a period of insurance, employment or self-employment of less than one month (sub-option 4a) or three months (sub-option 4b) has been fulfilled in the Member State of last activity – depends strongly on the breakdown by Member State of origin. If average earnings in the Member State of origin are higher than the average earnings in the Member State of last activity, competent Member States will experience a higher budgetary cost compared to the baseline scenario. However, the real impact will be flattened for some competent Member States given that they have defined a ceiling of earnings taken as a reference and/or a minimum and/or a maximum level of the unemployment benefit.

**Table 23 A comparison of options between Member States, % change compared to the baseline scenario**

MS	Baseline Amount (in €)	Option 3a Amount (in €)	% change	Option 3b Amount (in €)	% change	Option 4a Amount (in €)	% change	Option 4b Amount (in €)	% change
BE	20,465,5 22	13,606,4 03	-33.5%	9,692,23 3	-52.6%	19,064,2 21	-6.8%	18,332,4 98	-10.4%
BG	1,319,17 6	1,312,12 9	-0.5%	1,264,07 7	-4.2%	1,355,34 5	2.7%	1,545,15 2	17.1%
CZ									
DK	315,743	116,942	-63.0%	116,942	-63.0%	237,794	-24.7%	237,794	-24.7%
DE									
EE	64,171	40,568	-36.8%	29,135	-54.6%	n.a.	n.a.	n.a.	n.a.
IE									
EL									
ES	6,502,80 1	3,357,98 2	-48.4%	1,952,68 3	-70.0%	n.a.	n.a.	n.a.	n.a.
FR	52,961,9 03	27,884,7 15	-47.3%	19,735,2 64	-62.7%	n.a.	n.a.	n.a.	n.a.
HR	7,606	7,606	0.0%	7,130	-6.3%	7,606	0.0%	8,446	11.0%
IT									
CY	3,890	3,890	0.0%	3,890	0.0%	3,890	0.0%	3,890	0.0%
LV	4,908	3,358	-31.6%	2,841	-42.1%	9,554	94.7%	10,717	118.4%
LT	53,055	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LU	525,493	514,545	-2.1%	437,911	-16.7%	522,648	-0.5%	508,800	-3.2%
HU	336,506	328,012	-2.5%	326,255	-3.0%	341,634	1.5%	342,300	1.7%
MT	11,000	9,625	-12.5%	8,250	-25.0%	11,725	6.6%	11,072	0.6%
NL	1,823,82 1	1,527,45 0	-16.3%	1,219,68 0	-33.1%	1,798,43 7	-1.4%	1,783,43 9	-2.2%
AT									
PL	342,091	305,108	-10.8%	219,642	-35.8%	457,244	33.7%	665,263	94.5%
PT									
RO	2,157	1,797	-16.7%	1,438	-33.3%	1,827	-15.3%	2,043	-5.3%
SI									
SK	440,660	358,226	-18.7%	275,413	-37.5%	633,306	43.7%	799,392	81.4%
FI	797,363	661,516	-17.0%	366,196	-54.1%	762,999	-4.3%	689,745	-13.5%
SE	772,731	508,954	-34.1%	302,667	-60.8%	797,660	3.2%	830,267	7.4%
UK	43,275	18,753	-56.7%	17,310	-60.0%	38,219	-11.7%	38,732	-10.5%
IS									
LI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NO	3,083,35 3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
CH	10,054,7 75	10,023,9 56	-0.3%	9,777,40 2	-2.8%	10,048,4 55	-0.2%	9,924,67 5	-1.3%
Total			-37.4%		-52.7%		-3.2%		-4.1%

\* No data available for CZ, DE, IE, EL, IT, AT, LT, PT, SI, NO and IS.

Source Own calculations based on the administrative questionnaire and ESSPROS

**Table 24 A comparison of options between Member States, estimated lowest and highest budgetary impact**

MS	Lowest budgetary impact					Highest budgetary impact				
	<i>Baseline</i>	<i>Option 3a</i>	<i>Option 3b</i>	<i>Option 4a</i>	<i>Option 4b</i>	<i>Baseline</i>	<i>Option 3a</i>	<i>Option 3b</i>	<i>Option 4a</i>	<i>Option 4b</i>
BE			X			X				
BG			X							X
CZ										
DK		X	X						X	X
DE										
EE			X	n.a.	n.a.	X			n.a.	n.a.
IE										
EL										
ES			X	n.a.	n.a.	X			n.a.	n.a.
FR			X	n.a.	n.a.	X			n.a.	n.a.
HR			X							X
IT										
CY	X	X	X	X	X	X	X	X	X	X
LV			X							X
LT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
LU			X			X				
HU			X							X
MT			X						X	
NL			X			X				
AT										
PL			X							X
PT										
RO			X			X				
SI										
SK			X							X
FI			X			X				
SE			X							X
UK			X			X				
IS										
LI	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NO										
CH			X			X				

\* No data available for CZ, DE, IE, EL, IT, AT, PT, SI and IS.

**Source** Own calculations based on the administrative questionnaire and ESSPROS

## CONCLUSIONS

The unemployment chapter of Regulation (EC) No 883/2004 provides for specific coordination rules for the aggregation of periods of insurance, employment or self-employment in the case of unemployment. Aggregation will be applied to those unemployed recent migrant workers who have completed their most recent periods of insurance, employment or self-employment in the Member State where the benefit is claimed. In some cases the period of insurance, employment or self-employment is insufficient to be entitled to an unemployment benefit. In that case additional periods of insurance, employment or self-employment completed by the person in a Member State other than the competent State are required.

In the framework of an impact assessment of a revision of Regulation (EC) Nos 883/2004 and 987/2009 by the end of 2015 the Commission requires a preparatory study on the economic impact of an amendment of the aggregation rules for unemployment. The Commission proposed several alternative options, to be compared with a first option representing the current situation, i.e. the 'status quo'.

- **Option 1** – Status quo: “maintaining the wording of Article 61”;
- **Option 2** – The formalisation of the “one-day rule”;
- **Option 3** – The introduction of a minimum period for aggregating periods of insurance, employment or self-employment;
  - **Sub-option 3a: one month** of insurance, employment or self-employment needs to be completed before aggregation can be applied.
    - **Sub-option 3a1:** *Previous Member State is responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed one month of insurance, employment or self-employment.*
  - **Sub-option 3b: three months** of insurance, employment or self-employment needs to be completed before aggregation can be applied.
    - **Sub-option 3b1:** *Previous Member State is responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed three months of insurance, employment or self-employment.*
- **Option 4** – A change of the calculation method of the unemployment benefit.
  - **Sub-option 4a:** the salary earned in the previous Member State is also taken into account for the calculation of the unemployment benefit by the competent Member State, if less than **one month** of insurance, employment or self-employment is completed.
  - **Sub-option 4b:** the salary earned in the previous Member State is also taken into account for the calculation of the unemployment benefit by the competent Member State, if less than **three months** of insurance, employment or self-employment is completed.

Different components (the number of new EU-28/EFTA movers; the number of unemployed new EU-28/EFTA movers; the period of insurance, employment or self-employment completed in the last Member State of activity; the qualifying period; the amount of the unemployment benefit and the duration of unemployment) will determine the budgetary cost of new EU-28/EFTA movers who became unemployed after a short period of insurance, employment or self-employment.

In 2012, some 1.8 million EU-28/EFTA citizens of working age moved to another EU Member State/EFTA country and some one in ten of these new EU-28/EFTA movers were unemployed. This group might need to prove periods of insurance, employment or self-employment completed in a Member State other than the competent Member



State in order to be entitled to an unemployment benefit. To which extent aggregation is required (expressed by the number of PDs U1 or SEDs U002) will also depend on the qualifying period required under the legislation of the competent Member State. Most Member States apply a qualifying period of some 12 months. However, it should be noted that there are also large differences in the time in which this period must be completed. It will make the accomplishment of the acquired period more severe or less severe.

In almost all Member States the earnings preceding unemployment are taken into account as a reference basis for the calculation of the unemployment benefit. Nonetheless, the applied calculation methods vary from taking into account the last salary earned to the average earnings of several months. In case of aggregation the calculation method (as defined in Article 62 of Regulation (EC) No 883/2004) provides that only the salary or professional income received by the person concerned in respect of the last activity in the competent Member State is taken into account. However, option 4 is revising this by also taking into account the salary earned in the previous Member State of origin if a period of insurance, employment or self-employment of less than one month (sub-option 4a) or three months (sub-option 4b) has been fulfilled in the Member State of last activity .

The budgetary impact of the aggregation of periods for unemployment on total unemployment spending is very limited. Approximately 0.11% of total unemployment spending by the reporting Member States could be related to the aggregation of periods for unemployment.

All Member States will experience the lowest budgetary impact on their public unemployment spending if option 3b – application of a threshold of three months – is applied. The budgetary impact differs for each of the Member States and depends on the percentage of aggregated cases applicable to a period of insurance, employment or self-employment below three months compared to the total number of aggregated cases. These estimates only include the budgetary impact on public unemployment spending. However, also public spending on social assistance applicable to unemployed recent migrant workers who fall below the threshold could be taken into account. This will also limit the financial 'gain' when applying a threshold of one or three months.

In case the previous Member State is responsible for paying the unemployment benefits for those workers who, in the Member State of last activity, have not completed one or three months of insurance, employment or self-employment this additional cost should be added to the budgetary cost Member States will experience as Member State of last activity. However, most of the aggregated cases apply to a period of insurance, employment or self-employment of more than three months and implies that the previous Member State only for a limited number of cases will be responsible for paying the unemployment benefit. Nevertheless, figures show already that this will lead to a higher budgetary impact for some Member States compared to the current rules.

The impact of option 4 – the calculation of the unemployment benefit will also be based on the salaries in the Member State of origin if a period of insurance, employment or self-employment of less than one month (sub-option 4a) or three months (sub-option 4b) has been fulfilled in the Member State of last activity – depends strongly on the breakdown by Member State of origin. If average earnings in the Member State of origin are higher than the average earnings in the Member State of last activity, competent Member States will experience a higher budgetary cost compared to the baseline scenario. However, the real impact will be flattened for some

competent Member States given that they have defined a ceiling of earnings taken as a reference and/or a minimum and/or a maximum level of the unemployment benefit.

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**ANNEX XV: ADMINISTRATIVE COSTS 2014 PACKAGE**

For the assessment of the administrative and implementation costs, a **limited number of Member States** has been selected as a sample.

For **long-term care benefits**, these countries are:

- Austria, Belgium, Germany, Luxembourg, Poland and the United Kingdom.

For **unemployment benefits**, these countries are:

- Austria, Belgium, Luxembourg, Poland, Romania and the United Kingdom.

The selection criteria applied are:

- 1) The high number of cross-border workers in these countries and experience with managing cross-border cases;
- 2) The efficiency level and the degree of automation in place;
- 3) The geographic balance;
- 4) The willingness of the national administrations to collaborate.

#### LONG-TERM CARE BENEFITS

For long-term care, it appears that the situation is very complex, as it encompasses different cares that are not understood in the same way in the whole EU and that imply a fragmented landscape of responsible and implementing actors in some Member States (e.g. over 70 different bodies are involved in Germany, while each of the 17 regions of Spain also has a different system; in many Member States, local entities are a dominant actor, etc.). The different national specificities result in a large variety of situations which may have a significant impact on the administrative burden when dealing with cross-border cases for long-term care.

There are a number of examples demonstrating the complexity of the processing of cross-border cases for long-term care which can result in administrative cost and burden for Member States' authorities:

- According to the interviewees, there is legal uncertainty about which benefits should be coordinated under the Sickness Chapter. Some countries still do not consider the care (social assistance) they provide as being included in the Sickness Chapter;
- In our survey to the national administrations, around 50% of national administrations that are opposed to changes to the current coordination rules state that the current rules need only to be better applied in practice and to be better explained. National administrations who are in favour of a change of the current rules say that the identified problems (legal uncertainty, complex regulation and uneven applications of the rules by Member States) will persist if no change occurs;
- Not in all Member States (particularly not in Member States that generally are in favour of keeping the status quo such as Germany, Austria and the Netherlands) administrative burden was perceived as a major concern by national administrations. One Danish interviewee gave the following argument to put the administrative burden into perspective:

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<sup>80</sup> Source: Deloitte, Consulting Study for the impact assessment for revision of Regulations (EC) Nos 883/2004 and 987/2009, 6 December 2013.

*“Before 2009, Germany did not ask reimbursement to Denmark for costs that it incurred by provision of LTC services to citizens that fell under the Danish system, based on a special agreement between both Member States. However, recently, Germany asked to reintroduce a reimbursement system again between both countries. The fact that Germany asked to reinstall a reimbursement system again shows that other aspects seem more important for Germany than administrative burden from reimbursement claims, for example the financial impact of LTC services provided by Germany.”*

- A German health insurance considered the reimbursement of LTC benefits to be slow and problematic from an administrative point of view:

*“There are EUR 500 000 – 600.000 interest costs per year that my organisation has to bear because of non- or late payment. The reimbursement mechanism is not functioning well and needs a substantial revision of the rules. There is an outstanding amount of EUR 12-13 million in 2013. Late payments can be the result of checks/scrutiny of services rendered by the country of residence; however, the checks do not justify a waiting period of up to 18 months in some cases. The time needed for checks should be reduced substantially. The reimbursement mechanism could be made more efficient by using lump sum compensation mechanism. However, the views about its effectiveness are divided amongst the insuring companies.”*

- An Austrian representative of a health insurance fund confirms the long processing time of reimbursement:

*“Particularly the reimbursement of LTC benefits in kind by the competent MS poses difficulties. Often, the information about the amount/costs of benefits in kind rendered by the Member State of residence reaches the competent Member State (which reimburses these costs) very late. Regularly, it takes 1-1.5 years to reimburse such claims. The rules stipulating information procedures should be more detailed (e.g. duty for monthly information provision of the value of the benefits in kind rendered by the MS of residence). The time-bound provision of information by all Member States is of key importance as to ensure an effective application of the reimbursement mechanism”.*

In general, regardless if they believed that administrative burden from the current rules is a major problem or not, only a small minority of national administrations have a good view on the actual administrative burden or are able to support their arguments with quantitative data or a detailed description of the burden. The lack of concrete (quantitative) evidence adds to the difficulty for making a sound judgment about this issue.

In terms of substantiation of the administrative costs related to the current rules and considering the limitations of the application of the SCM methodology in this exercise, we present in the table below the estimated costs related to processing of the PD S1 document.

Despite the data limitations resulting from the problems discussed in this chapter, the assessment of the administrative cost (baseline scenario) for the PD S1 document provides a robust basis for assessing the theoretical impact (positive or negative) of the different policy options on the administrative cost.

The methodology for assessing the administrative cost is based on the following formula:

$$\text{Time (T) x Wage (W) x Number (N)}$$

The hourly rate is EUR 18 per hour. We provide an estimate for the total number of cases for processing PD S1 documents for the EU-27.

### **Estimated current administrative cost (Baseline Scenario)**

The PD S1 form allows a person to register for healthcare in the country of residence. This form is delivered per person (not per family). The number of PD S1 forms issued provides insight into the number of people who (may) receive LTC benefits in another Member State. In the framework of this study, we have collected data on the number of PD S1 documents ‘issued’ by category of citizen and have estimated expenditure on LTC benefits. In addition, we have collected data on the number of PD S1 documents issued for Poland and Belgium by means of a workshop with experts in the respective countries. In this section, we use the data available to calculate the

estimated administrative cost for processing a number of documents related to long-term care in a cross-border case.

In order to assess the administrative costs for the EU-27 stemming from the processing of the PD S1 documents, we have carried out the following steps according to the Standard Cost Model (SCM):

### 1. Calculation of the unit cost per case:

The unit cost per case (processing/handling of a PD S1 form by the administrative staff – clerk) provides insight into the total cost for processing one PD S1 document. It is based on the following formula:

$$\text{Time (T) x Wage (W)}$$

During the workshops in the Member States, we have collected data on the average standard time spent for processing/handling a PD S1 document. Robust data are available only for Poland. The estimated time for processing one PD S1 document in Poland is estimated at 60 minutes.

The hourly rate for processing the administrative tasks is EUR 18; this results in a rate per minute of EUR 0.3 (EUR 18/60 minutes). The average unit cost for the EU-27 per case of handling a PD S1 document is EUR 18<sup>81</sup>. It is calculated on the following basis: Time (60 minutes) x Wage (EUR 0.3).

Caution should be paid when interpreting this estimated unit cost as the result is based on an example of one country only (Poland) which seems to have a rather efficient way of processing PD documents (see also the discussion on the processing of PD U1 documents above). It can be expected that the time for processing a PD S1 document in the other Member States may differ (substantially). Due to data limitation, however, we have calculated the administrative cost on the basis of the Polish example.

### 2. Number of cases:

In our research, we have estimated data for the number of PD S1 documents ‘issued’ for the EU-27 countries on the basis of our own calculations based on data from LFS (for a detailed discussion on the estimated number of PD S1 issued by category of citizen, see section 4.2.5 in this report). The total estimated number of PD S1 documents ‘issued’ in the EU-27 is estimated at around 1 980 000.

### 3. Calculation of the administrative cost (per Member State and for the EU-27)

We have calculated the administrative cost for processing PD S1 documents on the basis of this formula:

$$\text{Time (T) x Wage (W) x Number (N)}$$

The table below presents the total estimated administrative cost for processing PD S1 documents. The **estimated total cost for the EU-27 is EUR 35 632 000**. Within the EU-27, the estimated total cost for processing PD S1 documents was highest (> EUR 3 000) in a number of the old Member States (in descending order): Germany, the UK, Luxembourg, the Netherlands, Austria and Italy. It was lowest (< EUR 100) in a number of the new Members States (in descending order): Cyprus, Bulgaria, Slovenia, Estonia, Malta, Lithuania and Latvia.

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<sup>81</sup> Standard time (60 minutes) x EUR 0.30 (average wage – clerk level) = EUR 18



**Table 1: Estimated administrative cost - PD S1 'issued', EU-27, EUR, 2013, in 000**

Country	Competent country	
	Total number of PD S1 issued	Total cost (EUR)
BE	113	2043
BG	4	79
CZ	101	1821
DK	57	1025
DE	368	6622
EE	2	27
IE	29	515
GR	23	407
ES	71	1277
FR	102	1839
IT	167	3013
CY	5	98
LV	1	14
LT	1	16
LU	207	3726
HU	28	496
MT	1	23
NL	203	3650
AT	177	3180
PL	17	299
PT	10	171
RO	6	111
SI	3	49
SK	11	203
FI	33	597
SE	23	414
UK	218	3917
EU-27	1980	35632

Source: Own calculations HIVA based on data from LFS and workshop in Poland

We have also calculated the administrative cost for processing a number of other documents related to long-term care benefits for Poland by applying the following formula: Time (T) x Wage (W) x Number (N). Data were collected for the following documents:

Member State of residence:

- Service of E125 forms.

Competent Member State:

- Request for the issue of S1 document/ E100 series form (service of E107/E001 forms);
- Registration of the S1 document;
- Registration of the E100 -series form (part B);
- Service of SED S001 documents;
- Issuing E125 forms.

There are no data available for the EU-27 for these documents; a calculation of administrative cost for these documents is therefore not possible at this stage. We present the data only for Poland, where robust data are available. The table below presents the total estimated administrative cost for processing the documents for Poland presented according to 'Member State of residence' and 'Former working Member State':

**Table 2: Estimated administrative Cost – Competent Member State, E125, Poland, EUR, 2013**

Service of E125 forms	
Unit cost per case (EUR)	28.5
Number of cases	99504
Total cost (EUR)	2835864

Source: Deloitte, workshop in Poland

**Table 3: Estimated administrative Cost – Member State of residence, E125, S1/E100/E107/E001, S001, Poland, EUR, 2013**

Service of E125 forms	
Unit cost per case (EUR)	28.5
Number of cases	99504
Total cost (EUR)	2835864
Request for the issue of S1 document/ E100 series form (service of E107/E001 forms)	
Unit cost per case (EUR)	10.5
Number of cases	1704
Total cost (EUR)	17892
Registration of the S1 document (EUR)	
Unit cost per case	16.5
Number of cases	45048
Total cost (EUR)	743292
Service of SED S001 documents	
Unit cost per case (EUR)	13.5
Number of cases	1.5
Total cost (EUR)	20.25
Issuing E125 forms	
Unit cost per case (EUR)	12
Number of cases	324924
Total cost (EUR)	3899088

Source: Deloitte, workshop in Poland

**Summary – Estimated current administrative cost - Baseline scenario**

The table below summarises the administrative cost for the EU-27 for the following documents for the baseline scenario: PD U1 ‘received’, PD U2 ‘issued’ and PD S1 ‘issued’.

**Table 4: Baseline scenario – estimated administrative cost: PD U1 (in €), PD U2 (in €), PD S1 (in € 000)**

Country	PD U1 'received'	PD U2 'issued'	PD S1 'issued'
BE	102,720	4,865	2,043
BG	237,141	1,732	79
CZ	247,911	1,811	1,821
DK	124,194	4,986	1,025
DE	1,911,564	13,965	6,622
EE	89,110	288	27
IE	182,221	1,331	515
EL	432,895	3,163	407
ES	2,979,503	21,767	1,277
FR	2,140,128	12,854	1,839
IT	1,342,577	9,809	3,013
CY	17,635	129	98
LV	140,092	1,023	14
LT	194,083	1,418	16
LU	6,699	666	3,726
HU	319,826	2,337	496
MT	6,805	50	23
NL	219,708	2,867	3,650
AT	114,016	5,337	3,180
PL	831,690	531	299
PT	391,099	2,857	171
RO	462,453	50	111
SI	49,032	358	49
SK	467,034	356	203
FI	131,834	963	597
SE	94,246	1,188	414
UK	1,368,111	9,995	3,917
EU27	14,604,326	106,695	35,632

*Source:* Own calculations based on collected administrative data and 2012 Ageing Report and data provided during the workshops on administrative burden (Poland, Belgium and Romania).

The number of cases is multiplied by **standard stylized estimated** cost per case. Standard because we use for each country the same cost, stylized because round figures are used and estimated because we have only partial and anecdotic information for two countries, Belgium and Poland. Those parameters can however easily be changed in this kind of calculations when more solid information becomes available. Stylized is also the fact that we do not reproduce all administrative steps for this kind of benefits: the intake of the patient, the decision process to allocate a benefit, the administrative burden to pay a patient, to claim in needed the reimbursement, to verify the entitlements, to reimburse, or claim reimbursement of some of the administrative burden etc. Here we make the hypothesis that in the country of residence the administrative burden for the intake for a benefit in kind is € 60, as it is also € 60 for the benefit in cash. This intake is here to take place in the country of residence, although situations are thinkable that people were already entitled to this benefit before they moved (as a pensioner for instance) from the previous country of residence to a new one. In the case of a benefit in kind also in the competent state an additional cost needs to be made for the handling of this process. On top of that for the payment in kind, based on the level of the country of residence and organised in the country of residence, a reimbursement process is needed, here supposed at € 20 euro per case, triggering at the same time a similar cost in the competent country. Multiplying those standard costs with the number of cases results to an average administrative cost for the in kind cases of € 4.8 million, and € 3.6 million for the in cash cases. The % of this administrative cost to the total budgetary cost is some 0.8% for the in kind benefits, and 1.0% for the in cash benefits. The grand total is some 0.9 % of which the major part of the administrative burden is at the expense of the country of residence while the budgetary cost is completely to be paid or reimbursed by the competent country.

Table 5: *Estimated administrative cost and burden baseline scenario and options where country of residence or competent country are providing LTC benefits*

Country	Unit administrative cost				In kind		In cash		In total	
	In kind		In cash		Resident state	Competent state	Resident state	Competent state	Resident state	Competent state
	Resident state	Competent state	Resident state	Competent state						
<b>Baseline scenario</b>										
Number of users (in thousand)					48	48	45	45	93	93
Administrative cost assessment (in thousand € - except unit cost)	60		60	20	2.892		2.700	900	5.580	
Administrative cost reimbursement (in thousand € - except unit cost)	20	20			964	964			1.860	1.860
Total (in thousand €)					3.856	964	2.700	900	7.440	1.860
Grand total (in thousand €)						4.820		3.600		9.300
Budget (in million €)					618	618	376	376	995	995
As share of budget for benefits					0,6%	0,2%	0,7%	0,2%	0,7%	0,2%
					0,8%		1,0%		0,9%	
<b>Scenario number of users and benefit on level of country of residence</b>										
Number of users (in thousand)					48	48	41	41	89	89
Administrative cost assessment (in thousand € - except unit cost)	60		60	20	2.892		2.460	820	5.340	
Administrative cost reimbursement (in thousand € - except unit cost)	20	20			964	964			1.780	1.780
Total (in thousand €)					3.856	964	2.460	820	7.120	1.780
Grand total (in thousand €)						4.820		3.280		8.900
As % of Baseline scenario						100%		91%		96%
Budget (in million €)					618	618	192	192	810	810
As share of budget for benefits					0,6%	0,2%	1,3%	0,4%	0,9%	0,2%
					0,8%		1,7%		1,1%	
<b>Scenario number of users and benefit on level of competent country</b>										
Number of users (in thousand)					58	58	45	45	103	103
Administrative cost assessment (in thousand € - except unit cost)	60		60	20	3.470		2.700	900	6.180	
Administrative cost reimbursement (in thousand € - except unit cost)	20	20			1.157	1.157			2.060	2.060
Total (in thousand €)					4.626	1.157	2.700	900	8.240	2.060
Grand total (in thousand €)						5.783		3.600		10.300
As % of Baseline scenario						120%		100%		111%
Budget (in million €)					900	900	376	376	1.277	1.277
As share of budget for benefits					0,5%	0,1%	0,7%	0,2%	0,6%	0,2%
					0,6%		1,0%		0,8%	

Source: Estimate based on data from LFS, 2012 Ageing Report, additional data delivered by DG ECFIN input from the work shops

### Estimated current administrative costs and burden

#### *Data limitations*

In order to allow the stakeholders to identify the time spent on the information obligations related to the Regulations, we have defined prior to our visits in the Member States a standard legal process stemming from the Regulations, in cooperation with the Commission.

During our first visits, we noticed several issues concerning this process:

- National administrations have developed their own administrative processes for processing/handling documents related to cross-border cases for unemployment benefits and long-term care. These differ substantially between the Member States. As a result, the experts in the respective countries faced difficulties in plugging the suggested administrative processes into their national way of working (processing documents);
- The legal process encompassed several sub-administrative processes and documents and therefore Information Obligations (IOs). The complexity of the different processes proved to be an obstacle in making precise estimations of the (estimated) time spent for each of the processes. The experts were often not able to provide robust data on the time spent per each of the steps defined by the legal process.

Moreover, as the Regulations impose “principles” of coordination more than specific information obligations in the sense of the SCM, and as the principles were already applied partly or integrally by the administrations or applied still differently, it proved to be impossible for the stakeholders to differentiate the specific administrative burden<sup>82</sup> created by the Regulations from the *business-as-usual* (the administrative tasks they would perform anyway in the absence of the Regulations).

Another consequence of the nature of the Regulations is that each national process is different, meaning that it results in different requirements, documents, times and complexity. It makes impossible to standardize one process that fits all national specificities.

There are examples demonstrating the complexity of the processing of cross-border cases for unemployment benefits which can result in administrative cost and burden for Member States’ authorities:

- The occasionally ‘blurry’ distinction between frontier workers and other cross-border workers, the distinction between wholly and partially unemployed frontier workers, the highly interpretable character of the criteria to determine the residence of a worker, the provisions on the aggregation of periods of insurance, employment and self-employment, and the reimbursement mechanism were mentioned as factors rendering the current coordination rules as complex;
- While these regulatory distinctions intend to reflect the complexities of real situations and account for the actual differences between different types of cross-border workers and different types of national systems, the result is a striking variety of possible cases in which the interpretation of the rules carried out by each institution plays a significant role;
- There are notable differences in the interpretation and application of the rules on the aggregation of periods and the extension of the period of export of unemployment benefits;
- The classic distinction between frontier workers and other cross-border workers has become more problematic. Inter alia, the improvement and reduction in the cost of different means of transportation has allowed workers to cover ever larger differences to commute daily or weekly for work. The elements fixed in Article 11 of Regulation (EC) No 987/2009 are broad

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<sup>82</sup> The administrative burden is burden created by a legal requirement while the administrative cost is the full cost of an administrative process, including the business as usual.

enough to prevent mobile workers to know with certainty their country of residence and hence the legal regime applicable to them in case of unemployment;

- The reimbursement mechanism was often criticized, including claims considering that it should be made more transparent (Belgium) and that clear guidelines should be provided to each country (Luxembourg).

While the interviewees in certain countries defended that the current rules are sufficiently clear (e.g. the German Employment Services), the prevalent view was that the current coordination rules do not facilitate transparency and could be simplified. The burdensome character of the current rules was also criticized in countries which did not call for a revision of the coordination rules.

The diversity of opinions and practices in the application of certain aspects of the coordination rules is a testimony to the complexity of the rules and the lack of transparency they generate (since, given a similar situation in different regions, the similar outcome is not guaranteed). This complexity and incoherent understanding and application of the rules create a substantial (administrative) burden for the (national) administrations. This ‘burden’ is inherent to the management of cases where different understanding and national administrative processes apply; it goes beyond the definition of the administrative burden of the SCM where it is related to legal information obligations.

Around 40% of the participating public administrations reported that the EU rules create significant administrative costs and burden for national administrations. They consider the different types of forms/documents used per country, the varying requirements/understanding in terms of the information needed to fill out the documents, their mandatory or optional character and advance the procedures, and the different delays in the completion and transmission of documents as some of the most salient and recurrent problems. The reimbursement mechanism was repeatedly mentioned as a source of burden mainly due to the slow and ineffective communication between Member States.

*“There are high administrative costs in what concerns to the reimbursement of the unemployment benefits that were paid. Moreover, we would highlight the delay on the treatment of the processes and the requests for payment that are denied. Because the EU rules create significant administrative costs and burdens for national administrations, EU law is not uniformly “understood” and applied by Member States and vice versa. ... Paper SEDs are not always suitable for the exchange of information and not all MS use the same documents/forms. Reimbursement procedures create high administrative burden and important costs for both the MS of last activity and the MS of residence and the cost/benefit ratio is not effective, mainly for the MS of residence. The communications between institutions is slow and needs to be more effective.”*

Several public officials expect the administrative burden to decrease in the next couple of years as a result of learning effects after the successful implementation and alignment of the rules. While the adoption of the Regulations took place ten years ago, it has taken time to fine-tune the implementation of the new rules and procedures. The lack of sound implementation of the new rules and procedures is particularly visible in a number of Member States. According to the online survey, 64% of the administrations stated that the communication (with other Member States) works well in general. However, there are problems with specific Member States. These reported problems are expected to be the main source of administrative costs.

Technological evolution could resolve some of the problems related to cooperation and communication. However, divergent interpretations of the rules and the information requirements for the completion of portable documents will continue to pose difficulties in the proper application of the Regulations.

In light of the limitations associated with the quantification of information obligations stemming from the application of the Regulations, we have adapted our approach for quantifying the IOs resulting from the Regulations and for assessing the (potential) impact of the policy options on the overall administrative process. In our analysis, we focused on a selected number of documents for which the stakeholders were able to provide robust information on a) the time spent to process/handle a document and b) the (approximate) number of cases.

We have collected useful information on the processing of documents related to cross-border cases for unemployment benefits on a) the estimated time and b) the number of cases in the following countries: Belgium, Poland, Luxembourg and Romania by means of a workshop. Other countries have provided a wealth of qualitative information which is useful for understanding the underlying problems related to the processing of the different documents and for assessing the (potential) impacts of the different options.

Despite the data limitations resulting from the problems discussed in this chapter, the assessment of the administrative cost (baseline scenario) for a number of key documents provides a robust basis for assessing the theoretical impact (positive or negative) of the different policy options on the administrative cost.

### *Aggregation of periods of employment/insurance/self-employment*<sup>83</sup>

The number of PD U1/E301 documents received/issued provides insight into the extent to which periods of insurance and (self-) employment in another Member State were taken into account when granting unemployment benefits. For the purpose of the assessment of the administrative costs, we do not make any distinction between PD U1 documents and E301 documents (Member States are using either of the documents, depending on their national administrative processes). Both documents are treated interchangeably for the purpose of this exercise.

In the framework of this study, we have collected data on the number of PD U1 documents ‘issued’ and ‘received’. The following countries provided data on the total number of PD U1 documents ‘issued’: Belgium, Estonia, Luxembourg and Romania. With regards to the number of PD U1 forms ‘received’, we have collected data for Belgium, Estonia, France, Poland, Romania, Slovak Republic, Sweden and the UK. In addition, we have collected data on the aggregation of periods of employment/insurance/self-employment by means of a workshop in the following countries: Belgium, Poland and Romania (data provided for E301 only).

In order to assess the administrative costs for the EU-27 stemming from the processing of the PD U1 documents, we have carried out the following steps according to the Standard Cost Model (SCM)<sup>84</sup>:

#### **Calculation of the unit cost per case:**

The unit cost per case (processing/handling of a PD U1 form by the administrative staff – clerk level) provides insight into the total cost for processing one single PD U1 document (in a given Member State). It is based on the following formula:

$$\textit{Time (T) x Wage (W)}$$

During the workshops and interviews in the Member States, we have collected data on the average standard time spent for processing/handling a PD U1 document for the following countries: Poland (5 minutes), Belgium (60 minutes) and Romania (363 minutes)<sup>85</sup>. As the data show, there are stark differences between the lowest time for processing data/information (Poland - 5 minutes) and countries where the processing time is relatively higher (Romania - 363 minutes). Belgium (60 minutes) ranges in the middle.

In Poland, for example, the process for handling PD U1 documents is automatized - Poland uses the portable documents efficiently (the administrative staff faces less administrative burden). According to the interviewees (national administration), the handling of the documents is reported to be less burdensome.

In Romania, on the other hand, the administration of E301 documents (note: not PD U1 in this case) is reported to be more burdensome. According to the interviewees, the administration of simple cases, with limited or no clarifications requested from the beneficiary or employer, may take minimum 1 hour of work in total for the person in charge<sup>86</sup>. The administration of complex cases, with a lot of missing, inadequate or incorrect information in the dossier, may request up to 8 hours of effort from the person in charge. In such cases, the

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<sup>83</sup> See also **Error! Reference source not found.**

<sup>84</sup> Based on the following formula: Number of cases (N) x Wage (hourly tariff) (W) x Time (minutes) (T).

<sup>85</sup> We have also received a rough, undetailed estimation of the issuance of E 301/PD U1 document for the Netherlands (source: public employment service UWV). The average administrative burden to issue this document is estimated at 30 minutes (comparable to Belgium’s estimates). 90% of the cases is processed within 8 weeks.

<sup>86</sup> There are no legislation/manual/ instructions/guidelines explaining step by step what the Romanian authorities need to do specifically for each procedure for unemployment under the Regulation; in fact, no other Romanian authority has prepared any specific national legislation/manual/instructions/guidelines related to the implementation of the Regulation, with the exception of the Pensions Authority. The Regulation 883/2004 is implemented in Romania via the Intermediary Body (National Labour Office) and Competent Institutions (County Labour Offices – 42 in total). The Intermediary Body mainly acts as a facilitator of contacts between Romanian institutions and foreign ones, as well as trainer and day-to-day support to county offices meeting difficulties in implementation of the Regulation. In the Intermediary Body there are two persons working on the Regulation (one person is 100% dedicated to the activities related to the Regulation, the other one dedicates approximately 70% of his/her time to the Regulation).



respective civil servant assumes an active role in the completion of a correct dossier and starts giving phone calls, researching different taxes and employment data bases etc.

Based on the interviewees' responses for Poland, Belgium and Romania, it can be assumed that these three countries give good indications for calculating the average unit cost for processing/handling a PD U1 document: Poland (low administrative burden – 5 minutes), Belgium (average administrative burden – 60 minutes) and Romania (high administrative burden – 363 minutes).

For consistency and comparability with other SCM assessments of EU regulation, the tariff variable used in this study is based on hourly labour costs (plus overheads) per category of employment that has previously been used in recent SCM studies for DG EMPL<sup>87</sup> and our recent Impact Assessment studies we have conducted for the Commission. We have applied an average tariff/hour of EUR18. It results in a rate per minute of EUR 0.3 (EUR 18/60 minutes).

The **average unit cost for the EU-27 is EUR 42.8**. It is calculated on the following basis: Time ((5 minutes (Poland) + 60 minutes (Belgium) + 363 minutes (Romania)) / 3) x Wage 0.3 = **EUR 42.8**

## 1. Number of cases:

We have collected data for the number of PD U1 documents 'received' for the following countries: Belgium, Estonia, France, Poland, Slovak Republic and the UK. We have estimated the number of PD U1 documents for the other EU-27 countries on the basis of our own calculations based on collected administrative data and the 2012 Ageing Report (see section 4.1.2.1 for more detailed information on the number of PD U1/E301 forms 'received' and 'issued'). We were able to calculate the estimated administrative cost for the EU-27 on the basis of this data. The total estimated number of PD U1 documents 'received' in the EU-27 in 2010 is around **340 000**.

## 2. Calculation of the administrative cost (per Member State and for the EU-27)

We have calculated the administrative cost for processing PD U1 documents on the basis of this formula:

$$\text{Time (T) x Wage (W) x Number (N)}$$

The table below presents the total estimated administrative cost for processing PD U1 documents. The **estimated total cost for the EU-27 in 2010 was EUR 14 604 326**. Within the EU-27, the estimated total cost for processing PD U1 documents was highest (> EUR 1 million) in a number of the old Member States (in descending order): Spain, France, Germany and Italy. It was lowest (< EUR 100 000) in descending order in Sweden, Estonia, Slovenia, Cyprus, Luxembourg and Malta.

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<sup>87</sup> For instance: *Review of the Working Time Directive 2003/88/EC: measuring administrative costs and burdens of various possible options*. Economisti Associati srl, 21/12/2011. This study presents a tariff per MS and per level (managerial and clerical staff) that we have averaged. The result is in line with the tariff we use in other SCM that we have conducted for other European Commission DGs.

**Table 6: Estimated administrative Cost - PD U1 ('received'), EU-27, EUR, 2010**

Country	Unemployed persons (20-64) - 2010 (in .000)	PD U1 (received)		Total	Total cost (in EUR)
		2010/2011/2012 Survey	2010 Estimate		
BE	385	2,400		2,400	102,720
BG	351		5,541	5,541	237,141
CZ	367		5,792	5,792	247,911
DK	184		2,902	2,902	124,194
DE	2,826		44,663	44,663	1,911,564
EE	111	2,082		2,082	89,110
IE	269		4,258	4,258	182,221
EL	640		10,114	10,114	432,895
ES	4,405		69,615	69,615	2,979,503
FR	2,601	50,003		50,003	2,140,128
IT	1,985		31,369	31,369	1,342,577
CY	26		412	412	17,635
LV	207		3,273	3,273	140,092
LT	287		4,535	4,535	194,083
LU	10		157	157	6,699
HU	473		7,473	7,473	319,826
MT	10		159	159	6,805
NL	325		5,133	5,133	219,708
AT	169		2,664	2,664	114,016
PL	1,696	19,432		19,432	831,690
PT	578		9,138	9,138	391,099
RO	684		10,805	10,805	462,453
SI	72		1,146	1,146	49,032
SK	374	10,912		10,912	467,034
FI	195		3,080	3,080	131,834
SE	340	2,202		2,202	94,246
UK	2,023		31,965	31,965	1,368,111
EU27	21,593			341,223	14,604,326

Source: Estimate based on collected administrative data and 2012 Ageing Report and data provided during the workshops on administrative burden (Belgium, Poland and Romania).

We have also calculated the average administrative cost for processing/handling a number of other documents, based on the data available. We were only able to produce the administrative cost for processing PD U1 documents ('received') for the EU-27 as we had data available for the EU-27 on the basis of our own calculations (there are no calculations for the other documents presented below).

We have calculated the administrative cost for 'issuing' a PD U1 document ('issued') for Poland and Belgium (based on the data we have collected during the workshops in the different countries). The total estimated cost for 'issuing' a PD U1 document in Poland is estimated at EUR 19 800. The amount is EUR 103 698 in Belgium. The table below presents the estimated cost for 'issuing' a PD U1 document for Poland and Belgium.

**Table 7: Estimated administrative Cost – PD U1 ('issued'), Poland and Belgium, EUR, 2013**

	Poland	Belgium
Unit cost per case (EUR)	6.6	9
Number of cases	3000	11522
Total cost (EUR)	19800	103698

Source: Deloitte, Workshop, Poland and Belgium

We have also estimated the cost for the following documents for Poland<sup>88</sup>:

- SED U004 'Salary Info' (answer on SED U003);
- SED U006 'Family Info' (answer on SED U005).

<sup>88</sup> Poland has provided the most comprehensive data set on the administrative burden resulting from the information obligations stemming from the Regulation during the workshop.

The table below presents the estimated cost for processing the above-mentioned documents in Poland. The total estimated cost for processing a SED U004 document ‘Salary Info’ in Poland is EUR 402. The cost for processing SED U006 documents ‘Family Info’ is estimated at EUR 825.

**Table 8: Estimated administrative Cost –SED U004 ‘Salary Info’, SED U006 ‘Family Info’, Poland EUR, 2013**

SED U004 'Salary Info' (answer on SED U003)	
Unit cost per case (EUR)	4.2
Number of cases	100
Total cost (EUR)	420
SED U006 'Family Info' (answer on SED U005)	
Unit cost per case (EUR)	7.5
Number of cases	110
Total cost (EUR)	825

Source: Deloitte, workshop in Poland

### *Export of unemployment benefits<sup>89</sup>*

The PD U2 form is the authorisation which an unemployed person needs to export his/her unemployment benefit if (s)he wishes to move to another EU country to look for work. The competent national institution is responsible for granting this authorisation. There is a wide variety of practices in the EU-27 with regard to granting (and prolonging) authorisation to export unemployment benefit.

We have collected data on the number of PD U2 documents ‘issued’ for ten EU Member States: Austria, Belgium, Denmark, Estonia, Luxembourg, the Netherlands, Poland, Slovak Republic, Sweden and the UK. Taking together both components (survey data and own estimates) we estimate that 23.7 thousand unemployed persons have exported their unemployment benefits in 2010 (see section 4.1.3.3 for a detailed discussion on the calculation of the number of PD U2 ‘received’ and on the methodology for calculating missing data).

We have calculated the administrative cost for processing/handling a PD U2 document for the EU-27 using the following methodology:

#### **1. Calculation of the unit cost per case:**

The average unit cost per case is based on the data we have received from Poland (the only country for which we have received robust data on the time spent for processing a PD U2 document<sup>90</sup>). The average unit cost per case that we found concerns the export of an unemployment benefit to 3 months<sup>91</sup>. Following the formula Time (T) x Wage (W), we have estimated an average unit cost per case (PD U2 ‘issued’) at **EUR 4.5<sup>92</sup>**.

The estimated unit cost should be treated with caution, however, as it is based on one case only (Poland). As discussed in the section on the ‘aggregation of periods’, Poland seems to have an efficient (automatized) system for processing/handling PD documents (the processing of the documents is reported to be less burdensome). Therefore, it is to be expected, that the Polish example presents a rather positive picture on the overall time spent to process these documents. Other countries, such as Romania (which reported a much higher time spent for processing the PD U1 document) may report longer periods for processing/handling these types of documents. Due to data limitations, we have calculated the average unit cost on the basis of the Polish example.

<sup>89</sup> See also **Error! Reference source not found.**

<sup>90</sup> A rough, undetailed estimation was collected for the Netherlands (source: public employment service UWV).UWV estimated the average time needed to issue a PD U2 document at 1.5 hour. 90% of the cases are estimated to be processed within 5 weeks.

<sup>91</sup> We were not able to collect data on the average unit cost of a case where an unemployed persons export his unemployment for 6 months. Therefore, we needed to rely on a qualitative assessment to know how the administrative burden shifts if the export period is prolonged from 3 to 6 months.

<sup>92</sup> Average time to process a PD U2 document in Poland is approximately 15 minutes. The average wage (clerk) is estimated at EUR 0.3 per minute (EUR 18 per hour): 15 x EUR 0.3 = EUR 4.5.

## 2. Number of cases:

We have collected data on the number of PD U2 documents ‘issued’ by means of a questionnaire for the following countries: Austria, Belgium, Denmark, Estonia, Luxembourg, the Netherlands, Poland, Slovak Republic, Sweden and United Kingdom. In 2010, the total EU-27 number of PD U2 documents ‘issued’ is estimated at around 23 700.

## 3. Calculation of the administrative cost (per Member State and for the EU-27)

We have calculated the administrative cost for processing PD U2 documents (‘issued’) on the basis of this formula:

$$\text{Time (T) x Wage (W) x Number (N)}$$

The calculation includes the time spent on national administrative procedures supporting the processing of the SEDS and the time needed for processing the SED.

The table below presents the total estimated administrative cost for processing PD U2 documents. The **estimated total cost for the EU-27 in 2010 was EUR 106 695**. Within the EU-27, the estimated total cost for processing a PD U2 documents was highest (> EUR 10 000) in a number of the old Member States (in descending order): Spain, Germany and France. It was lowest (< EUR 500) in descending order in Slovenia, Slovak Republic, Estonia, Cyprus Malta and Romania.

**Table 9: Estimated administrative Cost –PD U2 (‘issued’), EU-27, EUR, 2010**

Country	Unemployed persons (20-64) - 2010 (in .000)	PD U2 certificates issued			
		2010/2011/2012 Survey	2010 Estimate	Total	Total cost ( in EUR)
BE	385	1,081		1,081	4,865
BG	351		385	385	1,732
CZ	367		402	402	1,811
DK	184	1,108		1,108	4,986
DE	2,826		3,103	3,103	13,965
EE	111	64		64	288
IE	269		296	296	1,331
EL	640		703	703	3,163
ES	4,405		4,837	4,837	21,767
FR	2,601		2,856	2,856	12,854
IT	1,985		2,180	2,180	9,809
CY	26		29	29	129
LV	207		227	227	1,023
LT	287		315	315	1,418
LU	10	148		148	666
HU	473		519	519	2,337
MT	10		11	11	50
NL	325	637		637	2,867
AT	169	1,186		1,186	5,337
PL	1,696	118		118	531
PT	578		635	635	2,857
RO	684	11		11	50
SI	72		80	80	358
SK	374	79		79	356
FI	195		214	214	963
SE	340	264		264	1,188
UK	2,023		2,221	2,221	9,995
EU27	21,593			23,710	106,695

*Source:* Estimate based on collected administrative data and 2012 Ageing Report and data provided during the workshops on administrative burden (Poland).

We have also estimated the cost for the following documents for Poland<sup>93</sup>:

Competent employment service:

- SED U011 'Effect to Entitlement - Export' (answer to SED U010);
- SED U012 'Request for monthly follow-up'.

Employment service of the MS where jobseeker has gone:

- Process PD U2;
- SED U007 'Request Document on Export';
- SED U009 'Notification Registration - Export';
- SED U010 'Circumstances Affecting Entitlement - Export' (linked with U3 form);
- Issue of PD U3 (linked with SED U010);
- SED U013 'Monthly Follow-up' (answer on SED U013);
- SED U028 'Request Entitlement to Export'.

The tables below present the total estimated administrative cost for processing the respective documents presented according to a) competent Member State and b) employment service of the Member State where the jobseeker has gone. The estimated unit cost per case is based on the data provided by Poland (T: time and W: wage (EUR 0.3)). Note that the unit cost per case differs from the one calculated for processing the PD U2 document in the documents presented below. We have not calculated the EU-27 average cost for all documents due to data limitations. Be aware that these costs occur separately, others are combined. There is no overview of the total number of flows. In the future this should be made possible by EESSI.

**Table 10: Estimated Administrative Cost – Competent employment service, SED U001, SED U012, Poland, EUR, 2013**

SED U011 'Effect to Entitlement - Export' (answer to SED U010)	
Unit cost per case (EUR)	1.5
Number of cases	11
Total cost (EUR)	16.5
SED U012 'Request for monthly follow-up'	
Unit cost per case (EUR)	2.4
Number of cases	120
Total cost (EUR)	288

*Source:* Deloitte, workshop in Poland

<sup>93</sup> Poland has provided the most comprehensive data set on the administrative burden resulting from the information obligations stemming from the Regulation during the workshop.

**Table 11: Estimated Administrative Cost – Employment service of the Member State where the jobseeker has gone, PD U2 ('process'), SED U007, SED U009, SED U010, PD U3 'issue', SED U013, SED U028, Poland, EUR, 2013**

Process PD U2	
Unit cost per case (EUR)	1.5
Number of cases	200
Total cost (EUR)	300
SED U007 'Request Document on Export'	
Unit cost per case	3
Number of cases	410
Total cost	1230
SED U009 'Notification Registration - Export'	
Unit cost per case (EUR)	3
Number of cases	2330
Total cost (EUR)	6990
SED U010 'Circumstances Affecting Entitlement - Export' (linked with U3 form)	
Unit cost per case (EUR)	3.6
Number of cases	1110
Total cost (EUR)	3996
Issue of PD U3 (linked with SED U010)	
Unit cost per case (EUR)	3.6
Number of cases	1110
Total cost (EUR)	3996
SED U013 'Monthly Follow-up' (answer on SED U013)	
Unit cost per case (EUR)	2.7
Number of cases	4900
Total cost (EUR)	13230
SED U028 'Request Entitlement to Export'	
Unit cost per case (EUR)	3
Number of cases	15
Total cost (EUR)	45

Source: Deloitte, workshop in Poland

## *Reimbursement claims*<sup>94</sup>

Claims for reimbursement can be made by the country of residence to the country of last activity for fully unemployed frontier workers but also for other cross-border workers who have decided to register with the competent institution in their country of residence. The country of last activity reimburses the unemployed benefits provided in the country of residence during the first three months or five months (when the unemployed person during the preceding 24 months, completed at least 12 months of (self)employment in the country of last activity). Reimbursement procedures are defined under art. 65(6) and (7) of Regulation (EC) No. 883/2004 and art. 70 of Regulation (EC) No. 987/2009.

### **1. Calculation of the unit cost per case:**

The average unit cost per case is based on the data we have received from Poland (the only country for which we have robust data on the reimbursement claims. Following the formula  $\text{Time (T)} \times \text{Wage (W)}$ , we have estimated an average unit cost per case for each of the individual documents.

### **2. Number of cases:**

We have collected data on the number of cases for Poland for a number of documents. There are no estimated data available for calculating the estimated total number of cases of reimbursement claims in the EU. For a detailed discussion on the number of claims received (as debtor) and the number of claims issued (as creditor) (see section 4.1.5)..

### **3. Calculation of the administrative cost (Poland)**

We have calculated the administrative cost for processing a number of documents related to reimbursement claims for Poland by applying the following formula:  $\text{Time (T)} \times \text{Wage (W)} \times \text{Number (N)}$ .

Data were collected for the following documents:

Member State of residence:

- SED U020 'Reimbursement Request';
- SED U025 'Reimbursement Receipt/Closing notification'.

Competent Member State:

- SED U021 'Reimbursement Full Acceptance' (possible answer to SED U020);
- SED U022 'Reimbursement Non Acceptance' (possible answer to SED U020);
- SED U023 'Reimbursement Partial Acceptance' (possible answer to SED U020);
- SED U024 'Reimbursement Payment Notification'.

The table below presents the total estimated administrative cost for processing the following documents for Poland presented according to 'Member State of residence' and 'Former working Member State':

---

<sup>94</sup> See also **Error! Reference source not found.**

**Table 12: Estimated Administrative Cost, Member State of Residence, SED U020, SED U025, Poland, 2013**

SED U020 'Reimbursement Request'	
Unit cost per case (EUR)	1.5
Number of cases	48
Total cost (EUR)	72
SED U025 'Reimbursement Receipt/Closing notification'	
Unit cost per case (EUR)	4.5
Number of cases	10
Total cost (EUR)	45

Source: Deloitte, workshop in Poland

**Table 13: Estimated Administrative cost – Competent Member State, SED U021, SED U022, SED 023, SED U024, Poland, EUR, 2013**

SED U021 'Reimbursement Full Acceptance' (possible answer to SED U020)	
Unit cost per case (EUR)	1.5
Number of cases	5
Total cost (EUR)	7.5
SED U022 'Reimbursement Non Acceptance' (possible answer to SED U020)	
Unit cost per case (EUR)	1.5
Number of cases	3
Total cost (EUR)	4.5
SED U023 'Reimbursement Partial Acceptance' (possible answer to SED U020 )	
Unit cost per case (EUR)	1.5
Number of cases	62
Total cost (EUR)	93
SED U024 'Reimbursement Payment Notification'	
Unit cost per case (EUR)	4.5
Number of cases	15
Total cost (EUR)	67.5

Source: Deloitte, workshop in Poland



Only **stylized estimates** can be made on the administrative burden. Only anecdotic information on the average cost of this administrative burden was available. Based on this information we suppose first of all that in the country where the unemployment benefit is paid, an average handling time of the cases of two hours, or € 40, is required. On top of that, when there is payment in the country of residence there is an administrative burden of some € 42.8 for the handling of a PD U1 in the country of residence and some € 20 (our hypothesis) in the country of last activity. On top of that there is in those cases in the country of residence and in the country of last activity a handling time for introducing a reimbursement claim and the settling of it. We suppose the same stylised estimate of € 20 in both countries. Multiplying this standard cost (in reality this cost can differ between the countries because of differences in organisation, productivity and wages) with the total number of cases provides us the total administrative cost in the country of residence and the country of last activity, for the payment of a benefit, including the control of the unemployed person, and the cost of reimbursement.

In Table 49 those amounts are calculated, and compared with the total budgetary cost of the unemployment benefits. Remember that the total amount of benefits is estimated on a yearly basis, while reimbursement on 3 months. In the baseline scenario the total administrative burden is € 8.3 million of which € 5.2 million in the countries of residence. This is 64% of the total administrative cost and this is a very similar % of the 71% of the budgetary cost. The share of the total administrative burden in the total budgetary burden is some 1.3%. It could be compared with the average administrative cost in the unemployment insurance.

Table 14: *Estimated number of unemployed cross-border workers and country responsible for payment and reimbursement*

	Numbers (in thousand)	Administrative cost PD U1 (numbers in thousand)				Administrative reimbursement cost (numbers in thousand)			
		Country of residence		Country of last activity		Country of residence		Country of last activity	
		Issuing	Receiving	Issuing	Receiving	Direct paying	Reimbursement	Direct paying	Reimbursement
Baseline scenario	73,7								
Number of unemployed cross-border workers where benefit in country of residence is higher than in country of last activity	6,2								
Number of unemployed cross-border workers where benefit in country of last activity is higher than in country of residence	55,2								
Baseline scenario2: Frontier workers return; other cross-border workers rational decision (=highest amount UB)	32,9								
	22,2								
	51,4		51,4	51,4	51,4	51,4	51,4	51,4	51,4
	22,2		Not automatically applicable					22,2	
	73,7								
	51,4								
Option B2: right of choice: rational decision (=highest amount UB)	18,5		18,5	18,5	18,5	18,5	18,5	18,5	18,5
	55,2		Not automatically applicable					55,2	
	73,7								
	18,5								
Option C: UB provided by the country of last activity	0,0		0,0	0,0	0,0	0,0	0,0	0,0	0,0
	73,7		Not automatically applicable					73,7	
	73,7								
	0,0								

Source: Estimate based on data from LFS and the 2012 Ageing Report

Table 15: *Estimated administrative cost aggregation of periods of insurance of (self-)employment*

	Country of residence		Country of last activity	
	Direct paying	Reimbursement	Direct paying	Reimbursement
	Administrative unit cost			
Control unemployed	€ 40,0		€ 40,0	
U1	€ 42,8			€ 20,0
Reimbursement administration		€ 20,0		€ 20,0
Total administrative unit cost - UB Residence	€ 82,8	€ 20,0		€ 40,0
Total administrative unit cost - UB Last activity			€ 40,0	
	Administrative cost			
	Baseline scenario2: Frontier workers return; other cross-border workers rational decision (=highest amount UB)			
UB Residence	€ 4.258.153	€ 1.028.539	€ 0	€ 2.057.079
UB Last activity	€ 0	€ 0	€ 889.488	€ 0
Administrative cost	€ 5.286.692		€ 2.946.567	
Grand total		€ 8.233.259		
% cost country of residence in total administrative cost		64%		
Grand total annual expenditure UB (in millions)		€ 378		
Administrative cost as % of budgetary cost		2,2%		
Estimated reimbursement (in millions)				€ 82
	Option B2: right of choice: rational decision (=highest amount UB)			
UB Residence	€ 1.530.093	€ 369.588	€ 0	€ 739.175
UB Last activity	€ 0	€ 0	€ 2.207.391	€ 0
Administrative cost	€ 1.899.681		€ 2.946.567	
Grand total		€ 4.846.248		

As % of baseline scenario					59%
% cost country of residence in total administrative cost		39%			
Grand total annual expenditure UB (in millions)					€ 502
Administrative cost as % of budgetary cost					1,0%
Estimated reimbursement (in millions)					€ 52
		Option C: UB provided by the country of last activity			
UB Residence	€ 0	€ 0	€ 0		€ 0
UB Last activity	€ 0	€ 0	€ 2.946.567		€ 0
Administrative cost	€ 0			€ 2.946.567	
Grand total			€ 2.946.567		
As % of baseline scenario					36%
% cost country of residence in total administrative cost		0%			
Grand total annual expenditure UB (in millions)					€ 437
Administrative cost as % of budgetary cost					0,7%
Estimated reimbursement (in millions)					€ 0
		Option D: cutt-off of 12 months			
UB Residence	€ 1.647.720				
UB Last activity			€ 2.152.000	€ 398.000	
Administrative cost	€ 1.647.720			€ 2.550.000	
Grand total			€ 4.197.720		
As % of baseline scenario					51%
% cost country of residence in total administrative cost		39%			

Grand total annual expenditure UB (in millions)	€ 384	
Administrative cost as % of budgetary cost	1,1%	
Estimated reimbursement (in millions)		€ 0

Source: Estimate based on data from LFS, 2012 Ageing Report, input from the work shops



Strasbourg, 13.12.2016  
SWD(2016) 460 final

PART 5/6

**COMMISSION STAFF WORKING DOCUMENT**

**IMPACT ASSESSMENT**

**Initiative to partially revise Regulation (EC) No 883/2004 of the European Parliament and of the Council on the coordination of social security systems and its implementing Regulation (EC) No 987/2009**

*Accompanying the document*

**Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 883/2004 on the coordination of social security systems and regulation (EC) No 987/2009 laying down the procedure for implementing Regulation (EC) No 883/2004**

**(text with relevance for the EEA and Switzerland)**

{COM(2016) 815 final}

{SWD(2016) 461 final}

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# **Task 1: Administrative costs of handling exports of family benefits**

Study to analyse and assess the impacts of policy options for a possible EU initiative in the area of coordination of social security schemes, in particular with regard to the revision of the current EU provisions on the export of family benefits

Tender prepared under the lead of Fondazione Giacomo Brodolini on behalf of the consortium, under the Framework Contract: "Provision of services related to evaluation, evaluative studies, analysis and research work, including support for impact assessment activities" YT/2013/119 – Lot 2



The following national experts have contributed to the work of the authors: Tanja Klenk (Germany), Andrew Britt (Netherlands), Beata Samoraj-Charitonow (Poland), Magda Filip (Romania), Sally-Anne Barnes (UK)

## **EUROPEAN COMMISSION**

Directorate-General for Employment, Social Affairs and Inclusion

Directorate B — Employment and Social Legislation, Social Dialogue

Unit B.4 — Free Movement of Workers and Coordination of Social Security Schemes

*European Commission  
B-1049 Brussels*

# **Task 1: Administrative costs of handling exports of family benefits**

Study to analyse and assess the impacts of policy options for a possible EU initiative in the area of coordination of social security schemes, in particular with regard to the revision of the current EU provisions on the export of family benefits

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Luxembourg: Publications Office of the European Union, 2015

doi:[number]

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## Executive Summary

Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems specifies in Article 67 that a person is entitled to family benefits, also where his/her family members reside in another Member State. Currently, the entitlement is determined by the legislation of that person's Member State – henceforth called the Member State of primary competence. Family benefits are intended to contribute to families' expenses, which both depend on the number and the age of the children and on the costs of living. However, in a case of export of family benefits, the family benefit amount depends on the costs of living in the Member State of primary competence rather than that of the Member State of residence of the child – henceforth called the Member State of secondary competence<sup>1</sup>. For such cases the amount of family benefits paid can be higher or lower than could be argued by the local circumstances where the family resides.

Revisions to the current rules are therefore being considered to address inequalities that may result from differences in the costs of living in the Member States of primary competence in relation to those of the Member States of secondary competence. Such amendments aim to ensure that family benefits contribute equally to family expenses for all families in a given Member State, and to ensure an even distribution of the financial burden between Member States. However, such revisions to the rules may also have implications for the administrative costs and burden for the national administrations handling exports of family benefits as well as for the EU-citizens themselves and their families.

On this background, the present study looks into the following three possible revisions to Regulation (EC) No 883/2004:

- Option 1a: Adjustment of the amount of exported family benefits to the living standard in the Member State of secondary competence (residence of the child) – i.e. adjustment upwards or downwards compared to current situation.
- Option 1b: Adjustment of the amount of exported family benefits to the living standard in the Member State of secondary competence – limited to the amount provided by the Member State of primary competence.
- Option 3<sup>2</sup>: Change in the current order of priority: (1) Member State of residence of the child [secondary competence], (2) Member State of work [primary competence], and (3) Member State of pension [primary competence]. This means that the Member State of residence of the child has primary responsibility to pay the full amount of family benefits to which the entitlement exists under its national rules. The Member State of work (or pension) will top up this amount if the level of family benefits would be higher there. The family will thus receive the same amount of family benefits as before, but the allocation of the costs between the Member State of work (or pension) and the Member State of residence will differ from the current situation.

There is, however, no official information available on the costs of the different administrative tasks carried out by the national administrations in the Member States

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<sup>1</sup> Not that the Member State of residence of the child is not always the state of secondary competence. For example, where both parents are economically active it will be the Member State of primary competence (Art 68(1)(b)(i)).

<sup>2</sup> Option 2 of no export of family benefits was initially considered for assessment, but was discarded because of concerns as regards its compatibility with Article 45(2) of the TFEU.

when handling a case of export of family benefits. Therefore, the study has obtained this information from its primary sources via interviews with national administrations. It was not feasible within the scope of Task 1 to gather such information for all 28 EU Member States. Hence, the results are based on analyses for six case study Member States: Germany, Denmark, Netherlands, Poland, Romania, and the UK.

### **Change in administrative costs and burden for national administrations of primary competence**

A first observation, when assessing the administrative costs and burden for the national administrations in the Member States acting as primary competence, is that most of these national administrations – at least in the six case study Member States – handle a significant number of cases annually. Germany experiences most cases with 62,587 (in 2013), followed by the UK (20,271) and the Netherlands (20,271). However, in comparison with the sizes of the national labour market, the amount of cases do compare in between the case study Member States – ranging from 0.56 cases per 1000 employed in Poland to 2.42 cases per 1000 employed in the Netherlands. Hence, from the outset it could be assumed that there within many national administrations is good experience with handling export of family benefit cases and there might be focus on the costs of doing so. In any case, the current total administrative costs are considered to be notable in an overall context.

Currently, the national administrations in the case study Member States use as shown in Table 0-1 on average around 2 man-hours per case, much of which is used for determining in which Member State the applicant and his/her family reside and in this context check whether the applicant is employed, unemployed, a posted worker or a civil servant. Relatively many resources are also spent on calculating the benefits that the given applicant is entitled to according to the given national legislation. This involves contacting the Member State of residence of the applicant's family to investigate the applicant's entitlement to family benefits in this Member State – i.e. to check for overlapping benefits, and it involves setting the payment of family benefits in motion. The UK and Denmark spend most resources per case, while the other case study Member States are at a lower but similar level.

*Table 0-1 National administrations handling exports of family benefits as primary competence, man-hours per average case*

<b>Administrative tasks</b>	<b>DE</b>	<b>DK</b>	<b>NL</b>	<b>PL</b>	<b>RO</b>	<b>UK</b>	<b>Av.<sup>(2)</sup></b>
<i>Standard administrative tasks</i>							
Determination of prim. competence	0.50	1.00	0.57	0.44	1.00	2.00	0.70
Calculation of benefit	0.50	1.83	0.75	0.47	0.20	2.00	0.75
Annual control <sup>(1)</sup>	0.67	0.60	0.19	0.06	0.10	0.75	0.32
<i>Additional administrative tasks</i>							
Disagreement on competence	0.10	0.13	0.50	0.00	0.00	0.30	0.15
Overlapping benefits	0.00	0.50	0.00	0.00	0.08	0.50	0.12
Reimbursement	0.10	0.24	0.05	0.00	0.00	0.30	0.08
Recovery	0.08	0.00	0.05	0.08	0.19	0.15	0.08
Other	0.09	0.00	0.00	0.21	0.00	0.00	0.06
<b>TOTAL</b>	<b>1.36</b>	<b>3.70</b>	<b>1.92</b>	<b>1.21</b>	<b>1.46</b>	<b>5.25</b>	<b>1.93</b>

Sources: Interviews.

Notes: <sup>(1)</sup> Annual control concerns exiting case and has so not been included in the total for new cases. <sup>(2)</sup> The UK estimates are considered too uncertain to be included in the average.

This study assesses as shown in Table 0-2 that the administrative tasks of the national administrations of primary competence are expected to increase by around one man-hour per case or by around 50% - no matter whether it is decided to implement Option 1a, Option 1b or Option 3. In other words the additional administrative efforts increase by similar amounts whether an requirement to take into account living standards in other Member States is introduced (Options 1a and 1b), or whether there is a change in the order of responsibility (Option 3). The major increase in absolute terms of man-hours is that for the calculation of benefits (around 40 minutes extra per average case). For example, where the calculations in many cases currently are being processed automatically, it will be necessary to make specific calculations in each case. In relative terms, the largest increase (around 140% = additional 6 minutes extra per average case) in the administrative burden is that for the reimbursement activity, as the more complex family benefit calculation rules are expected to lead to more cases where provisional family benefits are paid out in the Member State of secondary competence, and so have to be reimbursed by the Member State of primary competence.



*Table 0-2 Change in the man-hours per administrative task for exports of family benefit cases handled by national administrations as primary competence (simple average of case study Member States<sup>(2)</sup>)*

Administrative tasks	Option 1a		Option 1b		Option 3	
	man-hours	from base	man-hours	from base	man-hours	from base
<i>Standard admin. tasks</i>						
Determ. of prim. comp.	0.13	18.5%	0.13	18.5%	0.25	35.6%
Calculation of benefit	0.66	87.2%	0.66	87.2%	0.58	76.6%
Annual control <sup>(1)</sup>	0.10	30.9%	0.10	30.9%	0.08	24.8%
<i>Additional admin. tasks</i>						
Disagr. on competence	0.00	0.0%	0.00	0.0%	0.00	0.0%
Overlapping benefits	0.03	21.7%	0.03	21.7%	0.02	13.0%
Reimbursement	0.11	144.8%	0.11	144.8%	0.10	132.0%
Recovery	0.03	31.9%	0.02	19.2%	0.02	19.2%
Other	0.00	0.0%	0.00	0.0%	0.00	0.0%
<b>TOTAL</b>	<b>0.95</b>	<b>49.1%</b>	<b>0.94</b>	<b>48.6%</b>	<b>0.96</b>	<b>49.6%</b>

Sources: Interviews.

Note: <sup>(1)</sup> Annual control concerns exiting case and has so not been included in total for new cases. <sup>(2)</sup> No estimates for the UK, and so excluded from the average calculation.

In monetary terms, the assessment is as shown in Table 0-3 that the revisions will lead to notable increases in total administrative costs ranging from 5,600 EUR in Poland (Option 3) to 1,156,900 EUR in Germany (Options 1a and 1b). The low figures for Poland is combination of a relative low number of cases and low labour costs, while the opposite is the case for Germany.

*Table 0-3 Change in unit costs per case and total costs handling export of family benefit cases by national administrations as primary competence – main calculation*

Member State	Option 1a		Option 1b		Option 3	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	18.5	1156.9	18.5	1156.9	10.3	642.7
DK: Denmark	58.3	303.3	58.3	303.3	58.3	303.3
NL: Netherlands	25.0	505.5	25.0	505.5	25.0	505.5
PL: Poland	2.2	19.0	1.9	16.7	0.6	5.6
RO: Romania	0.8	8.7	0.8	8.7	2.7	30.4
UK: United Kingdom <sup>(1)</sup>	n/a	n/a	n/a	n/a	n/a	n/a

Sources: Interviews and Eurostat.

Note: <sup>(1)</sup> No estimates for the UK.

### **Change in administrative costs and burden for national administrations of secondary competence**

The observation that most national administrations of primary competence handle a significant number of export of family benefit cases annually few cases of unemployment period aggregations implies that this also will be the case for most national administrations of secondary – as the total number of cases is the same from both perspectives for the EU as a whole. Poland experiences with 62,047 (in 2013) by far the largest number of cases, followed by Germany with 20,918 cases. In relation to the size of the national labour market, Poland handles with almost 4 cases per 1000 employed most, while at the other end the UK handles 0.11 cases per 1000 employed.

Currently, the national administrations in the case study Member States use as shown in Table 0-4 on average just above 1.5 man-hours per case, much of which is used for determining in which Member State the applicant and his/her family reside and in this context check whether the applicant is employed, unemployed, a posted worker or a civil servant. As for the national administrations of primary competence, many resources are also spent on calculating the benefits that the given applicant is entitled to according to the given national legislation. Actually, many of the national administrations do not see many differences in tasks and efforts per case being of secondary or of primary competence.

*Table 0-4 National administrations handling exports of family benefits as secondary competence, man-hours per average case*

<b>Administrative tasks</b>	<b>DE</b>	<b>DK</b>	<b>NL</b>	<b>PL</b>	<b>RO</b>	<b>UK</b>	<b>Av.<sup>(2)</sup></b>
<i>Standard administrative tasks</i>							
Determination of primary competence	0.50	1.00	0.57	0.69	0.12	0.75	0.58
Calculation of benefit	0.50	1.83	0.75	0.17	0.20	0.75	0.69
Annual control <sup>(1)</sup>	1.00	0.05	0.38	0.00	1.00	0.75	0.49
<i>Additional administrative tasks</i>							
Disagreement on competence	0.10	0.13	0.05	0.00	0.05	0.30	0.07
Overlapping benefits	0.00	0.50	0.00	0.17	0.00	0.50	0.13
Reimbursement	0.10	0.24	0.05	0.00	0.00	0.30	0.08
Recovery	0.08	0.01	0.05	0.11	0.00	0.15	0.05
Other	0.00	0.17	0.00	0.00	0.00	0.00	0.03
<b>TOTAL</b>	<b>1.28</b>	<b>3.88</b>	<b>1.47</b>	<b>1.14</b>	<b>0.37</b>	<b>2.75</b>	<b>1.63</b>

Sources: Interviews.

Notes: <sup>(1)</sup> Annual control concerns exiting case and has so not been included in total for new cases. <sup>(2)</sup> The UK estimates are considered too uncertain to be included in the average.

This study assesses as shown in Table 0-5 that the administrative tasks of the national administrations of secondary primary competence on average will increase by almost one man-hour per case or by just above 50% - if it is decided to implement Option 1 or Option 1b, and slightly less if Option 3 is implemented. In absolute terms the largest increase is by far that for the calculation of benefits as more complex calculation rules will have to be implemented. Furthermore, there will be additional communication with the relevant Member States of primary competence to deal with. In relative terms, the largest increase in the administrative burden is - similar to when being of primary competence - that for the reimbursement activity.

*Table 0-5 Change in the man-hours per administrative task for exports of family benefit cases handled by national administrations as secondary competence (simple average of case study Member States<sup>(2)</sup>)*

Administrative tasks	Option 1a		Option 1b		Option 3	
	man-hours	from base	man-hours	from base	man-hours	from base
<i>Standard admin. tasks</i>						
Determ. of prim. comp.	0.13	22.6%	0.13	22.6%	0.06	10.5%
Calculation of benefit	0.70	100.7%	0.61	87.7%	0.60	86.2%
Annual control <sup>(1)</sup>	0.09	18.5%	0.00	0.0%	0.19	39.1%
<i>Additional admin. tasks</i>						
Disagr. on competence	0.00	0.0%	0.00	0.0%	0.01	15.4%
Overlapping benefits	0.02	11.4%	0.02	11.4%	0.02	11.4%
Reimbursement	0.11	144.9%	0.11	144.9%	0.09	112.8%
Recovery	0.03	50.8%	0.03	50.8%	-0.01	-19.7%
Other	0.00	0.0%	0.00	0.0%	0.00	0.0%
<b>TOTAL</b>	<b>0.98</b>	<b>60.2%</b>	<b>0.89</b>	<b>54.6%</b>	<b>0.76</b>	<b>46.7%</b>

Sources: Interviews.

Note: <sup>(1)</sup> Annual control concerns exiting case and has so not been included in total for new cases. <sup>(2)</sup> No estimates for the UK, and so excluded from the average calculation.

In monetary terms, the assessment is as shown in Table 0-6 that the revisions will lead to increases in total administrative costs in most Member States – although ranging from a slight fall of 39,800 EUR in Poland (Option 1b) to 386,700 EUR in Germany (Options 1a and 1b). The fall in administrative costs for Poland in Option 1b derives from the assessment of the Polish interviewees that they can reduce their contribution to calculating benefit rates in more cases.

*Table 0-6 Change in unit costs per case and total costs handling export of family benefit cases by national administrations as secondary competence – main calculation*

Member State	Option 1a		Option 1b		Option 3	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	18.5	386.7	18.5	386.7	10.3	214.8
DK: Denmark	58.3	42.7	58.3	42.7	51.1	37.4
NL: Netherlands	25.0	189.2	25.0	189.2	25.0	189.2
PL: Poland	1.7	103.6	-0.6	-39.8	0.6	39.8
RO: Romania	1.4	6.4	1.4	6.4	0.8	3.5
UK: United Kingdom <sup>(1)</sup>	n/a	n/a	n/a	n/a	n/a	n/a

Sources: Interviews and Eurostat.

Note: <sup>(1)</sup> No estimates for the UK.

### **Change in administrative costs and burden for mobile EU-citizens and their families**

The proposed revisions to the EU provisions may well have implications for the mobile EU-citizens and their families. However, it is suggested that in particular Option 1a and 1b may have minor implications, while Option 3 may increase the administrative burden from increased requirements to verifications of the residence of the children. In general, the longer processing times of the cases may be considered as adverse effect. This is, for example, the assessment of the German and Danish interviewees.

Similarly, the assessment in the Netherlands, Poland and Romania is that the changes will not lead to extra tasks for the applicants. However, it is stressed that the process of handling the applications most likely will take more time why the applicant consequently must wait longer to get the application approved.

## Introduction

### 1.1. Background and purpose

Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems specifies in Article 67 that a person is entitled to family benefits, also where his/her family members reside in another Member State. Currently, the entitlement is determined by the legislation of that person's Member State – henceforth called the Member State of primary competence.

Family benefits are intended to contribute to families' expenses, which both depend on the number and the age of the children and on the costs of living. However, in a case of export of family benefits, the family benefit amount depends on the costs of living in the Member State of primary competence rather than that of the Member State of residence of the child – henceforth called the Member State of secondary competence<sup>3</sup>. For such cases the amount of family benefits paid can be higher or lower than could be argued by the local circumstances where the family resides.

Revisions to the current rules are therefore being considered to address inequalities that may result from differences in the costs of living in the Member States of primary competence in relation to those of the Member States of secondary competence. Such amendments aim to ensure that family benefits contribute equally to family expenses for all families in a given Member State, and to ensure an even distribution of the financial burden between Member States.

On this background, this present study looks into the following three possible revisions to Regulation (EC) No 883/2004:

- Option 1a: Adjustment of the amount of exported family benefits to the living standard in the Member State of secondary competence (residence of the child) – i.e. adjustment upwards or downwards compared to current situation.
- Option 1b: Adjustment of the amount of exported family benefits to the living standard in the Member State of secondary competence – limited to the amount provided by the Member State of primary competence.
- Option 3<sup>4</sup>: Change in the current order of priority: (1) Member State of residence of the child [secondary competence], (2) Member State of work [primary competence], and (3) Member State of pension [primary competence]. This means that the Member State of residence of the child has primary responsibility to pay the full amount of family benefits to which the entitlement exists under its national rules. The Member State of work (or pension) will top up this amount if the level of family benefits would be higher there. The family will thus receive the same amount of family benefits as before, but the allocation of the costs between the Member State of work (or pension) and the Member State of residence will differ from the current situation.

Such revisions may affect the behaviour of the mobile EU-citizens and their families, the amounts of exported family benefits being paid, and the administration needed to handle the export of family benefit cases. The analysis within Task 1 focuses on the latter issue

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<sup>3</sup> Not that the Member State of residence of the child is not always the state of secondary competence. For example, where both parents are economically active it will be the Member State of primary competence (Art 68(1)(b)(i)).

<sup>4</sup> Option 2 of no export of family benefits was initially considered for assessment, but was discarded because of concerns as regards its compatibility with Article 45(2) of the TFEU.

– i.e. the changes in administrative costs and burden from the revisions to the national administrations handling exports of family benefits. In this context, Task 1 distinguishes between the administrative costs incurring in the Member States of primary competence and those incurring in the Member States of secondary competence. Furthermore, we look into the possible changes in the administrative burden for the mobile EU-citizens themselves and their families.

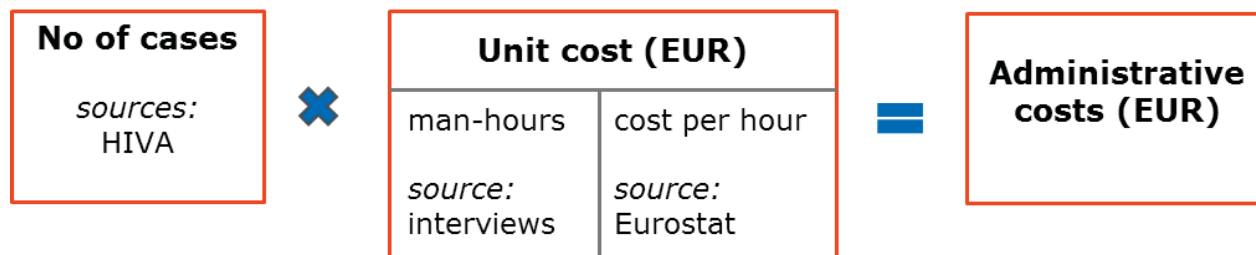
However, as described further below there is no official information available on the costs of the different administrative tasks carried out by the national administrations in the Member States when handling a case of export of family benefits. Therefore, we have obtained this information from its primary sources via interviews with national administrations. It was not feasible within the scope of Task 1 to gather such information for all 28 EU Member States. Hence, the results are based on analyses for six case study Member States: Germany, Denmark, Netherlands, Poland, Romania, and the UK.

## **1.2. Methodology**

As just introduced above, Task 1 focuses on assessing the administrative costs and burden for the national administrations handling cases of export of family benefit. For this, we have made use of the definition of administrative costs and burden provided by the EC (2009) Impact Assessment Guidelines. While doing this, we have adopted a broad definition of administrative information obligations – i.e. we have considered the costs of administrative tasks such as the determination of Member State of competence, the calculation of benefits, and the reimbursement and recovery of benefits in between Member States. We have then assessed how these administrative costs may change from the revisions to Regulation (EC) No 883/2004 to comprise an additional administrative burden – positive or negative – for the national administrations as well as for the mobile EU-citizens and their families. This approach is also in line with the Better Regulation Guidelines (EC, 2015) emphasises objective of delivering maximum benefits to citizens, businesses and workers while avoiding all unnecessary regulatory burdens, and so avoiding unnecessary additional administrative burdens.

The calculations of the administrative costs for the national administrations are as illustrated in Figure 1-1 in principle simple. Firstly, the number of cases in the left-hand side of the figure are the annual cases of exports of family benefits currently registered in the six case study Members States. Actually, a given case may be dealt with in two of the six selected Member States if, for example, a given applicant for exports of family benefits (i.e. in a Member State of primary competence) has his/her family residing in another of the six Member States (i.e. in a Member State of secondary competence). In our main calculation, we assume that the number of cases does not change as a result of revisions to the EU provisions. However, we do to illustrate the sensitivity of this assumption also show a scenario where we assume a change in the number of cases based on the results of Task 3 of this study.

Secondly, we calculate the unit costs for the national administration – i.e. the current administrative costs per case as well as the changed administrative costs per case as a result of revisions to the EU provisions. The administrative costs per case will clearly differ between cases, i.e. there will be easy cases only involving standard administrative tasks while other more complex cases will involve additional tasks. Hence, we are in practice looking for average costs. These unit costs in EUR are composed of assessments of the man-hours needed per case and the costs per man-hour in EUR (see Table 1-1 in the next section).

*Figure 1-1 Calculation of administrative costs for national administrations*

As indicated in Figure 1-1, the estimations of the current number of cases have been provided by the HIVA KU Leuven Research Institute for Work and Society (HIVA) via a data gathering exercise (see Pacolet and De Wispelaere, 2015).

The bulk of the work within Task 1 has been the estimation of the man-hours needed to carry out the administrative tasks of handling a case of export of family benefits. As already mentioned, such information is not available from official sources, and so we have gathered the information through interviews with national administrations in the six case study Member States. For this purpose, we identified the national administrations to interview (see Annexes C to H for the interviewees), and we developed an interview guide that was shared with our Member States experts/interviewers in the six case study Member States in their respective national languages (see Annex B for the English version of the interview guide). The interview guide was developed via a desk study approach by reviewing existing literature and guidance papers on the legislation (see Annex A) and it was tested in Denmark before being applied in the five other case study Member States.

From the Member State-specific analyses in Annexes C to H, it becomes clear that most of the man-hour estimates are based on a few interviews only. This is partly because there is often only a few national administrations that handle export of family benefit cases in each of the Member States, and partly because of limited interview resources. Hence, the premise for this analysis is the uncertainty associated with few assessments that, furthermore, mostly are based on the subjective assessments of the interviewees rather than on actual registrations of time spent on different administrative tasks. It has therefore not been feasible within the present study period to further validate the administrative cost estimates, but these may well be commented upon by national administrations in the non-case study Member States once this report is released. In this context, it should be underlined that although there are some differences in the assessments both within and in between the Member States, the overall the assessed levels of administrative costs and the additional burdens from the possible revisions to the EU provisions do compare. Finally, the assessed additional burdens can be argued to be low, in particular in absolute terms for a Member State as a whole. Hence, they may well be lower than the socioeconomic benefits caused by the revisions.

### **1.3. Case study Member States**

As already mentioned, the calculations of the administrative costs and burden are based on information for six case study Member States only. Although, it is not the aim of Task 1 to produce a total EU-28 figure for the administrative costs and burden via an upscaling of the calculations from the case studies, we have aimed to select Member States that represent the variety within the EU.



Firstly, we have selected Member States that are geographically spread across the EU. Secondly, the selection comprises Member States that mainly attract mobile EU-citizens (Germany, Denmark, Netherlands, UK), and Member States that mainly see citizens leave (Poland, Romania). Thirdly, child benefits rules and amounts differ in between Member States<sup>5</sup>. Whereas there are Member States that provide fixed benefit amounts (Germany, Netherlands), others provide means-tested amounts that are fixed to thresholds (Poland, Romania). Some rules specify that children residing in the Member State can receive child benefits (Denmark, Romania, UK), while others link the child benefit to the place of taxation of the parent (Germany, Netherlands). Furthermore, the amounts of child benefits paid in the Member States vary widely.

Finally, as shown in Table 1-1, the unit labour costs of the national administrations differ much in between the case study Member States. We assume here that the average wage levels of the relevant employees in the national administrations are similar to that of employees in general in the public administration with upper secondary or post-secondary non-tertiary education. Although the differences in labour costs is a reflection of general differences in labour costs in between the Member States, it could be expected that this may lead to differences in the use of man-power to carry out the administrative tasks. It could, for example, be expected that higher labour costs could lead to fewer labour-intensive processes – and vice versa. However, as shown below such difference have not been detected in between higher and lower labour cost Member States.

*Table 1-1 Labour costs, 2013, EUR per hour - employees in public administration etc. with upper secondary or post-secondary non-tertiary education*

<b>Member State</b>	<b>Wage costs, 2010, EUR per hour<sup>(1)</sup></b>	<b>Wage costs, 2013, EUR per hour<sup>(2)</sup></b>	<b>Labour costs, 2013, EUR per hour<sup>(3)</sup></b>
DE: Germany	14.9	16.4	20.5
DK: Denmark	22.3	23.4	29.3
NL: Netherlands	16.4	17.8	22.2
PL: Poland	3.8	4.1	5.1
RO: Romania	1.7	2.0	2.5
UK: United Kingdom	14.3	14.7	18.4

Sources: <sup>(1)</sup> Eurostat, Earnings survey, 2010 [the most recent] (earn\_ses10\_16). <sup>(2)</sup> 2013 estimates on the basis of Eurostat, Labour cost index ([lc\_lci\_r2\_a]). <sup>(3)</sup> Using 25% overhead costs according to EC Impact Assessment Guidelines.

## **Current administrative costs and burden**

### **1.4. National administrations**

The export of family benefit cases are handled by similar types of national administrations in the case study Member States. In Denmark, all cases – both when being of primary competence and of secondary competence – are carried out by one institution: Udbetaling Danmark. In Germany it is Die Bundesagentur für Arbeit, in the Netherlands: Sociale Verzekeringsbank, and in the UK: Her Majesty's Revenue and

<sup>5</sup> See Annexes C to H for more details on rules in the different case study Member States. Note in this context that Regulation overrules such national provisions if these are in conflict with this.

Customs. In Poland and Romania, the handling of cases takes place at both national and regional level. In Poland, it is the Ministry of Labour and Social Policy and the Regional Social Policy Centres (Krakow and Opole), respectively. In Romania, it is the National Agency for Payments and Social Inspection and county agencies, respectively.

The below box describes two possible examples of exports of family benefits currently handled by the national administrations. Parent A receives in both examples family benefits from the Member State [primary competence] where he works according to its rules.

**Example 1 of exports of family benefits:**

Parent A works in Member State A [primary competence] which has a higher cost of living than Member State B [secondary competence] while his non-working wife Parent B resides with their children in Member State B.

Under the current rules, Parent A is entitled to family benefits in Member State A at the same amount as if his family was residing in Member State A.

**Example 2 of exports of family benefits:**

Parent A works in Member State B [primary competence] while his non-working wife Parent B resides with their children in Member State A [secondary competence].

Under the current rules, Parent A is entitled to family benefits in Member State B at the same amount as if his family was residing in Member State B.

### **National administrations with primary competence**

Table 2-1 shows that the number of cases handled by national administrations with primary competence varied between the case study Member States in 2013<sup>6</sup>. This is not surprising given the difference in the sizes of the Member States, and that we both have selected some that mainly attract mobile EU-citizens and some that mainly see citizens leave. However when looking at the number of cases relative to the sizes of the labour markets, the differences are less noticeable. While the Netherlands in 2013 experienced 2.42 cases per 1000 employed in the Netherlands as a whole, it was at the other end 0.56 cases per employed in Poland and 0.68 cases per employed in the UK

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<sup>6</sup> 2013 has been chosen as it is year for the information on the number of cases gathered by Pacolet and De Wispelaere (2015).

*Table 2-1 Number of exports of family benefits handled by national administrations in 2013 as primary competence*

<b>Member State</b>	<b>Number of cases, 2013</b>	<b>Cases per 1000 employed</b>
DE: Germany	62587	1.58
DK: Denmark <sup>(1)</sup>	5200	1.93
NL: Netherlands	20225	2.42
PL: Poland	8698	0.56
RO: Romania	11427	1.34
UK: United Kingdom	20271	0.68

Sources: Pacolet and De Wispelaere (2015). Eurostat database (lfsi\_emp\_a).

Note: <sup>(1)</sup> Estimate provided by the Danish national expert.

Table 2-2 shows for the six case study Member States, the man-hours per average case for the national administrations handling exports of family benefits as primary competence. The administrative tasks are divided into standard administrative tasks and additional administrative tasks.

The former tasks, which are carried out for almost all cases, comprise the determination of the national administration with primary competence – i.e. for each application for exports of family benefits, and for each of the applications, the national administration will determine in which Member State the applicant and his/her family reside and in this context check whether the applicant is employed, unemployed, a posted worker or a civil servant.

The national administration with primary competence will then calculate the benefits that the given applicant is entitled to according to the given national legislation. This involves contacting the Member State of residence of the applicant's family to investigate the applicant's entitlement to family benefits in this Member State – i.e. to check for overlapping benefits, and it involves setting the payment of family benefits in motion.

Furthermore, for each of the existing cases there will be an annual control to check whether the information/status of the applicant and his/her family has changed.

The latter tasks, which are carried out more infrequently for the more complex cases, comprise, for example, disagreements regarding the determination of the national administration having the primary competence. Such disagreement will lead to additional exchanges of information, to provision of provisional benefits, and ultimately from bringing the case before the Administrative Commission. Table 2-2 shows that this task for an average case in a Member States takes between zero and one hour. However, from the Member State-specific analyses in Annexes C to H, it e.g. shows that for Germany the 0.1 hours (around 7 minutes) per average case covers over that this task only is carried out in 5% of the cases, while each of these cases requires around two man-hours. Similarly, the 0.13 hours in Denmark cover over that such task is only carried out in 5% of the case – where the actual time spent on such rare cases typically amount to 2.5 hours.

In contrast, the 0.5 hours on average spent in Denmark on handling the issue of overlapping benefits, hereunder on deciding on a possible sharing of benefit payments, is very frequent and so almost resembles the efforts for each actual case. For Romania, the 0.08 man-hours cover over that such task is only carried out for 5% of the cases – each typically requiring 1.5 man-hours.

Overall, Table 2-2 shows that currently the resources spent on a case being the national administration of primary competence averages around two man-hours. UK<sup>7</sup> and Denmark are outliers at the high end, which appears to be caused by relative much emphasis on the benefit calculations, hereunder on overlapping benefits and reimbursements if provisional benefits have been paid by another Member State. Poland, Germany and Romania are at the lower end with relatively few resources spent on additional administrative tasks.

*Table 2-2 National administrations handling exports of family benefits as primary competence, man-hours per average case*

<b>Administrative tasks</b>	<b>DE</b>	<b>DK</b>	<b>NL</b>	<b>PL</b>	<b>RO</b>	<b>UK</b>	<b>Av.<sup>(2)</sup></b>
<i>Standard administrative tasks</i>							
Determination of prim. competence	0.50	1.00	0.57	0.44	1.00	2.00	0.70
Calculation of benefit	0.50	1.83	0.75	0.47	0.20	2.00	0.75
Annual control <sup>(1)</sup>	0.67	0.60	0.19	0.06	0.10	0.75	0.32
<i>Additional administrative tasks</i>							
Disagreement on competence	0.10	0.13	0.50	0.00	0.00	0.30	0.15
Overlapping benefits	0.00	0.50	0.00	0.00	0.08	0.50	0.12
Reimbursement	0.10	0.24	0.05	0.00	0.00	0.30	0.08
Recovery	0.08	0.00	0.05	0.08	0.19	0.15	0.08
Other	0.09	0.00	0.00	0.21	0.00	0.00	0.06
<b>TOTAL</b>	<b>1.36</b>	<b>3.70</b>	<b>1.92</b>	<b>1.21</b>	<b>1.46</b>	<b>5.25</b>	<b>1.93</b>

Sources: Interviews.

Notes: <sup>(1)</sup> Annual control concerns exiting case and has so not been included in the total for new cases. <sup>(2)</sup> The UK estimates are considered too uncertain to be included in the average.

When accounting for the differences in labour costs shown in Table 1-1, Table 2-3 shows that the average unit administrative costs in EUR differ more than the average man-hours shown in Table 2-2. The reason is that the high labour costs Member States, Denmark and the Netherlands, also spend relatively most man-hours. This could be argued to be a surprising result, i.e. it could be expected that higher labour costs could lead to less labour-intensive processes.

The lower labour costs and man-hours spent in Poland and Romania imply that an average case costs around 4 to 6 EUR, while it in Denmark reaches above 100 EUR and in the Netherlands above 40 EUR. However, looking at total costs, Germany and the UK have with their many cases the highest current costs.

<sup>7</sup> Note that the UK estimates are considered particularly uncertain due to difficulties of the UK interviewee to provide estimates.

*Table 2-3 Administrative costs for national administrations handling exports of family benefits as primary competence, unit costs and total costs 2013, EUR*

	<b>DE</b>	<b>DK</b>	<b>NL</b>	<b>PL</b>	<b>RO</b>	<b>UK</b>	<b>Av.<sup>(1)</sup></b>
Unit costs, EUR	28.0	108.5	42.7	6.2	3.7	96.4	<b>37.8</b>
Total costs, 1000 EUR	1751.4	564.0	862.7	53.9	42.3	1955.1	

Sources: Table 1-1, Table 2-1, and Table 2-2.

Note: <sup>(1)</sup> The UK estimates are considered too uncertain to be included in the average.

### **National administrations with secondary competence**

Table 2-4 then shows the number of cases handled by national administrations as secondary competence in the case study Member States in 2013 provided by Pacolet and De Wispelaere (2015). Poland experiences the largest number of cases, followed by Germany. Compared with the size of the labour market – i.e. with the number of employed in the Member States as a whole – Poland has in relative terms the highest number of cases with around four cases per 1000 employed. Member States that mainly attract mobile EU-citizens such as the UK and Denmark handle relatively few cases.

*Table 2-4 Number of exports of family benefits handled by national administrations in 2013 as secondary competence*

<b>Member State</b>	<b>Number of cases, 2013</b>	<b>Cases per 1000 employed</b>
DE: Germany	20918	0.53
DK: Denmark	732	0.27
NL: Netherlands	7569	0.90
PL: Poland	62047	3.99
RO: Romania	4616	0.54
UK: United Kingdom	3391	0.11

Sources: Pacolet and De Wispelaere (2015). Eurostat database (lfsi\_emp\_a).

Table 2-5 shows for the six case study Member States, the man-hours per average case for the national administrations handling exports of family benefits as secondary competence. The administrative tasks are divided into standard administrative tasks and additional administrative tasks.

It must firstly be underlined that many of the national administrations do not see many differences in tasks and efforts per case being of secondary or of primary competence. Hence, for Germany, Denmark, the Netherlands and Poland, the figures are very similar to this in Table 2-2. Romania and the UK, however, spend much less time on the determination of primary competence, when it shows that its national administration is of secondary competence.

For example, in Romania the average resources spend on a case is 0.12 man-hours when being the national administration of secondary competence while it is 1 man-hour when being of primary competence. This is both due to fewer resources spend when the task is

actually carried out being of secondary competence (0.6 man-hours) and the assessment that the task only is carried out for 20% of the cases.

*Table 2-5 National administrations handling exports of family benefits as secondary competence, man-hours per average case*

<b>Administrative tasks</b>	<b>DE</b>	<b>DK</b>	<b>NL</b>	<b>PL</b>	<b>RO</b>	<b>UK</b>	<b>Av.<sup>(2)</sup></b>
<i>Standard administrative tasks</i>							
Determination of primary competence	0.50	1.00	0.57	0.69	0.12	0.75	0.58
Calculation of benefit	0.50	1.83	0.75	0.17	0.20	0.75	0.69
Annual control <sup>(1)</sup>	1.00	0.05	0.38	0.00	1.00	0.75	0.49
<i>Additional administrative tasks</i>							
Disagreement on competence	0.10	0.13	0.05	0.00	0.05	0.30	0.07
Overlapping benefits	0.00	0.50	0.00	0.17	0.00	0.50	0.13
Reimbursement	0.10	0.24	0.05	0.00	0.00	0.30	0.08
Recovery	0.08	0.01	0.05	0.11	0.00	0.15	0.05
Other	0.00	0.17	0.00	0.00	0.00	0.00	0.03
<b>TOTAL</b>	<b>1.28</b>	<b>3.88</b>	<b>1.47</b>	<b>1.14</b>	<b>0.37</b>	<b>2.75</b>	<b>1.63</b>

Sources: Interviews.

Notes: <sup>(1)</sup> Annual control concerns exiting case and has so not been included in total for new cases. <sup>(2)</sup> The UK estimates are considered too uncertain to be included in the average.

Table 2-6 therefore also shows a similar picture to that of Table 2-3 with the highest average unit administrative costs in EUR found in Denmark, followed by the UK, the Netherlands and Germany. However, looking at the total costs, Germany and Poland have as a result of handling many cases the highest costs.

*Table 2-6 Administrative costs for national administrations handling exports of family benefits as secondary competence, unit costs and total costs 2013, EUR*

	<b>DE</b>	<b>DK</b>	<b>NL</b>	<b>PL</b>	<b>RO</b>	<b>UK</b>	<b>Av.<sup>(1)</sup></b>
Unit costs, EUR	26.2	113.6	32.7	5.8	0.9	50.5	<b>35.8</b>
Total costs, 1000 EUR	547.8	83.1	247.2	362.9	4.3	171.3	

Sources: Table 1-1, Table 2-4, and Table 2-5.

Note: <sup>(1)</sup> The UK estimates are considered too uncertain to be included in the average.

### **1.5. Mobile EU-citizens and their families**

The interviews carried out in the six case study Member States have not revealed many concerns about the time spent at present by the mobile EU-citizens and their families when applying for exports of family benefits. However, as discussed in Section 3.2 the possible revisions to the EU provisions may well have implications.



## Change in administrative costs and burden from revised EU provisions

### 1.6. National administrations

The administrative tasks of handling a case of export of family benefits may change in both size and characteristics if the EU provisions are revised. In this study we look, as introduced in Section 1.1, into the following three possible revisions, that each are exemplified in the below boxes.

Option 1a: Adjustment of the amount of exported family benefits to the living standard in the Member State of secondary competence (residence of the child) – i.e. adjustment upwards or downwards compared to current situation.

#### Example 1 of new situation:

Parent A works in Member State A [primary competence] while his non-working wife Parent B resides with their children in Member State B [secondary competence].

Under the revised rules, Parent A will receive family benefits from Member State A reduced to the living standard in Member State B.

#### Example 2 of new situation:

Parent A works in Member State B [primary competence] while his non-working wife Parent B resides with their children in Member State A [secondary competence].

Under the revised rules, Parent A will receive family benefits from Member State B increased to the living standard in Member State A.

Option 1b: Adjustment of the amount of exported family benefits to the living standard in the Member State of secondary competence – limited to the amount provided by the Member State of primary competence.

#### Example 1 of new situation:

Parent A works in Member State A [primary competence] while his non-working wife Parent B resides with their children in Member State B [secondary competence].

Under the revised rules, Parent A will receive family benefits from Member State A reduced to the living standard in Member State B.

#### Example 2 of new situation:

Parent A works in Member State B [primary competence] while his non-working wife Parent B resides with their children in Member State A [secondary competence].

Under the revised rules, Parent A will receive family benefits from Member State B to the maximum of the rate in Member State B, irrespective of the fact that the living standard in Member State A is higher.



Option 3: Change in the current order of priority: (1) Member State of residence of the child [secondary competence], (2) Member State of work [primary competence], and (3) Member State of pension [primary competence].

Example 1 of new situation:

Parent A works in Member State A [primary competence] (which has a higher cost of living than Member State B) while his non-working wife Parent B resides with their children in Member State B [secondary competence] (which has a lower cost of living than Member State A).

Under the revised rules, Parent A will receive family benefits from Member State B at the normal national rate to which the entitlement exists under its national rules. If the family is also entitled to benefits from Member State A, the family would receive a differential supplement from Member State A to the level paid under its national legislation. The family overall receives the same amount, but Parent A receives less from Member State A than his co-workers whose children reside with them in Member State A.

Example 2 of new situation:

Parent A works in Member State B [primary competence] (which has a lower cost of living than Member State A) while his non-working wife Parent B resides with their children in Member State A [secondary competence] (which has a higher cost of living than Member State B).

Under the revised rules, Parent A will receive family benefits from Member State B at the normal national rate to which the entitlement exists under its national rules. As the amount of family benefits paid in Member State B is lower than the amount paid by Member State A, Member State B will pay nothing. The family overall receives the same amount, but Parent A receives less from Member State B than his co-workers whose children reside with them in Member State B.

### **National administrations with primary competence**

As described in Section 1.2, we assume in the main calculations that the number of cases does not change as a result of revisions to the EU provisions. Hence, in the main calculations the changes in administrative costs and burden are solely a result of changes to the unit administrative costs. Table 3-1 shows a simple average – while we refer to the annexes regarding insight into the more specific Member State calculations.

A first important observation is that on average across the case study Member States, the interviewed national administrations expect that their administrative tasks as primary competence will increase by around one man-hour per case or by around 50% - no matter whether it is decided to implement Option 1a, Option 1b or Option 3. In other words, the additional administrative efforts increase by similar amounts whether an requirement to take into account living standards in other Member States is introduced (Options 1a and 1b), or whether there is a change in the order of responsibility (Option 3).

The major increase in absolute terms of man-hours is that for the calculation of benefits. For example, where the calculations in many cases currently are being processed automatically, it will be necessary to make specific calculations in each case. For Germany it may even not be technically feasible at the moment as it is not possible to pay out reduced or higher benefits. Furthermore, calculation efforts may increase as

there is a need for additional contacts with national administrations in other Member States.

In relative terms, the largest increase in the administrative burden is that for the reimbursement activity, as the more complex family benefit calculation rules are expected to lead to more cases where provisional family benefits are paid out in the Member State of secondary competence, and so have to be reimbursed by the Member State of primary competence. Similarly, the more complex calculation rules are expected to lead to more cases where applicants unjustified have received family benefits, that then need to be recovered.

*Table 3-1 Change in the man-hours per administrative task for exports of family benefit cases handled by national administrations as primary competence (simple average of case study Member States<sup>(2)</sup>)*

Administrative tasks	Option 1a		Option 1b		Option 3	
	man-hours	from base	man-hours	from base	man-hours	from base
<i>Standard admin. tasks</i>						
Determ. of prim. comp.	0.13	18.5%	0.13	18.5%	0.25	35.6%
Calculation of benefit	0.66	87.2%	0.66	87.2%	0.58	76.6%
Annual control <sup>(1)</sup>	0.10	30.9%	0.10	30.9%	0.08	24.8%
<i>Additional admin. tasks</i>						
Disagr. on competence	0.00	0.0%	0.00	0.0%	0.00	0.0%
Overlapping benefits	0.03	21.7%	0.03	21.7%	0.02	13.0%
Reimbursement	0.11	144.8%	0.11	144.8%	0.10	132.0%
Recovery	0.03	31.9%	0.02	19.2%	0.02	19.2%
Other	0.00	0.0%	0.00	0.0%	0.00	0.0%
<b>TOTAL</b>	<b>0.95</b>	<b>49.1%</b>	<b>0.94</b>	<b>48.6%</b>	<b>0.96</b>	<b>49.6%</b>

Sources: Interviews.

Note: <sup>(1)</sup> Annual control concerns exiting case and has so not been included in total for new cases. <sup>(2)</sup> No estimates for the UK could be provided by the UK national administration, and so excluded from the average calculation.

Table 3-2 then shows the change in the unit costs per case, in EUR and total costs in EUR for each of the case study Member States. It shows that the estimated total cost increases range from 5,600 EUR in Poland (Option 3) to 1,156,900 EUR in Germany (Options 1a and 1b). The low figures for Poland is combination of a relative low number of cases and low labour costs, while the opposite is the case for Germany.

*Table 3-2 Change in unit costs per case and total costs handling export of family benefit cases by national administrations as primary competence – main calculation*

Member State	Option 1a		Option 1b		Option 3	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	18.5	1156.9	18.5	1156.9	10.3	642.7
DK: Denmark	58.3	303.3	58.3	303.3	58.3	303.3
NL: Netherlands	25.0	505.5	25.0	505.5	25.0	505.5
PL: Poland	2.2	19.0	1.9	16.7	0.6	5.6
RO: Romania	0.8	8.7	0.8	8.7	2.7	30.4
UK: United Kingdom <sup>(1)</sup>	n/a	n/a	n/a	n/a	n/a	n/a

Sources: Interviews and Eurostat.

Note: <sup>(1)</sup> No estimates for the UK could be provided by the UK national administration.

The number of cases are, however, likely to change as a result of revisions to the EU provisions. There might be changes due to changing eligibility criteria for qualifying for export of family benefits and due to changing benefit incomes that affect the behaviour of the mobile EU-citizens. Task 3 of the present study has estimated such behavioural changes. We have on the basis of the behavioural change estimates for families composed of one-earner married couples with two children at 100% of average earnings derived assumptions about the likely change in the number of cases handled by national administrations as primary competence (cf. Table 3-3).

implying that fewer mobile EU-citizens stay in these Member States and claim family benefits. In contrast, it will become relatively more attractive to stay in Member States with lower living standards such as Poland and Romania, and claim family benefits from other Member States (where the children reside).

A similar picture is found for Option 1b for the Member States with high living standards as family incomes fall for mobile EU-citizens claiming family benefits. However, those claiming benefits in Member States with low living standards will not experience any change in family incomes.

Finally, FGB et.al. (2015) assume that Option 3 only will lead to a redistribution of competence from the Member State of primary competence to the Member State of secondary competence. Hence, there will be no impact on family incomes and so on mobility.

Hence,

*Table 3-3 Change in number of exports of family<sup>(1)</sup> benefit cases handled by national administrations as primary competence*

Member State	Option 1a	Option 1b	Option 3
DE: Germany	-3.1%	-3.2%	0%
DK: Denmark <sup>(2)</sup>	-3.5%	-3.6%	0%
NL: Netherlands	-4.0%	-4.0%	0%
PL: Poland	3.2%	0.0%	0%
RO: Romania	8.3%	0.0%	0%
UK: United Kingdom <sup>(2)</sup>	-3.5%	-3.6%	0%

Sources: FGB et.al. (2015): Annex 2 - Table 2.1.

Notes: <sup>(1)</sup> Estimation for "one-earner married couples with two children at 100% of average earnings". <sup>(2)</sup> As no estimates are provided for Denmark and the UK, we have assumed/used simple average of the changes for Germany and the Netherlands.

Adjusting the main results for such possible changes in the number of cases we get as shown in Table 3-4 slightly different results. While unit cost changes are similar to those presented in Table 3-2, Options 1a and 1b lead to lower total costs increases in Member States such as Denmark and the Netherlands as the number of cases to handle decreases.

*Table 3-4 Change in unit costs per case and total costs handling export of family benefit cases by national administrations as primary competence – assuming changes in the number of cases*

Member State	Option 1a		Option 1b		Option 3	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	18.5	1068.1	18.5	1063.0	10.3	642.7
DK: Denmark	58.3	272.7	58.3	272.0	58.3	303.3
NL: Netherlands	25.0	450.9	25.0	450.9	25.0	505.5
PL: Poland	2.2	21.3	1.9	16.7	0.6	5.6
RO: Romania	0.8	12.9	0.8	8.7	2.7	30.4
UK: United Kingdom <sup>(1)</sup>	n/a	n/a	n/a	n/a	n/a	n/a

Sources: FGB et.al. (2015): Annex 2 - Table 2.1, Eurostat and interviews.

Note: <sup>(1)</sup> No estimates for the UK could be provided by the UK national administration.

**National administrations with secondary competence**

Table 3-5 shows that the expectations to changes in man-hours are fairly similar to those in Table 3-1 regarding primary competence. This is as already mentioned partly a consequence of that many of the national administrations do not see many differences in tasks and efforts per case being of secondary or of primary competence. Hence, the observations are also fairly similar to those for Table 3-1.

Hence, in absolute terms the largest increase is by far that for the calculation of benefits as more complex calculation rules will have to be implemented. Furthermore, there will be additional communication with the relevant Member States of primary competence to deal with.

In relative terms, the largest increase in the administrative burden is – similar to when being of primary competence – that for the reimbursement activity. There will be additional needs to request reimbursements from Member States of primary competence of provisionally paid family benefits. Furthermore, the more complex calculation rules in Options 1a and 1b are expected to lead to more cases where applicants unjustified have received family benefits, and so a need to contribute to this task. In contrast, it is assessed that the redistribution of competences in Option 3 may lead to a slightly lower need for recovery activities.

*Table 3-5 Change in the man-hours per administrative task for exports of family benefit cases handled by national administrations as secondary competence (simple average of case study Member States<sup>(2)</sup>)*

Administrative tasks	Option 1a		Option 1b		Option 3	
	man-hours	from base	man-hours	from base	man-hours	from base
<i>Standard admin. tasks</i>						
Determ. of prim. comp.	0.13	22.6%	0.13	22.6%	0.06	10.5%
Calculation of benefit	0.70	100.7%	0.61	87.7%	0.60	86.2%
Annual control <sup>(1)</sup>	0.09	18.5%	0.00	0.0%	0.19	39.1%
<i>Additional admin. tasks</i>						
Disagr. on competence	0.00	0.0%	0.00	0.0%	0.01	15.4%
Overlapping benefits	0.02	11.4%	0.02	11.4%	0.02	11.4%
Reimbursement	0.11	144.9%	0.11	144.9%	0.09	112.8%
Recovery	0.03	50.8%	0.03	50.8%	-0.01	-19.7%
Other	0.00	0.0%	0.00	0.0%	0.00	0.0%
<b>TOTAL</b>	<b>0.98</b>	<b>60.2%</b>	<b>0.89</b>	<b>54.6%</b>	<b>0.76</b>	<b>46.7%</b>

Sources: Interviews.

Note: <sup>(1)</sup> Annual control concerns exiting case and has so not been included in total for new cases. <sup>(2)</sup> No estimates for the UK could be provided by the UK national administration, and so excluded from the average calculation.

Table 3-6 then shows the change in the unit costs per case, in EUR and total costs in EUR for each of the case study Member States. It shows that costs are actually expected to fall slightly in Poland in the case of Option 1b, while the highest unit cost increases are expected for Denmark, the Netherlands and Germany.

The fall in administrative costs for Poland in Option 1b derives from the assessment of the Polish interviewees that they can reduce their contribution to calculating benefit rates in more cases.

*Table 3-6 Change in unit costs per case and total costs handling export of family benefit cases by national administrations as secondary competence – main calculation*

Member State	Option 1a		Option 1b		Option 3	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	18.5	386.7	18.5	386.7	10.3	214.8
DK: Denmark	58.3	42.7	58.3	42.7	51.1	37.4
NL: Netherlands	25.0	189.2	25.0	189.2	25.0	189.2
PL: Poland	1.7	103.6	-0.6	-39.8	0.6	39.8
RO: Romania	1.4	6.4	1.4	6.4	0.8	3.5
UK: United Kingdom <sup>(1)</sup>	n/a	n/a	n/a	n/a	n/a	n/a

Sources: Interviews and Eurostat.

Note: <sup>(1)</sup> No estimates for the UK could be provided by the UK national administration.

The likely change in the number of cases as a result of revisions to the EU provisions will also be experienced by the national administrations with secondary competence. Table 3-7 shows our estimates/assumptions for these likely changes. Since the relative attractiveness of the Member States with high living standards decreases there will be relatively more mobile EU-citizens leaving for other Member States and so leave their families behind in the Member State of secondary competence. This effect goes the other way for Member States with lower living standards.

*Table 3-7 Change in number of exports of family<sup>(1)</sup> benefit cases handled by national administrations as secondary competence*

Member State	Option 1a	Option 1b	Option 3
DE: Germany	0.7%	-1.0%	0%
DK: Denmark <sup>(2)</sup>	2.0%	-0.5%	0%
NL: Netherlands	3.3%	0.0%	0%
PL: Poland	-3.2%	-3.2%	0%
RO: Romania	-3.7%	-3.7%	0%
UK: United Kingdom <sup>(2)</sup>	2.0%	-0.5%	0%

Sources: FGB et.al. (2015): Annex 2 - Table 2.1.

Notes: <sup>(1)</sup> Estimation for "one-earner married couples with two children at 100% of average earnings". <sup>(2)</sup> As no estimates are provided for Denmark and the UK, we have assumed/used simple average of the changes for Germany and the Netherlands.

Adjusting the main results for such possible changes in the number of cases we get as shown in Table 3-8 slightly different results than those in Table 3-6. The fewer cases in

Poland and Romania implies that the total cost figures are lower than those in Table 3-6, and in turn the total cost figures are higher for the remaining four case study Member States.

*Table 3-8 Change in unit costs per case and total costs handling export of family benefit cases by national administrations as secondary competence – assuming changes in the number of cases*

Member State	Option 1a		Option 1b		Option 3	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	18.5	392.8	18.5	377.7	10.3	214.8
DK: Denmark	58.3	45.2	58.3	42.1	51.1	37.4
NL: Netherlands	25.0	203.7	25.0	189.2	25.0	189.2
PL: Poland	1.7	88.6	-0.6	-50.2	0.6	39.8
RO: Romania	1.4	6.0	1.4	6.0	0.8	3.5
UK: United Kingdom <sup>(1)</sup>	n/a	n/a	n/a	n/a	n/a	n/a

Sources: FGB et.al. (2015): Annex 2 - Table 2.1, Eurostat and interviews.

Note: <sup>(1)</sup> No estimates for the UK could be provided by the UK national administration.

### **1.7. Mobile EU-citizens and their families**

The interviews carried out in the six case study Member States indicate that the proposed revisions to the EU provisions may well have implications for the mobile EU-citizens and their families. However, many interviewees suggest that in particular Option 1a and 1b may have minor implications, while Option 3 may increase the administrative burden from increased requirements to verifications of the residence of the children. In general, the longer processing times of the cases may be considered as an adverse effect. This is, for example, the assessment of the German and Danish interviewees.

Similarly, the assessment in the Netherlands, Poland and Romania is that the changes will not lead to extra tasks for the applicants. However, it is stressed that the process of handling the applications most likely will take more time why the applicant consequently must wait longer to get the application approved.



## Conclusions

Revising the current rules for export of family benefits specified in Regulation (EC) No 883/2004 will have impact on the administrative costs and burden of the national administration in the Member States handling cases where mobile EU-citizens apply for family benefits – both in the Member States where the application is submitted (Member State of primary competence) and in those where the children reside. Furthermore, the applying EU-citizens and their families will experience changes in the own administrative burden from the revisions. The overall conclusion from this study is that the impacts are expected to be notable in a number of Member States – a conclusion that is based on assessments made in six case study Member States: Germany, Denmark, the Netherlands, Poland, Romania, and the UK.

### **Change in administrative costs and burden for national administrations of primary competence**

A first observation, when assessing the administrative costs and burden for the national administrations in the Member States acting as primary competence, is that most of these national administrations – at least in the six case study Member States – handle a significant number of cases annually. Germany experiences most cases with 62,587 (in 2013), followed by the UK (20,271) and the Netherlands (20,271). However, in comparison with the sizes of the national labour market, the amount of cases do compare in between the case study Member States – ranging from 0.56 cases per 1000 employed in Poland to 2.42 cases per 1000 employed in the Netherlands. Hence, from the outset it could be assumed that there within many national administrations is good experience with handling export of family benefit cases and there might be focus on the costs of doing so. In any case, the current total administrative costs are considered to be notable in an overall context.

Currently, the national administrations in the case study Member States use on average around 2 man-hours per case, much of which is used for determining in which Member State the applicant and his/her family reside and in this context check whether the applicant is employed, unemployed, a posted worker or a civil servant. Relatively many resources are also spent on calculating the benefits that the given applicant is entitled to according to the given national legislation. This involves contacting the Member State of residence of the applicant's family to investigate the applicant's entitlement to family benefits in this Member State – i.e. to check for overlapping benefits, and it involves setting the payment of family benefits in motion. The UK and Denmark spend most resources per case, while the other case study Member States are at a lower but similar level.

This study assesses that the administrative tasks of the national administrations of primary competence will increase by around one man-hour per case or by around 50% - no matter whether it is decided to implement Option 1a, Option 1b or Option 3. In other words the additional administrative efforts increase by similar amounts whether an requirement to take into account living standards in other Member States is introduced (Options 1a and 1b), or whether there is a change in the order of responsibility (Option 3). The major increase in absolute terms of man-hours is that for the calculation of benefits (around 40 minutes extra per average case). For example, where the calculations in many cases currently are being processed automatically, it will be necessary to make specific calculations in each case. In relative terms, the largest increase (around 140% = additional 6 minutes extra per average case) in the administrative burden is that for the reimbursement activity, as the more complex family

benefit calculation rules are expected to lead to more cases where provisional family benefits are paid out in the Member State of secondary competence, and so have to be reimbursed by the Member State of primary competence.

In monetary terms, the assessment is that the revisions will lead to notable increases in total administrative costs ranging from 5,600 EUR in Poland (Option 3) to 1,156,900 EUR in Germany (Options 1a and 1b). The low figures for Poland is combination of a relative low number of cases and low labour costs, while the opposite is the case for Germany.

### **Change in administrative costs and burden for national administrations of secondary competence**

The observation that most national administrations of primary competence handle a significant number of export of family benefit cases annually few cases of unemployment period aggregations implies that this also will be the case for most national administrations of secondary – as the total number of cases is the same from both perspectives for the EU as a whole. Poland experiences with 62,047 (in 2013) by far the largest number of cases, followed by Germany with 20,918 cases. In relation to the size of the national labour market, Poland handles with almost 4 cases per 1000 employed most, while at the other end the UK handles 0.11 cases per 1000 employed.

Currently, the national administrations in the case study Member States use on average just above 1.5 man-hours per case, much of which is used for determining in which Member State the applicant and his/her family reside and in this context check whether the applicant is employed, unemployed, a posted worker or a civil servant. As for the national administrations of primary competence, many resources are also spent on calculating the benefits that the given applicant is entitled to according to the given national legislation. Actually, many of the national administrations do not see many differences in tasks and efforts per case being of secondary or of primary competence

This study assesses that the administrative tasks of the national administrations of secondary primary competence on average will increase by almost one man-hour per case or by just above 50% - if it is decided to implement Option 1 or Option 1b, and slightly less if Option 3 is implemented. In absolute terms the largest increase is by far that for the calculation of benefits as more complex calculation rules will have to be implemented. Furthermore, there will be additional communication with the relevant Member States of primary competence to deal with. In relative terms, the largest increase in the administrative burden is – similar to when being of primary competence – that for the reimbursement activity.

In monetary terms, the assessment is that the revisions will lead to increases in total administrative costs in most Member States – although ranging from a slight fall of 39,800 EUR in Poland (Option 1b) to 386,700 EUR in Germany (Options 1a and 1b). The fall in administrative costs for Poland in Option 1b derives from the assessment of the Polish interviewees that they can reduce their contribution to calculating benefit rates in more cases.

### **Change in administrative costs and burden for mobile EU-citizens and their families**

The proposed revisions to the EU provisions may well have implications for the mobile EU-citizens and their families. However, it is suggested that in particular Option 1a and 1b may have minor implications, while Option 3 may increase the administrative burden from increased requirements to verifications of the residence of the children. In general,

the longer processing times of the cases may be considered as an adverse effect. This is, for example, the assessment of the German and Danish interviewees.

Similarly, the assessment in the Netherlands, Poland and Romania is that the changes will not lead to extra tasks for the applicants. However, it is stressed that the process of handling the applications most likely will take more time, why the applicant consequently must wait longer to get the application approved.

## Annex A – Literature

EC (2009), Impact Assessment Guidelines, [http://ec.europa.eu/smart-regulation/impact/commission\\_guidelines/docs/iag\\_2009\\_en.pdf](http://ec.europa.eu/smart-regulation/impact/commission_guidelines/docs/iag_2009_en.pdf)

EC (2015), Commission staff working document, Better Regulation Guidelines, SWD(2015) 111 final, [http://ec.europa.eu/smart-regulation/guidelines/docs/swd\\_br\\_guidelines\\_en.pdf](http://ec.europa.eu/smart-regulation/guidelines/docs/swd_br_guidelines_en.pdf)

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FGB, COWI and IER (2015), Task 3, Draft Final Report, 31 July 2015.

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Pacolet, J and F De Wispelaere (2015), Export of family benefits, Report on the questionnaire on the export of family benefits, July 2015.

## **Annex B – Interview guide**

The attached interview guide is the actual version used for the interviews in the UK, and is so in English. The interview guide was provided to the Member States experts in their national languages.

Note that we in the interview guide make use of the option titles: Revisions (A), (B), and (C), rather than Options 1a, 1b, and 3 – as in the report. The reason for this was to avoid discussing what happened to Option 2.

EUROPEAN COMMISSION, DG EMPLOYMENT, SOCIAL AFFAIRS AND INCLUSION

Study to analyse and assess the impacts of policy options for a possible EU initiative in the area of coordination of social security schemes, in particular with regard to the revision of the current EU provisions on entitlement to unemployment benefits and export of family benefits

### **Interview guide:**

#### **National administrations handling exports of family benefits**

The European Commission, Directorate-General for Employment, Social Affairs and Inclusion has given Fondazione Brodolini, COWI and IER the task to assess changes to administrative/compliance costs within national administrations and for the families affected that would occur from the possible revision of the current EU provisions on export of family benefits specified in Regulation (EC) 883/2004: the 'Basic Regulation' and in Regulation (EC) 987/2009: the 'Implementing Regulation'.

More precisely, we aim to assess the changes in administrative/compliance tasks, and consequently costs, from having to calculate the amount of exported family benefits based on the living standard in the Member State of residence of the children rather than based on the competent Member State's benefit rates.

Furthermore, we aim to assess whether the families receiving the benefits will face changing administrative/compliance tasks.

We would therefore much appreciate your help by providing us with the list of tasks and estimates of your current administrative/compliance time needs for handling the current EU provisions, and in assessing how these time needs may change from revisions to the provisions. We would like to do this via an interview with you – either in person or by phone.

Hence, we would like to arrange the time and place for an interview; and for you to get more insight into the questions we would like to ask you – we hereby provide you with our interview guide.

You may well find that you are not able to answer all the questions. We will therefore focus on the questions you can answer – but you may also be able to help us pointing to the other services in your national administrations that can help us answering the remaining questions.

April 2015



## 1. You and your national administration

Name \_\_\_\_\_ and \_\_\_\_\_ title \_\_\_\_\_ of \_\_\_\_\_ interviewee:

National \_\_\_\_\_ administration:

Function/responsibility \_\_\_\_\_ of \_\_\_\_\_ interviewee:

## 2. Current administrative tasks and consequently costs of handling exports of family benefits

In this section, we ask you to verify and estimate the costs of a number of administrative tasks that are currently carried out when handling a case of exports of family benefits. Imagine a case as described by the following examples:

### Example 1 of exports of family benefits:

Carlos works in Member State A (which has a higher cost of living than Member State B) while his non-working wife Joanna resides with their children in Member State B (which has a lower cost of living than Member State A).

Under the current rules, Carlos is entitled to family benefits in Member State A at the same amount as if his family was residing in Member State A.

### Example 2 of exports of family benefits:

Carlos works in Member State B while his non-working wife Joanna resides with their children in Member State A.

Under the current rules, Carlos is entitled to family benefits in Member State B at the same amount as if his family was residing in Member State B.

We do the assessment in two parts. Firstly, we ask you to assess a situation when you are the national administration with primary competence – i.e. where you deal with the applicant for family benefits.

Secondly, when you are the national administration with secondary competence – i.e. where you deal with the follow-on administrative tasks from an application submitted in another Member State.

If you only carry out one of the two types of administrative tasks – please leave out the other part.

### 2.1. Administrative tasks/costs – when national administration with primary competence

Consider the situation, where you are the national administration with primary competence.

Firstly, please provide your assessment of the number of cases handled by your institution.

➤ How many cases of exports of family benefits does your institution currently handle per year as the national administration with primary competence – including new cases and already active cases?

- a) New cases?
- b) Existing active cases?

➤ How do you collect data?

- a) From other member states?
- b) From the applicant?

When answering these questions please explain whether you collect information via IT-systems, via records of personal registration etc.

Secondly, please provide, with an outset in the below table, your assessment of the current administrative costs of handling a typical case of exports of family benefits, *being the national administration with primary competence*. (You may relate the tasks to the SEDs to be filled out). Hence:

- Please assess the frequency of each of the detailed administrative tasks – i.e. how often are the tasks carried out for a given case? And in this context – is it appropriate to distinguish between "standard tasks" and "additional tasks"?
- Please estimate the average man-hours/minutes required per administrative task. We acknowledge that you may not keep accounts of your time spent on a case/task. Hence, we ask you to provide your best guess. Furthermore, we acknowledge that you may find it difficult to provide a specific man-hour estimate per task. Hence, you may instead provide ranges of estimates (less than 15 minutes, 15 to 30 minutes, 30 minutes to 1 hour, between 1 and 3 hours, between 3 hours and 1 working day, more than 1 working day), or you may also choose to provide a total cost estimate per case – and rank the tasks according to their resource demands, where 1 is the most resource demanding tasks and so forth.

Administrative task	Description of administrative task - hereunder frequency of tasks within a case	Average man-hours/ minutes	Comments
<i>Standard administrative tasks</i>			
Determination of national administration with primary competence	<p><i>Please revise (if necessary):</i></p> <p>You receive an application for exports of family benefits, you determine in which Member State the applicant and his/her family reside, and determine whether the applicant is employed, unemployed, posted worker, or civil servant.</p> <p><i>Please specify/revise frequency when you are the national administration with primary competence:</i></p> <p>Frequency: <u>100</u>%.</p>		<i>Comments:</i>



Administrative task	Description of administrative task - hereunder frequency of tasks within a case	Average man-hours/ minutes	Comments
Calculation of benefit	<p><i>Please revise (if necessary):</i></p> <p>For each of the cases where you are determined as the national administration with primary competence: You will calculate the benefits that the applicant is entitled to according to your national legislation. Furthermore, you will contact the Member State of residence of the applicant's family to investigate the applicant's entitlement to family benefits in this Member State – i.e. to check for overlapping benefits (see further below). Finally, you will set the payment of family benefits in motion.</p> <p><i>Please specify/revise frequency when you are the national administration with primary competence:</i></p> <p>Frequency, when you are the national administration with primary competence: <u>100%</u></p>		<i>Comments:</i>
Annual control	<p><i>Please revise (if necessary):</i></p> <p>For each of the existing cases of exports of family benefits: You will once a year check whether the information/status on the applicant and his/her family has changed based on the (renewed) application of the family.</p> <p><i>Please specify/revise frequency when you are the national administration with primary competence:</i></p> <p>Frequency, when you are the national administration with primary competence (i.e. once a year per existing case): <u>100%</u></p>		<i>Comments:</i>
<b><i>Additional administrative tasks</i></b>			
Disagreement regarding determination of national administration with primary competence	<p><i>Please revise (if necessary):</i></p> <p>If there is disagreement on whether you or your corresponding national administration in the other Member State is the competent one: Additional tasks/costs arise from exchange of information, from determination of which Member State to provide provisional benefits, and ultimately from bringing the case before the Administrative Commission.</p> <p><i>Please specify frequency out of total number of cases when you are the national administration with primary competence:</i></p> <p>Frequency: ___%</p>		<i>Comments:</i>

Administrative task	Description of administrative task - hereunder frequency of tasks within a case	Average man-hours/ minutes	Comments
Overlapping benefits	<p><i>Please revise (if necessary):</i></p> <p>If the applicant is entitled to family benefits from more than one Member State: Additional costs arise from determining which Member State legislation to apply, and hence taking provisional decision on competence, and from deciding on possible sharing of benefit payments.</p> <p><i>Please specify frequency out of total number of cases when you are the national administration with primary competence:</i></p> <p>Frequency: ___%</p>		<i>Comments:</i>
Reimbursement	<p><i>Please revise (if necessary):</i></p> <p>If (provisional) family benefits should have been paid by another Member State: Additional costs arise from reimbursement activities.</p> <p><i>Please specify frequency out of total number of cases when you are the national administration with primary competence:</i></p> <p>Frequency: ___%</p>		<i>Comments:</i>
Recovery	<p><i>Please revise (if necessary):</i></p> <p>If an applicant unjustified has received family benefits: Additional costs arise from determining whether there is a basis for recovery, from calculation of benefits to recover, and from contacting Member States with secondary competence to seek recovery.</p> <p><i>Please specify frequency out of total number of cases when you are the national administration with primary competence:</i></p> <p>Frequency: ___%</p>		<i>Comments:</i>
<b>Missing administrative tasks</b>			
<i>Please add missing task</i>			<i>Comments:</i>
<i>Please add missing task</i>			<i>Comments:</i>
<b>Please estimate your total use of man-hours per case</b>			

**2.2. Administrative costs – when national administration with secondary competence**

Now, consider the situation, where you are *the national administration with secondary competence* – i.e. you receive a request for information from the national administration with primary competence in another Member State.

Firstly, please provide your assessment of the number of cases handled by your national administration.

- How many cases of exports of family benefits do institution currently handle per year as the national administration with secondary competence?
  - a) New cases?
  - b) Existing active cases?

Secondly, please provide, with an outset in the below table, your assessment of the current administrative costs of handling one case of exports of family benefits, being the national administration with secondary competence. (You may relate the tasks to the SEDs to be filled out). Hence:

- Please assess the frequency of each of the detailed administrative tasks – i.e. how often are the tasks carried out in a typical case of application for family benefits? 100 % means that the task is always carried out, while 50 % means it is carried out in half of the cases.  
And in this context – is it appropriate to distinguish between "standard tasks" and "additional tasks"?
- Please estimate the average man-hours/minutes required per administrative task. We acknowledge that you may not keep accounts of your time spent on a case/task. Hence, we ask you to provide your best guess. Furthermore, we acknowledge that you may find it difficult to provide a specific man-hour estimate per task. Hence, you may instead provide ranges of estimates (less than 15 minutes, 15 to 30 minutes, 30 minutes to 1 hour, between 1 and 3 hours, between 3 hours and 1 working day, more than 1 working day), or you may also choose to provide a total cost estimate per case – and rank the tasks according to their resource demands, where 1 is the most resource demanding tasks and so forth.

Administrative task	Description of administrative task - hereunder frequency of tasks within a case	Average man-hours/minutes	Comments
<i>Standard administrative tasks</i>			
Determination of competent national administration with primary competence	<p><i>Please revise (if necessary):</i></p> <p>You receive an application for family benefits - or a notice from another Member State regarding an application for exports of family benefits - and you contribute to determining the national administration with primary competence.</p> <p><i>Please specify/revise frequency when you are the national administration with secondary competence:</i></p> <p>Frequency: <u>100</u>%.</p>		<i>Comments:</i>

Administrative task	Description of administrative task - hereunder frequency of tasks within a case	Average man-hours/minutes	Comments
Calculation of benefit	<p><i>Please revise (if necessary):</i></p> <p>You will assess the applicant's entitlement to family benefits in your Member State – i.e. you check for overlapping benefits (see further below).</p> <p><i>Please specify/revise frequency when you are the national administration with secondary competence:</i></p> <p>Frequency: <u>100%</u></p>		<i>Comments:</i>
Annual control	<p><i>Please revise (if necessary):</i></p> <p>For each of the existing cases of exports of family benefits, you will – on request – provide the national administration with primary competence with information/status on the applicant and his/her family.</p> <p><i>Please specify/revise frequency when you are the national administration with secondary competence:</i></p> <p>Frequency (i.e. once a year per existing case): <u>100%</u></p>		<i>Comments:</i>
<b>Additional administrative tasks</b>			
Disagreement regarding determination of national administration with primary competence	<p><i>Please revise (if necessary):</i></p> <p>If there is disagreement on whether you or your corresponding national administration in the other Member State is the competent one: Additional costs arise from exchange of information, from determination of which Member State to provide provisional benefits, and ultimately from bringing the case before the Administrative Commission.</p> <p><i>Please specify frequency out of total number of cases when you are the national administration with secondary competence:</i></p> <p>Frequency: ___%</p>		<i>Comments:</i>
Overlapping benefits	<p><i>Please revise (if necessary):</i></p> <p>If the applicant is entitled to family benefits from more than one Member State: Additional costs arise from determining which Member State legislation to apply, and hence taking provisional decision on competence, and from deciding on possible sharing of benefit payments.</p> <p><i>Please specify frequency out of total number of cases when you are the national administration with secondary competence:</i></p> <p>Frequency: ___%</p>		<i>Comments:</i>

Administrative task	Description of administrative task - hereunder frequency of tasks within a case	Average man-hours/ minutes	Comments
Reimbursement	<p><i>Please revise (if necessary):</i></p> <p>If (provisional) family benefits should have been paid by another Member State: Additional costs arise from reimbursement activities.</p> <p><i>Please specify frequency out of total number of cases when you are the national administration with secondary competence:</i></p> <p>Frequency: ___%</p>		<i>Comments:</i>
Recovery	<p><i>Please revise (if necessary):</i></p> <p>If an applicant unjustified has received family benefits: On request, additional costs arise from assisting the national administration with primary competence in recovering unjustified family benefits from the applicant's family.</p> <p><i>Please specify frequency out of total number of cases when you are the national administration with secondary competence:</i></p> <p>Frequency: ___%</p>		<i>Comments:</i>
<b>Missing administrative tasks</b>			
<i>Please add missing task</i>			<i>Comments:</i>
<i>Please add missing task</i>			<i>Comments:</i>
<b>Please estimate your total use of man-hours per case</b>			

### 3. Change in administrative costs of handling exports of family benefits from revisions to EU provisions

In this section, we then ask you to assess the likely increase or decrease in administrative task/costs within your national administration from possible revisions to the EU provisions.

We acknowledge that this may be even more difficult than estimating the current use of man-hours in the previous section – in particular if the revisions lead to new administrative tasks.

Please focus on the administrative tasks where resources in terms of average man-hours/minutes will change due to the revisions – i.e. if there is no change, please do just enter 0% in the below tables.

Please do this assessment for each of the possible revisions one by one. We firstly ask you to assess the revisions assuming you are the national administration with primary competence, and secondly we ask you to assess the revisions assuming you are the national administration with secondary competence. However, if you only carry out one of the two types of administrative tasks – please leave out the other.

Revision	(a):
Adjustment of amount of exported family benefits to the living standard in the Member State of residence of the	

child – i.e. adjustment upwards or downwards compared to current situation.

Example 1 of new situation:

Carlos works in Member State A while his non-working wife Joanna resides with their children in Member State B.

Under the revised rules, Carlos will receive family benefits from Member State A reduced to the living standard in Member State B.

Example 2 of new situation:

Carlos works in Member State B while his non-working wife Joanna resides with their children in Member State A.

Under the revised rules, Carlos will receive family benefits from Member State B increased to the living standard in Member State A.

➤ Please fill in the table in section 4.1 below.

**Revision (b):**

Adjustment of amount of exported family benefits to the living standard in the Member State of residence of the child – limited to the amount provided by the competent Member State.

Example 1 of new situation:

Carlos works in Member State A while his non-working wife Joanna resides with their children in Member State B.

Under the revised rules, Carlos will receive family benefits from Member State A reduced to the living standard in Member State B.

Example 2 of new situation:

Carlos works in Member State B while his non-working wife Joanna resides with their children in Member State A.

Under the revised rules, Carlos will receive family benefits from Member State B to the maximum of the rate in Member State B, irrespective of the fact that the living Standard in Member State A is higher.

➤ Please fill in the table in section 4.1 below.

**Revision (c):**

A further possible option would be that the current order of priority is changed as follows: 1) country of residence of the child; 2) the country of work; and 3) country of pension. This would mean that the country of residence of the child has primary responsibility to pay the full amount of family benefits to which the entitlement exists under its national rules. The country of work would top up this amount if the level of family benefits would be higher there. The family will receive the same amount of family benefits as before, but the allocation of the costs between the country of work and the country of residence will differ from the current rules. This also applies, where there is no entitlement to family benefits in the primary competent Member State, but there is entitlement in a secondary competent Member State, as in such a case, the latter State will pay 100% of benefits under its national legislation by way of a "top up".

Example 1 of new situation:

Carlos works in Member State A (which has a higher cost of living than Member State B) while his non-working wife Joanna resides with their children in Member State B (which has a lower cost of living than Member State A).

Under the revised rules, Carlos will receive family benefits from Member State B at the normal national rate to which the entitlement exists under its national rules. If the family is also entitled to benefits from Member State A, the family would receive a differential supplement from Member State A to the level paid under its national legislation. The family overall receives the same amount, but Carlos receives less from Member State A than his co-workers whose children reside with them in Member State

A.

Example 2 of new situation:

Carlos works in Member State B (which has a lower cost of living than Member State A) while his non-working wife Joanna resides with their children in Member State A (which has a higher cost of living than Member State B).

Under the revised rules, Carlos will receive family benefits from Member State B at the normal national rate to which the entitlement exists under its national rules. As the amount of family benefits paid in Member State B is lower than the amount paid by Member State A, Member State B will pay nothing. The family overall receives the same amount, but Carlos receives less from Member State B than his co-workers whose children reside with them in Member State B.

➤ Please fill in the table in section 4.1 below.

**3.1. Change in administrative tasks – when national administration with primary competence**

Consider the situation, where you are the competent national administration – i.e. the national administration sending request for information to (an)other Member State(s).

Please focus on the current administrative tasks where resources in terms of average man-hours/minutes will change due to the revision. Please clearly indicate whether the change is positive or negative: a "+" indicate an increase in the man-hours needed to perform the task and a "-" indicate a reduction in man-hours needed to perform the task. If the estimated change is zero or insignificant please also indicate this in the table. Also please add new administrative tasks required by the revision if relevant.

Please provide a brief narrative explanation for each of the assessed changes and new administrative tasks.

Administrative task	Change in unit cost of administrative tasks due possible revisions of family benefit provisions Please provide change in average man-hours or % increase/decrease		
	Revision (a)	Revision (b)	Revision (c)
<i>Standard administrative tasks</i>			
Determination of national administration with primary competence	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
Calculation of benefit	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
Annual control	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
<i>Additional administrative tasks</i>			
Disagreement	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>

Administrative task	Change in unit cost of administrative tasks due possible revisions of family benefit provisions Please provide change in average man-hours or % increase/decrease		
	Revision (a)	Revision (b)	Revision (c)
regarding determination of national administration with primary competence	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
Overlapping benefits	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
Reimbursement	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
Recovery	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
<b>Missing (current) administrative tasks [added in the previous section]</b>			
Please add missing task	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
Please add missing task	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
<b>New administrative tasks – due to the revision</b>			
Please add new task	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
	<i>Man-hours:</i>	<i>Man-hours:</i>	<i>Man-hours:</i>
Please add new task	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
	<i>Man-hours:</i>	<i>Man-hours:</i>	<i>Man-hours:</i>

**3.2. Change in administrative costs – when national administration of residence of the family**

Now, consider the situation, where you are the national administration with secondary competence – i.e. you receive a request for information from the national administration with primary competence in another Member State



- Please repeat the assessment of the change in the administrative tasks/costs associated with the case handling for each of the two revisions (a) and (b).

Please focus on the current administrative tasks where resources in terms of average man-hours/minutes will change due to the revision. Please clearly indicate whether the change is positive or negative: a "+" indicate an increase in the man-hours needed to perform the task and a "-" indicate a reduction in man-hours needed to perform the task. If the estimated change is zero or insignificant please also indicate this in the table. Also, please add new administrative tasks required by the revision if relevant.

Please provide a brief narrative explanation for each of the assessed changes and new administrative tasks.

Administrative task	Change in unit cost of administrative tasks due possible revisions of family benefit provisions Please provide change in average man-hours or % increase/decrease		
	Revision (a)	Revision (b)	Revision (c)
<b>Standard administrative tasks</b>			
Determination of national administration with primary competence	Change:	Change:	Change:
	Explanation:	Explanation:	Explanation:
Calculation of benefit	Change:	Change:	Change:
	Explanation:	Explanation:	Explanation:
Annual control	Change:	Change:	Change:
	Explanation:	Explanation:	Explanation:
<b>Additional administrative tasks</b>			
Disagreement regarding determination of national administration with primary competence	Change:	Change:	Change:
	Explanation:	Explanation:	Explanation:
Overlapping benefits	Change:	Change:	Change:
	Explanation:	Explanation:	Explanation:
Reimbursement	Change:	Change:	Change:
	Explanation:	Explanation:	Explanation:
Recovery	Change:	Change:	Change:
	Explanation:	Explanation:	Explanation:

Administrative task	Change in unit cost of administrative tasks due possible revisions of family benefit provisions Please provide change in average man-hours or % increase/decrease		
	Revision (a)	Revision (b)	Revision (c)
<b>Missing (current) administrative tasks [added in the previous section]</b>			
Please add missing task	Change:	Change:	Change:
	Explanation:	Explanation:	Explanation:
Please add missing task	Change:	Change:	Change:
	Explanation:	Explanation:	Explanation:
<b>New administrative tasks – due to the revision</b>			
Please add new task	Man-hours:	Man-hours:	Man-hours:
	Explanation:	Explanation:	Explanation:
Please add new task	Man-hours:	Man-hours:	Man-hours:
	Explanation:	Explanation:	Explanation:

#### 4. Administrative implications for families from revisions to EU provisions on exports of family benefits

The suggested revisions to the EU provisions on exports of family benefits, and hence changes to the administrative tasks of the national administrations, may also have administrative implications for the families – e.g. time spent when applying for exports of family benefits, when being controlled etc.

- Please add relevant tasks for the families in the table below.
- For each of the revisions we ask you to assess the implications for the families associated hereby.

We acknowledge that it is difficult to assess such implications, but please help us doing this by providing your qualitative (or semi-quantitative) assessments. You may just provide a narrative assessment of the implications or you may try to link the implications to the administrative tasks of the national administrations listed in the below table.

Administrative task	Implications for families due possible revisions of family benefit provisions Please specify the direction of change (and if possible its size: low, medium or high)		
	Revision (a)	Revision (b)	Revision (c)

Administrative task	Implications for families due possible revisions of family benefit provisions Please specify the direction of change (and if possible its size: low, medium or high)		
	Revision (a)	Revision (b)	Revision (c)
<i>Please add task</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
<i>Please add task</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>

**Thanks for your help!**



## Annex C – Case study for Germany

### Introduction

In this section, we give a short description of the German provisions for family benefits, which kind of benefits they include, who is eligible, and how the provisions are interpreted by the national administrative institution handling family benefits: Die Bundesagentur für Arbeit.

EC Regulation 883/2004, Article 1 (z) defines the term family benefits as *"all benefits in kind or in cash intended to meet family expenses, excluding advances of maintenance payments and special childbirth and adoption allowances mentioned in Annex I"*.

In Germany this includes:

- Kindergeld (child benefit)
- Elterngeld (parental allowance)
- Betreuungsgeld (child care allowance)

This study considers exportable family benefits (cash benefits) only, and so only Kindergeld.

Kindergeld can be obtained by taxable persons residing in Germany, or persons subject to income taxation in Germany. There are no restrictions with respect to own children, adopted children or dependent children.

To receive Kindergeld, the applicant's children must be under the age of 18. However, there is a possibility for prolongation to 21 years of age for registered jobseekers, and to 25 for students and working students (less than 20 hours a week). Furthermore, the children must reside in Germany or in another EU Member State, the EEA, or in Switzerland.

The German scheme is universal, and so not means-tested. In 2015, the rates were EUR 184 per month for the first and second child, EUR 190 per month for the third child, and EUR 215 per month for the fourth and subsequent children.

### Current administrative costs and burden

To determine the current administrative costs and burden in handling exports of family benefits in Germany, a number of face-to-face interviews were carried out with experts from the Nürnberg national administration for family benefits. They estimate that there in Germany as a whole are around 85,000 new cases per year and around 170,000 existing cases handled as primary competence. This is slightly more than the estimates by Pacolet and De Wispelaere (2015) shown in Table C-1.

Averaging of the experiences of the interviewees of resources spend on administrative tasks as national administration with primary competence leads to an estimate of 1.36 man-hours per case and 1.28 man-hours per case when they act as national administration with secondary competence, c.f. Table C-1 and Table C-2. The tables show also the administrative tasks are fairly similar being of primary and of secondary competence, both with respect to type and to the amount of resources spent. Furthermore, some tasks are always carried out for a given case, while others are much rarer.

Based on the number of man-hours spent and an average labour cost at EUR 20.5 per hour this adds up to a total average of EUR 28.0 per case as national administration with primary competence and EUR 26.2 per case as national administration with secondary

competence. Table C-1 and Table C-2 shows that for Germany as a whole – i.e. for all cases during a year – the current administrative costs amount to around mEUR 1.8 and mEUR 0.5, respectively.

Table C-1 Current administrative costs and burden – Germany as Member State of primary competence

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included (not annual control)</b>	<b>1.36 hours</b>	<b>100%</b>	<b>62587</b>	<b>1751.4</b>
Determination of national administration with primary competence <sup>8</sup>	0.5 hours	100%		
Calculation of benefit	0.5 hours	100%		
Annual control <sup>9</sup>	0.67 hours	100%		
Disagreement regarding determination of primary competence <sup>10</sup>	2 hours	5%		
Overlapping benefits	0 hours	0%		
Reimbursement	1 hour	10%		
Recovery	1 hour	>5%		
Translation and coordination	0.25 hours	30-40%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

<sup>8</sup> The determination of competence and the calculation of benefit is considered as one working task – taking one hour altogether.

<sup>9</sup> The annual control is done via questionnaires sent out to benefit recipients.

<sup>10</sup> Happens rarely and the most important problem is missing answers from other administrations.

Table C-2 Current administrative costs and burden – Germany as Member State of secondary competence

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included (not annual control)</b>	<b>1.28 hours</b>	<b>100%</b>	<b>20918</b>	<b>547.8</b>
Determination of national administration with primary competence <sup>11</sup>	0.5 hours	100%		
Calculation of benefit	0.5 hours	100%		
Annual control	1 hour	100%		
Disagreement regarding determination of primary competence	2 hours	5%		
Overlapping benefits	0 hours	0%		
Reimbursement	1 hour	10%		
Recovery	1 hour	>5%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

### Change in administrative costs and burden from revised EU provisions

The overall assessment from the German interviewees is that the changes will lead to few additional man-hours used per case – both being national administration of primary competence and being national administration of secondary competence. Actually, it is assumed that the changes will be similar for the two competences.

Table C-3 shows the expected change in man-hours used per case for Options 1a and 1b – as these are expected to be similar, while Table C-4 concerns Option 3. Options 1a and 1b are extremely complicated to administer as it implies that the national administrations need knowledge on all the different systems, rules and regulations of the different Member States. Technical assistance through a common database. This concerns both the determination of the national administration as well as the calculation of benefits. Furthermore, it is difficult to align different systems like flat-rate systems, income-based systems, the duration of benefit payments etc.

For all three revisions, it has to be added that there are several significant transitional costs that have to be taken into account (training in the new regulations, changes in the IT-systems, re-examination and re-calculation of all existing cases).

<sup>11</sup> The determination of competence and the calculation of benefit is considered as one working task – taking one hour altogether.

Table C-3 Change in administrative costs and burden from Option 1a and Option 1b – Germany as Member State of primary and secondary competence

Administrative task	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included (not annual control)</b>	<b>0.9 hours</b>	<b>100%</b>	Primary: <b>62587</b> Secondary: <b>27794</b>	Primary: <b>1156.9</b> Secondary: <b>386.7</b>
Determination of national administration with primary competence <sup>12</sup>	0.4 hours	100%		
Calculation of benefit <sup>13</sup>	0.25 hours	100%		
Annual control	0 hours	100%		
Disagreement regarding determination of national administration with primary competence	0 hours	100%		
Overlapping benefits	0 hours	100%		
Reimbursement <sup>14</sup>	0.25 hours	100%		
Recovery	0 hours	100%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

<sup>12</sup> The interviewees have indicated a change of "up to double effort"

<sup>13</sup> The interviewees have emphasised that it is not technically feasible at the moment as it is not possible to pay out reduced or higher benefits. They have assessed a change of "++" which we have interpreted as a 50% increase.

<sup>14</sup> The unit costs will increase if information provision by the other Member States is not corking and benefits are paid out without proper calculation. The interviewees have assessed a change of "+" which we have interpreted as a 25% increase.



Table C-4 Change in administrative costs and burden from Option 3 – Germany as Member State of primary and secondary competence

A typical case; first time handling of a case - all regular tasks included (not annual control)	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>Total</b>	<b>0.5 hours</b>	<b>100%</b>	Primary: <b>62587</b> Secondary: <b>27794</b>	Primary: <b>642.7</b> Secondary: <b>214.8</b>
Determination of national administration with primary competence	0 hours	100%		
Calculation of benefit <sup>15</sup>	0.25 hours	100%		
Annual control <sup>16</sup>	0.25 hours	100%		
Disagreement regarding determination of national administration with primary competence	0 hours	100%		
Overlapping benefits	0 hours	100%		
Reimbursement <sup>17</sup>	0.25 hours	100%		
Recovery	0 hours	100%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

### **Administrative implications for families from revisions to EU provisions on exports of family benefits**

It is the assessment of the national administrations that Options 1a and 1b only will have few administrative implications for the families subject to export of family benefits. However, Option 3 will increase their administrative burden as there will be verifications of the residence of the child. In turn, there may be a reduction in the administrative burden as proof of income will not be necessary anymore.

### **Conclusions**

<sup>15</sup> The interviewees have emphasised that it is not technically feasible at the moment as it is not possible to pay our reduced or higher benefits. They have assessed a change of "++" which we have interpreted as a 50% increase.

<sup>16</sup> The control costs will increase as the residence of the child will have to be changes. In general, the control of the residence of the child is considered to be difficult to implement. However, as it is no longer necessary to control the existence of an employment contract, administrative costs might also decrease. All in all, the interviewees have assessed a change of "+" which we have interpreted as a 25% increase.

<sup>17</sup> The unit costs will increase if information provision by the other Member States is not corking and benefits are paid out without proper calculation. The interviewees have assessed a change of "+" which we have interpreted as a 25% increase.

The annual number of cases handled in Germany per year is estimated at 62587 when Germany is the Member State of primary competence, while the number of cases is somewhat lower, 20918, when Germany is the Member State of secondary competence.

Currently, the administrative resources spent on each case amount to 1.36 hours for an average case when Germany is the Member State primary competence, and to 1.28 hours when of secondary competence.

The overall assessment is that the changes will lead to few additional man-hours used per case – both being national administration of primary competence and being national administration of secondary competence. Actually, it is assumed that the changes will be similar for the two competences.

It is the assessment of the national administrations that Options 1a and 1b only will have few administrative implications for the families subject to export of family benefits. However, Option 3 will increase their administrative burden as there will be verifications of the residence of the child. In turn, there may be a reduction in the administrative burden as proof of income will not be necessary anymore.

## Annex D – Case study for Denmark

### Introduction

In this section, we give a short description of the Danish legislation on family benefits, which kind of benefits it includes, who is eligible, and how the legislation is interpreted by the national administrative institution handling family benefits, Udbetaling Danmark (Payment Denmark).

EC Regulation 883/2004, Article 1 (z) defines the term family benefits as *"all benefits in kind or in cash intended to meet family expenses, excluding advances of maintenance payments and special childbirth and adoption allowances mentioned in Annex I"*.

In Denmark, this includes<sup>18</sup>:

- children and youth benefits (børne- og ungeydelsen)
- child supplements and adoption supplements (børnetilskud og adaptionstilskud)
- subsidies for private childcare and subsidies for home caring of own children in accordance with the Day Care Act chapter 15 and 16 (tilskud til privat pasning og tilskud til pasning af egne børn efter dagtilbudslovens kapitel 15 og 16)

However, since this study only assesses family benefits that can be exported (cash benefits) only the children and youth benefits are relevant.

The law on child benefits (børnetilskudsloven) regulates the children and youth benefits. Danish children and youth benefits are universal and not means-tested. However, since 2014 it has been income-regulated meaning that workers with a yearly income above DKK 723,100 (EUR 96,894) receive a reduced amount of benefits.

Family benefits are obtainable for residents with Danish nationality or refugee status and foreigners with one to three years of residence in Denmark, depending on the type of benefits applied for<sup>19</sup>.

According to Danish law two years of residence or employment within a reference period of 10 years is required to obtain the right to family benefits<sup>20</sup>. Are these requirements not met the payments are reduced. Hence, the Danish law establishes that six months of residence or employment in Denmark entitles the applicant to 25% of the full amount of benefit. One year of residence or employment entitles the applicant to 50% of the full amount of benefits. 18 months entitles to 75% and two years of residence or employment entitles to 100% of the benefits<sup>21</sup>. All within a reference period of 10 years.

For 2015, the rates of benefits are DKK 4,443 (EUR 595) per quarter for each child of 0-2 years, DKK 3,519 (EUR 472) per quarter for each child 3-6 years, DKK 2,769 (EUR 371) per quarter for each child 7-14, and DKK 923 (EUR 124) per quarter for each child of 15-17 years<sup>22</sup>. The benefits are tax-free and rates are adjusted annually.

In Denmark, Udbetaling Danmark (Payment Denmark) is the national administrative institution handling family benefits. Here, the Department of Family Benefits (afdeling for familieydelse) is responsible for all processes and payments related to family benefits. Therefore, in determining the Danish national administrative burdens related to handling exports of family benefits only one interview was conducted.

<sup>18</sup> 'Vejledning om EF-regler om social sikring – Familieydelse' (The official Danish manual on the interpretation of the EC regulation 883/2004 in a Danish context).

<sup>19</sup> Børnetilskudsloven § 5.

<sup>20</sup> Børnetilskudsloven § 5a, stk. 1.

<sup>21</sup> Børnetilskudsloven § 5a, stk. 2.

<sup>22</sup> Rates publicly available at the citizens information service borger.dk: <https://www.borger.dk/Sider/Boerne-ungeydelse.aspx>

Udbetaling Danmark acknowledged that the Danish legislation at first glance might seem to be inconsistent with EC Regulation 883/2004. However, they stressed that in practice the rules are in line with EU regulation since Udbetaling Danmark calculate an EU-workers' right to benefits based on an aggregation principle, where the period of time, in which the EU-worker was entitled to benefits from the Member State(s) where he/she previously resided, is included. If the Member State(s), in which an EU-worker formerly resided, has assessed there is a right to benefits, this right also applies in Denmark. In many EU Member States, the right to family benefits derives from work or insurance, where in Denmark it is based on residence.

### **Current administrative costs and burden**

To determine the current administrative costs and burden in handling family benefits in Denmark an interview with Udbetaling Danmark, Department of Family Benefits, was conducted. Udbetaling Danmark has been doing measurements of time used on internal handling of different types of cases and was therefore able to give rather accurate time estimates on the different tasks. Udbetaling Danmark has only existed for two years. Prior to this family benefits were managed by the Danish municipalities.

Udbetaling Danmark estimates that they handle approximately 6,500 new cases a year (about 450 cases per month). It is estimated that in 20% – or 1,300 – of these cases Udbetaling Danmark is the national administration of secondary competence. Udbetaling Danmark currently has 10,000 ongoing cases where quarterly payments are made. Udbetaling Danmark states that the number of cases has been stable – though with a slight increase – in the two years Udbetaling Danmark has existed. The amount of new cases typically follows the different types of seasonal work (e.g. horticulture work) and bigger projects (e.g. construction projects such as the new city metro line in Copenhagen). A slight increase in the number of cases in the coming years is expected due to the economic situation in Denmark, which remains better than many other European countries. However, there is a tendency towards more EU-workers moving their families to Denmark after having worked here for a period of time, in which case the family benefits cease being exported.

It is the impression at Udbetaling Danmark that Denmark, due to its high amount of benefits, in most cases is the primary competent state (at times jointly with another Member State).

The average man-hours used handling cases on export of family benefits by Udbetaling Danmark as national administration with primary competence is estimated at 3.70 man-hours per case. As national administration with secondary competence the number is 3.88 man-hours per case. With an average labour cost at EUR 29.3 per hour this adds up to a total average of EUR 108.5 per case as national administration with primary competence and EUR 113.6 per case as national administration with secondary competence. Hence, for Denmark as a whole the annual current administrative costs amount to EUR 564,000 and EUR 83,100, respectively.

Table D-1 Current administrative costs and burden – Denmark as Member State of primary competence

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included (not annual control)</b>	<b>3.70 hours</b>	<b>100%</b>	<b>5200</b>	<b>564.0</b>
Determination of national administration with primary competence <sup>23</sup>	1 hour	100%		
Calculation of benefit <sup>24</sup>	1.83 hours	100%		
Annual control	0.75 hours	80%		
Disagreement regarding determination of primary competence	2.50 hours	0-5%		
Overlapping benefits <sup>25</sup>	0.50 hours	90-100%		
Reimbursement <sup>26</sup>	12 hours	2%		
Recovery <sup>27</sup>	0.50 min.	0.25-0.5%		

Notes: <sup>(1)</sup> Source: Estimate provided by the Danish national expert. <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

<sup>23</sup> The EU worker does not submit an actual application; he/she just provide the requested information to Udbetaling Danmark (or another MS) who then initiates the process. Exchange of information with other relevant Member State already takes place on receipt of application/information on EU worker. Other relevant Member State provides (amongst other things) information on the family status.

<sup>24</sup> Information and answers obtained before any calculation of benefits are made. Point should therefore be noted under 'determination of national administration with primary competence', where it is also included in the estimation of man-hours.

<sup>25</sup> There is usually overlap in entitlement why it should not be listed as a separate task, but should be located under 'determination of national administration with primary competence'. In Denmark, the right to benefits is conditioned by Danish residency, but in many other MS the right to benefits often derives from work or insurance. This creates an overlap in entitlement to benefits. Often an overlap in benefits occurs when the applicant moves between DK and another MS, as DK typically pre-pay, while other countries post pay.

<sup>26</sup> Very few cases after the new regulation. Today it is no longer possible to pay benefits to an applicant who is eligible in another MS, and then seek reimbursement from the other MS. Instead, the requirement today is to bypass the other MS and approach the applicant directly (which transfers most of the cases to the 'recovery' category). Reimbursement is only relevant in cases where there are three member states involved. For example, when the mother works in Denmark, and applies for family benefits here, the father works in Sweden, and applies for benefits there, while the family (children) lives in Norway. In this case both Denmark and Sweden are the competent administration why either Denmark or Sweden pays benefits to the family and afterwards seek reimbursement from the other MS.

<sup>27</sup> Genuine recovery is done via the Danish tax authorities.

Table D-2 Current administrative costs and burden – Denmark as Member State of secondary competence

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included (not annual control)</b>	<b>3.88 hours</b>	<b>100%</b>	<b>732</b>	<b>83.1</b>
Determination of national administration with primary competence <sup>28</sup>	1 hour	100%		
Calculation of benefit <sup>29</sup>	1.83 hours	100%		
Annual control <sup>30</sup>	0.25 hours	20%		
Annual recalculation of benefits as secondary MS <sup>31</sup>	0.17 hours	100%		
Disagreement regarding determination of primary competence	2.5 hours	0-5%		
Overlapping benefits <sup>32</sup>	0.5 hours	90-100%		
Reimbursement <sup>33</sup>	12 hours	2%		
Recovery <sup>34</sup>	2 hours	0.25-0.5%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

<sup>28</sup> The EU worker does not submit an actual application; he/she just provide the requested information to Udbetaling Danmark (or another MS) who then initiates the process. Exchange of information with other relevant Member State already takes place on receipt of application/information on EU worker. Other relevant Member State provides (amongst other things) information on the family status.

<sup>29</sup> Information and answers obtained before any calculation of benefits are made. Point should therefore be noted under 'determination of national administration with primary competence', where it is also included in the estimation of man hours.

<sup>30</sup> When secondary state, less control is needed.

<sup>31</sup> The annual recalculation of benefits as secondary institution is relevant to Member States that have high family benefits. Udbetaling Danmark estimate that this goes for about one third of the MS. Eastern and southern Europe generally have very low benefits. Only Sweden (when the children are older), Netherlands and (some parts of) Germany have higher benefits than Denmark.

<sup>32</sup> There is usually overlap in entitlement why it should not be listed as a separate task, but should be located under 'determination of national administration with primary competence'. In Denmark, the right to benefits is conditioned by Danish residency, but in many other MS it is often conditioned by work. This creates an overlap in entitlement to benefits. There is often also an overlap when the applicant moves between DK and another MS, as DK typically pre-pay, while other countries post pay.

<sup>33</sup> Very few cases after the new regulation. Today it is no longer possible to pay benefits to an applicant who is eligible in another MS, and then seek reimbursement from the other MS. Instead, the requirement today is to bypass the other MS and approach the applicant directly (which transfers most of the cases to the 'recovery' category). Reimbursement is only relevant in cases where there are three member states involved. For example, when the mother works in Denmark, and applies for family benefits here, the father works in Sweden, and applies for benefits there, while the family (children) lives in Norway. In this case both Denmark and Sweden are the competent administration why either Denmark or Sweden pays benefits to the family and afterwards seek reimbursement from the other MS.

<sup>34</sup> In Denmark payments are made four times a year (30 min. x 4 times a year = 2 hours per case). There are currently 38 cases in which DK has been asked by other MS to hold back payments of benefits. Genuine recovery is done via the Danish tax authorities.



### Change in administrative costs and burden from revised EU provisions

Table D-3 and Table D-4 reveal that the Udbetaling Danmark envisages that the analysed revisions to the EU provisions will have fairly similar impacts on the administrative costs – whether being the Member State of primary competence or of secondary competence. Furthermore, Option 1a and Option 1b are expected to have similar impacts, while the impacts of Option 3 are slightly lower. The main impact is expected to be on the resources spend on the calculation of benefits, while the rare reimbursement cases are expected to be even more complex.

Table D-3 Change in administrative costs and burden from Option 1a and Option 1b – Denmark as Member State of primary and secondary competence

A typical case; first time handling of a case - all regular tasks included (not annual control)	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>Total</b>	<b>1.99 hours</b>	<b>100%</b>	Primary: <b>5200</b> Secondary: <b>732</b>	Primary: <b>303.3</b> Secondary: <b>42.7</b>
Determination of national administration with primary competence <sup>35</sup>	0.25 hours	100%		
Calculation of benefit <sup>36</sup>	1.5 hours	100%		
Annual control <sup>37</sup>	0.5 hours	100%		
Disagreement regarding determination of national administration with primary competence	0 hours	0-5%		
Overlapping benefits	0 hours	90-100%		
Reimbursement	12 hours	2%		
Recovery	0 hours	0.25-0.5%		

Notes: <sup>(1)</sup> Source: Estimate provided by the Danish national expert, and Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

<sup>35</sup> To some extent it will be the same as the current situation. However, it will probably be necessary to gather information more often, on whether the EU workers entitlement to benefit in the other MS has changed.

<sup>36</sup> Instead of calculations being processed automatically there will be necessary to make specific calculations in each case.

<sup>37</sup> Due to a need for additional control and further exchange of information.



Table D-4 Change in administrative costs and burden from Option 3 – Denmark as Member State of primary and secondary competence

A typical case; first time handling of a case - all regular tasks included (not annual control)	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>Total</b>	Primary: <b>1.99</b> Secondary: <b>1.79</b>	<b>100%</b> <b>100%</b>	Primary: <b>5200</b> Secondary: <b>732</b>	Primary: <b>303.3</b> Secondary: <b>37.4</b>
Determination of national administration with primary competence	0.25 hours	100%		
Calculation of benefit	1.5 hours	100%		
Annual control	0.25 hours	Primary: 20% Secondary: 80% (Opposite before revision)		
Disagreement regarding determination of national administration with primary competence	0 hours	0-5%		
Overlapping benefits	0 hours	90-100%		
Reimbursement	12 hours	2%		
Recovery	0 hours	0.25-0.5%		

Notes: <sup>(1)</sup> Source: Estimate provided by the Danish national expert, and Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

### **Administrative implications for families from revisions to EU provisions on exports of family benefits**

The proposal, which entails that benefits are adjusted to the standard of living in the Member State of residence, will most likely provide longer case processing times for the EU-workers and their families, due to the increase in information that needs to be obtained/exchanged.

Many of the changes involve, that the EU-workers need to be in contact with an additional authority (both the primary and the secondary) since they will have the right to benefits from more than one Member State.

In cases where EU workers need to provide proof of residence to obtain benefits the revisions might make it more difficult for them. In Denmark, this would not be an issue, since the National Register (Folkeregisteret) can provide proof of this information, but many Member States do not have such a register.

Option 1a: Unchanged time used for the EU worker. EU workers must do the same as today, but will probably experience a prolonged processing time, since they in all cases must wait for information from the other Member State.

Option 1b: The same as Option 1a. Unchanged time used, but extended processing time for certain cases.

Option 3: Maybe less time consuming and experience of an easier procedure for the EU worker, since they must apply in the country where the family resides which can be assumed to have a system the EU worker will find easier to navigate in.

### **Conclusions**

The annual number of cases handled in Denmark per year is estimated at 5200 when Denmark is the Member State of primary competence, while the number of cases is somewhat lower, 732, when Denmark is the Member State of secondary competence.

Currently, the administrative resources spent on each case amount to 3.70 hours for an average case when Denmark is the Member State primary competence, and to 3.88 hours when of secondary competence.

The overall assessment is that the changes will lead to around 2 additional man-hours used per case when being national administration of primary competence and around 1.8 additional hours being national administration of secondary competence.

## Annex E – Case study for Netherlands

### Introduction

In this section, we give a short description of Dutch the legislation on family benefits, which kind of benefits it includes, who is eligible, and how the legislation is interpreted by the national administrative institution handling family benefits, Sociale Verzekeringsbank (SVB).

EC Regulation 883/2004, Article 1 (z) defines the term family benefits as *"all benefits in kind or in cash intended to meet family expenses, excluding advances of maintenance payments and special childbirth and adoption allowances mentioned in Annex I"*.

In The Netherlands, this includes:

- Algemene Kinderbijslagwet (AKW) (*General Child Benefit*)
- Wet op het kindgebonden budget (WKB) (*Act on supplementary child benefit*)

This study only assess exportable family benefits (cash benefits), which applies to both AKW and WKB. Both kinds of benefits are granted to EU workers with children residing in another EU Member State (EEA country or Switzerland).

To receive family benefits in the Netherlands the applicant's children must be under the age of 18. In addition, the applicant must – regardless of nationality – reside, work and consequently pay taxes on wages in the Netherlands to be eligible to family benefits. While the Algemene Kinderbijslagwet (AKW) is universal scheme and not mean-tested, the Wet op het kindgebonden budget (WKB) is means-tested.

In 2015 the AKW rates for children up to 5 years are EUR 63.88, for children in the age of 6-11 years: EUR 77.57, and for children in the age of 12-17 years: EUR 91.26. The benefits are paid per quarter.

For the WKB there is a ceiling depending on income. The benefit amount decreases as income rise: For income above the threshold of EUR 26,147 the allowance is reduced by 7.6% of the difference between the family income and the EUR 26,147. The income limit for a single person is EUR 102,499 and EUR 123,638 for partners. The monthly amount per children is for one child: EUR 39,529; for two children: EUR 46,581, for three children: EUR 48,989, for four children: EUR 50,384; (...) and for eight children: EUR 55,963.

### Current administrative costs and burden

To determine the current administrative costs and burdens in handling family benefits in The Netherlands an interview with Sociale Verzekeringsbank (SVB), Directie Strategische en Externe Betrekkingen (Social Security Office, Department of Strategic and External Relations), was conducted.

SVB estimates that they handle approximately 4,800 *new* cases each year<sup>38</sup> and about 15,600 existing cases<sup>39</sup>. The numbers from the HIVA study (Pacolet and De Wispelaere, 2015) for 2013 are 20,225 existing cases as national institution of primary competence and 7,596 cases as national institution of secondary competence. The calculations of administrative costs in handling family benefits are based on the data received from the HIVA study.

<sup>38</sup> Based on the number of new cases in the period from October to December 2013.

<sup>39</sup> Based on numbers available for the last quarter of 2014.

The present study estimates the number of man-hours spend as national administration with primary competence is 1.92 man-hours and 1.47 man-hours as national administration with secondary competence.

Based on the number of man-hours spend from this study and an average labour cost at EUR 22.2 per hour this adds up to a total average of EUR 42.7 per case as national administration with primary competence and EUR 32.7 per case as national administration with secondary competence. Hence, for the Netherlands as a whole the annual current administrative costs amount to EUR 862,700 and EUR 247,200, respectively

Below is a detailed review of the administrative cost (EUR) arising from each of the administrative tasks involved in handling the export of family benefits today and in regards to Options 1a, 1b and 3.

Table E-1 Current administrative costs and burden – the Netherlands as Member State of primary competence

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included (not annual control)</b>	<b>1.92 hours</b>	<b>100%</b>	<b>20225</b>	<b>862.7</b>
Determination of national administration with primary competence. <sup>40</sup>	0.5 hours	150%		
Calculation of benefit	0.75 hours	100%		
Annual control <sup>41</sup>	0.38 hours	50%		
Disagreement regarding determination of primary competence <sup>42</sup>	0.50 hours	100%		
Overlapping benefits <sup>43</sup>	0 hours	100%		
Reimbursement <sup>44</sup>	1 hour	0-5%		
Recovery <sup>45</sup>	1 hour	0-5%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

<sup>40</sup> This task is done both during an intake and during mutation. Often there are one or more mutations during a year, why the task in average is done 1,5 times per year.

<sup>41</sup> Annual control is only done in about 50 pct. of the cases and often depend on which the country.

<sup>42</sup> Very few cases with disagreements on competence. Almost never happens.

<sup>43</sup> These task falls under the 'calculation of benefits'.

<sup>44</sup> Frequency per case is very hard to estimate. For both reimbursement and recovery, the tasks that the SVB has to do are the same. The SVB first tries to recover the money from the applicant, and only when that fails, do they contact the relevant institution in another Member State. Both for reimbursement and recovery the SVB uses the term 'Verrekening', which means 'solving miscalculation'.

<sup>45</sup> Frequency per case is very hard to estimate. For both reimbursement and recovery, the tasks that the SVB has to do are the same. The SVB first tries to recover the money from the applicant, and only when that fails, do they contact the relevant institution in another Member State. Both for reimbursement and recovery the SVB uses the term 'Verrekening', which means 'solving miscalculation'.

Table E-2 Current administrative costs and burden – the Netherlands as Member State of secondary competence

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included (not annual control)</b>	<b>1.47 hours</b>	<b>100%</b>	<b>7569</b>	<b>247.2</b>
Determination of national administration with primary competence <sup>46</sup>	0.38 hours	150%		
Calculation of benefit <sup>47</sup>	0.75 hours	100%		
Annual control	0.38 hours	100%		
Disagreement regarding determination of primary competence <sup>48</sup>	1 hour	0-5%		
Overlapping benefits <sup>49</sup>	0 hours	100%		
Reimbursement <sup>50</sup>	1 hour	0-5%		
Recovery <sup>51</sup>	1 hour	0-5%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

### Change in administrative costs and burden from revised EU provisions

The overall assessment from the SVB is, that the changes will lead to few additional man-hours used per case. However, the SVB stresses that the introduction of such changes most likely will be followed by a transition phase (6-12 months) involving a significant amount of policy changes, update of processes and instructions, change of IT-systems and new agreements with relevant partners (e.g. tax department).

Below is shown the expected change in man-hours used per case which for all three revisions is estimated to a total average of 1.13 hours per case both as primary and secondary national administration. With an average labour cost at EUR 22.2 per hour this adds up to a total average of additional EUR 25 per case.

<sup>46</sup> This task is done both during an intake and during mutation. Often there are one or more mutations during a year, why the task in average is done 1.5 times per year.

<sup>47</sup> Due to the need for additional contact to national administrations in other Member States and contact to the national tax department, this task is in average performed four times a year for active cases.

<sup>48</sup> Very few cases with disagreements on competence. Almost never happens.

<sup>49</sup> These task falls under the 'calculation of benefits'.

<sup>50</sup> Frequency per case is very hard to estimate. For both reimbursement and recovery, the tasks that the SVB has to do are the same. The SVB first tries to recover the money from the applicant, and only when that fails, do they contact the relevant institution in another Member State. Both for reimbursement and recovery the SVB uses the term 'Verrekening', which means 'solving miscalculation'.

<sup>51</sup> Frequency per case is very hard to estimate. For both reimbursement and recovery, the tasks that the SVB has to do are the same. The SVB first tries to recover the money from the applicant, and only when that fails, do they contact the relevant institution in another Member State. Both for reimbursement and recovery the SVB uses the term 'Verrekening', which means 'solving miscalculation'.

Table E-3 Change in administrative costs and burden from Options 1a, 1b and 3 – the Netherlands as Member State of primary and secondary competence

Administrative task	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included (not annual control)</b>	<b>1.13 hours</b>	<b>100%</b>	<b>27794</b>	<b>694.7</b>
Determination of national administration with primary competence <sup>52</sup>	0 hours	100%		
Calculation of benefit <sup>53</sup>	1.13 hours	100%		
Annual control <sup>54</sup>	0 hours	100%		
Disagreement regarding determination of national administration with primary competence <sup>55</sup>	0 hours	100%		
Overlapping benefits <sup>56</sup>	0 hours	100%		
Reimbursement <sup>57</sup>	0 hours	100%		
Recovery <sup>58</sup>	0 hours	100%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

<sup>52</sup> Rules do not actually change.

<sup>53</sup> Option 1a: Additional 50% since living standards has to be taken into account. Option 1b: Additional 50% since living standards has to be taken into account and gathering of additional information from other Member States needs to be done.

<sup>54</sup> Rules do not actually change.

<sup>55</sup> Rules do not actually change.

<sup>56</sup> Rules do not actually change.

<sup>57</sup> Rules do not actually change.

<sup>58</sup> Rules do not actually change.

**Administrative implications for families from revisions to EU provisions on exports of family benefits**

It is the SVB assessment that the changes will not lead to extra tasks for the applicants. However, they stress that the process of handling the applications most likely will take more time why the applicant consequently must wait longer to get the application approved.

**Conclusions**

The annual number of cases handled in the Netherlands per year is estimated at 20225 when the Netherlands is the Member State of primary competence, while the number of cases is somewhat lower, 7569, when being the Member State of secondary competence.

Currently, the administrative resources spent on each case amount to 1.92 hours for an average case when the Netherlands is the Member State primary competence, and to 1.47 hours when of secondary competence.

The overall assessment is that the changes due to any of the three revisions will lead to just above around 1 additional man-hour used per case – whether being national administration of primary competence or of secondary competence.



## Annex F – Case study for Poland

### Introduction

In this section, we give a short description of the Polish legislation on family benefits, which kind of benefits it includes, who is eligible, and how the legislation is interpreted by the administrative institutions handling family benefits. The institutions responsible for handling family benefits in Poland are at the national level the Ministry of Labour and Social Policy and at regional level the Regional Social Policy Centres, more precisely the Regional Social Policy Centre Krakow and the Regional Social Policy Centre Opole.

To be eligible to family benefits in Poland the beneficiaries must be either:

- Polish citizen
- Foreigner who falls within the scope of the law on coordination of social security schemes or bilateral agreement on social security
- Foreigners residing with their family within the territory of Poland who holds refugee status or has residence permit. Applicants who holds an EU, EEA or Swiss citizenship are not obliged to have their children living in Poland to be eligible to family benefits.

Polish family benefits are contributory and means-tested. It is given to children under the age of 18 years or at the end of the child's education at school. The family income per capita must not exceed PLN 539 (EUR 130) (in 2014) per month (PLN 623 (EUR 150) in the case of families with a disabled child). The monthly amounts per child depend on the age: under 5 years: PLN 77 (EUR 18), 5 - 18 years: PLN 106 (EUR 25), 18 - 24 years: PLN 115 (EUR 28).

### Current administrative costs and burden

To determine the current administrative costs and burden in handling family benefits in Poland interviews with the relevant Polish administrative institutions have been conducted. This includes: at the national level the Ministry of Labour and Social Policy, Department of Coordination of Social Security Systems, and at regional level the Regional Social Policy Centres, more precisely the Regional Social Policy Centre Krakow and the Regional Social Policy Centre Opole.

The Ministry of Labour and Social Policy estimates, that they in average handled 78,000 cases of family benefits in 2014 and a total of around 6,000 active cases<sup>59</sup>. The ministry underlined that they did not have any data on man-hours used on handling cases of family benefits. Their given estimates of man-hours used are based on intuition.

Below is a detailed review of the administrative costs arising from each of the administrative tasks involved in handling the export of family benefits today and in regards to Options 1a, 1b and 3.

Table F-1 shows that an average case for the national administration as primary competence uses just above one man-hour with most time most often spent on the calculation of benefit and on determining which Member State actually has the primary competence. In addition, the Polish interviewees mention the copying of the application and its transfer to a foreign institution as a standard task.

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<sup>59</sup> Cases that were initiated in 2013 and which had not been completed by 2014.

Table F-1 Current administrative costs and burden – Poland as Member State of primary competence

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included (not annual control)</b>	<b>1.21 hours</b>	<b>100%</b>	<b>8698</b>	<b>53.9</b>
Determination of national administration with primary competence	0.44 hours	100%		
Calculation of benefit <sup>60</sup>	0.47 hours	100%		
Annual control <sup>61</sup>	0.06 hours	0-1%		
Disagreement regarding determination of primary competence <sup>62</sup>	0.75 hours	0.04-1%		
Overlapping benefits <sup>63</sup>	0 hours	100%		
Reimbursement	0 hours	10%		
Recovery	0.33 hours	10%		
Additional task <sup>64</sup>	0.21 hours	100%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

Table F-2 shows that a similar amount of resources are spent on an average case being the national administration of secondary competence. The largest task is here the determination of which Member State that actually has the primary competence.

<sup>60</sup> In Poland the amount of family benefit is - to a large extent - fixed.

<sup>61</sup> The Ministry of Labour and Social Policy notes, that in Poland a new application has to be submitted every year, why annual control - in principle - is not relevant. However, in some cases they still have an annual inspection. It takes around 10 min. to submitting a new application.

<sup>62</sup> Time used on this task usually derives from challenges on gathering information from other Member States.

<sup>63</sup> Benefits in Poland are most often lower than in other Member States. Also, this is handled within the task of determination of national administration with primary competence.

<sup>64</sup> Copying the application and attachments to transfer to a foreign institution (Art. 68, 3 883/2004).

Table F-2 Current administrative costs and burden – Poland as Member State of secondary competence

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included (not annual control)</b>	<b>1.14 hours</b>	<b>100%</b>	<b>62047</b>	<b>362.9</b>
Determination of national administration with primary competence	0.69 hours	100%		
Calculation of benefit	0.17 hours	100%		
Annual control	0 hours	0%		
Disagreement regarding determination of primary competence	0.50 hours	0-0.04%		
Overlapping benefits	0.17 hours	100%		
Reimbursement	0 hours	10%		
Recovery	0.11 hours	10%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

### Change in administrative costs and burden from revised EU provisions

The interviewees were also asked to assess the consequences of three different revisions to the current EU provisions. The consequences are estimated in terms of additional man-hours to carry out the administrative tasks.

Table F-3 shows that Option 1a is expected to lead to additional resource requirements of just under half an hour – a little less being of secondary competence than of primary competence. These amounts are composed of minor additional efforts to calculate benefits, to deal with overlapping benefits

Table F-3 Change in administrative costs and burden from Option 1a – Poland as Member State of primary and secondary competence

Administrative task	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included (not annual control)</b>	Primary: <b>0.43 hours</b> Secondary: <b>0.33 hours</b>	Primary: <b>100%</b> Secondary: <b>100%</b>	Primary: <b>8698</b> Secondary: <b>62047</b>	Primary: <b>19.0</b> Secondary: <b>103.6</b>
Determination of national administration with primary competence	Primary: 0 hours Secondary: 0 hours	100%		
Calculation of benefit	Primary: 0.15 hours Secondary: 0.10 hours	100%		
Annual control	Primary: 0 hours Secondary: - 0.05 hours	Primary: 0-1% Secondary: 0%		
Disagreement regarding determination of national administration with primary competence	Primary: 0 hours Secondary: - 0.05 hours	Primary: 0.04-1% Secondary: 0-0.04%		
Overlapping benefits	Primary: 0.08 hours Secondary: 0.08 hours	100%		
Reimbursement	Primary: 0.08 hours Secondary: 0.08 hours	10%		
Recovery	Primary: 0.13 hours Secondary: 0.13 hours	10%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

The picture is as shown in Table F-4 similar of Option 1b when Poland is the Member State of primary competence, while resource requirements are expected to fall slightly when being of secondary competence. This is mainly due to a fall in the task of calculating benefits.

Table F-4 Change in administrative costs and burden from Option 1b – Poland as Member State of primary and secondary competence

Administrative task	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included (not annual control)</b>	Primary: <b>0.38 hours</b> Secondary: <b>-0.13 hours</b>	Primary: <b>100%</b> Secondary: <b>100%</b>	Primary: <b>8698</b> Secondary: <b>62047</b>	Primary: <b>16.7</b> Secondary: <b>-39.8</b>
Determination of national administration with primary competence	Primary: 0 hours Secondary: 0 hours	100%		
Calculation of benefit	Primary: 0.15 hours Secondary: -0.15 hours	100%		
Annual control	Primary: 0 hours Secondary: -0.50 hours	Primary: 0-1% Secondary: 0%		
Disagreement regarding determination of national administration with primary competence	Primary: 0 hours Secondary: -0.05 hours	Primary: 0.04-1% Secondary: 0-0.04%		
Overlapping benefits	Primary: 0 hours Secondary: 0 hours	100%		
Reimbursement	Primary: 0.08 hours Secondary: 0.08 hours	10%		
Recovery	Primary: 0.08 hours Secondary: 0.13 hours	10%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

Finally, Table F-5 shows that only few changes to the administrative tasks are expected from Option 3.

Table F-5 Change in administrative costs and burden from Option 3 – Poland as Member State of primary and secondary competence

Administrative task	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included (not annual control)</b>	Primary: <b>0.13 hours</b> Secondary: <b>0.13 hours</b>	Primary: <b>100%</b> Secondary: <b>100%</b>	Primary: <b>8698</b> Secondary: <b>62047</b>	Primary: <b>5.6</b> Secondary: <b>39.8</b>
Determination of national administration with primary competence	Primary: 0 hours Secondary: 0.10 hours	100%		
Calculation of benefit	Primary: 0.10 hours Secondary: 0.10 hours	100%		
Annual control	Primary: 0 hours Secondary: -0.50 hours	Primary: 0-1% Secondary: 0%		
Disagreement regarding determination of national administration with primary competence	Primary: 0 hours Secondary: -0.05 hours	Primary: 0.04-1% Second.: 0-0.04%		
Overlapping benefits	Primary: 0.03 hours Secondary: 0.08 hours	100%		
Reimbursement	Primary: 0.03 hours Secondary: -0.05 hours	10%		
Recovery	Primary: 0.08 hours Secondary: -0.05 hours	10%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

**Administrative implications for families from revisions to EU provisions on exports of family benefits**

The Regional Social Policy Centre in Opole assesses that the revisions will not lead to any direct changes to the application procedure; neither in the time used nor in the administrative tasks to be performed. However, the Department for Coordination of Social Security Systems and the Ministry of Labour and Social Policy notes that their assessment of the implications to the applicants due to the revisions are high.

**Conclusions**

The annual number of cases handled in Poland per year is estimated at 8698 when Poland is the Member State of primary competence, while the number of cases is somewhat higher, 62047, when being the Member State of secondary competence.

Currently, the administrative resources spent on each case amount to 1.21 hours for an average case when Poland is the Member State primary competence, and to 1.14 hours when of secondary competence.

The overall assessment is that the changes due to any of the three revisions will lead to less than half an hour additional resource per case – whether being national administration of primary competence or of secondary competence.



## Annex G – Case study for Romania

### Introduction

In this section, we give a short description of Romanian legislation on family benefits, which kind of benefits it includes, who is eligible, and how the legislation is interpreted by the national administrative institution handling family benefits, National Agency for Payments and Social Inspection.

The National Agency for Payments and Social Inspection is a public institution with legal personality, subordinated to the Ministry of Labour, Family and Social Protection. The agency operates through county agencies for payments and social inspection, who are organized and operating as decentralised public services with legal personality. While the National Agency for Payments and Social Inspection is the liaison body for family benefits in Romania, the county agencies are the competent institutions.

EC Regulation 883/2004, Article 1 (z) defines the term family benefits as *"all benefits in kind or in cash intended to meet family expenses, excluding advances of maintenance payments and special childbirth and adoption allowances mentioned in Annex 1"*.

In Romania, this includes:

- child benefits
- child-raising benefits

However, since this study assesses family benefits that can be exported (cash benefits) only the child benefits are relevant.

Children up to 18 years of age (or secondary or post-secondary graduation age), who live together with their parents, and have their domicile or residence in Romania, are entitled to state allowances for children (*alocație de stat pentru copii*). The amount of child benefits is fixed (not income related), but varies according to age: 200 lei (EUR 45) for children under the age of two and to 42 lei (about EUR 9) for those older than two.

Claims for family benefits have to be submitted at the town halls. Claims that involve the use of EU forms are submitted to the county agencies for payments and social inspection who take the decision on entitlement.

Eligibility to family benefits requires documentation in the form of: original and copy of birth certificate of the child, original and copy of the ID of the legal representative, documents showing legal status of the child towards legal representative. In cases where claims for child benefits are made by EU citizens working in Romania, the applicant must provide documentation to clarify whether Romania has primary competence. This includes relevant information regarding working status and residence of the other parent and child(ren).

The National Agency for Payments and Social Inspection is using an IT tool for issuing the decisions and calculation of benefits in the case of national applications. This is not applicable for issuing the EU forms.

### **Current administrative costs and burden**

To determine the current administrative costs and burdens in handling family benefits in Romania an interview with the National Agency for Payments and Social Inspection was conducted.

The National Agency for Payments and Social Inspection estimates that they handle approximately 3,000 existing active cases as primary competent state and 49,536<sup>65</sup> existing cases as secondary competent state.

The average man-hours used handling cases on export of family benefits by National Agency for Payments and Social Inspection as national administration with primary competence is 1.46 man-hours. As national administration with secondary competence the number is 0.37 man-hours. With an average labour cost at EUR 2.5 per hour this adds up to a total average of EUR 3.7 per case as national administration with primary competence and EUR 0.9 per case as national administration with secondary competence.

Below is a detailed review of the administrative costs arising from each of the administrative tasks involved in handling the export of family benefits today and in regards to Options 1a, 1b, and 3.

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<sup>65</sup> Note it is not the number of *new cases* in 2014 but *existing active cases* in 2014. The number of new cases for 2014 is not available.

Table G-1 Current administrative costs and burden – Romania as Member State of primary competence

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included (not annual control)</b>	<b>1.46 hours</b>	<b>100%</b>	<b>11427</b>	<b>42.3</b>
Determination of national administration with primary competence	1 hour	100%		
Calculation of benefit	2 hours	10%		
Annual control	1 hour	10%		
Disagreement regarding determination of primary competence <sup>66</sup>	1 hour	0.01%		
Overlapping benefits <sup>67</sup>	1.5 hours.	5%		
Reimbursement	1 hour	0.1%		
Recovery <sup>68</sup>	2 hours	0.05%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

<sup>66</sup> 10-20 cases per year

<sup>67</sup> Information from other MS are received very late

<sup>68</sup> 844 cases in 2014. Degree of recovery 50%

Table G-2 Current administrative costs and burden – Romania as Member State of secondary competence

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included (not annual control)</b>	<b>0.37 hours</b>	<b>100%</b>	<b>4616</b>	<b>4.3</b>
Determination of national administration with primary competence	35 min.	20%		
Calculation of benefit	1 hour	20%		
Annual control	1 hour	100%		
Disagreement regarding determination of primary competence	1 hour	5%		
Overlapping benefits	1.5 hours	0.1%		
Reimbursement	-	0%		
Recovery	2 hours	0.1%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

### Change in administrative costs and burden from revised EU provisions

The National Agency for Payments and Social Inspection expressed doubts regarding the proposed changes to the provisions of family benefits granted according to the living standard in the Member State of residence of the child. The concerns were related to whether the revisions would lead to a breach with the principles of coordination of social security systems.

In addition, the National Agency for Payments and Social Inspection stressed, that since the procedure of implementing the new rules are not clear, they found it rather difficult to make an estimation of the change in administrative costs.

If the procedures are implemented through the same mechanism of EU forms and payments of benefits are made directly to the families, the administrative costs will remain almost the same. However, if the procedure shall involve reimbursements between the institutions, the administrative tasks will increase and the costs equally which most likely will affect the EU workers/applicants. The National Agency for Payments and Social Inspections also assessed, that in case the order of priority changed so that the country of residence of the children becomes the Member State with primary competence, it will lead to an increase in disagreements between the Member State on competence, since residence as a criteria is harder to implement than work.

Table G-3 Change in administrative costs and burden from Option 1a and Option 1b – Romania as Member State of primary and secondary competence

Administrative task	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included (not annual control)</b>	Primary: <b>0.30 hours</b> Secondary: <b>0.55 hours</b>	<b>100%</b> <b>100%</b>	Primary: <b>11427</b> Secondary: <b>4616</b>	Primary: <b>8.7</b> Secondary: <b>6.4</b>
Determination of national administration with primary competence	0 hours	Primary: 100% Secondary: 20%		
Calculation of benefit <sup>69</sup>	2.5 hours	Primary: 10% Secondary: 20%		
Annual control	0 hours	Primary: 10% Secondary: 100%		
Disagreement regarding determination of national administration with primary competence <sup>70</sup>	1 hour	Primary: 0.01% Secondary: 5%		
Overlapping benefits <sup>71</sup>	1 hour	Primary: 5% Secondary: 0.1%		
Reimbursement <sup>72</sup>	1 hour	Primary: 0.1% Secondary: 0%		
Recovery <sup>73</sup>	1 hour	Primary: 0.05% Secondary: 0.1%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

<sup>69</sup> More information will probably be necessary to calculate the benefit.

<sup>70</sup> The number of cases where the MS disagree will probably increase.

<sup>71</sup> The number of tasks and checks will probably increase.

<sup>72</sup> The number of tasks and checks will probably increase.

<sup>73</sup> The number of tasks and checks will probably increase.

Table G-4 Change in administrative costs and burden from Option 3 – Romania as Member State of primary and secondary competence

Administrative task	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included (not annual control)</b>	Primary: <b>1.15</b> Secondary: <b>1.30</b>	<b>100%</b>	Primary: <b>11427</b> Secondary: <b>4616</b>	Primary: <b>30.4</b> Secondary: <b>3.5</b>
Determination of national administration with primary competence <sup>74</sup>	1 hour	Primary: 100% Secondary: 20%		
Calculation of benefit	0 hours	Primary: 10% Secondary: 20%		
Annual control <sup>75</sup>	1 hour	Primary: 10% Secondary: 100%		
Disagreement regarding determination of national administration with primary competence <sup>76</sup>	2 hours	Primary: 0.01% Secondary: 5%		
Overlapping benefits <sup>77</sup>	1 hour	Primary: 5% Secondary: 0.1%		
Reimbursement <sup>78</sup>	1 hour	Primary: 0.1% Secondary: 0%		
Recovery <sup>79</sup>	1 hour	Primary: 0.05% Secondary: 0.1%		

<sup>74</sup> The number of tasks and checks will probably increase.

<sup>75</sup> The number of tasks and checks will probably increase.

<sup>76</sup> The number of tasks and checks will probably increase.

<sup>77</sup> The number of tasks and checks will probably increase.

<sup>78</sup> The number of tasks and checks will probably increase.

<sup>79</sup> The number of tasks and checks will probably increase.

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

### **Administrative implications for families from revisions to EU provisions on exports of family benefits**

Though they find it hard to estimate, the National Agency for Payments and Social Inspection believe that the revisions will lead to an increase in time spent by the families on providing information.

### **Conclusions**

The annual number of cases handled in Romania per year is estimated at 11427 when Romania is the Member State of primary competence, while the number of cases is somewhat lower, 4616, when being the Member State of secondary competence.

Currently, the administrative resources spent on each case amount to 1.46 hours for an average case when Romania is the Member State primary competence, and to 0.37 hours when of secondary competence.

The overall assessment is that the changes to the administrative tasks will be quite significant. This is particularly the case for Option 3.

## Annex H – Case study for UK

### Introduction

In this section, we give a short description of the UK legislation on family benefits, which kind of benefits it includes, who is eligible, and how the legislation is interpreted by the national administrative institution handling family benefits, Her Majesty's Revenue and Customs.

EC Regulation 883/2004, Article 1 (z) defines the term family benefits as *"all benefits in kind or in cash intended to meet family expenses, excluding advances of maintenance payments and special childbirth and adoption allowances mentioned in Annex I"*.

In the UK, this includes child benefits, which is a tax financed (non-contributory, not means-tested) system available for persons responsible for raising a child or children. The claimant must be present, ordinarily resident and have a right to reside in the UK. Claimant's immigration status not subject to any limitation or condition Child and claimant to be present in UK and living together.

The benefits apply normally to children of up to 16 years or if continuing in non-advanced education or approved training up to 20th birthday. Generally, the child must be present in the UK.

In 2015, the benefit rates are GBP 88.83 (EUR 111) per month for the eldest qualifying child of a couple (monthly amount). For each other child GBP 58.72 (EUR 73).

### Current administrative costs and burden

To determine the current administrative costs and burden in handling family benefits in the UK an interview with Her Majesty's Revenue and Customs was conducted. In general, the interviewee found it difficult to assess administrative costs and burden as no actual measurements are made. Hence, the assessments of current costs provided are rough estimates only, while no assessments of the changes to these as a result of revisions to the EU provisions have been provided.

With this caveat in mind, Table H-1 shows that Pacolet and De Wispelaere (2015) estimates that the UK as primary competence handles just above 20,000 cases a year. The administrative resources spent on average on these cases are estimated to amount to almost six man-hours per case. This is higher than for the other case study Member States. Much time seems, for example, to be spent on determining who the national administration with primary competence is, and on settling disagreements in this regard.

With the significant number of cases, the total administrative costs amount to almost mEUR 2 per year.



Table H-1 Current administrative costs and burden – UK as Member State of primary competence

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included (not annual control)</b>	<b>5.75 hours</b>	<b>100%</b>	<b>20271</b>	<b>1955.1</b>
Determination of national administration with primary competence	2 hours	100%		
Calculation of benefit	2 hours	100%		
Annual control	0.75 hours	100%		
Disagreement regarding determination of primary competence	2 hours	15%		
Overlapping benefits	2 hours	25%		
Reimbursement	0.75 hours	40%		
Recovery	0.75 hours	20%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

Table H-2 then shows that Pacolet and De Wispelaere (2015) estimates that the UK as primary competence handles around 3,300 cases a year. The administrative resources spent on average on these cases are estimated to amount to 2.75 man-hours per case. This is similar to for the other case study Member States. The total administrative costs amount to almost EUR 200,000 per year.

Table H-2 Current administrative costs and burden – UK as Member State of secondary competence

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included (not annual control)</b>	<b>2.75 hours</b>	<b>100%</b>	<b>3391</b>	<b>171.3</b>
Determination of national administration with primary competence	0.75 hours	100%		
Calculation of benefit	0.75 hours	100%		
Annual control	0.75 hours	100%		
Disagreement regarding determination of primary competence	2 hours	15%		
Overlapping benefits	2 hours	25%		
Reimbursement	0.75 hours	40%		
Recovery	0.75 hours	20%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

### Change in administrative costs and burden from revised EU provisions

As mentioned above, it was not feasible for the UK interviewee to provide estimates of the change in the administrative costs from revisions to the EU provisions.

### Administrative implications for families from revisions to EU provisions on exports of family benefits

Similarly, the UK interviewee could not assess the administrative implications for the families.

### Conclusions

The annual number of cases handled in the UK per year is estimated at 20,271 when the UK is the Member State of primary competence, while the number of cases is somewhat lower, 3,391, when the UK is the Member State of secondary competence.

Currently, the administrative resources spent on each case amount to 5.75 hours for an average case when of primary competence, and to 2.75 hours when of secondary competence.

It has not been feasible to obtain estimates of the change in the administrative costs from revisions to the EU provisions.



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**ANNEX XVII: Brodolini Report Administrative Costs unemployment benefits**



## **Task 2: Administrative costs of handling aggregation of periods or salaries for unemployment benefits**

Study to analyse and assess the impacts of policy options for a possible EU initiative in the area of coordination of social security schemes, in particular with regard to the revision of the current EU provisions on the entitlement to unemployment benefits

Tender prepared under the lead of Fondazione Giacomo Brodolini on behalf of the consortium, under the Framework Contract: "Provision of services related to evaluation, evaluative studies, analysis and research work, including support for impact assessment activities" YT/2013/119 – Lot 2



The following national experts have contributed to the work of the authors: Tanja Klenk (Germany), Andrew Britt (Netherlands), Beata Samoraj-Charitonow (Poland), Magda Filip (Romania), Sally-Anne Barnes (UK)

**EUROPEAN COMMISSION**

Directorate-General for Employment, Social Affairs and Inclusion

Directorate B — Employment and Social Legislation, Social Dialogue

Unit B.4 — Free Movement of Workers and Coordination of Social Security Schemes

*European Commission  
B-1049 Brussels*

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Study to analyse and assess the impacts of policy options for a possible EU initiative in the area of coordination of social security schemes, in particular with regard to the revision of the current EU provisions on the entitlement to unemployment benefits





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## **Executive Summary**

The right to unemployment benefits in all Member States depends on having fulfilled a qualifying period. Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems specifies in Article 61 the principle of aggregation, which means that if a person does not have a sufficiently long unemployment benefit insurance record in the last Member State of activity/insurance – henceforth called the Member State of last employment, periods

fulfilled in another Member State – henceforth called the Member State of previous employment. Most Member States apply the principle of aggregation after one day of insurance. This may lead to cases where unemployment benefits are being claimed after a very short period of being member of the insurance system in the Member State of last employment. It has therefore been questioned whether the current rules sufficiently ensure that a worker has an effective link to the given labour market and the related insurance system before claiming unemployment benefits there, either in terms of the length of the insurance periods fulfilled or in terms of the calculation basis for the unemployment benefits. Furthermore, claiming benefits after a short period of insurance or (self-)employment may have negative financial consequences for the Member States which has to pay the benefits.

Revisions to the current rules are therefore being considered to ensure uniform application of the principle of aggregation across Member States. This is done to ensure that the financial burden for paying unemployment benefits does not arise in situations, where mobile EU-workers have not yet made a significant contribution to the insurance system in the Member State of last employment, and in general to avoid undesirable uses of the unemployment benefit insurance systems in the EU. However, such revisions to the rules may also have implications for the administrative costs and burden for the national administrations handling aggregation of unemployment benefit cases as well as for the EU-workers themselves and their families.

On this background, the present study looks into the following four possible revisions to Regulation (EC) No 883/2004:

- Option 2a: A threshold of **one month** of insurance or (self-)employment needs to be completed in the Member State of last employment before aggregation of periods of insurance, employment or self-employment fulfilled in a Member State of previous employment can be applied<sup>80</sup>.
- Option 2b: A threshold of **three months** of insurance or (self-)employment needs to be completed in the Member State of last employment before aggregation of periods of insurance, employment or self-employment fulfilled in a Member State of previous employment can be applied<sup>81</sup>.
- Option 3a: The salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment, if less than **one month** of insurance or (self-)employment is completed in the Member State of last employment. The calculation is made within a national reference period.
- Option 3b: The salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment, if less than **three months** of insurance or (self-)employment is completed in the Member State of last employment. The calculation is made within a national reference period.

There is, however, no official information available on the costs of the different administrative tasks carried out by the national administrations in the Member States when handling a case of aggregation of unemployment benefits. Therefore, the study has obtained this information from its primary sources via interviews with national administrations. It was not feasible within the scope of Task 2 to gather such information for all 28 EU Member States. Hence, the results are based on analyses for six case study Member States: Germany, Denmark, Netherlands, Poland, Romania, and the UK.

<sup>80</sup> We also qualitative assess the possible additional administrative burden, if the option is modified/extended to make the Member State of previous employment responsible for paying unemployment benefits for those workers who have not completed the required period of insurance or (self-)employment in the Member State of last employment.

<sup>81</sup> idem.

### Change in administrative costs and burden for national administrations acting as authority of last employment

A first observation, when assessing the administrative costs and burden for the national administrations in the Member States acting as authority of last employment, is that most of these national administrations – at least in the six case study Member States – only handle few cases annually. Only Poland experiences a notable number of cases with 1,517 (in 2013) while the Romanian national administration only had to handle 12 cases. Hence, from the outset it could be assumed that there within many national administrations only is little experience with handling aggregation cases and not that much focus on the costs of doing so. In any case, the current total administrative costs are limited in an overall context.

Currently, the national administrations in the case study Member States use as shown in Table 0-1 on average less than 1.5 man-hours per case, most of which is used for the collection of information from Member States of previous employment about the applicants' employment and insurance histories, followed by resources spent on the calculation of the unemployment benefit payments. The man-hour use is fairly similar in between the case study Member States, and there is no tendency to that high labour cost Member States such as Denmark and the Netherlands carry out the administrative tasks using less manpower than low labour cost Member States such as Poland and Romania.

*Table 0-1 National administrations handling aggregations of unemployment benefits as authority of last employment, man-hours per average case*

<b>Administrative tasks</b>	<b>DE</b>	<b>DK</b>	<b>NL</b>	<b>PL</b>	<b>RO</b>	<b>UK</b>	<b>Av.</b>
<i>Standard administrative tasks</i>							
Collecting information	0.20	1.42	0.50	0.56	0.88	0.75	0.72
Calculation of benefit	0.20	0.21	0.50	0.32	1.00	0.38	0.43
<i>Additional administrative tasks</i>							
Determination of residence	0.00	0.04	0.05	0.63	0.00	0.00	0.12
Change in circumstances	0.00	0.08	0.03	0.07	0.00	0.00	0.03
Reimbursement	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Recovery	0.00	0.07	0.02	0.00	0.00	0.00	0.01
Other	0.10	0.00	0.00	0.25	0.00	0.00	0.06
<b>TOTAL</b>	<b>0.50</b>	<b>1.81</b>	<b>1.10</b>	<b>1.83</b>	<b>1.88</b>	<b>1.13</b>	<b>1.37</b>

Sources: Interviews.

This study assesses as shown in Table 0-2 that the administrative tasks will be almost unchanged if it is decided to implement Option 2a or Option 2b – i.e. to introduce a threshold for the period of insurance or employment to be completed in the Member State of last employment before the aggregation principle applies. If Options 2a and 2b are modified/extended to make the Member State of previous employment responsible for paying unemployment benefits for those workers who have not completed the required period of insurance or (self-)employment in the Member State of last employment, there will be an additional need for the latter national administration to inform the former about this situation. Although the interviewees have not assessed the administrative burden of doing this, we would expect this to a minor additional task as the national administration of last employment in any case is in contact with the national

administration of previous employment regarding the exchange of information about the given applicant.

For Options 3a and 3b – i.e. taking into account the salary earned in the Member State of previous employment in the unemployment benefit calculation – it is assessed that each case on average will take around 20 minutes longer to handle, i.e. 28-29% increase. This increase is caused by the need to collect information as the salary earned in the Member State of previous employment and to use this in the calculation of the unemployment benefit payment.

*Table 0-2 Change in the man-hours per administrative task for aggregation of unemployment benefit cases handled by national administrations as authority of last employment (simple average of case study Member States)*

Administrative tasks	Option 2a		Option 2b		Option 3a		Option 3b	
	Man-hours	% from base	Man-hours	% from base	Man-hours	% from base	Man-hours	% from base
<i>Standard admin. tasks</i>								
Collecting information	0.00	0.0%	0.00	0.0%	0.33	46.5%	0.33	46.5%
Calculation of benefit	0.00	0.0%	0.00	0.0%	0.13	30.7%	0.13	30.7%
<i>Additional admin. tasks</i>								
Det. of residence	-0.04	-30.9%	-0.03	-24.1%	-0.04	-30.9%	-0.03	-24.1%
Change in circumstances	0.01	21.8%	0.01	21.8%	0.00	0.0%	0.00	0.0%
Reimbursement	-0.05	0.0%	-0.04	0.0%	-0.05	0.0%	-0.04	0.0%
Recovery	0.00	14.5%	0.00	14.5%	0.00	0.0%	0.00	0.0%
Other	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
<b>TOTAL</b>	<b>-0.08</b>	<b>5.5%</b>	<b>0.06</b>	<b>4.2%</b>	<b>0.38</b>	<b>27.9%</b>	<b>0.40</b>	<b>29.1%</b>

Sources: Interviews.

In monetary terms, the assessment is as shown in Table 0-3 that the revisions will lead to minor changes in total administrative costs. Only in Poland a change in the unit costs per case and in total costs in EUR is expected as a result of Options 2a and 2b.

*Table 0-3 Change in unit costs per case and total costs handling aggregation of unemployment benefit cases by national administrations as authority of last employment – main calculation*

Member State	Option 2a		Option 2b		Option 3a		Option 3b	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	0.0	0.0	0.0	0.0	11.3	8.9	11.3	8.9
DK: Denmark	0.0	0.0	0.0	0.0	15.1	0.8	15.1	0.8
NL: Netherlands	0.0	0.0	0.0	0.0	8.4	1.4	8.4	1.4
PL: Poland	-2.3	-3.5	-1.8	-2.7	-0.8	-1.2	-0.3	-0.4
RO: Romania	0.0	0.0	0.0	0.0	2.5	0.0	2.5	0.0
UK: United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: Interviews and Eurostat.

#### **Change in administrative costs and burden for national administrations acting as authority of previous employment**

The observation that most national administrations of last employment only handle few cases of unemployment period aggregations implies that this also will be the case for most national administrations of previous employment – as the total number of cases is the same from both perspectives for the EU as a whole. This said, the number of cases handled by the six case study Member States of previous employment is somewhat higher than that when being of Member State of last employment. The UK experiences with 3,333 (in 2013) the largest number of cases, followed by Germany with 1,164 cases. However, in relation to the size of the national labour market, Denmark handles with 686 cases most.

Currently, the national administrations in the case study Member States use as shown in Table 0-4 on average less than one man-hour per case, with almost all time spent on the standard administrative task of providing information – i.e. to respond to a request from a Member State of last employment regarding an applicant's insurance and employment history. There is, however, some variation in the average time spent in between the case study Member States. In particular, the unemployment funds in Romania spend much time responding to a request for information about an applicant's previous insurance and employment history. At the other end, the UK does not see that of being the authority of previous employment involving much work.



*Table 0-4 National administrations handling aggregations of unemployment benefits as authority of previous employment, man-hours per average case*

<b>Administrative tasks</b>	<b>DE</b>	<b>DK</b>	<b>NL</b>	<b>PL</b>	<b>RO</b>	<b>UK</b>	<b>Av.</b>
<i>Standard administrative tasks</i>							
Providing information	0.50	0.67	0.67	0.67	2.48	0.00	0.83
<i>Additional administrative tasks</i>							
Determination of residence	0.00	0.00	0.00	0.46	0.00	0.01	0.08
Change in circumstances	0.00	0.00	0.00	0.15	0.00	0.00	0.02
Reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Recovery	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>0.50</b>	<b>0.67</b>	<b>0.67</b>	<b>1.27</b>	<b>2.48</b>	<b>0.01</b>	<b>0.93</b>

Sources: Interviews.

Similar to for the national administrations of last employment, Option 2a and Option 2b will as shown in Table 0-5 not make almost no changes to the administrative tasks of the national administrations when acting as authority of previous employment. However, if Options 2a and 2b are modified/extended to make the Member State of previous employment responsible for paying unemployment benefits for those workers who have not completed the required period of insurance or (self-)employment in the Member State of last employment, the national administration of previous employment will have two new administrative tasks. Firstly, there will be a minor task of receiving and registering the information about the situation. Secondly, the national administration will calculate the benefits that the applicant is entitled to according to its national legislation. Our best estimate of the additional administrative burden of this is the time estimates provided by the national administrations of last employment for their similar tasks. Hence, based on their we assess that the national administration of previous employment will spent around 20 minutes extra for each case where it becomes responsible for paying the unemployment benefits.

This assessment of limited impacts goes, however, also for Options 3a and 3b when having the role as authority of previous employment.

*Table 0-5 Change in the man-hours per administrative task for aggregation of unemployment benefit cases handled by national administrations as authority of previous employment (simple average of case study Member States)*

Administrative tasks	Option 2a		Option 2b		Option 3a		Option 3b	
	Man-hours	% from base	Man-hours	% from base	Man-hours	% from base	Man-hours	% from base
<i>Standard admin. tasks</i>								
Providing information	0.01	0.8%	0.01	0.8%	0.06	7.7%	0.06	7.7%
<i>Additional admin. tasks</i>								
Det. of residence	-0.04	-57.2%	-0.04	-57.2%	-0.04	-57.2%	-0.04	-57.2%
Change in circumstance	0.01	33.7%	0.01	33.7%	0.03	112.4%	0.03	112.4%
Reimbursement	-0.06	0.0%	-0.06	0.0%	-0.06	0.0%	-0.06	0.0%
Recovery	0.00	0.0%	0.00	0.0%	0.03	0.0%	0.03	0.0%
<b>TOTAL</b>	<b>-0.08</b>	<b>-8.8%</b>	<b>0.08</b>	<b>8.8%</b>	<b>0.05</b>	<b>5.3%</b>	<b>0.05</b>	<b>5.3%</b>

Sources: Interviews.

Hence as shown in Table 0-6, also in monetary terms the assessment is that the revisions will lead to minor changes in total administrative costs.

*Table 0-6 Change in unit costs per case and total costs handling aggregation of unemployment benefit cases by national administrations as authority of previous employment – main calculation*

Member State	Option 2a		Option 2b		Option 3a		Option 3b	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	0.0	0.0	0.0	0.0	4.1	4.8	4.1	4.8
DK: Denmark	1.2	0.8	1.2	0.8	1.2	0.8	1.2	0.8
NL: Netherlands	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PL: Poland	-2.7	-0.4	-2.7	-0.4	0.3	0.04	0.3	0.04
RO: Romania	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UK: United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: Interviews and Eurostat.

### **Change in administrative costs and burden for mobile EU-workers and their families**

The proposed revisions to the EU provisions may well have implications for the mobile EU-workers and their families. Although it may not be considered as administrative implications, it is suggested that Option 2a and Option 2b may have a negative impact on the exercise of free movement, because a more complex legislation may discourage workers who were planning to move to another Member State.

Regarding Option 3a and Option 3b, compared with the current situation, applicants need to wait a longer time before they receive their benefits. This may further cause income problems for those without private savings. Furthermore, there is an increased requirement to provide documentation in the form of contracts, payslips etc.

## Introduction

### 1.8. Background and purpose

The right to unemployment benefits in all Member States depends on having fulfilled a qualifying period. Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems specifies in Article 61 the principle of aggregation, which means that if a person does not have a sufficiently long unemployment benefit insurance record in the last Member State of activity/insurance – henceforth called the Member State of last employment, periods fulfilled in another Member State – henceforth called the Member State of previous employment.

Most Member States apply the principle of aggregation after one day of insurance. This may lead to cases where unemployment benefits are being claimed after a very short period of being member of the insurance system in the Member State of last employment. It has therefore been questioned whether the current rules sufficiently ensure that a worker has an effective link to the given labour market and the related insurance system before claiming unemployment benefits there, either in terms of the length of the insurance periods fulfilled or in terms of the calculation basis for the unemployment benefits. Furthermore, claiming benefits after a short period of insurance or (self-)employment may have negative financial consequences for the Member States which has to pay the benefits.

Revisions to the current rules are therefore being considered to ensure uniform application of the principle of aggregation across Member States. This is done to ensure that the financial burden for paying unemployment benefits does not arise in situations, where mobile EU-workers have not yet made a significant contribution to the insurance system in the Member State of last employment, and in general to avoid undesirable uses of the unemployment benefit insurance systems in the EU.

On this background, we look in the present study into the following four possible revisions to Regulation (EC) No 883/2004:

- Option 2a: A threshold of **one month** of insurance or (self-)employment needs to be completed in the Member State of last employment before aggregation of periods of insurance, employment or self-employment fulfilled in a Member State of previous employment can be applied<sup>82</sup>.
- Option 2b: A threshold of **three months** of insurance or (self-)employment needs to be completed in the Member State of last employment before aggregation of periods of insurance, employment or self-employment fulfilled in a Member State of previous employment can be applied<sup>83</sup>.
- Option 3a: The salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment, if less than **one month** of insurance or (self-)employment is completed in the Member State of last employment. The calculation is made within a national reference period.
- Option 3b: The salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment, if less than **three months** of insurance or (self-)employment is completed in the Member State of last employment. The calculation is made within a national reference period.

<sup>82</sup> We also qualitative assess the possible additional administrative burden, if the option is modified/extended to make the Member State of previous employment responsible for paying unemployment benefits for those workers who have not completed the required period of insurance or (self-)employment in the Member State of last employment.

<sup>83</sup> idem.

Such revisions may affect the behaviour of the mobile EU-workers and their families, the amounts of unemployment benefits being paid, and the administration needed to handle the aggregation of unemployment benefit cases. The analysis within Task 2 focuses on the latter issue – i.e. the changes to the administrative costs and burden for the national administrations handling aggregation of unemployment benefit cases from the revisions. In this context, Task 2 distinguishes between the administrative costs incurring in the Member States of last employment and those incurring in the Member States of previous employment. Furthermore, we look into the possible changes in the administrative burdens for the mobile EU-workers themselves and their families.

There is, however, as described further below no official information available on the costs of the different administrative tasks carried out by the national administrations in the Member States when handling a case of aggregation of unemployment benefits. Therefore, we have obtained this information from its primary sources via interviews with national administrations. It was not feasible within the scope of Task 2 to gather such information for all 28 EU Member States. Hence, the results are based on analyses for six case study Member States: Germany, Denmark, Netherlands, Poland, Romania, and the UK.

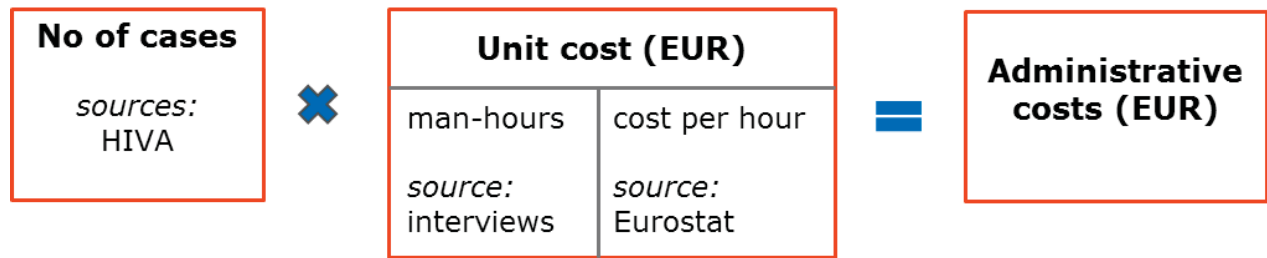
### **1.9. Methodology**

As just introduced above, Task 2 focuses on assessing the administrative costs and burden for the national administrations handling aggregation of unemployment benefit cases. For this, we have made use of the definition of administrative costs and burden provided by the EC (2009) Impact Assessment Guidelines. While doing this, we have adopted a broad definition of administrative information obligations – i.e. we have considered the costs of administrative tasks such as the collection and provision of information, the calculation of benefits, and the reimbursement and recovery of benefits in between Member States. We have then assessed how these administrative costs may change from the revisions to Regulation (EC) No 883/2004 to comprise an additional administrative burden – positive or negative – for the national administrations as well as for the mobile EU-workers and their families. This approach is also in line with the Better Regulation Guidelines (EC, 2015) emphasises objective of delivering maximum benefits to citizens, businesses and workers while avoiding all unnecessary regulatory burdens, and so avoiding unnecessary additional administrative burdens.

The calculations of the administrative costs for the national administrations are as illustrated in Figure 1-1 in principle simple. Firstly, the number of cases in the left-hand side of the figure are the annual cases of aggregation of unemployment benefits currently registered in the six case study Members States. Actually, a given case may be dealt with in two of the six selected Member States if, for example, a given applicant for aggregation (i.e. in a Member State of last employment) comes from another of the six Member States (i.e. in a Member State of previous employment). In our main calculation, we assume that the number of cases does not change due to revising the EU provisions. However, we do to illustrate the sensitivity of this assumption also show a scenario where we assume a change in the number of cases based on the results of Task 4 of this study.

Secondly, we calculate the unit costs for the national administration – i.e. the current administrative costs per case as well as the changed administrative costs per case as a result of revising the EU provisions. The administrative costs per case will clearly differ between cases, i.e. there will be easy cases only involving standard administrative tasks while other more complex cases will involve additional tasks. Hence, we are in practice looking for average costs. These unit costs in EUR are composed of assessments of the man-hours needed per case and the costs per man-hour in EUR (see Table 1-1 in the next section).

Figure 1-1 Calculation of administrative costs for national administrations



As indicated in Figure 1-1, the estimations of the current number of cases have been provided by the HIVA KU Leuven Research Institute for Work and Society (HIVA) via a data gathering exercise (see Pacolet and De Wispelaere, 2015).

The bulk of the work within Task 2 has been the estimation of the man-hours needed to carry out the administrative tasks of handling a case of aggregation of unemployment benefits. As already mentioned, such information is not available from official sources, and so we have gathered the information through interviews with national administrations in the six case study Member States. For this purpose we identified the national administrations to interview (see Annexes C to H for the interviewees), and we developed an interview guide that was shared with our Member States experts/interviewers in the six case study Member States in their respective national languages (see Annex B for the English version of the interview guide). The interview guide was developed via a desk study approach by reviewing existing literature and guidance papers on the legislation (see Annex A) and it was tested in Denmark before being applied in the five other case study Member States.

From the Member State-specific analyses in Annexes C to H, it becomes clear that most of the man-hour estimates are based on a few interviews only. This is partly because there is often only a few national administrations that handle export of family benefit cases in each of the Member States, and partly because of limited interview resources. Hence, the premise for this analysis is the uncertainty associated with few assessments that, furthermore, mostly are based on the subjective assessments of the interviewees rather than on actual registrations of time spent on different administrative tasks. It has therefore not been feasible within the present study period to further validate the administrative cost estimates, but these may well be commented upon by national administrations in the non-case study Member States once this report is released. In this context, it should be underlined that although there are some differences in the assessments both within and in between the Member States, the overall the assessed levels of administrative costs and the additional burdens from the possible revisions to the EU provisions do compare. Finally, the assessed additional burdens can be argued to be low, in particular in absolute terms for a Member State as a whole. Hence, they may well be lower than the socioeconomic benefits caused by the revisions.

### **1.10. Case study Member States**

As already mentioned, the calculations of the administrative costs and burden are based on information for six case study Member States only. Although, it is not the aim of Task 2 to produce a total EU-28 figure for the administrative costs and burden via an upscaling of the calculations from the case studies, we have aimed to select Member States that represent the variety within the EU.

Firstly, we have selected Member States that are geographically spread across the EU. Secondly, the selection comprises Member States that mainly attract mobile EU-workers (Germany, Denmark, Netherlands, UK) and Member States that mainly see workers leave (Poland, Romania). Thirdly, although all Member States apply the general principle of providing an income support to workers that have become (involuntarily) unemployed and all apply qualifying periods, there are some differences. While the Netherlands

applies a qualifying period of less than one year, it is one year or above in Germany, Denmark, Poland and Romania. Furthermore, the income replacement rates are a percentage of past earnings averaged over more than three months in Germany, while Denmark and Netherlands only look at earnings during the last three months. Poland, Romania and the UK apply a flat or fixed rate<sup>84</sup>. Finally, the case study Member States may well differ with respect to the capacity of administration, to the development of IT, and to the standard of living.

Regarding the latter, as shown in Table 1-1, the unit labour costs of the national administrations differ much in between the case study Member States. We assume here that the average wage levels of the relevant employees in the national administrations are similar to that of employees in general in the public administration with upper secondary or post-secondary non-tertiary education. Although the differences in labour costs is a reflection of general differences in labour costs in between the Member States, it could be expected that this may lead to differences in the use of man-power to carry out the administrative tasks. It could, for example, be expected that higher labour costs could lead to fewer labour-intensive processes – and vice versa. However, as shown below such difference have not been detected in between higher and lower labour cost Member States.

*Table 1-1 Labour costs, 2013, EUR per hour - employees in public administration etc. with upper secondary or post-secondary non-tertiary education*

<b>Member State</b>	<b>Wage costs, 2010, EUR per hour<sup>(1)</sup></b>	<b>Wage costs, 2013, EUR per hour<sup>(2)</sup></b>	<b>Labour costs, 2013, EUR per hour<sup>(3)</sup></b>
DE: Germany	14.9	16.4	20.5
DK: Denmark	22.3	23.4	29.3
NL: Netherlands	16.4	17.8	22.2
PL: Poland	3.8	4.1	5.1
RO: Romania	1.7	2.0	2.5
UK: United Kingdom	14.3	14.7	18.4

Sources: <sup>(1)</sup> Eurostat, Earnings survey, 2010 [the most recent] (earn\_ses10\_16). <sup>(2)</sup> 2013 estimates on the basis of Eurostat, Labour cost index ([lc\_lci\_r2\_a]). <sup>(3)</sup> Using 25% overhead costs according to EC Impact Assessment Guidelines.

<sup>84</sup> See Annexes C to H for more details on rules in the different case study Member States. Note in this context that Regulation overrules such national provisions if these are in conflict with this.

## Current administrative costs and burden

### 1.11. National administrations

The aggregation of unemployment benefit cases are handled by different types of national administrations in the case study Member States. In Germany and Denmark, it is the task of the private unemployment insurance institutions – both when acting as the authority of last employment and of previous employment. In the Netherlands, it is the Institute for Employee Benefit Schemes. In Poland, it is both at national and regional level Departments of Social Security Systems. In Romania, it is the National Agency for Employment, while it in the UK is the Department for Work and Pensions.

The below box describes an example of an aggregation of unemployment benefits currently handled by the national administrations.

#### Example of aggregation of unemployment benefits:

EU-worker A moves from Member State A [previous employment] to Member State B [last employment] and works there for two weeks<sup>85</sup> before becoming unemployed. Currently, he can claim unemployment benefits in Member State of last employment B based on his period of insurance in Member State of previous employment A.

#### **National administrations handling aggregation of unemployment benefits as authority of last employment**

Table 2-1 shows that the number of cases handled by national administrations acting as authority of last employment varied between the case study Member States in 2013<sup>86</sup>. This is not surprising given the difference in the sizes of the Member States, and given the fact that we both have selected Member States that mainly attract mobile EU-citizens and mainly see citizens leave. Actually, only Poland experiences a notable number of cases. The differences are also notable when looking at the number of cases relative to the sizes of the labour markets – i.e. total employment in the respective Member States.

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<sup>85</sup> Note that some Member States currently have stricter requirements, e.g. Denmark requires 8 weeks of work within 12 weeks to qualify.

<sup>86</sup> 2013 has been chosen as reference year, since the information on cases gathered by Pacolet and De Wispelaere (2015) is from 2013.



*Table 2-1 Number of aggregations of unemployment benefits handled by national administrations in 2013 as authority of last employment*

<b>Member State</b>	<b>Number of cases, 2013</b>	<b>Cases per 1000 employed</b>
DE: Germany <sup>(1)</sup>	791	0.02
DK: Denmark	54	0.02
NL: Netherlands	160	0.02
PL: Poland	1517	0.10
RO: Romania	12	0.00
UK: United Kingdom	30	0.00

Sources: Pacolet and De Wispelaere (2015). Eurostat database (lfsi\_emp\_a).

Notes: <sup>(1)</sup> Estimate made by consultant on the basis of data for Denmark and the Netherlands.

Table 2-2 shows for the six case study Member States, the man-hours per average case for the national administrations handling aggregation of unemployment benefits as authority of last employment. The administrative tasks are divided into standard administrative tasks and additional administrative tasks.

The former tasks, which are carried out for almost all cases, comprise information collection. Hence, for each application for aggregation of unemployment benefits, the national administration will collect the information necessary to decide on the payment of unemployment benefits to the applicant. This involves, for example, obtaining information from previous Member State(s) of insurance about insurance and employment histories. Table 2-2 shows that this task for an average case in a Member States takes between 0.20 man-hours in Germany and 1.42 man-hours in Denmark (see Annexes C to H for Member State-specific analyses).

The national administration of last employment will then calculate the benefits that the given applicant is entitled to according to the given national legislation, and it will set the payment of unemployment benefits in motion. Here the average time spent per case ranges from 0.20 man-hours in Germany to 1 man-hours in Romania.

The latter tasks, which are carried out more infrequently for the more complex cases, comprise, for example, the determination of residence when this is not obvious. This task leads to additional costs as a result of collecting additional information about family ties, housing situation, characteristics of the applicant's professional activities. In Poland, this is an important task, while it is of only little importance in the other case study Member States.

Furthermore, if circumstances of the applicant change this will require a determination of the type of change and it may lead to a change of competence and to a recalculation of benefits. Finally, there may be costs from reimbursement activities if provisional unemployment benefits awarded to an EU-worker should have been paid by another Member State, and from recovery activities if an applicant unjustified has received unemployment benefits.

Overall, Table 2-2 shows that currently the resources spent on a case by the national administration as authority of last employment averages less than 1.5 man-hours. Germany is a slight outlier at the low end, which appears to be caused by relative less emphasis on information collection. Denmark, Poland, and Romania are at the higher end, due to different tasks, however.

*Table 2-2 National administrations handling aggregations of unemployment benefits as authority of last employment, man-hours per average case*

<b>Administrative tasks</b>	<b>DE</b>	<b>DK</b>	<b>NL</b>	<b>PL</b>	<b>RO</b>	<b>UK</b>	<b>Av.</b>
<i>Standard administrative tasks</i>							
Collecting information	0.20	1.42	0.50	0.56	0.88	0.75	0.72
Calculation of benefit	0.20	0.21	0.50	0.32	1.00	0.38	0.43
<i>Additional administrative tasks</i>							
Determination of residence	0.00	0.04	0.05	0.63	0.00	0.00	0.12
Change in circumstances	0.00	0.08	0.03	0.07	0.00	0.00	0.03
Reimbursement	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Recovery	0.00	0.07	0.02	0.00	0.00	0.00	0.01
Other	0.10	0.00	0.00	0.25	0.00	0.00	0.06
<b>TOTAL</b>	<b>0.50</b>	<b>1.81</b>	<b>1.10</b>	<b>1.83</b>	<b>1.88</b>	<b>1.13</b>	<b>1.37</b>

Sources: Interviews.

When accounting for the differences in labour costs shown in Table 1-1, Table 2-3 shows that the average unit administrative costs in EUR differ more than the average man-hours shown in Table 2-2. The reason is that the high labour cost Member State, Denmark, also spend relatively most man-hours. This could be argued to be a surprising result, i.e. it could be expected that higher labour costs could lead to less labour-intensive processes.

The lower labour costs and man-hours spent in Poland and Romania imply that an average case costs around 5 to 10 EUR, while it in Denmark reaches above 50 EUR and in the Netherlands around 25 EUR. However, looking at total costs, Germany has with its many cases the highest total costs.

*Table 2-3 Administrative costs for national administrations handling aggregations of unemployment benefits as authority of last employment, unit costs and total costs 2013, EUR*

	<b>DE</b>	<b>DK</b>	<b>NL</b>	<b>PL</b>	<b>RO</b>	<b>UK</b>	<b>Av.</b>
Unit costs, EUR	10.3	53.0	24.3	9.4	4.7	20.7	20.4
Total costs, 1000 EUR	8.1	2.9	3.9	14.3	0.1	0.6	

Sources: Table 1-1, Table 2-1, and Table 2-2.

### **National administrations handling aggregation of unemployment benefits as authority of previous employment**

Table 2-4 then shows the number of cases handled by national administrations as authority of previous employment in the case study Member States in 2013 provided by Pacolet and De Wispelaere (2015). There is large variation in the number of cases. The UK experiences the largest number of cases, followed by Germany. This variation is also notable when looked at it in relation to the size of the national labour markets. Using this measure, Denmark handles relatively the highest number of cases, followed by the Netherlands, the UK and Romania.

*Table 2-4 Number of aggregations of unemployment benefits handled by national administrations in 2013 as authority of previous employment*

<b>Member State</b>	<b>Number of cases, 2013</b>	<b>Cases per 1000 employed</b>
DE: Germany	1164	0.03
DK: Denmark	686	0.26
NL: Netherlands	918	0.11
PL: Poland	147	0.01
RO: Romania	887	0.10
UK: United Kingdom	3333	0.11

Sources: Pacolet and De Wispelaere (2015). Eurostat database.

Table 2-5 shows for the six case study Member States, the unit administrative costs for the national administrations handling aggregations of unemployment benefits as authority of previous employment. The unit costs are here measured as man-hours per average case. Most cases involve time spent on the standard administrative task of providing information – i.e. to respond to a request from a Member State of last employment regarding an applicant's insurance and employment history.

More complex cases involve additional tasks that each may take significant time, but that will be infrequent. For the case study Member States this seems only to be significant for Poland, where time is spent on the determination of residence of the applicant and on dealing with changes in circumstances.

Overall, Table 2-5 shows that there is some variation in the average time spent in between the case study Member States. In particular, the unemployment funds in Romania spend much time responding to a request for information about an applicant's previous insurance and employment history. At the other end, the UK does not see that of being the authority of previous employment involving much work.

*Table 2-5 National administrations handling aggregations of unemployment benefits as authority of previous employment, man-hours per average case*

<b>Administrative tasks</b>	<b>DE</b>	<b>DK</b>	<b>NL</b>	<b>PL</b>	<b>RO</b>	<b>UK</b>	<b>Av.</b>
<i>Standard administrative tasks</i>							
Providing information	0.50	0.67	0.67	0.67	2.48	0.00	0.83
<i>Additional administrative tasks</i>							
Determination of residence	0.00	0.00	0.00	0.46	0.00	0.01	0.08
Change in circumstances	0.00	0.00	0.00	0.15	0.00	0.00	0.02
Reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Recovery	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>0.50</b>	<b>0.67</b>	<b>0.67</b>	<b>1.27</b>	<b>2.48</b>	<b>0.01</b>	<b>0.93</b>

Sources: Interviews.

Table 2-6 shows that the average unit administrative costs in EUR differ less than the average man-hours shown in Table 2-5. The reason is that the high labour cost Members States spend relatively few man-hours.

*Table 2-6 Administrative costs for national administrations handling aggregations of unemployment benefits as authority of previous employment, unit costs and total costs 2013, EUR*

	<b>DE</b>	<b>DK</b>	<b>NL</b>	<b>PL</b>	<b>RO</b>	<b>UK</b>	<b>Av.</b>
Unit costs, EUR	10.3	19.5	14.9	6.5	6.3	0.1	<b>9.6</b>
Total costs, 1000 EUR	12.0	13.4	13.7	1.0	5.6	0.5	

Sources: Table 1-1, Table 2-4, and Table 2-5.

### **1.12. Mobile EU-workers and their families**

The interviews carried out in the six case study Member States have not revealed many concerns about the time spent at present by the mobile EU-workers and their families when applying for aggregation of unemployment benefits. However, as discussed in Section 3.2 the possible revisions to the EU provisions may well have implications.

## Change in administrative costs and burden from revised EU provisions

### 1.13. National administrations

The administrative task of handling a case of aggregation of unemployment benefits may change in both size and characteristics if the EU provisions are revised. In this study we look as introduced in Section 1.1 into the following four possible revisions, that each are exemplified in the boxes below.

Option 2a: A threshold of **one month** of insurance or (self-)employment needs to be completed in the Member State of last employment before aggregation of periods of insurance, employment or self-employment fulfilled in a Member State of secondary competence can be applied.

#### Example of new situation:

EU-worker A becomes entitled to unemployment benefits in Member State A [of last employment] based on his insurance periods in Member State B [of previous employment] only after completion of at least **one month** of unemployment insurance in Member State A.

Option 2b: A threshold of **three months** of insurance or (self-)employment needs to be completed in the Member State of last employment before aggregation of periods of insurance, employment or self-employment fulfilled in a Member State of previous employment can be applied.

#### Example of new situation:

EU-worker A becomes entitled to unemployment benefits in Member State A [of last employment] based on his insurance periods in Member State B [of previous employment] only after completion of at least **three months** of unemployment insurance in Member State A.

Option 3a: The salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment, if less than **one month** of insurance or (self-) employment is completed in the Member State of last employment. The calculation is made within a national reference period.

#### Example of new situation

EU-worker A becomes entitled to unemployment benefits in Member State A [of last employment] after only one day of insurance in Member State A; but, as he has been employed for less than **one month** in Member State A, the institution in Member State A also takes his salaries earned in Member State B [of previous employment] into account for the calculation of the amount.

Option 3b: The salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment, if less than **three months** of insurance or (self-) employment is completed in the Member State of last employment. The calculation is made within a national reference period.

#### Example of new situation

EU-worker A becomes entitled to unemployment benefits in Member State A [of last employment] after only one day of insurance in Member State A; but, as he has been employed for less than **three months** in Member State A, the institution in Member State A also takes his salaries earned in Member State B [of previous employment] into account for the calculation of

the amount.

### **National administrations handling aggregation of unemployment benefits as authority of last employment**

As described in Section 1.2, we assume in the main calculations that the number of cases does not change as a result of revisions to the EU provisions. Hence, in the main calculations the changes in administrative costs and burden are solely a result of changes to the unit administrative costs. Table 3-1 shows a simple average – while we refer to the annexes regarding insight into the more specific Member State calculations.

A first important observation is that on average across the case study Member States, the interviewed national administrations expect that their administrative tasks as authority of last employment are expected to be almost unchanged if it is decided to implement Option 2a or Option 2b. The small decreases observed in Table 3-1 solely stem from the assessment of the Polish interviewees – i.e. that the options may lead to easier handlings of the determination of residence and regarding reimbursement activities.

If Options 2a and 2b are modified/extended to make the Member State of previous employment responsible for paying unemployment benefits for those workers who have not completed the required period of insurance or (self-)employment in the Member State of last employment, there will be an additional need for the latter national administration to inform the former about this situation. Although the interviewees have not assessed the administrative burden of doing this, we would expect this to a minor additional task as the national administration of last employment in any case is in contact with the national administration of previous employment regarding the exchange of information about the given applicant. For Options 3a and 3b, it is expected that the man-hours per case will increase by 28-29% which, however, only is around 20 minutes per case. This is mainly caused by increases in the need to collect information as the salary earned in the Member State of previous employment also must be taken into account in the calculation of the unemployment benefit payments.

*Table 3-1 Change in the man-hours per administrative task for aggregation of unemployment benefit cases handled by national administrations as authority of last employment (simple average of case study Member States)*

Administrative tasks	Option 2a		Option 2b		Option 3a		Option 3b	
	Man-hours	% from base	Man-hours	% from base	Man-hours	% from base	Man-hours	% from base
<i>Standard admin. tasks</i>								
Collecting information	0.00	0.0%	0.00	0.0%	0.33	46.5%	0.33	46.5%
Calculation of benefit	0.00	0.0%	0.00	0.0%	0.13	30.7%	0.13	30.7%
<i>Additional admin. tasks</i>								
Det. of residence	-0.04	-30.9%	-0.03	-24.1%	-0.04	-30.9%	-0.03	-24.1%
Change in circumstances	0.01	21.8%	0.01	21.8%	0.00	0.0%	0.00	0.0%
Reimbursement	-0.05	0.0%	-0.04	0.0%	-0.05	0.0%	-0.04	0.0%
Recovery	0.00	14.5%	0.00	14.5%	0.00	0.0%	0.00	0.0%
Other	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
<b>TOTAL</b>	<b>-0.08</b>	<b>-5.5%</b>	<b>0.06</b>	<b>4.2%</b>	<b>0.38</b>	<b>27.9%</b>	<b>0.40</b>	<b>29.1%</b>

Sources: Interviews.

As just mentioned above, only the Polish interviewees expect as a change in the unit costs per case and in total costs in EUR as a result of Options 2a and 2b, c.f. Table 3-2. The costs implications of Options 3a and 3b are, however, also assessed to be negligible.

*Table 3-2 Change in unit costs per case and total costs handling aggregation of unemployment benefit cases by national administrations as authority of last employment – main calculation*

Member State	Option 2a		Option 2b		Option 3a		Option 3b	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	0.0	0.0	0.0	0.0	11.3	8.9	11.3	8.9
DK: Denmark	0.0	0.0	0.0	0.0	15.1	0.8	15.1	0.8
NL: Netherlands	0.0	0.0	0.0	0.0	8.4	1.4	8.4	1.4
PL: Poland	-2.3	-3.5	-1.8	-2.7	-0.8	-1.2	-0.3	-0.4
RO: Romania	0.0	0.0	0.0	0.0	2.5	0.0	2.5	0.0
UK: United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: Interviews and Eurostat.

The number of cases are, however, likely to change as a result of revisions to the EU provisions. There might be changes due to changing eligibility criteria for qualifying for aggregation of unemployment benefits and so due to changing unemployment benefit incomes that affect the behaviour of the mobile EU-workers. Task 4 of the present study has estimated such behavioural changes. We have on the basis of the behavioural change estimates for workers with families composed of one-earner married couples with two children at 100 % of average earnings derived assumptions about the likely change in the number of cases handled by national administrations as authority of last employment (cf. Table 3-3).

Hence, the estimation/assumption is that Option 2a and Option 2b, which introduce thresholds – one month and three months, respectively, of insurance or (self-)employment periods, have larger impacts on mobile EU-workers behaviour, than Option 3a and Option 3b, which specify that salaries earned in the Member States of previous employment also may be taken into account for the calculation of unemployment benefits.

*Table 3-3 Change in number of aggregation of unemployment benefit cases handled by national administrations as authority of last employment*

Member State	Option 2a	Option 2b	Option 3a	Option 3b
DE: Germany	-3.5%	-4.6%	-1.3%	-1.6%
DK: Denmark	-7.0%	-7.0%	-2.3%	-2.3%
NL: Netherlands	-0.8%	-1.6%	-0.2%	-0.4%
PL: Poland	0.0%	-0.1%	0.0%	0.0%
RO: Romania	0.0%	0.0%	0.0%	0.1%
UK: United Kingdom	-1.7%	-1.7%	-0.5%	-0.5%

Sources: FGB et.al. (2015): Annex 2 - Table 2.3 and Table 2.4.

Adjusting the main results for such possible changes in the number of cases we get as shown in Table 3-4 slightly different results. While unit cost changes are the same as



those presented in Table 3-2, the options lead to lower total costs compared with Table 3-4 for Member States such as Denmark and Germany as the number of cases to handle decreases.

*Table 3-4 Change in unit costs per case and total costs handling aggregation of unemployment benefit cases by national administrations as authority of last employment – assuming changes in the number of cases*

Member State	Option 2a		Option 2b		Option 3a		Option 3b	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	0.0	-0.3	0.0	-0.4	11.3	8.7	11.3	8.7
DK: Denmark	0.0	-0.2	0.0	-0.2	15.1	0.7	15.1	0.7
NL: Netherlands	0.0	0.0	0.0	-0.1	8.4	1.3	8.4	1.3
PL: Poland	-2.3	-3.5	-1.8	-2.7	-0.8	-1.2	-0.3	-0.4
RO: Romania	0.0	0.0	0.0	0.0	2.5	0.0	2.5	0.0
UK: United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: FGB et.al. (2015): Annex 2 - Table 2.3 and Table 2.4, Eurostat and interviews.

### **National administrations handling aggregation of unemployment benefits as authority of previous employment**

Table 3-5 shows that the changes in man-hours spent by authorities of previous employments as a result of the revisions are expected to be minor. This also implies that the changes measured in EUR in Table 3-6 are very limited.

However, if Options 2a and 2b are modified/extended to make the Member State of previous employment responsible for paying unemployment benefits for those workers who have not completed the required period of insurance or (self-)employment in the Member State of last employment, the national administration of previous employment will have two new administrative tasks. Firstly, there will be a minor task of receiving and registering the information about the situation. Secondly, the national administration will calculate the benefits that the applicant is entitled to according to its national legislation. Our best estimate of the additional administrative burden of this is the time estimates provided by the national administrations of last employment for their similar tasks. Hence, based on the estimates in Table 2-2 we assess that the national administration of previous employment will spend around 20 minutes extra for each case where it becomes responsible for paying the unemployment benefits.

*Table 3-5 Change in the man-hours per administrative task for aggregation of unemployment benefit cases handled by national administrations as authority of previous employment (simple average of case study Member States)*

Administrative tasks	Option 2a		Option 2b		Option 3a		Option 3b	
	Man-hours	% from base	Man-hours	% from base	Man-hours	% from base	Man-hours	% from base
<i>Standard admin. tasks</i>								
Providing information	0.01	0.8%	0.01	0.8%	0.06	7.7%	0.06	7.7%
<i>Additional admin. tasks</i>								
Det. of residence	-0.04	-57.2%	-0.04	-57.2%	-0.04	-57.2%	-0.04	-57.2%
Change in circumst.	0.01	33.7%	0.01	33.7%	0.03	112.4%	0.03	112.4%
Reimbursement	-0.06	0.0%	-0.06	0.0%	-0.06	0.0%	-0.06	0.0%
Recovery	0.00	0.0%	0.00	0.0%	0.03	0.0%	0.03	0.0%
<b>TOTAL</b>	<b>-0.08</b>	<b>-8.8%</b>	<b>0.08</b>	<b>8.8%</b>	<b>0.05</b>	<b>5.3%</b>	<b>0.05</b>	<b>5.3%</b>

Sources: Interviews.

*Table 3-6 Change in unit costs per case and total costs handling aggregation of unemployment benefit cases by national administrations as authority of previous employment – main calculation*

Member State	Option 2a		Option 2b		Option 3a		Option 3b	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	0.0	0.0	0.0	0.0	4.1	4.8	4.1	4.8
DK: Denmark	1.2	0.8	1.2	0.8	1.2	0.8	1.2	0.8
NL: Netherlands	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PL: Poland	-2.7	-0.4	-2.7	-0.4	0.3	0.04	0.3	0.04
RO: Romania	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UK: United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: Interviews and Eurostat.

The likely change in the number of cases as a result of revisions to the EU provisions will also be experienced by the national administrations of previous employment. Table 3-7 shows our estimates/assumptions for these likely changes – which are limited apart from for Romania.

*Table 3-7 Change in number of aggregation of unemployment benefit cases handled by national administrations as authority of previous employment*

Member State	Option 2a	Option 2b	Option 3a	Option 3b
DE: Germany	-1.0%	-1.2%	0.0%	0.0%
DK: Denmark	-1.2%	-1.6%	0.1%	0.1%
NL: Netherlands	-1.2%	-1.5%	0.0%	0.0%
PL: Poland	-3.4%	-4.4%	-1.3%	-1.7%
RO: Romania	-6.6%	-8.6%	-2.8%	-3.6%
UK: United Kingdom	-1.4%	-1.9%	0.0%	0.0%

Sources: FGB et.al. (2015): Annex 2 - Table 2.3 and Table 2.4.

For completeness, Table 3-8 shows the results adjusted for such possible changes in the number of cases. This does not change the conclusion that the changes are expected to be minor.

*Table 3-8 Change in unit costs per case and total costs handling aggregation of unemployment benefit cases by national administrations as authority of previous employment – assuming changes in the number of cases*

Member State	Option 2a		Option 2b		Option 3a		Option 3b	
	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR	Unit costs EUR	Total costs 1000 EUR
DE: Germany	0.0	-0.1	0.0	-0.1	4.1	4.8	4.1	4.8
DK: Denmark	1.2	0.7	1.2	0.6	1.2	0.9	1.2	0.9
NL: Netherlands	0.0	-0.2	0.0	-0.2	0.0	0.0	0.0	0.0
PL: Poland	-2.7	-0.4	-2.7	-0.4	0.3	0.03	0.3	0.02
RO: Romania	0.0	-0.4	0.0	-0.5	0.0	-0.2	0.0	-0.2
UK: United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: FGB et.al. (2015): Annex 2 - Table 2.3 and Table 2.4, Eurostat and interviews.

### **1.14. Mobile EU-workers and their families**

The interviews carried out in the six case study Member States indicate that the proposed revisions to the EU provisions may well have implications for the mobile EU-workers and their families. Although it may not be considered as administrative implications, some interviewees envisage that Option 2a and Option 2b may have a negative impact on the exercise of free movement, because a more complex legislation may discourage workers who were planning to move to another Member State.

Regarding Option 3a and Option 3b, compared with the current situation, applicants need to wait a longer time before they receive their benefits. This may further cause income problems for those without private savings. Furthermore, there is an increased requirement to provide documentation in the form of contracts, payslips etc.

## Conclusions

Revising the current rules for aggregation of unemployment periods specified in Regulation (EC) No 883/2004 will have impact on the administrative costs and burden of the national administration in the Member States handling cases where mobile EU-workers apply for unemployment benefits – both in the Member States of last employment of the applicant and in those of previous employment of the applicant. Furthermore, the applying EU-workers and their families will experience changes in the own administrative burden from the revisions. The overall conclusion from this study is, however, that the impacts are expected to be limited – a conclusion that is based on assessments made in six case study Member States: Germany, Denmark, the Netherlands, Poland, Romania, and the UK.

### **Change in administrative costs and burden for national administrations acting as authority of last employment**

A first observation, when assessing the administrative costs and burden for the national administrations in the Member States acting as authority of last employment, is that most of these national administrations – at least in the six case study Member States – only handle few cases annually. Only Poland experiences a notable number of cases with 1,517 (in 2013) while the Romanian national administration only had to handle 12 cases. Hence, from the outset it could be assumed that there within many national administrations only is little experience with handling aggregation cases and not that much focus on the costs of doing so. In any case, the current total administrative costs are limited in an overall context.

Currently, the national administrations in the case study Member States use on average less than 1.5 man-hours per case, most of which is used for the collection of information from Member States of previous employment about the applicants' employment and insurance histories, followed by resources spent on the calculation of the unemployment benefit payments. The man-hour use is fairly similar in between the case study Member States, and there is no tendency to that high labour cost Member States such as Denmark and the Netherlands carry out the administrative tasks using less manpower than low labour cost Member States such as Poland and Romania.

This study assesses that the administrative tasks will be almost unchanged if it is decided to implement Option 2a or Option 2b – i.e. to introduce a threshold for the period of insurance or employment to be completed in the Member State of last employment before the aggregation principle applies. If Options 2a and 2b are modified/extended to make the Member State of previous employment responsible for paying unemployment benefits for those workers who have not completed the required period of insurance or (self-)employment in the Member State of last employment, there will be an additional need for the latter national administration to inform the former about this situation. Although the interviewees have not assessed the administrative burden of doing this, we would expect this to a minor additional task as the national administration of last employment in any case is in contact with the national administration of previous employment regarding the exchange of information about the given applicant.

For Options 3a and 3b – i.e. taking into account the salary earned in the Member State of previous employment in the unemployment benefit calculation – it is assessed that each case on average will take around 20 minutes longer to handle, i.e. 28-29% increase. This increase is caused by the need to collect information as the salary earned in the Member State of previous employment and to use this in the calculation of the unemployment benefit payment.

### **Change in administrative costs and burden for national administrations acting as authority of previous employment**

The observation that most national administrations of last employment only handle few cases of unemployment period aggregations implies that this also will be the case for most national administrations of previous employment – as the total number of cases is the same from both perspectives for the EU as a whole. This said, the number of cases handled by the six case study Member States of previous employment is somewhat higher than that when being of Member State of last employment. The UK experiences with 3,333 (in 2013) the largest number of cases, followed by Germany with 1,164 cases. However, in relation to the size of the national labour market, Denmark handles with 686 cases most.

Currently, the national administrations in the case study Member States use on average less than one man-hour per case, with almost all time spent on the standard administrative task of providing information – i.e. to respond to a request from a Member State of last employment regarding an applicant's insurance and employment history. There is, however, some variation in the average time spent in between the case study Member States. In particular, the unemployment funds in Romania spend much time responding to a request for information about an applicant's previous insurance and employment history. At the other end, the UK does not see that of being the authority of previous employment involving much work.

Similar to for the national administrations of last employment, Option 2a and Option 2b will not make almost no changes to the administrative tasks of the national administrations when acting as authority of previous employment. However, if Options 2a and 2b are modified/extended to make the Member State of previous employment responsible for paying unemployment benefits for those workers who have not completed the required period of insurance or (self-)employment in the Member State of last employment, the national administration of previous employment will have two new administrative tasks. Firstly, there will be a minor task of receiving and registering the information about the situation. Secondly, the national administration will calculate the benefits that the applicant is entitled to according to its national legislation. Our best estimate of the additional administrative burden of this is the time estimates provided by the national administrations of last employment for their similar tasks. Hence, based on their we assess that the national administration of previous employment will spent around 20 minutes extra for each case where it becomes responsible for paying the unemployment benefits.

This assessment of limited impacts goes, however, also for Options 3a and 3b when having the role as authority of previous employment.

### **Change in administrative costs and burden for mobile EU-workers and their families**

The proposed revisions to the EU provisions may well have implications for the mobile EU-workers and their families. Although it may not be considered as administrative implications, it is suggested that Option 2a and Option 2b may have a negative impact on the exercise of free movement, because a more complex legislation may discourage workers who were planning to move to another Member State.

Regarding Option 3a and Option 3b, compared with the current situation, applicants need to wait a longer time before they receive their benefits. This may further cause income problems for those without private savings. Furthermore, there is an increased requirement to provide documentation in the form of contracts, payslips etc.

## Annex A – Literature

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## **Annex B – Interview guide**

The attached interview guide is the actual version used for the interviews in the UK, and is so in English. The interview guide was provided to the Member States experts in their national languages.

Note that we in the interview guide make use of the option titles: Revisions (A), (B), (C), and (D), rather than Options 2a, 2b, 3a, and 3b – as in the report. The reason for this was to avoid discussing what happened to Option 1.

EUROPEAN COMMISSION, DG EMPLOYMENT, SOCIAL AFFAIRS AND INCLUSION

Study to analyse and assess the impacts of policy options for a possible EU initiative in the area of coordination of social security schemes, in particular with regard to the revision of the current EU provisions on entitlement to unemployment benefits and export of family benefits

**Interview guide:**

**National administrations handling unemployment benefits**

European Commission, Directorate General for Employment, Social Affairs and Inclusion has given Fondazione Brodolini, COWI and IER the task to assess changes to administrative/compliance costs within national administrations and for the individuals affected that might occur from possible revision of the current EU provisions on unemployment benefits specified in Regulation (EC) 883/2004: the 'Basic Regulation' and in Regulation (EC) 987/2009: the 'Implementing Regulation'.

***In this interview, we focus on the case handling of applications for unemployment benefits where the aggregation principle apply. I.e. applications from citizens having moved from one Member State to another to work who have become unemployed before the qualifying period in the competent Member State has been completed. In this interview guide we refer to these citizens as mobile EU workers.***

More precisely, we aim to assess changes in the administrative/compliance tasks and consequently costs of introducing a threshold of one to three months of insurance in the competent Member State before the aggregation rule applies. Furthermore, we want to assess changes in the administrative costs of introducing a rule that states that wages earned in a previous Member State should also be taken into account when the calculating unemployment benefits if less than one or three months of insurance or (self-) employment is completed in the competent State. Finally, we aim to assess whether the unemployed receiving the benefits will face changing administrative/compliance tasks.

We would therefore much appreciate your help by providing us with the list of tasks and estimates of your current administrative/compliance time needs for handling the current EU provisions, and in assessing how these time needs may change from revisions to the provisions. We would like to do this via an interview with you – either in person or by phone.

Hence, we would like to arrange the time and place for an interview; and for you to get more insight into the questions we would like to ask you – we hereby provide you with our interview guide.

You may well find that you are not able to answer all the questions. We will therefore focus on the questions you can answer – but you may also be able to help us pointing to the other services in your national administration that can help us answering the remaining questions.

April 2015





## 5. You and your national administration

Name and title of interviewee:

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National administration:

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Function/responsibility of interviewee:

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## 6. Current administrative tasks and consequently costs of handling unemployment benefits

In this section, we ask you to verify and estimate the costs of a number of administrative tasks that are currently carried out when handling a case of unemployment benefits. Imagine a case as described by the following example:

### Example 1 of unemployment benefits

Carlos moves from Member State A to Member State B and works there for two weeks before becoming unemployed. Currently, he can claim unemployment benefits in Member State B based on his period of insurance in Member State A.

We do the assessment in two parts. Firstly, we ask you to assess a situation when you are the competent national administration – i.e. where you deal with the applicant for unemployment benefits. Secondly, we ask you to assess a situation where you are the national administration of a previous Member State of employment – i.e. where you deal with the follow-on administrative tasks from an application submitted in another Member State.

If you only carry out one of the two types of administrative tasks – please leave out the other part.

### 6.1. Administrative tasks/costs – when competent national administration

Consider the situation, where you are *the competent national administration*.

Firstly, please provide your assessment of the number of cases handled by your institution.

- How many cases of application for unemployment benefits from Mobile EU workers do your institution currently handle per year *as the competent national administration*:

- c) New cases?
- d) Existing active cases?

➤ How do you collect data?

- c) From other member states?
- d) From the applicant?

When answering these questions please explain whether you collect information via IT-systems, via records of personal registration etc.

Secondly, please provide, with an outset in the below table, your assessment of the current administrative costs in terms of average man-hours of handling one case of application for unemployment benefits from a mobile EU worker, *being the competent national administration*. (You may relate the tasks to the SEDs to be filled out). Hence:

- Please assess the frequency of each of the detailed administrative tasks – i.e. how often are the tasks carried out in a case of application for unemployment benefits from a mobile EU worker? 100 % means that the task is always carried out, while 50 % means it is carried out in half of the cases.  
And in this context – is it appropriate to distinguish between "standard tasks" and "additional tasks"?
- Please estimate the average man-hours/minutes required per administrative task. We acknowledge that you may not keep accounts of your time spent on a case/task. Hence, we ask you to provide your best guess. Furthermore, we acknowledge that you may find it difficult to provide a specific man-hour estimate per task. Hence, you may instead provide ranges of estimates (less than 15 minutes, 15 to 30 minutes, 30 minutes to 1 hour, between 1 and 3 hours, between 3 hours and 1 working day, more than 1 working day), or you may also choose to provide a total cost estimate per case – and rank the tasks according to their resource demands, where 1 is the most resource demanding tasks and so forth.

Administrative task	Description of administrative task - hereunder frequency of tasks within a case	Average man-hours/ minutes	Comments
<i>Standard administrative tasks</i>			
Collecting information	<p><i>Please revise (if necessary):</i></p> <p>Determine whether the information provided by the applicant is sufficient to decide on the payment of unemployment benefits. Obtain information from other previous Member State(s) of insurance about insurance and employment history in this/these country(-ies).</p> <p><i>Please specify/revise frequency when you are the competent national administration:</i></p> <p>Frequency, when you are the competent national administration: ___%</p>		

Administrative task	Description of administrative task - hereunder frequency of tasks within a case	Average man-hours/ minutes	Comments
Calculation of benefit	<p><i>Please revise (if necessary):</i></p> <p>For each of those cases where you are the competent national administration: You calculate the benefit which the claimant is entitled to under the national legislation. You set the payment of unemployment benefits in motion.</p> <p><i>Please specify/revise frequency when you are the competent national administration:</i></p> <p>Frequency, when you are the competent national administration: <u>100%</u></p>		<i>Comments:</i>
<b>Additional administrative tasks</b>			
Determination of residence	<p><i>Please revise (if necessary):</i></p> <p>If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of collecting additional information about e.g. family ties, housing situation, characteristics of the candidate's professional activities.</p> <p><i>Please specify frequency out of total number of cases when you are the competent national administration:</i></p> <p>Frequency: ___%</p>		<i>Comments:</i>
Change in circumstances	<p><i>Please revise (if necessary):</i></p> <p>If circumstances change and it leads to a change of who is the competent Member State, a re-calculation of benefits or revaluation of competent state is performed: Determine what type of change it is - whether it will lead to a re-calculation of benefits or change in competence.</p> <p><i>Please specify frequency out of total number of cases when you are the competent national administration:</i></p> <p>Frequency: ___%</p>		<i>Comments:</i>
Reimbursement	<p><i>Please revise (if necessary):</i></p> <p>If (provisional) unemployment benefits awarded to a Mobile EU worker should have been paid by another Member State: Additional costs arise from reimbursement activities.</p> <p><i>Please specify frequency out of total number of cases when you are the competent national administration:</i></p> <p>Frequency: ___%</p>		<i>Comments:</i>

Administrative task	Description of administrative task - hereunder frequency of tasks within a case	Average man-hours/minutes	Comments
Recovery	<p><i>Please revise (if necessary):</i></p> <p>If an applicant unjustified has received unemployment benefits (i.e. it has been determined, that you are not the competent state after all): Additional costs arise from determining whether there is a basis for recovery, from calculation of benefits to recover, and from contacting the competent Member States to seek recovery.</p> <p><i>Please specify frequency out of total number of cases when you are the competent national administration:</i></p> <p>Frequency: ___%</p>		<i>Comments:</i>
<b>Missing administrative tasks</b>			
<i>Please add missing task</i>			<i>Comments:</i>
<i>Please add missing task</i>			<i>Comments:</i>
<b>Please estimate your total use of man-hours per case</b>			

## 6.2. Administrative costs – when national administration in a Member State of previous insurance of a mobile EU worker

Now, consider the situation, where you are the national administration in a Member State of previous insurance of a mobile EU worker – i.e. you receive a request for information from another Member State.

Firstly, please provide your assessment of the number of cases handled by your national administration.

- How many cases of application for unemployment benefits from mobile EU workers do your institution currently handle per year as the national administration in a Member State of previous insurance of a mobile EU worker?
  - c) New cases?
  - d) Existing active cases?

Secondly, please provide, with an outset in the below table, your assessment of the current administrative costs of handling one application for unemployment benefits from a mobile EU worker, being the national administration in a Member State of previous employment of a mobile EU worker. (You may relate the tasks to the SEDs to be filled out). Hence:

- Please assess the frequency of each of the detailed administrative tasks – i.e. how often are the tasks carried out for a given case?  
And in this context – is it appropriate to distinguish between "standard tasks" and "additional tasks"?

- Please estimate the average man-hours/minutes required per administrative task. We acknowledge that you may not keep accounts of your time spent on a case/task. Hence, we ask you to provide your best guess. Furthermore, we acknowledge that you may find it difficult to provide a specific man-hour estimate per task. Hence, you may instead provide ranges of estimates (less than 15 minutes, 15 to 30 minutes, 30 minutes to 1 hour, between 1 and 3 hours, between 3 hours and 1 working day, more than 1 working day), or you may also choose to provide a total cost estimate per case – and rank the tasks according to their resource demands, where 1 is the most resource demanding tasks and so forth.

Administrative task	Description of administrative task - hereunder frequency of tasks within a case	Average man-hours/minutes	Comments
<i>Standard administrative tasks</i>			
Providing information	<p><i>Please revise (if necessary):</i></p> <p>You receive a request for information about an applicant's previous insurance and employment history in your State from another Member State concerning an application for unemployment benefits and you contribute with the required information.</p> <p><i>Please specify frequency when you are a Member State of previous insurance:</i></p> <p>Frequency: <u>100</u>%</p>		<i>Comments:</i>
<i>Additional administrative tasks</i>			
Determination of residence	<p><i>Please revise (if necessary):</i></p> <p>If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of providing additional information about candidate's professional activities.</p> <p><i>Please specify frequency out of total number of cases when you are a Member State of previous insurance:</i></p> <p>Frequency: ___%</p>		<i>Comments:</i>
Change circumstances in	<p><i>Please revise (if necessary):</i></p> <p>If circumstances change and it leads to a change of who is the competent Member State and you are determined the competent institution: Additional costs arise a calculation of benefits is performed.</p> <p><i>Please specify frequency out of total number of cases when you are a Member State of previous insurance:</i></p> <p>Frequency: ___%</p>		<i>Comments:</i>

Administrative task	Description of administrative task - hereunder frequency of tasks within a case	Average man-hours/minutes	Comments
Reimbursement	<p><i>Please revise (if necessary):</i></p> <p>If (provisional) unemployment benefits awarded to a mobile EU worker should have been paid you, but another Member State has done this: Additional costs arise from reimbursement activities.</p> <p><i>Please specify frequency out of total number of cases when you are a Member State of previous insurance:</i></p> <p>Frequency: ___%</p>		<i>Comments:</i>
Recovery	<p><i>Please revise (if necessary):</i></p> <p>If an applicant, who belongs to your institution has unjustified received unemployment benefits in another Member State: Additional costs arise recovery activities.</p> <p><i>Please specify frequency out of total number of cases when you are a Member State of previous insurance:</i></p> <p>Frequency: ___%</p>		<i>Comments:</i>
<b>Missing administrative tasks</b>			
<i>Please add missing task</i>			<i>Comments:</i>
<i>Please add missing task</i>			<i>Comments:</i>
<b>Please estimate your total use of man-hours per case</b>			

## 7. Change in administrative costs of handling unemployment benefits from revisions to EU provisions

In this section, we then ask you to assess the likely increase or decrease in administrative tasks/costs within your national administration from possible revisions to the EU provisions.

We acknowledge that this may be even more difficult than estimating the current use of man-hours in the previous section – in particular if the revisions lead to new administrative tasks.

Please focus on the administrative tasks where resources in terms of average man-hours/minutes will change due to the revisions – i.e. if there is no change, please do just enter 0% in the below tables.

Please do this assessment for each of the possible revisions one by one. We firstly ask you to assess the revisions assuming you are the competent national administration, and secondly we ask you to assess the revisions assuming you are the national administration in a Member State of previous employment of a mobile EU worker. However, if you only carry out one of the two types of administrative tasks – please leave out the other.

The four revisions to assess are presented in the following boxes:

### Revision (a):

A threshold of one month of insurance or (self-) employment needs to be completed before aggregation of

periods of insurance, employment or self-employment fulfilled in another Member State can be applied.

**Example A of new situation:**

Carlos becomes entitled to unemployment benefits in Member State A based on his insurance periods in Member State B only after completion of at least one month of unemployment insurance in Member State A.

➤ Please fill in the table in section 4.1 below.

**Revision (b):**

A threshold of three months of insurance or (self-) employment needs to be completed before aggregation of periods of insurance, employment or self-employment fulfilled in another Member State can be applied.

**Example B of new situation:**

Carlos becomes entitled to unemployment benefits in Member State A based on his insurance periods in Member State B only after completion of at least three months of unemployment insurance in Member State A.

➤ Please fill in the table in section 4.1 below.

**Revision (c):**

The salary earned in the previous Member State is also taken into account for the calculation of the unemployment benefit by the competent Member State, if less than one month of insurance or (self-) employment is completed. The calculation is made within a national reference period.

**Example C of new situation:**

Carlos becomes entitled to unemployment benefits in Member State A after only one day of insurance in Member State A, but, as he has been employed for less than one month in Member State A, the institution in Member State A also takes his salaries earned in Member State B into account for the calculation of the amount.

➤ Please fill in the table in section 4.1 below.

**Revision (d):**

The salary earned in the previous Member State is also taken into account for the calculation of the unemployment benefit by the competent Member State, if less than three months of insurance or (self-) employment is completed. The calculation is made within a national reference period.

**Example of new situation:**

Carlos becomes entitled to unemployment benefits in Member State A after only one day of insurance in Member State A, but, as he has been employed for less than three months in Member State A, the institution in Member State A also takes his salaries earned in Member State B into account for the calculation of the amount.

➤ Please fill in the table in section 4.1 below.

### 7.1. Change in administrative tasks – when competent national administration

Consider the situation, where you are the competent national administration – i.e. the national administration sending request for information to (an)other Member State(s).

Please focus on the current administrative tasks where resources in terms of average man-hours/minutes will change due to the revision. Please clearly indicate whether the change is positive or negative: a "+" indicate an increase in the man-hours needed to perform the task and a "-" indicate a reduction in man-hours needed to perform the task. If the estimated change is zero or insignificant please also indicate this in the table. Also please add new administrative tasks required by the revision if relevant.

Please provide a brief narrative explanation for each of the assessed changes and new administrative tasks.

Administrative task	Change in use of case handling time of administrative tasks due possible revisions of unemployment benefit provisions			
	Please provide change in average man-hours/minutes or % increase/decrease			
	Revision (a)	Revision (b)	Revision (c)	Revision (d)
<i>Standard administrative tasks</i>				
Collecting information	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
Calculation of benefit	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
<i>Additional administrative tasks</i>				
Determination of residence	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
Change in circumstances	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
Reimbursement	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
Recovery	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>



Administrative task	Change in use of case handling time of administrative tasks due possible revisions of unemployment benefit provisions			
	Please provide change in average man-hours/minutes or % increase/decrease			
	Revision (a)	Revision (b)	Revision (c)	Revision (d)
<b>Missing (current) administrative tasks [added in the previous section]</b>				
<i>Please add missing task</i>	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
<i>Please add missing task</i>	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
<b>New administrative tasks – due to the revision</b>				
<i>Please add new task</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
<i>Please add new task</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>

## 7.2. Change in administrative costs – the national administration in a Member State of previous insurance of a mobile EU worker

Now, consider the situation, where you are *the national administration in a Member State of previous insurance of a mobile EU worker* – i.e. you receive a request for information from the competent national administration in another Member State.

- Please repeat the assessment of the change in the administrative costs associated with the case handling for each of the revisions (a), (b), (c) and (d).

Please focus on the current administrative tasks where resources in terms of average man-hours/minutes will change due to the revision. Please clearly indicate whether the change is positive or negative: a "+" indicate an increase in the man-hours needed to perform the task and a "-" indicate a reduction in man-hours needed to perform the task. If the estimated change is zero or insignificant please also indicate this in the table. Also please add new administrative tasks required by the revision if relevant.

Please provide a brief narrative explanation for each of the assessed changes and new administrative tasks.

Administrative task	Change in use of case handling time of administrative tasks due possible revisions of unemployment benefit provisions			
	Please provide change in average man-hours/minutes or % increase/decrease			
	Revision (a)	Revision (b)	Revision (c)	Revision (d)
<b>Standard administrative tasks</b>				
Providing information	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>

Administrative task	Change in use of case handling time of administrative tasks due possible revisions of unemployment benefit provisions			
	Please provide change in average man-hours/minutes or % increase/decrease			
	Revision (a)	Revision (b)	Revision (c)	Revision (d)
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
<b>Additional administrative tasks</b>				
Determination of residence	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
Change in circumstances	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
Reimbursement	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
Recovery	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
<b>Missing (current) administrative tasks [added in the previous section]</b>				
<i>Please add missing task</i>	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
<i>Please add missing task</i>	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>	<i>Change:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
<b>New administrative tasks – due to the revision</b>				
<i>Please add new task</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
<i>Please add new task</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>

### 8. Administrative implications for mobile EU workers from revisions to EU provisions on unemployment benefits

The suggested revisions to the EU provisions on unemployment benefit, and hence changes to the administrative tasks of the national administrations, may have administrative implications for the mobile EU workers – e.g. time spent when applying for unemployment benefits.

- Please add relevant tasks for the Mobile EU worker in the table below.
- For each of the revisions we ask you to assess the implications for the Mobile EU worker associated hereby.

We acknowledge that it is difficult to assess such implications, but please help us doing this by providing your qualitative (or semi-quantitative) assessments. You may just provide a narrative assessment of the implications or you may try to link the implications to the administrative tasks of the national administrations listed in the below table.

Administrative task	Implications for the Mobile EU worker due possible revisions of unemployment benefit provisions			
	Please specify the direction of change (and if possible its size: low, medium or high)			
	Revision (a)	Revision (b)	Revision (c)	Revision (d)
<i>Please add task</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>
<i>Please add task</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>	<i>Man-hours/minutes:</i>
	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>	<i>Explanation:</i>

**Thanks for your help!**

## Annex C – Case study for Germany

### Introduction

In this section, we give a short description of the German provisions for unemployment benefits, who is eligible, and how the legislation is interpreted by the national administrative institutions handling unemployment benefits: Arbeitnehmerleistungen/Sozialversicherung (the unemployment insurance funds).

Within this study, we focus on the case-handling of applications for unemployment benefits where the aggregation principle apply – i.e. applications from citizens who do not have sufficiently long insurance records in the last Member State of activity/insurance (the Member State of last employment) to qualify for unemployment benefits. Thus periods fulfilled in another Member State (of previous employment) can be aggregated in line with the "principle of aggregation" laid down in Article 61 of Regulation (EC) No 883/2004.

In addition, to qualify for unemployment benefits in Germany the applicant must not be engaged in an employment relationship, but make an effort to put an end to this situation. He/she must be available for placement efforts undertaken by the employment agency, must not be entitled to a standard pension, and in general must make use of all possibilities of occupational integration. Furthermore, the applicant must have been compulsorily insured for at least 12 months during the last two years.

Benefits are based on the recent net earnings, on the category mentioned on the wage-tax card and on the presence or not of children. Beneficiaries with children get 67% of recent net earnings, while it is 60% for those without children.

### Current administrative costs and burden

To determine the current administrative costs and burden in handling aggregations of unemployment benefits in Germany, five experts from the Arbeitnehmerleistungen/Sozialversicherung were interviewed. They emphasised, as also suggested by Pacolet and De Wispelaere (2015), that data on new or existing cases of aggregations of unemployment benefits are not available – at least seen from the perspective of being the Member State of last employment. One reason is that the Bundesagentur für Arbeit (the German Federal Employment Agency) in its IT-systems consider the applications for unemployment benefits from EU-workers as standard files, i.e. not marked as special cases. Another reason is that the administrative procedures within the Bundesagentur für Arbeit do not differ between EU-workers and cross-border workers applying for unemployment benefits, and so any registration of cases is a mix of the two.

We have therefore for the purpose of calculating the administrative costs and burden for Germany as a whole (as authority of last employment) made use of a rough estimate of the number of cases based on the assumption that the number of cases are similar to those in Denmark and the Netherlands – adjusted for the sizes of the labour markets. This leads as shown in Table C-1 to an estimate of 791 cases in 2013.

Table C-1 shows that in total, an average case handling of an application for unemployment benefits from a mobile EU-worker amount to approximately 0.5 hours in the current situation when Germany is the Member State of last employment – with most time spent on collecting information about the applicant's unemployment insurance history from other Member States and on calculating the benefit payments. Some time is also spent on providing personal explanation to the applicant.

Table C-1 Current administrative costs and burden – Germany as Member State of last employment

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included</b>	<b>0.5 hours</b>	<b>100%</b>	<b>791</b>	<b>8.1</b>
Collecting information <sup>87</sup>	0.2 hours	100%		
Calculation of benefit <sup>88</sup>	0.2 hours	100%		
Determination of residence <sup>89</sup>	0 hours	0%		
Change in circumstances <sup>90</sup>	0 hours	0%		
Reimbursement <sup>91</sup>	0 hours	0%		
Recovery <sup>92</sup>	0 hours	0%		
Explanation of application process to EU-worker	0.1 hours	100%		

Notes: <sup>(1)</sup> Estimate on the basis of data for Denmark and the Netherlands. <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

When Germany is the Member State of previous insurance (authority of previous employment), the national administrations are assessed as shown in Table C-2 currently to use around half an hour per case to provide information about the applicant to the Member State of last employment.

<sup>87</sup> 20 min. when PDU 1 is handed in and (more or less) filled in completely; 30 min. when an information request must be sent to the former insurance institution (filling in SED).

<sup>88</sup> Part of this administrative task has already taken place as part of "collection of information". In any case, it is not more time consuming than the calculation for 'normal' German applicants. Furthermore, former periods of employment are under the current legislation not relevant for the calculation of benefits.

<sup>89</sup> As the applicant in question has had a working contract in Germany and is eligible for German unemployment benefits, the determination of residence is not necessary.

<sup>90</sup> Not considered as a relevant administrative task, as Germany no longer is the Member State of last employment.

<sup>91</sup> Not considered as a relevant administrative task under the current legislation.

<sup>92</sup> Not considered as a relevant administrative task under the current legislation.

Table C-2 Current administrative costs and burden – Germany as Member State of previous employment

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included</b>	<b>0.5 hours</b>	<b>100%</b>	<b>1164</b>	<b>12.0</b>
Providing information <sup>93</sup>	0.5 hours	100%		
Determination of residence <sup>94</sup>	0 hours	0%		
Change in circumstances <sup>95</sup>	0 hours	0%		
Reimbursement <sup>96</sup>	0 hours	0%		
Recovery <sup>97</sup>	0 hours	0%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

### Change in administrative costs and burden from revised EU provisions – Germany as Member State of last employment

The interviewees were also asked to assess the consequences of four different revisions to the current EU provisions. The consequences are estimated in terms of additional man-hours to carry out the administrative tasks. As shown Table C-3 and Table C-4, the interviewees envisage that the changes will be similar for Option 2a and Option 2b, and for Option 3a and Option 3b, respectively.

Table C-3 shows that no change in man-hours spent per case is assessed for Option 2a and Option 2b. However, some interviewees envisage that reimbursement and recovery procedures may get more difficult and so require more time; but it is difficult to assess the amount of time needed and the frequency of cases. Furthermore, it may well be so that these two revisions may create a lot of problems as no coherent administrative practices exist for solving possible conflicts between public employment services in different Member State regarding responsibilities for paying unemployment benefits, for providing job counselling or other instruments etc.

Table C-3 Change in administrative costs and burden from Option 2a and Option 2b – Germany as Member State of last employment

Administrative task	Change in average	Frequency	Number of cases <sup>(1)</sup>	Change in administrative
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<sup>93</sup> When the applicant requests information: fill in PDU 1; when the public employment service of another Member State requests information: fill in SED; in some cases: contacting former employers and determining pension insurance number.

<sup>94</sup> Not applicable.

<sup>95</sup> Not applicable.

<sup>96</sup> Not applicable.

<sup>97</sup> Not applicable.

	man-hours per case			costs, Total, EUR 1,000 <sup>(2)</sup>
<b>Total</b>	<b>0 hours</b>	<b>100%</b>	<b>791</b>	<b>0</b>
Collecting information	0 hours	100%		
Calculation of benefit	0 hours	0%		
Determination of residence	0 hours	0%		
Change in circumstances	0 hours	0%		
Reimbursement	0 hours	0%		
Recovery	0 hours	0%		
Explanation of application process to EU-worker	0 hours	100%		

Notes: <sup>(1)</sup> Estimate on the basis of data for Denmark and the Netherlands. <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

Option 3a and Option 3b will require additional resources for the collection of income data – i.e. the use of two SED forms, one for employment periods and one for incomes. Although applicants are already expected to indicate their former income in the PDU 1 document, very often this information is not provided and the former insurance institution must be contacted. Furthermore, there will be an additional administrative burden from the requirement to calculate mixed benefits, i.e. taking salaries of former employment periods into consideration, c.f. Table C-4.

Table C-4 Change in administrative costs and burden from Option 3a and Option 3b – Germany as Member State of last employment

Administrative task	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>Total</b>	<b>0.55 hours</b>	<b>100%</b>	<b>791</b>	<b>8.9</b>
Collecting information	0.15 hours	100%		
Calculation of benefit	0.4 hours	100%		
Determination of residence	0 hours	0%		
Change in circumstances	0 hours	0%		
Reimbursement	0 hours	0%		
Recovery	0 hours	0%		
Explanation of application process to EU-worker	0 hours	100%		

Notes: <sup>(1)</sup> Estimate on the basis of data for Denmark and the Netherlands. <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

### Change in administrative costs and burden from revised EU provisions – Germany as Member State of previous employment

Similar to the situation as Member State of last employment, the changes are envisaged to be similar for Option 2a and Option 2b, and for Option 3a and Option 3b, respectively, when it comes to Germany as Member State of previous employment.

Furthermore, similar to Table C-3, Table C-5 shows that no change is assessed for Option 2a and Option 2b. However, some interviewees envisage also here that reimbursement and recovery procedures may get more difficult and so require more time; but it is difficult to assess the amount of time needed and the frequency of cases.

Table C-5 Change in administrative costs and burden from Option 2a and Option 2b – Germany as Member State of previous employment

Administrative task	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>Total</b>	<b>0 hours</b>	<b>100%</b>	<b>1164</b>	<b>0</b>
Providing information	0 hours	100%		
Determination of residence	0 hours	0%		
Change in circumstances	0 hours	0%		
Reimbursement	0 hours	0%		
Recovery	0 hours	0%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

Table C-6 shows that Option 3a and Option 3b are expected to require a minor extra effort to provide information regarding former incomes – i.e. around 3 minutes extra for the PDU 1 or around 10 minutes extra for the SED form. Furthermore, additional consultation resources must be allocated to explain the calculation methods to the applicants.



Table C-6 Change in administrative costs and burden from Option 3a and Option 3b – Germany as Member State of previous employment

Administrative task	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>Total</b>	<b>0.2 hours</b>	<b>100%</b>	<b>1164</b>	<b>4.8</b>
Providing information	0.1 hours	100%		
Determination of residence	0 hours	0%		
Change in circumstances	0 hours	0%		
Reimbursement	0 hours	0%		
Recovery	0 hours	0%		
Explanation of application process to EU-worker	0.1 hours	100%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

### Administrative implications for applicants from revisions to EU provisions on unemployment benefits

The interviewees envisage that Option 2a and Option 2b may have a negative impact on the exercise of free movement, because a more complex legislation may discourage workers who were planning to move to another Member State. Furthermore, workers will be deprived of social security protection to which they would have been entitled if they had spent their working life in only one Member State. This is in particular true for the access to measures of active labour market policies.

Regarding Option 3a and Option 3b, compared with the current legislation, applicants need to wait a longer time before they receive their benefits. In case the applicant has no private savings, the increased time to calculate benefits might create problems. Furthermore, applicants are expected to provide additional data compared with the current legislation) because former salaries are unclear etc. Finally, communication with the applicant will be more complicated, as the legislation is getting more complex.

### Conclusions

The annual number of cases handled in Germany per year is estimated at 791 when Germany is the Member State of last employment, while the number of cases is somewhat higher, 1164, when Germany is the Member State of previous employment – i.e. of previous insurance.

Currently, the administrative resources spent on each case amount to 0.5 hours for an average case – whether Germany is the Member State of last employment or of previous employment.

While Options 2a and 2b are not expected to require additional administrative resources per case, Options 3a and 3b will increase these requirements. Being the Member State of last employment, the national administrations are expected to spend 0.55 hours more per case – i.e. more than double compared with the current situation – in particular on the calculation of benefits. Being the Member State of previous employment, additional 0.2 hours per case are expected – partly for providing information, and partly for explaining the application process to the EU-worker.

Option 2a and Option 2b are envisaged to have a negative impact on the exercise of free movement, because a more complex legislation may discourage workers who were planning to move to another Member State. Regarding Option 3a and Option 3b, compared with the current legislation, applicants need to wait a longer time before they receive their benefits. In case the applicant has no private savings, the increased time to calculate benefits might create problems. Furthermore, applicants are expected to provide additional data compared with the current legislation) because former salaries are unclear etc. Finally, communication with the applicant will be more complicated, as the legislation is getting more complex.

## Annex D – Case study for Denmark

### Introduction

In this section, we provide a short description of Danish legislation on unemployment benefits, who is eligible, and how the legislation is interpreted by the national administrative institutions handling unemployment benefits: A-kasserne (the unemployment insurance funds).

To qualify for unemployment benefits in Denmark – the applicant must fulfil the following conditions:

- reside in Denmark
- be unemployed
- not be actively engaged with a formal education
- be a registered as active jobseeker and so be available to the Jobcenter (Danish employment centre)
- be able to work
- be available to the job market
- be between 18 and 65 years old
- be actively job seeking and cooperate with the Jobcenter in building an individual action plan
- have fulfilled eight weeks of work in Denmark (equivalent to 296 hours) within 12 weeks preceding the unemployment spell

The calculation of unemployment benefits is usually based on the average income over the last 12 weeks. In 2015, the amount obtained corresponds to 90% of the earlier income up to a limit of DKK 827 (EUR 111) a day. One can only receive unemployment benefits in up to two years within a three-year period.

There are 26 unemployment insurance funds (A-kasser) in Denmark. The unemployment insurance funds are private and their activities are funded by worker memberships. However, they keep responsibility of public authorities by also administering the publicly-funded share of the unemployment benefits. In other words, they constitute the national administrative institutions handling unemployment benefits.

It is the perception among the interviewed A-kasser that Danish legislation is fully in line with the EC regulation 883/2004. The interpretation of the regulation may, however, differ from other Member States' interpretations in that a period of eight weeks of employment in Denmark within 12 weeks has to be fulfilled in order to qualify for aggregation of unemployment period – i.e. a mobile worker will not be eligible after just one day of work in Denmark.

### Current administrative costs and burden

To determine the current administrative costs and burden in handling unemployment benefits in Denmark, we have interviewed four unemployment insurance funds listed in Table D-1 below.

Table D-1 Interviewed unemployment insurance funds, Denmark

Unemployment insurance fund	Description <sup>98</sup>
3F	Members within Transport, Building & Construction, Manufacturing industries, Agriculture, Forestry,

<sup>98</sup> Memberships are per January 1<sup>st</sup> 2015.

	Horticulture/Market Gardens, Cleaning, Hotel & Restaurants, Delivery and distribution of newspapers and magazines. About 250,000 members.
HK	Unemployment fund for Trade and office workers. About 200,000 members.
ASE	Unemployment insurance fund for all types of workers. About 140,000 members.
Krifa	Unemployment insurance fund for all types of workers. About 140,000 members.

None of the four interviewed unemployment insurance funds has exact time measurements of the administrative costs in terms of man-hours used per case handled. Hence, the estimations are based on best guesses from their experience with the case handlings. However, since unemployment insurance funds are privately-owned in Denmark, both HK A-kasse and 3F A-kasse have expressed that they are focused on limiting time used on case handling, and so they have a good feeling of the time spent.

The interviewed unemployment insurance funds handle between 20 and 150 cases of applications from workers per year (i.e. comparable with the figures in Table D-2), where the aggregation principle is applicable. They generally believe that this number will increase over time. Reasons include expectations of higher degree of travelling abroad to work – especially among young workers<sup>99</sup>. In the shorter run, the Danish economy shows signs of improvement causing employment to increase – and a faster improvement than other EEA countries. This will probably attract more workers seeking employment in Denmark<sup>100</sup>.

In total, an average case handling of an application for unemployment benefits from a mobile EU-worker amount to approximately 1.8 hours in the current situation when Denmark is the Member State of last employment, c.f. Table D-2.

Table D-2 Current administrative costs and burden – Denmark as Member State of last employment

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included</b>	<b>1.8 hours</b>	<b>100%</b>	<b>54</b>	<b>2.9</b>
Collecting information <sup>101</sup>	1.4 hours	100%		
Calculation of benefit <sup>102</sup>	0.2 hours	100%		
Determination of residence <sup>103</sup>	<0.1 hours	8%		

<sup>99</sup> Interview with HK A-kasse.

<sup>100</sup> Interview with Krifa.

<sup>101</sup> Determination of whether the information provided by the applicant is sufficient to decide on the payment of unemployment benefits. Obtain information from other previous Member State(s) of insurance about insurance and employment history in this/these country(-ies).

<sup>102</sup> For each of those cases where the interviewed unemployment insurance fund is the competent national administration: Time spend on calculation of the benefit, which the applicant is entitled to under the national legislation. The interviewed unemployment insurance fund set the payment of unemployment benefits in motion.

<sup>103</sup> If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a

Change in circumstances <sup>104</sup>	<0.1 hours	4%		
Reimbursement <sup>105</sup>	0	0%		
Recovery <sup>106</sup>	<0.1 hours	1%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

There is a large variation in the time spend on the individual cases – mostly depending on the applicant’s previous place of insurance. For instance, if the unemployment insurance fund in the Member State of previous employment has not had much experience with exchanging information with the previous place of insurance, it might take longer to attain the information needed.

The calculation of unemployment benefits is usually straightforward. The interviewed unemployment insurance funds have all set up a calculation tool which calculates the amount to be paid out. However, in most cases the calculation is not event necessary, as the Danish rate for unemployment insurance will be paid out. The calculation is thus merely a check to see, if the applicant is entitled to more benefits than the standard rate would dictate.

When Denmark is the Member State of previous employment, the average man-hours used for case handling is 0.7 hours, c.f. Table D-3. Only time spend on providing information has proven to be a task actually carried out in the interviewed unemployment insurance funds. They acknowledge that the other tasks in principle exist. However, none of them has recent experience with handling any of them and note that these tasks are the exception rather than the rule, when handling applications for unemployment benefits from mobile EU-workers. Therefore no time estimate has been provided for these tasks.

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result of collecting additional information about e.g. family ties, housing situation, characteristics of the candidate's professional activities.

<sup>104</sup> If circumstances change and it leads to a change of who is the competent Member State, a re-calculation of benefits or reevaluation of competent state is performed: Determine what type of change it is - whether it will lead to a re-calculation of benefits or change in competence.

<sup>105</sup> If (provisional) unemployment benefits awarded to a Mobile EU worker should have been paid by another Member State: Additional costs arise from reimbursement activities.

<sup>106</sup> If an applicant unjustified has received unemployment benefits (i.e. it has been determined, that the interviewed unemployment fund are not the competent state after all): additional costs arise from determining whether there is a basis for recovery, from calculation of benefits to recover, and from contacting the competent Member States to seek recovery.

Table D-3 Current administrative costs and burden – Denmark as Member State of previous employment

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included</b>	<b>0.7 hours</b>	<b>100%</b>	<b>686</b>	<b>13.4</b>
Providing information <sup>107</sup>	0.7 hours	100%		
Determination of residence <sup>108</sup>	0 hours	0%		
Change in circumstances <sup>109</sup>	0 hours	0%		
Reimbursement <sup>110</sup>	0 hours	0%		
Recovery <sup>111</sup>	0 hours	0%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

### Change in administrative costs and burden from revised EU provisions – Denmark as Member State of last employment

The interviewees were also asked to assess the consequences of four different revisions to the current EU provisions. The consequences are estimated in terms of additional man-hours to carry out the administrative tasks. No new tasks have been identified based on the revisions during any of the four interviews.

The interviewed unemployment insurance funds believe that Option 2a compared with the current practice could be considered to lessen the requirements to employment in Denmark. While this may push for more applications for unemployment benefits from mobile EU-workers, in turn the more complex legislation may discourage workers who were planning to move to another Member State. Similarly, FGB et.al (2015) – as also shown in Table 3-3 – assessed that stricter requirements will lead to less applications in Member States that mainly attract mobile EU-workers. In any case, the administrative burden in terms of additional man-hours required for case handlings is unchanged. Thus, as can be seen from Table D-4, Option 2a is expected to have no impact on the man-hours for case handling in the Danish context. Similarly, all of the interviewed unemployment insurance funds interpret Option 2b as being more or less the same as the current rules in Denmark.<sup>112</sup> The administrative burden in terms of additional man-hours required to case handlings is therefore unchanged.

<sup>107</sup> The interviewed unemployment fund receive a request for information about an applicant's previous insurance and employment history in your State from another Member State concerning an application for unemployment benefits and you contribute with the required information.

<sup>108</sup> If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of providing additional information about candidate's professional activities.

<sup>109</sup> If circumstances change and it leads to a change of who is the competent Member State and the interviewed unemployment fund are determined the competent institution: Additional costs arise a calculation of benefits is performed.

<sup>110</sup> If (provisional) unemployment benefits awarded to a mobile EU worker should have been paid by the interviewed unemployment fund, but another Member State has done this: Additional costs arise from reimbursement activities.

<sup>111</sup> If an applicant, who belongs to the interviewed unemployment fund has unjustified received unemployment benefits in another Member State: Additional costs arise recovery activities.

<sup>112</sup> ASE interprets Option 2b as a slight lessening of the current rules, while Krifa interprets the revision as a slight tightening of the rules.

**Table D-4 Change in administrative costs and burden from Options 2a and 2b – Denmark as Member State of last employment**

Administrative task	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>Total</b>	<b>0 hours</b>	<b>100%</b>	<b>54</b>	<b>0</b>
Collecting information	0 hours	100%		
Calculation of benefit	0 hours	100%		
Determination of residence	0 hours	8%		
Change in circumstances	0 hours	4%		
Reimbursement	0 hours	0%		
Recovery	0 hours	1%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

Option 3a is interpreted as leading to a much lower unemployment benefits for many of the mobile EU-worker applicants. However, the interviewees disagree on the expected effect on the number of applications for unemployment benefits from EU workers. Some argue that the living costs in Denmark are so high, that it will become harder to get by on the reduced benefit, and thus reduce the number of mobile EU-workers to travel to Denmark. Others argue that many of the applicants travel to Denmark because of spouses or other circumstances and not because of the job possibilities in itself. Those applicants will continue to travel to Denmark no matter how the benefits are calculated.

The administrative costs in terms of additional use of man-hours per case have an average estimate of total 0.5 hours subdivided into 0.4 hours for additional information gathering and 0.1 hours on calculation of benefits, c.f. Table D-5. The additional information gathering concerns the collection of salary statements. The extra time spent on information gathering varies between the interviewees, though. Some argue that no extra information is necessary. It depends on what information the unemployment insurance fund already obtain.

The calculation of benefits will become a bit more extensive, when having to include previous salary history. It increases the need to understand specific salary statements and calls for the development of standardised portable documents e.g. with clear definitions of wages to be applied for the aggregation calculations.

Option 3b is interpreted much in the same way as Option 3a, but with a slightly higher consequence on the development in the number of applications in the future. Additional time consumption on case handling are the same – i.e. a total of additional 0.5 hours per case.

**Table D-5 Change in administrative costs and burden from Option 3a and Option 3b – Denmark as Member State of last employment**

Administrative task	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
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<b>Total</b>	<b>0.5 hours</b>	<b>100%</b>	<b>54</b>	<b>0.8</b>
Collecting information	0.4 hours	100%		
Calculation of benefit	0.1 hours	100%		
Determination of residence	0 hours	8%		
Change in circumstances	0 hours	4%		
Reimbursement	0 hours	0%		
Recovery	0 hours	1%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

### **Change in administrative costs and burden from revised EU provisions – Denmark as Member State of previous employment<sup>113</sup>**

In addition to assessing the consequences of the four revisions while being the Member State of last employment, the interviewees were also asked to assess the consequences when being the Member State previous employment – i.e. of previous insurance. Again, no new tasks have been identified for any of the revisions.

Since time spend on providing information have proven to be the only administrative task actually carried out in the unemployment insurance funds in this respect, it is the only one that has been assessed during this part of the interviews.

In general, it is the conviction, that the administrative costs in terms of additional man-hours are infinitesimal. Most interviewees give an estimate of no additional time consumption. 3F A-kasse foresee a bit more servicing of other Member States based on the revision.

Table D-6 Change in administrative costs and burden from changing information task – Denmark as Member State of previous employment

<b>Revision</b>	<b>Change in average man-hours per case</b>	<b>Frequency</b>	<b>Number of cases<sup>(1)</sup></b>	<b>Change in administrative costs, Total, EUR 1,000<sup>(2)</sup></b>
Option 2a	<0.1 hours	100%	686	0.8
Option 2b	<0.1 hours	100%	686	0.8
Option 3a	<0.1 hours	100%	686	0.8
Option 3b	<0.1 hours	100%	686	0.8

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

### **Administrative implications for applicants from revisions to EU provisions on unemployment benefits**

Revising the unemployment provisions according to the proposed revisions will have different effect, depending on the unemployment insurance funds standard case

<sup>113</sup> The estimation of the administrative costs and burden from revised EU provisions when Denmark is the Member State of previous insurance is based on three interviews, since HK A-kasse was not able to give an estimation on this.



handling. Overall, the more complex legislation may discourage workers who were planning to move to another Member State.

However, both HK A-kasse and Krifa already ask the applicants for documentation for employment history and salary slips, which means they do not expect any of the revisions to increase the administrative implications for the applicants. Krifa explains, that the demands they pose on mobile EU-workers today are relatively extensive, which means it is hard to imagine that the proposed revisions should make it more difficult for the applicants.

3F A-kasse and ASE do not necessarily require documentation for salary and employment history in their current case handlings of applications for unemployment benefits from mobile EU-workers. Thus, they expect the administrative implications for the applicant will increase in the case of Options 3a and 3b, where these documents will become necessary. ASE further expects, that they will demand authorised translation of the documentation, which will pose both an administrative implication on the applicant in terms of time and in terms of monetary costs. This burden may be reduced by the introduction of standardised documents.

### **Conclusions**

The annual number of cases handled in Denmark per year is 54 when Denmark is the Member State of last employment, while the number of cases is somewhat higher, 686, when Denmark is the Member State of previous employment – i.e. of previous insurance.

Currently, the administrative resources spent on each case amount to 1.8 hours for an average case – whether Denmark is the Member State of last employment, and 0.7 hours when of previous employment. Most resources are spent on collecting and providing information.

In the Danish case, only two of the four revisions are expected to have impact on administrative costs in terms of use of man-hours when being the Member state of last employment: Options 3a and 3b. The impacts are very limited though, and thus, the increase in administrative costs in terms of labour costs are relatively small. A small impact is expected from the revisions being the Member State of previous insurance. However, the impacts are infinitesimal.

Overall, the more complex legislation may discourage workers who were planning to move to another Member State. However, applicants are already expected to provide documentation for employment history and salary slips, which means they do not expect any of the revisions to increase the administrative implications for the applicants. The demands they pose on mobile EU-workers today are relatively extensive, which means it is hard to imagine that the proposed revisions should make it more difficult for the applicants.

## Annex E – Case study for Netherlands

### Introduction

In this section, we provide a short description of Dutch legislation on unemployment benefits, who is eligible, and how the legislation is interpreted by the national administrative institutions handling unemployment benefits: the Institute for Employee Benefit Schemes (UWV).

To qualify for unemployment benefits (WW-uitkering) in the Netherlands – the applicant must fulfil the following conditions:

- be involuntarily unemployed
- have had a loss of at least five or half the working hours per week
- timely register with the Institute for Employee Benefit Schemes (UWV)
- be able to work
- be available to the job market
- be below the legal retirement age
- seek employment
- reside in the Netherlands
- apply for benefits on the first day of unemployment

To be eligible for WW benefit the applicant needs to satisfy the "26 out of 36 weeks" ruling, which states that he/she must have been employed for at least 26 out of the 36 weeks before the first day of unemployment. An applicant who only meets the required number of weeks will receive WW benefit up to a maximum of three months. If the applicant has received wages for at least 52 days for four (out of the five) last calendar years from the year of unemployment, the benefit will be payable for as many months as the number of years the person he/she was employed.

The calculation of unemployment benefits is based on the last available daily wage with a maximum of EUR 198.28. The amount is equal to 75% of the last daily wage during the first two months, 70% thereafter. An applicant who only meets the weeks' condition receives benefits for a maximum duration of three months, whereas a person who satisfies the years' condition receives benefits for as many months as the number of months in employment, with a maximum of 38 months.

If unemployment benefits are less than the social minimum, a supplementary benefit can be claimed under the Supplementary Benefit Act (Toeslagenwet, TW).

### Current administrative costs and burden

To determine the current administrative costs and burden in handling unemployment benefits in the Netherlands, we have interviewed the Institute for Employee Benefit Schemes (UWV).

The Institute for Employee Benefit Schemes (UWV) estimates that they had 40 new cases in 2014 as national administration with last employment and a total of only 10 existing active cases. From the HIVA study (Pacolet and De Wispelaere, 2015) the number of cases for 2013 as national administration with last employment is 160. As for the number of cases as national administration with previous employment the UWV estimates that they handled a total number of 23,808 cases in 2014, but are unable to say for how many of these cases the aggregation principle (*in Dutch: samenstellingsregeling*) applied. However, the HIVA study shows that the aggregation principle was used in 918 cases where the UWV was the national administration with previous employment. Hence, there seems to be some uncertainty connected with the counting of cases.

In total, an average case handling of an application for unemployment benefits from a mobile EU-worker will amount to approximately 1.1 hours in the current situation when the Netherlands is the Member State of last employment, most often spent on the collection of information about the applicant's employment and insurance history and on the calculation of benefits, c.f. Table E-1. Based on the average number of man-hours spend and an average labour cost at EUR 22.2 per hour this adds up to a total average of EUR 24.3 per case as national administration with last employment, and to EUR 3,900 for all cases.

**Table E-1** Current administrative costs and burden – the Netherlands as Member State of last employment

<b>Administrative task</b>	<b>Average man-hours per case</b>	<b>Frequency</b>	<b>Number of cases<sup>(1)</sup></b>	<b>Administrative costs, Total, EUR 1,000<sup>(2)</sup></b>
A typical case; first time handling of a case - all regular tasks included	1.1 hours	100%	160	3.9
Collecting information <sup>114</sup>	0.5 hours	100%		
Calculation of benefit <sup>115</sup>	0.5 hours	100%		
Determination of residence <sup>116</sup>	0.5 hours	5-10%		
Change in circumstances <sup>117</sup>	0.53 hours	>5%		
Reimbursement <sup>118</sup>	0 hours	0%		
Recovery <sup>119</sup>	0.38 hours	>5%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

When the Netherlands is the Member State of previous insurance (previous employment), the average man-hours used for case handling is 0.67 hours, c.f. Table E-2, all of which is spent on providing information about the applicant's employment and insurance history to the relevant Member State of last employment.

<sup>114</sup> Determination of whether the information provided by the applicant is sufficient to decide on the payment of unemployment benefits. Obtain information from other previous Member State(s) of insurance about insurance and employment history in this/these country(-ies).

<sup>115</sup> For each of those cases where the interviewed administration is the competent national administration: Time spend on calculation of the benefit, which the applicant is entitled to under the national legislation. The interviewed unemployment insurance fund set the payment of unemployment benefits in motion.

<sup>116</sup> If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of collecting additional information about e.g. family ties, housing situation, characteristics of the candidate's professional activities.

<sup>117</sup> If circumstances change and it leads to a change of who is the competent Member State, a re-calculation of benefits or reevaluation of competent state is performed: Determine what type of change it is - whether it will lead to a re-calculation of benefits or change in competence.

<sup>118</sup> If (provisional) unemployment benefits awarded to a Mobile EU worker should have been paid by another Member State: Additional costs arise from reimbursement activities.

<sup>119</sup> If an applicant unjustified has received unemployment benefits (i.e. it has been determined, that the interviewed unemployment fund are not the competent state after all): additional costs arise from determining whether there is a basis for recovery, from calculation of benefits to recover, and from contacting the competent Member States to seek recovery.

Table E-2 Current administrative costs and burden – the Netherlands as Member State of previous employment

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included</b>	<b>0.67 hours</b>	<b>100%</b>	<b>918</b>	<b>13.7</b>
Providing information <sup>120</sup>	0.67 hour	100%		
Determination of residence <sup>121</sup>	0 hours	0%		
Change in circumstances <sup>122</sup>	0 hours	0%		
Reimbursement <sup>123</sup>	0 hours	0%		
Recovery <sup>124</sup>	0 hours	0%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

### Change in administrative costs and burden from revised EU provisions – The Netherlands as Member State of last employment

The interviewees were also asked to assess the consequences of four different revisions to the current EU provisions. The consequences are estimated in terms of additional man-hours to carry out the administrative tasks. No new tasks have been identified based on the revisions during the interviews.

As shown in Table E-3 no change in man-hours used are expected for Option 2a and Option 2b – i.e. the introduction of a threshold is not expected to make much difference to the single case handling.

<sup>120</sup> The interviewed administration receive a request for information about an applicant's previous insurance and employment history in your State from another Member State concerning an application for unemployment benefits and you contribute with the required information.

<sup>121</sup> If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of providing additional information about candidate's professional activities.

<sup>122</sup> If circumstances change and it leads to a change of who is the competent Member State and the interviewed unemployment fund are determined the competent institution: Additional costs arise a calculation of benefits is performed.

<sup>123</sup> If (provisional) unemployment benefits awarded to a mobile EU worker should have been paid by the interviewed unemployment fund, but another Member State has done this: Additional costs arise from reimbursement activities.

<sup>124</sup> If an applicant has unjustified received unemployment benefits in another Member State: Additional costs arise recovery activities.

**Table E-3** Change in administrative costs and burden from Option 2a and Option 2b – the Netherlands as Member State of last employment

Administrative task	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>Total</b>	<b>0 hours</b>	<b>100%</b>	<b>160</b>	<b>0</b>
Collecting information <sup>125</sup>	0 hours	0%		
Calculation of benefit	0 hours	0%		
Determination of residence	0 hours	0%		
Change in circumstances	0 hours	0%		
Reimbursement	0 hours	0%		
Recovery	0 hours	0%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

However, the UWV assesses that Option 3a will require them to collect additional information when processing the applications and estimates this will lead to an increase in man-hours spend per case at 0.38 hours per case (Table E-4). The UWV interprets the effects of Option 3b to be much the same as Option 3a. However, based on current numbers the UWV assesses that Option 3b will lead to a rise in the number of cases, since the applicant in almost all cases has worked in the Netherlands for more than one month. This said, the additional time used on processing the cases is estimated by the UWV to be the same as for Option 3a.

<sup>125</sup> In the current situation much of the information needed for Option 2a and Option 2b is already being gathered in the current situation. The period of time the applicant has worked in the Netherlands does not influence the administrative process.

Table E-4 Change in administrative costs and burden from Option 3a and Option 3b – the Netherlands as Member State of last employment

Administrative task	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>Total</b>	<b>0.38 hours</b>	<b>100%</b>	<b>160</b>	<b>1.4</b>
Collecting information	0.38 hours	100%		
Calculation of benefit	0 hours	100%		
Determination of residence	0 hours	0%		
Change in circumstances	0 hours	0%		
Reimbursement	0 hours	0%		
Recovery	0 hours	0%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

#### Change in administrative costs and burden from revised EU provisions – the Netherlands as Member State of previous employment

In addition to assessing the consequences of the four revisions while being the Member State of last employment, the interviewees were also asked to assess the consequences when being the Member State of previous employment – i.e. of previous insurance.

As it is shown below in Table E-5 the UWV assess that the revisions will not lead to changes in the time used handling the cases. In addition, no new tasks have been identified for any of the revisions.

Table E-5 Change in administrative costs and burden from changing information task – the Netherlands as Member State of previous employment

Revision	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
Option 2a	0 hours	100%	918	0
Option 2b	0 hours	100%	918	0
Option 3a	0 hours	100%	918	0
Option 3b	0 hours	100%	918	0

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

#### Administrative implications for applicants from revisions to EU provisions on unemployment benefits

The UWV assesses that revising the unemployment provisions according to the proposed revisions will lead to a slight increase in the time used on the application for the mobile EU-worker. The reason for this mainly arise from the additional information and documents the applicant must provide – e.g. in the form of contracts, payslips etc.

## Conclusions

The annual number of cases handled in the Netherlands per year is 160 when the Netherlands is the Member State of last employment, while the number of cases is significantly higher, 918, when the Netherlands is the Member State of previous employment – i.e. of previous insurance.

Currently, the administrative resources spent on each case amount to 1.1 hours for an average case – when the Netherlands is the Member State of last employment, and 0.67 hours when of previous employment. Most resources are spent on collecting and providing information, and on the calculation of benefits.

As the interviewee only handle a small number of cases as competent state every year, the burden from revision being the competent state is relatively small. In addition, even though the Netherlands is the Member State of previous employment in a higher number of cases, the estimate of additional costs per case is limited, which means the burden is not that significant when being the state of previous employment. Hence, all in all none of the policy revisions seems to have a larger impact on administrative costs of case handling unemployment benefits in the Netherlands.

Finally, it is assessed that that revising the unemployment provisions according to the proposed revisions will lead to a slight increase in the time used on the application for the mobile EU-worker. The reason for this mainly arise from the additional information and documents the applicant must provide – e.g. in the form of contracts, payslips etc.

## Annex F – Case study for Poland

### Introduction

In this section, a short description is given of the Polish legislation on unemployment benefits, who is eligible, and how the national administrative institutions handling unemployment benefits interpret the legislation.

To qualify for unemployment benefits (*Zasilek dla bezrobotnych*) in Poland – the applicant must fulfil the following conditions:

- be involuntary unemployed
- be without work or payment
- be registered with the employment agency
- be capable for work
- be available for full-time work
- be at least 18 years of age and less than 60 years (woman) or 65 years (man)
- not be entitled to old-age or invalidity pension
- hold a Polish, EU or EEA or Swiss citizenship
- not be recipient of rehabilitation, sickness, maternity or child raising allowance

In addition, there is a qualifying period, where the applicant must have been in paid employment of at least 365 calendar days within a period of 18 months preceding the day of registration.

The amount of unemployment benefits are not based on earnings, but on the length of economic activity. It is calculated as a percentage of the Basic Unemployment Allowance, depending upon the length of employment: one to five years of work entitles the applicant to 80% of the Basic Unemployment Allowance; five to 20 years entitles the applicant to 100% of the full amount; 20 years and more entitle the applicant to a 120% of the full amount.

The Basic Unemployment Allowance constitutes an amount of PLN 831.10 (EUR 200) per month for a period of three months and PLN 652.60 (EUR 157) thereafter. The duration of the benefits is a period of six months in areas with an unemployment rate less than 150% national average. In areas with an unemployment rate of at least 150% or more of the national average the duration of benefits are 12 months. This period of benefits on 12 months also applies if the claimant has a qualifying period of 20 years and is more than 50 years old, or if the claimant's spouse is unemployed, not entitled to an allowance and they have at least one dependent child under the age of 15 years.

### Current administrative costs and burden

To determine the current administrative costs and burden in handling unemployment benefits in Poland, we have interviewed four Polish national and regional administrations listed in Table F-1 below.

Table F-1 Interviewed national and regional administrative institutions handling unemployment benefits, Poland

<b>Institution</b>
Regional Labour Office Warsaw, team for promoting of employment and EURES
Lower Silesian Regional Labour Office, Department of Social Security Systems
Ministry of Labour and Social Policy, Department for Coordination of Social Security Systems



Ministry of Labour and Social Policy, Department of Labour Market

None of the four interviewed administrations handling unemployment benefits has exact time measurements of the administrative costs in terms of man-hours used per case handling. Hence, the estimations are based on best guesses from their experience with the case handlings.

In total, an average case handling of an application for unemployment benefits from a mobile EU-worker will amount to approximately 1.8 hours in the current situation when Poland is the Member State of last employment, c.f. Table F-2. The largest task is the determination of residence followed by the collection of information about the applicant's employment and insurance history from the relevant Member State of previous employment.

Table F-2 Current administrative costs and burden – Poland as Member State of last employment

Administrative task	Average man-hours per case <sup>(1)</sup>	Frequency <sup>(1)</sup>	Number of cases <sup>(2)</sup>	Administrative costs, Total, EUR 1,000 <sup>(3)</sup>
<b>A typical case; first time handling of a case - all regular tasks included</b>	<b>1.83 hours</b>	<b>100%</b>	<b>1517</b>	<b>14.3</b>
Collecting information <sup>126</sup>	0.56 hours	-		
Calculation of benefit <sup>127</sup>	0.32 hours	-		
Determination of residence <sup>128</sup>	0.63 hours	-		
Change in circumstances <sup>129</sup>	0.07 hours	-		
Reimbursement <sup>130</sup>	0.01 hours	-		
Recovery <sup>131</sup>	0 hours	-		

Notes: <sup>(1)</sup> The frequencies in the Polish calculations have been taken into account when calculating the average man-hours per case. <sup>(2)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(3)</sup> Using unit labour cost estimates based on Eurostat data.

Table F-3 shows that Poland as Member State of previous employment annually handles around 147 cases. The average time of handling a case is 1.27 hours – with most time spent of the provision of information about the applicant to the relevant Member State of last employment, followed by efforts regarding determination of residence of the applicant.

<sup>126</sup> Determination of whether the information provided by the applicant is sufficient to decide on the payment of unemployment benefits. Obtain information from other previous Member State(s) of insurance about insurance and employment history in this/these country(-ies).

<sup>127</sup> For each of those cases where the interviewed administration is the competent national administration: Time spend on calculation of the benefit, which the applicant is entitled to under the national legislation. The interviewed administration set the payment of unemployment benefits in motion.

<sup>128</sup> If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of collecting additional information about e.g. family ties, housing situation, characteristics of the candidate's professional activities.

<sup>129</sup> If circumstances change and it leads to a change of who is the competent Member State, a re-calculation of benefits or reevaluation of competent state is performed: Determine what type of change it is - whether it will lead to a re-calculation of benefits or change in competence.

<sup>130</sup> If (provisional) unemployment benefits awarded to a Mobile EU worker should have been paid by another Member State: Additional costs arise from reimbursement activities.

<sup>131</sup> If an applicant unjustified has received unemployment benefits (i.e. it has been determined, that the interviewed unemployment fund are not the competent state after all): additional costs arise from determining whether there is a basis for recovery, from calculation of benefits to recover, and from contacting the competent Member States to seek recovery.

Table F-3 Current administrative costs and burden – Poland as Member State of previous employment

Administrative task	Average man-hours per case <sup>(1)</sup>	Frequency <sup>(1)</sup>	Number of cases <sup>(2)</sup>	Administrative costs, Total, EUR 1,000 <sup>(3)</sup>
<b>A typical case; first time handling of a case - all regular tasks included</b>	<b>1.27 hours</b>	<b>100%</b>	<b>147</b>	<b>1.0</b>
Providing information <sup>132</sup>	0.67 hours	-		
Determination of residence <sup>133</sup>	0.46 hours	-		
Change in circumstances <sup>134</sup>	0.15 hours	-		
Reimbursement <sup>135</sup>	0 hours	-		
Recovery <sup>136</sup>	0 hours	-		

Notes: <sup>(1)</sup> The frequencies in the Polish calculations have been taken into account when calculating the average man-hours per case. <sup>(2)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(3)</sup> Using unit labour cost estimates based on Eurostat data.

### **Change in administrative costs and burden from revised EU provisions – Poland as Member State of last employment**

The interviewees were also asked to assess the consequences of four different revisions to the current EU provisions. The consequences are estimated in terms of additional man-hours to carry out the administrative tasks.

The respondents gave quite different answers to the expected changes in administrative cost and burdens due to the revisions.

In one interview with the Department for Coordination of Social Security Systems at the Ministry of Labour and Social Policy it was assessed that both Options 2a and 2b will lead to an increase of 50% in collecting information due to the need of collecting further information on the applicants previous period of employment. As for Options 3a and 3b, they estimate that there will be no changes. However, in another interview with the same department at the Ministry of Labour and Social Policy it was estimated that neither of the revisions will lead to any changes. As for Options 2a and 2b the explanation to this is, that the time it takes to analyse the documents will stay the same before and after the revisions. For Options 3a and 3b the remark is that Polish benefits are not dependent on the wages but on status. This assessment is shared by the Regional Labour Office Warsaw who notes that the revisions will not lead to any changes in the handling of documents related to the application.

<sup>132</sup> The interviewed administration receive a request for information about an applicant's previous insurance and employment history in your State from another Member State concerning an application for unemployment benefits and you contribute with the required information.

<sup>133</sup> If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of providing additional information about candidate's professional activities.

<sup>134</sup> If circumstances change and it leads to a change of who is the competent Member State and the interviewed unemployment fund are determined the competent institution: Additional costs arise a calculation of benefits is performed.

<sup>135</sup> If (provisional) unemployment benefits awarded to a mobile EU worker should have been paid by the interviewed unemployment fund, but another Member State has done this: Additional costs arise from reimbursement activities.

<sup>136</sup> If an applicant, who belongs to the interviewed administration has unjustified received unemployment benefits in another Member State: Additional costs arise recovery activities.

The Labour Market Department – also at the Ministry of Labour and Social Policy – the assessment is that all revisions will lead to an increase in time spend on collecting information. This is again contrary to what the Lower Silesian Regional Labour Office estimates; here it is expected that the all revisions will lead to decrease on 50-70% in man-hours used due to less administrative work<sup>137</sup>. These differences in estimations of changes due to revisions recurs at several tasks.

The following tables give an overview of the aggregated/average estimates by the Polish interviewees of the changes when Poland is Member State of last employment. These aggregated estimates show that the overall view is that all revisions will lead to a slight decrease in administrative costs and burdens when handling unemployment benefits.

**Table F-4** Change in administrative costs and burden from Option 2a – Poland as Member State of last employment

Administrative task	Change in average man-hours per case <sup>(1)</sup>	Frequency <sup>(1)</sup>	Number of cases <sup>(2)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(3)</sup>
<b>Total</b>	<b>-0.45 hours</b>	<b>100%</b>	<b>1517</b>	<b>-3.5</b>
Collecting information	0 hours	-		
Calculation of benefit	0 hours	-		
Determination of residence	-0.23 hours	-		
Change in circumstances	0.04 hours	-		
Reimbursement	-0.28 hours	-		
Recovery	0.01 hours	-		

Notes: <sup>(1)</sup> The frequencies in the Polish calculations have been taken into account when calculating the average man-hours per case. <sup>(2)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(3)</sup> Using unit labour cost estimates based on Eurostat data.

<sup>137</sup> "No need to fill in a declaration printing (printing extensive and time-consuming)"

Table F-5 Change in administrative costs and burden from Option 2b – Poland as Member State of last employment

Administrative task	Change in average man-hours per case <sup>(1)</sup>	Frequency <sup>(1)</sup>	Number of cases <sup>(2)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(3)</sup>
<b>Total</b>	<b>-0.35 hours</b>	<b>100%</b>	<b>1517</b>	<b>-2.7</b>
Collecting information	0 hours	-		
Calculation of benefit	0 hours	-		
Determination of residence	-0.18 hours	-		
Change in circumstances	0.04 hours	-		
Reimbursement	-0.23 hours	-		
Recovery	0.01 hours	-		

Notes: <sup>(1)</sup> The frequencies in the Polish calculations have been taken into account when calculating the average man-hours per case. <sup>(2)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(3)</sup> Using unit labour cost estimates based on Eurostat data.

Table F-6 Change in administrative costs and burden from Option 3a – Poland as Member State of last employment

Administrative task	Change in average man-hours per case <sup>(1)</sup>	Frequency <sup>(1)</sup>	Number of cases <sup>(2)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(3)</sup>
<b>Total</b>	<b>-0.15 hours</b>	<b>100%</b>	<b>1517</b>	<b>-1.2</b>
Collecting information	0.05 hours	-		
Calculation of benefit	0.30 hours	-		
Determination of residence	-0.23 hours	-		
Change in circumstances	0 hours	-		
Reimbursement	-0.28 hours	-		
Recovery	0 hours	-		

Notes: <sup>(1)</sup> The frequencies in the Polish calculations have been taken into account when calculating the average man-hours per case. <sup>(2)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(3)</sup> Using unit labour cost estimates based on Eurostat data.

Table F-7 Change in administrative costs and burden from Option 3b – Poland as Member State of last employment

Administrative task	Change in average man-hours per case <sup>(1)</sup>	Frequency <sup>(1)</sup>	Number of cases <sup>(2)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(3)</sup>
<b>Total</b>	<b>-0.05 hours</b>	<b>100%</b>	<b>1517</b>	<b>-0.4</b>
Collecting information	0.05 hours	-		
Calculation of benefit	0.30 hours	-		
Determination of residence	-0.18 hours	-		
Change in circumstances	0 hours	-		
Reimbursement	-0.23 hours	-		
Recovery	0 hours	-		

Notes: <sup>(1)</sup> The frequencies in the Polish calculations have been taken into account when calculating the average man-hours per case. <sup>(2)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(3)</sup> Using unit labour cost estimates based on Eurostat data.

#### **Change in administrative costs and burden from revised EU provisions – Poland as Member State of previous employment**

In addition to assessing the consequences of the four revisions while being the Member State of last employment, the interviewees were also asked to assess the consequences when being the Member State previous employment competence – i.e. of previous insurance.

As shown in Table F-8, the aggregated assessment of Options 2a and 2b is that they will also lead to a slight decrease in man-hours used on handling unemployment benefits.

Opposite the estimates given on changes in administrative cost and burdens as a result of the revisions when Poland is the Member State of last employment, the aggregated assessment is, that Options 3a and 3b will lead to an almost insignificant increase in man-hours used when Poland is Member State of previous employment – c.f. Table F-9. This minor increase covers, however, over slight a slight increase in resources needed for providing information, while savings are expected regarding the determination of residence and the reimbursement task.

**Table F-8** Change in administrative costs and burden from Options 2a and 2b – Poland as Member State of previous employment

Administrative task	Change in average man-hours per case <sup>(1)</sup>	Frequency <sup>(1)</sup>	Number of cases <sup>(2)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(3)</sup>
<b>Total</b>	<b>-0.53 hours</b>	<b>100%</b>	<b>147</b>	<b>-0.4</b>
Providing information	0 hours	-		
Determination of residence	-0.27 hours	-		
Change in circumstances	0.05 hours	-		
Reimbursement	-0.33 hours	-		
Recovery	0.02 hours	-		

Notes: <sup>(1)</sup> The frequencies in the Polish calculations have been taken into account when calculating the average man-hours per case. <sup>(2)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(3)</sup> Using unit labour cost estimates based on Eurostat data.

**Table F-9** Change in administrative costs and burden from Options 3a and 3b – Poland as Member State of previous employment

Administrative task	Change in average man-hours per case <sup>(1)</sup>	Frequency <sup>(1)</sup>	Number of cases <sup>(2)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(3)</sup>
<b>Total</b>	<b>0.05 hours</b>	<b>100%</b>	<b>147</b>	<b>0.04</b>
Providing information	0.08 hours	-		
Determination of residence	-0.27 hours	-		
Change in circumstances	0.17 hours	-		
Reimbursement	-0.33 hours	-		
Recovery	0.17 hours	-		

Notes: <sup>(1)</sup> The frequencies in the Polish calculations have been taken into account when calculating the average man-hours per case. <sup>(2)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(3)</sup> Using unit labour cost estimates based on Eurostat data.

### **Administrative implications for applicants from revisions to EU provisions on unemployment benefits**

The interviewed administrative institutions were very reluctant to estimate the implications to the applicants due to the revisions. However, the Labour Market Department at the Ministry of Labour and Social Policy assesses that Option 3b will not have significant implications to the applicant, though it might lead to slight increase in workload, since the need for documentation and information will increase.

## **Conclusions**

The annual number of cases handled in Poland per year is 1517 when Poland is the Member State of last employment, while the number of cases is significantly lower, 147, when the Netherlands is the Member State of previous employment – i.e. of previous insurance.

Currently, the administrative resources spent on each case amount to 1.83 hours for an average case – when Poland is the Member State of last employment, and 1.27 hours when of previous employment. Most resources are spent on collecting and providing information, and on the calculation of benefits and the determination of residence.

The aggregated estimates show that the overall view is that all revisions will lead to a slight decrease in administrative costs and burdens when handling unemployment benefits as authority of last employment. This result is also found for Options 2a and 2b when being the authority of previous employment, which a slight very small increase in administrative costs are expected for Options 2a and 2b.



## Annex G – Case study for Romania

### Introduction

In this section, we provide a short description of Romanian legislation on unemployment benefits, who is eligible, and how the national administrative institutions handling unemployment benefits interpret the legislation.

To obtain unemployment benefits in Romania a person has to address to the local/county agency for employment to register for unemployment benefit with the following documents:

- identity document
- diplomas and certificates of qualifications
- documents from the former employers on ending employment: dismissal decision, the labour contract
- medical certificate proving that the person it is able to work or if the person has any medical restrictions
- documents issued by the financial relevant authorities, showing that the person has no income or in case of self-employed persons, or has income less than the unemployment benefit

Within this study, we focus on the case-handling of applications for unemployment benefits where the aggregation principle apply – i.e. applications from citizens who do not have sufficiently long insurance records in the last Member State of activity/insurance to qualify for unemployment benefits. Thus periods fulfilled in another Member State can be aggregated in line with the "principle of aggregation" laid down in Article 61 of Regulation (EC) No 883/2004. The unemployment benefit level is determined by the reference social indicator, the level of earnings, and the length of contribution period.

The unemployment indemnity is calculated and paid monthly as a percentage of the reference social indicator (500 RON, 111 EUR) and is 75% for a contribution period of one year and over (375 RON, 83.3 EUR). For a contribution period of three years and over, another percentage of the average gross income earned during the last 12 months contribution period is added to the base amount:

- 3% of the average gross income earned during the last 12 months for a contribution period between three and five years;
- 5% of the average gross income earned during the last 12 months between five and ten years;
- 7% of the average gross income earned during the last 12 months between ten and twenty years;
- 10% of the average gross income earned during the last 12 months for twenty years and over.

In short, the procedure for obtaining unemployment benefit in Romania can be described as follows:

When a claim for unemployment benefits is submitted to the national administration, the local agency for employment or working point will prepare a file containing all documents submitted for granting unemployment benefits.

The employment officer from the local employment agency or work point checks the documents submitted and decides if the conditions are met to obtain the unemployment benefit.

The registered unemployed who involuntarily became unemployed is required to have completed a contribution period of 12 months during the 24 months preceding

registration in order to be entitled to an unemployment indemnity (*indemnizatie de somaj*) from the unemployment insurance system's scheme.

The duration of the unemployment indemnity varies with the length of contribution period: 6 months for a contribution period between one and five years, 9 months between five and ten years, and 12 months for ten years and over. The employment officer shall issue the decision on the establishment or denial of unemployment benefits. In case the claimant is entitled to unemployment benefits, it is necessary to review the length of contribution period to determine the amount and duration of the benefit, in order to issue the decision.

The Romanian National Employment Agency is using an IT tool for issuing the decisions and calculation of benefits in the case of national applications.

### Current administrative costs and burden

To determine the current administrative costs and burden in handling unemployment benefits in Romania, we have interviewed three bodies within the National Agency for Employment listed in Table G-1 below.

Table G-1 Interviewed unemployment insurance funds, Romania

Unemployment insurance fund	Description <sup>138</sup>
National Agency for Employment	An autonomous public institution, under the coordination of Ministry of Labour, Family, Social Protection and Elderly. NAE administers and operates the unemployment insurance system through 42 county employment agencies, 70 local agencies and 141 working points.
County Employment Agency, Ilfov	Hence, the county employment agencies are in practice handling unemployment aggregation case and are so the competent institutions.
Local employment agency, Brasov	However, to obtain unemployment benefits in Romania a person can approach to the local employment agency.

The interviewed national administration of Romania represented by the three bodies above handled a total of 12 cases in 2013 and 4 cases in 2014 at national level, where the aggregation principle was applicable. Pacolet and De Wispelaere (2015) report a total of 12 cases per year.

In total, an average case handling of an application for unemployment benefits from a mobile EU-worker amounts to approximately 1.9 hours in the current situation when Romania is the Member State of last employment, c.f. Table G-2. Most time is spent on the calculation of benefits and on the collection of information about the applicant from the relevant Member State of previous employment. The remaining tasks are only infrequently carried out.

<sup>138</sup> Memberships are per January 1<sup>st</sup> 2015.

Table G-2 Current administrative costs and burden – Romania as Member State of last employment

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included</b>	<b>1.9 hours</b>	<b>100%</b>	<b>12</b>	<b>0.1</b>
Collecting information <sup>139</sup>	0.9 hours	100%		
Calculation of benefit <sup>140</sup>	1 hour	100%		
Determination of residence <sup>141</sup>	0	0%		
Change in circumstances <sup>142</sup>	1 hour	0.1%		
Reimbursement <sup>143</sup>	0.5 hours	0.01%		
Recovery <sup>144</sup>	2 hours	0.1%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

When the qualifying period is only fulfilled by application of the aggregation principle of periods of employment/work/insurance in the Member State of previous employment the employment officer shall decide upon the settlement or denial of unemployment benefits.

If the person does not already have the demanded EU forms, the officer must inform the applicant about the need of the EU form in order to obtain the unemployment benefit. The applicant is advised to obtain the EU form by him-/herself. The reason is that usually in this way the EU form is received earlier than using the official/institutional way.

When the EU form has been received from the applicant the officer prepare the EU form, submit it to the director of the employment agency to be signed and send the form by e-mail or regular mail to the liaison body of the competent country. When the information needed is available, and the person is entitled to unemployment benefit, the benefit can be calculated

<sup>139</sup> Determination of whether the information provided by the applicant is sufficient to decide on the payment of unemployment benefits. Obtain information from other previous Member State(s) of insurance about insurance and employment history in this/these country(-ies).

<sup>140</sup> For each of those cases where the interviewed unemployment insurance fund is the competent national administration: Time spend on calculation of the benefit, which the applicant is entitled to under the national legislation. The interviewed unemployment insurance fund set the payment of unemployment benefits in motion.

<sup>141</sup> If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of collecting additional information about e.g. family ties, housing situation, characteristics of the candidate's professional activities.

<sup>142</sup> If circumstances change and it leads to a change of who is the competent Member State, a re-calculation of benefits or reevaluation of competent state is performed: Determine what type of change it is - whether it will lead to a re-calculation of benefits or change in competence.

<sup>143</sup> If (provisional) unemployment benefits awarded to a Mobile EU worker should have been paid by another Member State: Additional costs arise from reimbursement activities.

<sup>144</sup> If an applicant unjustified has received unemployment benefits (i.e. it has been determined, that the interviewed unemployment fund are not the competent state after all): additional costs arise from determining whether there is a basis for recovery, from calculation of benefits to recover, and from contacting the competent Member States to seek recovery.

The Romanian National Employment Agency uses an IT tool for the issue of the E-forms. The application was not yet updated for the U-forms. This is the reason of preference of using E-forms. If an EU country requires only U-forms, these are prepared using only Word documents, taking more time than preparing an E-form. If the EU-form is returned within 30 days and contains information that the qualifying period is completed, the payment of unemployment benefits is to be set in motion, and the officer proceed to the calculation of the unemployment benefits and to issue the decision. If the EU form is not returned within 30 days or is returned and contains information that the qualifying period is not completed, the officer shall prepare a decision of denial of unemployment benefits.

After signing the decision on the settlement or denial of unemployment benefits by the Executive Director or the person empowered to do so, a copy of the decision shall be given to the claimant, a copy is kept on file unemployed and the third copy, together with the form "Information regarding payment of the benefit" is forward to the payment compartment. The decision on the right to unemployment benefit is handed to the applicant on the first visit to the agency.

To make a correct calculation of the unemployment benefit the officer needs to know the entire history of work, insurance and self-employment periods and the amount of the gross income earned in last 12 months of work. This information should be provided by the claimant within the documents submitted with the claim.

Romania handles significantly more cases as the Member State of previous employment. According to the interviewees, the national administration handled a total of 6,567 cases. Pacolet and De Wispelaere (2015) counts less at 887 cases per year. c.f. Table G-3. In total, an average case handling of an application for unemployment benefits from a mobile EU-worker amounts to approximately 2.5 hours in the current situation when Romania is the Member State of previous employment – with almost all time spent on providing information to the relevant Member States of the applicant's employment and insurance history.

Table G-3 Current administrative costs and burden – Romania as Member State of previous employment

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included</b>	<b>2.5 hours</b>	<b>100%</b>	<b>887</b>	<b>5.6</b>
Providing information <sup>145</sup>	2.5 hours	100%		
Determination of residence <sup>146</sup>	Almost 0 hours	0.1%		
Change in circumstances <sup>147</sup>	0.25 hours	1%		
Reimbursement <sup>148</sup>	2 hours	0.1%		
Recovery <sup>149</sup>	2 hours	0.01%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

It is easier and the process is shorter if the applicant him-/herself claim the EU-form regarding the last period of insurance or the income and composition of the family directly to the Romanian institution, instead of an EU-form received from other EU institution, because in this case the officer could ask for information directly to that person.

#### **Change in administrative costs and burden from revised EU provisions – Romania as Member State of last employment**

The interviewees were also asked to assess the consequences of four different revisions to the current EU provisions. The consequences are estimated in terms of the additional man-hours to carry out the administrative tasks. No new tasks have been identified based on the revisions during any of the interviews.

The Romanian interviewees do not anticipate additional administrative costs based on neither Option 2a nor Option 2b, cf. Table G-4.

Table G-4 Change in administrative costs and burden from Option 2a and Option 2b – Romania as Member State of last employment

Administrative task	Change in average	Frequency	Number of	Change in administrative
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<sup>145</sup> The interviewed unemployment fund receive a request for information about an applicant's previous insurance and employment history in your State from another Member State concerning an application for unemployment benefits and you contribute with the required information.

<sup>146</sup> If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of providing additional information about candidate's professional activities.

<sup>147</sup> If circumstances change and it leads to a change of who is the competent Member State and the interviewed unemployment fund are determined the competent institution: Additional costs arise a calculation of benefits is performed.

<sup>148</sup> If (provisional) unemployment benefits awarded to a mobile EU worker should have been paid by the interviewed unemployment fund, but another Member State has done this: Additional costs arise from reimbursement activities.

<sup>149</sup> If an applicant, who belongs to the interviewed unemployment fund has unjustified received unemployment benefits in another Member State: Additional costs arise recovery activities.

	man-hours per case		cases <sup>(1)</sup>	costs, Total, EUR 1,000 <sup>(2)</sup>
<b>Total</b>	<b>0 hours</b>	<b>100%</b>	<b>12</b>	<b>0</b>
Collecting information	0 hours	100%		
Calculation of benefit	0 hours	100%		
Determination of residence	0 hours	0%		
Change in circumstances	0 hours	0.1%		
Reimbursement	0 hours	0.01%		
Recovery	0 hours	0.1%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

For Options 3a and 3b, the interviewees expect that collecting information regarding the salary earned in the previous Member State will be probably necessary, and thus will require additional administrative costs in terms of man-hours for case handling. The additional cost is estimated to amount to a total of 1 hour, c.f. Table G-5.

Table G-5 Change in administrative costs and burden from Option 3a and Option 3b – Romania as Member State of last employment

Administrative task	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>Total</b>	<b>1 hour</b>	<b>100%</b>	<b>12</b>	<b>&lt;0.5</b>
Collecting information	1 hour	100%		
Calculation of benefit	0 hours	0.1%		
Determination of residence	0 hours	1%		
Change in circumstances	0 hours	0.1%		
Reimbursement	0 hours	0.01%		
Recovery	0 hours	<b>100%</b>		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

### **Change in administrative costs and burden from revised EU provisions – Romania as Member State of previous employment**

In addition to assessing the consequences of the four revisions while being the Member State of last employment, the interviewees were also asked to assess the consequences when being the Member State of previous employment – i.e. of previous insurance. Table G-6 shows that none of the revisions is expected to lead to any changes to the administrative costs and burden.

Table G-6 Change in administrative costs and burden from changing information task – Romania as Member State of previous employment

Revision	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
Option 2a	0 hours	100%	887	0
Option 2b	0 hours	100%	887	0
Option 3a	0 hours	100%	887	0
Option 3b	0 hours	100%	887	0

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

### **Administrative implications for applicants from revisions to EU provisions on unemployment benefits**

The national administration on unemployment benefits in Romania expects that only Options 3a and 3b will lead to additional administrative burden for the mobile EU worker and increased time to process the information. This burden is due to the demand for information regarding history of salary earned in the previous Member State, which will probably be necessary under these revisions.

### **Conclusions**

The annual number of cases handled in Romania per year is 12 when Romania is the Member State of last employment, while the number of cases is significantly higher, 887, when Romania is the Member State of previous employment – i.e. of previous insurance.

Currently, the administrative resources spent on each case amount to 1.9 hours for an average case – when Romania is the Member State of last employment, and 2.5 hours when of previous employment. Most resources are spent on collecting and providing information, and on the calculation of benefits.

As the interviewee only handle a few cases as competent state every year, the burden from revision being the competent state is infinitesimal. In addition, even though Romania is the Member State of previous employment in a higher number of cases, the estimate of additional costs per case is close to zero, which means the burden is also infinitesimal when being the state of previous employment. Hence, all in all none of the policy revisions seems to have a significant impact on administrative costs of case handling unemployment benefits in Romania.

## Annex H – Case study for UK

In this section, we provide a short description of United Kingdom's legislation on unemployment benefits, who is eligible, and how the national administrative institutions handling unemployment benefits interpret the legislation.

The national institution responsible for handling contribution-based Jobseekers' Allowance (JSA) in the United Kingdom is the Department for Work and Pensions. Unemployment benefits are a flat-rate benefit, which means that benefits are not based on earnings, but vary according to age: aged 25 or over receive GBP 72.40 (EUR 90) per week and aged 18-24 receive GBP 57.35 (EUR 72) per week. There is no increase for dependants and the duration of the benefits are limited to 182 days in any job-seeking period. If the applicant has not paid enough National Insurance contributions he/she may be eligible for income-based JSA.

To qualify for unemployment benefits in the UK the applicant must fulfil the following main conditions:

- be involuntarily unemployed
- not be engaged in work for 16 or more hours a week
- be capable of work
- be available for work
- be under pensionable age
- has entered into a Jobseekers' agreement
- be actively seeking employment
- be in the UK
- not being a full-time student
- not being engaged in a trade dispute (on strike or being locked-out)

In addition, there is a qualifying period, which entails that:

- contributions has been paid in one of the two tax years on which the claim is based amounting to at least 26 times the minimum weekly contribution for that year
- contributions has been paid or credited in both the appropriate tax years - amounting to a total of at least 50 times the minimum weekly contribution for that year

### Current administrative costs and burden

To determine the current administrative costs and burden in handling unemployment benefits in the UK, we have interviewed several caseworkers and team leaders within different departments in the Department for Work and Pensions (DWP).

Table H-1 shows that according to Pacolet and De Wispelaere (2015) the UK national administration handles only around 30 cases per year being the authority of last employment. In total, an average case handling of an application for unemployment benefits from a mobile EU-worker amounts to approximately 1.1 hours in the current situation – most on collecting information about the applicant's insurance and employment history from the relevant Member State of previous employment, the rest on the calculation of benefits.



Table H-1 Current administrative costs and burden – UK as Member State of last employment

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included</b>	<b>1.1 hours</b>	<b>100%</b>	<b>30</b>	<b>0.6</b>
Collecting information <sup>150</sup>	0.75 hours	100%		
Calculation of benefit <sup>151</sup>	0.38 hours	100%		
Determination of residence <sup>152</sup>	0 hours	50%		
Change in circumstances <sup>153</sup>	0 hours	0%		
Reimbursement <sup>154</sup>	0 hours	0%		
Recovery <sup>155</sup>	0 hours	0%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

Table H-2 shows that the UK national administrations hardly spend any resources when being the authority of previous employment. Only in rare cases, time is spent on the determination of residence.

<sup>150</sup> Determination of whether the information provided by the applicant is sufficient to decide on the payment of unemployment benefits. Obtain information from other previous Member State(s) of insurance about insurance and employment history in this/these country(-ies).

<sup>151</sup> For each of those cases where the interviewed unemployment insurance fund is the competent national administration: Time spend on calculation of the benefit, which the applicant is entitled to under the national legislation. The interviewed unemployment insurance fund set the payment of unemployment benefits in motion. The DWP notes that they do not calculate benefits, since they use a flat rate.

<sup>152</sup> If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of collecting additional information about e.g. family ties, housing situation, characteristics of the candidate's professional activities. The DWP notes, that the only cost they have derives from the issue of a questionnaire to the customer/applicant. They can determine competence, but do not always enhance the insurance record.

<sup>153</sup> If circumstances change and it leads to a change of who is the competent Member State, a re-calculation of benefits or revaluation of competent state is performed: Determine what type of change it is - whether it will lead to a re-calculation of benefits or change in competence. The DWP notes, that if the insured applicant leaves the UK the claim ends after 5 days if they fail to attend the Jobcentre (PES) and the DWP do not calculate benefits.

<sup>154</sup> If (provisional) unemployment benefits awarded to a Mobile EU worker should have been paid by another Member State: Additional costs arise from reimbursement activities. The DWP notes, that any overpayment would be classed as an 'official error' in UK terms and written off. Their PES can invite repayment from the customer. Only relevant in Article 65 cases.

<sup>155</sup> If an applicant unjustified has received unemployment benefits (i.e. it has been determined, that the interviewed unemployment fund are not the competent state after all): additional costs arise from determining whether there is a basis for recovery, from calculation of benefits to recover, and from contacting the competent Member States to seek recovery. The DWP notes, that they do not seek recovery.

Table H-2 Current administrative costs and burden – UK as Member State of previous employment

Administrative task	Average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Administrative costs, Total, EUR 1,000 <sup>(2)</sup>
<b>A typical case; first time handling of a case - all regular tasks included</b>	<b>0.01 hours</b>	<b>100%</b>	<b>3333</b>	<b>0.5</b>
Providing information <sup>156</sup>	0 hours	100%		
Determination of residence <sup>157</sup>	0.25 hours	3%		
Change in circumstances <sup>158</sup>	0 hours	0%		
Reimbursement <sup>159</sup>	0 hours	0%		
Recovery <sup>160</sup>	0 hours	0%		

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

### **Change in administrative costs and burden from revised EU provisions – UK as Member State of last employment**

The interviewees were also asked to assess the consequences of four different revisions to the current EU provisions. The consequences are estimated in terms of additional man-hours to carry out the administrative tasks. DWP did not envisage any changes to the man-hours spent on each case due to the revisions, and they did not expect new additional tasks. Hence, unlike most of the other case study Member States, they did not envisage an additional information collection burden from Options 3a and 3b.

<sup>156</sup> The interviewed unemployment fund receive a request for information about an applicant's previous insurance and employment history in your State from another Member State concerning an application for unemployment benefits and you contribute with the required information.

<sup>157</sup> If the State of residence is not readily overt determination of residence needed to determine whether the applicant is eligible for unemployment benefits under the national legislation: Additional costs arise as a result of providing additional information about candidate's professional activities.

<sup>158</sup> If circumstances change and it leads to a change of who is the competent Member State and the interviewed unemployment fund are determined the competent institution: Additional costs arise a calculation of benefits is performed.

<sup>159</sup> If (provisional) unemployment benefits awarded to a mobile EU worker should have been paid by the interviewed unemployment fund, but another Member State has done this: Additional costs arise from reimbursement activities.

<sup>160</sup> If an applicant, who belongs to the interviewed unemployment fund has unjustified received unemployment benefits in another Member State: Additional costs arise recovery activities.

**Table H-3 Change in administrative costs and burden – UK as Member State of last employment**

Revision	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
Option 2a	0 hours	100%	30	0
Option 2b	0 hours	100%	30	0
Option 3a	0 hours	100%	30	0
Option 3b	0 hours	100%	30	0

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

### **Change in administrative costs and burden from revised EU provisions – UK as Member State of previous employment**

In addition to assessing the consequences of the four revisions while being the Member State of last employment, the interviewees were also asked to assess the consequences when being the Member State previous employment – i.e. of previous insurance. Again, the DWP assessed that the revisions would not lead to any changes in man-hours used per case and no new tasks was identified for any of the revisions.

**Table H-4 Change in administrative costs and burden – UK as Member State of previous employment**

Revision	Change in average man-hours per case	Frequency	Number of cases <sup>(1)</sup>	Change in administrative costs, Total, EUR 1,000 <sup>(2)</sup>
Option 2a	0 hours	100%	3333	0
Option 2b	0 hours	100%	3333	0
Option 3a	0 hours	100%	3333	0
Option 3b	0 hours	100%	3333	0

Notes: <sup>(1)</sup> Source: Pacolet and De Wispelaere (2015). <sup>(2)</sup> Using unit labour cost estimates based on Eurostat data.

### **Administrative implications for applicants from revisions to EU provisions on unemployment benefits**

The DWP has not noted any administrative implications for the applicants as a result of the revisions to the EU provisions on unemployment benefits.

### **Conclusions**

The annual number of cases handled in the UK per year is 30 when UK is the Member State of last employment, while the number of cases is significantly higher, 3333, when the UK is the Member State of previous employment – i.e. of previous insurance.

Currently, the administrative resources spent on each case amount to 1.1 hours for an average case – when UK is the Member State of last employment, while the UK national administrations hardly spend any resources when being the authority of previous employment. Only in rare cases, time is spent on the determination of residence.

As the interviewee only handle a few cases as competent state every year - and the changes in man-hours per case as a consequence of the revisions are assessed to be zero – the burden from the revisions are infinitesimal. In addition, even though the UK is the Member State of previous employment in a higher number of cases, the estimate of additional costs per case is also zero, which means the burden is also infinitesimal when being the state of previous employment. Hence, all in all, none of the policy revisions seems to have a significant impact on administrative costs of case handling unemployment benefits in the UK.

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**ANNEXE XVIII: Brodolini Report secondary effects family benefits**

# **Task 3:**

## **Secondary effects following a change of regulations on the exportation of family benefits**

Study to analyse and assess the impacts of policy options for a possible EU initiative in the area of coordination of social security schemes, in particular with regard to the revision of the current EU provisions on the export of family benefits



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## Executive Summary

The background for this report are the current considerations with respect to changing the EU provisions relating to a person's entitlement to family benefits, also where his/her family member reside in another Member State (Regulation (EC) No 883/2004). Currently, the entitlement is determined by the legislation of that person's Member State – henceforth called the Member State of primary competence. Whereas the Member State of residence of the child(ren) is henceforth called the Member State of secondary competence. The amendments that are being considered aim to ensure that family benefits contribute equally to family expenses for all families in a given Member State, and to ensure an even distribution of the financial burden between Member States. The three revisions being considered are:

- Option 1– Adjustment of the amount of exported family benefits to the living standard in the Member State of residence of the child(ren):
  - Option 1a: Adjustment upwards and downwards of the amount of exported family benefits according to the living standard in the Member State of residence of child(ren);
  - Option 1b: Adjustment of the amount of exported family benefits to the living standard in the Member State of residence of the child(ren), but limited to the amount provided by the competent Member State.
- Option 3<sup>161</sup>: Making the Member State of residence of the child(ren) primarily competent. In this option, the current order of priority for the export of family benefit is changed as follows: 1) country of residence of the child(ren); 2) country of work and 3) country of pension. This would mean that the country of residence of the child(ren) has primary responsibility to pay the full amount of family benefits to which entitlement exists under its national rules. The country of work would top up this amount if the level of family benefits were higher there. The family will receive the same amount of family benefits as before, but the allocation of the costs between the country of work and the country of residence will differ from the current rules. This also applies, where there is no entitlement to family benefits in the Member State of residence of the child(ren), but there is entitlement in a secondary competent Member State, as in such a case, the latter State will pay 100% of benefits under its national legislation by way of a "top up".

On this background, the present study aims to estimate the envisaged secondary effects derived by the proposed modification of the current EU regulation to the export of family benefits. The analysis focuses on the effects that the possible revision of the current regulation on the export of family benefits may generate in terms of intra-EU mobility and in the dimension of the population interested to the export of family benefits, providing also consideration in relation to variation in family reunification. The study also offers an estimate of the variation in the expenditure for the export of family benefits that would result from the implementation of the proposed policy options and from the related mobility changes.

The simulation tool developed for the this study aims at translating the implications of the proposed policy options into expected income changes. Assuming a given

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<sup>161</sup> After a revision of the policy options originally proposed, policy option 2 has been substituted by policy option 3.

connection between income differentials and the propensity to move among EU countries, a variation in mobility flows and in the number of potential cases of export of family benefits is estimated. Finally, taking into account the variation in the number of cases, the different level of benefits and the redistribution of competences between sending and receiving countries envisioned by the policy options, it is proposed an estimate of the variation in expenditure for the export of family benefits for the selected countries.

The main representative unit of population identified for the analysis is one-earner couples with two children at 100% of the average wage. As alternative target populations, we take one-earner families with up to two children and one-earner families with more than two children. The reason to focus on one-earner families with different numbers of children derives from the fact that in this case the economic differential potentially generated by the proposed policy options could be higher with respect to the case of two-earned families, increasing the incentive to mobility or family reunification .

The countries proposed for the analysis as case studies are Germany, Belgium, Poland, Romania, Netherlands, Spain and Ireland<sup>162</sup>. The proposed countries are chosen as geographically spread across the EU. They include countries which are mainly attracting EU mobile citizens from other member states ( DE; IE) as well as countries that experience strong migration outflows (PL; RO) but also countries within the middle ground (BE; NL; ES). The selection of the 7 MS is derived also by the specific characteristics that regulate the provision and the access to family benefits.

Section 3 provides a description of the virtual status quo year which represents a pre-policy option scenario, against which the possible secondary effects are estimated and evaluated. This section provides figures of mobility flows, computed as the averages of the most recent values of annual mobility flows among the 7 selected countries. This section provides also the number of export of family benefits among the selected MS as well as the average values of these benefits, defined according to the administrative data collected by the HIVA study<sup>163</sup>.

Section 4 reports the variation of mobility patterns between the selected MS according to the policy options proposed, assessed in relation to the status quo scenario. Results generally show mild reductions in mobility changes (see fig. 4.1) attributable to the potential implementation of the policy options. Limited differences can be noted for the two policy options tested for mobility changes (1a and 1b). Excluding Poland and Romania, the other MSs analysed show a slight decrease in migration flows. The variations range between -0.2% and -4%. Because the benefits paid in Poland and Romania in the status quo scenario are lower than those paid in the other selected MS, the implementation of policy option 1a produces an incentive to move to these countries and an increase in mobility from the other 6 MS of respectively 3.2% and 8.3%. When the upward adjustment is limited to the amount provided by the competent Member State (policy option 1b), the negative impact of mobility flows is

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<sup>162</sup> When analysing countries of focus for secondary effects of exportability of family benefits, we noticed that for 4 of the countries originally selected no data on the Export of child benefits – number of persons entitled –, were provided by the parallel study (see Pacolet, 2015, Table 6). We then opted for the replacement of, France, Italy and the UK respectively with, Belgium, Spain and Ireland, for which data were available.

<sup>163</sup> PACOLET, J. and DE WISPELAERE, F., Export of family benefits, Network Statistics FMSSFE, European Commission, June 2015

slightly increased in most countries, while the change in mobility is null for Poland and Romania.

For what concerns expenditure changes generated by policy options and mobility changes, presented in section 5, as much as the percentage variations on expenditure levels may reach high values, variations shown in absolute terms and as ratios of GDP confirm the little relevance for national budgets of the expenditure for the exportation of family benefits

In relation to family reunification it is possible to presume that some families may react to the implementation of policy options 1a and 1b by reuniting in the country of residence of the working parent. Dependant family members residing in the poorer countries will indeed have an incentive to reunite with their mobile working relative, so to avoid the reduction in the family benefit (which under policy option 1a and 1b would be computed at the level of the country of residence of the children). If all families residing in poorer countries were to react according to the economic incentive produced by policy options 1a and 1b, they would nullify the effects of the policies. On the contrary, dependant family members residing in richer countries would have a disincentive to reunite with their mobile working relative under policy option 1a, since by doing so they would lose the entitlement to higher benefits (while they would experience no difference under policy option 1b). In relation to the other policy option (3) considered, since there is no variation in the level of family benefits perceived, no economic incentive to reunite families would be produced.



## 1. Introduction

The right to export family benefits and the provision to manage cases of overlapping entitlement to family benefits are regulated under the current EU provisions on export of family benefits specified in Regulation (EC) 883/2004: the 'Basic Regulation' and in Regulation (EC) 987/2009: the 'Implementing Regulation'. Article 67 of Regulation (EC) No 883/2004 states that "A person shall be entitled to family benefits in accordance with the legislation of the competent Member State, including for his family members residing in another Member State". Article 68(1)(a) of Regulation (EC) No 883/2004 specifies the order of priority for competence to pay family benefits as 1) the country of work (Member State of primary competence); 2) the country of pension and 3) the country of residence of the child (Member State of secondary competence). Article 68(2) also provides that any other Member State with secondary competence must pay a differential supplement or "top up" if its own benefits are higher than the ones provided by the Member State of primary competence. In the report, the current regulation of export of family benefits defines the status quo scenario.

The study aims to estimate the envisaged secondary effects derived by a possible modification of the current EU regulation to the export of family benefits. The general objective of the proposed revision of the EU regulation (see below, policy option 1a, 1b and 3) is to modernise the EU social security coordination rules and adapt them to changes in mobility patterns and in national social security systems, demographic developments and case law of the Court of Justice. The initiative aims to ensure that the rules be fit for the purpose and constitute the basis for effective and efficient coordination and cooperation between Member States, ensuring both protection of citizen's rights and even distribution of the financial burden between Member States.

When exporting *family benefits* from a given competent Member State, the amount of the benefits is unrelated to the standard of living in the Member State where the family members reside..

On this background, in the present study we look into the following possible revisions to Regulation (EC) 883/2004 and Regulation (EC) 987/2009:

- Option 1: Adjustment of the amount of exported family benefits to the living standard in the Member State of residence of the child(ren)
  - Option 1a: Adjustment upwards and downwards of the amount of exported family benefits according to the living standard in the Member State of residence of child(ren);
  - Option 1b: Adjustment of the amount of exported family benefits to the living standard in the Member State of residence of the child(ren), but limited to the amount provided by the competent Member State.

- Option 3<sup>164</sup>: Making the Member State of residence of the child(ren) primarily competent.

In this option, the current order of priority for the export of family benefit is changed as follows: 1) country of residence of the child(ren); 2) country of work and 3) country of pension. This would mean that the country of residence of the child(ren) has primary responsibility to pay the full amount of family benefits to which entitlement exists under its national rules. The country of

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<sup>164</sup> After a revision of the policy options originally proposed, policy option 2 has been substituted by policy option 3.

work would top up this amount if the level of family benefits were higher there. The family will receive the same amount of family benefits as before, but the allocation of the costs between the country of work and the country of residence will differ from the current rules. This also applies, where there is no entitlement to family benefits in the Member State of residence of the child(ren), but there is entitlement in a secondary competent Member State, as in such a case, the latter State will pay 100% of benefits under its national legislation by way of a "top up".

- Option 4: Different coordination rules for salary-related child-raising allowances.

This is a horizontal option, which may be applied in conjunction with any of the options above. Under this proposal, salary-related child raising allowances (or any salary-related components of a benefit which comprises of both salary-related and flat rate elements) would continue to be exportable as family benefits, but would be treated as individual and personal rights which may only be claimed by the parent who is subject to the applicable legislation in question (not by other members of their family).

In addition, it is proposed that no anti-overlapping rules would apply to such benefits meaning that they would be payable in full to the parent concerned under the applicable national legislation irrespective of whether the Member State concerned has primary or secondary competence and amounts awarded by the primary competent Member State may not be "off-set" by the secondary Member State when calculating the differential supplement.

Further, in cases where, under national legislation, parents are permitted to share a salary-related child raising allowances (e.g. Sweden) the parent who is subject to applicable legislation is entitled to the allowance for the maximum duration permitted under national legislation. However, where a family receives a salary-related child raising allowance in more than one Member State, national authorities will be entitled to "off-set" periods of entitlement in another Member State from the overall duration of the benefit (although not the amount).

Such revisions may affect the behaviour of EU mobile citizens and of their families, the amounts of family benefits paid out and the administrative work needed to handle the cases of export of family benefits. In this report, the analysis focuses on the effects that the possible revision of the current regulation on the export of family benefits may generate in terms of intra-EU mobility and in the dimension of the population interested to the export of family benefits (henceforth: target population). The study also offers an estimate of the variation in the expenditure for the export of family benefits that would result from the implementation of the proposed policy options.

The opportunity to make an assessment on the potential implementation of policy option 4 was brought up very late during the impact assessment process. Because of the intrinsic difference with the other policy options<sup>165</sup> and the lack of the necessary time to research the national legislations on the matter, it was impossible to deliver quantitative nor qualitative results on mobility and expenditure changes for the given policy option.

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<sup>165</sup> Both in terms of object ('salary-related child-raising allowances' instead of general 'family benefits') and area of impact (time away from work instead of income differential).

The present study assumes different sources of data, among which a parallel study on the export of family benefits , which provides detailed data for a proper estimation of the possible secondary effects related to the amendments to the current regulations, e.g. average values of child benefits and number of persons entitled. The administrative data collected by this study, however, does not provide figures on the export of family benefits for all the 28 MS. Additionally, this study is based on a limited number of Member States chosen in relation to their different characteristics in terms of social security schemes and migration flows. Hence, the analysis proposed in this report focuses on seven case-study Member States: Germany, Belgium, the Netherlands, Poland, Romania, Spain and Ireland.

## **2. Methodology**

### **2.1. General approach**

The aim of the report is to provide support to considerations on the overall long-term effects of the proposed changes to the current rules on the export of family benefits in terms of mobility, migration patterns, related variation of costs generated and in relation to the possible variation in terms of family reunification. We calculate the effect of the policy options on the income differentials among MSs, then assess the impacts of said policy changes in terms of incentives to move, providing a tool for comparing the options

- against the status quo scenario;
- against each other.

We must emphasise the important role of family benefits in supporting national and intra-EU mobile families. Moreover, their cross-border nature highlights the relevance of these benefits in the current debate, placing family benefits at the core of a possible EU initiative in the area of coordination of social security schemes.

The output will consist of a definition of different final scenarios for each policy option and for each selected Member State (MS), with the impacts of the potential policy changes being estimated in terms of intra-EU mobility and expenditure variations. The analysis of the possible secondary effects provides for each policy option the following estimates:

- estimation on the change of inflows and outflows of EU citizens;
- estimation on the variation of expenditure for the export of family benefits.

It is important to draw a distinction between direct secondary effects that are potential outputs of a viable model in the present context and indirect consequences of all changes that can propagate throughout the economic and social system of a country and the EU.

In order to identify secondary effects, we will restrict the analysis to the impact on the social security system of a country attributable to changes in the family benefits exported to family members of EU mobile citizens. Therefore, our results provide a estimation of mobility and cost variations imputable to policy options for what concerns exported family benefits, without considering potential effects on other areas, e.g. on the levels of contributions and/or taxes paid or on the variation in other cost elements, e.g. health and care expenditure<sup>166</sup>, which are beyond the scope of the study.

A quantitative assessment of the exact variation in the number of mobile citizens as well as an exact definition of cost changes are beyond the scope of this study. Rather, we suggest reading the estimation of the secondary effects as indicative of the direction and the general magnitude of the variation generated by the implementation of the different policy options.

### **2.2. Data and data limitation**

In order to provide information on how changes in the regulation for the export of family benefits can influence the decision to move, different sources of data are

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<sup>166</sup> Due to the available data for the specific categories of population analysed, secondary effects on other area or on other expenditure issues cannot be estimated.

needed. The main surveys that provide micro data on individual and family condition, employment situation, social benefits and services received are the European Union Statistics on Income and Living Conditions (EU-SILC) and, to a lesser degree, the EU Labour Force Survey (EU-LFS). In order to supplement and validate the analysis of EU-LFS and EU-SILC surveys, additional datasets of the Eurostat database on migration statistics are used with the aim of defining the bilateral migration flow between the 7 selected countries. Eurostat data allow identifying the average inflow and outflow of EU mobile citizens for each pair of countries. These data represent the starting point on which to assess the variation of mobility patterns generated by each policy option. In order to get figures on the target population (EU mobile citizens residing in a MS with dependent family members residing in a different MS), we make use of the data gathered by the parallel study carried out by the HIVA Research Institute for Work and Society of KU Leuven<sup>167</sup>.

### **2.3. Literature review**

While there are many aspects that drive migration and mobility decisions, we will focus in the following on a broad overview on the literature of economic drivers. Other factors such as institutions, language barriers, religion or distance will at most be discussed briefly. As the main change in the policy simulated is an economic one, while other factors remain constant, our focus reflects the focus of the simulation exercise. Further changes to other factors are also likely to take place in the future, but are not taken into account in the simulation exercise as we solemnly want to identify the effect of the specific policy changes.

In *The Theory of Wages*, Hicks<sup>168</sup> argues that the main causes of migration are differences in wages. To this day, all economic studies of migration decisions employ Hicks' considerations as the general conjecture on which more sophisticated arguments are built about the influence of various other factors. These economic factors are used for internal, i.e. within country, mobility just as much as for cross-country mobility. Migration is in this context seen as an investment into human capital, yielding potentially higher income in the receiving country than in the sending country (Sjaastad, 1962).

Borjas<sup>169</sup> has formulated this into an inter-temporal choice to the general evaluation of income differences. The migration decision is based on income differences between home (sending) and foreign (receiving) country, individual preferences for specific countries (which can be specified by a separate factor, or attributed in relation to the cost of moving) and the cost of moving:

$$d = (income\_foreign - income\_home) - z\_i - c$$

as specified in Hatton and Williamson<sup>170</sup>. Where  $d$  is the decision to migrate. When  $d > 0$ , an individual is assumed to migrate, or in other words, as long as the income difference outweighs the cost of moving ( $c$ ) and the individual's compensating differential ( $z_i$ ), he/she will move.

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<sup>167</sup> PACOLET, J. and DE WISPELAERE, F., Export of family benefits, Network Statistics FMSSFE, European Commission, June 2015, 18 p

<sup>168</sup> Hicks, John R. (1932). *The Theory of Wages*. London: Macmillan

<sup>169</sup> Borjas, G. J. (2014). *Immigration economics*. Harvard University Press.

<sup>170</sup> Hatton, T. J., & Williamson, J. G. (2002). What fundamentals drive world migration? (No. w9159). National Bureau of Economic Research

The new economics of labour migration emphasizes the importance of families or households in the decision to migrate. Rather than taking an isolated, individual decision, it is argued that the unit of interest might in many cases be the household<sup>171</sup>. We are considering this by taking earnings relative to household rather than individuals in our simulation tool.

Employing wage or income differentials as an explanation of mobility behaviour seems to be at odds with low mobility in the European Union, which largely diminished legal and institutional obstacles to the free movement of workers. Wages in the past have had only a weak influence on migration flows, e.g., Braunerhjelm et al.<sup>172</sup> find that mobility levels were not increasing despite a widening gap in income differentials and unemployment levels. In contrast to this, Bentivogli and Pagano<sup>173</sup> (1999) note that the US labour market shows much stronger reaction to income differentials than the EU. More recent evidence, however, shows that mobility takes on stronger roles in solving imbalances. Probably through the abolishment of inhibitions to mobility within the European Union, market forces such as wage differences allow to solve shocks to labour markets by regional mobility. For example, Arpaia et al.<sup>174</sup> (2014) show in their study that regional labour market mobility can adjust for about 25% within a year of the shock that affects a specific region, thus the regional mobility – which explicitly includes mobility across national borders – plays an important role in resolving labour market imbalances. Beyer and Smets<sup>175</sup> (2015) corroborate those findings by showing that regional labour market mobility can adjust for about 25% within a year of the shock that affects a specific region.<sup>176</sup>

The overall economic effect of migration can be subsumed into three separate elements. The economic effects of migration include the ability of mobile workers and migrants to blend in or 'assimilate' into the labour market, the economic impact on the labour market ('displacement of native workers') and the impact on the social security system of the country, both as contributors and recipients of benefits (Kerr & Kerr, 2011). The current study deals mainly with the third effect.

Measurement of the success of mobile workers is difficult, as most datasets cannot overcome the problem of selectivity of results through re-migration. E.g. Edin et al.<sup>177</sup> (2000) found that 30-40% of the immigrants to Sweden had left the country within five years. These re-migrants were usually less assimilated than the group of migrants staying longer. Similar patterns can also be found in other countries (e.g. Germany as

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<sup>171</sup> Stark, O., Bloom, D. E. (1985). The new economics of labor migration. *The American Economic Review*, 173-178; Mincer, J. (1978). Family migration decisions. *Journal of Political Economy*, 86, 749-773; Nivalainen, S. (2004). Determinants of family migration: short moves vs. long moves. *Journal of Population Economics*, 17(1), 157-175.

<sup>172</sup> Braunerhjelm, P., Faini, R., Norman, V., Ruane, F., & Seabright, P. (2000). Integration and the regions of Europe: how the right policies can prevent polarization. *Monitoring European integration* 10. CEPR, London.

<sup>173</sup> Bentivogli, C., & Pagano, P. (1999). Regional Disparities and Labour Mobility: the Euro-11 versus the USA. *Labour*, 13(3), 737-760.

<sup>174</sup> Arpaia, A.; Kiss, A.; Palvolgyi, B.; Turrini, A. (2014): Labour mobility and labour market adjustment in the EU, *Economic Papers* 539, European Commission.

<sup>175</sup> Beyer, R.C.M. & Smets, F. (2015): Labour market adjustments in Europe and the US: How different?, *European Central Bank, Working Paper* 1767.

<sup>176</sup> The VAR framework used in both studies was developed in Blanchard, O. & Katz, L.F. (1992): Regional evolutions, *Brookings Papers on Economic Activity* 1, 1-75.

<sup>177</sup> Edin P-A., Fredriksson P., Aslund O. (2000), Emigration of immigrants and measures of immigrant assimilation: Evidence from Sweden, *Swedish Economic Policy Review*, 7, 163-204.

reported in Constant and Massey, 2003; and Bellemare, 2007<sup>178</sup>). The literature shows clear differences in the success of migrants (as measured by e.g. earnings assimilation, unemployment, or culture integration) in mobility from within the EU and migration from outside of the EU (mostly developing countries). Overall, those migrants that remain in the country exhibit earnings assimilation to the natives (Aslund and Rooth<sup>179</sup>, 2007). A recent report by ILO-MPI indicates the difficulties of migrant workers (from outside of the EU) to keep up their income position.<sup>180</sup>

The country of origin seems to be the most important explanatory variable for the gaps observed between the employment rates of immigrants and those of the locals. For Sweden, Nekby (2002) reports 30-32% lower employment rates in 1990-2000, while Ekberg (1991) reports -17% for a single year (1989). For Finland, Sarvimäki<sup>181</sup> (2011) reports 9 – 18% lower employment levels for migrants from OECD countries. For the Netherlands, Roodenburg et al.<sup>182</sup> (2003) find 4% lower employment rates for migrants from Western countries, versus 18% lower employment rates for migrants from non-Western countries. Overall Kerr and Kerr<sup>183</sup> (2011) conclude that “[...] the mechanisms of wage and employment assimilation are poorly understood. Immigrants may face various obstacles to employment, including issues with the recognition of educational degrees, lack of language skills, poor professional connections or networks, and regulations that prevent them from working legally.”

A crucial determinant of the economic impact of immigration on the host country is the net amount of welfare services and other social benefits that immigrants consume or contribute. The net amount has to be calculated based on the contribution minus the benefits paid. The importance of the welfare receipts is discussed in the literature both from the angle of ‘net costs’ of migrants and in terms of the attractiveness of a country through its welfare system. Borjas<sup>184</sup> (1999) and others have discussed possible “welfare magnet effects” where migrants are drawn to countries with high social benefits. Kerr & Kerr (2011, p. 17) conclude that this is likely to be more important in the EU countries as immigrants in most European countries rely more on social security and unemployment benefits relative to natives in the US or Canada. Using the EU Household Panel study, De Giorgi & Pellizzari<sup>185</sup> (2009) find a significant, albeit small, effect of the generosity of welfare on (individual) migration decisions. This effect, however, is still large enough to influence the distribution of migration flows. It is, however, also the case that mobile EU workers tend to have on average lower uptake of benefits than nationals.<sup>186</sup>

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<sup>178</sup> Constant A. & Massey D. (2003) Self-selection, earnings, and out-migration: a longitudinal study of immigrants to Germany, *Journal of Population Economics*, 16, 631-653. Bellemare, C. (2007). A life-cycle model of outmigration and economic assimilation of immigrants in Germany. *European Economic Review*, 51(3), 553-576.

<sup>179</sup> Åslund, O., & Rooth, D. O. (2007). Do when and where matter? Initial labour market conditions and immigrant earnings. *The Economic Journal*, 117(518), 422-448.

<sup>180</sup> See: [http://www.ilo.org/global/topics/labour-migration/projects/WCMS\\_357742/lang--en/index.htm](http://www.ilo.org/global/topics/labour-migration/projects/WCMS_357742/lang--en/index.htm)

<sup>181</sup> Sarvimäki, M. (2011). Assimilation to a Welfare State: Labor Market Performance and Use of Social Benefits by Immigrants to Finland\*. *The Scandinavian Journal of Economics*, 113(3), 665-688.

<sup>182</sup> Roodenburg, H. J., Euwals, R., & ter Rele, H. (2003). *Immigration and the Dutch economy* (Vol. 26). The Hague: CPB.

<sup>183</sup> Kerr, S. P., & Kerr, W. R. (2011). *Economic impacts of immigration: A survey* (No. w16736). National Bureau of Economic Research.

<sup>184</sup> Borjas, G. J. (1999). Immigration and welfare magnets. *Journal of labor economics*, 17(4), 607-637.

<sup>185</sup> De Giorgi, G., & Pellizzari, M. (2009). Welfare migration in Europe. *Labour Economics*, 16(4), 353-363.

<sup>186</sup> Social situation monitor, *Access of mobile EU citizens to social protection*, Research note No 10/2013, available at <http://ec.europa.eu/social/BlobServlet?docId=11568&langId=en>.

The studies that address the concept net costs of migration into a country, i.e. the contribution of migrant minus their uptake in social benefits and public expenditure find mixed evidence. Boerie<sup>187</sup> (2010) using EU-SILC for the core EU15 countries concludes that there is no evidence that legal migrants, notably skilled migrants, are net recipients of transfers from the state. However, there is evidence of 'residual dependency' on non-contributory transfers and self-selection of unskilled migrants in the countries with the most generous welfare states. Hansen and Lofstrom<sup>188</sup> (2003) investigated the causes of greater welfare reliance by immigrants to Sweden. They concluded that recent immigrants used relatively more social security than they did in 1980s. This is due to a change in the composition and volume of the migration flows, while observable traits do not explain the gap in welfare take-up, implying that there are unobserved differences or selectivity. Büchel & Frick<sup>189</sup> (2005) emphasized the heterogeneity of the European situation in migration decisions. However, examining migration flows and controlling for immigrant characteristics did not dramatically change this EU heterogeneity. The higher benefit usage thus results more from policy and institutional differences across countries than the characteristics of migrants themselves. They conclude that limitations and restrictions to participate or access relevant parts of the labour market can be a limiting factor in the economic performance of migrants. Overall, this conclusion from 2005 should become less important to within EU mobility, as limiting factors diminished.<sup>190</sup>

Overall, we can conclude that, while economic factors by themselves seem to bear little explanatory value to the variation of size of mobility across countries in the EU, taking into account non-economic factors yields the expected outcomes: correcting for cultural differences such as the language and cultural distance between countries, as in Belot and Ederveen<sup>191</sup> and Sprenger<sup>192</sup>, economic factors do play an important role in explaining migration flows. Over time, economic differences across regions seem to have increased in their explanatory power towards migration flows.

#### **2.4. Simulation approach**

The simulations presented aim at translating the implications of the proposed policy options into expected income changes. Assuming a connection between income differentials and the propensity to move among EU countries, a variation in mobility flows and in the number of potential cases of export of family benefits is estimated. Finally, taking into account the variation in the number of cases, the different level of benefits and the redistribution of competences between sending and receiving countries envisioned by the policy options, we give an estimate of the variation in expenditure for the export of family benefits for the selected countries.

The status quo scenario is built on a virtual 'baseline year', with a defined level of mobility flows and a defined level of expenditure. Changes attributable to the policy options are computed on an annual basis.

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<sup>187</sup> Boeri, T. (2010). Immigration to the Land of Redistribution. *Economica*, 77(308), 651-687.

<sup>188</sup> Hansen, J., & Lofstrom, M. (2003). Immigrant Assimilation and Welfare Participation Do Immigrants Assimilate Into or Out of Welfare?. *Journal of Human Resources*, 38(1), 74-98.

<sup>189</sup> Büchel, F., & Frick, J. R. (2005). Immigrants' economic performance across Europe—does immigration policy matter?. *Population Research and Policy Review*, 24(2), 175-212.

<sup>190</sup> See also: Social situation monitor, *Access of mobile EU citizens to social protection*, Research note No 10/2013, available at <http://ec.europa.eu/social/BlobServlet?docId=11568&langId=en>.

<sup>191</sup> Belot, M., & Ederveen, S. (2012). Cultural barriers in migration between OECD countries. *Journal of Population Economics*, 25(3), 1077-1105.

<sup>192</sup> Sprenger, E. (2013). The Determinants of International Migration in the European Union: An Empirical Analysis IOS Working Paper, No. 325.



In analogy with the parallel study<sup>193</sup>, as a main representative unit of population we take one-earner couples with two children at 100% of the average wage. Average wage levels are derived from Eurostat (earn\_nt\_net), while the average amounts for family benefits are taken from the parallel study (Pacolet et al., June 2015, table 3). For this assumption of the target population, we estimate both mobility and expenditure changes.

As alternative target populations, we take one-earner families with up to two children and one-earner families with more than two children, taking information on average wage and average amount of family benefits from own elaborations on EU-SILC. In these cases, we only estimate mobility changes.

We decided to focus on one-earner families with different numbers of children since in this case the economic differential potentially generated by the proposed policy options would be higher, compared to the case of two-earner families, increasing the incentive to move.

#### **2.4.1. The estimation of mobility changes**

The simulation tool takes an average level of flows between two countries to build the status quo scenario. We use the most recent available flow figures from Eurostat, computing averages from the last three available years<sup>194</sup>. The derived annual flows of migration are assumed to be characterizing our countries in our virtual 'status quo years' (before policy options are implemented). These migration flows are caused by all factors that influence the mobility decisions of EU citizens, which we do not attempt to model. Based on these existing flows and on the income level of our target households, the impact of the various policy options on the overall income of the household is evaluated.

The income level is set to the sum of the net average household earnings (source is either Eurostat, earn\_nt\_net, or own elaborations on EU-SILC, see above) and the average child benefit (source is either Pacolet et al., June 2015, table 3, or own elaborations on EU-SILC, see above).

$$(1) \text{ Income} = \text{avg\_earnings} + \text{avg\_FB}$$

Income differences between two countries are then defined as:

$$(2) \text{ Income\_difference} = \text{Income\_receiving} - \text{Income\_sending}$$

It is assumed that the income differences observed in the status quo scenario – along with all other factors that the policy options do not have an impact on – generate the mobility observed in the status quo period both in terms of general mobility flows and in terms of the number of family benefits exported.

The influence of family benefits on mobility is evaluated by calculating the change attributable to the various policy options on the amounts of family benefits paid in relation to the family income in the country of origin.

$$(3) \text{ pct\_income\_change} = \frac{\text{chg\_family\_benefits(policy option)}}{\text{Income\_sending}}$$

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<sup>193</sup> PACOLET, J. and DE WISPELAERE, F. (2015).

<sup>194</sup> The choice to choose a reference period of 3 years in the estimation of the average flows between MS derives from the necessity to consider the most recent values but still avoid 'year effects'.

Once the income change is calculated, we convert that change into a potential mobility effect. In lack of useful indications from the economic literature on migration, we opted for theoretical assumptions on the elasticity of migration flows to income changes, relating elasticity to income differentials for each combination of countries (42 in total). As a measure for earnings, we consider the net earnings (PPS-adjusted) of a one-earner married couple with two children, at 100% of average wage (Eurostat). For each country, we compute the 2011-13 average value.

*Table 2.4.1. Income differentials in the selected countries.*

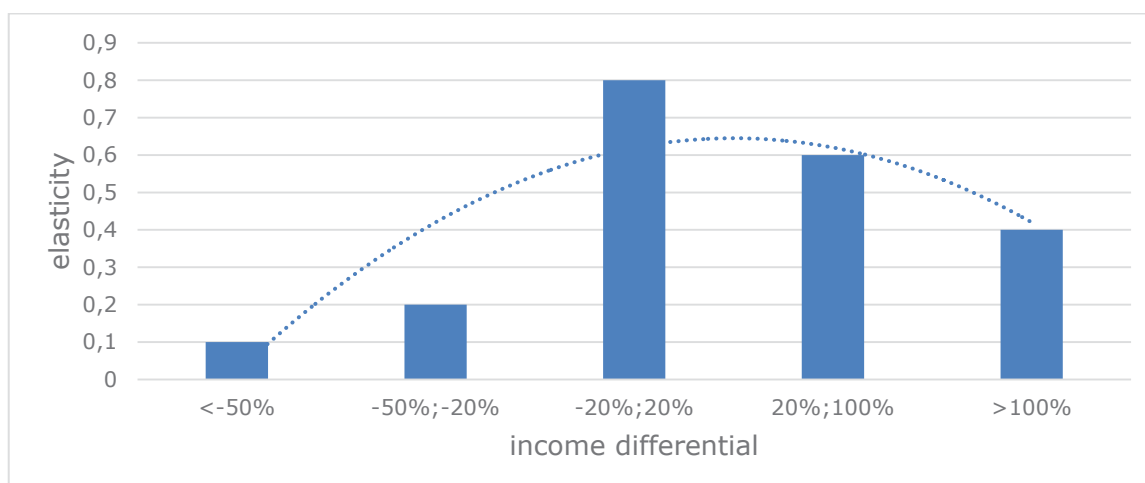
	BE	DE	ES	IE	NL	PL	RO
BE		-8%	36%	5%	-4%	133%	295%
DE	9%		49%	15%	4%	154%	331%
ES	-27%	-33%		-23%	-30%	71%	189%
IE	-5%	-13%	29%		-9%	121%	274%
NL	5%	-4%	43%	10%		144%	313%
PL	-57%	-61%	-41%	-55%	-59%		69%
RO	-75%	-77%	-65%	-73%	-76%	-41%	

Source: Eurostat (earn\_nt\_net, web-based database). Own elaborations.

Values for the countries in rows are at the numerator, values for the countries in column at the denominator.

In the absence of relevant literature on the matter, basing on economic logic we assume the function that relates income differentials to elasticity to have the shape of a reverse U: the highest elasticity corresponds to close-to-null values in the income differential.

*Figure 2.4.1. Assumed relation between income differential and elasticity in mobile patterns to income change*



The assumption is that, in case of large gaps in mean earnings between countries (either positive or negative, i.e. Polish average salaries compared to German average salaries or vice-versa), the motives to move will not be substantially impacted by marginal changes of income caused by the implementation of the policy options. For a same absolute level of income differential, a lower level of elasticity is attributed when said differentials are negative compared to when they are positive: if a citizen is moving from Denmark to Romania, his/her choice is probably scarcely related to welfare motives.

*Table 2.4.2. Elasticity assumptions for the selected countries*

	BE	DE	ES	IE	NL	PL	RO
BE		0.8	0.6	0.8	0.8	0.4	0.4
DE	0.8		0.6	0.8	0.8	0.4	0.4
ES	0.2	0.2		0.2	0.2	0.6	0.4
IE	0.8	0.8	0.6		0.8	0.4	0.4
NL	0.8	0.8	0.6	0.8		0.4	0.4
PL	0.1	0.1	0.2	0.1	0.1		0.6
RO	0.1	0.1	0.1	0.1	0.1	0.2	

Source: our calculation based on Eurostat (earn\_nt\_net, web-based database)

Row: Country of destination. Column: Country of origin.

Once elasticity is computed, the percentage of income change can be translated into a mobility percentage change:

$$pct\_mobility\_change = elasticity * pct\_income\_change \quad (3)$$

The percentage of mobility change can then be translated into a change in mobility flows (in the number of people entitled to family benefits) by relating the calculated percentage change to the absolute number of mobile citizens (people entitled to family benefits) in the status quo case.

Policy option 3 leaves intact the overall amount of the family benefit paid, it only transfers the main competence from receiving to sending countries. As option 3 does not produce variations in income differentials, its impact is not studied at this point, but it is included in the estimation of expenditure changes for the national security systems (see below).

#### **2.4.2. The estimation of expenditure changes**

Focusing on the population that seems to better represent the target of the policy options, one-earner couples with two children (100% of average wage)<sup>195</sup>, for each of the 7 selected countries we have estimated the changes in terms of expenditure dedicated to the export of family benefits to the other seven countries.

We compute the present level of expenditure by multiplying the number of cases of export of family benefits (Pacolet et al., 2015, table 6) by the average amount of family benefits (Pacolet et al., 2015, table 3).

We then observe the percentage variation of expenditure – total and related to each bilateral relation. When computing the post-policy-option expenditure, we take into account the previously estimated variation in the number of cases of family benefits, the different level of benefits envisioned by policy options 1a and 1b and the redistribution of competences envisioned by policy option 3.

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<sup>195</sup> According to Eurostat data, in EU, between 2001 and 2013, the average value of the fertility rate (the average number of children that would be born to a woman over her lifetime) is close to 1.6.

## 2.5. Case study Member States

The countries proposed for the analysis as case studies are Germany, Belgium, Poland, Romania, Netherlands, Spain and Ireland<sup>196</sup>. The proposed countries are chosen as geographically spread across the EU. They include countries which are mainly attracting EU mobile citizens from other member states ( DE; IE) as well as countries that experience strong migration outflows (PL; RO) but also countries within the middle ground (BE; NL; ES). The selection of the 7 MS is derived also by the specific characteristics that regulate the provision and the access to family benefits. Countries' regulatory framework for family benefits can be summarised as follows:

*Table 2.5.1. Overview of principal characteristics of child benefits in the selected countries*

<b>Family Benefits</b>	
<i>Child Benefits: Dependence on parents income</i>	
Fixed Amount	DE, NL, BE, , IE
Means-tested	RO, PL, ES
<i>Level of Child Benefits</i>	
High	DE, , IE
Intermediate	NL, BE, (ES)
Low	RO, PL
<i>Child Benefits: Residence requirement</i>	
Residence required	BE, ES, , IE, RO
Parents' taxable / working	DE, NL, PL, BE
<i>Other family (cash) benefits</i>	
Child-raising income supplement	BE, DE, RO,
Means-tested supplements	NL

Source: MISSOC (web based dataset)

As table 2.5.1 shows, family benefits vary in the amount and in the rules for the determination of the amount. There are countries that provide a fixed amount (DE; NL, BE, , IE); others provide means-tested benefits that are fixed to thresholds (RO, PL) or inversely related to the total income (ES) of the recipient's parent. Some of the selected countries foresee child benefits for children residing in the country (BE, ES,

<sup>196</sup> When analysing countries of focus for secondary effects of exportability of family benefits, we noticed that for 4 of the countries originally selected no data on the Export of child benefits – number of persons entitled –, were provided by the parallel study (see Pacolet, 2015, Table 6). We then opted for the replacement of, France, Italy and the UK respectively with, Belgium, Spain and Ireland, for which data were available.

IE, RO)<sup>197</sup> while others link the child benefit to the place of taxation of the parent (DE, NL, PL) without the requirement that the child live in the same country. Finally, the amount of child benefits varies greatly. The additional (cash) family benefits cover a wide range of cases reflecting the diversity and complexity of the harmonisation process on the matter of EU mobile citizens. Appendix 1 provides an overview of the principal characteristics of the child benefits for the selected countries.

The purpose of the simulation is to estimate the secondary effects of the potential implementation of the policy options on the bilateral relations between the 7 selected MS. Results for each pair of countries are essentially driven by the country-specific figures on migration flows, average levels of family benefits and income differentials with the other countries. The observed results can therefore be imputed to pair of MS countries that present similar characteristics in said aspects.

Annex 4 presents a methodology for an indicative extension of the simulation results to the other EU-28 MS.

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<sup>197</sup> For the purpose of the study, and following the data collected by Pacolet (see note 1) we assume the present EU regulations (Regulation (EC) 883/2004: the 'Basic Regulation' and Regulation (EC) 987/2009: the 'Implementing Regulation') as in force. Therefore, child benefits are considered payable also to children not residing in the country of work of the employed parent.

### 3. Status quo Scenario

#### 3.1 Status quo mobility flows

The table below reports the figures of mobility flows in our virtual status quo year, computed as the averages of the most recent values of annual mobility flows among the 7 selected countries<sup>198</sup>. The estimation of the variation in mobility patterns generated by the policy options is derived from the bilateral flows presented in table 3.1.1.

*Table 3.1.1. Mobility flows between selected countries. Status quo scenario.*

		<b>Country of origin</b>						
		<b>BE</b>	<b>DE</b>	<b>ES</b>	<b>IE</b>	<b>NL</b>	<b>PL</b>	<b>RO</b>
<b>MS of residence</b>	BE		4,223	6,725	449	10,431	8,464	7,624
	DE	4,247		15,707	1,918	14,185	149,513	38,314
	ES	3,283	9,720		1,691	3,539	2,841	33,581
	IE	430	1,794	2,447		626	4,155	1,180
	NL	7,820	10,824	5,477	729		14,895	1,744
	PL	107	3,321	155	277	228		15
	RO	77	644	212	26	139	141	

Source: Eurostat (web-based database). Averages are estimated on 2011-13 data when available, or on latest available data. We are considering countries of last residence as 'senders' (Eurostat: migr\_imm5prv). For lack of data, for Romania countries of nationality are assumed as 'senders' (Eurostat: migr\_imm1ctz)<sup>199</sup>.

Poland and Romania are the two prevalent sending countries among the seven selected. In Ireland, the Netherlands and especially Germany, citizens coming from Poland represent the prevalent share in the migration flows, while Romania is the main country of origin among mobile citizens residing in Spain. Another interesting result concerns the migration flow between neighbouring countries (Belgium-Netherlands, Germany-Netherlands). Germany is also a common receiving country for citizens coming from Spain. The migration flows towards Ireland are moderate, as well as the migration from Ireland to the other selected countries. According to the data, the principal migration flows regards Romania and Poland as sending countries and Belgium, Germany and Spain as receiving countries. The highest migration flow concerns Poland and Germany: 149,513 citizens coming from Poland move to Germany in the virtual 'status quo year'.

#### 3.2 Status quo target population

According to the current EU provisions on export of family benefits specified in Regulation (EC) 883/2004: the 'Basic Regulation' and in Regulation (EC) 987/2009: the 'Implementing Regulation', the exportability of family benefits is regulated as follows:

<sup>198</sup> In order to contextualize the relations between the eight selected MS in the intra-EU mobility, according to Eurostat (migr\_imm5pr), the bilateral migration flows considered account for around 20% of the overall intra-EU migration flow. Data are usually computed as 2011-13 averages. We are considering countries of last residence as 'senders'. For lack of data, for Romania countries of nationality are assumed as 'senders'.

<sup>199</sup> Taking country of nationality as country of origin seems problematic for the case of Romania: in 2013, as many as 124,273 EU-mobile citizens were reported to enter Romania (Eurostat, no differentiation available in terms of sending country), but in the same year only 1,024 non-Romanian EU citizens were reported to enter Romania.

**Example 1**

Joanna works in Member State A (which has a higher cost of living than Member State B) while her non-working husband Colin resides with their children in Member State B (which has a lower cost of living than Member State A).

Under the current rules, Joanna is entitled to family benefits in Member State A at the same amount as if her family was residing in Member State A.

**Example 2:**

Colin works in Member State B (which has a lower cost of living than Member State A) while his non-working wife Joanna resides with their children in Member State A (which has a higher cost of living than Member State B).

Under the current rules, Colin is entitled to family benefits in Member State B at the same amount as if his family was residing in Member State B.

As the examples suggest, the target population of the study are one-earner families in which the person entitled to the exportability of child benefits works and resides in a MS different from the one the dependent family members reside in. The HIVA study<sup>200</sup> allows to identify, for each selected country, the total number of persons entitled to the export of child benefits. The data provided in table 3.2.1 offer an overview of the population interested by the policy options and of the related expenditure in our virtual 'status quo year'. The table reports the aggregate data of the bilateral relations between the seven selected countries, in terms of number of persons entitled, average values of child benefits, and related estimated expenditure<sup>201</sup>.

*Table 3.2.1. Status quo scenario. Number of entitled persons, average amount of child benefit, and related expenditure.*

	<b>Persons entitled</b>	<b>Average annual values of child benefits</b>	<b>Estimated annual expenditure</b>
	<i>Number</i>	<i>Amount (in €)</i>	<i>Amount (in €)</i>
<b>BE</b>	6,730	4,268	28,723,640
<b>DE</b>	34,922	4,605	160,815,810
<b>IE</b>	3,112	3,363	10,465,656
<b>ES</b>	30	1,763	52,890
<b>NL</b>	18,663	5,837	108,935,931
<b>PL</b>	-	1,456	-
<b>RO</b>	5,887	177	1,041,999
<b>Total</b>	69,344	3,067	299,581,391

Source: HIVA study (Pacolet et al., 2015). Own elaborations.

According to the HIVA study, in 2013, in the 7 selected countries 69,344 persons were entitled to export child benefits. In absolute terms, Germany is the country with the highest number of persons entitled, followed by the Netherlands. According to the HIVA study, in Spain only 30 EU mobile citizens were entitled to export child benefits.

<sup>200</sup> PACOLET, J. and DE WISPELAERE, F., Export of family benefits, Network Statistics FMSSFE, European Commission, June 2015, 34 p

<sup>201</sup> The analysis of the secondary effects of policy options are based on the bilateral relations between the selected MS. For this reason, the simulation tool uses the number of entitled persons derived by each combination between the selected MSs provided by the HIVA study (Pacolet, 2015).

The annual average values of child benefits vary significantly among the selected countries. Belgium, the Netherlands and Germany present the highest values, ranging between 4,200 euro and 5,800 euro. Romania presents the lowest values of child benefits (177 euro). In 2013, the overall expenditure on the export of child benefits among the selected countries was about 299 millions of euro. Germany and the Netherlands account for over 80% of that expenditure. In Romania and especially in Spain, the reported expenditure is very limited. Unfortunately, according to HIVA study administrative data on the number of persons entitled to the export of child benefits in Poland are not available. It is therefore impossible to estimate the annual expenditure for this country in the status quo scenario. We still decided to keep Poland among the selected countries even if the data on the export of family benefits are not available: as subsection 3.1 shows, the migration flows from Poland towards the other selected countries are the highest among those analysed.



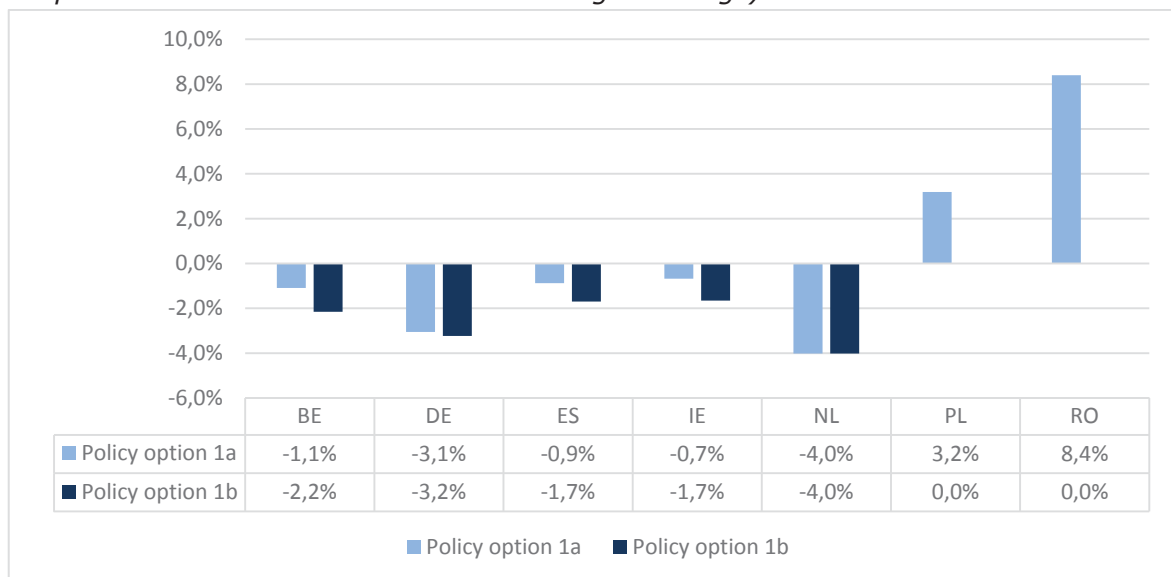
#### 4. Secondary effects: estimation of mobility changes

This section reports the variation of mobility patterns between the selected MS according to the policy options proposed, assessed in relation to the status quo scenario. The mobility patterns are estimated for three categories of population. This section presents the results of the analysis for one-earner married couples with two children at 100% of average earnings. Results for the other categories of population presented above - one-earner married couples with up to two children and one-earner married couples with three or more children- are reported in annex 2. The figures are presented in aggregate terms for each MS, while the detailed results of the bilateral relations between the 7 selected MS are again presented in annex 2<sup>202</sup>.

As previously stated, in the estimation of mobility changes we assume all factors to stay constant but the income differential impacted by the policy options analysed.

As stated in sub-section 4.2.1, the estimation of changes in mobility only concerns policy option 1. Policy option 3 merely envisions a redistribution of competence (from receiving to sending country), with no change in the benefits paid to recipients. Since in our simulation tool mobility changes are only caused by the economic differentials generated by a modification to the current regulations, policy option 3 implies no mobility change.

Figure 4.1. Variation in mobility flows. Policy options 1a and 1b (one-earner married couples with two children at 100% of average earnings)



Source: our calculations based on data from Pacolet et al. (2015) and Eurostat (migr\_imm5prv, earn\_nt\_net; web-based database)

Figure 4.1 shows the estimated intra-EU mobility flows as impacted by the implementation of policy options 1a and 1b. According to policy option 1a, the amount of the exported family benefits has to be adjusted (upward and downward) to the living standard in the Member State of residence of the child(ren). In the case of policy option 1b, said adjustment cannot exceed the amount of the family benefits provided in the member state of primary competence.

In aggregate terms, with the exception of Poland and Romania, policy option 1 generates a slight reduction in (net) migration flows. The Netherlands present the

<sup>202</sup> For the three categories of population considered, annex 2 provides to the reader the possibility to extrapolate the bilateral results for each MS considered.

highest reductions in percentage terms. Policy option 1 (a and b) produces a decrease of 4.0% of the estimated migration inflow defined in the status quo scenario. In Germany, a slight difference between policy option 1a and policy option 1b is registered. In the latter case, this country experiences a reduction of the overall migration inflow from the other six countries equal to 3.2%, while in the case of policy option 1a the reduction is of 3.1%. In Belgium, the two policy options analysed produce a more marked difference. Although the impact on mobility flows of the policy option is generally limited, the effect of policy option 1b is two times higher than policy option 1a (2.2% to 1.1%). Spain and Ireland show similar results. In Poland and Romania, while policy option 1b does not generate any change in mobility, policy option 1a causes an increase in mobility towards these countries (3.2% and 8.4% for Poland and Romania respectively). This happens because the absence of a threshold for the upward adjustment on the amount of family benefits incentivizes EU mobile citizens to move to Poland and Romania. Because all factors but family benefits stay constant, the increase in family benefits generates a net incentive to move.

When the upward adjustment is limited to the amount provided by the competent Member State (policy option 1b), no change in the income differentials observed in the status quo scenario is produced, nor is the incentive to move generated, which results in no change in mobility.

As regards the bilateral relations, the main results concern the migration flows of EU mobile citizens coming from Poland and Romania. In the policy option considered, this population accounts for the majority of the reduction of migration flows for the other MS analysed. For Germany, Belgium and Ireland, the reduction of EU mobile citizens coming from Spain represents a significant share of the overall decrease in the migration flows to these countries. In the Netherlands, in addition to EU mobile citizens coming from Poland and Spain, an important reduction in migration flows is imputable to neighbouring countries. Respectively 17.0% and 15.3% of the decrease in the Dutch aggregate migration flow is attributable to citizens coming from Germany and Belgium (see annex 2 for the detailed bilateral relations).

Figure 4.2 shows the variation in potential target population according to the policy options analysed<sup>203</sup>. The figure presents, for each MS, the changes in percentage terms of the population that applies for the export of family benefits compared to the figures in the status quo scenario (see tab. 3.1.1). The figures report variations in target population attributable to changes in the economic differential in the case of policy option 1, and to the redistribution of competences in the case of policy option 3<sup>204</sup>. Policy option 3 is in a way 'splitting' the competence between country of work and country of residence of the children. In the following results, variations in the target population attributed to policy option 3 are only relative to the share of population to which countries are primary competent. When estimating expenditure variations, integrations are also taken into account.

In general, the variations in target population generated by policy option 1 are very moderate, between 3.9% and -3.7%, and with the exception of Belgium and Romania (policy option 1a), in all countries the result is a reduction in the export of family

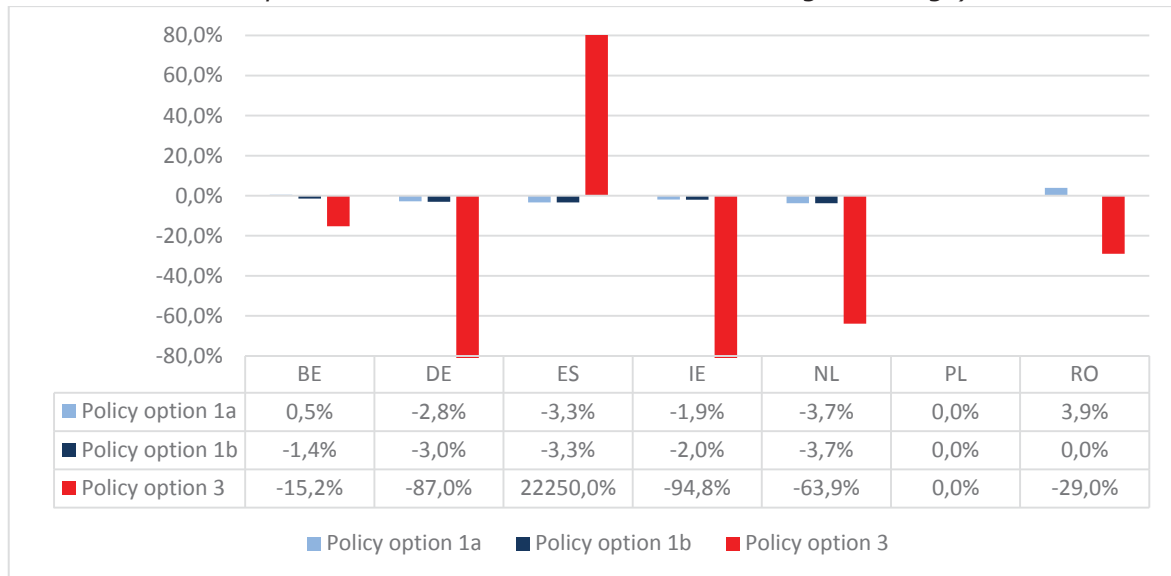
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<sup>203</sup> As previously stated, in this case target population refers to one-earner families in which the person entitled to the exportability of child benefits works and resides in a MS different from the one the dependent family members reside in.

<sup>204</sup> In policy option 3, the country of residence of the child(ren) has primary responsibility to pay the full amount of family benefits to which entitlement exists under its national rules. The country of work of the parent will top up this amount if the level of family benefits is be higher there.

benefits. In absolute terms, the higher variations in target population are experienced by Germany and the Netherlands. In policy option 1b, the latter shows a reduction of the target population equal to 700 EU mobile citizens, while the reduction in Germany is of 962. Among the other countries considered, with the exclusion of Spain, in which policy option 1 affects only a very limited number of EU mobile citizens, and Romania, in which policy option 1a results in a increase of target population equal to 231 EU mobile citizens, in the other countries, policy option 1 results in a decrease of target population between 58 and 94 EU mobile citizens<sup>205</sup>.

Figure 4.2. Variation in potential target population. Policy options 1a, 1b, 3 (one-earner married couples with two children at 100% of average earnings).



Source: our calculations based on data from Pacolet et al. (2015) and Eurostat (earn\_nt\_net; web-based database). No variation can be estimated for Poland, for which no administrative data on the export of family benefits are available in the status scenario. It has to be stressed that, according to the administrative data collected by the HIVA study (Pacolet et al., 2015) in Spain the number of cases of exportation of family benefits is extremely low: only 37 overall, in 2013.

Policy option 3 results in a decrease in the number of EU mobile citizens entitled to the export of family benefits for the majority of countries considered. Only Spain records a - very important - increase in the target population. This, however, is attributable to the fact that, according to the administrative data collected by the HIVA study, only 30 EU mobile citizens coming from the other 6 selected countries that reside in Spain export family benefits in 2013 (and in our status quo scenario), while the number of family benefits claimed in the other 6 selected countries by EU mobile citizens coming from Spain is as high as 6,705. The inversion of competences therefore produces an considerable change in the target population.

In countries characterised by immigration rather than emigration, like Germany and Ireland, policy option 3 results in a reduction of the target population higher than 87%. In the Netherlands, characterised by significant migration flows towards Germany and Belgium, policy option 3 results in a more mild reduction in target population (63.9%) compared to the aforementioned countries. Similarly, in Belgium the reduction of target population is limited by the significant share of EU mobile citizens with Belgium as country of previous residence that apply for the export of

<sup>205</sup> It has to be stressed that, according to the administrative data collected by the HIVA study (Pacolet, 2015), in Spain the number of cases of exportation of family benefits is extremely low: only 37 in 2013. Additionally administrative data on the export of family benefits are not available for Poland, and no estimation are provided for this country.

family benefits in the Netherlands. Surprisingly, even Romania experiences a decrease in target population. This reduction is due to the high number of family benefits claimed in Romania by EU mobile citizens that previously resided in Spain, which alone outnumbers the family benefits asked by EU mobile citizens coming from Romania in the other 6 selected countries (see annex 2 for the detailed result of the bilateral relations).

## 5. Secondary effects: estimation of expenditure changes

This section reports the estimated changes of expenditure of family benefits devoted to the target population compared to the figures observed in the status quo scenario, for each MS analysed and according to the various policy options. The results discussed in this section are referred to the representative category of the potential target population: one-earner couples at 100% of average earning with up to two children. The results are presented in aggregate terms for each MS, while the detailed results of the bilateral relations between the 8 MS considered are presented in annex 3.

As reported in section 2.4.2, in defining the expenditures changes we take into account the variation in the target population (due to both mobility changes and variations in the relevant regulations), the different level of benefits envisioned by policy options 1a and 1b and the redistribution of competences envisioned by policy option 3.

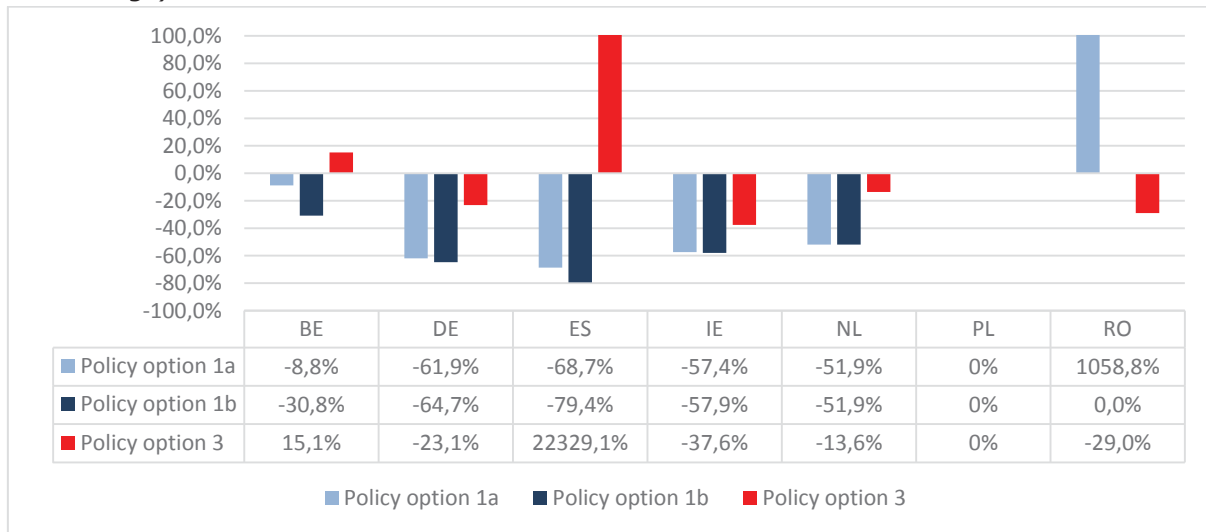
With the exception of Romania<sup>206</sup> policy option 1 provokes a relevant reduction in percentage terms of the expenditure for child benefits paid to the target population (figure 5.1). In Germany, Ireland and the Netherlands, only a small difference is registered between the effects of policy options 1a and 1b. In Belgium, the differences between sub-options are most pronounced. Policy option 1a implicates a reduction of expenditure for the export of family benefits of 8.8%, while the estimated saving of policy option 1b is equal to 30.8%. In Germany, Spain, the Netherlands and Ireland the cost changes generated by policy option 1 are higher than half the previous expenditure. Even though Spain presents percentage variations in line with the other selected countries, since the number of family benefits exported is very limited, the savings generated by policy option 1a and 1b are extremely low in monetary terms (around € 36,000 for policy option 1a and just above € 42,000 for policy option 1b). Romania is the only country that registers an increase of expenditure for the export of child benefits when policy option 1a is applied. The difference between the average amount of child benefits paid in Romania and those of the other selected MS causes a high increase (in percentage terms) in the expenditure for the export of child benefits. As Figure 5.1 shows, the expenditure variation for Romania is of 1058.8%. Similarly to the results observed for mobility changes, when the upward adjustment is limited to the amount provided by the competent Member State (policy option 1b), no change in expenditure is observed.

In policy option 3 the country of residence of the child has primary responsibility to pay the full amount of the family benefit to which entitlement exists under its national rules. The country of work will top up this amount if the level of family benefits is higher there. In Belgium and especially in Spain, this policy option results in an increase of the expenditure devoted to the export of child benefits.

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<sup>206</sup> As previously stated, since data on the number of cases of export of family benefits are not available for Poland in the HIVA study, we cannot estimate the changes in expenditures for family benefits for this country.

Figure 5.1. Variation of expenditure for the export of family benefits. Policy options 1a, 1b and 3 (one-earner married couples with two children at 100% of average earnings).



Source: Our calculation based on data from Pacolet et al. (2015), Eurostat (migr\_imm5prv, earn\_nt\_net; web-based database). No variation can be estimated for Poland, for which no administrative data on the export of family benefits are available in the status scenario. It has to be stressed that, according to the administrative data collected by the HIVA study (Pacolet et al., 2015) in Spain the number of cases of exportation of family benefits is extremely low: only 37 overall, in 2013.

As figure 4.2 shows, in Spain, policy option 3 generates an extreme increase in the target population. In the status quo scenario, only a very limited number family benefits are recorded to be exported from Spain (only 30 to the other 6 selected countries), but EU mobile citizens who have Spain as country of previous residence represent an important share of the target population in the other 6 selected MS, especially in Germany, Romania and the Netherlands. Under policy option 3, the number of family benefits Spain has to pay for therefore increase dramatically, generating an extremely high increase in expenditure (+22329.1%). However, it has to be considered that this expenditure variation could represent an overestimation. In Spain the access to family benefits is mean-tested, and only families with income per year below €11,519.16. (or €17,337.05 in the case of families with 3 dependent children) are eligible. The simulation tool used in this study is based on aggregate data at national level and does not allow taking into account the families' income distribution. Eurostat data suggest that in 2013 less than 18% of the families residing in Spain had an income below €13,524 (second quartile top cut-off point). Hence, we can assess that, even if policy option 3 in Spain could generate a significant increase in the expenditure for the export of family benefits, the variation proposed is likely overestimated<sup>207</sup>.

In Belgium, the increase of expenditure for the export of child benefits (15.1%) derives primarily from the export of family benefits to the Netherlands. In the Netherlands the average amount of family benefits are higher than in Belgium. Hence the difference between the average amount of child benefits generates an increase of expenditure for Belgium estimated to be around a fifth of the expenditure defined in the status quo scenario. In Germany, an important share of the overall variation of expenditures, is due to the payment that the country's finances would sustain to top

<sup>207</sup> Similar considerations can be applied in the case of Romania and Poland where, similarly to Spain, the access of family benefits is means-tested.

up the gap between the amount of child benefits in Poland and in Germany, when Poland is the country of residence of the family members. In Ireland, the combination of the bilateral relations among the selected MS generates a reduction of expenditure for the export of child benefits of 37.6%. According to the data collected by Pacolet et al. (2015), there are plenty of mobile citizens entitled to the export of family benefits in Romania that have their family members in Spain. The redistribution of competences envisioned by policy option 3 actually reduces the number of benefits to be paid by Romania: the expenditure decreases by 29.0%.

Table 5.1 shows the bilateral distribution of the expenditure that each MS considered sustains in the export of family benefit in relation to the other six selected MS.

*Table 5.1. Bilateral variation of expenditure export of family benefits for aggregate expenditure for family benefits, policy option 1a and 1b (one-earner married couples with two children at 100% of average earnings).*

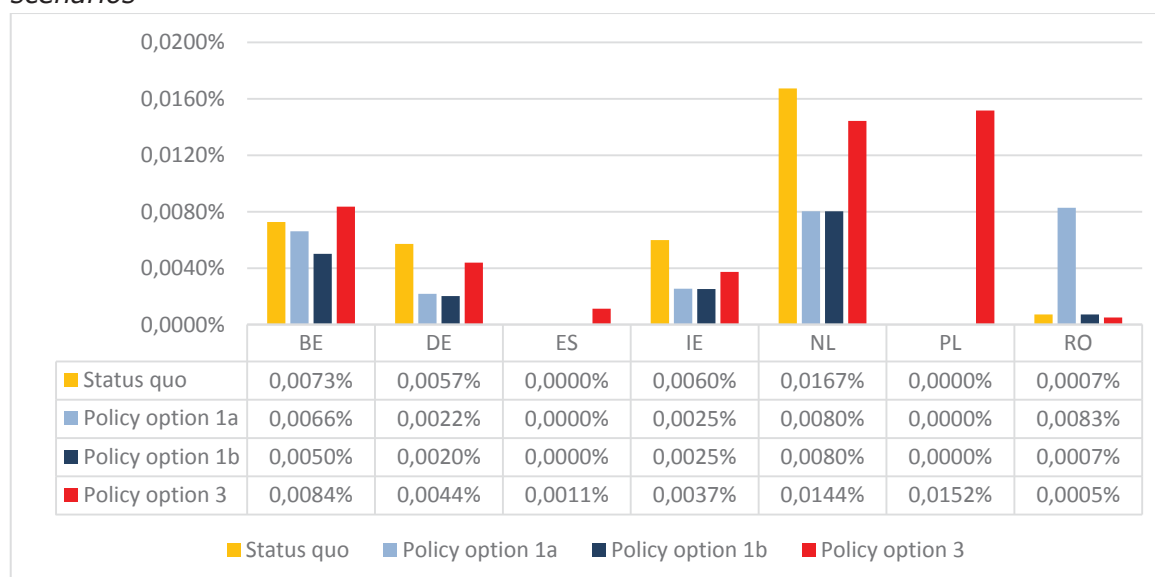
Country of Residence	BELGIUM						GERMANY					
Country of origin	DE	ES	IE	NL	PL	RO	BE	ES	IE	NL	PL	RO
status quo	3,2%	5,8%	0,2%	52,1%	33,6%	5,0%	1,6%	1,9%	0,1%	9,1%	77,0%	10,3%
P.o. 1a	3,9%	2,5%	0,2%	80,9%	12,2%	0,2%	3,8%	1,8%	0,2%	31,3%	61,9%	1,0%
P.o. 1b	4,7%	3,3%	0,2%	75,3%	16,1%	0,3%	4,1%	1,9%	0,2%	25,9%	66,8%	1,1%
Country of Residence	SPAIN						IRELAND					
Country of origin	BE	DE	IE	NL	PL	RO	BE	DE	ES	NO	PL	RO
status quo	0,0%	6,7%	0,0%	0,0%	6,7%	86,7%	0,1%	0,5%	1,9%	0,0%	94,2%	3,0%
P.o. 1a	0,0%	55,6%	0,0%	0,0%	17,6%	26,8%	0,4%	1,7%	2,3%	0,0%	94,0%	0,4%
P.o. 1b	0,0%	32,4%	0,0%	0,0%	26,8%	40,8%	0,3%	1,2%	2,3%	0,0%	95,1%	0,4%
Country of Residence	the NETHERLANDS						ROMANIA					
Country of origin	BE	DE	ES	IE	PL	RO	BE	DE	ES	IE	NL	PL
status quo	27,2%	21,6%	1,6%	0,1%	48,9%	0,5%	1,2%	4,6%	90,4%	1,6%	0,4%	0,7%
P.o. 1a	40,0%	34,5%	0,9%	0,1%	24,3%	0,0%	2,6%	11,3%	80,0%	2,9%	1,3%	0,5%
P.o. 1b	40,0%	34,5%	0,9%	0,1%	24,3%	0,0%	1,2%	4,6%	90,4%	1,6%	0,4%	0,7%
Country of Residence	POLAND											
Country of origin	BE	DE	ES	IE	NL	RO						
status quo	-	-	-	-	-	-						
P.o. 1a	-	-	-	-	-	-						
P.o. 1b	-	-	-	-	-	-						

Source: Our calculation based on data from Pacolet et al. (2015), Eurostat (migr\_imm5prv, earn\_nt\_net; web-based database). No variation can be estimated for Poland, for which no data on the export of family benefits are available in the status quo scenario. It has to be stressed that the number of cases of exportation of family benefits recorded by the HIVA study (Pacolet et al., 2015) for Spain is extremely low: only 37 overall, in 2013.

In Germany and Ireland the majority of the expenditure for the export of family benefits is devoted to EU mobile citizens coming from Poland. In Ireland the policy option 1 does not impact on the share of expenditure received by this population, which accounts for around 95% of the aggregate expenditure. In Germany policy option 1 (a and b) results in a decrease in the analysed chapter of expenditure. Additionally, in Germany, policy option 1 involves an increase of the share of expenditure of export of family benefits directed to EU mobile citizens how have the Netherlands as country of origin. This population – EU mobile citizens coming from the Netherlands – represents an relevant chapter of expenditures also for Belgium. In policy option 1, the Belgian expenditure for the export of family benefits devoted to this population ranges between 75% and 80%. In the Netherlands, policy option 1 halves the cost of export of family benefits sustained for EU mobile citizens coming from Poland. As a result, the aggregate expenditure for the export of family benefits among the countries considered is more or less evenly shared between EU mobile citizens coming from Belgium, Germany and Poland. Similarly in Spain, policy option 1 significantly reduces the share of expenditure for export of family benefits sustained for EU mobile citizens coming from Romania. This variation is compensated by an increase of the share of expenditure related to citizens coming from Germany and Poland. In Romania, while policy option 1b does not produce any variation in the distribution of the expenditure, policy option 1a generates only a small changes in the chapters of expenditure devoted to EU mobile citizens coming from Spain and Germany.

In order to provide a benchmark for the evaluation of expenditure variations, figure 5.2 reports the expenditure for the export of family benefits paid to EU mobile citizens coming from the other 6 selected countries as a ratio of the GDP, in the status quo scenario and in each policy option.

Figure 5.2. Expenditure variation in % GDP (2013), Status quo and policy option scenarios



Source: Our calculation based on data from Pacolet et al. (2015), Eurostat (migr\_imm5prv, earn\_nt\_net, nama\_10\_gdp; web-based database).

The figure indicates that in all scenarios the expenditure for the export of family benefits devoted to the target population is very limited: in no case does the value go over 0.015% of the GDP. In Romania, policy option 1a produces a significant increase



in the expenditure for the export of family benefits in absolute terms, but the share of GDP involved is still of little relevance, rising from 0.0007% in the status quo scenario to 0.0083%. As already observed, in Belgium, Germany and Ireland the expenditure variations between the status quo scenario and the policy options are moderate. In the Netherlands, policy option 1 reduces the expenditure by half while policy option 3 generates only a limited saving. In Poland, according to the available data, it is only possible to estimate the expenditure for the export of family benefits related to policy option 3<sup>208</sup>. In this case, the expenditure that this country sustains in order to provide family benefits to EU mobile citizens coming from this MS and residing in one of the other six MS considered is equal to 0.0152% of the GDP.

## 5.2 Possible effects of family reunifications

The approach followed by the study at hand does not allow to specifically account for the event of family reunifications, i.e. the dependant family members reuniting with the mobile citizen that is entitled to the family benefit. Some considerations are however possible and seem appropriate in analysing the matter at hand.

As a general note, if dependent family members were to reunite with the working partner/parent working in another MS, they would nullify the effects of all of the policy options. We shall then analyse how the economic incentives generated by the policy options may influence the decision to reunite of European families.

Under policy options 1a and 1b, dependent family members residing in the poorer countries (in terms of the level of family benefits computed) will have an incentive to reunite with their mobile working relative, so to avoid the reduction in the family benefit (which under policy options 1a and 1b would be computed at the level of the country of residence of the children). Let us take the example of a European citizen that resides and works in Belgium, while her partner and their children are in Romania. Following the implementation of policy option 1a or 1b, the household would see the family benefit reduced from the level of Belgium to the one of Romania. The dependent family members would have an incentive to move to Belgium in order to get higher benefits. If this incentive trumps the costs of moving (this is probably the case when the decision to migrate is a long-term one), the family members residing in the poorer country will move to the richer and offset the effect of the policy option. If all families residing in poorer countries were to react according to the economic incentive produced by policy options 1a and 1b, they would nullify the effects of the policies, i.e. in our example, Belgium would have to pay family benefits at the Belgian level.

On the contrary, dependent family members residing in richer countries would have a disincentive to reunite with their mobile working relative under policy option 1a, since by doing so they would lose the entitlement to higher benefits.

Let us take the example of a European citizen that resides and works in Poland, while her partner and their children are in Germany. Following the implementation of policy option 1a, the household would see the family benefit increased from the level of

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<sup>208</sup> Still, no estimation can be made on the expenditure – derivable from the potential implementation of policy option 3 – relative to the integration of family benefits paid to EU mobile citizens residing in Poland. These costs would most likely have little relevance, since the average level of family benefits paid in Poland is the second lowest amongst the 7 selected countries. The only accountable costs here are those Poland would sustain, as MS of primary competence, to pay family benefits to mobile citizens whose children reside in Poland.

Poland to the one of Germany. The dependent family members would have a disincentive to move to Poland, because that would mean getting a lower benefit.

If this disincentive is trumped by some incentive to reunite (this is probably the case when the decision to migrate is a long-term one), the family members residing in the poorer country will move to the richer and offset the effect of the policy option.

Instead, if all families residing in richer countries were to react according to the economic incentive produced by policy options 1a, the effects of the policies would stay intact.

If policy option 1b is implemented, because of the limits imposed on the level of benefits computed, no variation in the household income is envisioned, i.e. in our example, the household would see the family benefit stay at the Polish level and the incentives to reunite would not be altered.

In addition, as noticed above, no variation in the level of family benefits is imputable to policy option 4 (only changes in competence priorities are envisioned). Therefore, the economic incentives to reunite would not be altered, neither in poor-to-rich nor in rich-to-poor relations.

*Table 5.3. The estimated effects of family reunifications*

<b>Policy option</b>	<b>Country relation</b>	<b>New incentive produced</b>	<b>Effect if reunification is determined by the new incentives produced</b>	<b>Effect if reunification happens nonetheless</b>
2A	Poor-to-rich	Incentive to move	P.O. effects nullified	P.O. effects nullified
	Rich-to-poor	Disincentive to move	P.O. effects intact	P.O. effects nullified
2B	Poor-to-rich	Incentive to move	P.O. effects nullified	P.O. effects nullified
	Rich-to-poor	None	P.O. effects intact	P.O. effects nullified
4	Poor-to-rich	None	P.O. effects intact	P.O. effects nullified
	Rich-to-poor	None	P.O. effects intact	P.O. effects nullified

## 6. Conclusions

The aim of the study is to assess the secondary effects of the proposed modification to the current EU provisions on the export of family benefits, as specified in Regulation (EC) 883/2004: the 'Basic Regulation' and in Regulation (EC) 987/2009: the 'Implementing Regulation'. Such secondary effects include changes in the overall mobility of citizens, in the number of individuals entitled to the exportation of family benefits and in the level of expenditure attributable to the item.

To this end, we have selected 7 MS as part of the case study, with consideration to the level of representativeness of the group as regards the whole EU. For each MS, we have defined size and characteristics of the population potentially interested by the policy changes, as well as the relative expenditure for the export of child benefits. Against this 'status quo scenario', we have estimated the impact of the various policy changes.

A simulation tool has been defined in order to estimate the potential mobility changes attributable to the economic differentials generated by the three policy options. The second step of the analysis has concerned the estimation of the changes of public expenditure devoted to the child benefits paid to the target population.

In order to proceed with the estimate, key assumptions had to be made on the elasticity of potentially mobile EU citizens to changes in income differentials among countries, which are expected to impact the incentives to move across countries (see par. 2.4).

Results generally show mild reductions in mobility changes (see fig. 4.1) attributable to the potential implementation of the policy options. Limited differences can be noted for the two policy options tested for mobility changes (1a and 1b). Excluding Poland and Romania, the other MSs analysed show a slight decrease in migration flows. The variations range between -0.2% and -4%.

Because the benefits paid in Poland and Romania in the status quo scenario are lower than those paid in the other selected MS, the implementation of policy option 1a produces an incentive to move to these countries and an increase in mobility from the other 6 MS of respectively 3.2% and 8.3%.

When the upward adjustment is limited to the amount provided by the competent Member State (policy option 1b), the negative impact of mobility flows is slightly increased in most countries, while the change in mobility is null for Poland and Romania.

In relation to expenditure changes<sup>209</sup> generated by policy options and mobility changes, as much as the percentage variations on expenditure levels may reach high values, variations shown in absolute terms and as ratios of GDP confirm the little relevance for national budgets of the expenditure for the exportation of family benefits (see fig. 5.2).

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<sup>209</sup> No variation can be estimated for Poland, for which no data on the export of family benefits are available in the status quos scenario (no data in Pacolet et al, 2015). Results observed for Spain should be considered most carefully, since according to administrative data collected by the HIVA study (Pacolet et al., 2015) the number of cases of exportation of family benefits are extremely low for this MS: only 37 overall, in 2013.

The approach followed by the study at hand does not allow to specifically account for the event of family reunifications, i.e. the dependant family members reuniting with the mobile citizen that is entitled to the family benefit.

However, we can presume that some families may react to the implementation of policy options 1a and 1b by reuniting in the country of residence of the working parent. Dependant family members residing in the poorer countries will indeed have an incentive to reunite with their mobile working relative, so to avoid the reduction in the family benefit (which under policy option 1a and 1b would be computed at the level of the country of residence of the children). If all families residing in poorer countries were to react according to the economic incentive produced by policy options 1a and 1b, they would nullify the effects of the policies.

On the contrary, dependant family members residing in richer countries would have a disincentive to reunite with their mobile working relative under policy option 1a, since by doing so they would lose the entitlement to higher benefits (while they would experience no difference under policy option 1b).

As already noticed, no variation in the level of family benefits perceived is imputable to policy option 3. Therefore, no economic incentive to reunite families would be produced.

## Annex 1 – List of Family benefits within the scope of the study (source MISSOC).

The MISSOC Comparative Tables Database contains detailed information on social protection in 32 countries. However MISSOC gives a description of the purely national legislation and often does not take into account the application of Regulation 883/2004, while in many MS the Regulation directly applies and has priority over national law. The scope of this table is to provide a indicative overview of the characteristics of the family benefits under the national legislation in the 7 selected MS.

	Name or act	Conditions	Age limit and child residence	Benefit amount
<b>Belgium</b>	<i>General Act of 19 December 1939 on Child Benefits (Loi générale du 19 décembre 1939 relative aux allocations familiales (LGAF)/ Algemene kinderbijslagw et (AKBW)) (as amended by the act of 4 April 2014)</i>	* The beneficiary must have a parental, alliance, adoption or unofficial guardianship link with the child. * No variation with income.	*Normal: 18 years. *Vocational training: 25 years. *Further education: 25 years. * The child must be brought up in Belgium and follow his studies there and not abroad.	1st child: € 90.28 2nd child: € 167.05 3rd child and subsequent children: € 249.41 Variation with age. Monthly age supplements Children in 1st order, receiving the normal rate (i.e. not entitled to the supplement for single parent families or to a social supplement and who are not disabled): aged 6 - 12: € 15.73 aged 12 - 18: € 23.95 aged 18 or more: € 27.6
<b>Germany</b>	<i>Kindergeld</i>	*Taxable persons residing in Germany or persons subject to income taxation there without restrictions for their own children, adopted children or dependent children *Universal scheme, not means-tested.	*18 years. Prolongation to 21 for registered jobseekers, and to 25 for student and working student (less than 20 hours a week) *The child must reside in Germany or in another EU or EEA Member State or in Switzerland	1st and 2nd child: € 184 3rd child: € 190 4th and subsequent: € 215
<b>Spain</b>	<i>Prestaciones por hijo a cargo</i>	* Parents or persons in charge of the	* 18 years. * The child must be resident in	* Child Benefit (12 payments per year): Children under 18

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Secondary effects following a change of regulations on the exportation of family benefits

		child, legally resident in Spain	Spain	years of age:€24.25; * No benefit if the family income per year exceeds €11,519.16. This ceiling increases up to €17,337.05 for families with 3 dependent children. This amount increases by €2,808.12 for each dependent child after and including the fourth child.
<b>Poland</b>	N/A	*The beneficiaries must be either: Polish citizens, foreigners who fall within the scope of the law on co-ordination of social security schemes or bilateral agreement on social security, foreigners staying in the territory of Poland who hold refugee status or residence permit if they reside in the territory of Poland together with family members. *contributory and means-tested	*The condition of residence of the child must be fulfilled only in relation to foreigners who: have neither EU nor EEA nor Swiss citizenship, hold refugee status or residence permit. *Less than 18 years,* the end of the child's education at school	Family income per capita must not exceed PLN 539 (€130) (in 2014) per month (PLN 623 (€150) in the case of families with a disabled child). The monthly amounts per child depend on the age: under 5 years: PLN 77 (€18), 5 - 18 years: PLN 106 (€25), 18 - 24 years: PLN 115 (€28)
<b>Romania</b>	<i>Alocatie de stat pentru copii</i>	* Social assistance scheme, universal, financed by the State Budget * means-tested. * Child cohabiting with his/her parent(s)	*18 years (or secondary or post-secondary graduation age) *Domicile or residence in Romania	*The monthly amount varies with the age of children and the Reference Social Indicator(RSI) *Ceiling: The total amount of social assistance benefits accrued by a single person or a family may not exceed a certain coefficient set annually by Government Decision

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				and which is related to the RSI
<b>The Netherlands</b>	<p>*Algemene Kinderbijslagwet (AKW);</p> <p>Wet op het *kindgebonden budget (WKB)</p> <ul style="list-style-type: none"> <li>• Tegemoetkoming ouders van thuiswonende gehandicapte kinderen (TOG)</li> <li>• Wet Kinderopvang en kwaliteitseisen peuterspeelzalen</li> </ul>	<p>*all (insured) residents whatever their nationality who work in the Netherlands and consequently pay tax on wages, and also maintain the child.</p> <p>*Universal scheme, not means-tested (AKW), means-tested (WKB)</p>	<p>* Child up to 18 years of age</p> <p>*Both AKW and WKB are also paid for children who live in an EU or EEA country or Switzerland</p>	<p>*AKW: up to 5 years: €63.88 / 6-11 years: €77.57 / 12-17 years: €91.26. The benefits are paid per quarter.</p> <p>*WKB ceiling: above the threshold of €26,147 the allowance is reduced by 7.6% of the difference between the family income and €26,147. Income limit: €102,499 for a single person or €123,638 for partners. The benefit amount decreases as income rises. Monthly amount per children: 1 child: €39,529; 2 children: €46,581; 3 children: €48,989; 4 children: €50,384; (...) 8 children: €55,963.</p>
<b>Ireland</b>	Social Welfare Consolidation Act 2005 (act)	<p>* Child Benefit is a monthly payment, paid to the child's mother or step-mother; however it may be paid to the father or step-father if the child is living with and being supported by them.</p> <p>* No variation with income.</p>	<p>*No variation with age</p> <p>* Normal: up to 16th birthday</p> <p>*Further education: up to 18th birthday</p> <p>* Child must be normally living with and being supported by recipient.</p>	<p>*€130 per child.</p> <p>*In cases of triplets, quadruplets and other multiple births the allowance for each child is doubled. In the case of twins the allowance is one and a half times the first child payment</p>

Source: MISSOC

## Annex 2 – Secondary effects: estimation of mobility patterns. Detailed results of bilateral relations between selected MSs

Table 2.1 Secondary effects: estimation of mobility patterns. Detailed results of bilateral relations between selected MSs. One-earner married couples with two children at 100% of average earnings

Country of Residence	Country of origin	Status quo			Policy option 1A				Policy option 1B			
		Mobility flow	Export of FB	Elasticity	% income change	% mobility change	Change in total mobility flow	Change in export of FB	% income change	% mobility change	Change in total mobility flow	Change in export of FB
BE	DE	4223	218	0.8	0.89%	0.7%	30	2	0.00%	0.0%	0	0
BE	ES	6725	389	0.6	-6.25%	-3.7%	-252	-15	-6.25%	-3.7%	-252	-15
BE	IE	449	13	0.8	-2.68%	-2.1%	-10	0	-2.68%	-2.1%	-10	0
BE	NL	10431	3505	0.8	4.46%	3.6%	373	125	0.00%	0.0%	0	0
BE	PL	8464	2259	0.4	-7.14%	-2.9%	-242	-65	-7.14%	-2.9%	-242	-65
BE	RO	7624	336	0.4	-10.27%	-4.1%	-313	-14	-10.27%	-4.1%	-313	-14
DE	BE	4247	543	0.8	-0.89%	-0.7%	-30	-4	-0.89%	-0.7%	-30	-4
DE	ES	15707	647	0.6	-7.10%	-4.3%	-670	-28	-7.10%	-4.3%	-670	-28
DE	IE	1918	35	0.8	-3.55%	-2.8%	-55	-1	-3.55%	-2.8%	-55	-1
DE	NL	14185	3194	0.8	3.55%	2.8%	403	91	0.00%	0.0%	0	0
DE	PL	149513	26901	0.4	-7.99%	-3.2%	-4780	-860	-7.99%	-3.2%	-4780	-860
DE	RO	38314	3585	0.4	-11.10%	-4.4%	-1702	-159	-11.10%	-4.4%	-1702	-159
ES	BE	3283	0	0.2	10.45%	2.1%	69	0	0.00%	0.0%	0	0
ES	DE	9720	2	0.2	11.95%	2.4%	232	0	0.00%	0.0%	0	0
ES	IE	1691	0	0.2	5.97%	1.2%	20	0	0.00%	0.0%	0	0
ES	NL	3539	0	0.2	17.92%	3.6%	127	0	0.00%	0.0%	0	0
ES	PL	2841	2	0.6	-1.49%	-0.9%	-25	0	-1.49%	-0.9%	-25	0
ES	RO	33581	26	0.4	-6.72%	-2.7%	-903	-1	-6.72%	-2.7%	-903	-1
IE	BE	430	4	0.8	2.90%	2.3%	10	0	0.00%	0.0%	0	0
IE	DE	1794	16	0.8	3.86%	3.1%	55	0	0.00%	0.0%	0	0
IE	ES	2447	58	0.6	-3.86%	-2.3%	-57	-1	-3.86%	-2.3%	-57	-1



IE	NL	626	9	0.8	7.73%	6.2%	39	1	0.00%	0.0%	0	0
IE	PL	4155	2932	0.4	-4.83%	-1.9%	-80	-57	-4.83%	-1.9%	-80	-57
IE	RO	1180	93	0.4	-8.21%	-3.3%	-39	-3	-8.21%	-3.3%	-39	-3
NL	BE	7820	5081	0.8	-4.18%	-3.3%	-262	-170	-4.18%	-3.3%	-262	-170
NL	DE	10824	4030	0.8	-3.34%	-2.7%	-290	-108	-3.34%	-2.7%	-290	-108
NL	ES	5477	291	0.6	-10.03%	-6.0%	-330	-18	-10.03%	-6.0%	-330	-18
NL	IE	729	18	0.8	-6.69%	-5.4%	-39	-1	-6.69%	-5.4%	-39	-1
NL	PL	14895	9131	0.4	-10.87%	-4.3%	-648	-397	-10.87%	-4.3%	-648	-397
NL	RO	1744	90	0.4	-13.80%	-5.5%	-96	-5	-13.80%	-5.5%	-96	-5
PL	BE	107	0	0.1	29.90%	3.0%	3	0	0.00%	0.0%	0	0
PL	DE	3321	0	0.1	33.64%	3.4%	112	0	0.00%	0.0%	0	0
PL	ES	155	0	0.2	3.74%	0.7%	1	0	0.00%	0.0%	0	0
PL	IE	277	0	0.1	18.69%	1.9%	5	0	0.00%	0.0%	0	0
PL	NL	228	0	0.1	48.59%	4.9%	11	0	0.00%	0.0%	0	0
PL	RO	15	0	0.6	-13.09%	-7.9%	-1	0	-13.09%	-7.9%	-1	0
RO	BE	77	68	0.1	88.76%	8.9%	7	6	0.00%	0.0%	0	0
RO	DE	644	272	0.1	96.48%	9.6%	62	26	0.00%	0.0%	0	0
RO	ES	212	5320	0.1	34.74%	3.5%	7	185	0.00%	0.0%	0	0
RO	IE	26	97	0.1	65.61%	6.6%	2	6	0.00%	0.0%	0	0
RO	NL	139	23	0.1	127.35%	12.7%	18	3	0.00%	0.0%	0	0
RO	PL	141	39	0.2	27.02%	5.4%	8	2	0.00%	0.0%	0	0

Source: Eurostat (migr\_imm5prv, migr\_imm1ctz, earn\_nt\_net, web-based database); Pacolet et al. (2015).

Table 2.2. Secondary effects: estimation of mobility patters. Detailed results of bilateral relations between selected MS. One-earner married couples with up to two children and One-earner married couples with three or more children.

Country of Residence	Country of origin	One-earner married couples with up to two children						One-earner married couples with three or more children									
		policy option 1A			policy option 1B			policy option 1A			policy option 1B						
		% income change	% mobility change	Change in total mobility flow	Change in export of FB	% income change	% mobility change	Change in total mobility flow	Change in export of FB	% income change	% mobility change	Change in total mobility flow	Change in export of FB	% income change	% mobility change	Change in total mobility flow	
BE	DE	3.9%	3.2%	133	7	0.0%	0.0%	0	0	1.5%	1.2%	49	3	0.0%	0.0%	0	0
BE	ES	3.6%	2.1%	144	8	0.0%	0.0%	0	0	-8.2%	-4.9%	-331	-19	-8.2%	-4.9%	-331	-19
BE	IE	3.4%	2.7%	12	0	0.0%	0.0%	0	0	2.4%	1.9%	9	0	0.0%	0.0%	0	0
BE	NL	-2.5%	-2.0%	-206	-69	-2.5%	-2.0%	-206	-69	-6.0%	-4.8%	-501	-168	-6.0%	-4.8%	-501	-168
BE	PL	-3.4%	-1.4%	-115	-31	-3.4%	-1.4%	-115	-31	-10.0%	-4.0%	-339	-91	-10.0%	-4.0%	-339	-91
BE	RO	-5.0%	-2.0%	-153	-7	-5.0%	-2.0%	-153	-7	-11.5%	-4.6%	-352	-16	-11.5%	-4.6%	-352	-16
DE	BE	-3.2%	-2.5%	-108	-14	-3.2%	-2.5%	-108	-14	-1.3%	-1.1%	-46	-6	-1.3%	-1.1%	-46	-6
DE	ES	-0.3%	-0.2%	-30	-1	-0.3%	-0.2%	-30	-1	-8.9%	-5.3%	-836	-34	-8.9%	-5.3%	-836	-34
DE	IE	-0.4%	-0.3%	-6	0	-0.4%	-0.3%	-6	0	0.9%	0.7%	13	0	0.0%	0.0%	0	0
DE	NL	-5.1%	-4.1%	-584	-131	-5.1%	-4.1%	-584	-131	-6.9%	-5.5%	-778	-175	-6.9%	-5.5%	-778	-175
DE	PL	-5.9%	-2.4%	-3527	-635	-5.9%	-2.4%	-3527	-635	-10.6%	-4.2%	-6310	-1135	-10.6%	-4.2%	-6310	-1135
DE	RO	-7.2%	-2.9%	-1103	-103	-7.2%	-2.9%	-1103	-103	-11.9%	-4.8%	-1831	-171	-11.9%	-4.8%	-1831	-171
ES	BE	-4.0%	-0.8%	-27	0	-4.0%	-0.8%	-27	0	13.2%	2.6%	87	0	0.0%	0.0%	0	0
ES	DE	0.4%	0.1%	9	0	0.0%	0.0%	0	0	15.6%	3.1%	303	0	0.0%	0.0%	0	0
ES	IE	-0.1%	0.0%	0	0	-0.1%	0.0%	0	0	17.1%	3.4%	58	0	0.0%	0.0%	0	0
ES	NL	-6.8%	-1.4%	-48	0	-6.8%	-1.4%	-48	0	3.5%	0.7%	25	0	0.0%	0.0%	0	0
ES	PL	-7.9%	-4.7%	-135	0	-7.9%	-4.7%	-135	0	-2.9%	-1.8%	-50	0	-2.9%	-1.8%	-50	0
ES	RO	-9.8%	-3.9%	-1310	-1	-9.8%	-3.9%	-1310	-1	-5.4%	-2.2%	-726	-1	-5.4%	-2.2%	-726	-1
IE	BE	-3.3%	-2.7%	-11	0	-3.3%	-2.7%	-11	0	-2.1%	-1.7%	-7	0	-2.1%	-1.7%	-7	0
IE	DE	0.5%	0.4%	7	0	0.0%	0.0%	0	0	-0.8%	-0.7%	-12	0	-0.8%	-0.7%	-12	0
IE	ES	0.1%	0.1%	2	0	0.0%	0.0%	0	0	-9.3%	-5.6%	-137	-3	-9.3%	-5.6%	-137	-3
IE	NL	-5.7%	-4.6%	-29	0	-5.7%	-4.6%	-29	0	-7.4%	-5.9%	-37	-1	-7.4%	-5.9%	-37	-1

IE	PL	-6.6%	-2.6%	-110	-78	-6.6%	-2.6%	-110	-78	-10.9%	-4.4%	-182	-128	-10.9%	-4.4%	-182	-128
IE	RO	-8.2%	-3.3%	-39	-3	-8.2%	-3.3%	-39	-3	-12.3%	-4.9%	-58	-5	-12.3%	-4.9%	-58	-5
NL	BE	2.0%	1.6%	127	82	0.0%	0.0%	0	0	5.8%	4.6%	362	235	0.0%	0.0%	0	0
NL	DE	5.3%	4.2%	457	170	0.0%	0.0%	0	0	7.2%	5.8%	623	232	0.0%	0.0%	0	0
NL	ES	5.0%	3.0%	163	9	0.0%	0.0%	0	0	-2.1%	-1.3%	-70	-4	-2.1%	-1.3%	-70	-4
NL	IE	4.9%	3.9%	28	1	0.0%	0.0%	0	0	8.1%	6.5%	47	1	0.0%	0.0%	0	0
NL	PL	-0.8%	-0.3%	-46	-28	-0.8%	-0.3%	-46	-28	-3.9%	-1.6%	-231	-142	-3.9%	-1.6%	-231	-142
NL	RO	-2.1%	-0.8%	-15	-1	-2.1%	-0.8%	-15	-1	-5.3%	-2.1%	-37	-2	-5.3%	-2.1%	-37	-2
PL	BE	12.9%	1.3%	1	0	0.0%	0.0%	0	0	44.4%	4.4%	5	0	0.0%	0.0%	0	0
PL	DE	27.8%	2.8%	92	0	0.0%	0.0%	0	0	50.8%	5.1%	169	0	0.0%	0.0%	0	0
PL	ES	26.3%	5.3%	8	0	0.0%	0.0%	0	0	8.1%	1.6%	3	0	0.0%	0.0%	0	0
PL	IE	25.9%	2.6%	7	0	0.0%	0.0%	0	0	55.1%	5.5%	15	0	0.0%	0.0%	0	0
PL	NL	3.6%	0.4%	1	0	0.0%	0.0%	0	0	17.8%	1.8%	4	0	0.0%	0.0%	0	0
PL	RO	-6.1%	-3.7%	-1	0	-6.1%	-3.7%	-1	0	-6.7%	-4.0%	-1	0	-6.7%	-4.0%	-1	0
RO	BE	54.4%	5.4%	4	4	0.0%	0.0%	0	0	137.7%	13.8%	11	9	0.0%	0.0%	0	0
RO	DE	97.2%	9.7%	63	26	0.0%	0.0%	0	0	155.1%	15.5%	100	42	0.0%	0.0%	0	0
RO	ES	92.9%	9.3%	20	494	0.0%	0.0%	0	0	39.9%	4.0%	8	212	0.0%	0.0%	0	0
RO	IE	91.6%	9.2%	2	9	0.0%	0.0%	0	0	166.5%	16.6%	4	16	0.0%	0.0%	0	0
RO	NL	27.8%	2.8%	4	1	0.0%	0.0%	0	0	66.1%	6.6%	9	2	0.0%	0.0%	0	0
RO	PL	17.6%	3.5%	5	1	0.0%	0.0%	0	0	18.2%	3.6%	5	1	0.0%	0.0%	0	0

Source: Eurostat (migr\_imm5prv, migr\_imm1ctz, web-based database); Pacolet et al. (2015) ; EU-SILC.

### Annex 3 - Secondary effects: estimation of expenditure changes. Detailed results of bilateral relations between selected MSS

Table 3.1. Cost variation analysis. Detailed results of bilateral relations between selected MSS, policy option 1a, 1b. One-earner married couples with two children at 100% of average earnings

Country of Residence	Status quo			Policy option 1A					Policy option 1B						
	Country of origin	Expenditure for export of FB	TOTAL Expenditure for export of FB	Change in export of FB	Export of FB	Expenditure for export of FB	% expenditure variation	TOTAL Expenditure for export of FB	% expenditure variation	Change in export of FB	Export of FB	Expenditure for export of FB	% expenditure variation	TOTAL Expenditure for export of FB	% expenditure variation
BE	DE	218	930424.00	2	220	€ 1,013,126.40	8.9%	€ 1,013,126.40		0	218	€ 930,424.00	0.0%		
BE	ES	389	1660252.00	-15	374	€ 659,362.00	-60.3%	€ 659,362.00		-15	374	€ 659,362.00	60.3%		
BE	IE	13	€ 55,484.00	0	13	€ 43,719.00	-21.2%	€ 43,719.00	-8.79%	0	13	€ 43,719.00	21.2%	19845609	-30.8%
BE	NL	3505	€ 14,959,340.00	125	3630	€ 21,190,488.00	41.7%	€ 21,190,488.00		0	3505	€ 14,959,340.00	0.0%		
BE	PL	2259	€ 9,641,412.00	-65	2194	€ 3,195,692.60	-66.9%	€ 3,195,692.60		-65	2194	€ 3,195,692.60	66.9%		
BE	RO	336	€ 1,434,048.00	-14	322	€ 57,071.28	-96.0%	€ 57,071.28		-14	322	€ 57,071.28	96.0%		
DE	BE	543	€ 2,500,580.16	-4	539	€ 2,300,452.00	-8.0%	€ 2,300,452.00		-4	539	€ 2,300,452.00	-8.0%		
DE	ES	647	€ 2,979,512.64	-28	619	€ 1,091,297.00	-63.4%	€ 1,091,297.00		-28	619	€ 1,091,297.00	63.4%		
DE	IE	35	€ 161,179.20	-1	34	€ 114,342.00	-29.1%	€ 114,342.00	61.91%	-1	34	€ 114,342.00	29.1%	56752347	-64.7%
DE	NL	3194	€ 14,708,753.20	91	3285	€ 19,176,516.00	30.4%	€ 19,176,516.00		0	3194	€ 14,708,753.20	0.0%		
DE	PL	26901	€ 123,882,333.00	-860	2604	€ 37,930,278.00	-69.4%	€ 37,930,278.00		860	2604	€ 37,930,278.00	69.4%		



NL	RO	€	90	525,384.00																						
PL	BE	€	0	-																						
PL	DE	€	0	-																						
PL	ES	€	0	-																						
PL	IE	€	0	-																						
PL	NL	€	0	-																						
PL	RO	€	0	-																						
RO	BE	€	68	12,052.32																						
RO	DE	€	272	48,209.28																						
RO	ES	€	5320	942,916.80	€	1031359,56																				
RO	IE	€	97	17,192.28																						
RO	NL	€	23	4,076.52																						
RO	PL	€	39	6,912.36																						
		€	85	15,065.40	€	15,065.40																				
		€	0	-	#DIV/0!																					
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		€	0	-	#DIV/0!																					
		€	68	12,052.32	2520.5%																					
		€	272	48,209.28	2746.6%																					
		€	5320	942,916.80	929.3%																					
		€	97	17,192.28	1914.8%																					
		€	23	4,076.52	3623.2%																					
		€	39	6,912.36	766.2%																					
		€	85	15,065.40	97.1%																					
		€	0	-	0.0%																					
		€	272	48,209.28	0.0%																					
		€	5320	942,916.80	0.0%																					
		€	97	17,192.28	0.0%																					
		€	23	4,076.52	0.0%																					
		€	39	6,912.36	0.0%																					
		€	85	15,065.40	0.0%																					
		€	0	-	1058,81%																					
		€	272	48,209.28	11951515																					
		€	5320	942,916.80	1.031.360																					
		€	97	17,192.28	0.0%																					
		€	23	4,076.52	0.0%																					
		€	39	6,912.36	0.0%																					
		€	85	15,065.40	0.0%																					

Source: Eurostat (migr\_imm5prv, migr\_imm1ctz, earn\_nt\_net, web-based database); Pacolet et al. (2015).

Table 3.2. Cost variation analysis. Detailed results of bilateral relations between selected MSs, policy option 4. One-earner married couples with two children at 100% of average earnings

Country of Residence	Country of origin	Status quo		Policy option 3				% expenditure variation
		Export of FB	Expenditure for export of FB	TOTAL Expenditure for export of FB	Expenditure for export of FB (country of residence) POST policy	Expenditure for export of FB (country of origin) POST policy	TOTAL expenditure for export of FB (considering competence as country of residence and as country of origin) POST policy	
BE	DE	218	€ 930,424.00	-	€ -	€ 1,003,916.16		
BE	ES	389	€ 1,660,252.00	€	€ 974,445.00	€ 685,807.00		
BE	IE	13	€ 55,484.00	€ 11,765.00	€	€ 43,719.00	€ 33,022.276	15,1%
BE	NL	3505	€ 14,959,340.00	€	€	€ 20,460,788.00		
BE	PL	2259	€ 9,641,412.00	€	€ 6,351,042.96	€ 3,290,369.04		
BE	RO	336	€ 1,434,048.00	€	€ 1,374,495.36	€ 59,552.64		
DE	BE	543	€ 2,500,580.16	€	€ 183,056.16	€ 2,317,524.00		
DE	ES	647	€ 2,979,512.64	€	€ 1,838,851.64	€ 1,140,661.00		
DE	IE	35	€ 161,179.20	€ 43,474.20	€	€ 117,705.00	€ 123,536.779	-23,1%
DE	NL	3194	€ 14,708,753.28	€	€	€ 18,645,294.40		
DE	PL	26901	€ 123,882,333.12	€	€ 84,699,412.56	€ 39,182,920.56		
DE	RO	3585	€ 16,509,355.20	€	€ 15,873,949.80	€ 635,405.40		
ES	BE	0	€ -	€	€	€ -		
ES	DE	2	€ 3,526.00	€	€	€ 9,210.24	€ 11,862.758	22329,1%
ES	IE	0	€ -	€	€	€ -		
ES	NL	0	€ -	€	€	€ -		
				€ 28680960				
				€ 160741713				
				€ 52890				





RO	ES	5320	€ 942,916.80	€ -	€ 9,379,160.00	
RO	IE	97	€ 17,192.28	€ -	€ 326,211.00	
RO	NL	23	€ 4,076.52	€ -	€ 134,264.80	
RO	PL	39	€ 6,912.36	€ -	€ 56,805.84	

Source: Eurostat (migr\_imm5prv, migr\_imm1ctz, earn\_nt\_net, web-based database); Pacolet et al. (2015).

## Annex 4 – Extension of results to EU-28 countries

The purpose of the simulation is to estimate the secondary effects of the potential implementation of the policy options on the bilateral relations between the 7 selected MS. Results for each pair of countries are essentially driven by the country-specific figures on migration flows, average levels of family benefits and income differentials with the other countries.

For each of the 7 selected countries, table 4.1 offers elements for an indicative extension of the results observed. Underneath the selected countries, in the first column, the income differential is computed by dividing the expected income values of the row countries (inclusive of the average level of family benefits) by the expected income values of the column countries. In analogy with par. 2.4.1, expected incomes are computed according to the formula:

$$Income = avg\_earnings + avg\_FB$$

The second column reports the quota of EU-mobile citizens coming from the row countries on the total of EU-mobile citizens in the column country. In analogy with par. 3.1, we report flow values.

When row countries that are not part of the case study show similar values in both variables to those row countries that are part of the 7 countries selected for the analysis, we can predict a similar response to the implementation of the policy options and a similar impact on the countries in column. Italy, for instance, has values similar to Spain, when related to Belgium or Germany. The income differential is indicative of the response to the policy options, the quota of mobile citizens on the total is indicative of the impact that the population moving from the given row country will have on the column country. For example, EU-mobile citizens coming from Lithuania and Latvia, when reacting to the policy options implemented, can be predicted to act similarly to mobile citizens coming from Poland (similar income differentials). Because the formers constitute a much smaller quota of the total EU-mobile citizens that move to Belgium in the baseline scenario (0.3% and 0.4% from Latvia and Lithuania respectively, against 10.3% from Poland), the impact on Belgium will be less relevant.

The extension of results proposed is to be intended as indicative. An estimation in line with the methodology proposed would have to account for the number of individuals entitled to family benefits (as well as the country of residence of their children) and separately (not only as part of the 'expected income') account for the level of family benefits in the different countries.

Table 4.1. Income differential and distribution of EU-mobile citizens. Selected countries and EU-28 MS

	Belgium		Germany		Ireland		Spain		Netherlands		Poland		Romania	
	income difference	% mobile citizens	income difference	% mobile citizens	income difference	% mobile citizens	income difference	% mobile citizens	income difference	% mobile citizens	income difference	% mobile citizens	income difference	% mobile citizens
Austria	-4.9%	0.4%	-5.4%	4.2%	2.9%	0.6%	59.1%	0.7%	-10.9%	0.9%	298.3%	2.5%	722.4%	0.2%
Belgium	:	:	-0.5%	1.1%	8.2%	1.4%	67.2%	3.5%	-6.3%	11.2%	318.7%	1.2%	764.4%	0.6%

Bulgaria		4.4%	5.9%	0.5%	4.9%	3.7%	0.2%	6.3%
Croatia	-72.9%	0.4%	2.2%	0.1%	0.2%	0.4%	0.1%	134.5%
Cyprus		0.2%	0.1%	0.3%	0.1%	0.2%	0.1%	
Czech Republic	-65.7%	0.6%	1.8%	1.2%	0.6%	0.8%	0.4%	196.7%
Denmark		0.3%	0.8%	0.8%	0.8%	0.8%	0.6%	
Estonia	-71.5%	0.2%	0.2%	0.4%	0.3%	0.3%	0.0%	146.1%
Finland		0.3%	0.5%	0.6%	0.9%	0.6%	0.1%	
France		21.7%	4.9%	8.1%	10.3%	5.0%	3.7%	
Germany	0.5%	4.5%	8.7%	6.1%	9.0%	14.6%	36.9%	769.0%
Greece	-54.9%	1.9%	2.3%	0.5%	0.7%	3.8%	1.0%	289.9%
Hungary		1.1%	6.4%	2.3%	0.9%	2.9%	0.1%	
Ireland	-7.5%	0.5%	0.5%		1.6%	1.0%	5.6%	699.2%
Italy	-36.0%	7.5%	36.4%	4.1%	7.0%	4.9%	3.9%	453.0%
Latvia	-79.7%	0.3%	79.8%	4.0%	0.4%	0.9%	0.0%	75.8%
Lithuania	-82.9%	0.4%	82.9%	5.8%	0.7%	1.2%	0.2%	48.2%
Luxembourg	49.3%	2.0%	48.5%	0.2%	149.7%	0.3%	0.1%	1190.7%
Malta	-52.7%	0.1%	53.0%	0.2%	-20.9%	0.1%	0.0%	308.8%
Netherlands	6.8%	13.3%	6.2%	2.2%	78.6%		2.7%	822.9%
Poland	-76.1%	10.3%	76.2%	13.6%	-60.1%	22.1%		106.5%
Portugal	-59.1%	4.9%	59.3%	1.0%	-31.6%	2.9%	0.1%	253.6%
Romania	-88.4%	10.6%	88.5%	3.8%	-80.7%	2.4%	0.1%	
Slovakia		0.8%	2.2%	1.5%	0.4%	0.8%	0.1%	
Slovenia	-53.3%	0.2%	53.5%	0.1%	-21.9%	0.2%	0.0%	303.8%
Spain	-40.2%	9.6%	40.5%	8.4%		8.4%	2.0%	416.9%
Sweden		0.5%	0.8%	1.4%	1.7%	1.3%	1.5%	
United Kingdom		3.2%	3.8%	30.8%	16.4%	8.6%	36.9%	4.5%

Source: for income differentials, net earnings of one-earner couples with two children at 100% of the average wage (2013), Eurostat (earn\_nt\_net); average family benefits, Pacolet (June 2015, table 3). For % mobile citizens, we are considering countries of last residence as 'senders', Eurostat (2013 or latest available, migr\_imm5prv). For lack of data, for Romania countries of nationality are assumed as 'senders', Eurostat (2013, migr\_imm1ctz)<sup>210</sup>.

<sup>210</sup> See note 39.

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## **ANNEXE XIX: Brodolini Report secondary effects unemployment benefits**



# **Task 4: Secondary effects following a change of regulations on the aggregation of periods or salaries for unemployment benefits**

Study to analyse and assess the impacts of policy options for a possible EU initiative in the area of coordination of social security schemes, in particular with regard to the revision of the current EU provisions on the entitlement to unemployment benefits

Tender prepared under the lead of Fondazione Giacomo Brodolini on behalf of the consortium, under the Framework Contract: "Provision of services related to evaluation, evaluative studies, analysis and research work, including support for impact assessment activities" YT/2013/119 – Lot 2



**EUROPEAN COMMISSION**

Directorate-General for Employment, Social Affairs and Inclusion

Directorate B — Employment and Social Legislation, Social Dialogue

Unit B.4 — Free Movement of Workers and Coordination of Social Security Schemes

*European Commission  
B-1049 Brussels*

## **Task 4:**

# **Secondary effects following a change of regulations on the aggregation of periods or salaries for unemployment benefits**

Study to analyse and assess the impacts of policy options for a possible EU initiative in the area of coordination of social security schemes, in particular with regard to the revision of the current EU provisions on the entitlement to unemployment benefits



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doi:[number]

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## Executive Summary

The background for this report are the current considerations with respect to changing the EU provisions relating the coordination of social security systems specifies in Article 61 of Regulation (EC) No 883/2004. Article 61 defines the principle of aggregation, which means that - if a person does not have a sufficiently long unemployment benefit insurance record in the Member State of "last" employment, then activity/insurance periods fulfilled in the Member State of "previous" employment would qualify and give the right to aggregate unemployment benefits between Member States.

Most Member States apply the principle of aggregation after one day of insurance<sup>211</sup>. This may lead to cases where unemployment benefits are being claimed after a very short period of being member of the insurance system in the Member State of "last" employment. It has therefore been questioned whether the current rules sufficiently ensure that a worker has an effective link to the given labour market and the related insurance system before claiming unemployment benefits there. Amendments to the current rules are therefore being considered to ensure a uniform application of the principle of aggregation across Member States. The aim is to avoid that payment of unemployment benefits across Member States give rise to situations where mobile EU-workers have not yet made a significant contribution to the insurance system in the Member State of "last" employment and avoid negative financial consequences for the Member States, which have to pay the benefits. The considered revisions are:

- Policy option 2a: A threshold of **one month** of insurance or (self-)employment needs to be completed in the Member State of last employment before aggregation of periods of insurance, employment or self-employment fulfilled in a Member State of previous employment can be applied. The MS of previous employment is responsible for paying the UB for workers who do not meet the threshold.
- Policy option 2b: A threshold of **three months** of insurance or (self-)employment needs to be completed in the Member State of last employment before aggregation of periods of insurance, employment or self-employment fulfilled in a Member State of previous employment can be applied. The MS of previous employment is responsible for paying the UB for workers who do not meet the threshold.

Because the specification that mobile workers would have the possibility to claim benefits if they moved back to the country of previous employment was included late during the assessment process, the quantitative results presented in this report do not consider it. If individuals do not meet the threshold, they are expected to not be entitled to any benefit.

Qualitative assessments that take into account the mentioned specification are provided.

- Policy option 3a: The salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment, if less than **one month** of insurance or (self-)employment is completed in the Member State of last employment.

---

<sup>211</sup> When building the status quo scenario, we are assuming that all countries have implemented the one day rule.

- Policy option 3b: The salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment, if less than **three months** of insurance or (self-)employment is completed in the Member State of last employment.

On this background, the present study aims to estimate the envisaged secondary effects derived by the proposed modification of the current EU regulation on the aggregation of periods or salaries for unemployment benefits. The analysis focuses on the effects that the proposed possible revision may generate in terms of labour mobility, migration patterns and related variation of costs generated.

The simulation tool developed for this study aims at translating the implications of the policy options into expected income changes. Assuming a connection between income differentials and the propensity to move among EU countries, variations in overall migration flows and in the dimension of the target population – comprised within said migration flows – are estimated. Finally, taking into account both the variation in the number of cases and the different computation rules for the benefits, we give an estimate of the change in expenditure for the aggregation of periods or salaries for unemployment benefits for the selected countries.

As best representative of the target population, we chose single individuals without children at 100% of the average wage. This choice is first of all derived from the consideration that unemployment benefits are provided to individuals; also, the target population is composed of individuals who have only been working in their country of residence for a short time. We assume that this type of short-term mobility (possibly linked to short-term contracts) is more suitable to single individuals rather than families.

The countries proposed for the analysis as case studies are Denmark, Germany, France, Poland, Romania, the Netherlands, Italy and the UK. The proposed countries are chosen as geographically spread across the EU as well as differentiated in the welfare systems. They include countries that are mainly attracting EU mobile workers (DK; DE; NL; UK) from other member states as well as those that see many workers leave (PL; RO) but also countries within the middle ground (FR; IT).

Section 3 provides a description of the virtual status quo year which represents a pre-policy option scenario, against which the possible secondary effects are estimated and evaluated. This section provides figures of mobility flows, computed as the averages of the most recent values of annual mobility flows among the 8 selected countries. The section provides also the average values of the unemployment benefits as well as the estimated aggregate expenditure devoted to aggregation of periods or salaries for unemployment benefits computed in relation to the target population identified in the virtual status quo year. The number of potential cases of aggregation of periods or salaries for unemployment benefits (target population) is computed by multiplying the status quo mobility flow registered from a given sending country to a given receiving country with the ratio of unemployed non-national EU28+EFTA individuals on the total number of non-national EU28+EFTA individuals in the given receiving country.

Section 4 reports the variation of mobility patterns between the selected MS according to the policy options proposed, assessed in relation to the status quo scenario. Results generally show mild reductions in overall migration flows attributable to the potential implementation of the policy options. Decreases are stronger when policy option 2 is

implemented, especially 2b, since a rather relevant quota of the target population is excluded by the entitlement to unemployment benefits, which reduces the incentive to move. The disincentives to move would be reduced if potential movers were to consider the possibility to obtain welfare coverage if they moved back to the country of previous employment.

When option 3 is implemented, much smaller changes are observed. Policy option 2 also results in an important reduction of EU mobile citizens eligible for the aggregation of periods or salaries for the purpose of receiving unemployment benefits. For policy option 3, variations in the target population are limited to those produced by the changes in overall migration flows, since this option does not reduce the population eligible to unemployment benefits.

For what concerns expenditure changes generated by policy options and mobility changes - presented in section 5 -, because policy option 2 excludes quite a large share of individuals from the entitlement to unemployment benefits, all countries experience a high decrease in the relevant chapter of expenditure (more so in the case of policy option 2b). Lower savings are observed when policy option 3 is implemented. Because the computation of benefits has to take into account salaries earned in the country of previous residence, Poland and Romania see their expenditure grow by a wide margin when option 3 is realised. In both policy option 2 and 3, most of the expenditure variation is imputable to changes in entitlement and computation rules, while the behavioral change in mobility flows accounts for only a limited share of the cost variations. As much as the percentages may reach high values, variations shown in absolute terms and as ratios of GDP confirm the little relevance for national budgets of the expenditure on unemployment benefits that require aggregation of periods or salaries.

Comparing the obtained results with the administrative data provided by a parallel study conducted by the HIVA Research Institute for Work and Society (Pacolet, 2015), it appears that for most of the countries our estimate of the potential target population in the 'status-quo' scenario represents an upper bound. EU mobile citizens seem to have lower take up of unemployment benefits than natives. The dimensions of the phenomenon analysed and of the expenditure figures are therefore even smaller than what has appeared in the present study.

## 5. Introduction

The right to unemployment benefits in all Member States depends on having fulfilled a qualifying period. Regulation (EC) No 883/2004 (April 29<sup>th</sup> 2004) on the coordination of social security systems specifies the principle of aggregation (Article 61): if a person does not have a sufficiently long unemployment benefit insurance record in the last Member State of activity/insurance (hereinafter 'the Member State of last employment'), periods fulfilled in another Member State (hereinafter 'the Member State of previous employment') can be added together.

Most Member States apply the principle of aggregation after one day of insurance<sup>212</sup>. This may lead to cases where unemployment benefits are claimed after a very short period of contribution to the insurance system of the Member State of last employment. It has therefore been questioned whether the current rules sufficiently ensure that a worker has an effective link to the given labour market and the related insurance system before claiming unemployment benefits there, either in terms of the length of the insurance periods fulfilled or in terms of the calculation basis for the unemployment benefits. Furthermore, claiming benefits after a short period of insurance or (self-)employment may have negative financial consequences for the Member States which have to pay the benefits.

Amendments to the current rules are therefore being considered to ensure uniform application of the principle of aggregation across Member States. This in order to ensure that the payment of unemployment benefits does not burden countries where mobile EU-workers have not yet made a significant contribution to the insurance system and more in general to avoid undesirable uses of the unemployment benefit insurance systems in the EU.

On this background, we look in the present study into the following possible revisions to Regulation (EC) No 883/2004:

- Policy option 2a: A threshold of **one month** of insurance or (self-)employment needs to be completed in the Member State of last employment before aggregation of periods of insurance, employment or self-employment fulfilled in a Member State of previous employment can be applied. The MS of previous employment is responsible for paying the UB for workers who do not meet the threshold.
- Policy option 2b: A threshold of **three months** of insurance or (self-)employment needs to be completed in the Member State of last employment before aggregation of periods of insurance, employment or self-employment fulfilled in a Member State of previous employment can be applied. The MS of previous employment is responsible for paying the UB for workers who do not meet the threshold.

Because the specification that mobile workers would have the possibility to claim benefits if they moved back to the country of previous employment was included late during the assessment process, the quantitative results presented in this report do not consider it. If individuals do not meet the threshold, they are expected to not be entitled to any benefit.

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<sup>212</sup> When building the status quo scenario, we are assuming that all countries have implemented the one day rule.

Qualitative assessments that take into account the mentioned specification are provided in par. 4.1 and 5.1.

- Policy option 3a: The salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment, if less than **one month** of insurance or (self-)employment is completed in the Member State of last employment.
- Policy option 3b: The salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment, if less than **three months** of insurance or (self-)employment is completed in the Member State of last employment.

Such revisions may affect the behaviour of the mobile EU-workers and their families, the amounts of unemployment benefits paid and entitlement to them, and the administrative costs and procedures needed to handle the cases of aggregation of unemployment benefit. In this context, the report focuses on the secondary effects that the revision of the current regulation of aggregation of periods or salaries for unemployment benefits generates in terms of intra-EU mobility for the population potentially interested by the regulation change. The study aims also to estimate the changes that would occur in the expenditure for unemployment benefits.

As described further below, intra-EU mobility is quite difficult to measure. Therefore, the study assumes different sources of data, among which a study on the aggregation of period for unemployment<sup>213</sup>, which provides detailed data for a proper estimation of the possible secondary effects related to the amendments to the current regulations. The administrative data collected by this study, however, does not provide figures on the aggregation of unemployment benefits for all the 28 Member States. Additionally, This study is based on a limited number of Member States chosen in relation to their different characteristics in terms of social security schemes and migration flows. Hence, the analysis proposed in this report focus on eight case study Member States: Germany, Denmark, France, the Netherlands, Italy, Poland, Romania, and the UK.

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<sup>213</sup> PACOLET, J. and DE WISPELAERE, F., Aggregation of periods for unemployment, Network Statistics FMSSFE, European Commission, June 2015, 18 p.

## 6. Methodology

### 6.1. General approach

The aim of the report is to provide support to considerations on the overall long-term effects of the proposed changes to the current rules on the aggregation of periods or salaries for unemployment benefits, in terms of labour mobility, migration patterns and related variation of costs generated. Evaluating the policy options in terms of pull factors for individual and household mobility it is possible to estimate the potential impact of the policy changes at the national level, providing a tool for comparing the options

- against the status quo scenario;
- against each other.

The output will consist of a definition of different final scenarios for each policy option and for each selected Member State (MS), with the impacts of the potential policy changes being estimated in terms of intra-EU mobility and cost variation. The analysis of the possible secondary effects provides for each policy option the following estimates:

- estimation on the change of inflows and outflows of EU citizens (and consequently of the potential target population<sup>214</sup>);
- estimation on the variation of expenditure for unemployment benefits that require aggregation of periods or salaries paid to EU mobile workers.

It is important to draw a distinction between **direct secondary effects** that are potential outputs of a viable model in the present context and **indirect consequences** of all changes that can propagate throughout the economic and social system of a country and the EU.

In the framework of the study we focus on the impact of any changes on the mobility decisions of workers in the EU and on cost changes for unemployment expenditures (specifically in our 8 countries). In order to identify secondary effects, we will have to restrict the analysis to the impact on the specific branch of the social security system attributable to changes in the unemployment benefits paid to EU mobile workers that resort to the aggregation of periods or salaries. This will inevitably yield an incomplete picture, as we will disregard potential effects on other areas, e.g. on the levels of contributions and/or taxes paid or on the variation in other cost elements, e.g. health and care expenditure<sup>215</sup>, which are beyond the scope of the study.

We must also stress that the implied changes in the level of expenditure are indicative, since they are based on the assumptions made for the definition of a representative category of population, from which we extract the population interested to the aggregation of periods or salaries in order to claim unemployment benefits (see par. 3.1).

A quantitative assessment of the exact variation in the number of mobile workers and families as well as an exact definition of the cost changes are beyond the scope of this study. Rather, we suggest reading the estimation of the secondary effects as

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<sup>214</sup> By 'target population', we hereby refer to individuals who need to aggregate periods or salaries in order to claim unemployment benefits.

<sup>215</sup> Due to the available data for the specific categories of population analysed, secondary effects on other area or on other expenditure issues cannot be estimated.



indicative of the direction and the general magnitude of the variation generated by the implementation of the different policy options.

## **6.2. Data and data limitation**

In order to provide information on how changes in the regulation of aggregation of periods or salaries for unemployment benefits can influence the decision to move, different sources of data are needed. The main surveys that provide micro data on individual and family condition, employment situation, social benefits and services received are the European Union Statistics on Income and Living Conditions (EU-SILC) and, to a lesser degree, the European Union Labour Force Survey (EU-LFS). In order to supplement and validate the analysis of EU-LFS and EU-SILC surveys, additional datasets of the Eurostat database on migration statistics are used with the aim of defining the bilateral migration flow between the 8 selected countries. Eurostat data allow identifying the average inflow and outflow of EU mobile citizens for each pair of countries. These data represent the starting point on which to assess the variation of mobility patterns generated by each policy option. Considering that intra-EU mobility in general is considered difficult to measure<sup>216</sup>, and that the current analysis focuses on a target population even more difficult to measure (unemployed EU mobile citizens which have worked for a limited period after entering the receiving country), we also make use of the data gathered by the parallel study carried out by the HIVA Research Institute for Work and Society of KU Leuven<sup>217</sup>.

## **6.3. Literature review**

While there are many aspects that drive migration and mobility decisions, we will focus in the following on a broad overview on the literature of economic drivers. Other factors such as institutions, language barriers, religion or distance will at most be discussed briefly. As the main change in the policy simulated is an economic one, while other factors remain constant, our focus reflects the focus of the simulation exercise. Further changes to other factors are also likely to take place in the future, but are not taken into account in the simulation exercise as we solemnly want to identify the effect of the specific policy changes.

In *The Theory of Wages*, Hicks<sup>218</sup> argues that the main causes of migration are differences in wages. To this day, all economic studies of migration decisions employ Hicks' considerations as the general conjecture on which more sophisticated arguments are built about the influence of various other factors. These economic factors are used for internal, i.e. within country, mobility just as much as for cross-country mobility. Migration is in this context seen as an investment into human capital, yielding potentially higher income in the receiving country than in the sending country (Sjaastad, 1962).

Borjas<sup>219</sup> has formulated this into an inter-temporal choice to the general evaluation of income differences. The migration decision is based on income differences between

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<sup>216</sup> Canetta, E., Fries-Tersch, E. and Mabilia-Milieu, V. 2014 Annual report on labour mobility (October 2014). Available at <http://ec.europa.eu/social/contentAdmin/BlobServlet?docId=13484&langId=en>. EU Employment and Social Situation. Recent trends in the geographical mobility of workers in the EU – Quarterly Review (June 2014). Available at <http://ec.europa.eu/social/BlobServlet?docId=11945&langId=en>.

<sup>217</sup> Pacolet, J. and De Wispelaere, F. (2015).

<sup>218</sup> Hicks, John R. (1932). *The Theory of Wages*. London: Macmillan

<sup>219</sup> Borjas, G. J. (2014). *Immigration economics*. Harvard University Press.

home (sending) and foreign (receiving) country, individual preferences for specific countries (which can be specified by a separate factor, or attributed in relation to the cost of moving) and the cost of moving:

$$d = (\text{income\_foreign} - \text{income\_home}) - z_i - c$$

as specified in Hatton and Williamson<sup>220</sup>. Where  $d$  is the decision to migrate. When  $d > 0$ , an individual is assumed to migrate, or in other words, as long as the income difference outweighs the cost of moving ( $c$ ) and the individual's compensating differential ( $z_i$ ), he/she will move.

The role of unemployment in determining the income is introduced in Harris and Todaro<sup>221</sup> for the rural-to-urban mobility. Harris and Todaro provide the basis for the assumption that migration decisions are likely to be based on expected income, by that meaning a combination of the expected salary and the income that one may receive as unemployed. Both are weighted by the respective probabilities.

The new economics of labour migration emphasizes the importance of families or households in the decision to migrate. Rather than taking an isolated, individual decision, it is argued that the unit of interest might in many cases be the household<sup>222</sup>. We take this into account in the evaluation of family benefits which is usually paid to the household, whereas the evaluation of the impact of unemployment benefits will be more individualistic.

Employing wage or income differentials as an explanation of mobility behaviour seems to be at odds with low mobility in the European Union, which largely diminished legal and institutional obstacles to the free movement of workers. Wages in the past have had only a weak influence on migration flows, e.g., Braunerhjelm et al.<sup>223</sup> find that mobility levels were not increasing despite a widening gap in income differentials and unemployment levels. In contrast to this, Bentivogli and Pagano<sup>224</sup> (1999) note that the US labour market shows much stronger reaction to income differentials than the EU. More recent evidence, however, shows that mobility takes on stronger roles in solving imbalances. Probably through the abolishment of inhibitions to mobility within the European Union, market forces such as wage differences allow to solve shocks to labour markets by regional mobility. For example, Arpaia et al.<sup>225</sup> (2014) show in their study that regional labour market mobility can adjust for about 25% within a year of the shock that affects a specific region, thus the regional mobility – which explicitly includes mobility across national borders – plays an important role in resolving labour

<sup>220</sup> Hatton, T. J., & Williamson, J. G. (2002). What fundamentals drive world migration? (No. w9159). National Bureau of Economic Research

<sup>221</sup> Harris, J. R., & Todaro, M. P. (1970). Migration, unemployment and development: a two-sector analysis. *The American economic review*, 126-142.

<sup>222</sup> Stark, O., Bloom, D. E. (1985). The new economics of labor migration. *The American Economic Review*, 173-178; Mincer, J. (1978). Family migration decisions. *Journal of Political Economy*, 86, 749-773; Nivalainen, S. (2004). Determinants of family migration: short moves vs. long moves. *Journal of Population Economics*, 17(1), 157-175.

<sup>223</sup> Braunerhjelm, P., Faini, R., Norman, V., Ruane, F., & Seabright, P. (2000). Integration and the regions of Europe: how the right policies can prevent polarization. *Monitoring European integration* 10. CEPR, London.

<sup>224</sup> Bentivogli, C., & Pagano, P. (1999). Regional Disparities and Labour Mobility: the Euro-11 versus the USA. *Labour*, 13(3), 737-760.

<sup>225</sup> Apaia, A.; Kiss, A.; Palvolgyi, B.; Turrini, A. (2014): Labour mobility and labour market adjustment in the EU, *Economic Papers* 539, European Commission.

market imbalances. Beyer and Smets<sup>226</sup> (2015) corroborate those findings by showing that regional labour market mobility can adjust for about 25% within a year of the shock that affects a specific region. The VAR framework used in both studies was developed in Blanchard and Katz<sup>227</sup> (1992).

The overall economic effect of migration can be subsumed into three separate elements. The economic effects of migration include the ability of mobile workers and migrants to blend in or 'assimilate' into the labour market, the economic impact on the labour market and the impact on the social security system of the country, both as contributors and recipients of benefits (Kerr & Kerr, 2011). The current study deals mainly with the third effect.

Measurement of the success of mobile workers is difficult, as most datasets cannot overcome the problem of selectivity of results through re-migration. E.g. Edin et al<sup>228</sup> (2000) found that 30-40% of the immigrants to Sweden had left the country within five years. These re-migrants were usually less assimilated than the group of migrants staying longer. Similar patterns can also be found in other countries (e.g. Germany as reported in Constant and Massey, 2003; and Bellemare, 2007<sup>229</sup>). The literature shows clear differences in the success of migrants (as measured by e.g. earnings assimilation, unemployment, or culture integration) in mobility from within the EU and migration from outside of the EU (mostly developing countries). Overall, those migrants that remain in the country exhibit earnings assimilation to the natives (Aslund and Rooth<sup>230</sup>, 2007).

The country of origin seems to be the most important explanatory variable for the gaps observed between the employment rates of immigrants and those of the locals. For Sweden, Nekby (2002) reports 30-32% lower employment rates in 1990-2000, while Ekberg (1991) reports -17% for a single year (1989). For Finland, Sarvimäki<sup>231</sup> (2011) reports 9 - 18% lower employment levels for migrants from OECD countries. For the Netherlands, Roodenburg et al.<sup>232</sup> (2003) find 4% lower employment rates for migrants from Western countries, versus 18% lower employment rates for migrants from non-Western countries. Overall Kerr and Kerr<sup>233</sup> (2011) conclude that "[...] the mechanisms of wage and employment assimilation are poorly understood. Immigrants may face various obstacles to employment, including issues with the recognition of educational degrees, lack of language skills, poor professional connections or networks, and regulations that prevent them from working legally."

<sup>226</sup> Beyer, R.C.M. & Smets, F. (2015): Labour market adjustments in Europe and the US: How different?, European Central Bank, Working Paper 1767.

<sup>227</sup> Blanchard, O. & Katz, L.F. (1992): Regional evolutions, Brookings Papers on Economic Activity 1, 1-75.

<sup>228</sup> Edin P-A., Fredriksson P., Aslund O. (2000), Emigration of immigrants and measures of immigrant assimilation: Evidence from Sweden, Swedish Economic Policy Review, 7, 163-204.

<sup>229</sup> Constant A. & Massey D. (2003) Self-selection, earnings, and out-migration: a longitudinal study of immigrants to Germany, Journal of Population Economics, 16, 631-653. Bellemare, C. (2007). A life-cycle model of outmigration and economic assimilation of immigrants in Germany. European Economic Review, 51(3), 553-576.

<sup>230</sup> Åslund, O., & Rooth, D. O. (2007). Do when and where matter? initial labour market conditions and immigrant earnings. *The Economic Journal*, 117(518), 422-448.

<sup>231</sup> Sarvimäki, M. (2011). Assimilation to a Welfare State: Labor Market Performance and Use of Social Benefits by Immigrants to Finland\*. *The Scandinavian Journal of Economics*, 113(3), 665-688.

<sup>232</sup> Roodenburg, H. J., Euwals, R., & ter Rele, H. (2003). Immigration and the Dutch economy (Vol. 26). The Hague: CPB.

<sup>233</sup> Kerr, S. P., & Kerr, W. R. (2011). Economic impacts of immigration: A survey (No. w16736). National Bureau of Economic Research.

A crucial determinant of the economic impact of immigration on the host country is the net amount of welfare services and other social benefits that immigrants consume or contribute. The net amount has to be calculated based on the contribution minus the benefits paid. The importance of the welfare receipts is discussed in the literature both from the angle of 'net costs' of migrants and in terms of the attractiveness of a country through its welfare system. Borjas<sup>234</sup> (1999) and others have discussed possible "welfare magnet effects" where migrants are drawn to countries with high social benefits. Kerr & Kerr (2011, p. 17) conclude that this is likely to be more important in the EU countries as immigrants in most European countries rely more on social security and unemployment benefits relative to natives in the US or Canada. The importance of the welfare generosity is taken on in Giulietti et al.<sup>235</sup>. In estimating the (macro-economic) relation between (national) welfare spending and migration flow, they find, however, no evidence that workers' mobility within the EU responds to unemployment benefit incentives. Using the EU Household Panel study, De Giorgi & Pellizzari<sup>236</sup> (2009) find a significant, albeit small, effect of the generosity of welfare on (individual) migration decisions. This effect, however, is still large enough to influence the distribution of migration flows. It is, however, also the case that mobile EU workers tend to have on average lower uptake of benefits than nationals<sup>237</sup>.

The studies that address the concept net costs of migration into a country, i.e. the contribution of migrant minus their uptake in social benefits and public expenditure find mixed evidence. Büchel and Frick<sup>238</sup> (2003) conclude that immigrants in Germany are on average net payers to the social security system. Boeri<sup>239</sup> (2010) using EU-SILC for the core EU15 countries concludes that there is no evidence that legal migrants, notably skilled migrants, are net recipients of transfers from the state. However, there is evidence of 'residual dependency' on non-contributory transfers and self-selection of unskilled migrants in the countries with the most generous welfare states. Hansen and Lofstrom<sup>240</sup> (2003) investigated the causes of greater welfare reliance by immigrants to Sweden. They concluded that recent immigrants used relatively more social security than they did in 1980s. This is due to a change in the composition and volume of the migration flows, while observable traits do not explain the gap in welfare take-up, implying that there are unobserved differences or selectivity. Büchel & Frick<sup>241</sup> (2005) emphasized the heterogeneity of the European situation in migration decisions. However, examining migration flows and controlling for immigrant characteristics did not dramatically change this EU heterogeneity. The higher benefit usage thus results more from policy and institutional differences across countries than the characteristics of migrants themselves. They conclude that limitations and restrictions to participate or access relevant parts of the labour market

<sup>234</sup> Borjas, G. J. (1999). Immigration and welfare magnets. *Journal of labor economics*, 17(4), 607-637.

<sup>235</sup> Giulietti, C., Guzi, M., Kahanec, M., & Zimmermann, K. F. (2013). Unemployment benefits and immigration: evidence from the EU. *International Journal of Manpower*, 34(1), 24-38.

<sup>236</sup> De Giorgi, G., & Pellizzari, M. (2009). Welfare migration in Europe. *Labour Economics*, 16(4), 353-363.

<sup>237</sup> Social situation monitor, *Access of mobile EU citizens to social protection*, Research note No 10/2013, available at <http://ec.europa.eu/social/BlobServlet?docId=11568&langId=en>.

<sup>238</sup> Büchel, F., & Frick, J. R. (2004). Immigrants in the UK and in West Germany—Relative income position, income portfolio, and redistribution effects. *Journal of Population Economics*, 17(3), 553-581.

<sup>239</sup> Boeri, T. (2010). Immigration to the Land of Redistribution. *Economica*, 77(308), 651-687.

<sup>240</sup> Hansen, J., & Lofstrom, M. (2003). Immigrant Assimilation and Welfare Participation Do Immigrants Assimilate Into or Out of Welfare?. *Journal of Human Resources*, 38(1), 74-98.

<sup>241</sup> Büchel, F., & Frick, J. R. (2005). Immigrants' economic performance across Europe—does immigration policy matter?. *population Research and policy Review*, 24(2), 175-212.

can be a limiting factor in the economic condition of migrants. Overall, this conclusion from 2005 should become less important at EU level, as limiting factors diminished.<sup>242</sup>

Overall, we can conclude that, while economic factors by themselves seem to bear little explanatory value to the variation of size of mobility across countries in the EU. Taking into account non-economic factors yields the expected outcomes: correcting for cultural differences such as the language and cultural distance between countries, as in Belot and Ederveen<sup>243</sup> and Sprenger<sup>244</sup>, economic factors do play an important role in explaining migration flows. Over time, economic differences across regions seem to have increased in their explanatory power towards migration flows.

#### **6.4. Simulation approach**

The simulations presented aim at translating the implications of the policy options into expected income changes. Assuming a connection between income differentials and the propensity to move among EU countries, variations in overall migration flows and in the dimension of the target population – comprised within said migration flows – are estimated. Finally, taking into account both the variation in the number of cases and the different computation rules for the benefits, we give an estimate of the change in expenditure for the aggregation of periods or salaries for unemployment benefits for the selected countries.

The status quo scenario is built on a virtual 'baseline year', with a defined level of mobility flows and a defined level of expenditure. Changes attributable to the policy options are computed on an annual basis.

As best representative of the target population, we chose single individuals without children at 100% of the average wage. This choice is first of all derived from the consideration that unemployment benefits are provided to individuals; also, the target population is composed of individuals who have only been working in their country of residence for a short time. We assume that this type of short-term mobility (possibly linked to short-term contracts) is more suitable to single individuals rather than families. As Par. 2.4.1 shows, in our model the decision to move is made by individuals on the basis of their expected wage both in the (potentially) sending and in the (potentially) receiving country.

Average net earnings are derived from Eurostat (earn\_nt\_net), while in order to compute the average unemployment benefits we made use of the replacement rates suggested by van Vliet<sup>245</sup>. With this target population assumed, we estimate both mobility and expenditure changes.

As an alternative target population, we take net earnings of one-earner couples with two children at 100% of the average wage. For this case, we only estimate mobility changes.

<sup>242</sup> See also: Social situation monitor, *Access of mobile EU citizens to social protection*, Research note No 10/2013, available at <http://ec.europa.eu/social/BlobServlet?docId=11568&langId=en>.

<sup>243</sup> Belot, M., & Ederveen, S. (2012). Cultural barriers in migration between OECD countries. *Journal of Population Economics*, 25(3), 1077-1105.

<sup>244</sup> Sprenger, E. (2013). *The Determinants of International Migration in the European Union: An Empirical Analysis* IOS Working Paper, No. 325.

<sup>245</sup> van Vliet, O.; Caminada, K. (2012). *Unemployment replacement rates dataset among 34 welfare states 1971-2009: An update, extension and modification of Scruggs' Welfare State Entitlements Data Set*, NEUJOBS Special Report No. 2, Leiden University.

Information on the number of aggregations of periods or salaries for unemployment benefits by length of insurance (1 day, 30 days, 3 months), is obtained from the parallel study (Pacolet, 2015, Table 10)<sup>246</sup>.

#### 6.4.1. The estimation of mobility changes

The simulation tool takes an average level of flows between two countries to build the status quo scenario. We use the most recent available flow figures from Eurostat, computing averages from the last three available years (see par. 2.6). The derived annual flows of migration are assumed to be characterizing our countries in our virtual 'baseline year' (before policy options are implemented). These migration flows are caused by all factors that influence the mobility decisions of EU workers, which we do not attempt to model. Based on these existing flows and on the status quo income level of our target households, the impact of the various policy options on the overall income of the household is evaluated.

The status quo income level is set to the average income in a country. In order to compute that status quo income, we combine the mean earnings derived from Eurostat with the probability of employment, then we add the probability of unemployment times the income that can be generate while unemployed (UB). The nominal value obtained is divided by price level indices that adjust the figures to purchasing power (base of the index is EU28<sup>247</sup>): this allows individuals to account for costs of living in their choice to move.

$$(4) \text{ Income} = (\text{Prob}(1-\text{Unemployed}) * \text{avg\_earnings} + \text{Prob}(\text{Unemployed}) * \text{UB}) / \text{PPP\_index}$$

Income differences between two countries are then defined as:

$$(5) \text{ Income\_difference} = \text{Income\_receiving} - \text{Income\_sending}$$

It is assumed that the income differences observed in the status quo scenario – along with all other factors that the policy options do not have an impact on – generate the mobility observed in the status quo scenario both in terms of general mobility flows and in terms of the number of potential cases of aggregation of periods or salaries for unemployment benefits.

A probabilistic evaluation of income as a probability-weighted combination of wage income and unemployment benefits is within the tradition of economics (e.g. search theory implements this approach). Just as in the decision for specific occupations<sup>248</sup>, it is rational to assume that mobile workers evaluate the overall income level while taking the decision on cross-border mobility.

Some care needs to be taken in determining appropriate amounts of unemployment benefits, we are using the following specification to translate the policy options into our framework.

The unemployment benefits are calculated as:

<sup>246</sup> Since figures for Germany and Italy are not collected by Pacolet et al. (2015), they have been computed as an average of the figures collected for the other seven countries.

<sup>247</sup> Source: Eurostat (prc\_ppp\_ind).

<sup>248</sup> D. Fouarge, B. Kriechel, T. Dohmen (2014), Occupational sorting of school graduates: The role of economic preferences, in Journal of Economic Behavior & Organization 106, 335-351.

$$(6) UB = (\text{income relevant for eligibility} * \text{replacement rate (RR)} * \text{eligibility}) / \text{PPP\_index}$$

We use the replacement rates as they are reported in van Vliet et al. (2012) for the various countries. The income relevant for eligibility is usually the income earned in the country of residence. For eligibility, we employ data collected by Pacolet (2015, table 10) on the number of aggregations of periods or salaries for unemployment benefits by length of insurance (1 day, 30 days, 3 months). Pacolet's data do not differentiate by country of previous employment; therefore, we apply the same percentages for all of the bilateral relations studied. In addition, Pacolet's data are collected on a single year (2013), but figures may change significantly in other periods.

Policy option 3a and 3b require a combination of the income in the present country of residence and of the income earned in the previous country or residence. In line with the letter of the policy options 3a and 3b, we have opted for an equal weighting of the two average income levels:

$$(7) UB = ((\text{avg\_earnings}(\text{country of residence}) + \text{avg\_earnings}(\text{country of origin})) / 2 * \text{RR}(\text{country of residence})) / \text{PPP\_index}$$

The influence of unemployment benefits is then evaluated by calculating the change attributable to the various policy options on the unemployment benefits in relation to the original income in the country of previous residence.

$$(8) \text{pct\_income\_change} = \text{chg\_U\_benefits}(\text{policy option}) / \text{Income\_sending}$$

Once the income change is calculated, we convert that change into a potential mobility effect. In lack of useful indications from the economic literature on migration, we opted for theoretical assumptions on the elasticity of migration flows to income changes, relating elasticity to income differentials for each combination of countries (56 in total). As a measure for earnings, we consider the net earnings (PPS-adjusted) of single individuals without children at 100% of the average wage. For each country, we calculate the 2011-13 average value.

Table 2.4.1. Income differentials in the selected countries

	DE	DK	FR	IT	NL	PL	RO	UK
DE		14%	10%	33%	-12%	111%	252%	-12%
DK	-12%		-4%	16%	-23%	85%	208%	-23%
FR	-9%	4%		21%	-20%	92%	220%	-20%
IT	-25%	-14%	-17%		-34%	59%	165%	-34%
NL	14%	30%	25%	51%		140%	300%	0%
PL	-53%	-46%	-48%	-37%	-58%		66%	-58%
RO	-72%	-68%	-69%	-62%	-75%	-40%		-75%
UK	13%	29%	25%	51%	0%	140%	299%	

Source: Eurostat (earn\_nt\_net, web-based database). Own elaborations.

Values for the countries in rows are at the numerator, values for the countries in column at the denominator.

In the absence of relevant literature on the matter, basing on economic logic we assume the function that relates income differentials to elasticity to have the shape of

Task 4:

Secondary effects following a change of regulations on the aggregation of periods or salaries for unemployment benefits

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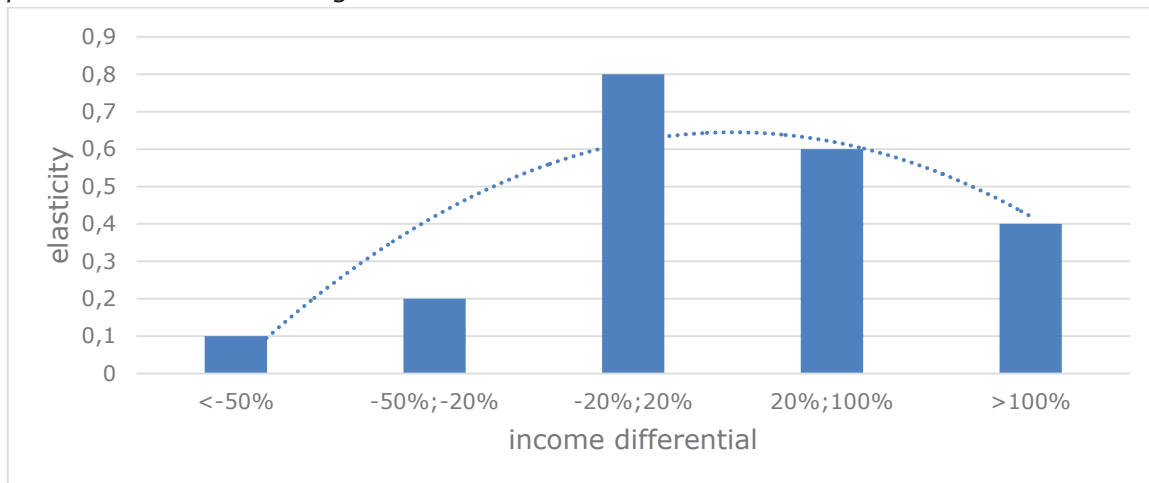
a reverse U: the highest elasticity corresponds to close-to-null values in the income differential.



Task 4:

Secondary effects following a change of regulations on the aggregation of periods or salaries for unemployment benefits

Fig. 2.4.1. Assumed relation between income differential and elasticity in mobile patterns to income change



The assumption is that, in case of large gaps in mean earnings between countries (either positive or negative, i.e. Polish average salaries compared to German average salaries or vice-versa), the motives to move will not be substantially impacted by marginal changes of income caused by the implementation of the policy options. For a same absolute level of income differential, a lower level of elasticity is attributed when said differentials are negative compared to when they are positive: if a mobile worker is moving from Denmark to Romania, his/her choice is probably not much related to welfare motives.

Tab. 2.4.2. Elasticity assumptions for the selected countries

	DE	DK	FR	IT	NL	PL	RO	UK
DE		0.8	0.8	0.6	0.8	0.4	0.4	0.8
DK	0.8		0.8	0.8	0.2	0.6	0.4	0.2
FR	0.8	0.8		0.6	0.8	0.6	0.4	0.8
IT	0.2	0.8	0.8		0.2	0.6	0.4	0.2
NL	0.8	0.6	0.6	0.6		0.4	0.4	0.8
PL	0.1	0.2	0.2	0.2	0.1		0.6	0.1
RO	0.1	0.1	0.1	0.1	0.1	0.2		0.1
UK	0.8	0.6	0.6	0.6	0.8	0.4	0.4	

Source: our calculation based on Eurostat (earn\_nt\_net, web-based database)

Row: Country of destination. Column: Country of origin.

Once elasticity is computed, the percentage of income change can be translated into a percentage change in mobility:

$$(9) \text{ pct\_mobility\_change} = \text{elasticity} * \text{pct\_income\_change}$$

The percentage of mobility change can then be translated into a change in mobility flows by relating the calculated percentage change to the absolute number of mobile workers in the status quo case.

When measuring the impact of policy options 2a and 2b on the population potentially interested to the aggregation of periods or salaries for unemployment benefits (our 'target population'), we account for the change in mobility patterns and we subtract

the share of mobile workers excluded by the entitlement of the benefits because of the one-month/three-month threshold<sup>249</sup>.

#### 6.4.2. The estimation of expenditure changes

Focusing on the population that seems to better represent the target of the policy options - single individuals at 100% of the average wage - for each of the 8 selected countries we have estimated the changes in terms of expenditure dedicated to unemployment benefits that are a result of aggregation of periods or salaries by workers moving from one of the other seven countries.

We compute the present level of expenditure by multiplying the number of present potential cases of aggregation of periods or salaries for unemployment benefits by the average amount of unemployment benefits.

We then observe the percentage variation of expenditure – total and related to each bilateral relation. In evaluating the impact due to the implementation of the policy options, we are first considering the behavioral change in mobility flows. Then, employing the percentages made available by Pacolet (see note 1, Table 2), for policy option 2 we are computing no benefit to individuals having contributed less than 1 month (2a) and less than 3 months (2b) in the country of residence. For policy options 3a and 3b, we consider those same individuals and assign them with a benefit that takes into account the income perceived in the country of previous residence (see formula 4).

#### 6.5. Case study Member States

The unemployment cases to be considered for the scope of the study are defined by Regulation 883/2004. Only contributory unemployment benefits will be analysed. The export of unemployment benefits is beyond the scope of the present study, and the issue of aggregation alone is to be analysed<sup>250</sup>.

The countries proposed for the analysis as case studies are Denmark, Germany, France, Poland, Romania, the Netherlands, Italy and the UK. The proposed countries are chosen as geographically spread across the EU as well as differentiated in the welfare systems. They include countries that are mainly attracting EU mobile workers (DK; DE; NL; UK) from other member states as well as those that see many workers leave (PL; RO) but also countries within the middle ground (FR; IT).

Countries' regulatory framework for unemployment benefits can be summarised as follows:

*Table 2.5.1. Overview of principal characteristics of unemployment benefits in the selected countries*

<b>Unemployment Benefits</b>	
<b>UB: Eligibility - qualifying period</b>	
below 1 year	FR, (IT), NL

<sup>249</sup> Source: Pacolet (2015).

<sup>250</sup> Annex 1 and 2 present a list of unemployment and family benefits in the countries proposed for the case studies, made on the bases of the MISSOC.

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unemployment benefits

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1 year or more	DK, DE, IT, PL, RO,
<b><i>UB: Replacement rates</i></b>	
% of past earnings (average over more than 3 months)	FR, DE, IT
% of last earnings (up to 3 months)	DK, NL
flat or fixed rate	PL, RO, UK

Source: MISSOC (web-based database)

The purpose and requirements for unemployment benefits are similar. The general principle of providing an income stream for those claimants that become (involuntarily) unemployed is generally found in all countries. All systems require a qualifying period, which we have dichotomised as i) below 1 year (FR, NL (IT)) or ii) above one year (DK, DE, IT, PL, RO). In many cases, specific requirements are in place about the (minimum) number of hours worked or about the level of wages earned during the qualifying period.

In terms of replacement rates for unemployment benefits, similar breakdowns can also be made of variations across countries. Here we offer a distinction among countries that base the amount of the benefits mainly on current income: some compute the average over (up to) the last 3 months of work (DK, NL), some over longer periods (FR, DE, IT). There are also countries that provide a flat or fixed amount (PL, RO, UK). Often this is linked to some minimum income level.

The purpose of the simulation is to estimate the secondary effects of the potential implementation of the policy options on the bilateral relations between the 8 selected MS. Results for each pair of countries are essentially driven by the country-specific figures on migration flows, average levels of unemployment benefits and income differentials with the other countries. The observed results can therefore be imputed to pairs of MS countries that present similar characteristics in said aspects.

Annex 4 presents a methodology for an indicative extension of the simulation results to the other EU-28 MS.

## 7. Status quo scenario

### 3.1 Status quo mobility flows

The table below reports the figures of mobility flows in our virtual baseline year, computed as the averages of the most recent values of annual mobility flows among the 8 selected countries<sup>251</sup>. The estimation of the variation in mobility patterns generated by the policy options are defined from the bilateral flows presented in table 3.2.1.

Table 3.1.1. Mobility flows between selected countries. Status quo scenario.

		<b>MS of previous employment</b>							
		<b>DE</b>	<b>DK</b>	<b>FR</b>	<b>IT</b>	<b>NL</b>	<b>PL</b>	<b>RO</b>	<b>UK</b>
<b>MS of last employment</b>	DE		2,742	19,498	21,117	14,185	149,513	38,314	13,863
	DK	3,066		1,136	1,080	721	3,396	3,137	2,886
	FR(b)	6,413	599		4,654	2,145	2,077	1,831	9,538
	IT	6,605	205	3,922		746	4,691	76,521	3,732
	NL	10,824	528	3,410	3,017		14,895	1,744	5,942
	PL	3,321	46	358	373	228		15	1,991
	RO(a)	644	44	508	850	139	141		284
	UK	17,241	1,077	21,889	13,230	7,616	32,413	10,422	

Source: Eurostat (web-based database). Averages are estimated on 2011-13 data when available, or on latest available data. We are considering countries of last residence as 'senders' (Eurostat: migr\_imm5prv). For lack of data, for Romania countries of nationality are assumed as 'senders' (Eurostat: migr\_imm1ctz). Same is done for France, though data is not obtained from Eurostat, since it is not available, but from the United Nations Population Division (International Migration Flows to and from Selected Countries: The 2010 Revision (web-based database)<sup>252</sup>.

Poland and Romania are the two prevalent sending countries among the eight selected. According to the data, the highest migration flow concerns Poland and Germany. It is estimated that 149,513 citizens move from Poland to Germany in our virtual 'status quo year'. Additionally, Poland represent the main sending country for the Netherlands, Denmark and the UK. Citizens coming from Romania represent the larger share of EU mobile citizens moving to Italy (80%). Moreover, there are also a significant number of mobile citizens who migrate from Romania to Germany (38,314) and to the UK (10,422). The table also highlights that Italy, France, the UK and the Netherlands are common countries of origin of mobile citizens moving to Germany. On the other hand, Germany represents the country of origin for a relevant number of mobile citizens moving to the UK, the Netherlands, Italy and France. An important migration flow regards the relation between UK, as a receiving country, and Italy, France and the Netherlands as countries of origin. The migration flows towards Romania and Poland in general are limited. Besides the migration flow from Germany to Poland and from the UK to Poland, in these countries the migration flows of EU citizens are lower than 1000 individuals. Compared to the other countries, in Denmark (limiting the attention to the selected MS) the migration of EU mobile workers is quite limited. The four main countries of origin of the mobile EU population in Denmark are Germany, the UK, Poland and Romania.

<sup>251</sup> In order to contextualize the relations between the eight selected MS in the intra-EU mobility, according to Eurostat (migr\_imm5prv), the bilateral migration flows considered account for 32.7% of the overall intra-EU migration flow.

<sup>252</sup> Taking country of nationality as country of origin seems particularly problematic for the case of Romania: in 2013, as many as 124,273 EU-mobile citizens were reported to enter Romania (Eurostat, no differentiation available in terms of sending country), but in the same year only 1,024 non-Romanian EU citizens were reported to enter Romania.

### 3.2 Status quo target population

According to the policy options proposed for the revision of the current EU provisions on unemployment benefits – specified in Regulation (EC) 883/2004: the 'Basic Regulation' and in Regulation (EC) 987/2009: the 'Implementing Regulation' – the target population of the current study are EU citizens having moved from one Member State to another to work who have become unemployed before having met the qualifying period for the entitlement of unemployment benefits in the receiving country.

The number of potential cases of aggregation of periods or salaries for unemployment benefits (that compose our 'target population') is computed by multiplying the status quo mobility flow (see tab. 3.1.1) registered from a given sending country to a given receiving country with the ratio of unemployed non-national EU28+EFTA individuals on the total number of non-national EU28+EFTA individuals in the given receiving country<sup>253</sup>.

Table 3.2.1. Status quo scenario. Target population, average amount of unemployment benefits, and estimated related expenditure. Eight selected countries

Country of last employment	Target population (a)	Annual average UB (b) <sup>254</sup>	Expenditure (c)
DE	12185	€ 16,669.45	€ 203,117,272.62
DK	1005	€ 19,258.48	€ 19,354,769.68
FR	1218	€ 18,729.70	€ 22,812,770.56
IT	7649	€ 11,833.71	€ 90,516,009.86
NL	1563	€ 22,865.09	€ 35,738,132.30
PL	172	€ 1,898.37	€ 326,520.16
RO	50	€ 1,802.55	€ 90,127.68
UK	4240	€ 4,242.05	€ 17,986,297.02
Total	28082	€ 12,162.42	€ 341,545,207.10

Source: a) Our calculations based on data from Eurostat (migr\_imm5prv; web-based database) and EU-LFS. b) Our calculations based on data on 2014 net earnings for singles at 100% of AW from Eurostat (earn\_nt\_net; web-based database) and replacement rates calculated by van Vliet & Caminada (2012). c) Our calculations based on a) and b).

The data provided in table 3.2.1 provide an overview of the size and related expenditure for the estimated target population of unemployed EU mobile citizens residing in one of the selected MS and coming from the other selected countries (bilateral migration flows between the selected MS)<sup>255</sup>. For each MS, the table reports

<sup>253</sup> Source: LFS, own elaborations. We would indeed need unemployment rates specific to individuals that have the country of last residence and work (not the country of nationality) as 'sender' State. Because we do not dispose of such data, the mentioned approximation was necessary. We also opted for unemployment rates relative to all the EU28+EFTA mobile citizens because we found the estimation to be more robust than if made on specific nationalities (lack of an adequately large sample in LFS).

<sup>254</sup> The average values of unemployment benefits is calculated according to the average replacement rate provided by van Vliet & Caminada (2012). The table reports the average values for the category of population used for the definition of the main result: single person at 100% of average earnings.

<sup>255</sup> We estimated the population according to the average values of the recent migration flows (2011-2013) between the 8 selected countries provided by Eurostat (migr\_imm5prv; web-based database), and

the aggregate data in terms of the number of potential unemployed EU citizens, average values of unemployment benefits and related estimated expenditure. According to the status quo scenario, considering all the 8 selected countries, the amount of unemployed EU mobile citizens (regardless of the length of unemployment insurance period) is equal to 28,082. According to our estimation, Germany, Italy and the UK are the countries with the highest share of unemployed, and account for 85% of the total potential population identified. France, Denmark and the Netherlands present a similar number of potential unemployed mobile citizens (around 1000 persons), while in Poland and Romania the share of unemployed mobile citizens coming from the other seven selected countries is limited. The average amount of unemployment benefits varies markedly across the selected countries. The Netherlands, France, Germany and Denmark are marked by a comparatively higher annual amount of unemployed benefits. In relation to the other countries, Italy and UK are characterized by a mean value of average amount of unemployment benefits, while in Poland and Romania the average unemployment benefits are estimated to be just under 2000 euro. The total expenditure of unemployment benefits for EU mobile citizens among the selected countries is estimated at about 328 millions of euro. Germany presents the highest estimated expenditure for unemployment benefits for EU mobile citizens (more than 200 millions of euro). In Italy, the high number of unemployed mobile citizens involves an expenditure for these benefits of around 90 millions of euro. In Germany, the UK, the Netherlands and France the estimated expenditure ranges from 17 millions of euro in the UK, to 35 millions of euro in the Netherlands. Due to the limited number of unemployed mobile citizens as well as the moderate average amount of unemployed benefits, the estimated expenditure in Romania and Poland is comparatively lower respect the other selected countries, respectively 326,520 euro in Poland and 90,127 euro in Romania.

When taking in consideration figures from Pacolet (2015, p.18) it appears that for most of the countries our estimate of the potential target population in the 'status-quo' scenario represents an upper bound. For the Netherlands, the UK, Romania and Denmark, the administrative data collected by the HIVA study (Pacolet, 2015) reports respectively 160, 30, 12 and 54 total cases of aggregation in 2013, whereas we estimate 1005, 4240, 50 and 1005 cases of aggregation only for individuals coming from the other 7 selected countries. Assuming that the survey data shown by Pacolet is reliable, the very low access to aggregation can be explained as a consequence of potentially restrictive national legislations and lack of action from the potentially interested citizens.

Said discrepancies between our assumptions on the target population and Pacolet's findings should also be kept in mind when assessing the observed potential impacts of the proposed policy options, as the dimension of the phenomenon may be even smaller than what is apparent in the present study.

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according to the share of unemployed EU mobile citizens on the total EU mobile citizens population in each MS.

## 8. Secondary effects: estimation of mobility changes

This section reports the variation of mobility patterns between the selected MS according to the policy options proposed, assessed in relation to the status quo scenario. The mobility patterns are estimated for two categories of population. This section presents the results of the analysis of the variation in mobility patterns for the representative category of the potential target population, single person at 100% of average earning. The results for the second category of population identified - one-earner married couple with two children at 100% of average earnings - are reported in annex 2. The results are presented in aggregate terms for each MS, while the detailed results of the bilateral relations between the 8 selected MS are presented in annex 2. As previously stated, in the estimation of mobility changes we assume all factors to stay constant but the income differential impacted by the policy options analysed.

Figure 4.1 shows the estimated variations in the overall mobility flows attributable to the policy options analysed. Policy option 2 establishes that the population of unemployed EU mobile citizens who has become unemployed before the defined thresholds are met (respectively, one month of contribution in the country of competence for policy option 2a, three months for policy option 2b) is not entitled to the aggregation of periods or salaries for the purpose of receiving unemployment benefits. In relation to such policy options, Denmark and Italy present a high reduction of the migration flows in percentage terms.

In Denmark the introduction of a threshold of either one month or three months generates a decrease of migration flow equal to 6,1%<sup>256</sup>. In Italy, policy option 2a produces a decrease of the migration flow equal to 4.4%, while policy option 2b generates a reduction of the potential migration inflow of 5.3%.

As visible in table 2.1 of annex 2, for both Denmark and Italy a rather large change in the income difference is foreseen for groups of potentially mobile citizens coming from Poland and Romania. Together, they constitute a large component of the overall migration flow from the other 7 selected countries observed in the status quo scenario (42% for Denmark, 84% for Italy). For Denmark, one also needs to take into account that according to Pacolet's data (Pacolet, 2015, table 10) as much as 62% of the individuals who needed an aggregation of periods had only been contributing in the new country of work for less than 1 month (same quota for less than 3 months). Policy options 2a and 2b are therefore sure to have a strong impact, since potential movers will have to consider that if they fall unemployed within a year from moving<sup>257</sup>, there is a strong chance (62%) that they do when they have no entitlement to unemployment benefits. That makes their expected income fall and creates an economic disincentive to move.

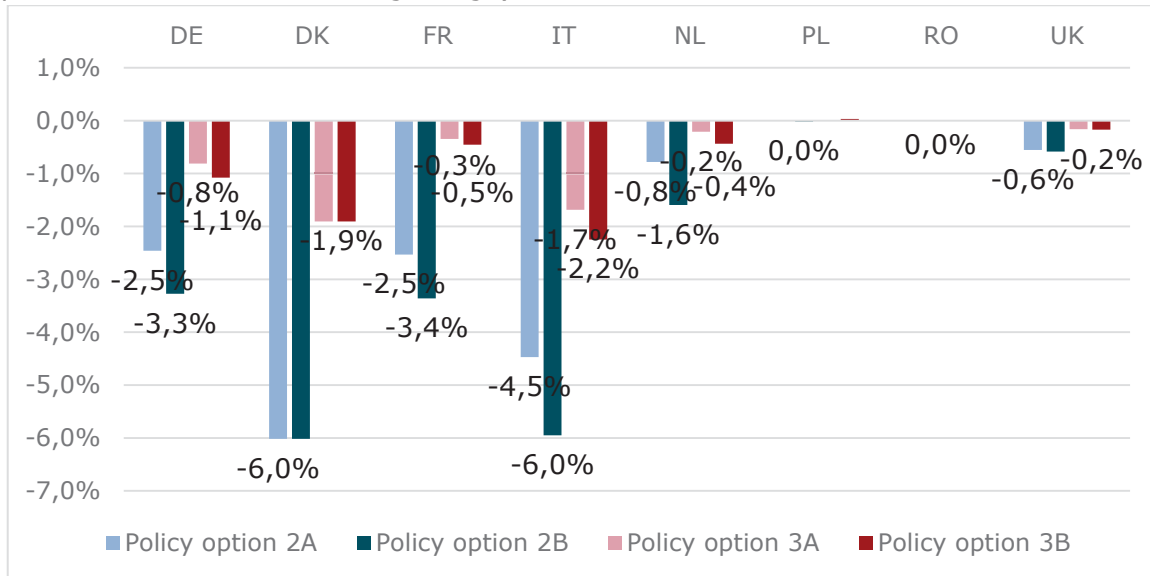
In Germany, the reduction generated by policy option 2 on the inflow population coming from the other seven countries analysed ranges from 2.5% to 3.3%. In France, the policy option 2 results in a decrease of the migration flow equal to 2.5% in the case of option 2a, and to 3.4% in the case of option 2b. In the Netherlands the

<sup>256</sup> The two policy options produce the same result, since, according to the HIVA study (Pacolet et al., 2015), in Denmark there are no EU mobile citizens coming from the other seven selected countries that have required an aggregation of unemployment insurance periods after having contributed for more than one month but less than three months. The same share of target population is therefore applied to both policy option 2a and 2b.

<sup>257</sup> We are taking annual flows in consideration.

reduction of mobility patterns of EU mobile citizens is between 0.8% and 1.5%. In UK the impact of policy option 2 on migration flow is moderate. The introduction of policy option 2a or 2b results in a decrease of migration flow equal to 0.6%. In the cases of Romania and Poland no variation of the potential target population is estimated.

Figure 4.1. Variation in overall migration flows. Policy options 2a, 2b, 3a, 3b (single person at 100% of the average wage).



Source: Our calculation based on data from Pacolet (2015), Eurostat (migr\_imm5prv, earn\_nt\_net; web-based database), van Vliet and Caminada (2012) and EU-SILC.

According to policy option 3, for the unemployed EU mobile citizens who become unemployed before the defined thresholds are met (respectively, one month of contribution for policy options 3a, three months for policy options 3b), the salary earned in the Member State of previous employment is also taken into account for the calculation of the unemployment benefit by the Member State of last employment. In relation to policy option 2, the variation of mobility patterns generated by policy option 3 (a and b) are more moderate (Figure 4.1). As in the case of policy option 2, Denmark and Italy are the countries in which the reduction of migration flows is more evident. In Germany the policy option analysed diminishes the inflow of mobile citizens by 0.8%, in the case of policy option 3a, and 1.1%, in the case of policy option 3b. In France, the Netherlands and the UK the modification of the current regulation on aggregation of periods or salary for unemployment benefits generates a limited variation in the migration flow. In the case of policy option 3 the variation of migration flows of the potential target population is between 0.1% and 0.5%<sup>258</sup>. Similar to policy option 2, for Romania and Poland no variation in the migration flows are estimated.

As regards the bilateral relations, the main results concern the migration flows of the EU mobile citizens coming from Poland and Romania. In both policy options considered, this population accounts for the majority of the reduction of migration

<sup>258</sup> In the case of France, the limited share of EU mobile citizens coming from Romania and Poland can explain said low results. In the Netherlands, a significant share of the migration flow is composed by EU mobile citizens coming from neighbouring countries (DE, DK and FR), in relation to which the variation in income differentials generated by policy option 3 is moderate. The low level of unemployment benefits in the UK (see tab. 3.2.1) does not allow the policy options to produce relevant changes in weighted income (that accounts for both earnings and unemployment benefits, see equation (1) at par. 2.4.1). No relevant change is therefore observed in the income differentials with any country.



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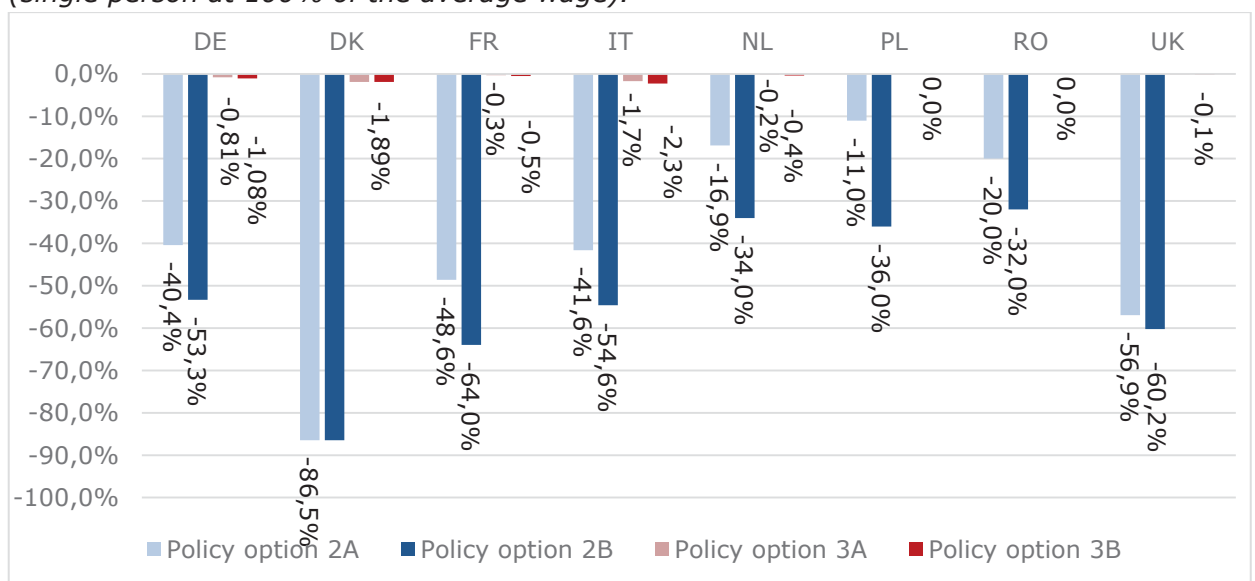
### Secondary effects following a change of regulations on the aggregation of periods or salaries for unemployment benefits

flows for the other MS analysed. The only exception is France in which the main variations of migration flows are attributable to EU mobile citizens coming from the UK, Germany and Italy<sup>259</sup>.

Figure 4.1 suggests that the impact on migration flows of the four policy options is modest, especially in the case of policy option 3. Policy option 2 generates stronger secondary effects on the mobility patterns of EU mobile citizens, inasmuch it produces a higher economic differential compared to policy option 3. The threshold for the entitlement of aggregation of periods or salaries for the purpose of receiving unemployment benefits (one and three months) generates a high variation of the expected income derived from unemployment benefits, influencing the decision of EU mobile citizens to move.

Figure 4.2 shows the variation in potential target population according to the policy options analysed. The figure presents the changes in percentage terms of the share of population in the status quo mobility flow that requires the aggregation of periods or salaries in order to be entitled to unemployment benefits in the country of residence. We take in consideration the impacts produced by both the variation in mobility flows and the changes in entitlement rules. As the figure suggests, policy option 3 (sub-options a and b) has a very limited impact on the target population. Except for small differences caused by approximation to units, results are identical to the ones observed for overall migration flows (see fig. 4.1), since policy options 3a and 3b do not restrict the entitlement to unemployment benefits. The estimated reduction varies between -1.9% or -1.7%, in Denmark and in Italy, to values close to 0 for the other MS. In absolute terms the higher variation in potential target population is in Italy, in which policy option 3b generates a reduction equal to 173 EU mobile citizens. Excluding Germany that presents values similar to the Italian ones, in the other MS the reduction of the target population is comprised between 0 and 19 EU citizens (annex 2).

Figure 4.2. Variation in potential target population. Policy options 2a, 2b, 3a, 3b (single person at 100% of the average wage).



<sup>259</sup> The detailed figures of bilateral mobility changes are reported in Annex 2.

Source: Our calculation based on data from Pacolet (2015), Eurostat (migr\_imm5prv, earn\_nt\_net; web-based database), van Vliet, Caminada (2012) and EU-SILC.

The scenario significantly differs in the case of policy option 2. The introduction of thresholds (one month and three months) for the entitlement of aggregation of periods or salaries for receiving unemployment benefits results in a high variation in potential target population, compared to the status quo scenario. In percentage terms, Denmark shows the highest variation in target population among the selected countries. Policy option 2a and policy option 2b generate a reduction of target population equal to 86.5%, which corresponds to 6499 EU mobile citizens. In the UK, the variation on the target population generated by policy option 2 is around 60%. In this MS the implementation of policy option 2a and 2b leads to a reduction of the target population of respectively 2414 (59.6%) and 2554 (60.2%) EU mobile citizens. In Italy, France and Germany policy option 2 results in a similar reduction of the target population, which ranges from 40% to 64%. In absolute terms, Germany and Italy present the highest variation in target population, which in the case of policy option 2b corresponds to respectively 6499 and 4178 EU mobile citizens (annex 2). In the Netherlands, Romania and Poland the variations in target population generated by policy option 2 are significant, but comparatively limited in relation to the other MS analysed. In the Netherlands, after the introduction of policy option 2b the target population entitled to aggregation of periods or salaries for receiving unemployment benefits is equal to 1031, which means a reduction of 34.0% of the target population defined in the status quo scenario. In Romania and Poland, the variations in target population in absolute terms are moderate. In Poland, the reduction of 36.0% (policy option 2b) corresponds to 62 EU mobile citizens, while in Romania variation generated by policy option 2b corresponds to 16 EU mobile citizens.

As in the case of variation in overall migration flows, the main results related to the bilateral relation among the selected MS concerns the variation in target population generated by EU mobile citizens coming from Poland and Romania. In both policy option 2 and 3, this population accounts for the majority of the reduction in target population for the other MS (annex 2). The only exception is France in which around 75% of the total variation in target population is explained by citizens coming from UK, Germany and Italy (respectively 34.7%, 23.4% and 17.0%). Additionally, in the UK a significant reduction in target population is generated by EU mobile citizens coming from France, Italy and Germany (respectively 21.0%, 16.6% and 12.3%). In the Netherlands, around a quarter of the total reduction in the target population generated by policy option 2 derives from EU mobile citizens coming from Germany.

Figure 4.2 indicates that the two policy options analysed generate two completely different scenarios. The limited variation in the target population related to policy option 3 (a and b) is generated only by the changes in the overall mobility flow attributable to economic differentials. Conversely, in policy option 2 (a and b), the introduction of thresholds for the entitlement of the aggregation of periods or salaries for the purpose of receiving unemployment benefits significantly reduces the target population in all the MS considered.

### **8.1. Refinement of policy options 2a and 2b**

The disincentives to move produced by policy options 2a and 2b as considered above would be reduced if potential movers were to consider the possibility to obtain welfare coverage if they moved back to the country of previous employment.

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The effect of said reduction in the disincentives would essentially be linked to the level of benefits obtainable in the country of previous employment and to the costs of moving (due to both geographical distance and individual perspective when moving, short or long-term). For example, individuals that plan to move from the Netherlands to Belgium for a short term contract will look at the possibility of losing their job in less than 1 month/3 months as 'easily solvable' by moving back to the closeby Netherlands, where they can get a rather high benefit and compensate for the relatively low costs of moving. The results observed in the above paragraph for policy options 2a and 2b would therefore change significantly.

Viceversa, EU citizens that plan to move (for example) from Romania to the UK are more likely to be long-term movers that will not consider the possibility to move back to Romania as an actual option. In this type of cases, results for policy option 2a and 2b in their 'refined' versions would align to those seen in the above paragraph.

## 9. Secondary effects: estimation of expenditure changes

This section reports the estimated changes of expenditure on unemployment benefits devoted to workers who need to aggregate periods or salaries in order to be entitled to such benefits. The variation is computed on the aforementioned status quo scenario (see par. 3), for each MS analysed and according to the various policy options. The results discussed in this section are referred to the representative category of the potential target population: single persons at 100% of average earning. The results are presented in aggregate terms for each MS, while the detailed results of the bilateral relations between the 8 selected MS are presented in annex 3.

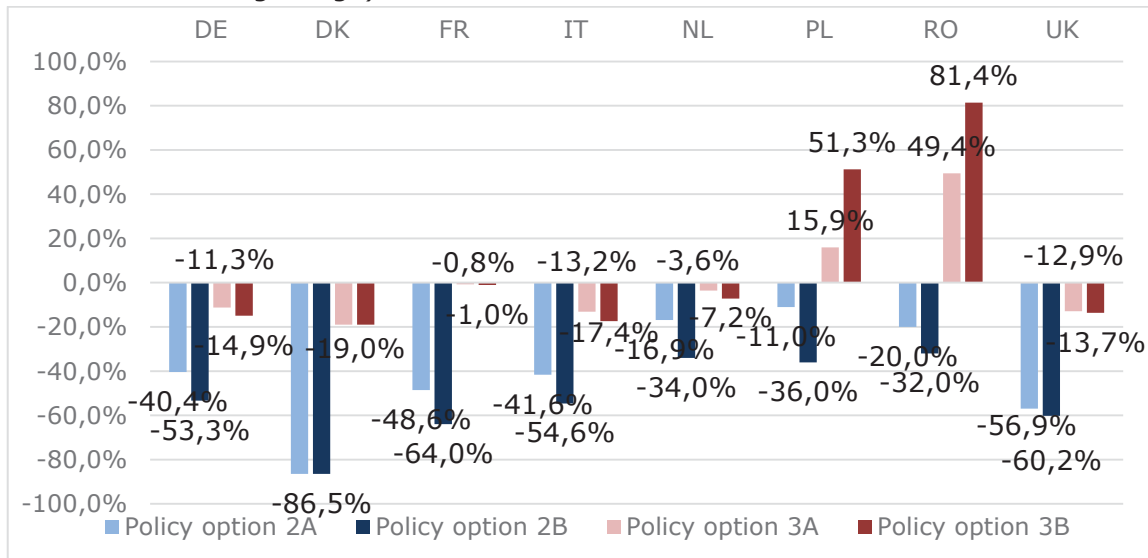
As reported in section 2.4.2, in evaluating the impact on expenditure due to the implementation of the policy options, we are considering both the behavioral change in mobility flows and the change in entitlement and computation rules. For each analysed MS, Figure 5.1 shows the results in aggregate terms.

In the 8 MS, policy option 2 provokes a reduction of the expenditure for unemployment benefits for the potential target population. This reduction is obviously more marked when the threshold for the aggregation of periods or salaries for unemployment benefits is set to three months (policy option 2b). In Denmark, Italy, the UK, France and Germany, the cost changes generated by the policy option 2b exceed 50%. In Denmark, the expenditure on unemployment benefits for the potential target population decreases by 86.5%. In France, policy option 2 involves a reduction of expenditure equal to 48.6%, in the case of policy option 2a, and of 64%, in the case of policy option 2b. In percentages terms, in Italy and Germany the effects of policy options 2 are similar, respectively -40.4% and -41.6% for policy option 2a, -53.3% and -54.6% for policy option 2b. In the UK, policy option 2 involves a decrease of -56.9% (option 2a) and -60.2% (option 2b). In the Netherlands, Poland and Romania the cost changes attributable to policy option 2 are similar, ranging from -16.9% to -20.0%, for policy option 2a, and from -32.0% to -36.0% in the case of policy option 2b.

In the case of policy option 2, the analysis of the disaggregated results for each bilateral relation between the 8 MS (annex 3) suggests that a significant reduction of the expenditure for unemployment benefits that require aggregations of periods or salaries in Germany (57.7%), the Netherlands (29.3%), the UK (37.4%) and Denmark (22.1%) is to be imputed to those EU mobile citizens coming from Poland<sup>260</sup>. In Italy, about 80% of the decrease in expenditure is due to the variation attributable to mobile workers coming from Romania. The reduction of unemployment benefits expenditure generated by target population coming from the UK is estimated to be 34.7% in France, 30.6% in Poland and 16.6% in Denmark. EU mobile citizens coming from Germany account for 53.2% of the estimated decrease for the expenditure for unemployment benefits in Poland, and for 20.5%, 26.6%, 23.3% and 19.8% respectively in the Netherlands, France and Denmark. In the UK around 20% of the savings generated by policy option 2b is to be imputed to EU mobile citizens coming from France.

<sup>260</sup> Since there is a slight difference between policy option 2a and policy option 2b in terms of bilateral relations between the 8 MS considered, in this section we focus only on the results of policy option 2b. The complete set of results is reported in annex 3.

Figure 5.1. Variation of expenditure for unemployment benefits that require aggregations of periods or salaries. Policy options 2a, 2b, 3a, 3b (single person at 100% of the average wage).



Source. Our calculation based on data from Pacolet (2015), Eurostat (migr\_imm5prv, earn\_nt\_net; web-based database), van Vliet and Caminada (2012), and EU-LFS.

In policy option 3, the calculation of unemployment benefits for the potential target population takes into account the salary earned in the Member State of previous employment when the one-month/three-month threshold is not met (see equation (4) in par 2.4.1). That produces a limited reduction in the expenditure in six of the analysed MS (DE, UK, IT, FR, NL and FR). For Poland and Romania, the entry into force of policy option 3 would result in an increase of public expenditure: the computation of the unemployment benefits would have to take into account the salaries earned in the countries of previous residence, where the average salary is generally higher than in these two countries.

In the UK, Germany and Italy the cost changes related to policy option 3 are between -11.3% and -17.4%, while in Denmark the estimated expenditure reduction is -19.0%<sup>261</sup>. In the Netherlands the effects of policy option 3 are a reduction in expenditures between 3.6% and 7.2%. In France the policy option examined produces a very limited change (-0.6% for 3a, -1% for 3b). The most relevant results of policy option 3 concern Poland and Romania. Both would face an increase in the expenditure dedicated to unemployment benefits paid to mobile workers that require aggregation of periods or salaries. In Poland, such policy option generates an increase of public expenditure of 15.9%, in the case of policy option 3a, and of 51.3%, in the case of policy option 3b. In Romania the estimated effects on cost changes are even higher. Policy option 3a involves an additional expenditure for unemployment benefits estimated to 49.4% of the expenditure calculated in the status quo scenario, while the increase generated by policy option 3b reaches 81.4%.

<sup>261</sup> Policy option 3a: IT -13.2% (€ 11,949,089); DE -11.0% (€ 22,425,518 ); UK -12.8% (€ 2,310,933); DK 19.0% (€ 3,682,527). Policy option 3b: IT -17.4% (€ 15,772,988); DE -14.6% (€ 29,741,402); UK -13.6% (€ 2,444,233); DK -19.0% (€ 3,682,527).

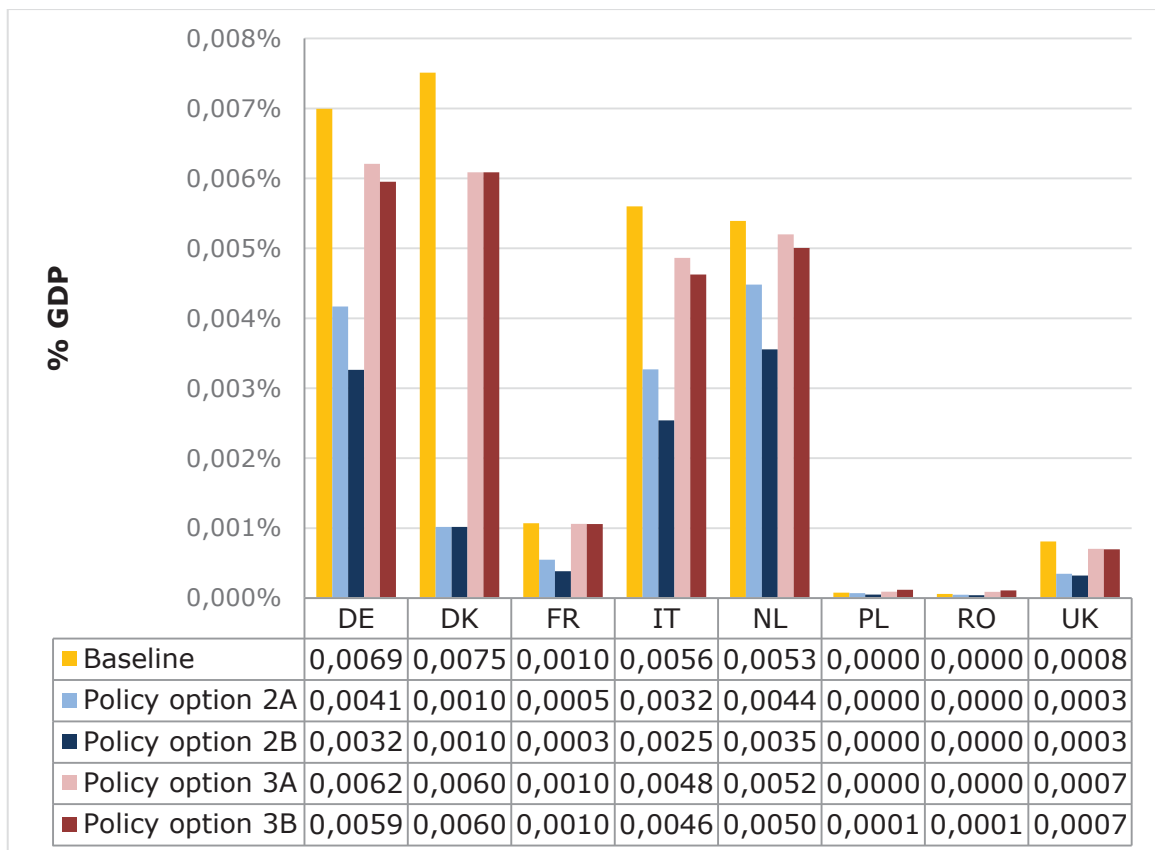
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The bilateral relations between the selected MS in terms of cost changes reflect those generated by policy option 2, previously analysed. Table 3.1.2 in annex 3 reports the detailed results.

In order to provide a benchmark for the evaluation of expenditure variations, figure 5.2 reports the expenditure for unemployment benefits paid to mobile workers (coming from the other 7 selected countries) that require the aggregation of periods or salaries as a ratio of GDP, in the status quo scenario and in each policy option. The figure indicates that in all scenarios the unemployment benefits expenditures devoted to the target population is very limited: in no case does the value go over 0.008% of GDP. In Denmark and Germany, the expenditure generated by policy option 3 is around 0.006% of GDP, while in Italy and the Netherlands these values range from 0.0046% to 0.0052% of GDP. In France, the UK, and especially Poland and Romania, the public expenditure in policy option 3 is even more moderate. In France and the UK, the values are around or just below 0.001% of GDP, and in Romania and Poland these expenditures account only for one millionth of GDP.

Fig. 5.2. Expenditure variation in % GDP (2014), Status quo and policy option scenarios



Source: Our calculation based on data from Pacolet (2015), Eurostat (migr\_imm5prv, earn\_nt\_net, nama\_10\_gdp; web-based database), van Vliet and Caminada (2012), and EU-LFS.

As already mentioned, policy option 2 generates higher savings compared to policy option 3, resulting in an even lower expenditure for unemployment benefits paid to mobile workers (coming from the other 7 selected countries) that require the aggregation of periods or salaries. This is clear in the case of Denmark, where the estimated aggregate expenditure for policy option 2 is around 0.001% of GDP. For the other considered countries, the difference between policy options 2 and 3 is not as

noticeable. For a group of countries (Germany, Italy and the Netherlands) the aggregate expenditure is comprised between 0.0045% and 0.0025% of GDP, while for the UK, France, Poland and Romania the values are below or significantly below 0.001% of GDP.

Table 5.1 disaggregates the expenditure estimated for each policy option, presenting the expenditure variation due the behavioral change in mobility flows and due to the change in entitlement and computation rules.

*Tab. 5.1. Cost variation attributable to mobility change and to changes in entitlement and computation rules. Policy options 2a, 2b, 3a, 3b (single person at 100% of the average wage).*

		DE	DK	FR	IT	NL	PL	RO	UK
Policy option 2A	mobility change	-2.5%	-6.1%	-2.5%	-4.4%	-0.8%	0.0%	0.0%	-0.6%
	change in rules	-	-	-	-	-	-	-	-
	Tot	37.9%	80.4%	46.1%	37.2%	16.1%	11.0%	20.0%	56.4%
Policy option 2B	mobility change	-3.3%	-6.1%	-3.4%	-5.9%	-1.5%	0.0%	0.0%	-0.6%
	change in rules	-	-	-	-	-	-	-	-
	Tot	50.1%	80.4%	60.6%	48.7%	32.6%	36.0%	32.0%	59.7%
Policy option 3A	mobility change	-0.8%	-1.9%	-0.3%	-1.7%	-0.2%	0.0%	0.0%	-0.1%
	change in rules	-	-	-	-	-	-	-	-
	Tot	10.4%	17.1%	-0.4%	11.5%	-3.4%	15.9%	49.4%	12.8%
Policy option 3B	mobility change	-1.1%	-1.9%	-0.5%	-2.3%	-0.4%	0.0%	0.0%	-0.1%
	change in rules	-	-	-	-	-	-	-	-
	Tot	13.8%	17.1%	-0.5%	15.1%	-6.8%	51.3%	81.4%	13.5%
	Tot	-	-	-	-	-	-	-	-
	Tot	14.9%	19.0%	-1.0%	17.4%	-7.2%	51.3%	81.4%	13.7%

Source: Our calculation based on data from Pacolet (2015), Eurostat (migr\_imm5prv, earn\_nt\_net; web-based database), van Vliet and Caminada (2012), and EU-LFS.

The changes in migration flows account only for a moderate share of the expenditure variations for all policy options. Excluding Italy and Denmark, for the other six MS considered, the behavioural change in mobility flows explains less than 3.5% of the expenditure variations. The highest expenditure variations related to changes in migration flows are registered for policy option 2b. In this case, around 6% of expenditure variation of Italy and Denmark is attributable to mobility changes. In general, most of the expenditure variation is due to a reduction of the population entitled to receive unemployment benefits (policy option 2), or to different computation rules for the benefits (policy option 3).

### **9.1. Refinement of policy options 2a and 2b**

For what concerns policy options 2a and 2b, variations of expenditure for unemployment benefits that require aggregations of periods or salaries would not differ from the ones observed if potential movers were to consider the possibility to obtain welfare coverage if they moved back to the country of previous employment.

EU-mobile citizens that decide to come back to the country of previous employment to receive the unemployment benefits that are no longer paid in the country where they have lost their job would burden the general welfare expenditure of the MS.



## 10. Conclusions

The aim of the study is to assess the secondary effects of the proposed modification to the current EU provisions on the entitlement to unemployment benefits paid to mobile workers that require the aggregation of periods or salaries, as specified in Regulation (EC) 883/2004: the 'Basic Regulation' and in Regulation (EC) 987/2009: the 'Implementing Regulation'. Such secondary effects include changes in the overall mobility of workers, in the number of individuals entitled to the benefits and in the level of expenditure.

To this end, we have selected 8 MS as part of the case study, with consideration to the level of representativeness of the group as regards the whole EU. For each MS, we have defined size and characteristics of the population potentially interested by the policy changes, as well as the relative expenditure for unemployment benefits. Against this status quo scenario, we have estimated the impact of the various policy changes.

A simulation tool has been defined in order to estimate the potential mobility changes attributable to the economic differentials generated by the four policy options. The second step of the analysis has concerned the estimation of the changes of public expenditure devoted to the unemployment benefits paid to the target population.

In order to proceed with the estimate, key assumptions had to be made on the elasticity of potentially mobile EU citizens to changes in income differentials among countries (see par. 2.4).

Results generally show mild reductions in overall migration flows attributable to the potential implementation of the policy options. Decreases are stronger when policy option 2 is implemented, especially 2b, since a rather relevant quota of the target population is excluded by the entitlement to unemployment benefits, which reduces the incentive to move. The disincentives to move would be reduced if potential movers were to consider the possibility to obtain welfare coverage if they moved back to the country of previous employment. When option 3 is implemented, much smaller changes are observed. Policy option 2 also results in an important reduction of EU mobile citizens eligible for the aggregation of periods or salaries for the purpose of receiving unemployment benefits. For policy option 3, variations in the target population are limited to those produced by the changes in overall migration flows, since this option does not reduce the population eligible to unemployment benefits.

As regards expenditure changes, because policy option 2 excludes quite a large share of individuals from the entitlement to unemployment benefits, all countries experience a high decrease in the relevant chapter of expenditure (more so in the case of policy option 2b). That would not change if potential movers were to consider the possibility to obtain welfare coverage if they moved back to the country of previous employment though of course EU-mobile citizens that decide to come back to the country of previous employment to receive the unemployment benefits that are no longer paid in the country where they have lost their job would burden the general welfare expenditure of that MS.

Lower savings are observed when policy option 3 is implemented. Because the computation of benefits has to take into account salaries earned in the country of previous residence, Poland and Romania see their expenditure grow by a wide margin when option 3 is realised. In both policy option 2 and 3, most of the expenditure

variation is imputable to changes in entitlement and computation rules, while the behavioral change in mobility flows accounts for only a limited share of the cost variations. As much as the percentages may reach high values, variations shown in absolute terms and as ratios of GDP confirm the little relevance for national budgets of the expenditure on unemployment benefits that require aggregation of periods or salaries.

As noted in par. 3.2, when taking in consideration figures from Pacolet (2015, p.18) it appears that for most of the countries our estimate of the potential target population in the 'status-quo' scenario represents an upper bound. EU mobile citizens seem to have lower take up of unemployment benefits than natives. The dimensions of the phenomenon analysed and of the expenditure figures are therefore even smaller than what has appeared in the present study.

**Annex 1 – List of unemployment benefits within the scope of the study**

<b>DENMARK</b>	
<b>ACT or Name</b>	Consolidated Act No 348 of 8 April 2014 on unemployment insurance (om arbejdsløshedsforsikring mv)
<b>Main condition</b>	* Residing in Denmark.* No working activity;* No formal educational activity;* Registered as job seeker and at the disposal of the employment office; * Capable of working; * Available for the labour market; * Age between 18-65 years; * Actively seeking employment and co-operating with the employment office to build up an individual action plan;
<b>Qualifying period</b>	Basic allowance: A minimum period of 1,924 hours (corresponding to full-time employment during one year) during the 3 preceding years is required. Only employment carried out while being insured is taken into account.
<b>Waiting period</b>	Employees: No waiting period if involuntarily unemployed. 3 weeks waiting period if voluntarily unemployed. Self-employed: 3 weeks.
<b>Determining factors</b>	Previous earnings; period of employment.
<b>Amount</b>	Employees: Calculation usually based on average earnings of preceding 12 weeks or three months. No ceiling for the reference earnings. Self-employed: Calculation on the basis of his/her daily income (1/260 of the yearly income) if the self-employed person has carried out substantial self-employed activities for at least one year in a 3-year-period.Amount. 90% of previous earnings, but not more than DKK 815 (€109) per day. The benefit is paid per month. This maximum is adjusted once a year according to the adjustment rate (satsreguleringsprocenten).Duration: 2 years within a 3-year period. Labour market benefit (midlertidig arbejdsmarkedsydelse): Paid after entitlement to unemployment benefit has expired: 80% or 60% of the maximum unemployment benefit, according as to whether or not the beneficiary has dependent children. Duration: Up to 15 months after expiry of entitlement to unemployment benefit
<b>supplement</b>	No family or other supplement

<b>FRANCE</b>	
<b>ACT or Name</b>	assurance chômage
<b>Main condition</b>	*Residence in France; * not to have left previous employment voluntarily without good cause; *to be effectively and permanently looking for work; *to be registered as jobseeker and to conform to a personalised back-to-work action plan; * to be physically able to work;

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	*not to have reached the statutory retirement age (between 60 and 62). However, the indemnity is maintained (within the limit of its maximum duration) until the person reaches the age for entitlement to full pension (between 65 and 67 years), regardless of the length of insurance.
<b>Qualifying period</b>	At least 4 months (122 days) insurance during the last 28 months (36 months for those aged 50 and over) preceding the unemployment.
<b>Waiting period</b>	The waiting period comprises paid holidays plus a general period of 7 days plus a waiting period equal to the amount of the redundancy payment divided by 90 within a limit of 180 days (75 days in the case of redundancy).
<b>Determining factors</b>	Earnings on which contributions have been paid.
<b>Amount</b>	Earnings of the last 12 months within the limit of four times the social security ceiling (€12,516 per month). 40.4% of reference daily wages (RDW) + €11.72 per day or 57.4% of the RDW within the limit of 75% of the RDW. The best result is taken into account. Minimum: €28.58 per day. The duration of payment of the benefit corresponds to the length of insurance taken into account for acquiring entitlement to benefits (between 4 months and 2 years or 3 years if the beneficiary is aged 50 and over).
<b>Supplement</b>	No Family or other supplement

<b>GERMANY</b>	
<b>ACT or Name</b>	Arbeitslosenversicherung
<b>Main condition</b>	not engaged in an employment relationship (without work); * makes an effort to put an end to this situation (efforts of his or her own); * is available for the placement efforts undertaken by the employment agency (availability); not entitled to a standard pension; * the unemployed person is obliged to make use of all possibilities of occupational integration
<b>Qualifying period</b>	The unemployed person must have been compulsorily insured for at least 12 months during the last 2 years.
<b>Waiting period</b>	In principle no waiting period. If the unemployed person has terminated his/her employment contract without good reason or has caused the termination of the contract through his/her own misconduct, a waiting period (a so-called blocking period, Sperrzeit) of up to 12 weeks may become effective.
<b>Determining factors</b>	Benefits are based on the salary, on the category mentioned on the wage-tax card and on the presence or not of children.

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<b>Amount</b>	Beneficiaries with children: 67% of net earnings. Beneficiaries without children: 60% of net earnings. The duration of benefits (DB) depends on the duration of compulsory insurance coverage (DI) and on the age of the beneficiary. Minimum length 12 DI, age not considered, equals to 6 months of DB; Maximum length 48 DI, age 58 years, 24 months of DB
<b>supplement</b>	No family or other supplement

<b>ITALY</b>	
<b>ACT or Name</b>	<i>Assegno Sociale per l'Impiego ASPI, (Indennità di disoccupazione)</i>
<b>Main condition</b>	To be involuntarily unemployed, *not engaged in work for more than 5 consecutive days; to be capable of work; *to be available for the employment office; *not benefiting from any other pension treatment; * no income higher than the personal annual taxable limit; *claim to be presented within 2 months (98 days in case of dismissal without notice).
<b>Qualifying period</b>	ASPI: Having matured at least two years of work insurance contributions one of which accrued during the two years prior to the onset of unemployment. Mini ASPI: Having matured at least 13 weeks (3 months) of contributions during the 12 months prior to dismissal.
<b>Waiting period</b>	Waiting period of 8 days.
<b>Determining factors</b>	Previous salary with a ceiling; age; duration of unemployment.
<b>Amount</b>	The benefit is calculated as a percentage of the average monthly gross income earned by the worker in the last two years prior to dismissal, with a monthly ceiling of €1,192.98 for the year 2014. ASPI and mini ASPI. Amounts equal to 75% of the monthly reference earnings. The maximum payable amount is €1,165.58 per month. The amount of the benefit is reduced to 60% of the monthly reference earnings after six months and to 45% after twelve months. Duration. ASPI. Duration will be gradually increased according to age: Unemployed persons under 50 are granted the benefit for 10 months in 2015; Unemployed persons between the age of 50 and 54 are granted the benefit for a period of 12 months through 2015 (from January 2016 onwards Unemployed persons under 55 will be granted the benefit for 12 months); Unemployed persons aged 55 and over are granted the benefit for 16 months in 2015 (18 months from January 2016 onwards). Mini ASPI: Granted for a number of weeks corresponding to half the number of weekly contributions paid during the last year prior to dismissal.
<b>supplement</b>	Eligible unemployed persons can receive an additional allowance for

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	family dependent family members ( <i>assegni familiari</i> ) upon request.
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<b>POLAND</b>	
<b>ACT or Name</b>	Zasiłek dla bezrobotnych
<b>Main condition</b>	*Involuntarily unemployed; *without work or payment; *registered with the employment agency; *to be capable of work; *to be available for full-time work; *aged at least 18 years of age and less than 60 years (woman) or 65 years (man); *no entitlement to old-age or invalidity pension; *Polish or EU or EEA or Swiss citizenship; *not in receipt of rehabilitation, sickness, maternity or child-raising allowance.
<b>Qualifying period</b>	At least 365 calendar days of paid employment during the 18 months preceding the day of registration.
<b>Waiting period</b>	7 calendar days.
<b>Determining factors</b>	Length of economic activity.
<b>Amount</b>	Benefits not based on earnings. The monthly amount is paid as a percentage of the Basic Unemployment Allowance, depending upon the length of economic activity: 1 to 5 years of work: 80%; 5 to 20 years: 100%; 20 years and more: 120%. Basic Unemployment Allowance: PLN 831.10 (€200) per month for a period of three months, PLN 652.60 (€157) thereafter. Duration: 6 months in areas with an unemployment rate less than 150% national average; 12 months in areas with an unemployment rate of at least 150% or more of the national average, or if the claimant has a qualifying period of 20 years and is over 50 years old, or if the claimant's spouse is unemployed, not entitled to an allowance, and they have at least one dependent child under the age of 15 years.
<b>supplement</b>	No family or other supplement

<b>ROMANIA</b>	
<b>ACT or Name</b>	indemnizatie de somaj
<b>Main condition</b>	*To be involuntarily unemployed; *not working; *to be registered as unemployed with the National Agency for Employment; *to be able to work; *to be available for work; *to be aged between 16 and the date of meeting the conditions for the Old-Age Pension ( <i>pensie pentru limita de varsta</i> ); * to be actively searching for work; * to have domicile or residence in Romania; * to apply for benefit within 12 months.
<b>Qualifying</b>	Minimum contribution period: 12 months during the 24 months

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<b>period</b>	preceding the application date. No qualifying period for graduates.
<b>Waiting period</b>	No waiting period.
<b>Determining factors</b>	level of earnings, length of contribution period.
<b>Amount</b>	Reference earnings: the monthly gross income. No ceiling. The amount is related to the length of contribution period and to the Reference Social Indicator (RSI) (indicator social de referinta).The duration of Unemployment Indemnity varies with the contribution period. Minimum length, between 1-5 years, entitlement to 6 months; maximum length, 10 and over years, entitlement for 12 months.
<b>supplement</b>	No family supplement or any other supplement

<b>The NETHERLANDS</b>	
<b>ACT or Name</b>	WW-uitkering
<b>Main condition</b>	*To be involuntarily unemployed; *loss of at least 5 or half of the working hours per week; *timely registration with the Institute for Employee Benefit Schemes (UWV);*to be capable for work; *to be available for work;*below the legal retirement age; *seeking employment; *residence in the Netherlands; *application for benefit on the first day of unemployment.
<b>Qualifying period</b>	A person who has received wages in at least 26 weeks out of the 36 weeks before the first day of unemployment (weeks' condition).A person who has received wages for at least 208 hours in four of the five calendar years preceding the year in which s/he became unemployed (years condition).
<b>Waiting period</b>	No waiting period.
<b>Determining factors</b>	Reference earnings.
<b>Amount</b>	The reference earning is the last daily wage with a maximum of €198.28. The amount is equal to 75% of the last daily wage during the first two months, 70% thereafter. Duration. A person who only meets the weeks condition receives benefits for a maximum duration of 3 months. A person who satisfies the years condition receives benefits for as many months as the number of months in employment, with a maximum of 38 months.
<b>supplement</b>	If unemployment benefits are less than the social minimum, a supplementary benefit can be claimed under the Supplementary Benefit Act (Toeslagenwet, TW)

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<b>UK</b>	
<b>ACT or Name</b>	Contribution-based Jobseekers' Allowance (JSA)
<b>Main condition</b>	*to be involuntarily unemployed;* not engaged in work for 16 or more hours a week; *to be capable of work; *to be available for work; * under pensionable age; *has entered into a Jobseekers' agreement; *actively seeking employment; *is in Great Britain; *is not a full-time student; *is not engaged in a trade dispute.
<b>Qualifying period</b>	Requirements. Contributions paid in one of the 2 tax years on which the claim is based amounting to at least 26 times the minimum weekly contribution for that year, and contributions paid or credited in both the appropriate tax years amounting to a total of at least 50 times the minimum weekly contribution for that year.
<b>Waiting period</b>	3 days
<b>Determining factors</b>	Flat-rate benefit, varying according to age.
<b>Amount</b>	Benefits not based on earnings, but varying with age: aged 25 or over: GBP 72.40 (€90) per week; aged 18-24: GBP 57.35 (€72) per week. Additionally no increase for dependants. Duration: limited to 182 days in any jobseeking period.
<b>supplement</b>	If a higher rate of benefit is needed and the conditions of entitlement are met, Income-based Jobseekers' Allowance can be payable instead. Income-based Jobseekers' Allowance: Support for children formerly included in Income-based Jobseekers' Allowance claims was transferred to Child Tax Credit in 2006/07.

Source: MISSOC (web database)



## Annex 2 - Secondary effects analysis: mobility patterns. Detailed results of bilateral relations between selected MSs

Table 2.1. Secondary effects analysis: mobility patterns. Detailed results of bilateral relations between selected MSs. Single persons at 100% of average earnings. Policy options 2a and 2b

Country of Residence	Status quo scenario				Policy option 2A						Policy option 2B						
	Country of origin	Mobility flow	Unemployed/Pop rate for EU-28+EFTA mobile workers	Potential target population	Elasticity to income change	% income change	% mobility change	Change in total mobility flow	Change in potential target population due to mobility change	Change in potential target population due to exclusion of <1month workers	Change in potential target population due to exclusion of <3months workers	% income change	% mobility change	Change in total mobility flow	Change in potential target population due to mobility change	Change in potential target population due to exclusion of <3months workers	Change in potential target population
DE	DK	2742	4.70%	129	0.8	-1.4%	-1.1%	-31	-1	-50	-51	-1.9%	-1.5%	-42	-2	-66	-68
DE	FR	19498	4.70%	916	0.8	-1.8%	-1.4%	-275	-13	-351	-364	-2.3%	-1.9%	-366	-17	-465	-482
DE	IT	21117	4.70%	993	0.6	-2.3%	-1.4%	-286	-13	-381	-394	-3.0%	-1.8%	-380	-18	-505	-523
DE	NL	14185	4.70%	667	0.8	-1.4%	-1.1%	-162	-8	-256	-264	-1.9%	-1.5%	-215	-10	-340	-350
DE	PL	149513	4.70%	7027	0.4	-6.4%	-2.6%	-3820	-180	-2663	-2843	-8.5%	-3.4%	-5086	-239	-3513	-3752
DE	RO	38314	4.70%	1801	0.4	-10.6%	-4.3%	-1631	-77	-671	-748	-14.2%	-5.7%	-2172	-102	-879	-981
DE	UK	13863	4.70%	652	0.8	-1.5%	-1.2%	-169	-8	-251	-259	-2.0%	-1.6%	-225	-11	-332	-343
DK	DE	3,066	6.52%	200	0.8	-4.2%	-3.4%	-104	-7	-165	-172	-4.2%	-3.4%	-104	-7	-165	-172
DK	FR	1,136	6.52%	74	0.8	-4.3%	-3.5%	-39	-3	-61	-64	-4.3%	-3.5%	-39	-3	-61	-64
DK	IT	1,080	6.52%	70	0.8	-5.5%	-4.4%	-48	-3	-57	-60	-5.5%	-4.4%	-48	-3	-57	-60
DK	NL	721	6.52%	47	0.2	-3.5%	-0.7%	-5	0	-40	-40	-3.5%	-0.7%	-5	0	-40	-40
DK	PL	3,396	6.52%	221	0.6	-15.6%	-9.4%	-319	-21	-171	-192	-15.6%	-9.4%	-319	-21	-171	-192
DK	RO	3,137	6.52%	204	0.4	-26.1%	-10.4%	-327	-21	-157	-178	-26.1%	-10.4%	-327	-21	-157	-178
DK	UK	2,886	6.52%	188	0.8	-3.7%	-3.0%	-86	-6	-156	-162	-3.7%	-3.0%	-86	-6	-156	-162
FR	DE	6413	4.47%	286	0.8	-2.6%	-2.1%	-133	-6	-132	-138	-3.4%	-2.8%	-177	-8	-174	-182
FR	DK	599	4.47%	27	0.8	-2.1%	-1.7%	-10	0	-13	-13	-2.8%	-2.3%	-14	-1	-16	-17
FR	IT	4654	4.47%	208	0.8	-3.4%	-2.7%	-126	-6	-96	-102	-4.5%	-3.6%	-167	-7	-126	-133
FR	NL	2145	4.47%	96	0.2	-2.1%	-0.4%	-9	0	-45	-45	-2.8%	-0.6%	-12	-1	-60	-61

FR	PL	2077	4.47%	93	0.6	-9.6%	-5.8%	-120	-5	-42	-47	-12.7%	-7.6%	-159	-7	-54	-61
FR	RO	1831	4.47%	82	0.4	-16.0%	-6.4%	-117	-5	-36	-41	-21.2%	-8.5%	-155	-7	-47	-54
FR	UK	9538	4.47%	426	0.8	-2.3%	-1.8%	-175	-8	-198	-206	-3.0%	-2.4%	-232	-10	-261	-271
IT	DE	6605	7.93%	524	0.2	-2.1%	-0.4%	-28	-2	-203	-205	-2.8%	-0.6%	-37	-3	-270	-273
IT	DK	205	7.93%	16	0.8	-1.7%	-1.4%	-3	0	-6	-6	-2.3%	-1.9%	-4	0	-8	-8
IT	FR	3922	7.93%	311	0.8	-2.1%	-1.7%	-67	-5	-119	-124	-2.9%	-2.3%	-90	-7	-157	-164
IT	NL	746	7.93%	59	0.2	-1.7%	-0.3%	-3	0	-23	-23	-2.3%	-0.5%	-3	0	-31	-31
IT	PL	4691	7.93%	372	0.6	-7.8%	-4.7%	-219	-17	-138	-155	-10.4%	-6.2%	-292	-23	-181	-204
IT	RO	76521	7.93%	6071	0.4	-13.0%	-5.2%	-3976	-315	-2239	-2554	-17.3%	-6.9%	-5294	-420	-2924	-3344
IT	UK	3732	7.93%	296	0.2	-1.9%	-0.4%	-14	-1	-115	-116	-2.5%	-0.5%	-18	-1	-153	-154
NL	DE	10824	3.87%	419	0.8	-0.7%	-0.6%	-62	-2	-68	-70	-1.5%	-1.2%	-127	-5	-137	-142
NL	DK	528	3.87%	20	0.6	-0.6%	-0.4%	-2	0	-3	-3	-1.2%	-0.7%	-4	0	-7	-7
NL	FR	3410	3.87%	132	0.6	-0.7%	-0.4%	-15	-1	-21	-22	-1.5%	-0.9%	-31	-1	-43	-44
NL	IT	3017	3.87%	117	0.6	-0.9%	-0.6%	-17	-1	-19	-20	-1.9%	-1.1%	-35	-1	-38	-39
NL	PL	14895	3.87%	577	0.4	-2.6%	-1.1%	-158	-6	-93	-99	-5.4%	-2.2%	-322	-12	-187	-199
NL	RO	1744	3.87%	68	0.4	-4.4%	-1.8%	-31	-1	-11	-12	-9.0%	-3.6%	-63	-2	-22	-24
NL	UK	5942	3.87%	230	0.8	-0.6%	-0.5%	-30	-1	-37	-38	-1.3%	-1.0%	-61	-2	-75	-77
PL	DE	3321	2.74%	91	0.1	-0.1%	0.0%	0	0	-10	-10	-0.2%	0.0%	-1	0	-33	-33
PL	DK	46	2.74%	1	0.2	-0.1%	0.0%	0	0	0	0	-0.2%	0.0%	0	0	0	0
PL	FR	358	2.74%	10	0.2	-0.1%	0.0%	0	0	-1	-1	-0.2%	0.0%	0	0	-4	-4
PL	IT	373	2.74%	10	0.2	-0.1%	0.0%	0	0	-1	-1	-0.3%	-0.1%	0	0	-4	-4
PL	NL	228	2.74%	6	0.1	-0.1%	0.0%	0	0	-1	-1	-0.2%	0.0%	0	0	-2	-2
PL	RO	15	2.74%	0	0.6	-0.4%	-0.3%	0	0	0	0	-1.4%	-0.9%	0	0	0	0
PL	UK	1991	2.74%	54	0.1	-0.1%	0.0%	0	0	-6	-6	-0.2%	0.0%	0	0	-19	-19
RO	DE	644	1.87%	12	0.1	-0.1%	0.0%	0	0	-2	-2	-0.2%	0.0%	0	0	-4	-4
RO	DK	44	1.87%	1	0.1	-0.1%	0.0%	0	0	0	0	-0.2%	0.0%	0	0	0	0
RO	FR	508	1.87%	10	0.1	-0.1%	0.0%	0	0	-2	-2	-0.2%	0.0%	0	0	-3	-3
RO	IT	850	1.87%	16	0.1	-0.1%	0.0%	0	0	-3	-3	-0.3%	0.0%	0	0	-5	-5
RO	NL	139	1.87%	3	0.1	-0.1%	0.0%	0	0	-1	-1	-0.2%	0.0%	0	0	-1	-1

RO	PL	141	1.87%	3	0.2	-0.4%	-0.1%	0	0	-1	-1	-0.8%	-0.2%	0	0	-1	-1
RO	UK	284	1.87%	5	0.1	-0.1%	0.0%	0	0	-1	-1	-0.2%	0.0%	0	0	-2	-2
UK	DE	17241	4.08%	704	0.8	-0.5%	-0.4%	-68	-3	-397	-400	-0.5%	-0.4%	-72	-3	-421	-424
UK	DK	1077	4.08%	44	0.6	-0.4%	-0.2%	-3	0	-25	-25	-0.4%	-0.3%	-3	0	-26	-26
UK	FR	21889	4.08%	893	0.6	-0.5%	-0.3%	-66	-3	-505	-508	-0.5%	-0.3%	-70	-3	-534	-537
UK	IT	13230	4.08%	540	0.6	-0.6%	-0.4%	-51	-2	-305	-307	-0.7%	-0.4%	-54	-2	-323	-325
UK	NL	7616	4.08%	311	0.8	-0.4%	-0.3%	-25	-1	-176	-177	-0.4%	-0.3%	-26	-1	-186	-187
UK	PL	32413	4.08%	1323	0.4	-1.8%	-0.7%	-235	-10	-744	-754	-1.9%	-0.8%	-249	-10	-788	-798
UK	RO	10422	4.08%	425	0.4	-3.0%	-1.2%	-126	-5	-238	-243	-3.2%	-1.3%	-133	-5	-252	-257

Table 2.2 Secondary effects analysis: mobility patterns. Detailed results of bilateral relations between selected MSs. Single persons at 100% of average earnings. Policy options 3a and 3b

Country of Residence	Country of origin	Status quo scenario					Policy option 3A					Policy option 3B					
		Mobility flow	Unemployed/Pop rate for EU-28+EFTA mobile workers	Potential target population	Elasticity to income change	% income change	% mobility change	Change in total mobility flow	Change in potential target population	% income change	% mobility change	Change in total mobility flow	Change in potential target population	% income change	% mobility change	Change in total mobility flow	Change in potential target population
DE	DK	2742	4.70%	129	0.8	0.1%	0.1%	3	0	0	0	0.2%	0.1%	4	0	0	0
DE	FR	19498	4.70%	916	0.8	0.0%	0.0%	-5	0	0	0	0.0%	0.0%	-7	0	0	0
DE	IT	21117	4.70%	993	0.6	-0.3%	-0.2%	-35	-2	-35	-2	-0.4%	-0.2%	-47	-2	-2	-2
DE	NL	14185	4.70%	667	0.8	0.1%	0.1%	15	1	15	1	0.2%	0.1%	20	1	1	1
DE	PL	149513	4.70%	7027	0.4	-2.3%	-0.9%	-1402	-66	-1402	-66	-3.1%	-1.2%	-1867	-88	-88	-88
DE	RO	38314	4.70%	1801	0.4	-4.5%	-1.8%	-685	-32	-685	-32	-6.0%	-2.4%	-912	-43	-43	-43
DE	UK	13863	4.70%	652	0.8	0.1%	0.1%	10	0	10	0	0.1%	0.1%	13	1	1	1
DK	DE	3,066	6.52%	200	0.8	-0.4%	-0.3%	-10	-1	-10	-1	-0.4%	-0.3%	-10	-1	-1	-1
DK	FR	1,136	6.52%	74	0.8	-0.4%	-0.4%	-4	0	-4	0	-0.4%	-0.4%	-4	0	0	0
DK	IT	1,080	6.52%	70	0.8	-1.1%	-0.8%	-9	-1	-9	-1	-1.1%	-0.8%	-9	-1	-1	-1
DK	NL	721	6.52%	47	0.2	0.0%	0.0%	0	0	0	0	0.0%	0.0%	0	0	0	0
DK	PL	3,396	6.52%	221	0.6	-6.1%	-3.7%	-125	-8	-125	-8	-6.1%	-3.7%	-125	-8	-8	-8
DK	RO	3,137	6.52%	204	0.4	-11.3%	-4.5%	-142	-9	-142	-9	-11.3%	-4.5%	-142	-9	-9	-9

DK	UK	2,886	6.52%	188	0.8	-0.2%	-0.1%	-4	0	-0.2%	-0.1%	-4	0
FR	DE	6413	4.47%	286	0.8	0.0%	0.0%	0	0	0.0%	0.0%	0	0
FR	DK	599	4.47%	27	0.8	0.2%	0.2%	1	0	0.3%	0.2%	1	0
FR	IT	4654	4.47%	208	0.8	-0.4%	-0.3%	-15	-1	-0.5%	-0.4%	-19	-1
FR	NL	2145	4.47%	96	0.2	0.2%	0.0%	1	0	0.3%	0.1%	1	0
FR	PL	2077	4.47%	93	0.6	-3.5%	-2.1%	-44	-2	-4.6%	-2.8%	-58	-3
FR	RO	1831	4.47%	82	0.4	-6.7%	-2.7%	-49	-2	-8.9%	-3.5%	-65	-3
FR	UK	9538	4.47%	426	0.8	0.2%	0.1%	12	1	0.2%	0.2%	16	1
IT	DE	6605	7.93%	524	0.2	0.3%	0.1%	4	0	0.4%	0.1%	5	0
IT	DK	205	7.93%	16	0.8	0.5%	0.4%	1	0	0.6%	0.5%	1	0
IT	FR	3922	7.93%	311	0.8	0.3%	0.2%	9	1	0.4%	0.3%	12	1
IT	NL	746	7.93%	59	0.2	0.5%	0.1%	1	0	0.6%	0.1%	1	0
IT	PL	4691	7.93%	372	0.6	-2.5%	-1.5%	-72	-6	-3.4%	-2.0%	-95	-8
IT	RO	76521	7.93%	6071	0.4	-5.1%	-2.1%	-1572	-125	-6.8%	-2.7%	-2094	-166
IT	UK	3732	7.93%	296	0.2	0.4%	0.1%	3	0	0.6%	0.1%	4	0
NL	DE	10824	3.87%	419	0.8	-0.1%	-0.1%	-6	0	-0.1%	-0.1%	-12	0
NL	DK	528	3.87%	20	0.6	0.0%	0.0%	0	0	0.0%	0.0%	0	0
NL	FR	3410	3.87%	132	0.6	-0.1%	0.0%	-1	0	-0.2%	-0.1%	-3	0
NL	IT	3017	3.87%	117	0.6	-0.2%	-0.1%	-3	0	-0.4%	-0.2%	-7	0
NL	PL	14895	3.87%	577	0.4	-1.0%	-0.4%	-61	-2	-2.1%	-0.8%	-125	-5
NL	RO	1744	3.87%	68	0.4	-1.9%	-0.8%	-13	-1	-3.9%	-1.6%	-27	-1
NL	UK	5942	3.87%	230	0.8	0.0%	0.0%	-1	0	-0.1%	0.0%	-2	0
PL	DE	3321	2.74%	91	0.1	0.1%	0.0%	0	0	0.3%	0.0%	1	0
PL	DK	46	2.74%	1	0.2	0.1%	0.0%	0	0	0.3%	0.1%	0	0
PL	FR	358	2.74%	10	0.2	0.1%	0.0%	0	0	0.3%	0.1%	0	0
PL	IT	373	2.74%	10	0.2	0.1%	0.0%	0	0	0.3%	0.1%	0	0
PL	NL	228	2.74%	6	0.1	0.1%	0.0%	0	0	0.3%	0.0%	0	0
PL	RO	15	2.74%	0	0.6	-0.1%	-0.1%	0	0	-0.3%	-0.2%	0	0
PL	UK	1991	2.74%	54	0.1	0.1%	0.0%	0	0	0.3%	0.0%	1	0

RO	DE	644	1.87%	12	0.1	0.3%	0.0%	0	0	0.6%	0.1%	0	0
RO	DK	44	1.87%	1	0.1	0.3%	0.0%	0	0	0.6%	0.1%	0	0
RO	FR	508	1.87%	10	0.1	0.3%	0.0%	0	0	0.6%	0.1%	0	0
RO	IT	850	1.87%	16	0.1	0.3%	0.0%	0	0	0.6%	0.1%	0	0
RO	NL	139	1.87%	3	0.1	0.3%	0.0%	0	0	0.6%	0.1%	0	0
RO	PL	141	1.87%	3	0.2	0.1%	0.0%	0	0	0.3%	0.1%	0	0
RO	UK	284	1.87%	5	0.1	0.3%	0.0%	0	0	0.6%	0.1%	0	0
UK	DE	17241	4.08%	704	0.8	0.0%	0.0%	-6	0	0.0%	0.0%	-6	0
UK	DK	1077	4.08%	44	0.6	0.0%	0.0%	0	0	0.0%	0.0%	0	0
UK	FR	21889	4.08%	893	0.6	0.0%	0.0%	-6	0	0.0%	0.0%	-7	0
UK	IT	13230	4.08%	540	0.6	-0.1%	-0.1%	-9	0	-0.1%	-0.1%	-10	0
UK	NL	7616	4.08%	311	0.8	0.0%	0.0%	0	0	0.0%	0.0%	0	0
UK	PL	32413	4.08%	1323	0.4	-0.7%	-0.3%	-91	-4	-0.7%	-0.3%	-97	-4
UK	RO	10422	4.08%	425	0.4	-1.3%	-0.5%	-55	-2	-1.4%	-0.6%	-58	-2

Table 2.3. Secondary effects analysis: mobility patterns. Detailed results of bilateral relations between selected MSs. One-earner married couples with two children at 100% of average earnings. Policy options 2a and 2b

Country of Residence	Country of origin	Status quo scenario				Policy option 2°				Policy option 2B							
		Mobility flow	Unemployed/PoP rate for EU-28+EFTA mobile workers	Potential target population	Elasticity	% income change	% mobility change	Change in total mobility flow	Change in potential target population due to mobility change	Change in potential target population due to exclusion of <1month workers	Change in potential target population due to exclusion of <3months workers	% income change	% mobility change	Change in total mobility flow	Change in potential target population due to mobility change	Change in potential target population due to exclusion of <3months workers	Change in potential target population
DE	DK	2742	4.70%	129	0.8	-1.8%	-1.5%	-40	-2	-49	-51	-2.5%	-2.0%	-54	-3	-65	-68
DE	FR	19498	4.70%	916	0.8	-2.4%	-1.9%	-367	-17	-350	-367	-3.1%	-2.5%	-488	-23	-462	-485
DE	IT	21117	4.70%	993	0.6	-2.9%	-1.8%	-371	-17	-380	-397	-3.9%	-2.3%	-494	-23	-502	-525
DE	NL	14185	4.70%	667	0.8	-2.0%	-1.6%	-222	-10	-256	-266	-2.6%	-2.1%	-296	-14	-338	-352
DE	PL	149513	4.70%	7027	0.4	-9.0%	-3.6%	-5357	-252	-2635	-2887	-11.9%	-4.8%	-7133	-335	-3463	-3798

DE	RO	38314	4.70%	1801	0.4	-15.8%	-6.3%	-2427	-114	-656	-770	-21.1%	-8.4%	-3232	-152	-853	-1005
DE	UK	13863	4.70%	652	0.8	-2.1%	-1.7%	-229	-11	-249	-260	-2.8%	-2.2%	-305	-14	-330	-344
DK	DE	3,066	6.52%	200	0.8	-4.1%	-3.3%	-101	-7	-165	-172	-4.1%	-3.3%	-101	-7	-165	-172
DK	FR	1,136	6.52%	74	0.8	-4.8%	-3.8%	-44	-3	-61	-64	-4.8%	-3.8%	-44	-3	-61	-64
DK	IT	1,080	6.52%	70	0.8	-6.0%	-4.8%	-52	-3	-57	-60	-6.0%	-4.8%	-52	-3	-57	-60
DK	NL	721	6.52%	47	0.2	-4.0%	-0.8%	-6	0	-40	-40	-4.0%	-0.8%	-6	0	-40	-40
DK	PL	3,396	6.52%	221	0.6	-18.3%	-11.0%	-373	-24	-169	-193	-18.3%	-11.0%	-373	-24	-169	-193
DK	RO	3,137	6.52%	204	0.4	-32.4%	-13.0%	-407	-26	-152	-178	-32.4%	-13.0%	-407	-26	-152	-178
DK	UK	2,886	6.52%	188	0.8	-4.2%	-3.4%	-98	-6	-156	-162	-4.2%	-3.4%	-98	-6	-156	-162
FR	DE	6413	4.47%	286	0.8	-2.2%	-1.8%	-113	-5	-133	-138	-2.9%	-2.3%	-150	-7	-175	-182
FR	DK	599	4.47%	27	0.8	-2.0%	-1.6%	-10	0	-13	-13	-2.7%	-2.2%	-13	-1	-16	-17
FR	IT	4654	4.47%	208	0.8	-3.2%	-2.6%	-120	-5	-96	-101	-4.3%	-3.4%	-159	-7	-126	-133
FR	NL	2145	4.47%	96	0.2	-2.2%	-0.4%	-9	0	-45	-45	-2.9%	-0.6%	-12	-1	-60	-61
FR	PL	2077	4.47%	93	0.6	-9.9%	-5.9%	-123	-6	-41	-47	-13.1%	-7.8%	-163	-7	-54	-61
FR	RO	1831	4.47%	82	0.4	-17.4%	-7.0%	-128	-6	-36	-42	-23.1%	-9.2%	-169	-8	-46	-54
FR	UK	9538	4.47%	426	0.8	-2.3%	-1.8%	-174	-8	-198	-206	-3.0%	-2.4%	-230	-10	-261	-271
IT	DE	6605	7.93%	524	0.2	-2.2%	-0.4%	-29	-2	-203	-205	-2.9%	-0.6%	-38	-3	-270	-273
IT	DK	205	7.93%	16	0.8	-2.0%	-1.6%	-3	0	-6	-6	-2.7%	-2.1%	-4	0	-8	-8
IT	FR	3922	7.93%	311	0.8	-2.6%	-2.0%	-80	-6	-119	-125	-3.4%	-2.7%	-107	-8	-157	-165
IT	NL	746	7.93%	59	0.2	-2.1%	-0.4%	-3	0	-23	-23	-2.8%	-0.6%	-4	0	-31	-31
IT	PL	4691	7.93%	372	0.6	-9.7%	-5.8%	-274	-22	-136	-158	-13.0%	-7.8%	-365	-29	-178	-207
IT	RO	76521	7.93%	6071	0.4	-17.2%	-6.9%	-5266	-418	-2199	-2617	-22.9%	-9.2%	-7011	-556	-2854	-3410
IT	UK	3732	7.93%	296	0.2	-2.2%	-0.4%	-17	-1	-115	-116	-3.0%	-0.6%	-22	-2	-152	-154
NL	DE	10824	3.87%	419	0.8	-0.6%	-0.5%	-54	-2	-68	-70	-1.3%	-1.0%	-111	-4	-137	-141
NL	DK	528	3.87%	20	0.6	-0.6%	-0.3%	-2	0	-3	-3	-1.2%	-0.7%	-4	0	-7	-7
NL	FR	3410	3.87%	132	0.6	-0.7%	-0.4%	-15	-1	-21	-22	-1.5%	-0.9%	-31	-1	-43	-44
NL	IT	3017	3.87%	117	0.6	-0.9%	-0.6%	-17	-1	-19	-20	-1.9%	-1.1%	-34	-1	-38	-39
NL	PL	14895	3.87%	577	0.4	-2.8%	-1.1%	-167	-6	-93	-99	-5.7%	-2.3%	-342	-13	-187	-200
NL	RO	1744	3.87%	68	0.4	-5.0%	-2.0%	-35	-1	-11	-12	-10.1%	-4.1%	-71	-3	-22	-25

NL	UK	5942	3.87%	230	0.8	-0.6%	-0.5%	-31	-1	-37	-38	-1.3%	-1.1%	-63	-2	-75	-77
PL	DE	3321	2.74%	91	0.1	-0.1%	0.0%	0	0	-10	-10	-0.2%	0.0%	-1	0	-33	-33
PL	DK	46	2.74%	1	0.2	-0.1%	0.0%	0	0	0	0	-0.2%	0.0%	0	0	0	0
PL	FR	358	2.74%	10	0.2	-0.1%	0.0%	0	0	-1	-1	-0.3%	-0.1%	0	0	-4	-4
PL	IT	373	2.74%	10	0.2	-0.1%	0.0%	0	0	-1	-1	-0.3%	-0.1%	0	0	-4	-4
PL	NL	228	2.74%	6	0.1	-0.1%	0.0%	0	0	-1	-1	-0.2%	0.0%	0	0	-2	-2
PL	RO	15	2.74%	0	0.6	-0.5%	-0.3%	0	0	0	0	-1.8%	-1.1%	0	0	0	0
PL	UK	1991	2.74%	54	0.1	-0.1%	0.0%	0	0	-6	-6	-0.2%	0.0%	0	0	-19	-19
RO	DE	644	1.87%	12	0.1	-0.1%	0.0%	0	0	-2	-2	-0.2%	0.0%	0	0	-4	-4
RO	DK	44	1.87%	1	0.1	-0.1%	0.0%	0	0	0	0	-0.2%	0.0%	0	0	0	0
RO	FR	508	1.87%	10	0.1	-0.1%	0.0%	0	0	-2	-2	-0.2%	0.0%	0	0	-3	-3
RO	IT	850	1.87%	16	0.1	-0.1%	0.0%	0	0	-3	-3	-0.3%	0.0%	0	0	-5	-5
RO	NL	139	1.87%	3	0.1	-0.1%	0.0%	0	0	-1	-1	-0.2%	0.0%	0	0	-1	-1
RO	PL	141	1.87%	3	0.2	-0.4%	-0.1%	0	0	-1	-1	-0.9%	-0.2%	0	0	-1	-1
RO	UK	284	1.87%	5	0.1	-0.1%	0.0%	0	0	-1	-1	-0.2%	0.0%	0	0	-2	-2
UK	DE	17241	4.08%	704	0.8	-1.2%	-1.0%	-170	-7	-395	-402	-1.3%	-1.0%	-180	-7	-418	-425
UK	DK	1077	4.08%	44	0.6	-1.1%	-0.7%	-7	0	-25	-25	-1.2%	-0.7%	-8	0	-26	-26
UK	FR	21889	4.08%	893	0.6	-1.4%	-0.9%	-190	-8	-502	-510	-1.5%	-0.9%	-201	-8	-531	-539
UK	IT	13230	4.08%	540	0.6	-1.8%	-1.1%	-143	-6	-303	-309	-1.9%	-1.1%	-151	-6	-320	-326
UK	NL	7616	4.08%	311	0.8	-1.2%	-1.0%	-73	-3	-175	-178	-1.3%	-1.0%	-78	-3	-185	-188
UK	PL	32413	4.08%	1323	0.4	-5.5%	-2.2%	-715	-29	-734	-763	-5.8%	-2.3%	-756	-31	-775	-806
UK	RO	10422	4.08%	425	0.4	-9.7%	-3.9%	-406	-17	-231	-248	-10.3%	-4.1%	-430	-18	-244	-262

Table 2.4. Secondary effects analysis: mobility patterns. Detailed results of bilateral relations between selected MSS. One-earner married couple with two children at 100% of average earnings. Policy options 3a and 3b

Country of Residence	Country of origin	Status quo scenario			Policy option 3A				Policy option 3B				
		Mobility flow	Unemployed/Pop rate for EU-28+EFTA mobile workers	Potential target population	Elasticity	% income change	% mobility change	Change in total mobility flow	Change in potential target population	% income change	% mobility change	Change in total mobility flow	Change in potential target population
DE	DK	2742	4.70%	129	0.8	0.1%	0.1%	2	0	0.1%	0.1%	2	0
DE	FR	19498	4.70%	916	0.8	-0.2%	-0.1%	-27	-1	-0.2%	-0.2%	-36	-2
DE	IT	21117	4.70%	993	0.6	-0.5%	-0.3%	-58	-3	-0.6%	-0.4%	-78	-4
DE	NL	14185	4.70%	667	0.8	0.0%	0.0%	3	0	0.0%	0.0%	4	0
DE	PL	149513	4.70%	7027	0.4	-3.5%	-1.4%	-2077	-98	-4.6%	-1.8%	-2766	-130
DE	RO	38314	4.70%	1801	0.4	-6.9%	-2.8%	-1059	-50	-9.2%	-3.7%	-1410	-66
DE	UK	13863	4.70%	652	0.8	0.0%	0.0%	-3	0	0.0%	0.0%	-5	0
DK	DE	3,066	6.52%	200	0.8	-0.2%	-0.1%	-4	0	-0.2%	-0.1%	-4	0
DK	FR	1,136	6.52%	74	0.8	-0.5%	-0.4%	-5	0	-0.5%	-0.4%	-5	0
DK	IT	1,080	6.52%	70	0.8	-1.1%	-0.9%	-10	-1	-1.1%	-0.9%	-10	-1
DK	NL	721	6.52%	47	0.2	-0.1%	0.0%	0	0	-0.1%	0.0%	0	0
DK	PL	3,396	6.52%	221	0.6	-7.3%	-4.4%	-148	-10	-7.3%	-4.4%	-148	-10
DK	RO	3,137	6.52%	204	0.4	-14.3%	-5.7%	-180	-12	-14.3%	-5.7%	-180	-12
DK	UK	2,886	6.52%	188	0.8	-0.2%	-0.2%	-5	0	-0.2%	-0.2%	-5	0
FR	DE	6413	4.47%	286	0.8	0.2%	0.2%	10	0	0.3%	0.2%	13	1
FR	DK	599	4.47%	27	0.8	0.3%	0.2%	1	0	0.4%	0.3%	2	0
FR	IT	4654	4.47%	208	0.8	-0.3%	-0.3%	-12	-1	-0.4%	-0.3%	-16	-1
FR	NL	2145	4.47%	96	0.2	0.2%	0.0%	1	0	0.3%	0.1%	1	0
FR	PL	2077	4.47%	93	0.6	-3.6%	-2.2%	-45	-2	-4.8%	-2.9%	-60	-3
FR	RO	1831	4.47%	82	0.4	-7.4%	-3.0%	-54	-2	-9.8%	-3.9%	-72	-3
FR	UK	9538	4.47%	426	0.8	0.2%	0.1%	12	1	0.2%	0.2%	16	1
IT	DE	6605	7.93%	524	0.2	0.5%	0.1%	7	1	0.7%	0.1%	9	1





UK	FR	21889	4.08%	893	0.6	-0.1%	-0.1%	-11	0	-0.1%	-0.1%	-12	0
UK	IT	13230	4.08%	540	0.6	-0.3%	-0.2%	-21	-1	-0.3%	-0.2%	-22	-1
UK	NL	7616	4.08%	311	0.8	0.0%	0.0%	2	0	0.0%	0.0%	2	0
UK	PL	32413	4.08%	1323	0.4	-2.1%	-0.8%	-275	-11	-2.2%	-0.9%	-291	-12
UK	RO	10422	4.08%	425	0.4	-4.2%	-1.7%	-177	-7	-4.5%	-1.8%	-187	-8

### Annex 3 – Secondary effects analysis: cost changes

Table 3.1. Cost changes analysis. Detailed results of bilateral relations between selected MSS, policy option 2A

		Policy option 2A				Policy option 2A				Policy option 2A			
		Status quo scenario		Variation attributable to mobility change		Variation attributable to mobility change		Variation attributable to mobility change and change in rules		Variation attributable to mobility change and change in rules		Variation attributable to mobility change and change in rules	
Country of Residence	Country of origin	Expenditure	Total expenditure	Expenditure	% expenditure variation	Total expenditure	% total expenditure variation	Expenditure	% expenditure variation	Total expenditure	% total expenditure variation	Expenditure	% total expenditure variation
DE	DK	€ 2,150,359.31		€ 2,133,689.86	-0.8%			€ 1,300,217.26	-39.5%				
DE	FR	€ 15,269,218.03		€ 15,052,515.16	-1.4%			€ 9,201,537.50	-39.7%				
DE	IT	€ 16,536,096.38		€ 16,319,393.51	-1.3%			€ 9,968,332.30	-39.7%				
DE	NL	€ 11,118,524.48	€ 203,100,603.17	€ 10,985,168.87	-1.2%	€ 198,099,767.57	-2.5%	€ 6,717,789.16	-39.6%	€ 121,036,890.97	-40.4%		
DE	PL	€ 117,136,239.20		€ 114,135,737.84	-2.6%			€ 69,744,987.17	-40.5%				
DE	RO	€ 30,021,683.05		€ 28,738,135.25	-4.3%			€ 17,552,932.96	-41.5%				
DE	UK	€ 10,868,482.70		€ 10,735,127.09	-1.2%			€ 6,551,094.64	-39.7%				
DK	DE	€ 3,851,695.46		€ 3,716,886.12	-3.5%			€ 539,237.36	-86.0%				
DK	FR	€ 1,425,127.32		€ 1,367,351.89	-4.1%			€ 192,584.77	-86.5%				
DK	IT	€ 1,348,093.41		€ 1,290,317.98	-4.3%			€ 192,584.77	-85.7%				
DK	NL	€ 905,148.43	€ 19,335,511.21	€ 905,148.43	0.0%	€ 18,160,744.09	-6.1%	€ 134,809.34	-85.1%	€ 2,619,152.91	-86.5%		
DK	PL	€ 4,256,123.48		€ 3,851,695.46	-9.5%			€ 558,495.84	-86.9%				
DK	RO	€ 3,928,729.37		€ 3,524,301.35	-10.3%			€ 500,720.41	-87.3%				
DK	UK	€ 3,620,593.73		€ 3,505,042.87	-3.2%			€ 500,720.41	-86.2%				
FR	DE	€ 5,356,693.25		€ 5,244,315.07	-2.1%			€ 2,771,995.11	-48.3%				
FR	DK	€ 505,701.81		€ 505,701.81	0.0%			€ 262,215.75	-48.1%	€ 11,724,790.12	-48.6%		
FR	IT	€ 3,895,776.91	€ 22,812,770.56	€ 3,783,398.73	-2.9%	€ 22,250,879.66	-2.5%	€ 1,985,347.85	-49.0%				
FR	NL	€ 1,798,050.88		€ 1,798,050.88	0.0%			€ 955,214.53	-46.9%				

FR	PL	€	1,741,861.79	€	1,648,213.31	€	1,648,213.31	-5.4%					€	861,566.05	-50.5%		
FR	RO	€	1,535,835.13	€	1,442,186.64	€	1,442,186.64	-6.1%					€	767,917.56	-50.0%		
FR	UK	€	7,978,850.79	€	7,829,013.21	€	7,829,013.21	-1.9%					€	4,120,533.27	-48.4%		
IT	DE	€	6,200,861.44	€	6,177,194.03	€	6,177,194.03	-0.4%					€	3,774,951.91	-39.1%		
IT	DK	€	189,339.28	€	189,339.28	€	189,339.28	0.0%					€	118,337.05	-37.5%		
IT	FR	€	3,680,282.27	€	3,621,113.74	€	3,621,113.74	-1.6%					€	2,212,902.84	-39.9%		
IT	NL	€	698,188.60	€	698,188.60	€	698,188.60	0.0%			€	86,492,550.15	€	426,013.38	-39.0%		-41.6%
IT	PL	€	4,402,138.28	€	4,200,965.29	€	4,200,965.29	-4.6%					€	2,567,913.99	-41.7%		
IT	RO	€	71,842,423.30	€	68,114,806.22	€	68,114,806.22	-5.2%					€	41,619,140.63	-42.1%		
IT	UK	€	3,502,776.69	€	3,490,942.99	€	3,490,942.99	-0.3%					€	2,130,066.91	-39.2%		
NL	DE	€	9,580,471.81	€	9,534,741.63	€	9,534,741.63	-0.5%					€	7,979,915.66	-16.7%		
NL	DK	€	457,301.76	€	457,301.76	€	457,301.76	0.0%					€	388,706.49	-15.0%		
NL	FR	€	3,018,191.60	€	2,995,326.51	€	2,995,326.51	-0.8%					€	2,515,159.66	-16.7%		
NL	IT	€	2,675,215.28	€	2,652,350.19	€	2,652,350.19	-0.9%			€	35,463,751.24	€	2,217,913.52	-17.1%		-16.9%
NL	PL	€	13,193,155.68	€	13,055,965.16	€	13,055,965.16	-1.0%					€	10,929,511.99	-17.2%		
NL	RO	€	1,554,825.97	€	1,531,960.89	€	1,531,960.89	-1.5%					€	1,280,444.92	-17.6%		
NL	UK	€	5,258,970.20	€	5,236,105.12	€	5,236,105.12	-0.4%					€	4,390,096.87	-16.5%		
PL	DE	€	172,751.95	€	172,751.95	€	172,751.95	0.0%					€	153,768.22	-11.0%		
PL	DK	€	1,898.37	€	1,898.37	€	1,898.37	0.0%					€	1,898.37	0.0%		
PL	FR	€	18,983.73	€	18,983.73	€	18,983.73	0.0%					€	17,085.36	-10.0%		
PL	IT	€	18,983.73	€	18,983.73	€	18,983.73	0.0%			€	326,520.16	€	17,085.36	-10.0%		-11.0%
PL	NL	€	11,390.24	€	11,390.24	€	11,390.24	0.0%					€	9,491.87	-16.7%		
PL	RO	€	-	€	-	€	-	#DIV/0!					€	-	-		
PL	UK	€	102,512.14	€	102,512.14	€	102,512.14	0.0%					€	91,121.91	-11.1%		
RO	DE	€	21,630.64	€	21,630.64	€	21,630.64	0.0%			€	90,127.68	€	18,025.54	-16.7%		-20.0%
RO	DK	€		€		€		0.0%					€		0.0%		

		1,802.55		1,802.55				1,802.55		
RO	FR	€ 18,025.54	€	18,025.54	0.0%			€ 14,420.43	-20.0%	
RO	IT	€ 28,840.86	€	28,840.86	0.0%			€ 23,433.20	-18.8%	
RO	NL	€ 5,407.66	€	5,407.66	0.0%			€ 3,605.11	-33.3%	
RO	PL	€ 5,407.66	€	5,407.66	0.0%			€ 3,605.11	-33.3%	
RO	UK	€ 9,012.77	€	9,012.77	0.0%			€ 7,210.21	-20.0%	
UK	DE	€ 2,986,404.03	€	2,973,677.88	-0.4%			€ 1,289,583.56	-56.8%	
UK	DK	€ 186,650.25	€	186,650.25	0.0%			€ 80,598.97	-56.8%	
UK	FR	€ 3,788,151.71	€	3,775,425.55	-0.3%			€ 1,633,189.71	-56.9%	
UK	IT	€ 2,290,707.64	€	2,282,223.54	-0.4%	€ 17,884,487.79	-0.6%	€ 988,397.93	-56.9%	€ 7,745,985.46
UK	NL	€ 1,319,277.92	€	1,315,035.87	-0.3%			€ 568,434.86	-56.9%	
UK	PL	€ 5,612,233.72	€	5,569,813.20	-0.8%			€ 2,413,727.12	-57.0%	
UK	RO	€ 1,802,871.75	€	1,781,661.50	-1.2%			€ 772,053.32	-57.2%	

Table 3.2. Cost changes analysis. Detailed results of bilateral relations between selected MSS, policy option 2B

		Status quo scenario		Policy option 2B							
Country of Residence	Country of origin	Expenditure	Total expenditure	Variation attributable to mobility change			Variation attributable to mobility change and change in rules				
				Expenditure	% expenditure variation	Total expenditure	% total expenditure variation	Expenditure	% expenditure variation	Total expenditure	% total expenditure variation
DE	DK	€ 2,150,359.31	€ 203,100,603.17	€ 2,117,020.40	-1.6%	€ 196,449,491.82	-3.3%	€ 1,016,836.57	-52.7%		
DE	FR	€ 15,269,218.03		€ 14,985,837.35	-1.9%			€ 7,234,542.17	-52.6%		
DE	IT	€ 16,536,096.38		€ 16,236,046.25	-1.8%			€ 7,834,642.44	-52.6%	€ 94,782,504.07	-53.3%
DE	NL	€ 11,118,524.48		€ 10,951,829.96	-1.5%			€ 5,284,216.28	-52.5%		
DE	PL	€ 117,136,239.20		€ 113,152,240.18	-3.4%			€ 54,592,455.30	-53.4%		
DE	RO	€ 30,021,683.05		€ 28,321,398.95	-5.7%			€ 13,668,950.64	-54.5%		

DE	UK	€ 10,868,482.70	€ 10,685,118.73	-1.7%	€ 18,160,744.09	-6.1%	€ 5,150,860.67	-52.6%		
DK	DE	€ 3,851,695.46	€ 3,716,886.12	-3.5%			€ 539,237.36	-86.0%		
DK	FR	€ 1,425,127.32	€ 1,367,351.89	-4.1%			€ 192,584.77	-86.5%		
DK	IT	€ 1,348,093.41	€ 1,290,317.98	-4.3%			€ 192,584.77	-85.7%		
DK	NL	€ 905,148.43	€ 905,148.43	0.0%	€ 18,160,744.09	-6.1%	€ 134,809.34	-85.1%	€ 2,619,152.91	-86.5%
DK	PL	€ 4,256,123.48	€ 3,851,695.46	-9.5%			€ 558,495.84	-86.9%		
DK	RO	€ 3,928,729.37	€ 3,524,301.35	-10.3%			€ 500,720.41	-87.3%		
DK	UK	€ 3,620,593.73	€ 3,505,042.87	-3.2%			€ 500,720.41	-86.2%		
FR	DE	€ 5,356,693.25	€ 5,206,855.68	-2.8%			€ 1,947,888.45	-63.6%		
FR	DK	€ 505,701.81	€ 486,972.11	-3.7%			€ 187,296.97	-63.0%		
FR	IT	€ 3,895,776.91	€ 3,764,669.03	-3.4%			€ 1,404,727.25	-63.9%		
FR	NL	€ 1,798,050.88	€ 1,779,321.18	-1.0%	€ 22,044,852.99	-3.4%	€ 655,539.38	-63.5%	€ 8,222,336.84	-64.0%
FR	PL	€ 1,741,861.79	€ 1,610,753.91	-7.5%			€ 599,350.29	-65.6%		
FR	RO	€ 1,535,835.13	€ 1,404,727.25	-8.5%			€ 524,431.51	-65.9%		
FR	UK	€ 7,978,850.79	€ 7,791,553.82	-2.3%			€ 2,903,102.99	-63.6%		
IT	DE	€ 6,200,861.44	€ 6,165,360.33	-0.6%			€ 2,970,259.97	-52.1%		
IT	DK	€ 189,339.28	€ 189,339.28	0.0%			€ 94,669.64	-50.0%		
IT	FR	€ 3,680,282.27	€ 3,597,446.33	-2.3%			€ 1,739,554.64	-52.7%		
IT	NL	€ 698,188.60	€ 698,188.60	0.0%	€ 85,143,507.77	-5.9%	€ 331,343.74	-52.5%	€ 41,074,790.20	-54.6%
IT	PL	€ 4,402,138.28	€ 4,129,963.06	-6.2%			€ 1,988,062.45	-54.8%		
IT	RO	€ 71,842,423.30	€ 66,872,267.19	-6.9%			€ 32,270,513.65	-55.1%		
IT	UK	€ 3,502,776.69	€ 3,490,942.99	-0.3%			€ 1,680,386.12	-52.0%		
NL	DE	€ 9,580,471.81	€ 9,466,146.37	-1.2%			€ 6,333,629.33	-33.9%		
NL	DK	€ 457,301.76	€ 457,301.76	0.0%			€ 297,246.14	-35.0%		
NL	FR	€ 3,018,191.60	€ 2,995,326.51	-0.8%			€ 2,012,127.73	-33.3%		
NL	IT	€ 2,675,215.28	€ 2,652,350.19	-0.9%	€ 35,212,235.28	-1.5%	€ 1,783,476.85	-33.3%	€ 23,573,905.56	-34.0%
NL	PL	€ 13,193,155.68	€ 12,918,774.63	-2.1%			€ 8,643,003.20	-34.5%		
NL	RO	€ 1,554,825.97	€ 1,509,095.80	-2.9%			€ 1,006,063.87	-35.3%		
NL	UK	€ 5,258,970.20	€ 5,213,240.03	-0.9%			€ 3,498,358.44	-33.5%		

PL	DE	€	172,751.95	€	172,751.95	0.0%	€	172,751.95	0.0%	€	110,105.64	-36.3%		
PL	DK	€	1,898.37	€	1,898.37	0.0%	€	1,898.37	0.0%	€	1,898.37	0.0%		
PL	FR	€	18,983.73	€	18,983.73	0.0%	€	18,983.73	0.0%	€	11,390.24	-40.0%		
PL	IT	€	18,983.73	€	18,983.73	0.0%	€	18,983.73	0.0%	€	11,390.24	-40.0%	€	208,821.03
PL	NL	€	11,390.24	€	11,390.24	0.0%	€	11,390.24	0.0%	€	7,593.49	-33.3%		
PL	RO	€	-	€	-	#DIV/0!	€	-	#DIV/0!	€	-	#DIV/0!		
PL	UK	€	102,512.14	€	102,512.14	0.0%	€	102,512.14	0.0%	€	66,443.06	-35.2%		
RO	DE	€	21,630.64	€	21,630.64	0.0%	€	21,630.64	0.0%	€	14,420.43	-33.3%		
RO	DK	€	1,802.55	€	1,802.55	0.0%	€	1,802.55	0.0%	€	1,802.55	0.0%		
RO	FR	€	18,025.54	€	18,025.54	0.0%	€	18,025.54	0.0%	€	12,617.88	-30.0%		
RO	IT	€	28,840.86	€	28,840.86	0.0%	€	28,840.86	0.0%	€	19,828.09	-31.3%	€	61,286.82
RO	NL	€	5,407.66	€	5,407.66	0.0%	€	5,407.66	0.0%	€	3,605.11	-33.3%		
RO	PL	€	5,407.66	€	5,407.66	0.0%	€	5,407.66	0.0%	€	3,605.11	-33.3%		
RO	UK	€	9,012.77	€	9,012.77	0.0%	€	9,012.77	0.0%	€	5,407.66	-40.0%		
UK	DE	€	2,986,404.03	€	2,986,404.03	-0.4%	€	2,973,677.88	-0.4%	€	1,187,774.33	-60.2%		
UK	DK	€	186,650.25	€	186,650.25	0.0%	€	186,650.25	0.0%	€	76,356.92	-59.1%		
UK	FR	€	3,788,151.71	€	3,788,151.71	-0.3%	€	3,775,425.55	-0.3%	€	1,510,170.22	-60.1%		
UK	IT	€	2,290,707.64	€	2,290,707.64	-0.4%	€	2,282,223.54	-0.4%	€	912,041.00	-60.2%	€	7,152,098.29
UK	NL	€	1,319,277.92	€	1,319,277.92	-0.3%	€	1,315,035.87	-0.3%	€	526,014.35	-60.1%		
UK	PL	€	5,612,233.72	€	5,612,233.72	-0.8%	€	5,569,813.20	-0.8%	€	2,227,076.87	-60.3%		
UK	RO	€	1,802,871.75	€	1,802,871.75	-1.2%	€	1,781,661.50	-1.2%	€	712,664.60	-60.5%		

Table 3.3. Cost changes analysis. Detailed results of bilateral relations between selected MSs, policy option 3A

Status quo scenario		Policy option 2B			
		Variation attributable to mobility change		Variation attributable to mobility change and change in rules	

Country of Residence	Country of origin	Expenditure	Total expenditure	Expenditure	% expenditure variation	Total expenditure	% total expenditure variation	Expenditure	% expenditure variation	Total expenditure	% total expenditure variation
DE	DK	€ 2,150,359.31		€ 2,150,359.31	0.0%			€ 2,228,930.36	3.7%		
DE	FR	€ 15,269,218.03		€ 15,269,218.03	0.0%			€ 15,152,188.73	-0.8%		
DE	IT	€ 16,536,096.38		€ 16,502,757.48	-0.2%			€ 15,700,229.99	-5.1%		
DE	NL	€ 11,118,524.48	€ 203,100,603.17	€ 11,135,193.94	0.1%	€ 201,450,327.42	-0.8%	€ 11,583,092.56	4.2%	€ 180,246,567.74	-11.3%
DE	PL	€ 117,136,239.20		€ 116,036,055.37	-0.9%			€ 99,651,117.23	-14.9%		
DE	RO	€ 30,021,683.05		€ 29,488,260.59	-1.8%			€ 24,609,841.79	-18.0%		
DE	UK	€ 10,868,482.70		€ 10,868,482.70	0.0%			€ 11,321,167.09	4.2%		
DK	DE	€ 3,851,695.46		€ 3,832,436.98	-0.5%			€ 3,572,762.87	-7.2%		
DK	FR	€ 1,425,127.32		€ 1,425,127.32	0.0%			€ 1,308,763.82	-8.2%		
DK	IT	€ 1,348,093.41		€ 1,328,834.93	-1.4%			€ 1,119,165.82	-17.0%		
DK	NL	€ 905,148.43	€ 19,335,511.21	€ 905,148.43	0.0%	€ 18,969,600.14	-1.9%	€ 911,029.94	0.6%	€ 15,668,197.99	-19.0%
DK	PL	€ 4,256,123.48		€ 4,102,055.66	-3.6%			€ 2,753,630.38	-35.3%		
DK	RO	€ 3,928,729.37		€ 3,755,403.07	-4.4%			€ 2,349,261.16	-40.2%		
DK	UK	€ 3,620,593.73		€ 3,620,593.73	0.0%			€ 3,653,583.99	0.9%		
FR	DE	€ 5,356,693.25		€ 5,356,693.25	0.0%			€ 5,408,604.80	1.0%		
FR	DK	€ 505,701.81		€ 505,701.81	0.0%			€ 534,596.50	5.7%		
FR	IT	€ 3,895,776.91		€ 3,877,047.21	-0.5%			€ 3,675,779.05	-5.6%		
FR	NL	€ 1,798,050.88	€ 22,812,770.56	€ 1,798,050.88	0.0%	€ 22,737,851.77	-0.3%	€ 1,906,033.26	6.0%	€ 22,635,792.66	-0.8%
FR	PL	€ 1,741,861.79		€ 1,704,402.40	-2.2%			€ 1,416,603.38	-18.7%		
FR	RO	€ 1,535,835.13		€ 1,498,375.73	-2.4%			€ 1,197,807.01	-22.0%		
FR	UK	€ 7,978,850.79		€ 7,997,580.48	0.2%			€ 8,496,368.66	6.5%		
IT	DE	€ 6,200,861.44		€ 6,200,861.44	0.0%			€ 6,603,414.82	6.5%		
IT	DK	€ 189,339.28		€ 189,339.28	0.0%			€ 210,104.70	11.0%		
IT	FR	€ 3,680,282.27	€ 90,516,009.86	€ 3,692,115.97	0.3%	€ 88,977,628.20	-1.7%	€ 3,893,230.25	5.8%	€ 78,610,980.89	-13.2%
IT	NL	€ 698,188.60		€ 698,188.60	0.0%			€ 781,082.90	11.9%		
IT	PL	€ 4,402,138.28		€ 4,331,136.05	-1.6%			€ 3,797,992.64	-13.7%		



IT	RO	€ 71,842,423.30	€ 70,363,210.17	-2.1%				€ 59,401,426.05	-17.3%		
IT	UK	€ 3,502,776.69	€ 3,502,776.69	0.0%			€ 3,923,729.54	12.0%			
NL	DE	€ 9,580,471.81	€ 9,580,471.81	0.0%			€ 9,447,312.39	-1.4%			
NL	DK	€ 457,301.76	€ 457,301.76	0.0%			€ 456,785.91	-0.1%			
NL	FR	€ 3,018,191.60	€ 3,018,191.60	0.0%			€ 2,966,889.62	-1.7%			
NL	IT	€ 2,675,215.28	€ 2,675,215.28	0.0%	€ 35,738,132.30	€ 35,669,537.03	€ 2,592,988.57	-3.1%	€ 34,464,042.81		-3.6%
NL	PL	€ 13,193,155.68	€ 13,147,425.51	-0.3%			€ 12,316,834.24	-6.6%			
NL	RO	€ 1,554,825.97	€ 1,531,960.89	-1.5%			€ 1,421,757.90	-8.6%			
NL	UK	€ 5,258,970.20	€ 5,258,970.20	0.0%			€ 5,261,474.18	0.0%			
PL	DE	€ 172,751.95	€ 172,751.95	0.0%			€ 197,895.20	14.6%			
PL	DK	€ 1,898.37	€ 1,898.37	0.0%			€ 1,898.37	0.0%			
PL	FR	€ 18,983.73	€ 18,983.73	0.0%			€ 21,361.45	12.5%			
PL	IT	€ 18,983.73	€ 18,983.73	0.0%	€ 326,520.16	€ 326,520.16	€ 20,631.84	8.7%	€ 378,449.04		15.9%
PL	NL	€ 11,390.24	€ 11,390.24	0.0%			€ 14,620.43	28.4%			
PL	RO	€ -	€ -	#DIV/0!			-	#DIV/0!			
PL	UK	€ 102,512.14	€ 102,512.14	0.0%			€ 122,041.74	19.1%			
RO	DE	€ 21,630.64	€ 21,630.64	0.0%			€ 31,905.08	47.5%			
RO	DK	€ 1,802.55	€ 1,802.55	0.0%			€ 1,802.55	0.0%			
RO	FR	€ 18,025.54	€ 18,025.54	0.0%			€ 27,823.64	54.4%			
RO	IT	€ 28,840.86	€ 28,840.86	0.0%	€ 90,127.68	€ 90,127.68	€ 39,721.89	37.7%	€ 134,648.59		49.4%
RO	NL	€ 5,407.66	€ 5,407.66	0.0%			€ 11,792.96	118.1%			
RO	PL	€ 5,407.66	€ 5,407.66	0.0%			€ 6,161.25	13.9%			
RO	UK	€ 9,012.77	€ 9,012.77	0.0%			€ 15,441.20	71.3%			
UK	DE	€ 2,986,404.03	€ 2,986,404.03	0.0%			€ 2,837,320.02	-5.0%			
UK	DK	€ 186,650.25	€ 186,650.25	0.0%			€ 185,545.39	-0.6%			
UK	FR	€ 3,788,151.71	€ 3,788,151.71	0.0%	€ 17,986,297.02	€ 17,960,844.71	€ 3,564,214.59	-5.9%	€ 15,661,679.38		-12.9%
UK	IT	€ 2,290,707.64	€ 2,290,707.64	0.0%			€ 2,042,646.17	-10.8%			
UK	NL	€ 1,319,277.92	€ 1,319,277.92	0.0%			€ 1,317,081.16	-0.2%			

UK	PL	€ 5,612,233.72	€ 5,595,265.51	-0.3%	€ 4,366,937.17	-22.2%
UK	RO	€ 1,802,871.75	€ 1,794,387.65	-0.5%	€ 1,347,934.88	-25.2%

Table 3.4. Cost changes analysis. Detailed results of bilateral relations between selected MSS, policy option 3B

		Policy option 2B						Variation attributable to mobility change and change in rules					
		Status quo scenario			Variation attributable to mobility change			Variation attributable to mobility change			Variation attributable to mobility change and change in rules		
Country of Residence	Country of origin	Expenditure	Total expenditure	Expenditure	% expenditure variation	Total expenditure	% total expenditure variation	Expenditure	% expenditure variation	Total expenditure	% total expenditure variation		
DE	DK	€ 2,150,359.31		€ 2,150,359.31	0.0%			€ 2,255,644.52	4.9%				
DE	FR	€ 15,269,218.03		€ 15,269,218.03	0.0%			€ 15,113,398.12	-1.0%				
DE	IT	€ 16,536,096.38		€ 16,502,757.48	-0.2%			€ 15,435,500.14	-6.7%				
DE	NL	€ 11,118,524.48	€ 203,100,603.17	€ 11,135,193.94	0.1%	€ 200,916,904.96	-1.1%	€ 11,731,243.64	5.5%	€ 172,817,404.20	-14.9%		
DE	PL	€ 117,136,239.20		€ 115,669,327.43	-1.3%			€ 93,941,737.74	-19.8%				
DE	RO	€ 30,021,683.05		€ 29,304,896.62	-2.4%			€ 22,852,336.87	-23.9%				
DE	UK	€ 10,868,482.70		€ 10,885,152.16	0.2%			€ 11,487,543.19	5.7%				
DK	DE	€ 3,851,695.46		€ 3,832,436.98	-0.5%			€ 3,572,762.87	-7.2%				
DK	FR	€ 1,425,127.32		€ 1,425,127.32	0.0%			€ 1,308,763.82	-8.2%				
DK	IT	€ 1,348,093.41		€ 1,328,834.93	-1.4%			€ 1,119,165.82	-17.0%				
DK	NL	€ 905,148.43	€ 19,335,511.21	€ 905,148.43	0.0%	€ 18,969,600.14	-1.9%	€ 911,029.94	0.6%	€ 15,668,197.99	-19.0%		
DK	PL	€ 4,256,123.48		€ 4,102,055.66	-3.6%			€ 2,753,630.38	-35.3%				
DK	RO	€ 3,928,729.37		€ 3,755,403.07	-4.4%			€ 2,349,261.16	-40.2%				
DK	UK	€ 3,620,593.73		€ 3,620,593.73	0.0%			€ 3,653,583.99	0.9%				
FR	DE	€ 5,356,693.25		€ 5,356,693.25	0.0%			€ 5,425,524.12	1.3%				
FR	DK	€ 505,701.81	€ 22,812,770.56	€ 505,701.81	0.0%	€ 22,700,392.38	-0.5%	€ 543,487.17	7.5%	€ 22,575,462.12	-1.0%		
FR	IT	€ 3,895,776.91		€ 3,877,047.21	-0.5%			€ 3,610,058.83	-7.3%				
FR	NL	€ 1,798,050.88		€ 1,798,050.88	0.0%			€ 1,942,027.39	8.0%				

FR	PL	€	1,741,861.79					€	1,685,672.70	-3.2%				€	1,310,864.68	-24.7%		
FR	RO	€	1,535,835.13					€	1,479,646.04	-3.7%				€	1,084,160.88	-29.4%		
FR	UK	€	7,978,850.79					€	7,997,580.48	0.2%				€	8,659,339.05	8.5%		
IT	DE	€	6,200,861.44					€	6,200,861.44	0.0%				€	6,735,625.98	8.6%		
IT	DK	€	189,339.28					€	189,339.28	0.0%				€	217,026.50	14.6%		
IT	FR	€	3,680,282.27					€	3,692,115.97	0.3%				€	3,959,714.31	7.6%		
IT	NL	€	698,188.60	€	90,516,009.86			€	698,188.60	0.0%		€	88,468,778.89	€	809,915.70	16.0%	€	74,781,740.17
IT	PL	€	4,402,138.28					€	4,307,468.63	-2.2%				€	3,601,616.80	-18.2%		-17.4%
IT	RO	€	71,842,423.30					€	69,878,028.27	-2.7%				€	55,395,013.87	-22.9%		
IT	UK	€	3,502,776.69					€	3,502,776.69	0.0%				€	4,062,827.00	16.0%		
NL	DE	€	9,580,471.81					€	9,580,471.81	0.0%				€	9,308,278.29	-2.8%		
NL	DK	€	457,301.76					€	457,301.76	0.0%				€	456,098.12	-0.3%		
NL	FR	€	3,018,191.60					€	3,018,191.60	0.0%				€	2,915,587.65	-3.4%		
NL	IT	€	2,675,215.28	€	35,738,132.30			€	2,675,215.28	0.0%		€	35,600,941.77	€	2,506,434.13	-6.3%	€	33,170,878.25
NL	PL	€	13,193,155.68					€	13,078,830.25	-0.9%				€	11,408,811.63	-13.5%		
NL	RO	€	1,554,825.97					€	1,531,960.89	-1.5%				€	1,311,554.92	-15.6%		
NL	UK	€	5,258,970.20					€	5,258,970.20	0.0%				€	5,264,113.51	0.1%		
PL	DE	€	172,751.95					€	172,751.95	0.0%				€	255,724.70	48.0%		
PL	DK	€	1,898.37					€	1,898.37	0.0%				€	1,898.37	0.0%		
PL	FR	€	18,983.73					€	18,983.73	0.0%				€	28,494.61	50.1%		
PL	IT	€	18,983.73	€	326,520.16			€	18,983.73	0.0%		€	326,520.16	€	25,576.18	34.7%	€	493,900.34
PL	NL	€	11,390.24					€	11,390.24	0.0%				€	17,850.62	56.7%		
PL	RO	€	-					€	-	#DIV/0!				€	-	#DIV/0!		
PL	UK	€	102,512.14					€	102,512.14	0.0%				€	164,355.85	60.3%		
RO	DE	€	21,630.64					€	21,630.64	0.0%				€	42,179.52	95.0%		
RO	DK	€	1,802.55	€	90,127.68			€	1,802.55	0.0%		€	90,127.68	€	1,802.55	0.0%	€	163,504.54
RO	FR	€	18,025.54					€	18,025.54	0.0%				€	32,722.69	81.5%		
RO	IT	€	28,840.86					€	28,840.86	0.0%				€	46,975.92	62.9%		

RO	NL	€	5,407.66		€	5,407.66	0.0%				€	11,792.96	118.1%		
RO	PL	€	5,407.66		€	5,407.66	0.0%				€	6,161.25	13.9%		
RO	UK	€	9,012.77		€	9,012.77	0.0%				€	21,869.64	142.7%		
UK	DE	€	2,986,404.03		€	2,986,404.03	0.0%				€	2,828,726.20	-5.3%		
UK	DK	€	186,650.25		€	186,650.25	0.0%				€	185,501.19	-0.6%		
UK	FR	€	3,788,151.71		€	3,788,151.71	0.0%				€	3,550,937.68	-6.3%		
UK	IT	€	2,290,707.64	€	17,986,297.02	€	2,290,707.64	0.0%	€	17,960,844.71	€	2,028,054.32	-11.5%	€	15,528,379.78
UK	NL	€	1,319,277.92		€	1,319,277.92	0.0%				€	1,316,943.87	-0.2%		
UK	PL	€	5,612,233.72		€	5,595,265.51	-0.3%				€	4,296,324.71	-23.4%		
UK	RO	€	1,802,871.75		€	1,794,387.65	-0.5%				€	1,321,891.80	-26.7%		

## Annex 4 – Extension of results to EU-28 countries

The purpose of the simulation is to estimate the secondary effects of the potential implementation of the policy options on the bilateral relations between the 8 selected MS. Results for each pair of countries are essentially driven by the country-specific figures on migration flows, average levels of unemployment benefits and income differentials with the other countries.

For each of the 8 selected countries, table 4.1 offers elements for an indicative extension of the results observed.

Underneath the selected countries, in the first column, the income differential is computed by dividing the expected income values of the row countries by the expected income values of the column countries. In analogy with par. 2.4.1, expected incomes are computed according to the formula:

$$Income = (Prob(1-Unemployed) * avg\_earnings + Prob(Unemployed) * UB) / PPP\_index$$

The second column reports the quota of EU-mobile citizens coming from the row countries on the total of EU-mobile citizens in the column country. In analogy with par. 3.1, we report flow values.

When row countries that are not part of the case study show similar values in both variables to those row countries that are part of the 8 countries selected for the analysis, we can predict a similar response to the implementation of the policy options and a similar impact on the countries in column. Belgium, for instance, has similar values to Denmark, when related to Germany. Bulgaria has similar values to Romania, when related to the Netherlands. The income differential is indicative of the response to the policy options, the quota of mobile citizens on the total is indicative of the impact that the population moving from the given row country will have on the column country.

The extension of results proposed is to be intended as indicative. An estimation in line with the methodology proposed would have to account for an estimate on the length of insurance (1 day, 30 days, 3 months) of EU-mobile citizens that require aggregation and separately (not only as part of the 'expected income') account for the level of unemployment benefits in the different countries.

Table 4.1. Income differential and distribution of EU-mobile citizens. Selected countries and EU-28 MS

	Germany		Denmark		France		Italy		Netherlands		Poland		Romania		United Kingdom	
	income differential	% mobile citizen	income differential	% mobile citizen	income differential	% mobile citizen	income differential	% mobile citizen	income differential	% mobile citizen	income differential	% mobile citizen	income differential	% mobile citizen	income differential	% mobile citizen
Austria	-7.7%	4.2%	7.0%	0.7%	3.6%	0.8%	24.2%	0.5%	-16.3%	0.9%	83.5%	2.5%	189.8%	0.2%	-8.4%	:
Belgium	-13.3%	1.1%	0.5%	1.2%	-2.7%	8.4%	16.7%	1.2%	-21.4%	1.1.2%	72.3%	1.2%	172.1%	0.6%	-14.0%	:
Bulgaria	-67.9%	5.9%	-62.8%	4.5%	-64.0%	2.0%	-56.8%	4.2%	-70.9%	3.7%	-36.2%	0.2%	0.7%	6.3%	-68.2%	:



though data is not obtained from Eurostat, since it is not available, but from the United Nations Population Division (2003, International Migration Flows to and from Selected Countries: The 2010 Revision (web-based database))<sup>262</sup>.

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<sup>262</sup> See note 42.

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**Annex XX: TECHNICAL PROVISIONS TO BE INCLUDED WITHIN THE REVISION  
WHICH ARE NOT SUBJECT TO IMPACT ASSESSMENT**

## **TECHNICAL PROVISIONS TO BE INCLUDED WITHIN THE REVISION WHICH ARE NOT SUBJECT TO IMPACT ASSESSMENT**

### ***Introduction***

The revision package will also include a number of proposals for technical amendments to the coordination rules. The amendments will clarify the rules, but will not substantially revise them and are not subject to a formal Impact Assessment. For reasons of transparency, this section provides an overview of the proposed changes.

### ***Technical amendments to the text and annexes***

These amendments concern a number of periodic updates of the Regulations to reflect developments in national legislation that have an effect on the application of the coordination rules. The aim is to ensure legal certainty for institutions and citizens by making technical amendments to the wording of provisions or by amending certain country specific annexes. This is necessary, for instance, where a benefit ceases to exist in a Member State and has to be deleted from a specific annex to one of the Regulations, or where the wording of an Article needs to be corrected or clarified to avoid misinterpretation.

### ***Technical amendments to the text in field of posting***

As a result of recommendations arising from the targeted review on Posting, in the area of social security, it has been recommended<sup>263</sup> to clarify the relationship between posting within the meaning of the EU social security rules and the Posting of Workers Directive<sup>264</sup> and to introduce further a number of technical amendments concerning posting with a view to clarify and expedite the administrative procedure, but without conferring new entitlements or requirements. These may be summarised as follows:

- Clarification of the relationship between the Regulations and Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers **in the framework of the provision of services**.<sup>265</sup>
- an obligation for Member States to certify the accuracy and completeness of Portable Document A1 (attestation that a detached worker remains subject to the social security system of the home state)
- an obligation for social security institutions to cooperate with labour inspectorates both within their respective Member States and in cross-border situations

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<sup>263</sup> Taking into account challenges which have arisen in some Member States and which had been outlined in the European Report 2013 of the trESS network, the FreSsco network was mandated to prepare a report on “Procedures related to the granting of portable documents A1”. This report was based on a survey among the delegates of the Administrative Commission and presented in May 2014. Further to this survey, an Ad-Hoc Group on posting issues was established by decision of the Administrative Commission dealing with a number of questions to improve procedures in the field of posting.

<sup>264</sup> Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services

<sup>265</sup> OJ L 018 , 21.01.1997 p. 1

- express deadlines for responding to requests for information concerning suspected fraud and error and an accelerated procedure for withdrawal of the PD A1 in the case of serious fraud or error.
- Possibility for the Commission after consultation with the Administrative Commission, to further specify a uniform approach to the issuance, verification and withdrawal of the Portable Document A1. regarding the posting provisions by legally binding ‘implementing acts’ in accordance with Article 291 TFEU.

### ***Governance change***

Some Member States have called for changes to speed up the procedure for adapting the Annexes to the social security Regulations, as the time lapse between the changes in the national legislation and the updating of the Regulations is seen as taking too long.<sup>266</sup> It is already the case that some Annexes to these Regulations can be amended by a Commission Regulation. In order to make it simpler and faster in the future to adapt *all* the annexes, it could be proposed that all annexes to the Regulations are amended by a Commission Regulation.

### ***Legal basis for data exchange to detect fraud and error***

Finally, the package will contain an improved legal basis for data exchange to detect fraud and error to give the Member States a powerful tool to periodically transmit personal data of persons to whom the social security coordination Regulations apply. The amendment expands the current legal basis to provide that such data transmission can take place even in a case where there is no doubt about the accuracy of the information for the purposes of routine verification of information in order to detect instances of fraud or error and to ensure that the Regulation continues to be correctly applied.

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<sup>266</sup> Some of the changes are pending since 2011, as since that time, no proposal for a Regulation has been adopted. At the June 2015 Meeting of the Administrative Commission, an important number of MS asked if it were possible to decouple the technical amendments from the more fundamental changes, in order to have the technical amendments adopted quicker. It is considered to split the proposal into a proposal with technical amendments (no impact assessment) and a proposal with changes that have been subject to an impact assessment.



Strasbourg, 13.12.2016  
SWD(2016) 460 final

PART 6/6

## COMMISSION STAFF WORKING DOCUMENT

### IMPACT ASSESSMENT

**Initiative to partially revise Regulation (EC) No 883/2004 of the European Parliament and of the Council on the coordination of social security systems and its implementing Regulation (EC) No 987/2009**

*Accompanying the document*

**Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 883/2004 on the coordination of social security systems and regulation (EC) No 987/2009 laying down the procedure for implementing Regulation (EC) No 883/2004**

(text with relevance for the EEA and Switzerland)

{COM(2016) 815 final}

{SWD(2016) 461 final}

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**ANNEX XXI MAPPING OF NATIONAL SYSTEMS OF LONG-TERM CARE BENEFITS, FAMILY BENEFIS, UNEMPLOYMENT BENEFITS AND SPECIAL NON-CONTRIBUTORY CASH BENEFITS**



## ANNEX XXI MAPPING OF NATIONAL SYSTEMS OF LONG-TERM CARE BENEFITS, FAMILY BENEFITS, UNEMPLOYMENT BENEFITS AND SPECIAL NON-CONTRIBUTORY CASH BENEFITS<sup>1</sup>

### 1. Long-term care benefits

#### AUSTRIA

##### Applicable statutory basis

Cash benefits:

Federal Long-term Care Benefit Act (*Bundespflegegeldgesetz*, BPGG), Official Journal (BGBl.) No. 110/1993, and 9 similarly phrased Long-term Care Benefit Acts of the Länder.

Benefits in kind:

Numerous applicable statutory bases, e.g. the Agreement between the Federal Government and the Länder on joint measures for persons in need of care. Social Assistance Acts and Disability Acts of the Länder.

##### Benefits in kind

###### 1. Home care

Mobile and outpatient care, such as:

- visiting service,
- Social homecare (home-helpers),
- 24-hour-care,
- meals on wheels,
- family support,
- personal assistance,
- medical home care,

###### 2. Semi-residential care

- semi-stationary care in care facilities, e.g. in day centres or residential care facilities
- day centres for people with disabilities

###### 3. Residential care

- residential care facilities, e.g. nursing homes
- comprehensive care in residential communities
- short-term care
- residential care facilities for people with disabilities

###### 4. Other benefits

A consulting and information service for persons in need of care and their relatives, such as:

- long-term care phone service
- legal counsel for disabled persons

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<sup>1</sup> trESS Analytical Study 2012, *Legal impact assessment for the revision of Regulation 883/2004 with regard to the coordination of long-term care benefits*, to be consulted at: [http://www.tress-network.org/tress2012/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESS\\_Analytical%20Study%202012.pdf](http://www.tress-network.org/tress2012/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESS_Analytical%20Study%202012.pdf).

- case- and care Management
- support groups / self-help groups

### Cash benefits

\* **Pflegegeld:** under the *Bundespflegegeldgesetz* (BPGG) or one of the *Landespflegegeldgesetze* of the nine provinces. The latter have been repealed as of the beginning of 2012 and all entitlements are determined now under the federal law.

Pflegegeld is a tax-financed benefit granted irrespective of the cause of need, the recipient's income, assets or age. There are seven different levels of Pflegegeld depending on the intensity of the need of care and assistance.

Pflegegeld (per Month):

Level 1 € 154.20

Level 2 € 284.30

Level 3 € 442.90

Level 4 € 664.30

Level 5 € 902.30

Level 6 € 1 260.00

Level 7 € 1 655.80

In case of semi-residential long-term care (e.g. in a day centre), long-term care benefits are due.

In case of providing residential care in a care facility, a maximum of 80% of the long-term care benefit is transferred to the institution bearing the cost of residential care. The monthly spending money amounting to € 44.30 is left to the person in need of care.

The long-term care benefit (Pflegegeld) is paid directly to the person in need of care and can be spent by him or her for the financing of the long-term care at his or her sole discretion. In case of improper use of the long-term care benefit, it can be replaced by benefits in kind.

\* **Zuwendungen aus dem Unterstützungsfonds** (§§ 21a, 21b BPGG; directives released by the Federal Minister of Labour, Social Affairs and Consumers' Protection): Means-tested allowances can be granted by supporting funds (but without legal entitlement)

a) to persons giving care to close relatives who are entitled to Pflegegeld of at least level 3 (even level 1 will be sufficient if the recipient of the Pflegegeld is suffering dementia or is underage) as long as they have to take leave. The allowance shall enable them to make use of **substitutional professional care during that rest period** and amounts from € 1 200 up to € 2 200 (subject to the level of Pflegegeld) per year.

b) to the person in need of care him or herself or their relatives as long as they make use of **24-hours-assistance by professional caregivers**: The allowance amounts to € 550 per month if the professional caregivers are self-employed and to € 1 100 per month for employed caregivers.

\* **erhöhte Familienbeihilfen für erheblich behinderte Kinder<sup>18</sup>**

<sup>18</sup> It is argued in the Austrian note that higher family benefits for considerably disabled children could fall under the definition of LTC benefits. However, they are coordinated as family benefits, which might be more beneficial for the entitled persons.

### Combination of benefits

Cash benefits from the State and Länder as well as benefits in kind via public and private providers.

A combination of benefits is possible. If recipients of Pflegegeld make use of professional services at home or in a nursing home they (and sometimes even close relatives, at least their spouses) have to pay means-tested cost shares taking into account up to 80 per cent of the Pflegegeld.

These cost shares have to be considered as one of the main reasons that – as recent studies show – only one third of recipients of Pflegegeld make use of professional services.

### **Benefits for the Carer**

- Zuwendungen aus dem Unterstützungsfonds (see above, Cash benefits)
- Pension insurance for caring family members: an option of a preferential voluntary insurance and preferential continuation of affiliation to the pension insurance from category 3. The federal government pays contributions for voluntary self-insurance or optional continued insurance in the field of pension insurance entirely and for an unlimited period of category 3 and above.

## **BELGIUM**

### **Applicable statutory basis**

No specific legislation at federal level. However, certain benefits are provided for in the legislation on sickness and invalidity insurance and on guaranteeing sufficient resources namely the:

- Health Care and Sickness Benefit Compulsory Insurance Act (Loi relative à l'assurance obligatoire soins de santé et indemnités / Wet betreffende de verplichte verzekering voor geneeskundige verzorging en uitkeringen), coordinated on 14 July 1994; and the
- Act of 27 February 1987 on disabled persons' allowances (Loi relative aux allocations aux personnes handicapées / Wet betreffende de tegemoetkomingen aan gehandicapten), respectively.

At the level of the federated entities (Flemish Community): the Decree of the Flemish Parliament of 30 March 1999 on the organisation of care insurance (Decreet houdende de organisatie van de zorgverzekering), last amended in March 2011 to take account of the modernised EU social security Coordination Regulations; and Orders of the Flemish government of 28 September 2001.

### **Benefits in kind**

#### **1. Home care**

*Sickness and invalidity insurance:*

Nursing care at home for heavily dependent patients. The insurance covers part of the fixed costs of this care according to the state of physical dependence of the patient:

- dependency category A:

€15.94 with preferential scheme,  
€12.13 without preferential scheme;

- dependency category B:

€30.93 with preferential scheme,  
€28.05 without preferential scheme;

- dependency category C:

€42.40 with preferential scheme,  
€38.37 without preferential scheme

#### **2. Semi-residential care**

*Sickness and invalidity insurance:*

No benefits in kind in case of semi-residential care.

#### **3. Residential care**

*Sickness and invalidity insurance:*

Rest and nursing homes, psychiatric nursing homes and rest homes for the elderly: a single lump sum determined by the institution.

#### 4. Other benefits

*Sickness and invalidity insurance:*

No other benefits.

#### Cash benefits

*Sickness and invalidity insurance:*

A single person or a cohabiting person without dependants who draws invalidity benefit (indemnité d'invalidité / invaliditeitsuitkering) receives a higher compensation rate (65% instead of 55% or 40%) if he or she is recognised as being in need of constant care.

Disabled persons who have dependants and who fulfil the conditions to be recognised as being in need of the assistance of a third party are entitled to a flat-rate allowance of € 12.99 per day.

*Care insurance (Zorgverzekering/Assurance soins):*

Insurance coverage for community-based care and home care: a fixed monthly amount of € 130. The same amount is granted if the person resides in an institution other than a service flat.

The benefit is paid to the user.

*Integration allowance (allocation d'intégration / integratietegemoetkoming) and allowance for assistance to the elderly (allocation pour l'aide aux personnes âgées / tegemoetkoming voor hulp aan bejaarden):*

Integration allowance:

Category I: € 1 082.50

Category II: € 3 688.76

Category III: € 5 894.18

Category IV: € 8 587.07

Category V: € 9 741.49

Allowance for assistance to the elderly:

Category I: € 925.06

Category II: € 3 531.18

Category III: € 4 293.35

Category IV: € 5 055.29

Category V: € 6 209.71

*Sickness and invalidity insurance, care insurance (Zorgverzekering/Assurance soins), integration allowance (allocation d'intégration/integratietegemoetkoming) and allowance for assistance to the elderly (allocation pour l'aide aux personnes âgées/tegemoetkoming voor hulp aan bejaarden):*

Discretionary use.

Benefits are paid on a flat-rate basis. The actual provision of care to the beneficiary need not be proven.

The **supplementary allowance for children with disabilities** under the age of 21. The amount of this allowance, which is a supplement to the child benefit, varies according to the degree of disability, taking into account the physical and mental consequences of the disability, the

consequences for the participation of the child in daily life (mobility, learning capacity, personal hygiene) and the consequences for the family.

Some benefits of the Flemish and Walloon agencies for disabled persons (VAPH/AWIPH, respectively), notably the *personal assistance budgets*. These are (earmarked) budgets (i.e. no discretionary use) awarded to disabled persons in order to, among other things, ensure their independent living, in particular by allowing them to personal assistants (employed or not, respectively) for help in activities of daily living.

In the case of *accidents at work and occupational diseases*, a *supplementary allowance* can be awarded of a maximum of 12 times the average monthly guaranteed income, according to the degree of need, index-linked from the beginning of the period of compensation and terminated as of the 91st day of hospitalisation.

### **Mixed benefits**

*Sickness and invalidity insurance:*

The possibility of mixed benefits in case of heavily dependent patients. See “Benefits in kind”, “1. Home care” and “Cash benefits”, “1. Amount”.

*Care insurance (Zorgverzekering/Assurance soins), integration allowance (allocation d'intégration/integratietegemoetkoming) and allowance for assistance to the elderly (allocation pour l'aide aux personnes âgées/tegemoetkoming voor hulp aan bejaarden):*

No mixed benefits.

No free choice between benefits in kind and cash benefits.

### **Benefits for the carer**

No specific benefits for the carer.

## **BULGARIA**

### **Applicable statutory basis**

Long-term care in Bulgaria is not a separate social risk. The possible benefits in such cases are of various natures – social insurance, public assistance, etc. They are regulated in many **statutory acts**. The most important of these acts are:

- the Social Insurance Code,
- the Social Assistance Act,
- and the Regulation for the Implementation of the Social Assistance Act,
- the Integration of Persons with Disabilities Act,
- and the Regulation for the Implementation of the Integration of Persons with Disabilities,
- the Family Allowances for Children Act,
- the Wars Veterans Act,
- and the Regulation for the Implementation of the Wars Veterans Act,
- the Ordinance on the Medical Expertise of the Working Capacity,
- the Tariff of the Fees for Social Services Financed by the State Budget.

### **Benefits in kind**

Depending on the content of these benefits they may be divided as follows:

#### **1. Home care.**

People receive the necessary care in their home. The forms of such benefits are:

- The delivery of food, cooking and help with eating,
- Shopping and the delivery of necessary household goods,
- Maintaining personal and home hygiene,
- Support in taking medicines, accompanying during doctor visits, etc,
- Support in the supply of technical facilities in case of invalidity or severe disease,
- Administrative and everyday necessities services (payment of electricity, phone and other utilities, filling in administrative forms, etc),
- Assistance in communication and social contacts.

#### **2. Semi-residential care**

In these cases people live in their homes, but receive some care in specialised establishments. The main forms of such care are:

- *Day care centre* – provides a complete package of services to the persons during the day, including the provision of meals as well as the provision of the daily health, educational and rehabilitation services plus the organisation of free time and personal contacts.
- *Centre for social rehabilitation and integration* – performs rehabilitation, legal consultations, educational and professional training and guidance elaboration and performance of individual programmes for social inclusion.

#### **3. Residential care**

People receive the necessary care out of their homes, in specialised establishments. The types of these establishments are:

- *Centre for family-type accommodation.* A complete package of social services delivered in an environment similar to the family environment for a limited number of persons are provided in such centre.
- *Home for medical and social care.* A complete package of services for children up to 3 years of age is provided here.
- *Home for children with physical disabilities* – provides a complete package of services for children between 3 and 18 years of age.
- *Home for children with mental backwardness* – a complete package of services for children between 3 and 18 years of age is the characteristic of this home.
- *Home for adults with mental backwardness* – the same as the previous, but for people over 18 years of age.
- *Home for adults with mental disorders.* A complete package of services for people over 18 years of age depending on their situation.
- *Home for adults with physical disabilities* – the same as the previous.
- *Home for adults with sensor disorders* – the same as the previous.
- *Home for adults with dementia* -- the same as the previous.
- *Home for elderly people.* People having reached the statutory retirement age, including those with disabilities receive a complete package of social services for people in such homes.

#### **4. Other benefits**

Here, we may point out the targeted assistance the purchase and repair of technical supportive devices, facilities and medical appliances for compensation of the disability. The assistance is provided in the form of reimbursement of actual expenditures made by persons with disabilities for the purchase and repair of the devices, facilities and appliances.

##### **Cash benefits**

These are provided by various sources. Such benefits are:

- ***Family benefits for children with permanent disabilities.*** These are paid by the state budget and are:
  - The monthly benefit for raising a child with permanent disabilities. It is paid until the child reaches the age of 2 years regardless of family income.
  - The monthly benefit for a child with a permanent disability until the completion of secondary education.
  - The monthly supplement for children up to 18 years of age with a permanent disability.

- ***Benefits for social integration of persons with permanent disabilities.*** The state budget pays these benefits. These are:
  - o *Monthly allowances.**Targeted allowances depending on the particular needs of the person.*

- ***Supplement to the pension of pensioners with reduced working capacity over 90% who need permanent assistance of a carer.*** This is paid by the state social insurance.

The Bulgarian note it is argued that this benefit (top-up for a personal assistant to persons with a 90% disability in need of assistance in their day to day life) is essentially the only LTC cash benefit. Some benefits have been removed from the list (Invalidity pensions, Cash allowance when the insured person does not meet the requirements for invalidity pension and Sanatorium and resort treatment compensation).



**Combination of benefits**

No mixed benefits.

Free choice between cash and/or benefits in kind not possible.

**Benefits for the carer**

Persons (parents, spouses, individuals) employed under the National Programme “Assistants for People with Disabilities” and the National Programme “Social Services in Family Environment” receive a monthly remuneration the amount of which is equal to the statutory monthly minimum wage.

## CYPRUS

### Applicable statutory basis<sup>20</sup>

Social Welfare Services (*Υπηρεσίες Κοινωνικής Ευημερίας*):

20 Additional sources of information:

- Feedback provided by Social Welfare Services, Ministry of Labour and Social Insurance, Cyprus, on June 2011
- Official Website of Social Welfare Services, Ministry of Labour and Social Insurance (<http://www.mlsi.gov.cy/sws>, as at 17.6.2011)
- Other sources, including relevant developments on Cyprus at [ec.europa.eu/social/ajax/BlobServlet?docId=2602&langId=el](http://ec.europa.eu/social/ajax/BlobServlet?docId=2602&langId=el), as at 17.6.2011
- A private database providing updates on legislation and case law in Cyprus ([www.leginet.com](http://www.leginet.com))
- National Report on the Strategies on Social Protection and Social Inclusion, 2008-2010, Nicosia, October 2008, Ministry of Labour and Social Insurance - European Union (in Greek)
- The Academic Network of European Disability experts (ANED)- VT/2007/005, ANED country report on the implementation of policies supporting independent living for disabled people, Cyprus/S. Symeonidou (2009).
- ASISP (Analytical Support on the Socio-Economic Impact of Social Protection Reforms), Annual National Report 2010, Pensions, Health and Long-term Care, Cyprus, May 2010, by M. Petmesidou, European Commission and GVG.
- MISSOC tables.

The Public Assistance and Services Act of 2006 (Ο περί Δημοσίων Βοηθημάτων και Υπηρεσιών Νόμος του 2006, Ν. 95(I)/2006)

The Public Assistance and Services Regulations (Οι περί Δημοσίων Βοηθημάτων και Υπηρεσιών Κανονισμοί)

The Homes for the Elderly and Disabled Persons Act of 1991, as amended (Ο περί Στεγών για Ηλικιωμένους και Ανάπηρους Νόμος του 1991, Ν. 222/1991). Last amendment: Act 65(I)/2011

Adult Centres Act of 1997 (Κέντρο Ενηλίκων Νόμος του 1997, Ν. 38(I)/1997). Last amendment: Act 64(I)/2011

### Benefits in kind

#### 1. Home care

This includes services such as personal hygiene, house cleaning, washing of clothes, cooking, payment of bills, shopping, etc. It is provided to people entitled to a public assistance benefit or people who cannot meet their special needs with their income. This support provided to vulnerable groups of people aims to enable the latter to live at home. Social Welfare Services employ carers who visit people in need of care at their own premises and who provide services according to their needs. Carers can also be employed by Community Councils or may be self-employed. The salary of the last two categories is paid by the Public Assistance Fund.

#### 2. Semi-residential care

The day care service offers the elderly and the disabled persons the opportunity to live at home as long as possible. People who cannot care for themselves can spend their daytime at

their local day centres where they are offered cooked meals and laundry facilities. Day care centres are operated by the Community Welfare Councils and are financed by the Scheme of State Funding.

### **3. Residential care**

Residential care is strictly provided for people when their individual needs cannot be met on a 24-hour basis by their family or other supportive services. The Social Welfare Services place people in need of Residential Care in governmental, community or privately owned Residential Homes.

It should be noted that “*Houses in the community*” are houses providing accommodation for up to five disabled persons. They function on the basis of The Homes for the Elderly and Disabled Persons Law of 1991. Foundations may run such “Houses in the community”.

“Shelters for the elder and people with disabilities” provide residential care. They are subject to the Homes for the Elderly and Disabled Persons Act of 1991.

### **4. Other benefits**

The Social Welfare Services subsidises the Pancyprian Volunteerism Coordinative Council which may, among others, offer training courses for non-governmental home carers.

Telecare services have been suspended as of September 2010.

- The National Action Plan for the Elderly 2005-2015, elaborated by the Ministry of Health, provides a programme on the development of *geriatric services*. The latter aim at the timely diagnosis and treatment of diseases which lead to the dependency of the elderly, the extension of their capacity to take care of themselves and the improvement of the quality of their life. We are not aware of the state of progress of this action plan.
- Specialised programmes in the framework of the *Community Nursing Mental Health policy* concerning the elderly with mental problems, the persons suffering from Alzheimer or other disorders, etc. Mental Health Community Centers notably direct their services towards individuals, including the elderly, with chronic mental health problems that require continuous support and mobilisation in their families and professional environment.
- The *Scheme on Social Assistance on Improving Housing Conditions* (Σχέδιο Παροχής Κοινωνικής Αρωγής για τη Βελτίωση των Συνθηκών Στέγασης), which provides a lump sum principally to the recipients of public assistance in view of improving their housing conditions.
- The *Scheme on the Support of Families for Caring for the Elder and/or Disabled Members* (Σχέδιο για την Ενίσχυση Οικογενειών για τη Φροντίδα Ηλικιωμένων ή/και Αναπήρων Μελών τους), which aims to enhance the families in view of keeping their elderly and/or disabled members at home via the adjustment of their housing conditions.
- The Scheme on the Funding of Local Authorities, in view of providing technical or financial assistance by the Social Welfare Services, under the form of a State subsidy, for the *development of actions in local societies*.
- *Care Programmes for Drugs*: programmes including prevention, timely intervention, treatment and social inclusion of persons that are addicted to drugs.
- *Care Programmes at Prisons* for condemned persons who are mentally ill and require long-term treatment and care. We are not aware of the state of progress of said programme.

### **Cash benefits**

According to data provided by the national administration, cash benefits relating to home care amount to € 6 per hour or a maximum of € 240 per month; cash benefits relating to day care vary from € 85 to € 137 per month, depending on the services offered to the recipient concerned, and cash benefits relating to residential care vary from € 623 to € 744 per month.

With regard to home helpers, in the case of a person in need of 24-hour home care who is entitled to public assistance, it was reported by Social Welfare Services that from 1.7.2011, their salary amounts to € 326, plus social insurance contributions amounting to € 83.

- *Care benefit*: intended for paraplegics and quadriplegics who are in need of personal care due to wheelchair use and limited body functioning.
- *Financial Assistance for Technical Equipment Benefit*: addressed to disabled persons aiming to improve their quality of life by using technical means that contribute to their autonomy at the workplace and at home.
- *Financial Assistance for Wheelchairs Benefit for People with Severe Mobility Impairment*. The scheme aims at ensuring a financial aid in view of covering certain additional needs of persons with severe motor disabilities. The persons concerned cannot walk and permanently sit in the wheelchair.
- There is an *allowance concerning the blind* (ειδική χορηγία για τυφλούς) which is granted on an annual basis by the Service of Grants and Benefits of the Ministry of Finance under the conditions provided in Article 6 of the Law on Special Grants of 1996 (Ο περί Παροχής Ειδικών Χορηγιών Νόμος του 1996). The allowance should enable the beneficiaries to deal with the specificities concerning their disability (e.g. purchase of special devices, adaptation of their domicile in view of improving their conditions of living, etc).
- A *child benefit* is granted under the conditions provided in the Act on Child Benefits of 2002 (Ο περί Παροχής Επιδόματος Τέκνου Νόμος του 2002). Its personal scope of beneficiaries includes children aged under 18, unmarried dependants aged 18-25 doing their military service or aged 18-23 engaged in education, dependants aged 23-25 engaged in education for the same duration as their military service and children, regardless of their age, who are permanently deprived of their capacity for self-preservation.

### **Combination of benefits**

Recipients of public assistance who are in need of short or long-term care may be provided services in kind and/or cash benefits for care.

Care services include day care, residential care and home care. Cash benefits include the monthly fees paid for residential/day care, the Home Helper's salary and social insurance contributions, and pocket money for persons who live in public residential homes and Community Homes.

The claimant cooperates with a welfare officer to develop his or her personal care plan (e.g. type of care, frequency) based on individual needs for care services in kind and/or cash benefits.

The claimant has the choice to decide on the type of care (in cash and/or in kind) needed.

### **Benefits for the carer**

*Social Welfare Services (Υπηρεσίες Κοινωνικής Ευημερίας):*

The State may pay (fully or partly) a private home carer who may be a family member. It is possible to compensate a family member who provides long-term care (if a family member is required to stop working for that purpose, or if he or she is of low socio-economic standing),

or a friend or a non-governmental organisation, offering home care services for the provision of long-term care to persons entitled to public assistance who are in need of care. Moreover, the state may pay the salary and the social security contributions of a Home Helper in the case of a person in need of 24-hour home care who is entitled to public assistance. In the case of informal caregivers a contract is signed between the Social Welfare Services, the person in need and the caregiver (if the amount allocated for care exceeds a certain amount).

## CZECH REPUBLIC

### Applicable statutory basis

- Act No. 108/2006 on social services (*Zákon o sociálních službách*).
- Act No. 20/1966 on Care for Public Health (*Zákon o péči o zdraví lidu*).
- Act No. 48/1997 on Public Health Insurance (*Zákon o veřejném zdravotním pojištění*).
- Act No. 160/1992 on Non-State Health Care Facilities (*Zákon o nestátních zdravotnických zařízeních*).

### Benefits in kind

The benefits in kind are regulated especially by Act 108/2006 on social services. Among the social services, the home services, home social care services and personal assistance are regulated. There are also special health care facilities provided to people in need of LTC, regulated by Act 20/1966 and financed by the health insurance system. This service is, however, financed for a definite time only. When the situation of the patient does not improve, there are classical social services offered.

#### 1. Home care

##### *Health care facilities:*

Special outpatient facilities: home health care, home health care agencies (note that home care workers ensure only medical care), palliative care, and hospices.

##### *Social services:*

Home services (in clients' home ensuring social assistance and support apart from specialised medical treatment):

- home social care services (domiciliary care provides assistance in the care of one's own person, organising meals and assistance in running a household to people with a limited ability in the area of personal and home care),
- personal assistance (intended for people whose capabilities are limited because of disabilities, age or illness for example in the areas of personal care, use of public places, household care, contact with family and broader society. The service is provided in the environment where the individual lives, works, etc. The personal assistance services include reading, interpreting and guiding services),
- emergency care,
- early intervention services (oriented towards entire families with a young child whose development is at risk because of a disability or illness. The service includes the use of educational, social and health care measures. The objective is to return or maintain the parents' competence to raise the child and create suitable conditions for the child's development. The services are provided in the household and specialised day care institutions, usually free of charge)
- social counselling (part of every kind of social service).

#### 2. Semi-residential care

In case the person only needs day care, especially when the health situation of the person allows it, there are day care centres available according to the Social Services Act.

Day and week care centres are intended for people whose capabilities are limited, particularly in the areas of personal care and household care and who cannot live at home on a daily basis without someone else's assistance. Providing temporary housing may be part of the service.

In the same vein, there are also some specific outpatient services, like day service centres, respite care services etc., again regulated by the Social Services Act.

Respite care is the assistance for families that take all year-long care of a disabled person or a senior. The provider supplies services to the individual at times when the family members are at work, on holiday, do common errands outside the home, etc. The care is provided in the household or in specialized residential institutions (day care or short-term stays of up to three months).

### **3. Residential care**

#### *Health care facilities:*

Aftercare health care facilities: establishment for the long-term ill, expert and rehabilitation treatment institutes, mental hospitals.

#### *Social services:*

Residential services are mainly provided under the social services act, which envisages establishing residential services facilities: weekly short-stay social welfare institutions, homes for the elderly and persons with disabilities and special purpose homes (for the mentally ill, for drug addicts, persons with Alzheimer's dementia, etc.).

Stays in homes for the elderly and homes for the people with learning disabilities are intended for people whose capabilities are limited, particularly in the areas of personal care and household care and who cannot live at home in this situation. Providing housing in accommodation that is specifically designated for such a purpose and substitute homes for the users are a part of the service. The service is not restricted by time.

Protected and supported housing is intended for people whose capabilities are limited, particularly in the areas of personal care and household care and who want to live independently in the standard environment. Providing housing in an apartment that represents a home for the user, is managed by the provider and is part of a standard housing complex, is a part of the service.

Other social services and special purpose homes are intended for persons in specific situation, e.g. homelessness, drug addiction, poverty etc.

The residential care services are mainly run by the public local authorities – often established by the cities or municipalities – there are, however, also some NGOs, especially the church NGOs, which also establish residential care services for people in need of LTC.

### **4. Other benefits**

No other benefits are directly applicable.

Some additional social assistance benefits might be mentioned, if also rehabilitation and occupational and empowerment activities would be considered as LTC. The social assistance benefits are regulated by Act No. 100/1988 Coll. on social security and by order of the Ministry of Labour and Social Affairs No. 182/1991 Coll. on implementing the act on social security. Under this legislation, a *benefit for compensation assistance tools* – like a wheelchair, stocks etc. – can be claimed, as well as an *allowance to buy a car for a handicapped person or to rebuild a house or a flat in order to make it barrier-less*. However, these benefits do not fall under the coordination and, from the coordination's point of view, are not considered as LTC benefits.<sup>21</sup>

<sup>21</sup> This argument is underpinned by the Czech note stating that the reference to the additional social assistance benefits is no longer up-to-date, however, as these benefits do not come within the material scope of coordination rules, it is not necessary to amend the list.

## **Cash benefits**

In case of LTC, the most important cash benefit seems to be the *care allowance*, as regulated in the Social Services Act. Care allowance is a benefit paid to individuals dependent on care to arrange for necessary care or services. The rate of the care allowance varies according to the age of the beneficiaries (aged under or over 18) and the degree of dependency (based on an assessment of self-care capabilities - ADL, IADL). There are four levels of amount of the care allowance according to the seriousness of health problem, disability and incapability of self-sufficiency etc. Users pay for care and have a choice to use care allowance for either professional or informal care.

## **Combination of benefits**

Benefits in kind and cash benefits can be combined.

The person in need of care may not choose between benefits in kind and cash benefits, but has a choice to use a cash benefit (care allowance) for either professional or informal care.

## **Benefits for the carer**

Carers are not entitled to specific benefits. They receive the care allowance from dependent persons. The State pays health and social insurance contributions for those registered as informal carers. Periods of caring are taken into account for the purposes of old-age pension calculation.

However, Respite care as assistance for families is provided (see point 2. Semi-residential care, above).



## DENMARK

### Applicable statutory basis

- Consolidated Act No 81 of 04/02/2011 on Social Service Benefits (*om social service*).
- Consolidated Act No. 103 of 11/02/2011 on Social Housing (*om almene boliger*).
- Consolidated Act No. 663 of 14/06/2011 on Housing Subsidies (*om individual boligstøtte*)
- Consolidated Act No. 666 of 17/06/2010 on Housing for elderly and handicapped persons (*om boliger for ældre og personer med handicap*)
- Consolidated Act No. 743 of 27/06/2011 on Help with the purchase of equipment and consumables after the Consolidated Act on social services benefits (*om hjælp til anskaffelse af hjælpemidler og forbrugsgoder efter serviceloven*)

### Benefits in kind

#### 1. Home care (consolidated Act on Social Service Benefits, Section 83)

Personal hygiene, domestic help and assistance to a person to maintain his or her capacities (rehabilitation).

In some cases, the accompanying person under 67 years (for persons who are severely disabled the accompanying service includes 15 hours monthly).

#### 2. Semi-residential care (consolidated Act on Social Service Benefits, Section 108)

The municipal council shall provide accommodation in facilities suitable for long-term accommodation for persons in need of extensive assistance for general day-to-day functions or care, attendance or treatment, where such needs cannot be addressed in any other way.

The municipal council can offer people who have need for it, a temporary stay in a care centre or nursing home.

After specific individual evaluation, relief can be granted to a family or a person taking care at home of a person with a reduced mental or physical functional capacity. This relief can take the form of care in a day centre or of an overnight stay in a nursing home.

#### 3. Residential care (Consolidated Act on Social Housing)

There are many different types of housing (mainly for elderly, but also for disabled persons):

- Family home
- Close-care accommodation
- Private nursing home
- Private nursing home/private dwelling

The local authority decides whether a citizen requires assistance which cannot be given in the form of home care. If a citizen is offered residential accommodation, she or he can choose between different alternatives within the municipality or even in other municipalities.

#### **4. Other benefits**

- the adaptation of the dwelling and provision of special equipment, consolidated Act on Social Service Benefits, Section 100.
- The replacement and relief of a person who is providing his or her partner or a close relative care at home, the consolidated Act on Social Service Benefits, Section 84.
- Subsidies for the purchase of cars. Consolidated Act on Social Service Benefits, Section 114:
  - Subsidies for the purchase of cars shall be available for persons with permanently impaired physical or mental function substantially reducing their freedom of movement or substantially reducing their possibilities of finding or maintaining employment or completing an education without the use of a car.
  - Technical aids. Consolidated Act on Social Service Benefits, Section 112 (1): The municipal council shall grant support for technical aids for persons with permanent impairment of physical or mental function, where the aid
    - (i) will remedy the permanent effects of the functional impairment significantly;
    - (ii) will facilitate daily life in the home significantly; or
    - (iii) is necessary to enable the person to carry out an occupation.

The municipal council may direct that a specific aid shall be supplied by particular contractors. In connection with the conclusion of supply contracts by the municipal council, representatives of the users shall be involved in the drafting of performance specifications. In some cases there are free choices, e.g. hearing aid.

- Housing subsidies: Consolidated Act on Housing Subsidies section 2a: Owners or members of private housing cooperatives who are severely physically disabled and whose dwelling is suitable for such purpose, shall upon application be eligible for housing benefits under this Act. The same shall apply for persons who are severely physically disabled, and who share a household with a tenant, an owner or a member of a private housing cooperative, and who live in a dwelling suitable for severely physically disabled persons.
- Food service (Madservice-ordning) The Consolidated Act No. 81 of 04/02/2011 on Social Service Benefits, Chapter 16, Section 83: The municipality must offer citizens in need food service. The citizen can receive the food service after a specific individual evaluation. The food service requires payment from the citizen.

#### **Cash benefits**

In Danish note it is argued that for coordination purposes benefits mentioned under “cash benefits” seem to be better placed under “benefits in kind” in accordance with the definition given in Art. 1 (va) of the Regulation 883/2004.

*Subsidies in cash:* • The Consolidated Act on Social Services, Section 95 (1): If the municipal council is unable to provide the necessary assistance for a person in need of assistance under sections 83-84, the municipal council may instead pay a subsidy towards any assistance engaged by such person.

- The Consolidated Act on Social Services, Section 96 (1): The municipal council shall offer citizen-controlled personal assistance. Citizen-controlled personal assistance shall be offered in the form of subsidies to cover the cost of employing care assistants and supervision and attendance of citizens with considerably and permanently impaired physical or mental function who require special support.

*Necessary extra costs in relation to disability:*

The Consolidated Act on Social Service Benefits, Section 100 (1): The municipal council shall pay any necessary extra costs relating to the personal day-to-day maintenance of persons between the age of 18 and the state pension age, cf section 1 a of the Act on Social Pensions, with permanent impairment of physical or mental function, and of persons with permanent impairment of physical or mental function who have deferred their claim for old-age pension pursuant to Section 15 a of the Act on Social Pensions. It shall be a condition that the extra costs are a result of the impaired function and are not recoverable under any other legislation or under other provisions of this Act.

**Combination of benefits**

No mixed benefits.

**Benefits for the carer**

The Consolidated Act on Social Service Benefits, Section 84: A person with a gainful activity who wishes to take care of a closely related person suffering from a significant disability can be employed by the municipality where the disabled person lives.

## **ESTONIA**

### **Applicable statutory basis**

The Social Welfare Act (*Sotsiaalhoolekande seadus*) of 1995.

### **Benefits in kind**

#### **1. Home care**

Home care is provided by local government, helping them to manage in their usual environment, excluding the care that requires physical contact.

Long-term supportive services are continuously provided for people living independently to enable them to use general public services.

Home services are, for example, cleaning and caring for the house, the procurement of food, pharmaceuticals, other necessities and firewood or other fuel, and information and assistance in administrative matters.

#### **2. Semi-residential care**

Provided by local government, to support a person or his or her family to maintain capacity in institutions where the person spends the day. Day care is provided by day centres where social services, developmental and hobby activities are offered during the day. An elderly or disabled person can visit the day centre as often as he or she wishes (has need for).

Day care centres can offer services for people with dementia – family members/caregivers bring a person diagnosed with dementia to the day care centre and professionals take care of him or her.

The purpose of day centres is to maintain the welfare and activity of their clients; and to support them in staying at home for as long as possible.

#### **3. Residential care**

Nursing homes, homes for the elderly and disabled.

#### **4. Other benefits**

Technical appliances (including prostheses) financed by the State and community based mental health services for people with special mental needs, partially provided by the State and partially by the local government.

Activities aimed at improving the mobility of persons (various transportation subsidies/services) could also be considered. The reason is that the freedom of mobility plays the most important role in ensuring people's independence and awareness of social activity.

It seems important to add that the organisation of LTC is predominantly done by local authorities. Local governments provide a flexible approach to a wider opportunity for LTC services with existing local needs and resources.

### **Cash benefits**

No cash benefits. Estonia only has benefits in kind. It is believed that at the moment it is not the most appropriate time to create the cash benefit system. It is argued that long-term care, in particular, first needs a variety of services and assistance, and less direct forms of financial assistance.

### **Combination of benefits**

No cash benefits.

### **Benefits for the carer**

The Caregiver's Benefit (*hooldajatoetus*): provided by the local governments to caregivers who support persons with an assessed degree of disability in everyday activities (paying bills, organising transportation to a doctor or to a bank when needed) and who also provide care service at home (personal assistance in eating, clothing, washing; home assistance in cleaning, cooking, buying products). In some local governments this benefit is paid to the disabled person.

The conditions are regulated by the local governments and may therefore differ. The main condition is that the caregiver or the family member who provides the care has been appointed by the local government. The amount is different (€ 25.56 – 31.96), plus national insurance contributions. The benefit is applicable for the informal caregiver. **85 / 156**

## FINLAND

### Applicable statutory basis

- The Disability Benefits Act (*Laki vammaisetuksista*) of 11 May 2007.
- The Services and Assistance for the Disabled Act (*Laki vammaisuuden perusteella järjestettävistä palveluista ja tukitoimista*) of 3 April 1987.
- The Act on interpretation services for disabled persons (*Laki vammaisten henkilöiden tulkkauspalveluista*) of 19 February 2010.
- The Social Welfare Act (*Sosiaalihuoltolaki*) of 17 September 1982.
- The Act on Support for Informal Care (*Omaishoidon tuki*) of 2 December 2005.
- The Act on Special Care for Handicapped Persons (*Laki kehitysvammaisten henkilöiden erityishuollosta*) of 23 June 1977
- The Primary Health Care Act (*Kansanterveyslaki*) of 28 January 1972.

The Finnish legislation concerning disability benefits has been changed as of the 1st of January 2008. Disability benefits are gathered under one Act Concerning Disability Benefits (*Laki vammaisetuksista*) (570/2007).

The child care allowance has been abolished and replaced by a benefit called the **Disability allowance for persons under 16 years of age**.

The Finnish Disability allowance which was mentioned in annex IIa of Regulation 1408/71 is also abolished from Finnish legislation and replaced by a benefit called The **Disability allowance for persons aged 16 years or over**.

The **Pensioners' care allowance** has been transferred from the Act concerning National Pension to the Act Concerning Disability Benefits (*Laki vammaisetuksista*) (570/2007). There is also a fourth benefit covered by the same act, namely the **Dietary Grant for persons with celiac disease**.

It might be argued that only benefits provided under the Disability Benefits Act should be considered as LTC benefits for the purpose of the social security coordination. The other benefits (housing allowance for pensioners) and services mentioned might not be considered as LTC benefits, but as social services which seem to be outside the scope of the Regulations. All services mentioned are provided by the municipalities with a wide discretion on the need to provide these services in the municipality in question. The person in need of care does not have a right to a specific service, but it is the municipality that evaluates which type of services can and should be provided in the situation in question.

### Benefits in kind

#### 1. Home care

Home services and services for the disabled (transport services, a personal assistant, house alteration).

Support for informal care (care allowance, statutory leave for the caregiver, support and counselling).

#### 2. Semi-residential care

Service housing for older people and people with disabilities who need outside support and assistance, which cannot be arranged in an ordinary dwelling. **86 / 156**

### 3. Residential care

Statutory institutional care services include the institutional services provided in homes for elderly, in the inpatient wards of municipal health centres and in specialised care units for people with mental disabilities. Long-term institutional care is given in various types of nursing homes and homes for disabled war veterans. NGOs and private firms also provide institutional care in old people's homes and private hospitals.

### 4. Other benefits

Technical equipment, when needed.

#### Cash benefits

Pensioners' care allowance (*Eläkkeensaajien hoitotuki*): € 57.55 per month.

Increased rate: € 143.27 per month.

Special rate: € 302.96 per month.

Pensioners' housing allowance (*Eläkkeensaajien asumistuki*)

Disability allowance for persons under 16 years of age and disability allowance for persons aged 16 years or over (*Alle 16-vuotiaan ja 16 vuotta täyttäneen vammaistuki*):

Both benefits have three rates depending on the degree of strain: € 85.93, € 200.51 or € 388.80 per month.

*The Disability Allowance for persons under 16 years of age* is payable at three rates.

- Basic rate (€ 85.93 per month)

The disability allowance at the basic rate is payable for a child who on account of an illness, injury or handicap needs treatment and rehabilitation at least weekly, placing the family under additional strain for at least 6 months.

- Middle rate (€ 200.51 per month)

The disability allowance is paid at the middle rate if the treatment and rehabilitation of the child imposes a considerable daily strain for at least 6 months.

- Highest rate (€ 388.80 per month)

The disability allowance is paid at the highest rate if the treatment and rehabilitation of a child imposes an extreme, around-the-clock strain on the family for at least 6 months.

Disease-specific evaluation

The amount of disability allowance payable does not solely depend on the diagnosis but also on the strain that the illness or injury imposes on the family and the level of commitment it requires. Certain diseases are relatively uniform in terms of the amount of care and assistance they demand, the strain they impose and the level of commitment they require. These diseases and the special needs associated with them are defined in the administrative guidelines applied by Kela.

The effect of other benefits and income

Eligibility for the disability allowance does not depend on the income or assets of the child or family, nor is the award of the allowance prevented by other benefits or compensations. However, if the child is in receipt of a foreign benefit comparable to the disability allowance, this foreign benefit may be deducted from the Finnish allowance. Similarly, if the child is in

receipt of a care allowance or a supplementary handicap benefit from a workers' compensation or motor vehicle insurance plan, it is deducted from the disability allowance.

***The disability allowance for persons over 16 years of age*** is payable at three rates depending on the need of assistance, guidance and supervision as well as special expenses.

- Basic rate (€ 85.93 per month)

You can receive a disability allowance at the basic rate if you have an illness or injury that causes you significant hardship and continuous expenses. The expenses must be at least equal to the amount of the basic disability allowance per month.

- Middle rate (€ 200.51 per month)

You can be paid a disability allowance at an increased rate if the hardship is considerable and you need outside assistance or supervision at least weekly or you have expenses that are at least equal to the amount of the increased disability allowance per month.

- Highest rate (€ 388.80 per month)

The disability allowance at the highest rate can be awarded to persons with severe disabilities who need substantial outside assistance on a daily basis or who incur substantial expenses from their disability. The expenses have to be at least equal to the amount of the highest disability allowance per month. Persons who are blind, unable to move or prelingually deaf are always entitled to the highest rate of disability allowance.

The ***Care Allowance for Pensioners*** is payable at three rates depending on the need of assistance, guidance and supervision as well as on special expenses.

- Basic rate (€ 57.55 per month)

You may be eligible for the basic rate if your illness or injury results in at least a weekly need of assistance in personal activities of daily living or guidance or supervision with them. If your illness or injury causes special expenditure that is at least equal to the amount of the basic rate, you may be eligible for the allowance. Persons who are blind or unable to move are always eligible for the basic rate at least.

- Middle rate (€ 143.27 per month)

You may be eligible for the middle rate if your illness or injury results in a daily need of several personal activities (such as eating, getting dressed, washing) or if you need regular guidance and supervision. If your illness or injury causes special expenditure that is at least equal to the amount of the middle rate, you may be eligible for the allowance.

- Highest rate (€ 302.96 per month)

You may be eligible for the highest rate if your illness or injury results in an around the clock assistance and guidance by another person. If your illness or injury causes special expenditure that is equal to the amount of the highest rate, you may be eligible for the allowance.

- The Care Allowance for Pensioners is a tax-free benefit.

### ***Special expenses***

For disability benefits purposes, 'special expenses' refers to necessary additional costs incurred on account of an illness or injury in respect of work, study or activities of daily living. Usually, only regular expenses lasting at least 6 months (and not one-time costs) are covered.



Are for example recognised as special expenses:

- the costs of medical care and medication
- additional transportation costs
- the costs of home health care and home help.

Are for example not recognised: normal expenditures for food or clothing, hobbies, purchases of equipment or car ownership costs.

The amount of the *Dietary Grant* is € 21.00 per month.

The use of the Pensioners' Care Allowance (*Eläkkeensaajien hoitotuki*), the Pensioners' Housing Allowance (*Eläkkeensaajien asumistuki*), and the Disability Allowance for persons under 16 years of age and the disability allowance for persons aged 16 years or over (*Alle 16-vuotiaan ja 16 vuotta täyttäneen vammaistuki*) is at the discretion of the beneficiary.

### **Combination of benefits**

Depending on the degree of disability and the need of care.

Both cash benefits and benefits in kind are provided through different schemes.

No free choice between cash benefits and benefits in kind. Municipalities can provide a service voucher (benefit in kind).

### **Benefits for the carer**

Caregiver's allowance: depends on the municipality, the minimum is € 336.41 per month. Those caregivers who have made an agreement with the municipality have the right to 3 free days per month.

## FRANCE

### Applicable statutory basis

The supplement for assistance of a third party (*majoration pour aide d'une tierce personne*): Articles L. 341-4, L. 355-1 and L. 434-2 of the Social Security Code (*Code de la sécurité sociale*).

The special education supplement for a disabled child (*complément d'allocation d'éducation de l'enfant handicapé*):

Article L. 541-1 of the Social Security Code (*Code de la sécurité sociale*).

The disability compensation allowance (*prestation de compensation du handicap - PCH*):

Article L. 245-1 of the Social Action and Family Code (*Code de l'action sociale et de la famille*).

The allowance for loss of autonomy (*allocation personnalisée d'autonomie - APA*):

Article L. 232-1 of the Social Action and Family Code (*Code de l'action sociale et de la famille*)

### Benefits in kind

#### 1. Home care

The disability compensation allowance (*prestation de compensation du handicap - PCH*) and the allowance for loss of autonomy (*allocation personnalisée d'autonomie - APA*):

Assessment of the assistance required for staying at home. The amount of the benefit depends on the assistance plan used, less the participation of the beneficiary, calculated according to his or her means.

France chose to treat dependency and disability differently by creating two distinct types of benefit: the allowance for loss of autonomy (*allocation personnalisée d'autonomie*, APA) for older people and disability compensation allowance (*prestation de compensation du handicap*, PCH). These benefits are granted to older or disabled people living at home (APA and PCH) or in institutions (APA).

The APA and the PCH are compulsory benefits governed and granted outside the French legal framework for social insurance and without the involvement of a social-security body: they are managed by local authorities or departments (or *conseils généraux*) under social-assistance legislation. Social-assistance benefits and benefits granted under social-insurance schemes (social security, supplementary schemes) together make up the social-protection system in France.

The APA was created by Act No 2001-647 of 20 July 2001 on provision for the loss of independence of older people and the personal independence allowance. This law laid down the right to APA of any older person unable to cope with the consequences of a lack or loss of independence due to his or her physical or mental state. Any person aged over 60 may apply for APA; the amount to be granted depends primarily on the degree of dependence, with remaining costs to be met by the person concerned at a level commensurate with his or her resources. The four most severe levels of dependence (1 to 4) always confer a potential right to assistance. The maximum amounts granted under the assistance plans directly financing benefits range from € 552.03 for people registered as GIR 423 to € 1 288.09 for GIR 1 (the most severe level). These assistance plans are paid for by the local authority where the older person's income is less than € 725.23 per month.

23 GIR = *Groupe iso-ressources* [iso-resource group] **90 / 156**

This benefit in kind directly finances a very wide range of services: expenditure linked to remuneration for a home help, temporary reception costs (with or without accommodation) in institutions, payments for services rendered by foster carers and the costs of transport, technical aids, adaptations to dwellings and any other expenditure enhancing the beneficiary's independence.

To cope with the rapid rise in the costs of this benefit and the corresponding costs for the departments, various reforms have been introduced with a view to financing the APA. One important provision of the Act of 30 June 2004 on solidarity for the independence of older and disabled people was to create the Solidarity Day, which takes the form of an extra, unpaid working day for employees and an "independence solidarity" contribution of 0.3% for employers, based largely on wages and salaries. The funds collected are managed by the National Solidarity Fund for Independence [*Caisse nationale de solidarité pour l'autonomie – CNSA*], a State-administered public enterprise.

The Act of 11 February 2005 on equal rights and opportunities, participation and citizenship for persons with disabilities provided for *disability compensation allowance [prestation de compensation du handicap or PCH]*. This benefit takes the form of personalised financial assistance to cover needs linked to the loss of independence of people having become disabled before age 60, provided that it is applied for by age 75 at the latest. These needs are recorded in a personalised plan drawn up by a multidisciplinary team from the *Maison départementale des personnes handicapées (MDPH)* (the department's disabled people's centre) on the basis of a life plan expressed by the person concerned.

This benefit in kind covers the costs linked to a need for human or technical assistance, adaptations to the disabled person's dwelling or vehicle, any additional transport costs or specific or exceptional expenditure, such as the costs of acquiring or maintaining products associated with the disability or assistance animals.

Although the departments manage both the APA and the PCH, these benefits are not financed entirely from the local authorities' own tax resources. The national solidarity fund contributes in the form of assistance paid to the departments by the CNSA. This assistance is supplied by the independence solidarity contribution (CSA), supplemented for the APA by part of the general welfare contribution (*contribution sociale généralisée - CSG*). The CSA and CSG are taxes under French law, not social-security contributions. The CNSA contributes 29% of APA funding and 58% of PCH funding.

Public expenditure on financing dependence is not limited to the APA and the PCH; other institutions also contribute:

- the State in the form of the tax expenditure linked to income tax exemptions or reductions linked to dependence;
- health insurance for expenditure on care by social and medico-social establishments and services, hospital and non-hospital care, the costs of social services and regional health insurance funds and exemptions from social contributions linked to dependence financing;
- the National Solidarity Fund for Independence (CNSA) also helps to finance establishments, the promotion of innovative schemes, the improvement of professional skills, publicity, prevention and studies and to co-finance investment operations;
- the National Old-Age Insurance Fund [*Caisse nationale d'assurance vieillesse – CNAV*], the Central Agricultural Mutual Insurance Fund [*Caisse centrale de mutualité sociale agricole – CCMSA*] and the self-employed persons' social scheme [*Régime social des indépendants – RSI*] cover the costs of support at home and in communal establishments;
- the National Family Allowances Fund [*Caisse nationale d'allocations familiales – CNAF*] finances social housing allowances and personalised housing assistance.

In 2011 the Government organised a major national debate on the dependence of older people that gave rise to several working groups, analytical reports and proposals. The results of this work should feed into the discussions on a reform of dependence financing in 2012. This has been postponed until after the presidential elections.

## **2. Semi-residential care**

The disability compensation allowance (*prestation de compensation du handicap - PCH*) and the allowance for loss of autonomy (*allocation personnalisée d'autonomie - APA*):

The possibility to receive the benefit in case of day care in a specialised centre. The number of hours granted depends on the evaluation of the need of assistance. See point 1. Home care, above.

## **3. Residential care**

Accommodation in a social or medico-social institution, hospitalisation in a health institution. The Institution for accommodating elderly dependent persons (*Établissement pour hébergement pour personnes âgées dépendantes, EHPAD*).

In case of accommodation in a specialised institution, the amount of the benefit corresponds to the amount of the expenses corresponding to the degree of loss of autonomy according to the institution's tariffs, minus the participation of the beneficiary him or herself.

## **4. Other benefits**

Technical aids granted for the purchase or renting of specific equipment, adaptation of frequently used equipment, housing support (adaptation), transport-related support, specific or exceptional help, assistance animals.

Some other benefits might be mentioned as well:

- the *aide ménagère* (household aid) is a social assistance benefit granted by local authorities or by local social security institutions. They cover costs such as house cleaning, meal preparation or delivery, 24-hour medical assistance, etc. Usually, it is a means-tested benefit. It can be either a cash benefit or a benefit in kind (the amount based on actual expenses);
- the *majoration pour tierce personne* is provided to pensioners who, before age 65, need the assistance of a third person to accomplish their daily life activities;
- the *SSIAD* are service providers who provide special care for dependent persons who stay at their home.

## **Cash benefits**

The supplement for assistance of a third party (*majoration pour aide d'une tierce personne*): 40% increase of the pension, with a monthly amount of at least € 1 038.36.

The special education supplement for a disabled child (*complément d'allocation d'éducation de l'enfant handicapé - Aeeh*):

6 categories of supplements ranging from € 93.41 to € 1 038.36 per month.

A specific increase for dependent children of a single parent, who is benefiting from the allowance and from a supplement for a disabled child of at least the 2nd category (between € 50.60 and € 416.44).

Discretionary use.

The adult disability allowance (*allocation aux adultes handicapés - AAH*) could be mentioned as well. It is a cash benefit which provides a minimum income for disabled persons. It is completed by the *majoration pour la vie autonome* (supplement for independent life).

### **Combination of benefits**

No mixed benefits.

Choice between the special education supplement for a disabled child (*complément d'allocation d'éducation de l'enfant handicapé*) and the disability compensation allowance (*prestation de compensation du handicap*). The choice is made on the basis of the proposals in the personalised compensation plan.

### **Benefits for the carer**

The employed carer is entitled to benefits on the same basis as other employees.

The beneficiary of the allowance can make use of home services offered by specialised organisations (services organised by the municipality, by State authorised associations or by undertakings). She or he can also opt to remunerate these organisations by using a universal service employment cheque (*chèque emploi service universel, CESU*). The beneficiary can choose to be employer him or herself, either directly or by proxy.

In addition, persons who take care of a dependent person can get tax advantages. There is also a waiving of tax contributions on the salary of a person employed by a dependent.

### **Addendum: Social security coordination aspects**

According to the Note of the French delegation, the listing essentially puts four major benefit or assistance categories:

- the "dependency" benefits: the allowance for loss of autonomy (APA) and disability compensation allowance (PCH);
- the social-security benefits coordinated in chapters of the Regulation other than sickness, such as the supplement for permanent assistance from another person which constitutes an old-age benefit, or the supplement paid with disability benefit;
- the special non-contributory benefits mentioned in Annex X of the Regulation, such as the disabled adults' allowance (*allocation aux adultes handicapés, AAH*);
- assistance arising from social assistance or from social action by organisations.

The local assistance able to be granted by local authorities or social-security bodies is a non-compulsory fringe benefit whose grant criteria, amount, purpose and conditions of use vary according to the territories, authorities or bodies paying it, which are not obliged to grant it. This would be very hard to coordinate under Regulation 883/2004, which according to the Note of the French delegation means that it should not be covered by the Regulation.

Apparently, only the APA and the PCH constitute long-term care benefits within the scope of the proposed definition in the trESS 2011 report, and should remain on this list. These benefits, and the APA in particular, have for several years been treated as social-security benefits in the Union law, particularly in the light of the findings in the *Molenaar* (1998) and *Jauch* (2001) cases; under French national law these benefits are classed as social-assistance benefits. They are granted subject to on-the-spot assessment of the specific situation and needs of each applicant; the content and extent of the assistance are individualised on the basis of this assessment. Lastly, these benefits are non-contributory and are financed by taxes. The AAH was recognised in the Union law as a special non-contributory benefit and is mentioned as such in Annex X to the Regulation. According to the view of the Note of the French delegation, this classification need not be reviewed, since it is a social minimum unrelated to the sickness risk, optional in use and intended to combat monetary poverty.

The other social-security benefits should continue to be coordinated according to the current rules in the Regulation. The types of assistance arising from local social action (municipality, department) or from social-security funds or other organisations, provided that they are

optional, are not suitable for coordination by Regulation, and it is suggested in the Note of the French delegation that they be removed from this list.

## GERMANY

### Applicable statutory basis

Statutory long-term care insurance (*Gesetzliche Pflegeversicherung*):

Social long-term care insurance for persons insured under statutory sickness insurance and private compulsory long-term care insurance for persons insured under private sickness insurance: Social Code (*Sozialgesetzbuch*), Book XI (SGB XI), lastly amended by Article 3 of the Act to regulate the need of care assistance in hospitals (*Gesetz zur Regelung des Assistenzpflegebedarfs im Krankenhaus*) of 30 July 2009 (BGBl. I, S. 2495).

Social assistance (*Sozialhilfe*):

Social Code (*Sozialgesetzbuch*), Book XII, - social assistance -, of 27 December 2003.

As of: the Act on Family Benefits (*Familienleistungsgesetz*) of 22 December 2008 (BGBl. I S. 2955).

According to the Note of the German delegation, long-term care benefits are not only provided by the statutory and the private long-term care insurance and the social assistance scheme, but also e.g. by the work-accident insurance, if the need for long-term care ensues from an industrial accident or an occupational disease. The need for such long-term care is basically taken into account by a care allowance („Pflegegeld“). This benefit currently ranges from € 310 to € 1 2140 (West) and from € 272 to € 1 086 (East) depending on the amount of care needed. At the request of the insured person, nursing care at home („Hauspflege“) or in an appropriate residence („Heimpflege“) may also be provided.

Benefits in case of need for long-term care or supplements are also provided according to the Federal Law on War pensions (“Bundesversorgungsgesetz”), where the contingency occurred in the course of the exercise of a military or similar service or due to an accident suffered during such a service.

The amounts below have been adjusted (increased) as of the beginning of 2012.

### Benefits in kind

#### 1. Home care

Monthly benefits in kind (provision of basic care, general care and domestic help by outpatient care centres or individual carers) which amount:

- Category I: up to € 440;
- Category II: up to € 1 040;
- Category III: up to € 1 510;
- In cases of particular hardship: up to € 1 918.

Several persons in need of care, especially in new forms of housing, can combine entitlements to benefits in kind (the so-called “pooling”) and the increased efficiency, especially of care benefits, are to be used in favour of the “pooling” participants.

#### 2. Semi-residential care

Monthly benefits in kind for care in day and night centres in addition to home care which amount:

- Category I: up to € 440;
- Category II: up to € 1 040;
- Category III: up to € 1 510.

Apart from the entitlement to day/night care, a 50% entitlement to the respective outpatient care benefit in kind or care allowance remains.

### **3. Residential care**

A lump-sum payment of the costs for care, medical care treatment and social care expenses as a monthly benefit in kind in the following categories:

- Category I: € 1 023
- Category II: € 1 279
- Category III: € 1 510
- In cases of particular hardship: € 1 825.

In addition, the care insurance pays care providers for additional care of persons with significant general need for long-term care. For every 25 persons an additional carer could be engaged.

### **4. Other benefits**

- Benefits for home care are complemented by aids and appliances to facilitate the provision of care, unless, as a result of illness or disability, they have to be provided by another fund, and by technical aids and appliances for household activities, used for the alleviation of home care or mitigation of ailment of the person in need of long-term care or to support an individual way of life of such a person. Expenses for aids and appliances meant for usage are reimbursed up to € 31. Technical aid is preferably provided on loan. In certain circumstances participation of 10% is due, but not more than € 25.
- Courses of instruction in the provision of care for caring family members and other voluntary carers.
- Respite care (*Pflegevertretung*) provides carers a break from normal caring duties and thus alleviates the burden of caregiving: payment up to an amount of € 1 510 for a maximum of 28 days in the calendar year for the substitution of a carer, if he or she is on holiday or ill. The carer must, however, have provided care for at least twelve months prior to the date of his or her absence. If the stand-in is a professional carer or works for a home care service, the long-term care insurance fund will cover the cost up to a maximum amount mentioned above. This amount can likewise be claimed if the stand-in is a neighbour or distant relative (i. e. not a first or second degree relative or in-law).
- Short-term care (*Kurzzeitpflege*): In case of absence of a carer or following the inpatient care, the costs of residential care during a short period up to a maximum of 28 days per year are covered for an amount of € 1 510. Short-term care for children in need of care up to 18 years is also possible in the support institutions for disabled people or in other appropriate institutions.
- Additional care benefits for persons with an extensive general need of care (e.g. people with dementia, mentally disabled and people with mental illnesses) up to € 100 per month (basic amount) or up to € 200 per month (increased amount). The care must comprise at least 14 hours per week within the home area of the person in need of care and may not be rendered on a commercial basis (the care allowance passed to the caregiver is not considered to constitute such “commerce”).
- The reimbursement of expenses for measures to improve the living environment up to € 2 557 per measure with regard to appropriate participation.



## **Cash benefits**

### *Statutory long-term care insurance:*

If a person in need of care provides for the care him herself, he or she can get care allowance in order to assure necessary basic care and household assistance in an adequate way. For this benefit the monthly amount is:

- Category I: € 225;
- Category II: € 430;
- Category III: € 685.

Care allowance can be claimed instead of home care services.

### *Social assistance:*

The same benefit amounts as under the long-term care insurance.

## **Combination of benefits**

### *Statutory long-term care insurance:*

Cash benefits and benefits in kind may be combined: if the person in need of care only claims the benefits in kind partly, he or she is entitled to receive proportionate care allowance next to it. The care allowance is reduced by the percentage corresponding to the claimed benefits in kind. The person in need of care is bound by the decision relating to ratio between cash benefits and benefits in kind for a period of six months.

There is free choice between benefits in kind and cash benefits.

In order to exercise their right to self-determination the person in need of long-term care in principle has the free choice between home care and residential care, as well as the choice between several licensed facilities and services. Together with the notice of approval, the care funds provide a list with a comparison of services and prices of the facilities in the catchment area, the nearest care station (*Pflegestützpunkt*) and suggestions for individual care consultation. Since January 2009, the insured person has the right to additional care consultation vis-à-vis their care funds or private insurance organisation. Normally, the care advisers are staff members of the care funds, they analyse the need of care on the basis of an MDK report, set up a plan for the provision of the needed social benefits and rehabilitation in the individual case, of healthy, preventive, curative or other medical care and care based social assistance and they work towards approval and conduction of the corresponding measures. If so-called care stations (*Pflegestützpunkte*) are set up, the care advisers have to be placed there.

## **Benefits for the carer**

### *Statutory long-term care insurance:*

Payment of pension insurance contributions for caring family members and other informal carers by the long-term care insurance. A protection without contribution is also provided for these persons by the accident insurance. Contributions to the statutory pension insurance are also paid during the carer's holidays.

Employees in companies with at least 15 employees have an entitlement to unpaid leave for up to 6 months in order to take care of a relative (so-called care time, *Pflegezeit*). As a general rule, their family health insurance continues during this time and the pension insurance continues via the long-term care insurance fund. The entitlement from the unemployment insurance remains because of the contributions of the long-term care insurance fund. The

contributions for health insurance and long-term care insurance are borne by the long-term care insurance fund up to the minimum contribution amount if necessary.

If a person suddenly becomes dependent on long-term care, employees can stay away from work at short notice for up to 10 days in order to ensure care in need during this time or organise suitable care (so-called short-term work incapability, *kurzzeitige Arbeitsverhinderung*).

*Social assistance:*

The payment of the contributions for the carer for adequate old-age provision, unless this is provided otherwise.

## GREECE

### **Applicable statutory basis**

No special scheme.

According to the Note of the Greek delegation, the policy on long-term care benefits is undergoing restructuring and has not yet been finalised. The conditions demanding restructuring are firstly the necessity to re-examine all benefits of this type, in order to avoid one person being able to accumulate benefits, and secondly the rationalisation of the terms and conditions for granting benefits with the ultimate aim of economising resources and distributing them to people who are really in need.

To help achieve this aim, significant administrative alterations have already taken place in the structure of the Services through the transfer of the Social Welfare Section from the Ministry of Health and Welfare to the Ministry of Labour and Social Security under Article 9(5) of Law 4052/2012, and the gradual integration of all the branches of sickness benefits in kind into the EOPYY (National Health Services Organisation).

However, under Article 138 of the recent Law 4052/2012, a Home Care Programme for Pensioners was established with the aim of ensuring independent living conditions for elderly and disabled pensioners at home. This programme will cover pensioners belonging to primary insurance funds that come under the Ministry of Labour and Social Security, although those receiving a pension from OGA (Agricultural Insurance Organisation) as uninsured elderly people, pensioners from NAT (Mariners' Retirement Fund), public sector pensioners and those qualifying for welfare benefits may also be included in the scheme. The programme will be implemented after the publication of the provisions by the same law of Ministerial decisions, and from 1 September 2012 a special levy to fund the benefits will be established for those who are insured by bodies that come under the Ministry of Labour and Social Security, those who will retire after 1 January 2015 and fulfil the criteria for benefiting from the programme.

Hence, the benefits mentioned below are currently being reassessed in Greece.

### **Benefits in kind**

#### **1. Home care**

The Programme "Aid at Domicile" (*ΒΟΗΘΕΙΑ ΣΤΟ ΣΙΠΙΤΙ*) is part of the primary social care services, providing nursing care, social care services and domestic assistance to elder people who live alone continuously or at certain times of the day and cannot sufficiently take care of themselves, and also to disabled people who face situations of isolation, exclusion or family crisis. Its aim is to support and care for the elderly in their home, to enhance the quality of their life, to inform society and to attract volunteers. It is implemented under the responsibility of the Local Authorities in municipalities throughout the country, primarily in remote mountainous and island areas.

#### **2. Semi-residential care**

During the day, in urban and suburban areas, the Day Care Centres of the Elderly (*ΚΕΝΤΡΑ ΗΜΕΡΗΣΙΑΣ ΦΡΟΝΤΙΔΑΣ ΗΛΙΚΙΩΜΕΝΩΝ – Κ.Η.Φ.Η.*) accommodate elderly people who cannot care for themselves (due to physical difficulties, dementia, etc), and whose family members are not able to take care of them due to their work or serious social or economic problems or health problems.

The Day Care Centres of the Elderly are established and operated by municipal enterprises, joint municipal enterprises, municipal business associations of local authorities and, also, by private non-profitable entities. They cooperate with local organisations providing social services such as health units and the Welfare Directorates of the Prefectures of the country providing social services.

### **3. Residential care**

Hospitalisation in a public hospital, a contracted clinic or a social welfare centre for the chronically ill.

Elderly Care Units (*ΜΟΝΑΔΕΣ ΦΡΟΝΤΙΔΑΣ ΗΛΙΚΙΩΜΕΝΩΝ*), which can be established and operated by charitable associations, the Orthodox Church or the local authorities and, in this case, are non-profitable, or they can be established by individuals (and, thus, are profitable). The Ministry of Health and Social Solidarity, in the framework of its social policy, has contracted with private Elderly Care Units for the provision of some beds, in order to care for indigent elderly who cannot be served by State institutions due to lack of or insufficient beds. The cost of these beds is covered by the national budget.

### **4. Other benefits**

The Open Protection Centres of the Elderly (*ΚΕΝΤΡΑ ΑΝΟΙΚΤΗΣ ΠΡΟΣΤΑΣΙΑΣ ΗΛΙΚΙΩΜΕΝΩΝ - Κ.Α.Π.Η.*) are open programmes that involve the elderly over 60 years without socio-economic criteria, in order to integrate and socialise all members of the community. They provide all forms of organised recreation, medical care, physiotherapy treatment, occupational therapy, social work, hospital care and all kinds of material and psychological support services to the elderly.

### **Cash benefits**

The benefit for non-residential care (*ΕΞΩΔΙΑΡΥΜΑΤΙΚΟ ΕΠΙΔΟΜΑ*):

A benefit of € 660.80. Conditional upon the insured person having completed:

- the days of work that are required for acquiring sickness benefits in kind, during the year of the application (70 days from 1/1/2010, 80 days from 1/1/2011, 90 days from 1/1/2012 and 100 days as of 1/1/2013 and beyond) and at least 350 days of insurance during the last 4 years before the invalidity, or
- 1 000 days of insurance in total.

The total invalidity benefit (*ΕΠΙΔΟΜΑ ΑΠΟΛΥΤΟΥ ΑΝΑΠΗΡΙΑΣ*):

Paid to pensioners because of invalidity, as long as they are in a state that requires continuous care from another person (total invalidity), to pensioners because of death and exceptionally, to pensioners because of old age who, after their retirement, became blind. The amount corresponds to 50% of the invalidity pension paid.

Housing allowance (*ΣΤΕΓΑΣΤΙΚΗ ΣΥΝΔΡΟΜΗ*):

A benefit in the form of a rental fee, paid to uninsured and financially weak elderly over 65 years who live alone or in a couple and do not own a house. The programme was implemented by the Directorate of Social Welfare of the Prefectures of the country. Amount: € 362. It is suggested by the Note of the Greek delegation (without any explanation though) that the housing allowance is removed from the list of LTC benefits.

No discretionary use, but the cash benefits may be used to pay both professional providers and informal caregivers. Free choice of provider.

**Combination of benefits**

No mixed benefits.

No free choice between cash benefits and benefits in kind.

**Benefits for the carer**

Provisions for retirement at a lower age and/or with fewer years of insurance for parents of children with a level of invalidity of at least 67% and for spouses of persons with a level of invalidity of at least 80%.

## HUNGARY

### Applicable statutory basis

In case of long-term care services providing personal social care (social services):

The Act III of 1993 on Social Administration and Social Assistance (*törvény a szociális igazgatásról és szociális ellátásokról*) supplemented by Government and Ministerial decrees.

There is no separate insurance system for long term care in Hungary. Those requiring long term assistance can rely on the services provided by the health and social care system.

According to the Note of the Hungarian delegation, municipalities are responsible for long term care benefits in kind (different social services have to be provided, according the number of inhabitants living there). Until 2012, county municipalities were responsible for operating residential care for elderly, people living with mental problems, or addictions, people with disabilities or homeless people, but from 2012 these institutions with many other cultural, educational ones became governmentally operated institutions. The purpose of this reorganisation is to streamline the organisation, develop and make services more efficient and economical. Besides, many other, non-governmental or church organizations also provide long term care for people in need.

The key elements of the ongoing governmental intentions:

- streamlining the organizations,
- develop services to be more efficient and economical,
- build appropriate environment for the residential services users (e.g. smaller institutions),
- ensure all conditions for people in need living either at home or in institution without burdens and barriers.

There have not been major changes relating to the long-term care benefits in kind and no changes are foreseen at present.

### Benefits in kind

#### 1. Home care

Home care is provided to persons who are unable to care for themselves in their home and who have no one to care for them.

*According to statistics, about 46 000 persons were cared for at home in 2007. (This means that, of the 60+ population, the number of care recipients per ten thousand was 209.6).*

#### 2. Semi-residential care

Day care facilities are provided for:

- Elderly persons;
- People with disabilities;
- Psychiatric patients;
- Persons with addictions;
- Homeless persons.

Day care allows persons who live in their own homes (as well as homeless people) but who need social and mental support due to their health condition or old age, persons who are partly or wholly unable to cater for themselves, persons with disabilities or autistic persons in need of supervision, psychiatric patients and persons with addictions *to find daytime shelter, to*

*maintain social relations and to satisfy their basic hygienic needs*, and, if required, organises the *daytime meals* for the care recipients.

Day care facilities are usually open from 8am to 4pm or from 9am to 5pm, but it depends on the need of the users.

Day care is provided primarily in (separate) day care facilities but can be provided at care homes too.

### **3. Residential care**

Residential care is provided in four types of institutions:

- a) care facilities providing nursing and care;
- b) institutes of rehabilitation;
- c) residential care homes;
- d) institutes providing temporary placement.

#### ***a) Care facilities providing nursing and care:***

They provide comprehensive care for persons who are unable to care for themselves, or for those who are able to do so only with continuous help (meals provision, housing, care, health care).

Types:

- elderly homes,
- care homes for psychiatric patients ,
- care homes for persons with addictions,
- care homes for persons with disabilities,
- care homes for homeless persons.

#### ***b) Institutes of rehabilitation:***

Rehabilitation institutions serve to develop or restore the ability of residents to lead independent lives.

Types:

- rehabilitation institutes for psychiatric patients
- rehabilitation institutes for persons with addictions,
- rehabilitation institutes for persons with disabilities,
- rehabilitation institutes for homeless persons.

#### ***c) Residential care homes***

The residential care homes are small care homes with 8-12 residents. They are more modern, more homely and more personalised.

Residential care homes provide care in compliance with the health condition and the degree of independence, to disabled persons, psychiatric patients and victims of addiction.

#### ***d) Institutions providing temporary placement:***

They provide care for a maximum of one year (which can be prolonged), with the exception of the temporary shelter and night shelter of homeless people.

Main types of these institutions:

- care homes for the elderly,
- care homes for persons with disabilities,
- temporary homes for psychiatric patients,
- temporary homes for persons with addictions,

- night shelters,
- temporary accommodation for homeless persons.

#### **4. Other benefits**

Signalling home care (or alarm system based home care) is a kind of service to persons living in their own homes and needing such assistance due to their health and social conditions, in order to overcome crisis situations that arise.

#### **Cash benefits**

Nursing fee (*ápolási díj*) as a flat rate, non-contributory benefit is payable to persons who provide long-term care to family members who are disabled or under 18 years of age and permanently ill. The amount of benefit is 100% of the basic amount (*alapösszeg*) defined by the Act on the Central Budget (HUF 29,500 or € 107), or 130% (HUF 38,350 or € 139) in case of an increased need of nursing. The third form of the nursing fee is provided by the local government; the amount is determined by the local governments and may be no less than 80% of the basic amount (HUF 23,600 or € 86). However the first and second form of nursing fee is not means-tested; the benefit is regulated among social assistances in the Act on Social Benefits and Social Administration. It is administered by the local governments, which means there are about 3200 authorities who are potentially competent.

A nursing fee (*ápolási díj*) is paid to the carer (the carer has to be a family member) and not to the person in need of care. This means that from the side of the care recipient one can neither speak of a free choice, nor of discretionary use.

#### **Combination of benefits**

Not applicable.

#### **Benefits for the carer**

A nursing fee (*ápolási díj*) is paid to the carer (not to the person in need of care) – the carer has to be a family member.

In the case of persons with severe disabilities, the assistance amounts to 100% of the basis amount defined by the Act on the Central Budget, while in the case of persons with severe disabilities in need of intensive care this is 130%.

In 2011, the basis amount is HUF 29 500 per month. See above Cash benefits.

The amount of the cash benefit (nursing fee) does not cover the full costs of the carer; rather it tries to compensate her or him for the lost income.

According to the Labour Act (Act XXII of 1992 on the Labour Code), those who are taking care of their relatives can take unpaid leave for a maximum of 2 years.



## ICELAND

### Applicable statutory basis

Constitution of the Republic of Iceland, (*Stjórnarskrá Lýðveldisins Íslands*) No. 33/1944:

#### Article 76:

*The law shall guarantee for everyone the necessary assistance in case of sickness, invalidity, infirmity by reason of old age, unemployment and similar circumstances.*

*The law shall guarantee for everyone suitable general education and tuition.*

*For children, the law shall guarantee the protection and care which is necessary for their well-being. 1)L. 97/1995, 14. gr.*

Act on the Mandatory Guarantee of Pension Rights and the Operation of Pension Funds. (*Lög um skyldutryggingu lífeyrisréttinda og starfsemi lífeyrissjóða*) No 129/1997 of December 1997.

Act on the Affairs of the Elderly (*Lög um málefni aldraðra*) No 125/1999, of December 1999.

Act on the Affairs of People with Disabilities (*Lög um málefni fatlaðra*) No 59/1992 of June 1992.

Act on Social Security (*Lög um almannatryggingar*) No 100/2007 of May 2007.

Public Health Services Act (*Lög um heilbrigðisþjónustu*) No. 40/2007 of March 2007.

Health Insurance Act (*Lög um sjúkratryggingar*) No. 112/2008 of September 2008.

Municipalities' Social Services Act, (*Lög um félagsþjónustu sveitarfélaga*) No. 40/1991 of March 1991.

Act on payments to parents of chronically ill or severely disabled children (*Lög um greiðslur til foreldra langveikra eða alvarlega fatlaðra barna*) No. 22/2006 of April 2006.

Act on service-center for persons with sight problems. (*Lög um þjónustu- og þekkingarmiðstöð fyrir blinda, sjónskerta og daufblinda einstaklinga*), No 160/2008 of December 2008.

Act on Social Service (*Lög um félagslega aðstoð*) No. 99/2007 of May 2007. The Act provides assistance both in cash and kind such as home care, cleaning, basic financial assistance etc.

### Benefits in kind

#### 1. Home care

The Act on the Affairs of the Elderly (*Lög um málefni aldraðra*) No 125/1999 emphasize on assisting the elderly to stay at their own home as long as they wish so to do. To acquire that objective, home care is increasing, often together with some day-care or leisure activities. It is possible to receive nursing and some assistance at home, (meals, cleaning, personal assistance, physiotherapy, nursing etc.) provided by health care authorities, The Social Insurance Administration and municipalities as well as private contractors.

#### 2. Semi-residential care

Day-care centres are provided for persons living at their own house but are not capable of staying home alone the whole day. The duration is max. 8-10 hours per day, 5 days per week. Medical and personal assistance and counselling as well as leisure activities available.

Temporary care in a nursing home can be provided.

### **3. Residential care**

Nursing homes and homes for the elderly and persons with disabilities.

- a) Public nursing homes for the elderly.
- b) Private nursing homes for the elderly.
- c) Public residential care for persons with disabilities.
- d) Public residential care for the elderly.
- e) Service-flats and housing for persons with disability.

### **4. Other benefits**

Telecommunications service, technical aids, assistance for home-improvement, transport service, etc. can be provided under certain circumstances, mostly from municipalities.

#### **Cash benefits**

1. The elderly and persons with disability may be paid a supplement for purchasing a car they require because of a mobility handicap. A supplement may also be granted to the provider of a motor-impaired child receiving home-care payments.
2. Reimbursement of exceptional high medical costs.

#### **Benefits for the carer**

1. Home-care allowances are financial assistance to parents having children who are grappling with a handicap or serious illness. This is social assistance that is provided when care is demanding, and the cost because of healthcare service, treatment and training has become considerable and severe for parents.
2. A caregiver benefits card provides parents with discounts on medical services for children.
3. Spouse's benefits (*makabætur*) to spouse or close relative who wishes to take care of a closely related person suffering from a significant disability or illness.

## IRELAND

### Applicable statutory basis

The Health Act of 1970:

Home Care

The Health (Nursing Homes) Act 1990: Nursing Home Subvention Scheme.

According to the Note of the Irish delegation, since the commencement of the Nursing Homes Support Scheme Act, 2009, no further applications under The Health (Nursing Homes) Act 1990 (Nursing Home Subvention) will be considered.

The Nursing Homes Support Scheme Act 2009: Nursing Homes Support Scheme

It should also be noted that, with regard to the Nursing Homes Support Scheme, the Health Service Executive pays the balance of the cost of care directly to the nursing home where the person is residing.

The Social Welfare Consolidation Act 2005:

- Constant Attendance Allowance
- Carers' Benefit
- Carers' Allowance
- Respite Care Grant
- Domiciliary Care Allowance

It might also be mentioned that the rates of weekly *pensions* are higher in Ireland than the rates of weekly benefits for those below pension age, because people on reaching pension age will have lost and will continue to lose a certain amount of personal autonomy for the reasons listed in the definition.

Similarly, *allowances* for travel, telephone, electricity, gas and fuel are paid to qualified pensioners over pension age, but to those below pension age only on grounds of long-term disability.

One of the key objectives of this range of benefits is to enable such people to have personal autonomy as long as possible and to considerably limit the extent to which they require assistance from others. Accordingly, if these cash benefits were not provided, many of these recipients could require assistance from family or other persons.

According to the Note of the Irish delegation, investment in the supply of more and better care for older people in the community and in residential settings will be a priority. Additional funding will be provided each year for the care of older people. This funding will go to more residential places, more home care packages and the delivery of more home help and other professional community care services.

The Nursing Homes Support Scheme system of financing nursing home care will be reviewed with a view to developing a secure and equitable system of financing for community and long-term care which supports older people to stay in their own homes.

Finally, it should be noted that LTC may be statutory based (e.g. the Nursing Homes Support Scheme) or not (e.g. HSE Home Support Services). Any future developments would be dependent on evolving service priorities and overall resource availability. **106 / 156**

## **Benefits in kind**

### **1. Home care**

Home Care Packages are an additional support on top of the existing mainstream community services, and are designed to enhance rather than replace existing home support services. The packages were first introduced in 2005, with the primary objective of supporting older people to continue to live in their own communities.

Carers' Allowance:

Free Travel, Telephone Allowance, Electricity or Gas Allowance and Television Licence. These benefits seem to be provided without reference to the care needs of the beneficiary and might as well be excluded from the scope of long-term care allowances (although listed in the MISSOC tables under the chapter on long-term care).

According to the Note of the Irish delegation, there have been changes to these schemes which take effect from April 2012. These provide that new applicants for Carers' Allowance, who are not living with the person to whom they are providing care, are no longer entitled to the Household Benefits package (Telephone Allowance, Electricity / Gas Allowance and Television Licence) in their own right.

### **2. Semi-residential care**

Day care centres providing services such as a midday meal, a bath, physiotherapy, occupational therapy, chiropody, laundry and hairdressing services. A number of hours is not specified, but depends on individual circumstances.

### **3. Residential care**

Public nursing home care is provided subject to charges. For all new entrants to public nursing homes after 27 October 2009, the charge is equal to the cost of care but financial support towards this cost can be provided via the Nursing Homes Support Scheme.

### **4. Other benefits**

Grants for home adaption are available from the Department of the Environment.

## **Cash benefits**

The Nursing Homes Support Scheme:

The financial assessment determines the applicant's co-payment towards their care. The HSE will pay the balance of the cost of care. The price charged by the private nursing home is agreed in advance with the National Treatment Purchase Fund. The price charged by public nursing homes (i.e. the full cost of care) is also published.

The Carers' Benefit:

In respect of a single care recipient: € 205.00 per week.

In respect of several care recipients: € 307.50 per week.

The Carers' Allowance:

Maximum amounts:

In respect of a single care recipient: € 204 per week (€ 239 if aged 66 or over).

In respect of several care recipients: € 306 per week (€ 358.50 if aged 66 or over). **107 / 156**

The Constant Attendance Allowance: € 205.00 per week.

This is payable in respect of persons who receive a disablement benefit resulting from an occupational injury or disease and who require constant care. This payment is made directly to the care recipients, although it is not payable during periods when they are in hospital or other residential institutions.

The Domiciliary Care Allowance:

Maximum rate per month: € 309.50 per child with a disability.

The Respite Care Grant: € 1 700 (annual rate for each person being cared for).

The Carers' Benefit, Carers' Allowance, Constant Attendance Allowance, and Respite Care Grant are paid directly to the carer as a Social Welfare income support payments to meet his/her own needs and the amounts are not different according to dependency levels. Domiciliary Care Allowance is a monthly payment for a severely disabled child who is under age 16 and needs full-time care and attention far beyond what is normally required by a child of the same age. It is paid to the person with whom the child is living and who is providing for the care of the child.

The Nursing Home Subvention: This can only be paid directly to the nursing home where the person is residing. Since it is paid directly by the HSE to the residential home, and the benefit is the care provided, this subvention might as well be categorised as a benefit in kind.

The Carers' Benefit, Carers' Allowance, Domiciliary Care Allowance, Constant Attendance Allowance and Respite Care Grant are paid to the informal caregiver who has discretion as to how the cash benefit is spent.

It might be worth mentioning that the Carers' Benefit, Carers' Allowance, Respite Grant and Domiciliary Care Allowance are paid to the carers as income to meet their own needs. Normally, the care recipients are also getting benefits, e.g. pensions, in their own right. The care they receive from those getting the care benefits or allowances would, therefore, for them appear to be benefits in kind. If such 'carers' were not available, they would probably need to be cared for in a residential home and would thus be regarded as receiving benefits in kind.

### **Combination of benefits**

Home Care:

In most cases the person receives the service. However, in a very small number of cases, the person receives a weekly payment from the Health Service Executive and purchases the service privately. This practice is being phased out.

Nursing Home Subvention: The person's weekly entitlement is paid directly to the nursing home where he or she is residing.

### **Benefits for the carer**

Carers' Benefit / Carers' Allowance / Constant Attendance Allowance / Domiciliary Care Allowance / Respite Care Grant: as outlined above.

In addition to Carers' Allowance and Benefit, carers may also qualify for other social insurance payments such as Illness Benefits or State Pension Contributory. Where a person qualifies for another social insurance payment the Carers' Allowance etc. will be paid at a half rate.

According to the Note of the Irish delegation, for the reasons outlined above the Domiciliary Care Allowance could not be considered as a benefit for the carer and should not be referenced here.

## ITALY

### Applicable statutory basis

According to the Note of the Italian delegation, the bulk of social services to be provided to the elderly and/or disabled is split into four service sectors:

- Home assistance (ADI/SAD): As it is provided by regions, this service is not yet homogeneously spread, geographically-wise.
- Family carer attendance: is now playing a growing, almost structural role which is not simply limited to the domestic functions, but integrates and sometimes replaces, the public service – both social and health services .
- The hospital or elderly-home stay accounts for nearly 3% of the granted services with high peaks in the North.
- Money transfers, attendance allowances and care allowances: account for a large part of the public expenditure, with 10 billion euro spent only towards financing the constant attendance allowances.

Act No. 118 of 30 March 1971 on civilian invalidity benefits (*Legge 30 Marzo 1971, n. 118 - Conversione in Legge del D.L. 30 gennaio 1971, n. 5 e nuove norme in favore dei mutilati ed invalidi civili*).

According to the Note of the Italian delegation, these are special non-contributory benefits, included in Title III, Chapter 9 of the Regulation 883/2004.

Act No. 18 of 11 February 1980 on mobility allowances (*Legge 11 Febbraio 1980, n. 18 - Indennità di accompagnamento agli invalidi civili totalmente inabili*).

According to the Note of the Italian delegation, it is a special non-contributory benefit, included in Title III, Chapter 9 of the Regulation 883/2004.

Act No. 104 of 5 February 1992, Article 33 (Framework act on disability) (*Legge 5 Febbraio 1992, n. 104 - Legge-quadro per l'assistenza, l'integrazione sociale e i diritti delle persone handicappate*).

According to the Note of the Italian delegation, the law only provides for rules related to labour law (paid leave)

Legislative Decree No. 112 of 31 March 1998 on the transfer of legislative tasks and administrative competences from the State to the Regions and local entities (*Decreto Legislativo 31 Marzo 1998, n. 112 - Conferimento di funzioni e compiti amministrativi dello Stato alle regioni ed agli enti locali, in attuazione del capo I della Legge 15 Marzo 1997, n. 59*).

According to the Note of the Italian delegation, the law is related to territorial organization of the State.

Act No. 183 of 4 November 2010, Article 24 (Changes rules about permissions and assistance for disable persons). (*Legge n. 183 del 4 Novembre 2010, art. 24 – Modifiche alla disciplina in materia di permessi per l'assistenza a portatori di handicap in situazione di gravità*).

According to the Note of the Italian delegation, the law only provides for rules related to labour law (paid leave)

### Benefits in kind

It is explained in the Note of the Italian delegation that according to the Italian legislation, there is not a specific notion of long term care benefits (LTC), i.e. is not established any specific category of benefits in kind for LTC differing from the other benefits in kind. The

Health System covers all the health needs required by the insured people, irrespective of the forecasted or the effective length of time of the treatment concerned. Therefore notwithstanding the LTC are not namely quoted in the Italian legislation as such, they should be regarded as health benefits in kind *tout-court*.

### **1. Home care**

Home care services are provided for at local level. They generally include home help, meal delivery, medical treatment and nursing care.

Home healthcare is provided directly by the Health System only in some Regions and inside them in very few territories. It concerns only the medical treatments and the nursing service.

### **2. Semi-residential care**

The possibility of staying in a day care centre.

In the Health System there are centres of this kind but their availability in giving assistance cannot cover the overall demand. They provide only the medical treatments and moreover the nursing service. All this means that such LTC are granted both by the Health System and in many cases by the private providers who have not any agreement with the Health System. In the latter cases the relevant costs shall be covered by the insured persons.

### **3. Residential care**

Residential care is provided for in the most serious cases. The length of the stay varies according to the seriousness of the situation of dependency.

In the Health System there are centres of this kind but their availability in giving assistance cannot cover the overall demand. They provide only the medical treatments and moreover the nursing service. All this means that such LTC are given both by the Health System and in many cases by private providers who have not any agreement with the Health System. In the latter cases the relevant costs shall be covered by the insured persons.

### **4. Other benefits**

Technical aids are provided for in the most serious cases.

Provision for benefits contributing to the purchase of prostheses or other necessary medical equipment; the purchase or adaptation of private means of transport; the purchase of tools making it possible to carry out a self-employed activity.

The granting of the electronic appliances or prostheses is up to a previous ascertainment of the relevant need by the competent institution and the relevant procedure for providing the aforementioned benefits depends on the ground of the need.

### **Cash benefits**

*Invalidity and incapacity insurance:*

The invalidity allowance (*assegno ordinario d'invalidità, AOI*) and Incapacity pension (*pensione di inabilità*).

In the coordination of social security systems, these are invalidity benefits, included in Title III, Chapter 4 of the Regulation 883/2004.

*Guaranteeing sufficient resources:*

The attendance allowance (*Indennità di accompagnamento*) for disabled people: € 480.47 (€ 472.45 for recipients of the incapacity pension; € 783.60 for totally blind people). **110 / 156**

Disabled people, deaf-mutes and totally blind persons in hospitals and partially blind persons: € 256.67 (€ 277.57 for non-hospitalised totally blind persons).

The Special allowance for partially blind persons (*Indennità speciale per ciechi parziali*): € 185.25.

The communication allowance for deaf-mutes (*Indennità di comunicazione per sordomuti*): € 239.95.

All these benefits are for the coordination purposes considered to be special non-contributory cash benefits, included in Title III, Chapter 9 of the Regulation 883/2004.

Discretionary use.

### **Combination of benefits**

The possibility to combine cash benefits and benefits in kind.

No free choice between benefits in kind and cash benefits.

### **Benefits for the carer**

No specific benefits for the carer. However, periods of leave to take care of a disabled family member are taken into account as periods of insurance for the purposes of a pension insurance.

### **Addendum: Additional social security coordination aspects**

According to the Note of the Italian delegation, it is not possible to say if the list of LTC benefits is correct neither if it is complete, because:

- at the moment such benefits are coordinated in different chapters of the Regulation (e.g. sickness, invalidity, AWOD, special non-contributory benefits). So it is necessary to specify exactly the AC's purpose: to create a new kind of coordination or a list of benefits, or modify the Regulation according to the judgments of the Court etc.
- as far as the local benefits are concerned, monitoring such heterogeneous benefits granted by 8.092 municipalities, 115 provinces and 20 Regions is quite impossible.



## LATVIA

### **Applicable statutory basis**

The Act on Social Services and Social Assistance (*Sociālo pakalpojumu un sociālās palīdzības likums*) of 31 October 2002.

The Regulations of the Cabinet of Ministers No. 1046 "Health care organisation and financing procedure" of 19 December 2006.

### **Benefits in kind**

#### **1. Home care**

Care by a trained or other person (informal caregiver) to perform housework and to deliver meals. If (social) home care is provided by family members, the local authority supports them by training, consulting and if necessary also by providing benefits in cash.

The provider of health care at home (main tasks):

- plans the health care of the patient;
- prescribes diagnostic and therapeutic manipulations;
- assists the doctor during the diagnostic and therapeutic manipulations;
- carries out the palliative care;
- trains the patient and his or her family members in the care provision.

#### **2. Semi-residential care**

Is provided for various groups – care and possible involvement in physical and mental activities is provided to elderly, disabled with physical disorders, people with mental disorders, persons after serious and continuous diseases.

The number of hours that the recipient may attend the institution and any specialised services are set by the municipalities according to agreements with care institutions.

Day care centres are run by municipalities or NGOs. Day care centres for people with mental disabilities are partly financed by the State.

#### **3. Residential care**

Fulltime care is provided by long-term social care institutions for:

- orphans and children deprived of parental care,
- people of retirement age and the disabled with physical disorders or blind people,
- children with serious mental disorders, and
- adults with serious mental disorders.

Long-term care institutions are run by State and municipalities.

#### **4. Other benefits**

The state provides technical aids (*tehniskie palīgīdzekļi*) for persons to help prevent or reduce the functional incapacity caused by long-term or irreversible functional disorders of the body or anatomic defects:

- disabled of categories I, II or III,
- disabled children under the age of 18 years,
- children for whom the technical aids are necessary to reduce or eliminate functional inability,

- adult persons for whom the technical aids are necessary to reduce or eliminate functional inability,
- persons with anatomic defects who need a prosthesis or orthopaedic footwear
- persons with anticipated disability according to an individual rehabilitation plan.

Health care at home taking into account a person's health and health care needs can be provided.

Patients with the following diagnoses are entitled to health care at home:

- Immobile patients with cancer diagnosis (C00-C97; D37- D48);
- Patients with mental disorders (F00-F03; F06.0-F06.3; G10- G32; A81);
- Patients with bedsores (L89);
- Patients with cerebral stroke and other paralytical syndromes (G80-G83);
- Patients who need respiratory therapy (Z99.1);
- Patients with mobility disorders and the following diagnoses: B20-B24; E10-E11; G35; I60-I69; T91.3; Z48; Z93; Z94; Z98.

The referral from a general practitioner or specialist (if health care at home is needed after release from the hospital) is needed. The referral must contain: the health care services required, the statement of reasons for health care at home, the duration of health care at home. Another benefit - care of disabled child benefit - could be also considered as long-term care benefit according to the trESS 2011 definition. Persons who permanently reside in the territory of Latvia have the right to State social allowances - also care of disabled child benefit. According to the national legislation and Regulation 883/2004 it falls under family benefits.

### **Cash benefits**

Local authority may provide benefits in cash for a person in need if he or she is not receiving home care services. Cash benefits are also available for family members who provide care.

The municipality can grant additional benefits.

The amount and conditions for the provision of cash benefits depend on the municipality and the internal regulations they approve.

No discretionary use.

### **Combination of benefits**

No mixed benefits.

No free choice between cash benefits and benefits in kind.

### **Benefits for the carer**

Depends on the municipality's decision.

The conditions for the provision of benefits for the carer depend on the municipality and the internal regulations they approve.

**Addendum: Social security coordination aspects**

According to Annex X of the Regulation 883/2004 for Latvia special non-contributory cash benefits are State Social Security Benefit (Law on State Social Benefits of 1 January 2003); Allowance for the compensation of transportation expenses for disabled persons with restricted mobility (Law on State Social Benefits of 1 January 2003).

According to the Note of the Latvian delegation, another benefit should be added - An allowance for a disabled person for whom care is necessary (Law on State Social Benefits of 1 January 2003) which is in force since 2008. After having re-examined this request Latvia has decided to withdraw this request again.

Care of disabled child benefit is considered as family benefit according to national legislation and the Regulation 883/2004 and the latter sets up priorities to determine the competent MS.

## LIECHTENSTEIN

### Applicable statutory basis

- The Act on Sickness Insurance of 24 November 1971 (*Gesetz über die Krankenversicherung, KVG*).
- The Act on compulsory Accident Insurance of 28 November 1989 (*Gesetz über die obligatorische Unfallversicherung, UVersG*).
- The Act on Invalidity Insurance of 23 December 1959 (*Gesetz über die Invalidenversicherung, IVG*).
- the Act on the granting of allowances for blind persons of 17 December 1970 (*Gesetz über die Gewährung von Blindenbeihilfen*).
- The Act on Old-age and Survivors' Insurance of 14 December 1952 (*Gesetz über die Alters- und Hinterlassenenversicherung, AHVG*).
- the Act on Supplementary Benefits to the Old-age, Survivors' and Invalidity Insurance of 10 December 1960 (*Gesetz über Ergänzungsleistungen zur Alters-, Hinterlassenen- und Invalidenversicherung, ELG*).
- The Act on Assistance for Victims of Crime of 22 June 2007 (*Gesetz über die Hilfe an Opfer von Straftaten, OHG*).
- The Act on Social Assistance of 15 November 1984 (*Sozialhilfegesetz, SHG*).

### Benefits in kind

#### 1. Home care

##### KVG:

Examinations, treatment and care at the home of the patient by doctors and chiropractors<sup>24</sup> as well as, on the basis of a medical prescription, by nurses or homecare organisations (= SPITEX);

<sup>24</sup> Assuming that the notion of „ambulant“ is the same as in Switzerland.

<sup>25</sup> Assuming that the notion of „ambulant“ is the same as in Switzerland.

<sup>26</sup> UVersG not for long-term care.

##### UVersG:

- treatment at the home of the patient by doctors and chiropractors<sup>25</sup>;

- care at the home of the patient, prescribed by a doctor and provided by nurses or homecare organisations (= SPITEX);

*ELG* (special medical measures): treatment at home by a doctor or, on prescription, by paramedical staff.

## **2. Semi-residential care**

In no field envisaged according to MISSOC. (See, however, Gesundheitsgesetz, Article 37, and below under “Supplementary benefits [according to ELG]”.)

## **3. Residential care<sup>26</sup>**

*KVG*: examinations, treatment and care in a hospital or in a medico-social establishment as well as the stay in the general ward of the hospital.

*ELG* (special medical measures): treatment, board and accommodation in the general ward of a hospital.

## **4. Other benefits**

### *Auxiliary equipment*

Simple and adequate model. Appear on a list.

- *KVG*: therapeutic equipment prescribed by a doctor;
- *UVersG*: therapeutic equipment; auxiliary equipment to compensate for physical damage or loss of a function;
- *AHVG* and *IVG*: auxiliary equipment necessary for the insured person in order to move about, establish contacts with her or his entourage or develop personal autonomy;
- *ELG*: therapeutic and auxiliary equipment.

### **Cash benefits**

#### *Helplessness allowance*

Depends on the degree of helplessness. Monthly amounts.

- *ELG*:

An amount depending on the degree (slight – moderate – severe) of helplessness; for persons over 65 in principle only in case of moderate and severe degree of helplessness; a supplement for minors living in an institution.

- *UVersG*:

An amount depending on the degree (slight – moderate – severe) of helplessness.

#### *Allowances for the blind (Gesetz über die Gewährung von Blindenbeihilfen):*

As a compensation for the additional expenses due to the visual impairment.

An amount depending on the degree of visual impairment.

#### *Supplementary benefits (according to ELG)*

Also designed to cover (up to a certain amount) particularly the costs of a stay in a medico-social establishment or in a hospital (particularly daily fee), of health care, of home care (in part including costs for loss compensation in favour of caring family members) and semi-residential care as well as of therapeutic and auxiliary equipment.

#### *Support and care allowance (according to ELG)*

For covering costs borne by the assisted person for compensating his or her home carer. The latter can also be a family member receiving a salary from the person in need of assistance or care. Six levels.

*Compensation for expenses for home care in case of special medical measures being carried out at the home of the patient*<sup>27</sup>(according to ELG)

27 For this situation see above under benefits in kind – home care – ELG.

- Home care by medical nursing staff: compensation for adequate expenses for nursing staff.
- Home care by other persons: flat rate compensation; 4 levels (need of intensive care of 8 hours a day at least – need of intensive care of 6 hours a day at least – need of intensive care of 4 hours a day at least – need of intensive care of 2 hours a day at least or need of continuous surveillance).

A priori bearing of part of the long term care costs by the State (not in the form of cash benefits to the persons in need of long term care themselves; *KVG*).

Contributions according to the *OHG*: contributions for long-term help of third persons and compensation by the State (both insofar as not covered particularly by social security or the author of damage).

*Social assistance* (insofar as not covered particularly by social security).

### **Combination of benefits**

The benefits are provided by several branches of social security: benefits in kind and cash benefits, which are often granted to a person for the same period of time. In general, the person does not have freedom of choice as to whether he or she prefers a benefit in kind or a cash benefit.

### **Benefits for the carer**

A person caring for family members or (only for non-profit care) for other persons who are helpless to a moderate degree in terms of the ELG at least and who live with him or her in the same (or a neighbouring) household may claim a bonus for caretaking. The yearly bonus corresponds to 48 times the amount of the minimum monthly old-age 1st pillar pension. The bonus is part of the determining income for the calculation of the carer's 1st pillar pension.

See also above under “Supplementary benefits (according to ELG)” and “Support and care allowance (according to ELG)”.

Contributions according to the *OHG* (see above)<sup>28</sup> .

28 Assuming that the Liechtenstein law is interpreted in the same way as the Swiss law.

### **Addendum: Social security coordination aspects**

At the beginning of 2010 Liechtenstein introduced an ‘attendance and care allowance’ for care at home. According to the Note of the Liechtenstein delegation, this is a sickness benefit in kind within the meaning of Regulation No 883/2004 (rather than a cash benefit). The attendance and care allowance must be used to pay for care services provided by third parties. Evidence of this must be produced, otherwise there is no entitlement. There is no regionalisation.

## LITHUANIA

### Applicable statutory basis

- Temporary Act on Social Benefits' Re-calculation and Payment (*Socialinių išmokų perskaičiavimo ir mokėjimo laikinasis įstatymas*) of 9 December 2009 (No. XI-537).
- Act on State Social Assistance Benefits (*Valstybinių Šalpos išmokų įstatymas*) of 29 November 1994 (No. I-675).
- Act on Social Services (*Socialinių paslaugų įstatymas*) of 19 January 2006 (No. X-493).
- Act on Health Insurance (*Sveikatos draudimo įstatymas*) of 21 May 1996 (No I-1343).
- Act on the Health care System (*Sveikatos sistemos įstatymas*) of 19 July 1994 (No I-552).
- Act on Health Care Institutions (*Sveikatos priežiūros įstaigų įstatymas*) of 6 June 1996 (No. I-1367).

In Lithuania there is a central system of LCT which is supplemented on a municipal level:

1) Lithuanian Government adopts long-term national programs, strategies, requirements and standards.

2) Municipalities are directly responsible for organisation and planning of provision of social services; for determination of individual needs for social services; for supervision of social services. They prepare and implement municipal programs of disabled social integration, also organise the primary health care (financed by Compulsory Health Insurance Fund. Municipalities are also responsible for granting target compensations for nursing or attendance (financed by State budget).

LTC is organised in day centres, home care centres, residential social care institutions and nursing or general hospitals.

There is no single legal act regulating LTC. LTC for the persons in need is provided by through several branches: social services, target compensations for nursing or attendance and long term healthcare.

### Benefits in kind

Benefits in kind are the most important part of LTC benefits.

#### 1. Home care

One of the main principles of providing social services at home is to help to a adult with a disability to create conditions for him to live at home, in his family and organising the assistance co-ordinated with education, employment, personal health care and special assistance measures, helping to develop or compensate for his abilities to care for his personal (family) life and to participate in the labour market.

People in need of home help are regularly visited by social workers or social workers assistants.

Social attendance or social care at home includes performance of housework and care by home helpers.

Social care services includes services which are provided by a team of specialists (social workers, social workers assistants, health care assistants and others depends on the need) at a person's home.

Elderly and disabled people can receive day care services at home from 2 hours till 8 hours per day up to 7 times per week, short - term care up to 8 hours per day till one month at person's home.

Services financed from municipal budget and if person is with severe disability could be financed from special targeted subsidies of the State budget to municipal budgets and persons (families) payments.

Cash allowance. In some cases, when where is expedient to organise social services at home in monetary form, services may be changed into a cash allowance. This cash allowance is paid for person (family) to pay for a help of assistance. Cash allowance financed from the municipal budgets.

Primary health care institutions are responsible for the organisation and provision of *nursing services at home*.

Palliative care and nursing services can be provided at home by a team of specialists: a doctor, nurse and social workers. Social care services includes services which are provided by various specialists at a person's home.

Nursing at home financed from the Compulsory Health Insurance Fund.

## **2. Semi-residential care**

Elderly and disabled people can receive day care, social care services in day care centres from 3 hours per day up to 5 days per week in institution.

Short - term social care for elderly and disabled people providing not less than 12 hours per day till 6 months per year or 5 days per week or termless in institution.

Long term care in residential social care institutions depending on the kind of recipients of the services, for elder persons no less than 6 months per year or termless.

Semi-residential care is financed from the municipal budgets or special targeted subsidies of the State budget to municipal budgets and persons (families) payments.

## **3. Residential care**

Residential care is financed from the State, municipal budgets or special targeted subsidies of the State budget to municipal budgets, and persons (families) payments.

Residential care is provided for children deprived of parental care, children and adults with disabilities and elderly people by foster families, social care houses (old-age homes, housing for disabled, specialised social care homes, etc.).

Nursing and maintenance treatment is provided in nursing or general hospitals.

Palliative care is provided in the general, cancer and nursing hospitals.

## **4. Other benefits**

Other benefits in kind include the provision of special equipment. Disabled people receive special aid for purchasing a car, they are provided with wheelchairs, their flats are arranged according to their disability.

However, these benefits might be provided to a larger scope of beneficiaries and not only to long-term care recipients.

Respite care is the assistance for families that take care all year – long of disabled person or senior not less than 12 hours per day till 6 months per year or 5 days per week or termless in institution. For persons with severe disabilities could be providing social care (in day centres, at home, in institutions) and financed from special targeted subsidies of the State budget to municipal budgets.



## **Cash benefits**

*The Special Compensation for Care Expenses (Slaugos išlaidų tikslinė kompensacija):* Paid for disabled children with a severe degree of disability, to disabled persons with a reduction in capacity for work of 75% - 100% or to the persons of retirement age if the need of permanent care is determined. The amount is 250% of the social insurance basic pension (currently LTL 900 (€ 261)). Temporarily, for the period 2010-2011, benefits are paid at 85% of the above-mentioned amounts.

*The Special Compensation for Attendance Expenses (Priežiūros (pagalbos) išlaidų tikslinė kompensacija):* Paid to disabled children with a severe and moderate degree of disability whether or not the need of permanent care is determined and to disabled persons with a reduction in capacity for work of at least 60% and to persons of retirement age if the need of permanent attendance is determined. The amount is 50% or 100% of the social insurance basic pension depending on the category of the recipient (respectively LTL 180 (€ 52) or LTL 360 (€ 104)). Temporarily, for the period 2010-2012, benefits are paid at 85% of the above-mentioned amounts.

The person has the free choice to use cash benefit at his or her own discretion.

## **Combination of benefits**

Mixed benefits.

No choice between cash benefits or benefits in kind.

However, if a person who receives residential care is at the same time entitled to special compensations mentioned above, the compensations are paid, and the amounts are included in the income of this person. A person may not pay more than 80 per cent of his or her full income for residential care. The rest is covered by local governments. So it may happen that up to 80 per cent of the special compensations (being a part of person's income) are deducted as a payment for residential care. Payment could be more than 80 per cent of income, if a person has a property above a certain limit (i.e. if person's property exceeds the ration established by the legislation, 1 % is calculated in respect of property value exceeding the ration), but in any case no less than 20 per cent of income leaves for person to ensure daily life expenses. The similar rule is also applied in the case of home care (in this case not more than 20 per cent of the income is deducted).

## **Benefits for the carer**

No benefits for the carer, but the periods of care influence his or her entitlement and amount of social pension, means-tested social benefit, etc.

## LUXEMBOURG

### **Applicable statutory basis**

The Act of 19 June 1998 introducing the dependency insurance, in force since 1 January 1999 amended several times, but not fundamentally, in order to better ensure the correct use of the benefits provided and to adapt provisions to practical problems which appeared while applying the legislation. No major reform planned at short term.

Insurance system financed by contributions paid by insured persons and determined on professional income and all other income, plus financial participation of the State budget.

All persons covered by Luxembourg health insurance are automatically covered by dependency insurance.

Benefits in kind are care services provided by professional carers. Up to a certain limit professional care may be provided by an informal carer (family member, friend, hired person) and in this case benefits in kind are replaced by a cash benefit which has to be paid to this informal carer.

### **Benefits in kind**

#### **1. Home care**

- Assistance and care necessary for the basic everyday activities;
- assistance for the general upkeep of the house and laundry;
- assistance in the form of support activities. These might include a presence in the home of a person who cannot stay alone, specialised individual supervision, accompaniment for an outing or shopping, or group support activities, notably visiting a semi-stationary centre;
- assistance in the form of professional advice aimed at maintaining the autonomy potential of the person and teaching those in the dependent person's social circle the adequate actions for providing assistance and care.

Technical and adaptation assistance:

- reimbursement of the cost of purchasing or renting technical assisting devices: wheelchair, adapted bed, walking stick, seats;
- measures for adapting the accommodation in order to improve its accessibility;
- financial aid for the purchase of products necessary for the assistance and care.

#### **2. Semi-residential care (in approved centres)**

Visiting a semi-stationary centre constitutes a group support activity (see "Benefits in kind", "1. Home care"). The assistance and care which the dependent person requires during his stay in a semi-stationary centre are granted in accordance with the person's care plan.

#### **3. Residential care**

- Assistance and care necessary for the basic everyday activities;
- Assistance in the form of support activities. These might include specialised individual supervision or group support activities;
- Reimbursement of the cost of purchasing or renting technical assisting devices that are not included in the standard equipment of an institution.

Products necessary for the assistance and care are provided free of charge to the dependent person. They are paid by the administering institution by calculating the monetary value.

#### **4. Other benefits**

No other benefits.

#### **Cash benefits**

Cash benefits may totally or partially replace benefits in kind (home care only).

The monetary value of the cash benefit amounts to € 25 per hour. The maximum weekly amount is € 262.50 (10.5 hours).

The dependent person must use the cash benefits to obtain the care and assistance provided in the care plan, outside contracted professional services. Since the Act of December 23, 2005, the cash benefit may only be used to »remunerate« the informal caregiver.

#### **Combination of benefits**

The possibility to combine benefits in kind and cash benefits (with the legal limitations mentioned above).

The person can choose the type of benefit which he or she would like to receive: benefits in kind, cash benefits or mixed benefits (combination of benefits in kind and in cash).

#### **Benefits for the carer**

The dependency insurance pays pension insurance contributions on behalf of the informal caregiver, who provides home care.

## MALTA

### **Applicable statutory basis**

Social Security Act (*Att dwar is-Sigurta' Socjali*) (Cap. 318).

State-Owned Institutions and Hostels Rates Regulations.

Transfer of Funds (Government Financed Beds) Regulations.

Specified State-Owned Institutions and Hostels Regulations.

### **Benefits in kind**

#### **1. Home care**

Home care helps to provide assistance to persons in need. It offers help of a personal and light domestic nature in order to allow older persons and/or persons with special needs, to continue living in their community in as much of an independent manner as is feasibly possible. It also provides respite and support for informal carers, and averts/delay demand for long-term residential care.

Benefits in-kind available as home care include:

- meals on wheel service (meals are supplied by a non-governmental organisation against a subsidised charge),
- handyman service (The objective of this service is to help older adults and persons with special needs to continue living as independently as possible in their own home. The Handyman Service offers a range of around seventy repair jobs that vary from electricity repairs to plumbing, carpentry and transport of items. The service is normally requested by phone.),
- home care help,
- incontinence service,
- community nurse service.

#### **2. Semi-residential care**

There are thirteen state-run day care centres that open daily from 8.30am to 4.00pm. Occupational therapy is offered in these centres.

#### **3. Residential care**

One central institution for permanent elderly residents, supplemented by seven regional residences – all state run. There are also private residential homes.

In addition, there is a state run central mental institution that provides treatment and care for mentally impaired persons who need psychiatric treatment.

Another central and state run institution/hospital provides long-term care for cancer patients and other malignant diseases.

#### **4. Other benefits**

The incontinence service: essentially a benefit-in-kind which provides adult nappies at a reduced cost.

### **Cash benefits**

There is no special benefit related solely to long-term care. Benefits are directly payable to person needing long-term care or his/her legal guardian.

Beneficiaries are free to use the money received as they deem to fit.

**Combination of benefits**

The same person can be entitled to both cash and in kind benefits.

Free choice between cash and benefits in kind is possible.

**Benefits for the carer**

A Carers' Pension is paid to a person who is either single or a widow/er and who takes full-time care of a sick relative who is bedridden or confined to a wheel-chair and living in the same household. The rate of benefit is € 95.58 per week and is paid to the carer.

A Carers' Allowance (*Pensjoni tal-Wens*) is paid to a person who is either single or a widow/er and who takes constant care of a sick relative living in the same household. The rate of benefit is € 69.24 per week and is paid to the carer.

## **THE NETHERLANDS**

### **Applicable statutory basis**

The General Exceptional Medical Expenses Act (*Algemene wet bijzondere ziektekosten, AWBZ*), of 14 December 1967.

According to the Note of the Dutch delegation, the government has started a program aimed at restructuring long term care in the Netherlands. The aims of this program are to improve the quality of LTC, to align the care as much as possible to the wishes of the recipients, to decrease the amount of regulations and to better control the costs of LTC.

### **Benefits in kind**

Care is provided in the form of “products”. For example home care, admission to a care home, nursing home, institution for the development or physically disabled are all products offered under the AWBZ. A product consists of a single function or a combination of functions.

Long-term care is defined in five broadly defined functions. Next to personal care, also nursing (e.g. administering injections), supportive guidance (assistance in managing daily activities), treatment (e.g. specific treatment by a geriatric specialist, a doctor for the developmentally disabled or a behavioural scientist) and accommodation are provided as benefits in kind.

#### **1. Home care**

Care provided at home by an institution to insured persons with a somatic, psychogeriatric or psychiatric condition or impediment, or a physical or mental disability. The activities in the field of personal care are supported or taken over, with a view to compensate for the (temporary) inability of the insured person to live independently.

Home care includes the loan of nursing equipment for a maximum period of 26 weeks.

#### **2. Semi-residential care**

Care provided by an institution to insured persons with a somatic, psychogeriatric or psychiatric condition or impediment, or a physical or mental disability. The care is aimed at the promotion or preservation of the ability to live independently and serves to prevent institutionalisation or neglect of the insured person.

#### **3. Residential care**

Care in an institution which is necessary due to the need for a protected living environment, therapeutic environment or permanent supervision of an insured person with a somatic, psychogeriatric or psychiatric condition or impediment, or a physical or mental disability.

#### **4. Other benefits**

Several specific benefits for specific kinds of patients such as psychiatric treatment and treatment for persons with visual or hearing impairments.

In addition to care functions, there is also entitlement to, for example, patient transport, nursing supplies, care and support related to sign language, hospital care after one year, rehabilitation care, prenatal care, research into certain congenital metabolic disorders, and vaccinations included as part of a vaccination programme.

## **Cash benefits**

Within the framework of an experiment, the insured person can opt not to obtain care provision in kind, but to receive a personal care budget (*persoonsgebonden budget, PGB*) to enable him or her to purchase care independently. The budget is only available for certain functional forms of care, such as nursing, general care and guidance; the budget is not available for treatment or institutional accommodation. The amount of the personal care budget is dependent on the required care.

Discretionary use.

The Netherlands' government has the intention to end this experiment and make the personal care budget an entitlement as a benefit in cash under the AWBZ.

## **Combination of benefits**

The AWBZ basically provides for benefits in kind. However, within the framework of an experiment, the insured persons have the choice between receiving the benefit in kind or in the form of a personal care budget (*persoonsgebonden budget, PGB*); a combination of the two is also possible.

Free choice between cash benefits and benefits in kind.

## **Benefits for the carer**

An amount of € 250 per year is granted to informal caregivers who provide long-term care at home to a person with an indication for long-term care.

## NORWAY

### Applicable statutory basis

- The Municipal Health Services Act (*lov om helsetjenesten i kommunene*) of 19 November 1982.
- The Social Services Act (*lov om sosiale tjenester*) of 13 December 1991.
- The National Insurance Act (*folketrygdsloven*) of 28 February 1997, Chapter 6.
- The new Act on Municipal Health and Care Services (*lov om kommunale helse- og omsorgstjenester mm.*) of 24 June 2011.

### Benefits in kind

#### 1. Home care

Practical assistance and care at home according to the need. Home care services are available day and night (round-the-clock). Community care housing is both a supplement and alternative to nursing homes and institutions.

#### 2. Semi-residential care

Short-term stays in nursing homes (weekends etc) are offered as a relief measure for the family of patients cared for at home. No time limit.

#### 3. Residential care

Provided in municipal nursing homes, day and night service flats, homes for elderly, housing for disabled children, etc.

#### 4. Other benefits

Both the nursing homes and the home care services are supported by other municipal health and social services, such as short-term technical aids (walker, etc). The home care services are also supported by long-term technical aids from the National Insurance Scheme (*folketrygden*), such as wheelchairs, telecommunication services, etc.

### Cash benefits

For the disabled: The Basic benefit (*grunnstønning*) and Attendance benefit (*hjelpetønning*) from the general National Insurance Scheme (*folketrygden*) are paid directly to the person who is in need of care.

The Basic benefit to cover extra expenses due to permanent illness, injury or deformity. There are 6 different rates of benefit according to the level of extra expenses, ranging from NOK 7 572 (€ 1 031) to NOK 37 860 (€ 5 157) per year.

The Attendance benefit to cover the need for special attention or nursing. The standard rate is NOK 13 572 (€ 1 849). For disabled children under 18, the benefit can be paid at 3 different higher rates, up to NOK 81 432 (€ 11 092).

A condition for the Attendance benefit is that the care is provided by an informal caregiver.

The Discretionary cash benefit (*omsorgslønn*) paid by the municipality to an informal carer who has a particular burdensome care work.

No discretionary use. The cash benefits are a supplement to the benefits in kind. **127 / 156**



**Combination of benefits**

Mainly benefits in kind.

Combined benefits are possible. It is for the local municipality authorities to decide how the person's needs can be fulfilled, with different combinations of benefits in kind and cash benefits. The cash benefits are a supplement to the benefits in kind.

No free choice between cash and/or benefits in kind.

**Benefits for the carer**

Discretionary cash benefit (*omsorgslønn*) paid by the municipality to an informal carer who has a particular burdensome care work.

It is for the local municipality authorities to decide in each single case if the caregiver has "a particular burdensome care work". The level (amount) of the benefit is also determined by the local authorities.

## POLAND

### Applicable statutory basis

In Poland there is no integrated long term care system regulated by single legal act.

People who need such care are entitled to certain benefits under various legal acts, such as e.g. from the field of social assistance, health care, family benefits or benefits for disabled persons. The amounts of benefits are the same for all regions of Poland.

- The Act on Health Care Services financed from Public Means (*Ustawa o świadczeniach opieki zdrowotnej finansowanych ze środków publicznych*) of 27 August 2004.
- The Act on Social Assistance (*Ustawa o pomocy społecznej*) of 12 March 2004.
- The Act on Family Benefits (*Ustawa o świadczeniach rodzinnych*) of 28 November 2003.
- The Act on Social Pension (*Ustawa o rencie socjalnej*) of 27 June 2003.
- The Act on Social Insurance Fund Pensions (*Ustawa o emeryturach i rentach z Funduszu Ubezpieczeń Społecznych*) of 17 December 1998.
- The Act on Vocational and Social Rehabilitation and Employment of Disabled Persons (*Ustawa o rehabilitacji zawodowej i społecznej oraz zatrudnianiu osób niepełnosprawnych*) of 27 August 1997.

In addition, some other legal acts might be mentioned:

- The Act of 24 January 1991 on veterans and some victims of war and post-war repressions
- The Act of 25 June 1999 on cash benefits from social insurance for sickness and maternity
- The Act of 30 October 2002 on social insurance for accidents at work and occupational diseases
- The Ordinance by the Ministry of Labour and Social Policy of 27 July 1999 on rules and procedures for medical certification under the social Insurance Institution
- The Ordinance by the Ministry of Labour and Social Policy of 14 December 2004 on certifying incapacity to work
- Ordinance No. 61/2007/DSOZ by the President of National Health Fund (NFZ) of 19 December 2007 on the contracts under the provisions on long-term care

### Benefits in kind

#### 1. Home care

Specialised care services, including those for people with mental disorders, are one of the basic forms of assistance in kind.

Bedridden and chronic patients who stay at home and who require systematic nursing services due to existing health problems may receive long-term nursing care in the home based environment. Persons with chronic diseases, aggravating disability, sick persons who are not eligible for hospitalisation but need permanent professional nursing, rehabilitation and care are eligible for this type of care. In such cases, long-term care is provided in the home based environment, as long-term nursing care at the patient's home.

#### 2. Semi-residential care

Support centres, which are organisational units of day care social assistance. Support centres include, among others: community mutual-aid houses for persons with mental disorders, day care assistance houses and mutual aid clubs.

### 3. Residential care

Social assistance centres, family-based assistance houses, social assistance houses, family support centres.

### 4. Other benefits

There is a possibility to award certain “accompanying measures” to persons who have the legal assessment of disability. Such measures include possibilities to obtain the co-financing of, for example,

- the participation of disabled persons and their attendants in rehabilitation stays,
- provision of rehabilitation equipment, orthopaedic equipment and auxiliary devices allocated to disabled persons under separate provisions,
- liquidation of architectural and technical barriers in connection with individual needs of disabled persons,
- rehabilitation of children and the young.

Disabled persons may also participate in occupational therapy workshops, which are organisationally and financially separated establishments allowing for social and vocational rehabilitation of disabled persons incapable of work, aimed at gaining or recovering skills required to pursue employment. Occupational therapy workshops may be organised by foundations, associations or other entities, and the costs of establishment and operation of such workshops, or resulting from the increased number of the workshop participants, are co-financed by the State Fund for Rehabilitation of Disabled Persons (*Państwowy Fundusz Rehabilitacji Osób Niepełnosprawnych, PFRON*), from the funds of local governments or other sources.

In addition, the Act on social assistance provides assistance in the form of protected housing (*mieszkania chronione*)

- For a person who, because of the difficult life situation, age, disability or illness needs support in everyday life, but does not require the services provided in the specialised, stationary care facilities, in particular, a person with a mental disorder, a person leaving the foster family, childcare facility, youth educational centre or youth detention centre, as well as foreigners who reside in Poland on the basis of a status of refugee or subsidiary protection.
- Protected housing is a form of social assistance that prepares its tenants, under the care of specialists, to live independently, or provides housing in lieu of a facility that assures 24-hour care. Protected housing provides the conditions for independent functioning in and integration into the local community.
- Protected housing can be conducted by any entity of social assistance or by a public benefit organisation.

The *National Health Fund* finances, inter alia, the provision of long-term care in the form of home care and residential care services:

- Care and treatment facilities, nursing and care facilities (*zakłady opiekuńczo-lecznicze i pielęgnacyjno-opiekuńcze*). They provide nursing, rehabilitation and pharmacological treatment (previously provided during hospital treatment) for patients who have completed the process of diagnosis, surgery or intensive medical treatment and do not need further hospitalisation, but are chronically ill, dependent and suffer from a partial or advanced

disability and therefore need permanent medical control, professional nursing and rehabilitation, which involves the necessity of staying in the care facilities.

- Long-term care homes for mechanically ventilated adults, children and youth (*zespoły długoterminowej opieki domowej dla dorosłych, dzieci i młodzieży wentylowanych mechanicznie*) provided for people with respiratory failures that need permanent or temporary respiratory therapy (either through tracheotomies or through other devices) without the necessity of being hospitalised on an intensive care unit, but they need a permanent, specialist and professional care, nursing and rehabilitation.
- Hospital departments for LTC and palliative services (*świadczenia w oddziale medycyny paliatywnej/hospicjum stacjonarnym*) for terminally ill with a progressive, life-threatening disease.
- Home care hospices for adults and children (*świadczenia realizowane w hospicjum domowym dla dorosłych i dzieci*) – doctors, nurses, psychologists and physiotherapists engaged in these hospices can help families in the care of a sick person who is staying at home.
- The provision of palliative care medicine in the clinic – (*świadczenia w poradni medycyny paliatywnej*) for the sick who are in a stable state of health and can come to the clinic.

### **Cash benefits**

The Medical Care Supplement (*Dodatek pielęgnacyjny*) - PLN 181.10 (€ 41.46) per month and Medical Care Allowance, (*Zasilek pielęgnacyjny*) – PLN 153.00 (€ 35.02) per month. Medical Care Allowance can be granted for disabled children up to the age of 16, disabled persons over the age of 16, persons over the age of 75.

The Training and Rehabilitation of Disabled Child supplement (*dodatek z tytułu kształcenia i rehabilitacji dziecka niepełnosprawnego*) – PLN 60 per child until the child is 5 or PLN 80 per child between 5 and 24.

Social Pension (*Renta socjalna*) – PLN 593.28. According to the Note of the Polish delegation, Social Pension under provisions of the Law of 27/6/2003 on Social Pension (also in Annex X of Regulation) is granted for adults (aged 18 years and over), and those whose invalidity began before the age of 18 years (25 years in the case of full-time students). It is financed from the State budget and granted to those who are totally incapable of work but they do not require (considerable) assistance/care from other persons to carry out essential daily activities. This benefit is similar to “normal” invalidity pension and could not be treated as LTC.

The Permanent Allowance (*Zasilek stały*) – awarded to an adult person keeping a single household and totally incapable of work due to age or disability, provided that the income of that person is lower than the income criterion for a person keeping a single household, and to an adult person staying with the family, completely incapable of work due to age or disability, provided that the income of that person, as well as the income per person in the family, is lower than the income criterion per person in the family. Amount: maximum PLN 444.

Earmarked allowance (*Zasilek celowy*) – awarded for the coverage, in full or in part, of the costs of the purchase of food, medicine and treatment, fuel, clothing, daily necessities, minor apartment repairs, and funeral costs. The amount depends on the individual situation.

The Periodic Allowance (*Zasilek okresowy*) – awarded due to any chronic disease or disability to a person keeping a single household whose income is lower than the income criterion for a person keeping a single household and to a family whose income is lower than the income criterion for the family. Amount: maximum PLN 418 (€ 95.69).

A form of financial assistance paid directly to persons in need of long-term care services are the Medical Care Allowance (*Zasilek pielęgnacyjny*) and the Medical Care Supplement (*Dodatek pielęgnacyjny*), which are granted for a partial coverage of expenses resulting from the need to provide a disabled person with care and assistance of another person due to his or her incapacity for independent existence. The person concerned has a free choice and can use the money for the services he or she prefers. There is no difference if a cash benefit is used for professional care providers or informal caregivers. The amount of the benefits does not relate to the level/scale of dependency.

In addition, some other cash benefits might be mentioned.

The Family allowance (*Zasilek rodzinny*): The entitlement to a family allowance is, among others, subject to means-testing. The right to the family allowance is awarded if the income per person in a family or if the average monthly income of a learning person does not exceed PLN 504. If there is a child with a certified disability or with a certified moderate or severe disability in the family, the family is entitled to a family allowance if the average monthly income per capita in the family or the average monthly income of a learning person does not exceed PLN 583.

Some benefits for *veterans* might be mentioned as well (although they are not necessarily linked to long-term care). They may include direct benefits and reduced transport tariffs.

The Care allowance (*Zasilek opiekuńczy*) granted on the basis of the Act on cash benefits payable for sickness and maternity from the social insurance of 25 June 1999.

The Care Allowance is granted when it is necessary to take care of:

- a. a child up to 8 years of age in case of:
- b. an unexpected closing of a day nursery, a kindergarten or a school which the child attends,
- c. childbirth or sickness of the insured person's spouse who permanently takes care of the child if the childbirth or sickness make them unable to take care of the child,
- d. a stay of the insured person's spouse who takes care of the child in a health care institution,
- e. a sick child is up to 14 years of age,
- f. any other sick member of the family (spouse, parents, parents-in-law, grandparents, grandchildren, siblings, and children over 14 – if they stay in the same household with the insured person).

If care is taken of the child up to 14 years of age, the care allowance is granted for the period of caretaking, which cannot exceed 60 days per calendar year. If a child is older or if care is taken of another member of the family care allowance is granted for a maximum period of 14 days in the calendar year.

Care allowances are jointly granted for taking care of children and other members of the family for the period not exceeding 60 days per calendar year.

The allowance is payable at the rate of 80% of the basis of contribution rates (average salary).

The incapacity to work pension (*Renta z tytułu niezdolności do pracy*) might be considered as a long-term care benefit only if a person has a certificate of the ZUS-authorized physician to

the medical commission of the social security institution about the total inability to perform any kind of work and in the case of finding that the ability of the organism has been impaired to a degree which makes it necessary for the person concerned to be under permanent or long-term care to satisfy her or his basic living needs and the inability to conduct independent existence is announced.

### **Combination of benefits**

Cash benefits and benefits in kind.

As a general rule, there is a free choice between cash benefits and benefits in kind.

Nevertheless, the cash benefits usually do not include the possibility to receive benefits in kind.

### **Benefits for the carer**

The nursing benefit (*Świadczenie pielęgnacyjne*) – established to support people who do not undertake or resign from employment or other paid work due to the necessity of taking care of a disabled child. The child (under 16 years old) must be in possession of a certificate confirming his or her disability with recommendations of constant or long-term care or help, related to a limited ability of the child to independent existence and a necessity of the everyday participation of a caretaker in the process of medical treatment, rehabilitation and education, or (if the child is older than 16 years) of a certificate confirming a considerable degree of disability. A caregiver can receive the nursing benefit only if he or she is one of the parents or the factual guardian of the child. The amount of money paid directly to the caregiver is PLN 520 (€ 119.04) per month. The caregiver can have his or her social insurance contributions paid from the state budget.

A social assistance centre pays the contribution to an old-age and pension insurance. The amount is subject to income criteria per person in the family, to a person that gives up employment due to the necessity to exercise direct, personal care for a member of the family suffering from a long-term or serious disease, and for a non-cohabiting mother, father, or for siblings, provided that the actual income per person in the family of the person exercising such care does not exceed 150% of the amount subject to income criteria per person in the family, and provided that the person exercising such a care is not covered by mandatory old-age or disability pension insurance under other titles and receives no old-age or disability pension. The above also refers to individuals who – due to the necessity to exercise such a care – are on unpaid leave. The contribution to old-age and pension insurance – in the amount specified under relevant provisions on the social insurance system – is paid for the duration of exercising such care.

### **Addendum: Social security coordination aspects**

According to the Note of the Polish delegation, the above listed *benefits in kind* represent a mix of sickness benefits and social services that are not considered as part of social security system (health care) in Poland but that belong to the sphere of social assistance.

The Polish delegation noted that according to their view only Medical Care Supplement (*Dodatek pielęgnacyjny*) and Medical Care Allowance for adults (*Zasilek pielęgnacyjny*) can be treated as LTC *cash benefits*.

They have emphasized that according to the Judgement of The Court (C-333/00 *Mahheimo*) a benefit such as the home child-care allowance is a *family benefit* within the meaning of Article 4(1)(h) of the Regulation 1408/71. That is why Medical Care Allowance should be treated as LTC only in the case of adults (not in case of children).

According to the view of the Polish delegation, *Supplement to family benefit* (Training and Rehabilitation of Disabled Child supplement, *dodatek z tytułu kształcenia i rehabilitacji dziecka niepełnosprawnego*) cannot be coordinated as sickness benefits. All supplements to family allowances in Poland are integral part of “main” family allowance (they cannot be granted separately). All supplements to family allowances are recognized as family benefits under the Regulation 883/2004.

The Polish delegation expressed their believe that *social assistance* benefits cannot be coordinated as LTC benefits, since the Regulation No 883/2004 does not apply to social assistance. In Poland the duty of guaranteeing the implementation of social assistance tasks rests upon territorial self-government units/communes and governments administration. They prepare an evaluation of social support resources based on an analysis of local social and demographic situation, which affects the assistance aimed at people in need. When granting assistance, family background interview shall be conducted to determine personal and financial situation, family income and assets of individuals and families.

The nursing benefit (*Świadczenie pielęgnacyjne*) is established to support people who do not undertake or resign from employment or other paid work due to the necessity of taking care of a disabled child. It is granted to the carer (not to a disabled child/person); the carer can have his/her social insurance contributions paid from the State budget. The carer’s activity is regarded as a gainful activity under Polish legislation, where the activity is exercised. In this situation we should treat this person (carer) in accordance with Article 1 and Title II of Regulation (EC) No. 883/2004.

## PORTUGAL

### Applicable statutory basis

#### **Social insurance:**

Statutory Decree 265/99 of 14 July 1999, amended by Statutory Decree 309-A/2000 of 30 November 2000.

#### **Guaranteeing sufficient resources:**

Statutory Decree 265/99 of 14 July 1999, amended by Statutory Decree 309-A/2000 of 30 November 2000.

#### **Social security system and National Health Service:**

Statutory Decree 101/06 of 6 June 2006.

### Benefits in kind

#### 1. Home care

Home care (*apoio domiciliário*).

Daily care, personal comfort, cleaning, meal delivery, accompaniment during medical visits etc.

Foster families (*famílias de acolhimento*).

Temporary or permanent integration of elderly persons or disabled adults (maximum 3) in foster families who ensure that their basic needs, including in terms of medical care, are met.

Integrated home care teams (*Equipas de Cuidados Continuados Integrados*) - Health and Social community multidisciplinary teams, for citizens in convalescence with functional dependence or terminal illness that do not need in-patient care.

#### 2. Semi-residential care

A Night Centre (*Centro de Noite*) for elderly people who are isolated and, accordingly, in need of assistance during the night (from 6pm to 8am);

Day care centres (*Centro de dia*) for elderly persons. At least 8 hours per day;

Centres for day care and promotion of autonomy (*Unidades de dia e de promoção da autonomia*): 8 hours per day;

Sheltered workshops (*centro de actividades ocupacionais*) for seriously disabled persons;

Centres for social and occupational measures (*forum sócio-ocupacional*) for persons with minor mental disorders;

Nursing homes for temporary stay (*lar temporário*) of disabled children and youngsters between the age of 6 and 16 years.

#### 3. Residential care

Nursing homes for permanent stay (*lar de idosos*) of elderly persons who are or risk to become severely dependent;

Homes (*residência*) for persons over the age of 16 years with permanent or temporary disabilities;

Centres for supported life (*unidade de vida apoiada*) for persons with permanent mental disabilities;

Centres for protected life (*unidade de vida protegida*) for adults who suffer from serious psychological problems likely to become permanent;

Centres for autonomous life (*unidade de vida autónoma*) for adults who suffer from serious psychological problems likely to become permanent, but who maintain a certain degree of autonomy;



Temporary Reception Centres for Emergencies (*Centro de Acolhimento Temporário de Emergência*) for elderly persons in a difficult social situation;  
Convalescent centres (*Unidades de convalescença*) for medical rehabilitation care following hospitalisation;  
Medium-term and rehabilitation centres (*Unidade de média duração e reabilitação*), in conjunction with the hospital, for medical rehabilitation care and social / psychological support;  
Long-term and maintenance centres (*Unidade de longa duração e manutenção*) for social support and maintenance treatment of persons suffering from chronic pathologies;  
Centres for palliative care (*Unidades de cuidados paliativos*) for the support, in a hospital environment, of seriously ill persons.

#### **4. Other benefits**

The provision of technical aids.

Premature intervention (*Intervenção Precoce*) integrated aid measure combining education, health and social assistance for children up to 6 years old with disabilities or with a serious risk of mental retardation.

#### **Cash benefits**

##### ***Social insurance:***

The Long-term care supplement (*complemento por dependência*): paid to recipients of invalidity, old-age and survivors' pensions who are reliant on care. A monthly amount is indexed to the amount of the social pension (*pensão social*) and annually updated. In 2012 this amount is € 97.70 regarding 1st degree of dependency and € 175.86 concerning 2nd degree of dependency.

14 benefits paid yearly. The Christmas and holiday bonus: amount equal to the benefit paid for the corresponding month.

The allowance for the assistance by a third party (*subsídio por assistência de terceira pessoa*) is a family benefit granted to severely disabled descendants who are incapable to carry out their basic needs and need the permanent help of a third person. In 2012 it amounts to € 88.37.

##### ***Guaranteeing sufficient resources:***

The long-term care supplement (*complemento por dependência*): paid to recipients of invalidity, old-age and survivors' social pensions who are in need of permanent assistance of a third party. Monthly amount indexed to the indexing reference of social support (indexante dos apoios sociais, IAS): € 94.77 or € 170.59 according to the degree (1st or 2nd) of dependency.

Allowance for assistance by a third party (*subsídio por assistência de terceira pessoa*): see above.

Discretionary use. However, the benefits are paid to the care provider in case the beneficiary is incapacitated or if she or he resides in a social support (or assimilated) institution.

#### **Combination of benefits**

No mixed benefits.

Not applicable. Accumulation possible.

**Benefits for the carer**

No specific benefits for the carer.

## ROMANIA

### Applicable statutory basis

Law 448 of 6 December 2006 on Protection and Promotion of the Rights of Persons with Handicap (*Legea privind protectia si promovarea drepturilor persoanelor cu handicap*), with subsequent amendments.

Law 17 of 6 March 2000 on Social Assistance of Senior Persons (*Legea privind asistenta sociala a persoanelor varstnice*), with subsequent amendments.

### Benefits in kind

#### 1. Home care

*Persons with handicap:*

Personal Assistant (*asistent personal*) – care and protection for a period longer than 24 hours.

*Senior persons:*

Caregiver (*persoana de ingrijire*) – social and socio-medical services for a period longer than 24 hours.

#### 2. Semi-residential care

*Persons with handicap:*

Qualified Personal Assistant (*asistent personal profesionist*) – care and protection for a period longer than 24 hours,

Day centres – social services integrated with medical, education, housing, labour force employment and other similar services up to 24 hours.

*Senior persons:*

Day, night, and other specialised centres for senior persons – socio-medical services up to 24 hours.

#### 3. Residential care

*Persons with handicap:*

Residential centres – social services integrated with medical, education, housing, labour force employment and other similar services for a period longer than 24 hours in:

Care and assistance centres,

Recovery and rehabilitation centres,

Integration centres providing vocational therapy,

Centres of training for an independent life,

Crisis centres,

Centres for community and training services,

Sheltered housing, etc.

*Senior persons:*

Homes for senior persons – social, socio-medical and medical services for a period longer than 24 hours.

#### 4. Other benefits

*Persons with handicap:*

e.g. Gratuities by Urban Transportation (*calatorii gratuite la transportul urban*). **138 / 156**

## **Cash benefits**

*Persons with handicap:*

The Indemnity (*indemnizatie*) which is an alternative to the Personal Assistant (*asistent personal*) is paid to the person with severe handicap. It is equal to the net wage for a certain category of social worker.

The amount is at his/her discretion.

*Senior persons:*

Not applicable.

## **Combination of benefits**

*Persons with handicap:*

Cash and in kind benefits.

The person with severe handicap may freely choose between Indemnity (*indemnizatie*) and Personal Assistant (*asistent personal*) (includes inter alia relatives and spouses).

*Senior persons:*

In kind benefits.

## **Benefits for the carer**

*Persons with handicap:*

As the Personal Assistant (*asistent personal*) (includes inter alia relatives and spouses) and the Qualified Personal Assistant (*asistent personal profesionist*) have employment contracts, they are covered for different risks.

The Personal Assistant and the Qualified Personal Assistant are entitled to benefits in kind such as free urban and inter-urban transportation, etc.

*Senior persons:*

As the Caregiver (*persoana de ingrijire*) has an employment contract, he/she is covered for different risks

## SLOVAK REPUBLIC

### Applicable statutory basis

The Act on Social Services (*Zákon o sociálnych službách*) No. 448/2008.

The Act on Financial Benefits for Compensation of Disabled Persons (*Zákon o peňažných príspevkoch na kompenzáciu ťažkého zdravotného postihnutia*) No. 447/2008.

The Act on Health Care and Services Related to Health Care (*Zákon o zdravotnej starostlivosti a službách súvisiacich s poskytovaním zdravotnej starostlivosti*) No. 576/2004.

The Act on Health Care Providers, Medical Workers and Professional Medical Associations (*Zákon o poskytovateľoch zdravotnej starostlivosti, zdravotníckych pracovníkoch a stavovských organizáciách v zdravotníctve*) No. 578/2004.

The Act on Subsistence Minimum (*Zákon o životnom minime*) No. 601/2003.

### Benefits in kind

#### 1. Home care

Attendance services to help with personal activities of daily living, with keeping up the household and with basic social activities.

#### 2. Semi-residential care

Semi-stationary care is provided in the social services facilities e.g. Daily Stationary Facility (*Denný stacionár*). It is provided as a daily or a weekly care (with persons returning home during the weekend). Different activities like specialised services, nursing etc., are provided there.

There are no exactly defined daily hours during which the recipient may attend the facility.

#### 3. Residential care

Nursing home care is provided in social services facilities: Shelter Facility (*Zariadenie chráneného bývania*), Social Service Home (*Domov sociálnych služieb*) and Home of Supported Inhabitation (*Zariadenie podporovaného bývania*). For a temporary period, the nursing home care is provided also in the Attendance Service Facility (*Zariadenie opatrovateľskej služby*) and in the Rehabilitation Centre (Rehabilitačné stredisko).

#### 4. Other benefits

Social Guidance (*Sociálne poradenstvo*), Interpretation (*Tlmočenie*), Social rehabilitation (*Sociálna rehabilitácia*). According to the Note of the Slovak delegation these benefits do not satisfy the aspects of LTC benefits.

The social services system, in which providers (self-government of municipalities and upper regional units, public and non-public providers) offer social services to persons in social need (disabled persons, elderly, single parents, homeless persons, etc).

### Cash benefits

For professional providers within home care the Personal Assistance Benefit (*Príspevok na osobnú asistenciu*) is set: the sum of 1.39% of the subsistence minimum per hour of assistance required (maximum of 7 300 hours per year). This benefit is granted to the person who is in need of care and whose income is lower than 3 times the subsistence minimum, otherwise the benefit is lower.

Personal assistant is not necessarily a professional caregiver. It can be any natural person who has reached 18 years of age, is legally competent and with whom the severely disabled person has concluded an agreement on the performance of personal assistance.

For informal carers (relatives) within home care the Attendance Service Benefit (*Príspevok na opatrovanie*) is set: up to the level of 111.32% of the subsistence minimum per month if only 1 person receives home care and up to the level of 148.42% of the subsistence minimum per month if 2 or more persons receive home care. The benefit is paid directly to the carer (obviously a family member) in the carer's own right. An increase of the benefit by the sum equivalent to € 49.80 per month is granted if a severely disabled child is in home care and the provider has no other income.

The Benefit for Purchasing, Repairing, Adjusting and Training of Utilisation Equipment (*peňažný príspevok na kúpu, úpravu alebo opravu pomôcky*): maximum benefit of € 8 630.42. Purchasing a Hoisting Device Benefit (*Peňažný príspevok na kúpu zdvihacieho zariadenia*): maximum benefit of € 11 617.88.

Purchasing and Adjusting a Car Benefit (*Peňažný príspevok na kúpu alebo úpravu osobného motorového vozidla*): maximum benefit of € 8 298.48.

Transportation Benefit (*Peňažný príspevok na prepravu*): maximum benefit is 51.02% of the subsistence minimum (*Životné minimumi*) per month.

Adaptation of a Residence or a Garage Benefit (*Peňažný príspevok na úpravu bytu, rodinného domu alebo garáže*): maximum benefit of € 8 298.48.

The Compensation of Enhanced Costs Benefit (*Peňažný príspevok na kompenzáciu zvýšených výdavkov*): monthly supplements for special dietary requirements (up to 18.56% of the subsistence minimum), personal and domestic hygiene, clothing, shoes and housing equipment (9.28% of the subsistence minimum), operation of a car (16.7% of the subsistence minimum), maintenance of a guide dog (22.27% of the subsistence minimum).

### **Combination of benefits**

Cash benefits as well as benefits in kind at home and in institutions can be combined; however, for selected benefits, the combination is not possible (e.g. the Attendance Service Benefit (*Príspevok za opatrovanie*) with the Personal Assistance Benefit (*Príspevok na osobnú asistenciu*)).

Free choice between cash benefit and benefit in kind possible.

### **Benefits for the carer**

The state pays contributions on the carer's old-age and invalidity insurance. It is possible to take a paid leave in order to care for a dependent person (relief service).

### **Addendum: Social security coordination aspects**

In the Note of the Slovak delegation it is stressed that for cash allowances the income and the assets of the person with a severe disability, as well as all the jointly assessed persons, are established, which is regularly reviewed once a year, indicating the fact that the allowances can be provided only to such a group of persons with severe disabilities that are at a lower social level. They are linked to the socio-economic situation in the Slovak Republic and their amount depends on the subsistence minimum.

Cash allowances are provided on the basis of individual and discretionary review of particular situation and circumstances of the applicant and his or her family (the social assessment

activity) for the purpose of compensating for the social consequences of severe disability. The cash allowances are not claimable, are not awarded automatically to persons meeting certain criteria, and are of the discretionary nature. Their aim is contributing to the support of autonomy as well as social integration of disabled persons, helping them to lead a life comparable with that of persons not having disabilities. Therefore care allowances should not be exportable.

According to the view of the Slovak delegation, expressed in their Note, cash benefits for compensation of a severe disability are social assistance benefits. If they were to be regarded as long-term care benefits, the list should give only two cash benefits that can have some of their features:

- the cash allowance for care, which is provided to the caregiver and
- the cash allowance for personal assistance, which is provided to a natural person with a severe disability but subject to monthly produced statements of the number of hours of personal assistance, as well as the receipts of the fees paid to the personal assistant, without which cash allowance cannot be paid out. For this reason it is debatable whether this cash allowance should not be regarded as an LTC benefit in kind.

## SLOVENIA

### Applicable statutory basis

No specific law related to long-term care.

Long-term care benefits are included in the following acts:

The Pension and Disability Insurance Act (*Zakon o pokojninskem in invalidskem zavarovanju, ZPIZ-1*) (Official Gazette of the Republic of Slovenia, No. 109/2006, official consolidated text).

The Social Assistance Act (*Zakon o socialnem varstvu, ZSV*) (Official Gazette of the Republic of Slovenia, No. 36/04)

Financial Social Assistance Act (*Zakon o socialno varstvenih prejemkih, ZSVarPre*) (Official Gazette of the Republic of Slovenia, No. 61/2010)

Rights Enforcement from Public Funds Act (*Zakon o uveljavljanju pravic iz javnih sredstev, ZUPJS*) (Official Gazette of the Republic of Slovenia, No. 62/2010)

The Parental Care and Family Benefits Act (*Zakon o starševskem varstvu in družinskih prejemkih, ZSDP*) (Official Gazette, No. 110/2003, 10/2008- official consolidated text)

The Mentally and Physically Handicapped Persons Act (*Zakon o družbenem varstvu duševno in telesno prizadetih oseb, ZDVDTP*) (Official Gazette SRS, No. 41/83)

The Health Care and Health Insurance Act (*Zakon o zdravstvenem varstvu in zdravstvenem zavarovanju, ZZVZZ*) (Official Gazette, No. 100/2005).

### Benefits in kind

#### 1. Home care

Home care is provided by the following services:

- *Community services* provide medical-social care at home. The user is provided nursing care services, preventive home visits and assistance in obtaining adequate social treatment. The costs of nursing care services are covered by the compulsory health insurance.
- Community psychiatry is a team approach to the treatment of patients after their discharge from treatment at the secondary (specialist) level into home care, providing their social inclusion, maintenance and follow-up of their health condition.
- *Social home help* is organised locally, provided within the public service network by the Social Work Centres, homes for elderly and special institutions for home care. Home help is available for a maximum of 4 hours a day or 20 hours a week.
- *Personal assistance* is a program ran by persons with disabilities themselves, and is financed by the state, local community and user funds (it is not available across the country).
- *Social alarms/telecare* is organised locally, not provided within the public service network; available only in some municipalities (currently there are essential changes).
- *Meals on wheels* is a commercial service unless when is being part of home help service package.
- *Sheltered housing* emerged in recent years and is funded by public sector (municipal housing funds, Pension Real Estate's Fund by private investors or as public-private partnership ventures).

#### 2. Semi-residential care

Day care centres are organised locally and include the following services: protection, food supply, health care, social integration, social activities and transport.



Day care is usually performed in the welfare employment centres, in homes for elderly (*domovi za starejše*) and in private institutions on a basis of a concession contract concluded between institutions performing day care and the state or on the basis of a work permit.

Group homes and day centers for people with mental health problems (*stanovanjske skupine*) are organised locally, not provided within the public service network; available only in some municipalities; financed by the state, local community and user funds (it is not available across the country).

### **3. Residential care**

Residential care is mainly a public responsibility: in terms of the establishing and maintaining facilities, of developing the network of social care homes. The system of financing the residential care is a combination of public and private responsibility: people have to cover the expenses of accommodation, food and social care services, but if income is insufficient, the state (municipality) supplements the payment up to the entire price.

Residential care in Slovenia is provided by:

- homes for the elderly,
- special social care homes,
- centres for care and training (residential institutions for people with learning disabilities),
- institutions for training of severe and profound mentally disabled children.

*Homes for the elderly* have the longest tradition in Slovenia and are operating in the public and private domain (private institutions with concessions). *Special social care homes* and *institutions for training of severe and profound mentally disabled children* are only public and there are no private partnerships. The *centres for care and training* operate in both the public and private domain. In the public sector the providers of homes for the elderly are municipalities and in the private sector the providers are private social institutions who have acquired a license or concession.

Health care is covered from the compulsory health insurance by the Health insurance Institute of Slovenia (HIIS) according to the contracts between the HIIS and above-mentioned institutions.

*Nursing hospitals* could also be mentioned. Although several Slovenian hospitals already operate departments for non-acute medical treatment, the first nursing hospital in Slovenia was opened in February 2011 in Ljubljana. Nursing hospitals should be opened in other cities as well. The purpose of such hospitals is to accept patients who have concluded an acute medical treatment, but are not yet ready to lead an independent live at their home or in a home for elderly. The nursing hospital is thus a transitional stage between a hospital treatment and living at home (again) or in the home for elderly. It is not intended for indefinite hospitalisations. The decision on the admittance is taken by the team of experts, according to the overall plan of treatment and care. In a nursing hospital the emphasis is on care activities, therefore a stable medical condition is one of the conditions to be accepted to a nursing hospital. Also the majority of staff are nurses, and only few are physicians.

Within the framework of *non-acute hospital care*, hospices perform the following services:

- *extended hospital treatment* (EHT) where patients are treated after completed acute therapy because they are unable to return to their home environment due to their current health condition; where they are provided with an adequate rehabilitation programme, a relatively rapid improvement of their condition may be expected, which enables them to return into their home environment (expected health improvement, a list of hospitals that offer such rehabilitation programmes);

- *nursing care* is provided for a short period of time when the health condition after completed acute therapy has deteriorated so that the patient's return to their previous environment is impossible while no improvement may be expected and therefore it is necessary to provide suitably adjusted conditions (social care; return into home care is not possible);
- *non-acute palliative care* (terminal stages – short-term conditions, in this case short life expectancy; no improvement of the condition may be expected; institutional care placement in such a short time is not feasible).

#### **4. Other benefits**

The right to technical aids (orthopaedic, hearing and other aids intended for home care – special beds, sanitary medical equipment, etc) available under compulsory health insurance. Costs are covered in full for children with severe and profound mental disabilities, the disabled and other persons who rely on the assistance of another person for all or most of their existential functions, disabled persons who have at least 70% physical disability according to regulations on pension and invalidity insurance, persons over 75 years, and social assistance recipients (for the latter co-payments are covered by the State).

#### **Cash benefits**

Cash benefits are paid directly to a person in need of care. Cash benefits are intended to cover additional costs arising from a need for care of another person (professional or informal caregiver).

The Supplement for Care and Assistance (*dodatek za tujo nego in pomoč*) granted to disabled persons who are incapable of performing basic life functions and for which they require the constant help of another person. This supplement amounts from 20% to a maximum of 30% of the national average net personal income per employee if a person needs assistance of another person in performing all of his or her basic life functions (€ 165.07), and 10% to 20% if help of another person is required in performing a majority of the basic life functions (€ 82.54).

The Assistance and Attendance Allowance (*dodatek za pomoč in postrežbo*): available to lawfully permanent resident recipients of old-age, invalidity, widow/widower's and survivor's pension, should they need permanent help to satisfy their vital necessities. It amounts to at least 70% of the minimum pension for a full pension qualifying period for persons, who are in need of assistance and attendance provided by a third person to help him/her with all of basic day-to-day activities (€ 290.15) or half of the amount for persons who need assistance in performing a majority of basic day-to-day activities (€ 145.08) or 100% of the minimum pension for a full pension qualifying period for the most severely handicapped (€ 414.50).

The Special Childcare Allowance (*dodatek za nego otroka, ki potrebuje posebno nego in varstvo*): provides financial assistance to a family with a child with special needs who are permanent residents, and is intended to cover the higher cost of caring for such a child. The benefit is paid until the age of 18 or 26 if the child is in education. The monthly amount is € 101.05; for children who are in need of special care 24 hours a day the monthly amount is € 202.17.

The Partial Payments for Loss of Income (*delno plačilo za izgubljeni dohodek*):

Paid to one of the parents who has left his or her job in order to care for a child with special needs. The child and one of the parents must be permanent residents and EU citizens. The monthly amount equals to the national minimum wage (€ 734.15 – gross value).

The Assistance and attendance allowance (*dodatek za pomoč in postrežbo*) for social assistance recipients, who due to old-age, illness or invalidity are incapable of independent living and require the assistance of another person (Article 31.a of the Social Assistance Act of 1992 with later amendments). It is of a subsidiary (social assistance) legal nature. The same rules apply as for the assistance and attendance allowance as a supplement to an old-age, invalidity, widow's or family pension (described above). It is also foreseen in the new social assistance act, which should come into force in 2012.

The Assistance and attendance allowance for war invalids (of a certain degree), according to the War Invalids Act (of 1996 with later amendments, Article 22 and following). The same criteria as for the assistance and attendance allowance as a supplement to an old-age, invalidity, widow's or family pension apply (described above). There are some special provisions, mainly to the benefit of the allowance recipient. This allowance could be classified as an LTC benefit for victims of war.

The person has a free choice and can use the money at his own discretion. There is no control on how the money is spent.

### **Combination of benefits**

There is a combination of cash benefits and benefits in kind. Cash benefits are paid directly to the beneficiary.

Free choice between cash benefits and benefits in kind.

### **Benefits for the carer**

The benefit is paid to a carer in case a person entitled to residential care opts for the right to choose a family assistant (*družinski pomočnik*) instead. The locally competent Centre for Social Work awards the family assistant to a disabled person who requires help with performing all of the activities of daily living. A family assistant is paid by the local municipalities (€ 578.55 per month – gross value).

The Partial Payments for Loss of Income (*delno plačilo za izgubljeni dohodek*) have already been mentioned above. It is rather automatically transformed to a benefit for a family assistant when the child reaches maturity.

## **SPAIN**

### **Applicable statutory basis**

Act No. 39/2006 on the Promotion of Personal Autonomy and Assistance to persons in situations of dependence of 14 December 2006, as amended.

It seems that in Spain a formal criterion is followed, i.e. as long-term care benefits are considered only those regulated by the above-mentioned legislative act.

However, it is obvious that the “need of care” can be also protected by other social security benefits (partially also linked with long-term care):

- maternity benefits for parents while nursing their children
- Contributory and non-contributory invalidity pensions

Both branches only specifically guarantee financial help to persons in need of nursing care when they satisfy two requisites: to be legally qualified as disabled and to require the help of another person to carry out the most essential day-to-day activities, as a result of the loss of "functional or anatomical capacity", which should be determined by the medical services.

Under Spanish law, four different degrees of invalidity may be distinguished, depending on their consequences for the person’s capacity to work: partial permanent incapacity; total permanent incapacity; absolute incapacity, and extreme disability.

Extremely disabled is a worker or an employee, who not only suffers from a total permanent incapacity to perform any kind of job, but also needs the help of someone to perform the most essential acts of life such as eating, getting dressed, walking, or any other similar examples, due to their anatomical or functional shortcomings.

- Family benefits: there is only one example in which Spanish rules take into account the case of those young people suffering from an extreme incapacity that demands non-medical nursing care: when the person is 18 years old or over, he or she is affected by the loss of anatomical or functional capacity, at least for a degree of 75% and he or she needs the help of another person to carry out the daily activities.

### **Benefits in kind**

#### **1. Home care**

Different forms of assistance in the home of the person in a situation of dependence. Services aimed at promoting personal autonomy and preventing dependency are stipulated in Article 15(1)(a) of the Act 39/2006.

Tele-assistance and prevention are provided for.

#### **2. Semi-residential care**

Attendance at day and night care centres. The duration and the type of care depend on the individual need of the dependent person.

#### **3. Residential care**

Long-term care provided in institutions, mainly old-age homes and centres for the disabled.

#### **4. Other benefits**

No other benefits.

#### **Cash benefits**

The amounts are fixed by law and vary according to the degree of dependency. The maximum monthly amount: € 833.96.

With regard to cash benefits, the Act 39/2006 mentions three types of benefits, two of which, despite being monetary, are of the same nature as the benefits in kind for the coordination purposes.

In the Spanish note it is argued that two cash benefits should be considered as benefits in kind according to case law of the Court of Justice of the European Community (CJEU), Decision No 175 of 23 June 1999 of the Administrative Commission of the European Communities on Social Security for Migrant Workers on the interpretation of the concept of ‘benefits in kind’ in the event of sickness or maternity pursuant to Council Regulation (EEC) No 1408/71, and more recently, Decision No S5 of the Administrative Commission for the Coordination of Social Security Systems of 2 October 2009 on the interpretation of the concept of ‘benefits in kind’ as defined in Article 1(va) of Regulation (EC) No 883/2004 in the event of sickness or maternity.

a) Financial benefit linked to a service (Article 17)

This is periodical and is only granted when access to a public or organised care service is not possible, in accordance with the degree and level of dependency and economic situation of the beneficiary, pursuant to the provisions of the agreement between the General State Administration and the corresponding Autonomous Community.

This personal financial benefit is, in any case, linked to the acquisition of a service. Therefore, this financial benefit is of the same nature as a benefit in kind.

b) Financial benefit for personal care (Article 19).

The objective of the financial benefit for personal care is to encourage highly dependent persons to be more autonomous. The aim is for this benefit to contribute towards the hiring of a personal assistant for a number of hours, which will facilitate the beneficiary's access to education and work and will give them a more autonomous life in terms of pursuing basic, day-to-day activities.

Therefore, this financial benefit is of the same nature as a benefit in kind.

c) Financial benefit for care in the family and support for non-professional carers (Article 18).

In exceptional circumstances, when the beneficiary is being cared for in the family environment, financial benefit for care in the family is granted as long as certain conditions and requirements are met. The carer must adhere to the rules on Social Security registration, membership and contributions laid down by law.

The Spanish legislation on protection against dependency does *not provide* for any care allowance to pay for housing or to supplement the benefit.

With regard to the tax benefits in the *personal income tax*, there are a number of measures which exempt persons with disabilities from paying taxes, or deduct or reduce their tax rate. Some of these may benefit persons with disabilities in a recognised situation of dependency,

such as the measures to award net income from work or economic activities for contributions to listed heritage or for pension schemes, etc.

With regard to the personal income tax in the specific case of persons declared dependent under Act 39/2006, there are a number of measures in place which are set out in Act 35/2006 of 28 November 2006, as well as other implementing provisions.

**Combination of benefits**

The benefit compatibility scheme (mixed benefits) is regulated at territorial level by each of the Autonomous Communities.

**Benefits for the carer**

Cash benefits are payable to the beneficiary, who pays the informal caregiver. Compulsory inclusion of the informal caregiver in the Social Security System.

## SWEDEN

### Applicable statutory basis

The Social Services Act (*Socialtjänstlagen*) (2001:453) of 2002.

The Health Care Act (*Hälso- och sjukvårdslag*) (1982:763).

The Social Security Code (2010:110).

### Benefits in kind

#### 1. Home care

This is the most common service.

If a person is in need of medical care that does not involve hospital care he or she should, according to the Health Care Act, be given that kind of care in his or her own home. The assistance in the form of home help shall also be given in a person's own home. The municipality cannot refuse to give anyone in need assistance in their own home. There is no legal responsibility for spouses or children to care for their elderly relatives.

#### 2. Semi-residential care

Exists in the form of short-term stay, as a complement to home care.

#### 3. Residential care

Mainly for people with Alzheimer disease or persons with severe medical conditions or persons who suffer severely from anxiety and loneliness.

#### 4. Other benefits

Day care, rehabilitation, security alarms etc.

Persons with the lowest pension are entitled to a state financed income-tested housing supplement. Although, its purpose seems to be to top up the regular pension from an economic point of view, rather than a complement due to special care needs.

### Cash benefits

Based on individual assessment.

The amount depends on municipalities.

Cash benefits as an alternative to municipal provision are not intended to be used as payments to informal carers.

In addition, other benefits might be mentioned as well:

The care benefit (*vårdbidrag*), according to *Chapter 22* of the (2010:110) *Social Security Code*.

This is paid to the carer (normally the legal parent) of a disabled (or sick, in the need of care for at least six months) child from 0-19 years of age. It is a flat-rate benefit of SEK 107 000 a year (SEK 8 917 a month). There is also the possibility of extra cash benefits for extra expenses.

The occasional parental benefit (*tillfällig föräldrapenning*), *Chapter 11-13* of the (2010:110) *Social Security Code*.

This is paid to the carer of certain disabled children of 16-21 (23) years of age when the child is occasionally ill with a maximum of 120 days per year.

The disability benefit (*handikappersättning*), Chapter 50 of the (2010:110) Social Security Code.

This is paid to disabled persons of 19 years of age or older (at 19 the right to a care benefit, see above, expires). This is a benefit to cover extra expenses due to care of assistance.

Assistance benefit (*assistansersättning*), Chapter 51 of the (2010:110) Social Security Code

This is a cash benefit paid per hour of assistance to those who, due to a severe handicap, is in the need of assistance with a minimum of 20 hours per week concerning basic human needs.

Car benefit (*bilstöd*), Chapter 52 of the (2010:110) Social Security Code.

This is a special benefit for the disabled with permanent (at least 9 years ahead) difficulties to use public transportation.

### **Combination of benefits**

Benefits in kind.

Elderly care, such as home help is usually provided as a benefit in kind.

Cash benefits are allowed but not very common. A voucher-like system gives the individual a right to a certain amount of help related to a cost per hour or presumed result. This approach is considered to better target the quality issues.

Mixed benefits: could be possible, but are very uncommon.

Free choice between cash and/or benefits in kind is possible, but uncommon.

### **Benefits for the carer**

Support from the municipality, e.g. providing information, support groups for carers, relief on demand or scheduled relief, centres for carers with activities.

Cash benefits, including the allowance to a relative, are usually calculated according to the number of hours of care. The payment can also be based on other criteria than number of hours. There is no national framework for the cash benefits and they are not paid out in all municipalities. Care benefits and occasional parental benefits paid to the carer have been mentioned above among the cash benefits.

### **Addendum: Social security coordination aspects**

According to the Note of the Swedish delegation the aid and benefits granted in accordance with the Swedish Social Services Act (2001:453) are considered to cover benefits that clearly fall within the category of social assistance and therefore fall outside the material scope of Regulation 883/2004. Moreover, in Sweden, such benefits and measures are – with certain exceptions - established entirely at municipal level. It is only in the event of special obligations being imposed on the municipality by the Social Services Act that the municipalities' freedom to decide on their course of action in the said area is limited.



## SWITZERLAND

### Applicable statutory basis

1. The Federal Law on Sickness Insurance of 18 March 1994 (*Bundesgesetz über die Krankenversicherung, KVG/Loi fédérale sur l'assurance-maladie, LAMal/Legge federale sull'assicurazione malattie, LAMal*).
2. The Federal Law on Accident Insurance of 20 March 1981 (*Bundesgesetz über die Unfallversicherung, UVG/Loi fédérale sur l'assurance-accidents, LAA/Legge federale sull'assicurazione contro gli infortuni, LAINF*).
3. The Federal Law on Invalidity Insurance of 19 June 1959 (*Bundesgesetz über die Invalidenversicherung, IVG/Loi fédérale sur l'assurance-invalidité, LAI/Legge federale su l'assicurazione per l'invalidità, LAI*).
4. The Federal Law on Old-age and Survivors' Insurance of 20 December 1946 (*Bundesgesetz über die Alters- und Hinterlassenenversicherung, AHVG/Loi fédérale sur l'assurance-vieillesse et survivants, LAVS/Legge federale su l'assicurazione per la vecchiaia e per i superstiti, LAVS*).
5. The Federal Law on Supplementary Benefits to the Old-age, Survivors' and Invalidity Insurance of 6 October 2006 (*Bundesgesetz über Ergänzungsleistungen zur Alters-, Hinterlassenen- und Invalidenversicherung, ELG/Loi fédérale sur les prestations complémentaires à l'AVS et à l'AI, LPC/Legge federale sulle prestazioni complementari all'assicurazione per la vecchiaia, I superstiti et l'invalidità, LPC*).
6. The Federal Law on Military Insurance of 19 June 1992 (*Bundesgesetz über die Militärversicherung, MVG/Loi fédérale sur l'assurance militaire, LAM/Legge federale sull'assicurazione militare, LAM*).
7. The Federal Law on General Provisions concerning Legislation on Social Insurances of 6 October 2000 (*Bundesgesetz über den Allgemeinen Teil des Sozialversicherungsrechts, ATSG/Loi fédérale sur la partie générale du droit des assurances sociales, LPGA/Legge federale sulla parte generale del diritto delle assicurazioni sociali, LPGA*).
8. The Federal Law on Assistance for Victims of Crime of 23 March 2007 (*Bundesgesetz über die Hilfe an Opfer von Straftaten, OHG/Loi fédérale sur l'aide aux victimes d'infractions, LAVI/Legge federale concernente l'aiuto alle vittime di reati, LAV*).
9. Cantonal laws concerning the funding of long-term care.
10. Cantonal laws on social assistance.

### Benefits in kind

#### 1. Home care

- *KVG/LAMal*:

- examinations and treatment at the home of the patient by doctors and chiropractors;

- contribution to care at the home of the patient by nurses or home care organisations (= SPITEX), on the basis of a medical prescription and of an established need for care;

- *UVG/LAA/LAINF*:

- treatment at the home of the patient by doctors and chiropractors;

- care at the home of the patient, prescribed by a doctor and provided by nurses or home care organisations (= SPITEX) (on a discretionary basis<sup>30</sup> contribution for home care provided by other persons);

- *IVG/LAI* (medical measures of the IV/AI): treatment at home by a doctor or, on prescription, by paramedical staff;

- *MVG/LAM*:

30 H. Landolt, 'Soziale Sicherheit von pflegenden Angehörigen', (2009) *Aktuelle Juristische Praxis*, 1233 et seq (with an overview of the administrative practice concerning the care by family members on page 1237).

Examinations, treatment and care at home.

## 2. Semi-residential care

- *KVG/LAMal*:

- examinations and treatment of outpatients in a hospital or in a medico-social establishment, as well as outpatient care in hospitals by doctors, chiropractors, and persons providing services on prescription or according to medical orders (partly qualification as ambulant);

- contribution to outpatient care provided in day or night care facilities or in a medico-social establishment, on the basis of a medical prescription and of an established need for care.

Semi-residential care also exists as far as the *UVG/LAA/LAINF*, the *IVG/LAI* and the *MVG/LAM* are concerned (partly qualification as ambulant).

## 3. Residential care

- *KVG/LAMal*:

- examinations, treatment and care in a hospital by doctors, chiropractors and persons providing services on prescription or medical orders, and stay in the general ward of the hospital;

- examinations and treatment in a medico-social establishment by doctors, chiropractors, and persons providing services on prescription or medical orders;

- contribution to care provided in a medico-social establishment, on the basis of a medical prescription and of an established need for care;

- *UVG/LAA/LAINF*, *IVG/LAI* (medical measures of the IV/AI) and *MVG/LAM*: treatment, board and accommodation in the general ward of a hospital.

## 4. Other benefits

*Auxiliary equipment*

Simple and adequate model. Appear on a list (except for *MVG/LAM*).

- *KVG/LAMal*: diagnostic or therapeutic equipment prescribed by a doctor (reimbursement up to a maximum amount);

- *UVG/LAA/LAINF*: therapeutic equipment; auxiliary equipment to compensate for physical damage or loss of a function.

- *AHVG/LAVS*: auxiliary equipment necessary for the insured person in order to move about, establish contacts with her or his entourage or develop personal autonomy;
- *IVG/LAI* and *MVG/LAM*: therapeutic equipment; auxiliary equipment necessary for the insured person in order to move about, establish contacts with her or his entourage or develop personal autonomy.

### **Cash benefits**

#### *Helplessness allowance*

Depends on the degree of helplessness. Monthly amounts:

- *IVG/LAI*:

slight: CHF 464;

moderate: CHF 1 160;

severe: CHF 1 856.

The helplessness allowance paid to insured persons living in an institution is half these amounts.

Minors who need intense care and who are not living in an institution are entitled to a supplement to the helplessness allowance, which is CHF 1 392 a month if there is a need of care for 8 hours a day at least, CHF 928 if there is a need of care of 6 hours a day at least and CHF 464 if there is a need of care of 4 hours a day at least.

Probably from the 1st of January 2012: *assistance allowance* in addition to the helplessness allowance.

- *AHVG/LAVS*:

slight: CHF 232 (not for insured persons living in an institution);

moderate: CHF 580;

severe: CHF 928.

- *UVG/LAA/LAINF*:

slight: CHF 692;

moderate: CHF 1 384;

severe: CHF 2 076.

- *MVG/LAM*: also a sort of helplessness allowance in the form of supplementary allowances for persons receiving home care and facing supplementary costs for care (also by non-medical staff) or assistance.

#### *Yearly supplementary benefit (according to ELG/LPC)*

Also designed for covering the daily fee of a stay in a medico-social establishment or in a hospital. Paid monthly. The cantons can limit the amount to be taken into account (they can also provide more extensive benefits than those provided by the ELG/LPC).

#### *Reimbursement of special costs (according to ELG/LPC)*

Reimbursement (up to a maximum amount; in addition to supplementary benefits to the old-age, survivors' and invalidity insurance) of the costs for help, care, assistance and auxiliary equipment (home and semi-residential care; according to MISSOC cash benefit, according to national law benefits in kind). The cantons specify which costs are reimbursed (they can also provide more extensive benefits than those provided by the ELG/LPC).

The a priori bearing of part of the long-term care costs by cantons/municipalities according to *cantonal laws concerning the funding of long-term care* (not in the form of cash benefits to the persons in need of long-term care themselves). Of course, 26 cantonal legislations could not be analysed, but an example was found (Zürich) in a decision of the Federal Court of 24 March 2011, 2C\_864/2010. 33 Cf Konferenz der kantonalen Sozialdirektorinnen und Sozialdirektoren (ed.), *Empfehlungen der Schweizerischen Verbindungsstellen-Konferenz Opferhilfegesetz (SVK-OHG) zur Anwendung des Bundesgesetzes über die Hilfe an Opfer von Straftaten (OHG)* (21 January 2010).

Contributions according to the *OHG/LAVI/LAV*: contributions for long-term help of third persons and compensation by the canton<sup>33</sup> (both insofar as not covered particularly by social security or the author of damage).

*Social assistance* (cantonal legislation; insofar as not covered particularly by social security).

### **Combination of benefits**

The benefits are provided by several branches of social security: benefits in kind and cash benefits, which are often granted to a person for the same period of time. In general, the person does not have the freedom of choice as to whether he or she prefers a benefit in kind or a cash benefit.

### **Benefits for the carer**

A person caring for relations in ascending or descending line or for siblings who are entitled to an *AHV/AVS* or *IV/AI* helplessness allowance for a degree of helplessness which is at least moderate and who live with him or her in the same household may claim a bonus for caretaking. The yearly bonus corresponds to three times the amount of the minimum yearly old-age 1st pillar pension (in 2010: CHF 41 760). The bonus is part of the determining income for the calculation of the carer's 1st pillar pension.

See also above at footnotes 30 and 31.

Contributions according to the *OHG/LAVI/LAV* (see above).

## UNITED KINGDOM

Information in this Annex relates to England only. Competence for social care (benefits in kind) is devolved to Scotland, Wales and Northern Ireland.

Local authorities are responsible for identifying the needs of their local population and commissioning social care services to meet them. Services are delivered through the public, private and voluntary sector.

### **Applicable statutory basis**

The Health and Social Care Act 2008.

The Social Security Contributions and Benefits Act 1992.

### **Benefits in kind**

#### **1. Home care**

Local authorities can provide home care, meals on wheels and special aids and equipment.

#### **2. Semi-residential care**

Local authorities can provide attendance at day care centres.

#### **3. Residential care**

Local authorities can arrange the admission to residential and nursing homes.

#### **4. Other benefits**

Local authorities can provide adaptations to the home and temporary respite care.

People on low income may be able to get help with paying for prescriptions, dental treatment, sight tests and reasonable travel costs to and from hospital.

### **Cash benefits**

#### *Attendance Allowance:*

Higher rate: GBP £73.60 (€ 81.46). Lower rate: GBP £49.30 (€ 54.56).

A person receiving an Attendance Allowance may get *extra* money for severe disability paid as part of:

- a Pension Credit,
- a Housing Benefit,
- a Council Tax Benefit.

#### *The Disability Living Allowance:*

Three rates for care needs:

GBP £19.55 (€ 21.63), GBP £49.30 (€ 54.56) or GBP £73.60 (€ 81.46).

Two rates for mobility needs:

GBP £19.55 (€ 21.63) or GBP £51.40 (€ 56.88).

The receipt of a Disability Living Allowance might *increase* the amount of the following benefits that a person is entitled to:

- Income Support • Income-related Employment and Support Allowance;
- Income-based Jobseeker's Allowance;
- Pension Credit;
- Housing Benefit;

- Council Tax Benefit;
- Working Tax Credit;
- Child Tax Credit.

The Attendance Allowance and Disability Living Allowance are the cash benefits payable to people with care needs. The use is at the discretion of the claimant.

### **Combination of benefits**

No mixed benefits (but see above).

No free choice between cash benefits and benefits in kind.

### **Benefits for the carer**

The Carers' Allowance is payable to help people who look after someone who is disabled. They do not have to be related to or live with the person that they care for.

Amount: GBP 55.55 (€ 67) a week. Dependant additions are also available.

A person who receives a Carers' Allowance or who has an underlying entitlement to it will qualify for the carer premium in Income Support and income-based Jobseeker's Allowance, worth up to £31.00 (€ 34.30) per week and an increased entitlement to Pension Credit.

## **2. National social security schemes for unemployment<sup>2</sup>**

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<sup>2</sup> The mapping is based on the sources at the Commission's disposal (see below) and additional desk research. It provides the state of play at the end of May 2013 and may not have taken into account most recent changes to national legislation.

**Table 1 – Overview of Social Security Coverage for Unemployment per Country**

Country	Compulsory/voluntary scheme?	Covers all <u>employed</u> persons?			Covers all <u>self-employed</u> persons?		
		Yes	No	Additional details	Yes	No	Additional details
Belgium	Compulsory	✓		Covers all employees and young persons who are unemployed following their training.		X	Does not cover any category of self-employed persons.
Bulgaria	Compulsory		X	- Employees who work for more than five working days or 40 hours per calendar month and assimilated groups (e.g. civil servants, employees in elective offices, judges, soldiers and military personnel, servants of the Bulgarian Orthodox Church and other registered religions having clerical rank). - Paid and active members of co-operatives legally engaged by the co-operative, - Management executives and those in control of commercial companies.		X	Does not cover any category of self-employed persons <sup>3</sup>
Czech Republic	Compulsory	✓			✓		
Denmark	Voluntary	✓		Voluntary - required that the person becomes a member of an unemployment insurance fund in order	✓		Voluntary - required that the person becomes a member of an unemployment

<sup>3</sup> Declaration by Bulgaria 2013 pursuant to Article 9 of Regulation (EC) No 883/2004.



Country	Compulsory/voluntary scheme?	Covers all <u>employed</u> persons?			Covers all <u>self-employed</u> persons?		
		Yes	No	Additional details	Yes	No	Additional details
				to be insured.  Persons who are resident in Denmark and aged between 18 and between 18 and two years below retirement age can join an unemployment insurance fund.			insurance fund in order to be insured.  Persons who are resident in Denmark and aged between 18 and two years below retirement age can join an unemployment insurance fund.
Germany	Compulsory  Voluntary		X	Covers all employees and trainees including young disabled persons.  No compulsory insurance if income from work is marginal, less than € 450 (2013).		X	Voluntary insurance is possible for self-employed persons working at least 15 hours per week.  No cover for self-employed farmers, craftsmen and retailers.
Estonia	Compulsory	✓				X	Does not cover any category of self-employed persons.  However, self-employed persons may be entitled to unemployment allowance (see table 2) <sup>4</sup> .
Ireland	Compulsory		X	Does not cover civil and public servants recruited before April 1995 or persons earning less than		X	No scheme for self-employed workers.

<sup>4</sup> trESS Think Tank Report (2012) on [Coordination of Unemployment Benefits](#), Annex III.

Country	Compulsory/voluntary scheme?	Covers all <u>employed</u> persons?			Covers all <u>self-employed</u> persons?		
		Yes	No	Additional details	Yes	No	Additional details
				€38/week.			
Greece	Compulsory	✓				X	No scheme for self-employed workers.
Spain	Compulsory Voluntary (for self-employed persons)	✓			✓		Voluntary
France	Compulsory Voluntary in some circumstances	✓				X	Does not cover any category of self-employed persons
Croatia <sup>5</sup>	Compulsory	✓				X	Does not cover any category of self-employed persons <sup>6</sup> .
Italy	Compulsory		X	Does not cover persons working in the farming industry <sup>7</sup> .		X	Does not cover any category of self-employed persons.
Cyprus	Compulsory Voluntary	✓		Covers employees and voluntarily insured persons working abroad for Cypriot employers.	X		Does not cover any category of self-employed persons.
Latvia	Compulsory	✓		Covers all employees		X	No scheme for self-employed workers.
Lithuania	Compulsory	✓		Covers all employees		X	No scheme for self-employed workers <sup>8</sup> .

<sup>5</sup> Information on Croatia provided by the Croatian Employment Service 29.04.2013.

<sup>6</sup> However, in the future self-employed persons may also be covered. If proposed changes to Croatian national legislation are adopted by the Parliament, they will enter into force on 01.01.2014 at the earliest.

<sup>7</sup> Note AC 503/12 from Italy to the Administrative Commission for the Coordination of Social Security Schemes.

<sup>8</sup> Declaration by Lithuania 2013 pursuant to Article 9 of Regulation (EC) No 883/2004.

Country	Compulsory/voluntary scheme?	Covers all <u>employed</u> persons?			Covers all <u>self-employed</u> persons?		
		Yes	No	Additional details	Yes	No	Additional details
Luxembourg	Compulsory	✓		Covers all employees, young persons who are unemployed after their studies and self-employed persons.	✓		
Hungary	Compulsory	✓		Covers all employees	✓		Covers all self-employed workers
Malta	Compulsory	✓		Covers all employees		X	No scheme for self-employed workers
Netherlands	Compulsory Voluntary in exceptional cases	✓		Covers all employees		X	No scheme for self-employed workers
Austria	Compulsory Voluntary for self-employed persons		X	Covers all employees, freelancers, trainees and participants in vocational rehabilitation.  No compulsory insurance if the income is less than €376.26/month.		X	Self-employed persons eligible for voluntary insurance:  - Persons covered for old-age in accordance with Austrian legislation; - lawyers; - civil engineers.  No possibility or voluntary insurance for persons over the age of 60, the age for early retirement or for persons receiving an old-age benefit <sup>9</sup> .
Poland	Compulsory	✓		Covers all employees	✓		Covers all self-employed workers

<sup>9</sup> trESS Think Tank Report (2012) on Coordination of Unemployment Benefits.

Country	Compulsory/voluntary scheme?	Covers all <u>employed</u> persons?			Covers all <u>self-employed</u> persons?		
		Yes	No	Additional details	Yes	No	Additional details
Portugal	Compulsory  Voluntary for certain categories of self-employed persons	✓				X	Voluntary scheme open to self-employed workers with business and industry activities and members of statutory bodies of corporations <sup>10</sup>
Romania	Compulsory  Voluntary for self-employed persons and Romanian citizens working abroad	✓			✓		Voluntary scheme
Slovenia	Compulsory  Voluntary for certain categories	✓		Voluntary insurance in some circumstances for: - persons working abroad for a foreign employer; - persons whose employment contact is suspended; - spouses/partners of diplomats or civil servants posted abroad.	✓		
Slovakia	Compulsory  Voluntary for self-employed persons	✓		Covers all employees	✓		Voluntary scheme
Finland	Compulsory (basic scheme)  Voluntary (income-related scheme)	✓		Covers all employees aged 17 to 64. The voluntary income-related scheme requires membership of a Finnish unemployment insurance fund.	✓		Covers all self-employed persons aged 17 to 64. The voluntary income-related scheme requires membership of a Finnish

<sup>10</sup> Note AC 026/13 of 27.04.2013 from Portugal to the Administrative Commission for the Coordination of Social Security Schemes

Country	Compulsory/voluntary scheme?	Covers all <u>employed</u> persons?			Covers all <u>self-employed</u> persons?		
		Yes	No	Additional details	Yes	No	Additional details
							unemployment insurance fund.
Sweden	Compulsory (basic scheme)  Voluntary (income-related scheme)	✓		The voluntary income-related scheme requires membership of a Swedish unemployment insurance fund.	✓		The voluntary income-related scheme requires membership of a Swedish unemployment insurance fund.
United Kingdom	Compulsory  Voluntary		X	Compulsory for employees, except for those earning less than £149 a week (tax year 2013-14). These workers can choose pay voluntary National Insurance contributions <sup>11</sup> .			Compulsory for self-employed persons, except for those with earnings less than £5,725 (tax year 2013-14). These self-employed persons can choose to pay voluntary National Insurance contributions <sup>12</sup> .
Iceland	Compulsory	✓			✓		
Liechtenstein	Compulsory	✓		Covers all employees and apprentices		X	No scheme for self-employed workers
Norway	Compulsory			Covers employees, freelancers.		X	Generally no scheme for self-employed workers, with the exception for fishermen.
Switzerland	Compulsory	✓				X	

<sup>11</sup> HM Revenue & Customs [www.hmrc.gov.uk/working/intro/employed.htm](http://www.hmrc.gov.uk/working/intro/employed.htm) and [www.hmrc.gov.uk/ni/volcontr/basics.htm](http://www.hmrc.gov.uk/ni/volcontr/basics.htm)

<sup>12</sup> HM Revenue & Customs [www.hmrc.gov.uk/working/intro/class2.htm](http://www.hmrc.gov.uk/working/intro/class2.htm) and [www.hmrc.gov.uk/ni/volcontr/basics.htm](http://www.hmrc.gov.uk/ni/volcontr/basics.htm)

## Sources:

### Main source (unless marked otherwise)

Mutual Information System on Social Protection (MISSOC): [Comparative tables on social protection, last updated July 2012](#)

### Other sources

trESS Think Tank Report (2012) on [Coordination of Unemployment Benefits](#)

trESS Analytical Support (2011) Unemployment benefits for self-employed persons - Overview of Member States' legislation concerning unemployment benefit schemes for the self-employed persons – situation 31.1.2011

Interinstitutional file 2010/0380 (COD) of 07.09.2011 from the Presidency of the Council of the European Union to the Working Party on Social Questions

SSM-MOVE: Social Security on the Move: Promoting coordination on the transferability of welfare benefits within a cluster of social security institutes (2013). Information on Italy, Czech Republic, Hungary, Poland and Romania

### Specific sources for Member States:

Croatia: Information provided by the Croatian Employment Service 29.04.2013

Italy: Note AC 503/12 Italy of 05.12.2012 to the Administrative Commission for the Coordination of Social Security Schemes

Portugal: Note AC 026/13 of 27.04.2013 from Portugal to the Administrative Commission for the Coordination of Social Security Schemes

United Kingdom: HM Revenue & Customs [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

**Table 2 - Country-specific information on unemployment schemes**

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
BE	Unemployment benefit <i>Allocations de chômage/werkloosheidsuitkeringen</i>	✓ - Article 7 of the Law concerning the social security of workers - Royal Decree concerning unemployment regulation	✓	X	✓ Also covers young people who are unemployed following their training	E+I  The qualifying period varies depending on the age of the person, between 312 insured working days during the previous 18 months and 624 insured working days during the previous 36 months.	- Be involuntarily unemployed - Reside in Belgium - Possible to work part-time and receive unemployment benefit in proportion to working hours <sup>15</sup> .	Daily amounts: - Cohabitants with dependants: min. €42.79, max. €61.66, - Single persons: min. €35.94, max. €61.66, - Cohabitants without dependants: min. €18.99,	Unlimited  Reduction from 60% of reference earnings to 55% for single persons and 40% for cohabitants without dependants in 2 <sup>nd</sup> year of unemployment

<sup>13</sup> According to declarations made by Member States in accordance with Article 9 of Regulation (EC) No 883/2004

<sup>14</sup> Please note that this is not an exhaustive list. For information on common main conditions for maintaining the entitlement to unemployment benefits common conditions and sanctions, see for example the EC-funded project PES-Benchmarking Conditionality questionnaire on conditions to receive services and/or benefits on conditions to receive services and/or benefits [www.pes-benchmarking.eu/uploaddoc4852/235\\_WS\\_Vienna\\_Feb13\\_Whitepaper\\_Conditionality\\_WIFO\\_AT.pdf](http://www.pes-benchmarking.eu/uploaddoc4852/235_WS_Vienna_Feb13_Whitepaper_Conditionality_WIFO_AT.pdf). Common conditions include: voluntary or involuntary unemployment; registration at the employment services; be fit for work and not prevented from taking up suitable work; be available for work; be below retirement age; be actively seeking employment; cooperate with the employment services (e.g. draw up a plan and report to them as agreed); and be ready to accept any offer of suitable work, as defined in national legislation.

<sup>15</sup> Missoc country guide, *Your social security rights in Belgium*, available on [DG EMPL Social Security Coordination website](http://DGEMPL.SocialSecurityCoordinationwebsite), last updated July 2012

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
								max. €61.66 <sup>16</sup> .	<sup>17</sup> .
<b>BG</b>	Unemployment benefits	✓ - The Social Security Code - The Employment Promotion Act	✓	X <sup>18</sup>		E+I  9 months in the last 15 months	- Be voluntarily or involuntarily unemployed	Minimum amount BGN 7.20/day (€3.68). Maximum daily amount of benefit can never exceed 60% of the daily maximum amount of the maximum contributory income for the country, which is BGN 2,000 (€1,023) for 2012.	Maximum 12 months. Depends on the length of the insurance period: - 0 to 3 years: 4 months; - 3 to 5 years: 6 months; - 5 to 10 years: 8 months - 10 to 15 year: 9 months; 15 to 20 years: 10 months; 20 to 25 years: 11 months - over 25

<sup>16</sup> Belgian National Employment Office (ONEM/RVA) [www.onem.be/D\\_Opdracht\\_W/Werknemers/T67/InfoFR.pdf](http://www.onem.be/D_Opdracht_W/Werknemers/T67/InfoFR.pdf) on daily amounts of unemployment benefits as from 1 April 2013.

<sup>18</sup> Declaration by Bulgaria 2013 pursuant to Article 9 of Regulation (EC) No 883/2004



MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
									years: 12 months
<b>CZ</b>	Unemployment benefit <sup>19</sup>	✓ - Act No 435/2004 (Employment Act) - Act No 589/1992 on social security contributions and the contribution to the state employment policy - Act No 155/1995 (Pension Insurance Act)	✓	✓		E+I  12 months in past 2 years.	- Possible to undertake partial employment up to 20 hours per week and not exceeding half the minimum wage, and still receive UB <sup>20</sup> .	First 3 months: 50% of previous income; 40% of previous income for the remaining period.  For self-employed persons the amount is calculated on the basis of previous contributions <sup>21</sup> .	Up to the age of 50 years: 6 months  From the age of 50-55 years: 9 months  Over the age of 55: 12 months <sup>22</sup> .
<b>DK</b>	Unemployment benefit ( <i>arbejdsløshedsdagpeng</i> )	✓ Unemployment Benefit Act	✓	✓	- Young people immediately after	E+I: Full-time 52 weeks or part-time 34 weeks in last	- Be voluntarily or involuntarily unemployed - Reside and	90% of average earnings of last 3 months for	2 years within a 3-year period.  (Benefit

<sup>20</sup> Czech Ministry of Labour and Social Affairs [www.mpsv.cz/en/1604#loe](http://www.mpsv.cz/en/1604#loe)

<sup>21</sup> SSE-MOVE: Social Security on the Move: Promoting coordination on the transferability of welfare benefits within a cluster of social security institutes (2013), p. 28

<sup>22</sup> Czech Ministry of Labour and Social Affairs [www.mpsv.cz/en/1604#loe](http://www.mpsv.cz/en/1604#loe)

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
		(Consolidation Act No 642 of 22 June 2012)	– requires membership of a Danish unemployment insurance fund	– scheme – requires membership of a Danish unemployment insurance fund	completing training of at least 18 months ; - Persons in military service; - Persons holding a public office (e.g. members of Parliament) or a municipal office.	3 years	stay in Denmark - Specific reporting obligation: Every week confirm jobseeking activities online - Possible to work part-time and receive reduced UB in proportion to working hours (max. 30 weeks within 104 weeks) <sup>23</sup>	employees.  Max. DKK 801/day, 5 days/week or for part-time insured persons, max. DKK 534/day, 5 days/week.  Young unemployed persons or persons after military service: 82% of max. amount after a month's waiting period.  8.	s paid 5 days/week)
DE	Unemployment benefit I ( <i>Arbeitslosenge</i> )	✓  Social Code,	✓	X		E+I: 12 months in the 2 years.	- Involuntary or voluntary unemployment;	Benefits based on previous salary	Between 6 and 24 months,

<sup>23</sup> Danish government portal for citizens

<https://www.borger.dk/Sider/Arbejdsloshedsdagpenge.aspx?NavigationTaxonomyId=00f2b35b-88e5-4ed5-a98c-fb062df75f0f>

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
	<i>Id I)</i>	Book III (Sozialgesetzbuch, SGB III) of 24.3.1997				Also other periods than insured employment can be taken into account, e.g. periods of military or civil service, periods when the person has received social security benefits for e.g. maternity, sickness, or injury <sup>24</sup> .	- Possible to work part-time as employed or self-employed while receiving UB, as long as the hours do not exceed 15 hours/week. The income work reduces the amount of UB, unless it is below €165/month <sup>25</sup> .	(average daily salary during the last year), fiscal category and whether the person has any children.  60%, or 67% for persons with children, of net earnings  Max. amount €78.83/day or €2364.90/month  No min. amount, but possibility to receive supplement	depending on the length of the previous insurance period and the person's age.  The maximum entitlement of 24 months applies to persons who have completed insurance periods of 48 months and are aged over 58 years <sup>27</sup> .

<sup>24</sup> German Bundesagentur für Arbeit [www.arbeitsagentur.de/nr\\_25634/zentraler-Content/A07-Geldleistung/A071-Arbeitslosigkeit/Allgemein/Anwartschaftszeit.html](http://www.arbeitsagentur.de/nr_25634/zentraler-Content/A07-Geldleistung/A071-Arbeitslosigkeit/Allgemein/Anwartschaftszeit.html)

<sup>25</sup> German Bundesagentur für Arbeit [www.arbeitsagentur.de/nr\\_25648/Navigation/zentral/Buerger/Arbeitslos/Alg/Nebenverdienst/Nebenverdienst-Nav.html](http://www.arbeitsagentur.de/nr_25648/Navigation/zentral/Buerger/Arbeitslos/Alg/Nebenverdienst/Nebenverdienst-Nav.html)

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
							ntary benefits <sup>26</sup>		
DE	Unemployment benefit II <i>(Arbeitslosigkeit II)</i>	✓ (SNCB)  Social Code, Book II (Sozialgesetzbuch, SGB II) of 24.12.2003	✓  All persons aged 15-65/67 years capable of work, including self-employed persons and persons who have exhausted their entitlement to unemployment benefit II.	✓	✓	N/A  Needs-orientated and means-tested	- Resident in Germany. <sup>28</sup> - Persons who have marginal employment ( <i>minijob</i> ) of up to €450/month are exempt from tax and compulsory social insurance contributions. The income from the <i>minijob</i> will be taken into account for the calculation of the benefit <sup>29</sup> .	Persons receive benefits securing their subsistence. Normal requirements according to legislation: - Adults: €345/month - Singles, single parents, as well as adults with a underage partner: €382/mo	In principle unlimited if the conditions of eligibility are met. However, the benefit is usually granted for 6 months, after that the entitlement will be assessed again.

<sup>27</sup> German Bundesagentur für Arbeit [www.arbeitsagentur.de/nn\\_25638/Navigation/zentral/Buerger/Arbeitslos/Alg/Dauer-Anspruch/Dauer-Nav.html](http://www.arbeitsagentur.de/nn_25638/Navigation/zentral/Buerger/Arbeitslos/Alg/Dauer-Anspruch/Dauer-Nav.html)

<sup>26</sup> PES-Benchmarking Conditionality questionnaire on conditions to receive services and/or benefits, information on Germany

<sup>28</sup> German Bundesagentur für Arbeit [www.arbeitsagentur.de/nn\\_549740/Navigation/zentral/Buerger/Arbeitslos/Grundsicherung/Arbeitsuchend/Arbeitsuchend-Nav.html](http://www.arbeitsagentur.de/nn_549740/Navigation/zentral/Buerger/Arbeitslos/Grundsicherung/Arbeitsuchend/Arbeitsuchend-Nav.html)

<sup>29</sup> German Bundesagentur für Arbeit [www.arbeitsagentur.de/nn\\_549712/zentraler-Content/A07-Geldleistung/A071-Arbeitslosigkeit/Allgemein/Alg-II-Minijob.html](http://www.arbeitsagentur.de/nn_549712/zentraler-Content/A07-Geldleistung/A071-Arbeitslosigkeit/Allgemein/Alg-II-Minijob.html)

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
							Additional supplements for children, depending on their age <sup>30</sup> .		
EE	Unemployment insurance benefit ( <i>töötuskindlustushüvitis</i> )	<ul style="list-style-type: none"> <li>✓</li> <li>- Unemployment Insurance Act,</li> <li>- Labour Market Services and Benefits Act</li> </ul>	✓	X		E+I: 12 months in last 36 months	<ul style="list-style-type: none"> <li>- Involuntarily unemployed;</li> <li>- Resident in Estonia</li> </ul>	Max. €34.02/day for first 100 calendar days, after this max. €27.22/day  Min. amount = half the national minimum wage.	Max. 360 calendar days, depending on length of insurance period: <ul style="list-style-type: none"> <li>- Less than 56 months: 180 180 calendar days;</li> <li>- more than 56 months, but less than 111 months: 270 calendar days;</li> <li>- 111 months or more: 360 calendar</li> </ul>

<sup>30</sup> German Bundesagentur für Arbeit

[www.arbeitsagentur.de/nn\\_549712/Navigation/zentral/Buerger/Arbeitslos/Grundsicherung/Grundsicherung-Nav.htm](http://www.arbeitsagentur.de/nn_549712/Navigation/zentral/Buerger/Arbeitslos/Grundsicherung/Grundsicherung-Nav.htm) and [www.arbeitsagentur.de/nn\\_426242/EN/Navigation/zentral/Leistungen/Arbeitslosengeld-II/Arbeitslosengeld-II-Nav.html](http://www.arbeitsagentur.de/nn_426242/EN/Navigation/zentral/Leistungen/Arbeitslosengeld-II/Arbeitslosengeld-II-Nav.html)

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
									days.
EE	Unemployment allowance ( <i>töötutoetus</i> )	<p>✓ (SNCB)</p> <p>Labour Market Services and Benefits Act</p>	<p>✓</p> <p>Unemployed persons who do not qualify for the unemployment insurance benefit, who have worked or finished full-time studies, and who have an income that is less than the allowance.</p>	<p>✓</p>	<p>✓</p>	<p>E: 80 calendar days of work activity over the 12 months before registration as unemployed</p> <p>Also other periods of full-time studies can be taken into account<sup>31</sup>.</p>	<p>Same as for unemployment insurance benefit, but unemployment can either be voluntary or involuntary.</p>	<p>€101.68/month (flat rate)</p>	<p>270 days</p> <p>210 days if less than 180 days remain to pension age</p>
IE	Jobseeker's benefit	<p>✓</p> <p>Social Welfare Consolidation Act 2005 (as amended) Part 2 Chapter 12</p>	<p>✓</p>	<p>X</p>		<p>I: 104 weekly contributions paid; and 39 weekly contributions paid or credited in last during the relevant contribution year preceding the benefit year, of which a minimum of 13 must be paid contributions. The latter requirement may be satisfied by contributions</p>	<p>Involuntarily unemployed</p>	<p>Flat-rate benefit, maximum of €188/week (gross).</p> <p>Increase for adult dependant: €124.80/week</p>	<p>312 days but limited to 234 days if the person has paid less than 260 weekly contributions.</p> <p>(Benefits paid 6 days/week)</p>

<sup>31</sup>Estonian Eesti töötukassa [www.tootukassa.ee/index.php?id=14033](http://www.tootukassa.ee/index.php?id=14033)

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
						paid in some other contribution years, or 26 weekly contributions paid in each of the two relevant tax years preceding the benefit year.			
<b>IE</b>	Jobseeker's allowance	✓ (SNCB)  Social Welfare Consolidation Act 2005, Part 3, Chapter 2	✓	✓	All residents	No qualifying period  Subject to a means and residence test.	Same as for persons receiving UB	Flat rate, maximum of €188/week (gross)  For new claimants aged 18 to 21 years: €100/week or aged 22-24 years: €144/week (not applicable if an increase for a child dependant is payable).  Other increases for spouse/p	Not defined in time

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
								artner	
<b>GR</b>	Unemployment benefit	<p>✓</p> <p>Legislative Decree 2961/1954 on the establishment of an employment and unemployment insurance organisation</p> <p>- Law 1545/1985 on a national system to protect against unemployment and other provisions</p> <p>- Law 1836/1989 promoting employment and</p>	✓	X	<p>Young people aged 20-29 who are new on the labour market</p>	<p>E +I: 125 days in last 14 months or 200 days in last 2 years.</p> <p>- For first time claimants, additional requirement: 80 days/year in last 2 years.</p> <p>- Persons employed in tourism or other seasonal professions: 100 days in last 12 months.</p>	<p>- Be unemployed involuntarily ;</p> <p>- Register within 60 days</p> <p>- The person can work 3 days/week or 12 days/month when receiving UB</p>	<p>Calculated on the basis of daily earnings, in relation to daily earnings of a blue-collar worker.</p> <p>Basic rate €360/month.</p> <p>10% increase for each family dependant.</p>	<p>5 to 12 months, depending on the previous period of employment, age and profession<sup>32</sup>.</p> <p>From 1 January 2013 the UB period cannot exceed 450 days in a four-year period and from 1 January 2014 it cannot exceed 400 days in a four-</p>

<sup>32</sup> Greek OAED [www.oaed.gr/index.php?option=com\\_content&view=article&id=718&Itemid=693&lang=en#A0](http://www.oaed.gr/index.php?option=com_content&view=article&id=718&Itemid=693&lang=en#A0).



MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
		vocational training and other provisions - Law 1892/1990 on modernisation and development, and other provisions - Law 3552/4.4.07 setting up a special social solidarity fund and other provisions - Law 3986/2011 on emergency measures to implement the Medium-Term Fiscal Strategy							year period <sup>33</sup>

<sup>33</sup> Note AC 496/12 of Greece to the Administrative Commission for the Coordination of Social Security Schemes

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
		Framework for the period 2012-2015.							
<b>GR</b>	Long-term unemployment benefit <sup>34</sup>	c.f. above	✓	✓		E/I: N/A Means-tested		€200/month  For persons with dependants increased by €587 per child.	12 months
<b>ES</b>	Unemployment benefit ( <i>prestación por desempleo</i> )	✓  -Royal Legislative Decree 1/1994 of 20 June 1994 approving the recast General Social Security Act. - Royal Decree 625/1985 of 2 April 1985 implementing	✓	X		9. I: 360 days in the past six years	- Involuntary unemployed - Part-time employment, but not self-employment, is allowed while receiving UB. The amount of benefit is reduced in proportion to working hours.	Based on contributions in the last 180 days. 70 % of the regulatory base over the first six months, and then 60%.  Amount for persons without children: Min.: €497/month Max. €1087.20	From a min. of 4 months (120 days) to a max. of 2 years (720 days), depending the contributions paid in the last six years.

<sup>34</sup> Greek OAED [www.oaed.gr/index.php?option=com\\_content&view=article&id=887&Itemid=817&lang=en#A0](http://www.oaed.gr/index.php?option=com_content&view=article&id=887&Itemid=817&lang=en#A0)  
Note AC 496/12 of Greece to the Administrative Commission for the Coordination of Social Security Schemes

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
		<p>ting Law 31/1984 of 2 August 1984 on unemployment protection.</p> <p>- Royal Decree 1369/2006 of 24 November 2006 regulating the active integration benefits programme for unemployed people with special economic needs and difficulties in finding work.</p>					<p>/month. Amount for persons with children: Min. €664.74/month. Max. €1242.52 / month (one child) or €1397.83 (two or more children)<sup>35</sup>.</p>		
ES	Unemployment benefit for self-employed persons ( <i>Prestación por</i>	<p>✓</p> <p>- Law 32/2010 of 5</p>	X	<p>✓</p> <p>(voluntary)</p>		10. I: 12 months	Not possible to work as employed or self-employed	Based on previous contributions in the last	From a min. of 2 months to max.

<sup>35</sup> Spanish Servicio Público de Empleo Estatal

[www.sepe.es/contenido/prestaciones/pdf/cuadriptico\\_prestaciones\\_nivelcontributivo.pdf](http://www.sepe.es/contenido/prestaciones/pdf/cuadriptico_prestaciones_nivelcontributivo.pdf)

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
	<i>cese de actividad de los trabajadores autónomos</i> )	August 2010 setting up a specific system of protection for self-employed persons in the event of cessation of activity.					while receiving UB.	12 months. 70% of the regulatory base. Amount also varies depending on whether the person has dependent children.	of 12 months, depending the contributions paid in the last 48 months <sup>36</sup> .
ES	Unemployment allowance ( <i>subsídio por desempleo</i> )	✓	✓	✓	✓	N/A if the person has fulfilled the qualifying period above for contribution-based UB.  General conditions for others: I: 3 months for persons with dependants, 6 months for persons without dependants  Depending on		Amount varies depending on the person's situation	Normally 6 months, possible to extend for further 6-month months, up to a total of 18 months.

<sup>36</sup> Spanish Servicio Público de Empleo Estatal, [www.sepe.es/contenido/prestaciones/ag00i.html](http://www.sepe.es/contenido/prestaciones/ag00i.html) and [www.sepe.es/contenido/prestaciones/pdf/guia\\_cese\\_actividad.pdf](http://www.sepe.es/contenido/prestaciones/pdf/guia_cese_actividad.pdf)

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
						the person's situation, other specific criteria also apply. <sup>37</sup>			
<b>FR</b>	Unemployment benefit ( <i>L'Allocation d'aide au Retour à l'Emploi (ARE)</i> )	- UNEDIC unemployment insurance scheme - Legislation concerning solidarity allowances for unemployed persons  According to Missoc table: Art. L. 5422-1 to L. 5422-24 of Labour	✓	X		I/E: At least 122 days of insurance or 610 working hours in last 28 months (36 months for persons aged 50 and over).	- As a main rule, involuntarily unemployed, although some reasons for voluntary resignation are legitimate - Resident in France - Possible to work part-time and receive reduced UB in proportion to working hours <sup>38</sup> .	40.4% of reference daily wages + fixed amount of €11.57/day or 57.4% of the reference daily wages (max. 75% of reference daily wages). Min. €28.21/day (or less if working part-time) <sup>39</sup> .	Between 4 months and 24 months or 36 months (for persons aged 50 and over), depending on the length of the insurance period.

<sup>37</sup> For more details see [www.sepe.es/contenido/prestaciones/ag00d.html](http://www.sepe.es/contenido/prestaciones/ag00d.html)

<sup>38</sup> French Pôle emploi [www.pole-emploi.fr/file/mmelement/pj/0e/c3/5f/77/interimairevotreallocation5432331543433869476.pdf](http://www.pole-emploi.fr/file/mmelement/pj/0e/c3/5f/77/interimairevotreallocation5432331543433869476.pdf)

<sup>39</sup> French Pôle emploi [www.pole-emploi.fr/candidat/1-allocation-d-aide-au-retour-a-l-emploi-are--@/index.jsp?id=77160](http://www.pole-emploi.fr/candidat/1-allocation-d-aide-au-retour-a-l-emploi-are--@/index.jsp?id=77160) and <http://www.pole-emploi.fr/file/mmelement/pj/0e/c3/5f/77/interimairevotreallocation5432331543433869476.pdf>

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
		Code (Code du travail)							
<b>FR</b>	Unemployment assistance/special solidarity allowance ( <i>L'Allocation de Solidarité Spécifique (ASS)</i> )	UNEDIC unemployment insurance scheme - Legislation concerning solidarity allowances for unemployed persons According to Missoc table: Art. L. 5422-1 to L. 5422-24 of Labour Code (Code du travail)	✓	Certain unemployed persons (artists, fishermen, etc.)	✓	E: 5 years' employment within a 10-year reference period  Periods treated as work: Training periods and military service  Means-tested: income less than €1094.10 for a single person or €1719.30 for couples	The allowance can be combined with employment or self-employment under certain conditions <sup>40</sup> .	Means-tested, max. €15.63/day	6 months, renewable
<b>FR</b>	Unemployment assistance	UNEDIC unemployment	- Certain categories of foreigners, e.g. asylum			Apart from a common		€11.01/d	12

<sup>40</sup> Pôle emploi [www.pole-emploi.fr/file/mmelement/pj/7a/14/85/6f/assjuillet1796189398955717949.pdf](http://www.pole-emploi.fr/file/mmelement/pj/7a/14/85/6f/assjuillet1796189398955717949.pdf)

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
	/Temporary waiting period allowance ( <i>L'Allocation Temporaire d'Attente (ATA)</i> )	ment insurance scheme - Legislation concerning solidarity allowances for unemployed persons  According to Missoc table: Art. L. 5422-1 to L. 5422-24 of Labour Code (Code du travail)	seekers - Former prisoners - Employed expatriates who on return to France cannot claim UB			condition to register as a jobseeker, different conditions apply depending on the person's situation (e.g. asylum seeker, former prisoner, returning expat) <sup>41</sup>		ay	months
<b>HR</b> <sup>42</sup>	Unemployment benefit	N/A	✓	X <sup>43</sup>		I: 9 months in last 24 months  - Involuntary unemployment - Registration with	- For the first 90 days: 70% of reference earnings,	Between 90 days and 450 days, depending	

<sup>41</sup> Pôle emploi: [www.pole-emploi.fr/candidat/allocation-temporaire-d-attente-ata--@/suarticle.jspz?id=48606](http://www.pole-emploi.fr/candidat/allocation-temporaire-d-attente-ata--@/suarticle.jspz?id=48606)

<sup>42</sup> All information on Croatia provided by the Croatian Employment Service 29.04.2013. Also see [www.hzz.hr/docslike/ACT\\_ON\\_EMPLOYMENT\\_MEDIATION\\_AND\\_UNEMPLOYMENT\\_RIGHTS.pdf](http://www.hzz.hr/docslike/ACT_ON_EMPLOYMENT_MEDIATION_AND_UNEMPLOYMENT_RIGHTS.pdf)

<sup>43</sup> However, in the future self-employed persons may also be covered. If proposed changes to Croatian national legislation are adopted by the Parliament, they will enter into force on 01.01.2014 at the earliest.

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
						employment service within a legal deadline of 30 days - Specific reporting obligation: Report to the employment service in person once a month	max. amount of UB HRK 3834.60/€504/month, - For the remaining period: 35% of average earnings, max. amount HRK 1917.30/€250/month  Min. amount: HRK 1125.60/€148/month	depending on how long the person has previously been employed (90 days if 9 months in the last 2 years).  - A person who has worked for more than 32 years has a longer entitlement until he/she finds employment or retires	
<b>IT</b>	Unemployment benefit ( <i>Indennità di disoccupazione ASpI</i> ) <sup>44</sup>	✓  Law n. 92 of 28 June	✓	X		I: 52 weeks in last 2 years  Periods of maternity or paternity	- As a main rule, involuntary unemployed, although	- 75% of monthly reference earnings in last 2	Depends on age and year of payment

<sup>44</sup> Note AC 503/12 of Italy to the Administrative Commission for the Coordination of Social Security Schemes  
Italian Istituto Nazionale Previdenza [www.inps.it/portale/default.aspx?itemdir=8292](http://www.inps.it/portale/default.aspx?itemdir=8292)



MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
		2012				leave or periods of caring for sick children under the age of 8 years can under some circumstances also be taken into account.	<p>some reasons for mutual consent of termination of contact are acceptable, e.g. if the person's place of work is transferred more than 50 km away or an average of more than 80 minutes by public transport.</p> <p>- Apply for UB within a legal deadline (period depends on reason for end of employment)</p> <p>- Possible to carry out ancillary and temporary work, as long as the income does not exceed €3000 euros (after</p>	<p>years</p> <p>- Reduced to 60% of reference earnings after 6 months</p> <p>- Reduced 45% of reference earnings after 12 months</p> <p>Maximum: €1.119.32/month</p>	<p>, currently 8-</p> <p>- Aged under 50 years: 8 months (2013 and 2014, 10 months (2015))</p> <p>- Aged 50-54 years: 12 months (2013, 2014 and 2015)</p> <p>- Aged over 55 years: 12 months (2013), 14 months (2014) and 16 months (2015).</p> <p>From 2016: 12</p>

SSE-MOVE: Social Security on the Move: Promoting coordination on the transferability of welfare benefits within a cluster of social security institutes (2013), p. 13

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
							pension contributions).		months for persons aged under 55 years and 18 months for persons aged above 55
IT	Mini Unemployment benefit ( <i>Mini Indennità di disoccupazione Mini-ASpI</i> <sup>45</sup> )	✓ Law n. 92 of 28 June 2012	✓	X	For persons who do not qualify for normal UB.	I: 13 weeks in last 12 months  Periods of maternity or paternity leave or periods of caring for sick children under the age of 8 years can under some circumstances also be taken into account.	As above	As above	6 months
CY	Unemployment	✓		X	Persons workin	I +E	- Be voluntarily	The UB consists	156

<sup>45</sup> Note AC 503/12 of Italy to the Administrative Commission for the Coordination of Social Security Schemes

Italian Istituto Nazionale Previdenza (INPS)

[www.inps.it/portale/default.aspx?SID=%3b0%3b5673%3b8126%3b&lastMenu=8126&iMenu=1&iNodo=8126&p4=2&bi=22&link=Indennità di disoccupazione Mini-ASpI](http://www.inps.it/portale/default.aspx?SID=%3b0%3b5673%3b8126%3b&lastMenu=8126&iMenu=1&iNodo=8126&p4=2&bi=22&link=Indennità%20di%20disoccupazione%20Mini-ASpI)

SSE-MOVE: Social Security on the Move: Promoting coordination on the transferability of welfare benefits within a cluster of social security institutes (2013), p. 13

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
	benefits	<ul style="list-style-type: none"> <li>- The Social Insurance Act of 2010 (Act 59(I)/2010)</li> <li>- The Social Insurance (Benefits) Regulations of 2010 (RAA 288/10)</li> <li>- The Social Insurance (Contributions) Regulations of 2010 (RAA 289/2010)</li> <li>- The Social Insurance (Fund Accounts) Regulations of 2010 (RAA 290/2010)</li> </ul>			<p>g abroad for Cypriot employers can be voluntarily insured.</p>	<ul style="list-style-type: none"> <li>- 26 weeks of employment;</li> <li>- paid basic insurance equal to at least 26 times the weekly basic insurable earnings of €170.88 per week; and</li> <li>- paid and/or assimilated insurance in the relevant contribution year at least equal to 20 times the weekly amount of basic insurable earnings.</li> </ul> <p>In order to re-qualify for UB after the first entitlement, 26 weeks' employment, or 13 weeks for persons over the age of 60, is required following the end of entitlement</p>	<ul style="list-style-type: none"> <li>or involuntarily unemployed</li> <li>- not engaged in work that pays more than 1/12 of the amount of the basic insurable earnings (€14.24/ day)</li> </ul>	of a basic and a supplementary benefit.	days

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
LV	Unemployment benefit ( <i>Bezdarbnieka pabalsts</i> )	<ul style="list-style-type: none"> <li>- Law of 1 October 1997 on state social insurance</li> <li>- Law of 25 November 1999 on unemployment insurance</li> <li>- Law of 9 May 2002 on support for unemployed persons and job-seekers</li> <li>- Law of 16 June 2009 on the payment of State benefits during the 2009-14 period</li> <li>- Cabinet Regulation No 866 of 21 October 2008 on</li> </ul>	✓	X		I: 9 months in last 12 months	- Voluntarily or involuntarily unemployed	<p>Rate between 50% and 100%; depends on the insurance period, the income on the basis of which unemployment contributions have been paid and also on the duration of the UB.</p> <p>No ceiling</p>	<p>Depends on the insurance record:</p> <ul style="list-style-type: none"> <li>- 1-9 years: 4 months;</li> <li>- 10-19 years: 6 months;</li> <li>- more than 20 years: 9 months.</li> </ul>

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
		<p>arrangements for calculating the average wage on which insurance contributions are based for the purposes of determining the level of unemployment benefit and arrangements for awarding, calculating and paying unemployment and death benefits</p> <p>- Cabinet Regulation No 230 of 5 June 2001 laying down rules on</p>							

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
		compulsory contributions in respect of state social insurance from the general state budget and from special budgets for state social insurance							
<b>LT</b>	Unemployment Insurance Benefit ( <i>Nedarbo draudimo išmoka</i> )	✓  - Law No IX-1904 of the Republic of Lithuania of 16 December 2003 on social insurance for unemployment	✓	X		I: 18 months within the last 36 months	- Voluntarily or involuntarily unemployed	Maximum: LTL650 (€188).	Depends on the length of the insurance period:  - Less than 25 years: 6 months - 25 - 30 years: 7 months - 30 - 35 years: 8 months - 35 years

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
									and over: 9 months
LU	Unemployment benefit ( <i>Indemnité de chômage</i> )	<p>✓</p> <p>Labour Code, Volume V – Employment and unemployment, Chapter II – Full unemployment benefits - Labour Code, Volume V – Employment and unemployment, Chapter III – Compensatory allowance for loss of wages as a result of bad weather and for intermitte</p>	✓	✓	Young unemployed persons after their studies	<p>Employees: E+I: 26 weeks, at least 16 hours/week, in the last 1 year.</p> <p>Self-employed persons: E+I: Insured self-employment for 2 years, but also periods of employment can be taken into account, as long as the person was self-employed for 6 months before the claim for benefit.</p> <p>N/A for young persons</p> <p>The reference period can be</p>	<p>- Voluntarily or involuntarily unemployed</p> <p>- Resident in Luxembourg</p>	<p>Calculated on earnings during the 3 months which precede unemployment. 80% of previous gross earnings or 85% for persons with dependent children.</p> <p>Max. amount: €4685.48/month, reduced to €3748.38/month after 9 months<sup>46</sup>.</p>	<p>365 calendar days during a reference period of 24 months.</p> <p>Prolongations in some cases, e.g. for persons particularly difficult to place (+182 days) or persons over 50 years of age (+6, 9 or 12 months).</p>

<sup>46</sup> Luxembourg government [www.guichet.public.lu/citoyens/fr/sante-social/chomage/indemnite-chomage/indemnite-chomage-resident/index.html](http://www.guichet.public.lu/citoyens/fr/sante-social/chomage/indemnite-chomage/indemnite-chomage-resident/index.html)

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
		nt or partial unemployment - Articles 3 to 10 of the Act establishing an employment fund and regulating the granting of full unemployment benefits of 30 June 1976				prolonged in some cases, e.g. detention or period of receiving unemployment benefits.			
<b>HU</b>	Job-seeker Benefit ( <i>Álláskeresői járadék</i> )	?  - Act No IV of 1991 on the promotion of employment and on unemployment benefits - Decree No 2/2011 of 4 January 2011 of the	✓	✓		I: 360 days in last 3 years	- Voluntarily or involuntarily unemployed	Generally 60% of the average earnings in 4 previous quarters of the year. Max. gross amount of HUF 98000 (€360)/month, the same as monthly	90 days, depending on the length of the insurance period in the last 3 years.  10 days of paid contributions=1 day of UB  Minimum



MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
		Minister for National Economy on registration and deletion from the register of job seekers						min. wage <sup>47</sup>	m: 36 days
MT	Unemployment Benefit ( <i>Beneficcju ghal dizimpjieg</i> ) or means-tested Special Unemployment Benefit ( <i>Beneficcju specjali ghal dizimpjieg</i> )		✓	X		I: 50 weeks of at least 20 in the last two years.	Involuntarily or voluntarily unemployed	Flat rate benefits not based on earnings  Married persons: €11.26/day or single persons €7.37/day  Means-tested special UB paid to persons who are head of a household: - Married or single	156 days (paid for 6 days/week)

<sup>47</sup> PES-Benchmarking Conditionality questionnaire on conditions to receive services and/or benefits, information on Hungary

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
							parent: €18.92/day - Other persons: €12.35/day.  Benefit paid for 6 days/week.		
MT	Unemployment assistance		✓	✓		N/A  Means-tested	Means-tested  €98.15/week with supplement of €8.15/week for every additional unemployed person in the household <sup>48</sup> .	Not stated	
			For persons who are the head of a household						
NL	Unemployment Benefit ( <i>Werkloosheids uitkering</i> )	✓  - Unemployment Benefits	✓	X		E+I: 26 weeks in last 36 weeks.  Shorter requirement	- Involuntarily unemployed - Resident in the Netherlands	75% of the last daily wage (maximum of	Maximum 38 months, depending on the

<sup>48</sup> Maltese government

website [https://secure3.gov.mt/socialpolicy/SocProt/social\\_benefits/sa/unemployment\\_assist/info\\_unemploy\\_ass.aspx](https://secure3.gov.mt/socialpolicy/SocProt/social_benefits/sa/unemployment_assist/info_unemploy_ass.aspx)

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
		Act - Income Support (Older Unemployed Workers) Act - Income Support (Older and Partially Incapacitated Unemployed Workers) Act				for musicians, film employees and artists: 16 weeks in last 39 weeks <sup>49</sup>	- Possible to work part-time and receive reduced rate of UB under certain conditions. - After 3 months, the employment service checks whether the person has tried hard enough to find work: if not UB is reduced. - Temporary exemptions to look for work include voluntary work for 20 hours/week and providing informal care <sup>50</sup> .	€193.09) during the first two months, 70% thereafter	length of previous employment  Minimum 3 months (for persons who meet the minimum week requirement)
NL	Supplementary unemployment benefit ( <i>Bovenwettelijk</i> )	✓ (SNCB) Suppleme	✓	X	For persons whose UB is lower	As above Means-tested	As above	Means-tested supplement to UB	As above

<sup>49</sup> Dutch government website [www.government.nl/issues/pensions-and-benefits/documents-and-publications/leaflets/2011/10/20/q-a-unemployment-insurance.html](http://www.government.nl/issues/pensions-and-benefits/documents-and-publications/leaflets/2011/10/20/q-a-unemployment-insurance.html)

<sup>50</sup> Dutch government website [www.government.nl/issues/pensions-and-benefits/documents-and-publications/leaflets/2011/10/20/q-a-unemployment-insurance.html](http://www.government.nl/issues/pensions-and-benefits/documents-and-publications/leaflets/2011/10/20/q-a-unemployment-insurance.html)

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
	<i>de werkloosheidsuitkering</i>	Primary Benefits Act			than the guaranteed minimum income.			above	
AT	Unemployment benefit ( <i>Arbeitslosengeld</i> )	✓ Unemployment Insurance Act No 609/1977	✓	✓ (voluntary)		I+E: 52 weeks of insurance periods within the last 24 months.  For persons under the age of 25: 26 weeks within the last 12 months.  If repeated UB claim: 28 weeks within preceding 12 months.	- Involuntarily or voluntarily unemployed. - Possible to work part-time and receive UB as long as the income from employment does not exceed €376.26/month. Special provisions exist for short-term employment for less than one month and for self-employment.	60% of previous average daily income or 80 % for persons entitled to family supplements.  Maximum amount: €47.19/day <sup>51</sup>  Family supplement of €0.97/day for children and spouse/partner	Generally 20, 30, 39 or a maximum of 52 weeks depending on the person's insurance period and age.  Following vocational rehabilitation: 78 weeks
AT	Unemployment	✓	✓	✓		N/A	Same as for	92% (in	52

<sup>51</sup> PES-Benchmarking Conditionality questionnaire on conditions to receive services and/or benefits, information on Austria

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
	assistance ( <i>Notstandshilfe</i> )  Unemployment Insurance Act No 609/1977	Unemployment Insurance Act No 609/1977	For persons who have exhausted the entitlement to UB.			Means-tested	UB	some cases 95%) of the basic amount of unemployment benefit. I  After 6 months the level depends on the length of the previous UB entitlement.	weeks but may be extended indefinitely <sup>52</sup> .
AT	"Bridging Benefits" ( <i>Überbrückungshilfe</i> <sup>53</sup> )	✓  Bridging Benefits Act No 174/1964 as amended, and corresponding provisions for public servants	Specific benefit for Austrian civil servants who are not covered by the general unemployment scheme			Same as for unemployment benefit and unemployment allowance	Same as for unemployment benefit and unemployment allowance	Same as for unemployment benefit and unemployment allowance	Same as for unemployment benefit and unemployment allowance

<sup>52</sup> Austrian Public Employment Service (AMS) [www.ams.at/english/14609.html](http://www.ams.at/english/14609.html)

<sup>53</sup> Austrian Public Employment Service (AMS): [www.ams.at/sfa/14080\\_18648.html](http://www.ams.at/sfa/14080_18648.html)

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
PL	Unemployment Allowance ( <i>Zasilek dla bezrobotnych</i> )  Law on Employment Promotion and Labour Market Institutions of 20 April 2004.	✓  Employment Promotion and Labour Market Institutions Act of 20 April 2004	✓	✓		E+I: 365 calendar in last 18 months	- Involuntary unemployed	Depending upon the length of economic activity: - 1 to 5 years of work: 80% - 5 to 20 years: 100% 20 years and more: 120% Basic Unemployment Allowance: PLN794.20 (€188)/month for a period of 3 months, PLN623.60 (€148) thereafter.	- 6 months in areas with unemployment rate less than 150% of the national average. - 12 months in areas with an unemployment rate of at least 150% or more of the national average. - 12 months if the claimant has a qualifying period of 20 years and is over 50 years old. - 12 months if the

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
									claimant's spouse is unemployed, not entitled to an allowance and they have at least one dependent child under the age of 15 years.
<b>PT</b>	Unemployment benefit ( <i>subsídio de desemprego</i> )	<ul style="list-style-type: none"> <li>- Unemployment benefits scheme for employees – Decree Law No 220/2006 of 3 November 2006</li> <li>- Unemployment benefits scheme for economic</li> </ul>	✓	✓		E+I: 450 days in 24 months	<ul style="list-style-type: none"> <li>- Involuntary unemployed</li> <li>- Resident in Portugal</li> <li>- In case of part-time work, possible to receive reduced level of UB</li> </ul>	65% of reference earnings, reduced by 10% after 180 days  Increased by 10% for persons with unemployed partner/spouse and persons who are single	Amount depends on the length of insurance period and age. <ul style="list-style-type: none"> <li>- less than 30 years: 270 - 260 days</li> <li>- 30-40 years: 360-540 days</li> <li>- 40-45 years:</li> </ul>

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
		<p>ally dependent self-employed workers – Decree Law No 65/2012 of 15 March 2012</p> <p>- Unemployment benefits scheme for self-employed workers performing business activities, managers and administrators - Decree Law No 12/2013 of 25 January 2013</p> <p>- Unemployment benefits scheme for teachers of public-sector primary and secondary schools – Decree Law No 67/2000</p>					parents.	<p>540-720 days</p> <p>- 45-50 years: 900 days</p> <p>Additional days also possible for long E+I periods</p>	



MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
		<p>of 26 April 2000 and the Code of Contributory Schemes</p> <ul style="list-style-type: none"> <li>- Unemployment benefits for military personnel serving under contract or on a voluntary basis covered by the convergent social protection scheme</li> <li>- <u>Decree Law No 320-A/2000</u></li> <li>- Unemployment benefits for all other public administration employees – Law No 11/2008 of 20 February 2008.</li> </ul>							

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
PT	Unemployment assistance ( <i>subsídio social de desemprego</i> )	Social security benefits for those persons not covered by any other social protection scheme – Decree Law No 160/80 of 27 May 1980,	✓ Persons who have exhausted their entitlement to UB or do not qualify for UB	✓		E: 180 days in 12 months  Means-tested	As above		
RO	Unemployment benefit ( <i>indemnizatie de soma</i> )	✓ - Law No 76 of 16 January 2002 on the unemployment insurance system and the stimulation of employment  - Government Decision No 174 of 20 February 2002 approving implemen	✓	✓ (voluntary)		I: 12 months in 24 months  No qualifying period for graduates	- Involuntarily unemployed - Resident in Romania	Amount depends on the length of insurance period and the average gross earnings in the last 12 months.  No ceiling	6, 9 or 12 months, depending on the length of the insurance period. - 6 months if insurance period is 1 year; - 9 months is the insurance period is 5

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
		ting rules for Law No 76/2002 on the unemployment insurance system and the stimulation of employment						years; - 12 months of the insurance period is 10 years and over <sup>54</sup> .	
SI	Unemployment benefit ( <i>denarno nadomestilo za priver brezposelnost</i> )	✓  Labour Market Regulation Act of 28 September 2010	✓	✓		I: 9 months in the last 24 months	- Voluntarily or involuntarily unemployed <sup>55</sup>  - Benefits can be paid to persons who work part-time as long as they seek full-time work. The benefit is reduced proportionally.	Average monthly earnings (no ceiling) in the last 8 months  80% of reference earnings in the first 3 months, then 60% and after 12 months 50%  Minimum: €350/month gross	3 to 12 months, depending on the length of the insurance period and whether the person is over 50/55 years old

<sup>54</sup> SSE-Move: Social Security on the Move, p. 44

<sup>55</sup> PES-Benchmarking Conditionality questionnaire on conditions to receive services and/or benefits, information on Slovenia

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
								maximum: €892.50/month gross	
<b>SK</b>	Unemployment benefit ( <i>Dávka v nezamestnanosti</i> )	<p>✓</p> <p>- Act No 461/2003 of 30 October 2003 on social insurance</p> <p>- Act No 5/2004 of 4 December 2004 on employment services</p>	✓	✓		<p>I: 2 years in the last 3 years</p> <p>2 years in the last 4 years in case of insured temporary employment or voluntary insurance from an activity other than as an employee<sup>56</sup></p>	- Be involuntarily unemployed	<p>Based on gross earnings of last 2 years.</p> <p>50 % of reference earnings times the number of days of the month. Ceiling of 3 times the national average monthly wage.</p>	6 months (4 months for employees on fixed-term contracts).
<b>FI</b>	Unemployment benefit, either <ul style="list-style-type: none"> <li>1. basic unemployment allowance (<i>peruspäiväraha</i>) or</li> <li>2. earnings-related unemployment allowance</li> </ul>	<p>✓</p> <p>Unemployment Allowances Act (30.12.2002/1290)</p>	✓	✓	?	<p>1. Basic unemployment allowance (E):</p> <p>- Employees: 34 weeks in last 28 months, at least 18 hours/week.</p> <p>- Self-</p>	<p>Resident in Finland</p> <p>Partial unemployment: Persons can work part-time as employed (max. 80%) or self-employed, or</p>	<p>1. Basic unemployment allowance: €32.46/day (2013), paid 5 days/week</p>	<p>500 days (5 days/week)</p> <p>Older unemployed persons who meet the qualifyi</p>

<sup>56</sup> Slovak Social Insurance Agency [www.socpoist.sk/social-insurance-system-in-slovakia/24533s](http://www.socpoist.sk/social-insurance-system-in-slovakia/24533s)

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
	<i>(ansiopäiväraha)</i> for those who are voluntarily insured (members of a Finnish unemployment fund).					employed persons: 18 months in last 48 months.  2. Earnings-related insurance (E+I): The person must additionally have been insured as a member of an unemployment fund	two weeks full-time, and receive adjusted basic or earnings-related unemployment allowance <sup>57</sup> .	2. Earnings-related allowance €32.46/day + 45% of the difference between the daily wage and the basic allowance.  For both allowances, there are family supplements for persons with children under 18 years of age. <sup>58</sup>	Conditions regarding previous employment are eligible for an extended unemployment allowance.
<b>FI</b>	Labour market	✓	✓	✓	✓	No qualifying	Resident in	Flat rate	Unlimited

<sup>57</sup> Finnish Kela [www.kela.fi/web/en/basic-unemployment-allowance-amount-and-taxation](http://www.kela.fi/web/en/basic-unemployment-allowance-amount-and-taxation) (information on basic allowance) and Finnish Federation of Unemployment Funds [www.tyj.fi/eng/earnings-related-allowance/amount-of-allowance/effect-of-earned-income/](http://www.tyj.fi/eng/earnings-related-allowance/amount-of-allowance/effect-of-earned-income/) (on earning-related allowance)

<sup>58</sup> Finnish Federation of Unemployment Insurance Funds: [www.tyj.fi/eng/earnings-related-allowance/amount-of-allowance/](http://www.tyj.fi/eng/earnings-related-allowance/amount-of-allowance/)

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
	support ( <i>työmarkkinatuki</i> )	(SNCB) Act on Labour Protection (30.12.2002/1290)	Unemployed persons who either do not fulfill the conditions for unemployment benefit or have exhausted their entitlement.			period	Finland Certain restrictions apply for persons under the age of 25, e.g. must not reject vocational training offered. Waiting period of 5 months for those who have not completed vocational training <sup>59</sup> .	of €32.46/day (2013), paid 5 days/week <sup>60</sup> . Means-tested, apart from during first 180 days after UB exhaustion. Family supplements if children under 18 years of age.	ed
SE	Unemployment benefit, paid either from the general basic insurance ( <i>grundförsäkring</i> ) or the voluntary income-related insurance	✓  • Act (1997:2	✓	✓		E (+I - everyone who works in SE is covered by basic insurance): 6 months' employment or self-employment,	- Involuntarily or voluntary unemployed - Persons who are partially unemployed and work part-time are	Basic benefit: Flat rate, max. SEK 320 gross/day. No minimum amount;	300 days or 450 days for persons with children under the age of 18

<sup>59</sup> Finnish Kela [www.kela.fi/web/en/labour-market-subsidy\\_eligibility](http://www.kela.fi/web/en/labour-market-subsidy_eligibility)

<sup>60</sup> Finnish Federation of Unemployment Insurance Funds: [www.tyj.fi/eng/earnings-related\\_allowance/amount\\_of\\_allowance/](http://www.tyj.fi/eng/earnings-related_allowance/amount_of_allowance/)

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
	( <i>inkomstbortfallsförsäkring</i> ) <sup>61</sup>	380				at 80 hours/month or 480 hours during six consecutive months with at least 50 hours in each month, in the last 12 months.  I+E: In order to receive income-related benefits the person must additionally have been member of a Swedish unemployment insurance fund for at	entitled to partial benefits in proportion to their working hours - Specific reporting obligation: Declaration card to be sent to fund, usually every two weeks <sup>62</sup>	can be less if the person worked part-time  Income-related: based on previous earnings in the last 12 months: - First 200 days: 80%. - Day 201-300 (or 450 for persons with children	(benefits paid for 5 days/week)  Days when activity support <sup>63</sup> have been paid are deducted.  Persons who are partially unemployed and work part-time are only

<sup>61</sup> Swedish Public Employment Service (Arbetsförmedlingen): [www.arbetsformedlingen.se/Globalmeny/Other-languages/Financial-support-for-jobseekers.html](http://www.arbetsformedlingen.se/Globalmeny/Other-languages/Financial-support-for-jobseekers.html)

<sup>62</sup> In addition, as from 1 September 2013 persons receiving UB will be required to report jobseeking activities to the Public Employment Service, using a web-based tool, once a month.

<sup>63</sup> Activity grant (*aktivitetsstöd*) is a type of benefit, paid by the Swedish Social Insurance Agency (i.e. not paid by the unemployment insurance funds responsible for paying unemployment benefits) to participants in labour market programmes, based on referral by the Swedish Public Employment Service. The benefit, which is not covered by Regulation (EC) No 883, is coordinated nationally with unemployment benefit as regards level and duration of benefits. For information in English, see

[www.forsakringskassan.se/sprak/eng/unemployed!/ut/p/b1/04\\_Sj9CPykssy0xPLMnMz0vMAfGjzOIjAx8nZwMHQ38zUxMDDwt3fwMnXx8PA2CjIEKIoEKDHAARwO8-n1MofrxKCBgf7h-FFgJPhcQcoOfR35uqn5BbmiEQZaJgAVygy\\_/dl4/d5/L2dJOSEvUUt3Qs80SmtFL1o2XzMxMDA5QjFBMDg2UTcwSVQ5STdNTzUxUzc3/](http://www.forsakringskassan.se/sprak/eng/unemployed!/ut/p/b1/04_Sj9CPykssy0xPLMnMz0vMAfGjzOIjAx8nZwMHQ38zUxMDDwt3fwMnXx8PA2CjIEKIoEKDHAARwO8-n1MofrxKCBgf7h-FFgJPhcQcoOfR35uqn5BbmiEQZaJgAVygy_/dl4/d5/L2dJOSEvUUt3Qs80SmtFL1o2XzMxMDA5QjFBMDg2UTcwSVQ5STdNTzUxUzc3/). A parliamentary inquiry on social insurance is currently investigating how unemployment benefits and benefits provided for participation in a labour market programme can be harmonised and streamlined, and their final report is due on 31 January 2015: [www.psfu.se](http://www.psfu.se).

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
						least 12 months (paid contributions)		under 18 years old): 70%. Maximum of SEK 680 gross/day	entitled to a maximum of 75 days.
SE	Activity grant ( <i>aktivitetsstöd</i> )  Ordinance (1996:1100) on Activity Grant	X  Considered as benefit paid during activation measures rather than UB. As it is coordinated with UB, in terms of duration and levels of benefits, it has been included here.	✓  Paid to persons in labour market programmes:  - Job and Development Programme, for persons who have exhausted their entitlement to unemployment benefits of 300/450 days; - Job Guarantee for Young People, for persons under the age of 25, after 90 days' registration with the employment service, regardless of whether or not they are entitled to unemployment benefits; - Other labour market programmes that persons can be referred if motivated, regardless of whether or not they are entitled to unemployment benefits.	✓	✓	N/A – See conditions above for persons who previously received unemployment benefits.		Same level as for UB, if the person is a member of an unemployment insurance fund, i.e. maximum SEK 680 gross/day (see above).  Reduced depending on number of days of UB or activity grant paid (see above). If the UB period has been exhausted after 300/450 days, 65% of	Depends on the length of the programme.



MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
							reference earnings is paid.  For persons who have not been a member of a fund or never qualified for UB, the basic level is SEK 223 gross/day, 5 days/week.		
<b>UK</b>	Contribution-based Jobseekers Allowance (JSA)	<ul style="list-style-type: none"> <li>✓</li> <li>- The Jobseekers Act 1995</li> <li>- The Jobseekers (Northern Ireland) Order 1995</li> </ul>	✓	X	Some 16 and 17-year can claim benefits in exceptional case	I: 1 year in last 2 tax years amounting to at least 26 times the minimum weekly contribution for that year, and contributions paid or credited in both the appropriate	<ul style="list-style-type: none"> <li>- involuntarily unemployed</li> <li>- work on average less than 16 hours/week</li> <li>- Resident in Great Britain (England, Scotland, Wales) or in Northern Ireland, depending on where the</li> </ul>	Flat rate benefit, varying according to age <ul style="list-style-type: none"> <li>- Aged 18-24: £56.80/week;</li> <li>- Aged 25 or over: £71.10/week<sup>64</sup></li> </ul>	182 days (approximately 6 months)

<sup>64</sup> For England, Scotland and Wales <https://www.gov.uk/jobseekers-allowance/what-youll-get> and for Northern Ireland [www.nidirect.gov.uk/index/information-and-services/money-tax-and-benefits/benefits-and-financial-support/employed-or-looking-for-work/jobseekers-allowance.htm](http://www.nidirect.gov.uk/index/information-and-services/money-tax-and-benefits/benefits-and-financial-support/employed-or-looking-for-work/jobseekers-allowance.htm)

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			Employed	Self-employed	Additional categories				
						tax years amounting to a total of at least 50 times the minimum weekly contribution for that year.	benefit is claimed - Specific reporting obligation: attend interviews at the employment service every two weeks		
<b>UK</b>	Income-based Jobseekers Allowance (JSA) <sup>65</sup>	✓ (SNCB) - The Jobseekers Act 1995 - The Jobseekers (Northern Ireland) Order 1995.	✓	✓		N/A  Mean-tested benefit and the person must be habitually resident in the UK	Main conditions as for contribution-based JSA. In addition, it is means-tested and the person and his/her partner may not work more than 24 hours/week.  Special rules may apply to persons under 18 years old.	Amount varies according to family circumstances and income. Basic levels: - Singles under 25: £56.80/week - Singles over 25: £71.70/week - Couples (both aged 18 and over): £112.55/	Unlimited as long as entitlement conditions are satisfied.

<sup>65</sup> Due to be replaced by a new single benefit Universal Credit from October 2013. The Universal Credit will replace several UK social security benefits [www.gov.uk/universal-credit](http://www.gov.uk/universal-credit) The UK government considers that Universal Credit is outside the scope of Regulation 883/2004, see [www.official-documents.gov.uk/document/other/9780108512155/9780108512155.pdf](http://www.official-documents.gov.uk/document/other/9780108512155/9780108512155.pdf)

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			Employed	Self-employed	Additional categories				
								week - Lone parent under 18: £56.80 - Lone parent 18 and over: £71.70 <sup>66</sup>	
IS	Unemployment benefit ( <i>atvinnuleysisd agpeningar</i> ), basic flat-rate and or earnings-related benefits	Unemployment Insurance Act No. 54/2006 of June 2006.  Act on Labour Market Measures No 55/2006 of June 2006 <sup>67</sup> .	✓	✓		E: A minimum of 3 months, at least 25% of full-time, during 12 months for minimum entitlement <sup>68</sup> .  12 months for the maximum entitlement  E+I: Self-employed persons must additionally have paid social security contributions to be entitled to benefits.	- Involuntarily or voluntary unemployed - Resident and present in Iceland (only allowed to go abroad if holding a PD U2) - Persons who are partially unemployed and work part-time are entitled to partial benefits in proportion to their working	- For the first 10 days basic flat-rate benefits are paid, a minimum of ISK 43152/month and a maximum of ISK 17260/month. - After this income-related benefits are paid for 3	3 years  (Benefits paid 5 days/week)

<sup>66</sup> For England, Scotland and Wales <https://www.gov.uk/jobseekers-allowance/what-youll-get> and for Northern Ireland [www.nidirect.gov.uk/index/information-and-services/money-tax-and-benefits/benefits-and-financial-support/employed-or-looking-for-work/jobseekers-allowance.htm](http://www.nidirect.gov.uk/index/information-and-services/money-tax-and-benefits/benefits-and-financial-support/employed-or-looking-for-work/jobseekers-allowance.htm)

<sup>67</sup> Based on information in [www.missoc.org](http://www.missoc.org).

<sup>68</sup> Icelandic Directorate of Labour (Vinnuálastofnun) [www.vinnumalastofnun.is/atvinnuleysisbaetur/](http://www.vinnumalastofnun.is/atvinnuleysisbaetur/)

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
							hours.	months. For employed persons the amount is 70% of average earnings in a 6-month period ending 2 months before the unemployment. For self-employed persons the amount is 70% of average earnings in the last year. Maximum of ISK 272113/month.  After three months, basic flat-rate benefits are paid again Supplement	

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
								ent for children under 18 years old: ISK 6904/child <sup>69</sup>	
LI	<p>Unemployment benefit (<i>Arbeitslosenentschädigung</i>)</p> <p>In addition, unemployment benefits paid due to partial or intermittent unemployment, either for financial reasons (<i>Kurzarbeitsentschädigung</i>)<sup>70</sup> or due to bad weather (<i>Schlechtwetterentschädigung</i>)<sup>71</sup></p>	<p>- Act on unemployment insurance and allowances in case of insolvency of 24 November 2010, LGBl. 2010 No. 452.</p> <p>- Ordinance to the Act on unemployment Insurance and allowances in case of insolvency</p>	✓	X	Apprentices	<p>I: 12 months in 2 years</p> <p>11. Also persons exempt from paying contributions due to e.g. sickness, maternity leave or training can under some circum</p>	<p>- Involuntary or voluntary unemployed</p> <p>- Resident in Liechtenstein</p> <p>- Possible to work part-time while receiving unemployment benefit.</p>	<p>70% or 80% of last gross earnings. 70% if the person has no dependant children under the age of 25</p> <p>- receives full unemployment benefits of more than CHF140 (€117)/day, and</p> <p>- does not receive invalidity</p>	<p>130-500 days within a two-year period, depending on age and contribution period.</p> <p>- 130 days if exempt from paying contributions</p> <p>- 200 days if under 25 years and without dependa</p>

<sup>69</sup> Icelandic Directorate of Labour (Vinnuálastofun) [www.vinnuastofnun.is/atvinnuleysisbaetur/fjarhaedir-atvinnuleysisbota/](http://www.vinnuastofnun.is/atvinnuleysisbaetur/fjarhaedir-atvinnuleysisbota/)

<sup>70</sup> Landesverwaltung Fürstentum Liechtenstein [www.llv.li/merkblatt-kua-wirtschaft-neu-ab-2011-2.pdf](http://www.llv.li/merkblatt-kua-wirtschaft-neu-ab-2011-2.pdf)

<sup>71</sup> Landesverwaltung Fürstentum Liechtenstein [www.llv.li/merkblatt-kua-witterung-2012.pdf](http://www.llv.li/merkblatt-kua-witterung-2012.pdf)

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
		Law of 14 December 2010, LGBl. 2010 No. 465 <sup>72</sup>				<p>Instances qualify for entitlement unemployment benefit for a duration of 130 days<sup>73</sup>.</p> <p>For other type of short-term or partial UB (see left column), a range of other conditions apply, e.g. only employees in certain professions can receive the bad weather benefit<sup>74</sup>. Can only be paid for max 18 months during a period of 2 years.</p>	<p>benefit.</p> <p>For short-term or partial UB (see left column): 80% of reference earnings.</p>	<p>Maximum duration:</p> <ul style="list-style-type: none"> <li>- 260 if insured for 12 months and over 25 years;</li> <li>- 400 days if insured for 18 months and over 50 years;</li> <li>- 500 days if insured for 22 months and in receipt of an invalidity pension of at least 40%</li> </ul>	

<sup>72</sup> Based on information on [www.missoc.org](http://www.missoc.org).

<sup>73</sup> Landesverwaltung Liechtenstein [www.llv.li/amtstellen/llv-avw-arbeitslosenversicherung/llv-avw-arbeitslosenversicherung-ale.htm](http://www.llv.li/amtstellen/llv-avw-arbeitslosenversicherung/llv-avw-arbeitslosenversicherung-ale.htm)

<sup>74</sup> [www.llv.li/merkblatt-kua-wirtschaft-neu-ab-2011-2.pdf](http://www.llv.li/merkblatt-kua-wirtschaft-neu-ab-2011-2.pdf) and <http://www.llv.li/merkblatt-kua-witterung-2012.pdf>

MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
NO	Unemployment benefits <sup>75</sup>  National Insurance Act of 28 February 1997	✓  National Insurance Act of 28 February 1997	✓	X	Fishermen	Income requirement: income from employment of at NOK 123,183 (€16,263) in the previous calendar year, or at least NOK 82,122 (€10,842) in the last 3 calendar years.  Parental benefit, pregnancy benefit and sickness benefits in connection with pregnancy also count as income from work and are included in the minimum income requirement.	- Voluntary or involuntary unemployment - Stay in Norway - Possible to work part-time and unemployment benefits in proportion to the reduction of working hours - Report to employment service every two weeks by sending in a report in which the person declares any hours of work, illness, studies etc.	Income in the previous calendar year, or, when more favourable, the yearly average over the last 3 calendar years. Ceiling: 6 times the Basic Amount NOK 492,732 (€65.051).  Child supplement of NOK 17 (€2.24)/day for each dependent child under 18  Holiday	52 or 104 weeks depending on income from employment:  - Maximum 104 weeks if income at least NOK 164,244 - 52 weeks of employment income of less than NOK 164,244 but higher than NOK 82,122  Persons whose

<sup>75</sup> Norwegian Labour and Welfare Administration (NAV)

[www.nav.no/Arbeid/Arbeidss%C3%B8ker/Inntektssikring/Dagpenger](http://www.nav.no/Arbeid/Arbeidss%C3%B8ker/Inntektssikring/Dagpenger)

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MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
								supplement of 9.5% of daily benefits.	working hours are reduced by 40% due to redundancy can receive benefits form 52 weeks within a 18 month-period.  Benefits paid 5 days/week
<b>CH</b>	Unemployment benefit ( <i>Arbeitslosen tschädigung/in demnités de chômage</i> )		✓	X		I: 12 months within 2 years.  Certain persons are exempted from the contribution period conditions.	- Resident in Switzerland -Possible to work part-time and receive UB	70% or 80% of last gross earnings. 70% if the person - has no dependent children under the age of 25 - receives full unemployment benefits of more than CHF 140	90-200 days, depending on age and contribution period.  - 90 days for persons exempt from paying contributions; - 200 days for persons under



MS	Unemployment benefit (UB) or unemployment assistance	Legislation covered by 883/2004 <sup>13</sup>	Beneficiaries			Qualifying conditions – employment/self-employment (E) and insurance (I)	Specific conditions when receiving benefits <sup>14</sup>	Level of benefits	Maximum duration
			Employed	Self-employed	Additional categories				
							(€117)/day, and - does not receive invalidity benefit.  80% of the relevant loss of salary taken into consideration. UB is paid for a maximum of 18 months over a 2-year period.	25 with no dependants; - 260 days if insured for at least 12 months; - 400 days if insured for at least 18 months; - 520 days if above 55 years and insured for 22 months; - 520 days if in receipt of an invalidity pension of at least 40%.	

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trESS Analytical Support (2011) Unemployment benefits for self-employed persons - Overview of Member States' legislation concerning unemployment benefit schemes for the self-employed persons – situation 31.1.2011

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Greece:

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Malta:

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Austrian Public Employment Service (AMS) [www.ams.at](http://www.ams.at)

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**3. FAMILY BENEFITS**

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
<b>Austria</b>	Universal scheme for all residents financed by employers' contributions and taxes providing Child benefit (Familienbeihilfe)	Child-raising allowance (Kinderbetreuungsgeld) The Income-related Child-raising allowance (einkommensabhängiges Kinderbetreuungsgeld)	No special allowance	No special allowance.	Flat-rate Child-raising allowance (Kinderbetreuungsgeld): YES Tax credit for single parents (Alleinerzieherabsetzbetrag): YES	Child benefit (Familienbeihilfe) YES	YES	Accommodation and housing allowances according to the Minimum Resources Acts of the Länder.  Child tax credit (Kinderabsetzbetrag)  Supplement to the flat-rate Child-raising allowance (Beihilfe zum pauschalen Kinderbetreuungsgeld): Families with low income are granted a supplement
<b>Belgium</b>	Compulsory social insurance scheme financed by a federal grant and covering any person considered as active with lump-sum benefits or working as self-employed.	Parental leave	No special allowance	Birth grant (allocation de naissance/kraamgeld).  Adoption grant (prime d'adoption/adoptiepremie)	No special allowance.	Supplementary allowance for children	No special allowance.	When a child is put under the care of a private person through or at the expense of a public authority.  Supplement called back-to-school grant.  Annual amounts for children with a supplement for single parent families and a social supplement and who are disabled
<b>Bulgaria</b>	A universal system financed by the State budget providing flat-rate benefits to all beneficiaries.	Part of the contribution-funded scheme providing flat-rate benefit for raising a young child (Обезщетение за отглеждане на малко дете) or for adoption of a child between 2 and 5 years of age (Обезщетение при осиновяване на дете от 2 до 5 годишна възраст).  Also two non-contributory child benefits.	No special allowance	Pregnant women whose average monthly gross income per family member is equal to or lower than a certain level if they are not entitled to maternity benefit (обезщетение за бременност и раждане) under the Social Insurance Code (Кодекс за социално осигуряване) and are permanent residents.	No special allowance.	Mothers of children diagnosed before their 2nd birthday as having more than 50% permanent disability  Monthly benefit for raising a child with permanent disabilities  The monthly benefit for a child until completion of secondary education with a permanent disability	YES (Министерски съвет).	Targeted allowances for pupils (Целеви помощи за ученици)  Targeted allowance for free travel by rail and bus in the country for mothers of many children (Целева помощ за безплатно пътуване с железопътния и автобусния транспорт в страната за многодетни майки)
<b>Croatia</b>	Tax-financed scheme covering all residents who satisfy a means test and providing benefits which vary according to income.	Providing a flat-rate cash benefit payable during parental leave.	No special allowance	New-born child assistance	No special allowance.	Children allowance (Doplatak za djecu) for disabled children	No special allowance.	Partial State subsidies for children staying in day-care centres (means tested).  Benefit according to the Income Tax Act (Zakon o porezu na dohodak)
<b>Cyprus</b>	Tax financed scheme based on habitual residence, number of dependent	No special allowance.	No special allowance	Maternity Grant (Βοήθημα Τοκετού)  Special maternity grant to unmarried mothers (Ειδικό	Single parent benefit is granted (Ενίδιου Τέκνου).	No special allowance.	No special allowance.	No other allowances.

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
	children, family income and property assets.			βοήθημα τοκετού σε άγαμες μητέρες)				
<b>Czech Republic</b>	Tax financed universal scheme covering all residents in the Czech Republic with income-tested benefits depending on the age of the children.	Parental Allowance (Rodičovský příspěvek): Tax financed universal system providing a flat-rate benefit to a parent who personally provides full-time proper care for a small child.	No special allowance	Entitlement to Birth Grant (Porodné) is related to the first liveborn child and is only granted to families whose income does not exceed 2.4 times the family Living Minimum (Životní minimum). Birth Grant is paid to:	No special allowance.	Disability of children is reflected in two Foster Care Benefits (Dávky péstounské péče): Foster Child Allowance (Příspěvek na úhradu potřeb dítěte) and Foster Parent Allowance (Odměna pěstouna), see "Other allowances".	No special benefit.	Foster Care Benefits (Dávky péstounské péče):  * Foster Child Allowance (Příspěvek na úhradu potřeb dítěte),  * Foster Parent Allowance (Odměna pěstouna),  * Fostering Grant (Příspěvek při převzetí dítěte),  * Motor Vehicle Grant (Příspěvek na nákup motorového vozidla),  * Grant in Foster Care Termination (Příspěvek při ukončení péstounské péče).
<b>Denmark</b>	Tax financed universal scheme covering all residents providing benefits depending on the age of the child and the income of the family.	No special allowance.	Child care allowance : Tax financed. Municipalities can introduce such benefit for parents taking care of their own children instead of putting them in a day care facility.	Amount per child per quarter until the children's 7th birthday, in case of birth of more than one child and in case of adoption of more than one child (flerbørnstilskud). Allowance (single benefit) in case of adoption of a foreign child	The general Child allowance (ordinært børnetilskud) is supplemented (ekstra børnetilskud)	Income replacement benefit for domiciliary care of a disabled child	YES	Special allowance for parents still studying (børnetilskud til forældre under uddannelse)  Supplementary child allowance (supplerede børnetilskud i visse skole- og praktikperioder) for parents during internship and school term (statens uddannelsesstøtte)
<b>Estonia</b>	Tax financed universal scheme with flat rate benefits covering all residents.	Parental Benefit: (vanemahüvitis)  Child Care Allowance (lapsehooldustasu)  Supplementary Child Care Allowance (täiendav lapsehooldustasu)	No special allowance	Childbirth Allowance (sünnitoetus)	Single Parent's Child Allowance (üksikvanemalapse toetus)	Disabled Child Allowance (puudega lapse toetus)  The Social Benefit Rate (sotsiaaltoetus te määr) Study Allowance (õppetoetus)	YES	Conscript's and Alternative Civilian Servant's Child Allowance (ajateenija ja asendusteenistuja lapse toetus) Foster Care Allowance (eestkostel või perekonnas hooldamisel oleva lapse toetus) Adoption Grant (lapsendamistoetus)
<b>Finland</b>	Tax financed flat rate benefit for children resident in Finland.	Parental allowance (vanhempainraha)	All children (aged 10 months – 6 years) have a subjective right to day care arranged by municipalities. Families who care for their	A maternity grant (äitiysavustus) An adoption grant (adoptiotuki)	The Child Allowance (lapsilisä) is supplemented	Disability allowance for persons under 16 years of age (alle 16-vuotiaan vammaistuki)	Maintenance allowance for children (elatuslaki)	Means-tested housing allowances (asumistuki) available to families with low income.

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
			children at home or arrange the care privately are entitled to cash benefits.					
<b>France</b>	Universal scheme financed by contributions from employers, from the self-employed and from a portion of the Generalised social contribution (contribution sociale généralisée, CSG).	Infant Welcome Benefit (Prestation d'accueil du jeune enfant, PAJE).	Complement for Child Care Choice of the Infant Welcome Benefit (Complément de libre choix de mode de garde de la Prestation d'accueil du jeune enfant, PAJE)	Birth or Adoption Grant of the Infant Welcome Benefit (Prime à la naissance ou à l'adoption de la Prestation d'accueil du jeune enfant, PAJE)	Active solidarity allowance (revenu de solidarité active, RSA)	Special education allowance for a disabled child (allocation d'éducation de l'enfant handicapé, Aeeh) for persons with a 50% or more handicap, up to the age of 20 Possibility to opt for the disability compensation allowance (prestation de compensation du handicap, PCH)	YES	New School Year Allowance (allocation de rentrée scolaire) for children aged 6 – 18. Family supplement (complément familial) subject to means test Housing allowance (allocation de logement)
<b>Germany</b>	Tax-funded scheme with fixed amounts for tax exemption of the parental income to the amount of certain needs of a child for all parents and for the promotion of family, in so far as child benefit is not used for tax exemption.	Parental allowance (Elterngeld) child care allowance (Betreuungsgeld)	No special allowances.		No special allowances	No special allowances.	The Advance Payment of Maintenance Act (Unterhaltsvorschussgesetz)	The Parental allowance (Elterngeld) is treated separately from Child-raising leave (Elternzeit).  Grandparents are also entitled to child-raising leave. Parents are entitled to supplementary child allowance (Kinderzuschlag) under specific conditions.
<b>Greece</b>	Compulsory social insurance system financed by contributions covering employees, and providing benefits depending on the number of children. Benefits are granted once every calendar year covering the whole year.	No special allowance.	No special allowance.	Childbirth benefit for obstetrics costs (ΒΟΗΘΗΜΑ ΤΟΚΕΤΟΥ)	The single parent receives the Child benefit (ΟΙΚΟΓΕΝΕΙΑΚΑ ΕΠΙΔΟΜΑΤΑ)	Allowance for parent of disabled child	No special allowance.	* Benefit granted to mothers for the support of unprotected children who do not have a father.  * Single allowance child support (ΕΝΙΑΙΟ ΕΠΙΔΟΜΑ ΣΤΗΡΙΞΗΣ ΤΕΚΝΩΝ)  * Special benefit for families with at least three children (ΕΙΔΙΚΟ ΕΠΙΔΟΜΑ ΤΡΙΤΕΚΝΩΝ ΚΑΙ ΠΟΛΥΤΕΚΝΩΝ)
<b>Hungary</b>	Tax financed universal scheme covering all	Child Home Care Allowance (Gyermekgondozási segély)	In-kind benefit, local authority run	Pregnancy-Confinement Benefit (Terhességig-nyereményseg)	Entitlement to higher amounts of Family Allowance (Családi pótlék)	Entitlement to higher amounts of Family Allowance	Advance on maintenance payments (Tartásdíj megelőlegezése)	Regular Child Protection Allowance (Rendszeres gyermekvédelmi kedvezmény)

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
	residents.	Child Raising Support (Gyermeknevelési támogatás)  Child Care Fee (Gyermekgondozási díj)	crèches and kindergartens (co-financed by the parent).	segély) Birth Grant (Anyasági támogatás)		(Családi pótlék)		Family tax allowance (Családi kedvezmény)
<b>Iceland</b>	Flat-rate benefits, based on residency, to families with children reduced when income exceeds a certain level.	No child-raising allowance.	No special allowance. Municipalities may subsidise the cost of day care for children in private homes, e.g. in the case of single parents.	Flat-rate adoption grant (ættleiðingarstyrkur)	Single parent allowance (mæðralaun)	Home care allowance (umönnunargreiðslur)	YES	A single flat-rate child pension with respect to education (barnalífeyrir vegna skólanáms)  Means-tested housing allowances (húsaleigubætur)
<b>Ireland</b>	Tax financed flat rate universal scheme covering all resident children. The rate of payment is dependent on the ranking of the child within the family.	No special allowance.	Not applicable.	No special allowance.	One Parent Family Payment is available as a separate and specific means-tested scheme	Domiciliary Care Allowance	No special allowance.	Family Income Supplements (FIS)  Guardian's Payment (Non-Contributory)
<b>Italy</b>	System financed mainly by the employers' contributions and partly by workers' contributions (as established in the employment contract) covering the employees with benefits depending on the family income and on the number of family members.	Optional supplementary parental leave (Congedo parentale facoltativo)	No special allowance, but vouchers are granted to help meeting the additional expenses of raising children		Increased family allowance if lone parent with a child.	No specific allowance for disabled children.	No special allowance.	Social Card  Children of severely disabled persons (Erogazione integrativa per grandi invalidi)
<b>Latvia</b>	Tax-financed universal scheme with flat-rate benefits and covering all permanent residents.	Child Raising Allowance (Bērna kopšanas pabalsts) Parental benefit (Vecāku pabalsts)	No special allowance	Childbirth Allowance (Bērna piedzimšanas pabalsts)	No special allowance.	Supplement to the family State benefit for disabled child (Piemaksa pie ģimenes valsts pabalsta par bērniņu invalīdu) Disabled child raising allowance (Bērna invalīda kopšanas	No special allowance.	Compensation for taking care of an adoptee Compensation for adoption Compensation for the execution of the guardian's duties Remuneration for the fulfilment of foster family duties Allowance to a foster family for a dependent child Allowance to a foster family for the purchase of clothing



	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
<b>Liechtenstein</b>	Compulsory public system financed by contributions for persons resident or gainfully employed in Liechtenstein.	No child-raising allowance	No special benefit.	Amount at the birth of one child, Amount per child in the case of multiple births.  Birth allowances (Geburtszulagen) are also paid in cases of adoption of a child under the age of 5.	Additional monthly Single Parent Allowance (Alleinerziehendenzulage)	pabalsts) No special benefit.	NO	and soft furnishings Compensation of differences
<b>Lithuania</b>	Tax financed universal scheme for all residents with benefits depending on family income, age and number of the children. Child benefit is paid to families raising children and to children deprived of parental care.	Compulsory insurance for employees financed by contributions and providing earnings-related Maternity/Paternity Benefit, Motinystės/tėvystės pašalpa).	No special allowance	Child Grant (Vienkartinė išmoka vaikui)	Payments for child maintenance in pre-school institution may be reduced by 50%.	Social assistance pension (Šalpos pensija)	No special allowance.	Benefit for a Child of a Servisman in Mandatory Primary Military Service (Išmoka privalomosios pradinės karo tarnybos kario vaikui)  Guardianship (Curatorship) Benefit (Globos (rūpybos) išmoka)  Settlement grant (Vienkartinė išmoka įsikurti)
<b>Luxembourg</b>	Universal tax financed scheme. Child's own right linked to residence. The amount varies depending on the family group and increases according to the age of the child.	Child-raising Allowance (allocation d'éducation)	No special allowance	Birth Grant (allocation de naissance)	No special benefit.	Supplementary allowance	Any maintenance due to the spouse, an ascendant or a descendant is paid on request and under certain conditions by the national solidarity fund and recovered by it.	Parental leave (congé parental)  New School Year Allowance (allocation de rentrée scolaire) A child bonus (boni pour enfant)
<b>Malta</b>	A universal system financed by general taxation providing an earnings-related allowance to all Maltese citizens whose children reside in Malta.	No special allowance.	No special allowance	Maternity Benefit (Beneficċju tal-Maternita')	Single Parents are treated as a family in their own right and are entitled to Social Assistance (Għajjuna Soċjali) as well as Child Allowance (Allowance tat-Tfal).	Disabled Child Allowance (Allowance għal tfal b'Dizabilita').	The law courts determine whether and how much maintenance should be paid. If claimant does not receive maintenance, the social security department pays the full rate to claimant.	* A head of household who cares for a child or a person whose parents are unknown or have abandoned him/her will be entitled in respect of such a child or person to the allowances as a distinct and separate entitlement to that applicable in respect of his/her own children. * A benefit is payable to recognised institutions for the care of children and foster parents for the benefit of

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
<b>Norway</b>	Tax financed universal scheme providing a flat-rate benefit for all children.	Compulsory social insurance scheme for the active population (employees and self-employed) with Parental Benefit (foreldrepenger)	Monthly Cash Benefit for Parents with Small Children (kontants tømte)	Maternity/Adoption Grant (engangsstønning ved fødsel/adopsjon)	* Child benefit for one more child than the single parent actually has. In addition an infant supplement (småbarnstillegg) is paid * Transitional benefit (overgangsstønning) . * Education benefit (utdanningsstønning)  * Child Care Benefit (stønning til barnetilsyn) wsyn).	Transitional benefit (overgangsstønning)	Advance maintenance payment (bidragsforskott)	children without families or children in foster homes. Means-tested housing support (bostømte)
<b>Poland</b>	Tax financed universal scheme covering all residents with benefits depending on the age of the children.	Tax financed universal scheme providing a flat-rate benefit as a supplement to Family Allowance.	No special allowance	Childbirth lump-sum as supplement to Family Allowance (Dodatek z tytułu urodzenia dziecka)  One-time childbirth grant (Jednorazowa zapomoga z tytułu urodzenia się dziecka)	Supplement for raising a child alone (dodatek z tytułu samotnego wychowywania dziecka)	Medical Care Allowance (Zasiłek pielęgnacyjny)  Training and Rehabilitation of Disabled Child supplement (dodatek z tytułu kształcenia i rehabilitacji dziecka niepełnosprawnego)  Special attendance allowance (Specjalny zasiłek opiekuńczy)	Alimony Fund Benefit (Świadczenie z funduszu alimentacyjnego)	Child-minding Allowance (Zasiłek opiekuńczy)  Commencement of a School Year supplement (Dodatek z tytułu rozpoczęcia roku szkolnego)  Child Education out of the Place of Residence supplement (Dodatek z tytułu podjęcia przez dziecko nauki w szkole poza miejscem zamieszkania)  Large family supplement (Dodatek z tytułu wychowywania dziecka w rodzinie wielodzietnej)
<b>Portugal</b>	Compulsory universal protection system for all inhabitants financed by taxes, with benefits depending on household income, number and age of the children. Individual right of the child, related to residence.	Extended parental benefit (subsídio parental alargado)	No special allowance	No special allowance.	Child benefit and related allowances and supplements are increased	* Supplement to Child Benefit for disabled children (bonificação, por deficiência, do subsídio familiar a crianças e jovens): * Monthly life annuity (subsídio mensal vitalício) * Extraordinary solidarity supplement (complemento extraordinário de solidariedade) i * Solidarity supplement for the elderly (complemento solidário para idosos)	No special allowance.	Funeral grant (subsídio de funeral) Additional payment (montante adicional)  Prenatal Child Benefit (abono de família pré-natal)  Study grant (bolsa de estudos)
<b>Romania</b>	Social assistance scheme,	Social assistance scheme,	Social assistance scheme,	No birth and adoption grants.	Family Support Allowance (alocatie pentru sustinerea	State Allowance for Children with	No advance on maintenance payments.	Bonus for Insertion (stimulent de insertie)

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
	universal, financed by the State Budget, providing both cash and in-kind benefits, including State Allowance for Children (alocatie de stat pentru copii) and Family Support Allowance (alocatie pentru sustinerea familiei).	universal, financed by the State Budget, providing both cash and in-kind benefits, including Child-Raising Indemnity (indemnizatie pentru cresterea copilului).	universal, financed by the State Budget, providing both cash and in-kind benefits, including Placement Allowance (alocatie de plasament).		familiei)	Handicap (alocatie de stat pentru copii cu handicap)  Child-Raising Leave (concediu pentru cresterea copilului) and Child-Raising Indemnity (indemnizatie pentru cresterea copilului)		
<b>Slovakia</b>	Tax financed universal scheme covering all residents with dependant child/ren.	Tax financed universal scheme providing a flat-rate benefit to all residents with child/ren. The State supports entitled persons in the ordinary (regular) care of children.	State subsidy for kindergartens. Tax Bonus (Daňový bonus) Child Care Allowance (Príspevok na starostlivosť o dieťa)	Birth Grant (Príspevok pri narodení dieťaťa)  Annual benefit for multiple birth (Príspevok na viac súčasne narodených detí)	No special allowance.		Alimony Benefit (Náhradné výživné) .	Partial refund (State subsidy) of bus/train fares to school or work and boarding costs for school or work for those undergoing vocational training.  Substitute Child Care Support Benefits (Príspevky na podporu náhradnej starostlivosti o dieťa)
<b>Slovenia</b>	Tax financed universal scheme with income-tested benefits depending among others on income and ranking of the child in the family.	Compulsory parental protection insurance with earnings-related benefits for the insured person. Financed by contributions and taxes.	Reduction in payment of nursery school fees (znižanje plačila vrtca)	Layette (pomoč ob rojstvu otroka):	When a child lives in a single-parent family then Child Benefit (otroški dodatek) is increased by 30%.	Special Child care Allowance (dodatek za nego otroka, ki potrebuje posebno nego in varstvo)  Partial Payments for Loss of Income (delno plačilo za izgubljeni dohodek)	Maintenance Replacement (nadomestilo preživnine)	Parental Allowance (starševski dodatek)  Large Family Allowance (dodatek za veliko družino)
<b>Spain</b>	Tax financed non-contributory benefits for all residents with benefits depending on income, age and degree of disability.	Contributory benefit in kind: the first three years of parental leave (Excedencia por cuidado de hijo)	No special allowance .	Multiple birth grant for two or more children. T	No special allowance.	YES	No special allowance.	No other allowances, but as a contributory benefit in kind, the first year of leave to take care of other relatives (Excedencia para el cuidado de familiares) is considered as period of contribution.
<b>Sweden</b>	Tax financed, compulsory and universal scheme covering all resident parents and children providing a flat-rate	Municipal Child care Allowance Act (lagen (2008:307) om kommunalt vårdnadsbidrag) is giving the municipalities the right to introduce, finance and administer municipal child	No special allowance .	No special allowance in case of birth.  Allowance in case of adoption		Care Allowance for Disabled Child (vårdbidrag)	Maintenance support (underhållsstöd)	Gender equality bonus (jämställhetsbonus):  Housing allowance (bostadsbidrag) c

	Child benefit	Child-raising allowances	Child care allowances	Birth and adoption grants	Allowance for single parents	Special allowances for children with disabilities	Advance on maintenance payments	Other allowances
	child allowance (barnbidrag) and a large family supplement (flerbarnstillägg)	care allowances.						
<b>Switzerland</b>	Federal scheme: Scheme for agricultural workers and self-employed farmers, financed by contributions and taxes.  Cantonal schemes: Schemes for employees and self-employed not involved in agriculture (financed by contributions) and for persons not engaged in paid employment with low income (financed by taxes).	No special allowance.	No special allowance.	Federal scheme: No birth allowance. Cantonal schemes: 9 cantons provide a birth allowance (Geburtszulage/allotiation de naissance). 8 of these 9 cantons pay a welcome allowance (Adoptionszulage/allocation d'accueil) for the child placed to be adopted.	No special allowance.	Two cantons pay a special allowance.	All cantons have a system for advancing support payments.	Federal scheme: Household allowance (Haushaltungszulage/allocation de ménage)
<b>The Netherlands</b>	General Child Benefit Act (Algemene Kinderbijslagwet, AKW) and Act on Child-related Allowance (Wet op het kindgebonden budget, WKB): tax financed universal scheme covering all residents.	No child-raising allowances.	Under the Child care Act (Wet Kinderopvang) the State, parents and employers together pay the costs of child care in the case the child is cared for outside the home during working hours of the parents.	No special benefit.	No special benefit.	Invalid youths aged 18 or over are entitled to a benefit on account of incapacity for work Compensation under the Regulations governing Contributions towards the Upkeep of Disabled Children living at Home (Tegemoetkoming Onderhoudskosten Thuiswonende gehandicapte kinderen TOG).	No special benefit.	No other allowances.
<b>United Kingdom</b>	Child Benefit: Tax financed (non-contributory) system for all parents of children under 16 (under 20 in certain circumstances)	No child-raising allowance.	Help can be given with child care as part of Working Tax Credit.	Sure Start Maternity Grant	NO	Disability Living Allowance (care/ mobility benefit)		Working Tax Credit (WTC)

<b>Child benefit</b>	<b>Child-raising allowances</b>	<b>Child care allowances</b>	<b>Birth and adoption grants</b>	<b>Allowance for single parents</b>	<b>Special allowances for children with disabilities</b>	<b>Advance on maintenance payments</b>	<b>Other allowances</b>
<p>ces).  Child Tax Credit:  Tax financed, non-contributory, income-related system for all parents of children under 16 (under 20 in certain circumstances).</p>							

#### 4. SPECIAL NON-CONTRIBUTORY CASH BENEFITS

##### SPECIAL NON-CONTRIBUTORY CASH BENEFITS

(Article 70(2)(c))

##### BELGIUM

- (a) Income replacement allowance (Law of 27 February 1987);
- (b) Guaranteed income for elderly persons (Law of 22 March 2001).

##### BULGARIA

Social Pension for old age (Article 89 of the Social Insurance Code).

##### CZECH REPUBLIC

Social allowance (State Social Support Act No 117/1995 Sb.).

##### DENMARK

Accommodation expenses for pensioners (Law on individual accommodation assistance, consolidated by Law No 204 of 29 March 1995).

##### GERMANY

- (a) Basic subsistence income for the elderly and for persons with reduced earning capacity under Chapter 4 of Book XII of the Social Code;
- (b) Benefits to cover subsistence costs under the basic provision for jobseekers unless, with respect to these benefits, the eligibility requirements for a temporary supplement following receipt of unemployment benefit (Article 24(1) of Book II of the Social Code) are fulfilled.

##### ESTONIA

- (a) Disabled adult allowance (Social Benefits for Disabled Persons Act of 27 January 1999);
- (b) State unemployment allowance (Labour Market Services and Support Act of 29 September 2005).

##### IRELAND

- (a) Jobseekers' allowance (Social Welfare Consolidation Act 2005, Part 3, Chapter 2);
- (b) State pension (non-contributory) (Social Welfare Consolidation Act 2005, Part 3, Chapter 4);
- (c) Widow's (non-contributory) pension and widower's (non-contributory) pension (Social Welfare Consolidation Act 2005, Part 3, Chapter 6);
- (d) Disability allowance (Social Welfare Consolidation Act 2005, Part 3, Chapter 10);
- (e) Mobility allowance (Health Act 1970, Section 61);
- (f) Blind pension (Social Welfare Consolidation Act 2005, Part 3, Chapter 5).

##### GREECE

Special benefits for the elderly (Law 1296/82).

##### SPAIN

- (a) Minimum income guarantee (Law No 13/82 of 7 April 1982);
- (b) Cash benefits to assist the elderly and invalids unable to work (Royal Decree No 2620/81 of 24 July 1981);
- (c) (i) Non-contributory invalidity and retirement pensions as provided for in Article 38(1) of the Consolidated Text of the General Law on Social Security, approved by Royal Legislative Decree No 1/1994 of 20 June 1994; and ▼MI 2004R0883 — EN — 01.07.2013 — 005.001 — 83

(ii) the benefits which supplement the above pensions, as provided for in the legislation of the Comunidades Autónomas, where such supplements guarantee a minimum subsistence income having regard to the economic and social situation in the Comunidades Autónomas concerned;

(d) Allowances to promote mobility and to compensate for transport costs (Law No 13/1982 of 7 April 1982).

#### FRANCE

(a) Supplementary allowances of:

(i) the Special Invalidity Fund; and

(ii) the Old Age Solidarity Fund in respect of acquired rights

(Law of 30 June 1956, codified in Book VIII of the Social Security Code);

(b) Disabled adults' allowance (Law of 30 June 1975, codified in Book VIII of the Social Security Code);

(c) Special allowance (Law of 10 July 1952, codified in Book VIII of the Social Security Code) in respect of acquired rights;

(d) Old-age solidarity allowance (ordinance of 24 June 2004, codified in Book VIII of the Social Security Code) as of 1 January 2006.

#### ITALY

(a) Social pensions for persons without means (Law No 153 of 30 April 1969);

(b) Pensions and allowances for the civilian disabled or invalids (Laws No 118 of 30 March 1971, No 18 of 11 February 1980 and No 508 of 23 November 1988);

(c) Pensions and allowances for the deaf and dumb (Laws No 381 of 26 May 1970 and No 508 of 23 November 1988);

(d) Pensions and allowances for the civilian blind (Laws No 382 of 27 May 1970 and No 508 of 23 November 1988);

(e) Benefits supplementing the minimum pensions (Laws No 218 of 4 April 1952, No 638 of 11 November 1983 and No 407 of 29 December 1990);

(f) Benefits supplementing disability allowances (Law No 222 of 12 June 1984);

(g) Social allowance (Law No 335 of 8 August 1995);

(h) Social increase (Article 1(1) and (12) of Law No 544 of 29 December 1988 and successive amendments).

#### CYPRUS

(a) Social Pension (Social Pension Law of 1995 (Law 25(I)/95), as amended);

(b) Severe motor disability allowance (Council of Ministers' Decisions Nos 38210 of 16 October 1992, 41370 of 1 August 1994, 46183 of 11 June 1997 and 53675 of 16 May 2001);

(c) Special grant to blind persons (Special Grants Law of 1996 (Law 77(I)/96), as amended).

#### LATVIA

(a) State Social Security Benefit (Law on State Social Benefits of 1 January 2003);

(b) Allowance for the compensation of transportation expenses for disabled persons with restricted mobility (Law on State Social Benefits of 1 January 2003). ▼M1 2004R0883 — EN — 01.07.2013 — 005.001 — 84

#### LITHUANIA

- (a) Social assistance pension (Law of 2005 on State Social Assistance Benefits, Article 5);
- (b) Relief compensation (Law of 2005 on State Social Assistance Benefits, Article 15);
- (c) Transport compensation for the disabled who have mobility problems (Law of 2000 on Transport Compensation, Article 7).

#### LUXEMBOURG

Income for the seriously disabled (Article 1(2), Law of 12 September 2003), with the exception of persons recognised as being disabled workers and employed on the mainstream labour market or in a sheltered environment.

#### HUNGARY

- (a) Invalidity annuity (Decree No 83/1987 (XII 27) of the Council of Ministers on Invalidity Annuity);
- (b) Non-contributory old age allowance (Act III of 1993 on Social Administration and Social Benefits);
- (c) Transport allowance (Government Decree No 164/1995 (XII 27) on Transport Allowances for Persons with Severe Physical Handicap).

#### MALTA

- (a) Supplementary allowance (Section 73 of the Social Security Act (Cap. 318) 1987);
- (b) Age pension (Social Security Act (Cap. 318) 1987).

#### NETHERLANDS ▼ M3

- (a) Work and Employment Support for Disabled Young Persons Act of 24 April 1997 (Wet Wajong). ▼ M1
- (b) Supplementary Benefits Act of 6 November 1986 (TW).

#### AUSTRIA

Compensatory supplement (Federal Act of 9 September 1955 on General Social Insurance — ASVG, Federal Act of 11 October 1978 on Social insurance for persons engaged in trade and commerce — GSVG and Federal Act of 11 October 1978 on Social insurance for farmers — BSVG).

#### POLAND

Social pension (Act of 27 June 2003 on social pensions).

#### PORTUGAL

- (a) Non-contributory State old-age and invalidity pension (Decree-Law No 464/80 of 13 October 1980);
- (b) Non-contributory widowhood pension (Regulatory Decree No 52/81 of 11 November 1981);
- (c) Solidarity supplement for the elderly (Decree – Law No 232/2005 of 29 December 2005, amended by Decree – Law No 236/2006 of 11 December 2006).

#### SLOVENIA

- (a) State pension (Pension and Disability Insurance Act of 23 December 1999);
- (b) Income support for pensioners (Pension and Disability Insurance Act of 23 December 1999);
- (c) Maintenance allowance (Pension and Disability Insurance Act of 23 December 1999). ▼ M1 2004R0883 — EN — 01.07.2013 — 005.001 — 85



SLOVAKIA

- (a) Adjustment awarded before 1 January 2004 to pensions constituting the sole source of income;
- (b) Social pension which has been awarded before 1 January 2004.

FINLAND

- (a) Housing allowance for pensioners (Act concerning the Housing Allowance for pensioners, 571/2007);
- (b) Labour market support (Act on Unemployment Benefits 1290/2002);
- (c) Special assistance for immigrants (Act on Special Assistance for Immigrants, 1192/2002).

SWEDEN

- (a) Housing supplements for persons receiving a pension (Law 2001:761);
- (b) Financial support for the elderly (Law 2001:853).

UNITED KINGDOM

- (a) State Pension Credit (State Pension Credit Act 2002 and State Pension Credit Act (Northern Ireland) 2002);
- (b) Income-based allowances for jobseekers (Jobseekers Act 1995 and Jobseekers (Northern Ireland) Order 1995); ▼M3

▼M1

- (d) Disability Living Allowance mobility component (Social Security Contributions and Benefits Act 1992 and Social Security Contributions and Benefits (Northern Ireland) Act 1992); ▼M3
- (e) Employment and Support Allowance Income-related (Welfare Reform Act 2007 and Welfare Reform Act (Northern Ireland) 2007).

**ANNEX XXII - OVERVIEW OF CURRENT EU LEGAL FRAMEWORK**

## **ANNEX XXII - OVERVIEW OF CURRENT EU LEGAL FRAMEWORK**

Freedom of movement for workers is one of the four freedoms on which the Single Market is founded. The underlying principle is equal treatment – this is a safeguard against social dumping and protects national workers as much as it protects migrant workers. In the context of the free movement of workers in the EU, workers from one Member State working in another Member State should benefit from the same minimum level of protection.

But free movement would not be possible if the social security rights of mobile Europeans were not protected. Clearly, if people think they will lose out on their social security rights, they will be much less likely to move to another Member State. This means that social security coordination is essential if freedom of movement is to work in practice. Article 48 of the Treaty on the Functioning of the European Union (TFEU) assigns to the legislator the competence to make arrangements to secure the right to benefits and the payment of the benefits to persons resident in another EU Member State.

EU law in the field of social security provides for the co-ordination and not the harmonisation of social security schemes. This means that each Member State is free to determine the details of its own social security system, including which benefits shall be provided, the conditions of eligibility, how these benefits are calculated and how much contribution should be paid. EU law, in particular Regulation (EC) No 883/2004, establishes common rules and principles which must be observed by all national authorities when applying national law. These rules ensure that the application of the different national legislations respects the basic principles of equality of treatment and non-discrimination. By doing so, it is ensured that the application of the different national legislations does not adversely affect persons exercising their right to free movement within the EU. In order to attain this goal, the coordination system employs a number of key principles: the non-discrimination on grounds of nationality; the aggregation of periods of insurance, employment or residence; the waiving of residence rules; and the application of a single legislation in terms in respect of liability to contribute and entitlement to benefits.

Coordination of social security thus leaves unaffected the substantive and procedural differences between the national social security systems. The coordination rules offer no guarantee that transferring one's residence or professional activities to another Member State is neutral as regards social security. Given the disparities in social security legislation, such transfer may work to one's advantage or not, depending on the circumstance.

The material scope of the Regulation (EC) No 883/2004 extends to all legislation concerning the following branches of social security: sickness; maternity and equivalent paternity benefits; invalidity pensions; old-age pensions; survivors' benefits; benefits in respect of accidents at work and occupational diseases; death grants; unemployment benefits; pre-retirement benefits; and family benefits. This list is exhaustive. Consequently, a branch of social security which is not mentioned is in principle outside the scope of the regulation. This is the case, for instance, for housing allowances or social assistance.

Over and above these social security benefits, the coordination regulation also applies to special non-contributory cash benefits listed in an annex (Annex X to Regulation 883/2004).

A number of benefits are expressly excluded from the regulation's scope. First of all, it does not extend to social assistance. Furthermore, the regulation does not cover benefits in relation

to which a Member State assumes the liability for damages to persons and provides for compensation, such as benefits for victims of war or its consequences but also benefit schemes for victims of crime, assassination or terrorist acts, for victims of damage occasioned by State agents in the course of their duties and for victims of political or religious repression. Moreover, it does not apply to advances to maintenance payments and to special childbirth and adoption allowance.

### **LONG-TERM CARE BENEFITS**

The material scope of Regulation (EC) No 883/2004 stretches to the "traditional" social security risks as enshrined in ILO Convention No. 102 concerning minimum standards of social security, 1952. These include sickness, old-age, invalidity, death, accident at work or occupational disease, unemployment and raising a family.

Under Regulation (EC) No. 883/2004 Long-term care benefits are mentioned at several occasions; nevertheless there is no clear definition (leaving aside the clarification in Art. 1 (va) that also Long-term care benefits in kind have to be regarded as benefits in kind for the application of the health care chapter. Therefore, recourse has to be made to definitions already given by the Court of Justice.

Long-term care benefits for the purposes of the regulation are benefits intended to improve the state of health and quality of life of persons reliant on care and as such, have as their essential purpose the supplementing of sickness insurance benefits (although under national legislation this could be a system totally separated from the sickness insurance or health care system). If these benefits are granted objectively and on the basis of a legally defined position (i.e. in a non-discretionary way), they are covered by the regulation, for which they constitute sickness benefits. This implies that they are coordinated according to the regulation's rules governing sickness benefits. As a rule, long-term care benefits are designed to develop the independence of persons reliant on care, in particular from the financial point of view. Typically, they promote home care in preference to care provided in hospital but could also consist in granting aids or cost sharing for people staying in homes for people with disabilities.

The conditions for the grant of the benefit and the way in which it is financed do not affect the classification of a benefit as a long-term care benefit. The fact that the grant of the benefit is not necessarily linked to payment of a sickness insurance benefit, or the circumstance that the benefit is non-contributory, is of no importance for the qualification as a long-term care benefit.

Long-term care benefits can take different forms. Like sickness benefits, they can be in kind or in cash. Benefits consisting in the provision of home care services or the direct payment or reimbursement of the costs of a specialised home entailed by the insured person's reliance on care, constitute long-term care benefits in kind. Long-term care benefits in cash include allowances (of a fixed or differential amount) to compensate for the additional expenditure resulting from the recipients' condition of reliance on care, in particular the cost of the assistance it is necessary to provide them with (independently of the costs actually incurred by the persons concerned). An example would be financial aid which recipients may use to remunerate a member of their family or entourage who is assisting them on a voluntary basis. The payment of the old-age insurance of a third person to whom a person in need of care resorts for assistance at home is also to be categorised as a long-term care benefit in cash.

In an attempt to shed light on the diversity in long-term care benefits across the Member States, the trESS network grouped them according to the type of benefit and the organisation per Member State<sup>76</sup>:

Statutory organisation of long-term care benefits<sup>77</sup>

Statutory organisation	Classification	Member States
Global care system and/or unifying legislation	Social security*	BE (Flemish care insurance), LU, NL
	Social assistance	CY, EE, ES, UK**
	Combination of both social security and social assistance	DK, SE** (although social security element is by far the strongest)
Differentiated approach (disintegrated care system)	Social security	CZ
	Social assistance	LV, MT, RO
	Combination of both social security and social assistance	AT**, BE, BG, CH, FI**, FR, GR, HU, IS IE, IT, LI, LT, NO, PL, PT, SK, SI, DE**

\* Social security refers to benefits which fall under the material scope of Regulation (EC) No 883/2004

\*\* Some (or all) of the benefits of these states have been declared as "normal" sickness benefits for the purpose of the application of Regulation (EC) No. 8823/2004 by the ECJ or the EFTA Court.

Several Member States relate long-term care to the different branches of social security. The following table summarises the range of definitions that exist across Member States<sup>78</sup>:

Benefits in kind/cash or both	Organisation (choice of provider / spending / benefit)	Member States
Only benefits in kind	Only state-run	/
	Only private institutions and/or informal caregivers	/

<sup>76</sup> Source: trESS network, *Coordination of*

*Long-term Care Benefits- current situation and future prospects: Think Tank report 2011*, available at:

<http://www.tress->

[network.org/tress2012/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESSIII\\_ThinkTankReport-LTC\\_20111026FINAL\\_amendmentsEC-FINAL.pdf](http://www.tress-network.org/tress2012/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESSIII_ThinkTankReport-LTC_20111026FINAL_amendmentsEC-FINAL.pdf)

<sup>77</sup> This table only roughly characterizes national systems. The boundaries between the different categories of benefits blurred and therefore the tabelshould only help

Table should only help with an initial orientation on which benefits could be regarded as long-term care benefits.

<sup>78</sup> Source: trESS network, *Coordination of Long-term Care Benefits- current situation and future prospects:*

*Think Tank report 2011*, available at: <http://www.tress->

[network.org/tress2012/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESSIII\\_ThinkTankReport-LTC\\_20111026FINAL\\_amendmentsEC-FINAL.pdf](http://www.tress-network.org/tress2012/EUROPEAN%20RESOURCES/EUROPEANREPORT/trESSIII_ThinkTankReport-LTC_20111026FINAL_amendmentsEC-FINAL.pdf)

Benefits in kind/cash or both	Organisation (choice of provider / spending / benefit)	Member States
	Combination of both public and private institutions and caregivers	EE, FR, IS, LV <sup>79</sup>
<b>Only benefits in cash</b>	Freedom of choice regarding the spending of the allowances	BE (Flemish care insurance) <sup>80</sup>
	No freedom of choice regarding the spending of the allowances	/
<b>Combination of both benefits in cash and in kind</b>	Possibility to choose and/or combine and/or substitute both types of benefits	AT, BE, CY, DK, HU, IE, LU, MT, NL, PL, RO, SK, SI, SE, DE
	No possibility to choose and/or combine and/or substitute both types of benefits	BG, CH, CZ, FI, GR, IT, LT, NO, PT, ES, UK, LI

As can be seen in the table, most Member States have implemented a combination benefits in cash and in kind. An anti-overlapping provision for long-term care benefits in case a person is entitled to these benefits in the state of insurance as well as the State of residence has been introduced in the Sickness Chapter in Article 34 of Regulation (EC) No 883/2004.

Under the Sickness Chapter, there are differences in competence between sickness benefits in cash and sickness benefits in kind. Sickness benefits in cash always have to be paid by the competent Member State, i.e. the State in which the person is insured under a health care scheme. Pensioners for example who receive a pension from their former State of work and who reside in another Member State are entitled to receive long-term cash benefits from the pension-granting Member State.

<sup>79</sup>It is remarkable that none of the Member States solely allow for the allocation of benefits in kind provided by state-run or only private institutions. The few Member States that only provide benefits in kind offer services through the combination of both public and private institutions.

<sup>80</sup> The Flemish care insurance is the only scheme that provides a fixed allowance to be spent freely by the beneficiary. Care is provided by private service providers, or informal caregivers.

**Example:** A person lives in Member State A and draws a pension from Member State B. Which State is responsible for providing long-term care benefits?

The answer to this question essentially depends on whether the legislations of the States concerned provide for long-term care benefits in kind or in cash (see the answer to the previous question).

In principle, an insured person is entitled to have a long-term care benefit in cash exported by the institution of Member State B, as if it were a sickness cash benefit. Please note, however, that if the legislation of Member State A provides for long-term care benefits in kind, and the person claims and receives these benefits, the amount of the cash benefit he/she receives from the institution of State B may be reduced by the amount of the benefit in kind he/she receives from the institution from State A (and the cost of which is to be borne by the institution of State B). This is an application of the principle that overlapping of benefits is in principle prohibited. The institution of State B must inform the person of this rule. Its application should not result in the benefits being lower than those to which he/she would be entitled if you resided in State B.

In case the legislation of the State paying the pension, i.e. State B, does not provide for long-term care benefits in cash, the person can nevertheless claim the long-term care benefits in kind provided for by the legislation of the State of residence, State A. The cost of these benefits will be reimbursed to the institution of the State A by its counterpart in State B. However, if no such benefits are provided for under the legislation of State A, he/she has no claim to long-term care benefits.

If only the legislation of the State where he/she resides provides for long-term care benefits, and these benefits are in cash and not subject to conditions of insurance, employment or self-employment, he/she might be able to rely on the status of EU citizen to claim a right to equal treatment as regards this long-term care benefit outside the rules of the Regulation which would not allow that. However, caution is needed. As the law on this point is still developing, the extent of the rights attached to the status of EU citizen is not yet clear. It is certain, however, that the social benefit rights stemming from EU citizenship are not unlimited.

### **Sickness benefits for frontier workers and their family members**

In common with other workers who reside outside the competent State (the State of insurance), frontier workers and their members are entitled to medical care in the Member State in which they reside, at the expense of the competent institution (Article 17 of Regulation (EC) No 883/2004). Benefits in cash are directly paid by the competent institution across the border (Article 21 of Regulation (EC) No 883/2004). In order to receive medical care in the State of residence, they must register with the institution of the place of residence. Upon the request or upon request of the institution of the place of residence, they will receive from the competent institution a document (portable document S1) certifying the entitlement to medical care in the State of residence. Note that, when the family members are entitled to medical care under the legislation of the Member State of residence and the spouse exercises a gainful activity there, the cost of the benefits provided to the family members is borne by the institution of that State.

### **Sickness benefits for pensioners and their family members**

Pensioners and their family members are entitled to medical care in the Member State in which they reside, provided in accordance with the legislation of that State. The cost of the medical care is always borne by a Member State which pays a pension. A distinction has to be made between three situations.

When a person receives a pension from the State in which he/she resides and is entitled to sickness benefits under that State's legislation, the cost of the care is borne by the institution of that State, even though the pensioner additionally draws a pension under the legislation of one or more other States.

**Example 1:** During his career, Mr. X has worked in Spain and in France. He is now retired and receives pensions from both these States. Mr. X lives in France. Mr. X may receive medical care in France, at the expense of the French institution. The same goes for his family members.

If a person receives a pension under the legislation of one or more Member States, and is not entitled to medical care under the legislation of the State in which he/she resides, the pensioner and his/her family members may nevertheless obtain medical care in the State of residence, provided they would be entitled to medical care if they were resident in (one of) the State(s) which is paying a pension. In those cases, the cost of the care is borne by the institution of the latter State (or, in case he/she receives pensions from two or more Member States, by the institution of the State where he/she has been insured for the longest time, or, in case of insurance of exactly the same length, by the institution where he/she have been insured lastly.

**Example 2:** During her career, Ms. Y has worked for 21 years in Member State B and then for 9 years in Member State C. Ms. Y is now retired and resides in Member State A. She draws pensions from States B and C. Ms. Y does not satisfy the conditions for entitlement to medical care in State A. If she were to reside there, Ms. Y would satisfy the conditions for entitlement to medical care in State C but not in State B. Ms. Y may obtain medical care in State A, at the expense of State C. Suppose, alternatively, that Ms. Y, if she were to reside there, would be entitled to medical care both in State B and State C. In that case, she could still obtain medical care in State A, but at the expense of State B, as she was insured there for the longest period of time.

Finally, if the pensioner receives a pension under the legislation of one or more Member States, but not under the legislation of the State in which he/she reside, he/she is entitled to medical care in the latter State on account of the fact that its legislation makes this entitlement subject only to residence on its territory, the same rules apply as in the second situation.

**Example 3:** During his career, Mr. Z has worked for 11 years in Member State E and then for 11 years in Member State F. Mr. Z is now retired and resides in Member State D. He draws pensions from State E and F. Despite the fact that he does not draw a pension from State D, he is entitled to medical care there, as State D operates a residence-based medical care system. Suppose that Mr. Z, if he were to reside there, would satisfy the conditions for entitlement to medical care in both State E and State F. Mr. Z may obtain medical care in State D, at the expense of State F, as he was last insured there.

If person is in the second or in the third situation, he/she and their family members must register with the institution of the State of residence in order to be able to receive care there. Their right to medical care in the State of residence shall be certified by a portable document S1, which is issued, at their request or at the request of the institution of the place of residence, by the institution responsible for bearing the costs of the care. The cost of the medical care provided to the pensioner and his/her family members is refunded by this institution to the institution of their place of residence on the basis of real costs, on production of proof of actual expenditure. However, in respect of several Member States listed in an annex to the regulation (Annex 3 to Regulation 987/2009), the reimbursement is made on the basis of fixed amounts (lump-sums), which are calculated by reference to average annual health care costs Regulation (EC) No 883/2004oken down by age group. The States claiming reimbursement on the basis of fixed amounts are Ireland, Spain, Italy, Malta, Cyprus, the Netherlands, Portugal, Finland, Sweden and the UK.

### **Rulings by the Court of Justice**

In a number of rulings the Court of Justice ruled that, in the absence of a specific legal regime for their coordination; long-term care benefits must be regarded as 'sickness benefits' within the meaning of the Regulation and coordinated as such. It made the following clarifications under Regulation (EEC) No. 1408/71 that are still valid under Regulation (EC) No 883/2004:

- As there is no mention of Long-term care benefits in the list of the risks covered by Regulation (EEC) No. 1408/71 but these benefits are without any doubt social security benefits covered by this Regulation they have to be coordinated under the rules concerning



one of the risks mentioned in this list. As the closest relationship exists to sickness these rules have to be applied.

- Long-term care benefits which are granted to all persons resident in the Member State concerned or to all persons insured against that risk under the legislation of a Member State cannot be regarded as special as it is a general risk which has been included into the social security schemes of many Member States. Therefore an inclusion in the list of special non-contributory benefits of Annex IIa of Regulation (EEC) No. 1408/71 is not correct. Due to these rulings Annex IIa had to be re-examined and Long-term care benefits had to be deleted from that list.
- Coordination has to be made under the general rules applicable to benefits provided for the risk of sickness. Therefore the Member State competent for the provision of health care benefits under Regulation (EEC) No. 1408/71 has also to grant Long-term care benefits. So there may be a different competence for benefits in cash and in kind. Benefits in cash have always to be granted by the competent Member State (which includes export of these benefits). The Member State for example, where the father works has to grant Long-term care benefits in cash also for disabled children resident in another Member State (if the first Member State is also competent to reimburse the health care benefits in kind in the Member State of residence (case C-286/03 *Hosse*). But also a pensioner receiving only a pension from one Member State and residing in another Member State is entitled to receive the Long-term care cash benefits from the pension-granting Member State (as this State is also competent to reimburse the health care benefits in the Member State of residence – case C-215/99 *Jauch*). Benefits in kind are only granted in the Member State of residence or stay in accordance with the legislation applicable there (no export), nevertheless the competent Member State (which would also have to grant the Long-term care benefits in cash) has to reimburse the tariffs of these benefits. In case the legislation of the Member State of residence does not provide for benefits in kind the person concerned cannot receive such benefits even if the legislation of the Member State competent for health care benefits has such benefits (case C-208/07 *Chamier-Glisczinski*).

## UNEMPLOYMENT BENEFITS

### **The general rules**

The general principle for determination of the legislation applicable is that a person pursuing a gainful activity should be affiliated to the social security scheme of the State in which territory he/she is employed or self-employed (*lex loci laboris principle*).

Article 65 of the Regulation derogates from this general principle by establishing a divergent unemployment status for frontier workers or persons other than frontier workers residing in a

Member State other than the competent State. For them it is the State of residence which has to be primarily addressed. The Community legislator chose to make an exception to the *lex loci laboris* principle for this particular group with the aim to ensure that they receive unemployment benefits under the most favourable conditions for finding new employment. The rules are explained in more detail below.

### **Partially unemployed workers**

The person who is partially or intermittently unemployed and who resides in a Member State other than the competent Member State must make himself or herself available to the employment services in the competent Member State. The latter is also responsible for providing unemployment benefits to the person in accordance with its legislation as if the worker were residing in that state (see Article 65(1) Regulation (EC) No 883/2004).

### **Wholly unemployed workers**

#### *Frontier workers*

A frontier worker, that is to say a person pursuing an activity as an employed or self-employed person in a Member State and who resides in another Member State to which he/she returns, as a rule, daily or at least once a week, has to claim unemployment benefits in the Member State of residence.

Article 65 (2) of Regulation (EC) No 883/2004 stipulates that this person shall make himself/herself available to the employment services in the Member State of residence.

If the amount of unemployment benefit depends on the salary or professional income of a jobseeker, the institution granting the benefit has to base its calculation on the salary or professional income actually received by the person concerned during his/her activity in the competent State (see Article 62 (3) of Regulation (EC) No 883/2004).

In order to increase the prospect of finding new employment and to facilitate the search for employment in various Member States, Regulation 883/2004 introduced an additional option for those cross-border workers (most probably frontier workers), to also register – as a supplementary step – with the employment services of the Member State in which they pursued their last activity. In cases where Luxembourg was the State of last employment, the option of simultaneous registration began on 1 May 2012 (see Article 87 (10).)

As a result, while the person concerned receives benefits from the Member State of residence, he/she can search for employment simultaneously in both the Member State of residence and the Member State of last activity. In such a case, the employment services of both Member States have a duty of mutual information with regard to the job-seeking activities of the person in the territory of each State.

The person who chooses to be registered with employment services of both Member States has to comply with the control procedures and obligations applicable in each State (Article 65 (3) of Regulation (EC) No 883/2004). However, as the benefits are paid by the Member State of residence, obligations and job-seeking activities in that State have priority. On the other hand, non-fulfilment of the obligations in the Member State of last activity does not affect the benefits awarded in the State of residence (Article 56 (2) of Regulation (EC) No 987/2009).

#### *Persons other than frontier workers (see Article 65(2) last subparagraph)*

These are persons who reside in a Member State other than the competent Member state, but are different from frontier workers in that they return to their home state less frequently than

once a week. Upon becoming unemployed, these persons have a right to choose – they can either remain available to the employment services in the State of their last activity (i.e. register with the unemployment office in the Member State where they worked) and receive unemployment benefits there, or they can register with the employment services and claim unemployment benefits in their Member State of residence if they return there.

If they decide to register as jobseekers and claim unemployment benefits in their Member State of residence, the calculation of benefits will also be based on the professional income they received during their last activity in the Member State where they worked.

These persons have also the option to make themselves available first in the state of last employment and claim benefits there and later return to the state of residence while exporting the unemployment benefits in the state of last activity under the conditions laid down in Article 64 Regulation (EC) No 883/2004 (period of 3 months which may be extended to maximum of 6 months). In such a case, the provision of unemployment benefits in the Member State of residence is suspended for the period during which the person receives benefits from the Member State which was last competent (see Article 65(5)(b) Regulation (EC) No 883/2004).

#### *Self-employed frontier workers*

Regulation (EC) No 883/2004, and Article 65 in particular, also apply to self-employed persons. However, there used to be a gap in cases where a formerly self-employed frontier worker contributed to an unemployment scheme in the country of last activity but resided in a Member State where there was no unemployment insurance for the self-employed. There are 10 EU Member States that do not have an unemployment benefit scheme for self-employed people. When applying the rules stipulated in Article 65 Regulation (EC) No 883/2004, on becoming unemployed, a former self-employed frontier worker residing in one of these 10 countries was left without any unemployment benefit. This was an obstacle to free movement of workers.

Therefore, by Regulation (EU) No 465/2012, a new provision (Article 65a) was inserted in Regulation 883/2004. Article 65a is a derogation from Article 65 and applies to wholly unemployed persons who, as a frontier worker, have most recently completed periods of insurance as a self-employed person or periods of self-employment recognised for the purposes of granting unemployment benefits in a Member State other than the Member State of residence where the Member State of residence has made a notification that there is no possibility for any category of self-employed persons to be covered by an unemployment benefits system of that Member State. In all other cases, rules set out in Article 65 apply.

Under Article 65a, the unemployed person must register with the employment services and fulfil job-seeking activities in the country of last activity in order to be fully entitled to an unemployment benefit there. This way, the person concerned will receive a return on the contributions paid. When he/she applies for unemployment benefits, he/she must continuously meet the conditions laid down under the legislation of the Member State of last activity. The person may, as a supplementary step, register with the employment services of the Member State of residence.

Paragraph 3 of the new provision provides that if the unemployed person to which Article 65a applies does not wish to become or remain available to the employment services of the Member State of last activity after having registered there, and wishes to seek work in the Member State of residence only, the person can export the unemployment benefits under

Article 64 Regulation (EC) No 883/2004. In this situation, the person shall not be obliged to have remained available in the Member State of last activity for at least four weeks after becoming unemployed (ie. condition set out in Article 64(1)(a) does not apply). In addition, the competent institution may extend the period of export to the person who looks for job in his/her Member State of residence up to the end of the period of the person's entitlement to benefits under its legislation. Of course, the unemployed person may also request export of unemployment benefits to other Member State that the State of residence under the conditions set out in Article 64 Regulation (EC) No 883/2004.

**Which Member State is responsible for granting sickness benefits, pensions, family benefits etc. to wholly unemployed workers receiving unemployment benefits in the Member State of residence?**

Those persons who become subject to the social security legislation of the State of residence are also covered by Regulation 883/2004 with regard to other social security branches, as stipulated in Article 11(3)(c) of Regulation (EC) No 2004.

**Aggregation of periods**

A general provision on aggregation of periods (Article 6 Regulation (EC) No 883/2004) is valid for all chapters of the Regulation. In addition, for the reasons of legal certainty, special provision has been included in the unemployment chapter (Article 61 Regulation (EC) No 883/2004).

According to Article 61 Regulation (EC) No 883/2004, periods of insurance, employment or self-employment completed under the legislation of another Member State shall be taken into account, to the extent necessary, by the competent Member State as though they were completed under the legislation it applies.

Aggregation in the unemployment field has two particular features:

1) First, there are differences between the national schemes as in some Member States an entitlement to unemployment benefits is based upon completion of periods of insurance and, in others it is conditional upon completion of periods of employment or self-employment. This is reflected in Article 61(1).

**A. Aggregation of insurance periods**

'Periods of insurance' means periods of contribution, employment or self-employment as defined or recognised as periods of insurance by the legislation under which they were completed or considered as completed, and all periods treated as such, where they are regarded by the said legislation as equivalent to periods of insurance (Article 1(t) Regulation (EC) No 883/2004).

The term 'periods of insurance' must be therefore understood as referring not only to periods in which contributions to an unemployment insurance scheme were paid but also to periods of employment or self-employment considered by the legislation under which they were completed as equivalent to periods of insurance, that is to say, periods in which insurance covered by such a scheme is guaranteed. Such periods must be taken into account by the institution of the competent Member State, even if they would not have been considered as periods of insurance under the legislation of that State.

It follows from Article 61(1) Regulation (EC) No 883/2004 that all periods of insurance, without any further examination of their nature by the competent institution, must be taken

into account for assessing entitlement to unemployment benefits by the competent state. This is irrespective of whether they were based on employment, self-employment, or they were other periods equal to insured (self-)employment (for example, periods of sickness, maternity, education, military service).

#### B. Aggregation of periods of employment or self-employment

'Periods of employment' or 'periods of self-employment' mean periods so defined or recognised by the legislation under which they were completed, and all periods treated as such, where they are regarded by the said legislation as equivalent to periods of employment or to periods of self-employment (Article 1(u) Regulation (EC) No 883/2004).

The Court of Justice confirmed that the classification of a period of work as a 'period of employment' is dependent on the national legislation under which it was completed.

The competent institution is not bound to take into account such periods of employment or self-employment completed in another Member State, unless, according to the legislation of the State where benefits have been requested, those periods are to be regarded as periods affording cover under an unemployment insurance scheme.

2). Secondly, aggregation is applied only to those workers who have completed their most recent periods of insurance, employment or self-employment in the State where the benefit is claimed. This condition does not apply in the case of cross-border workers who resided in a state other than the last competent Member State (see Article 61(2)). In this case, the Member State of residence, when it is the competent State for providing unemployment benefits, must aggregate periods of insurance, employment or self-employment completed in another Member States even if the unemployed person has never completed any periods in the State of residence.<sup>81</sup>

A questionnaire launched in the Administrative Commission showed a significant divergence of opinions on the proper interpretation of the principle of aggregation of periods for the entitlement to unemployment benefits.

Regulation (EC) No 883/2004 does not specify when a period of insurance, employment or self-employment is completed.

As stated above, the aim behind Article 61(2) Regulation (EC) No 883/2004 is that the State in which the unemployed person last worked or paid contributions should bear the burden of providing unemployment benefits. Therefore, the rule ensures that it is the competent Member State that provides the unemployment benefits.

Under the rules of Regulation (EC) No 883/2004 (Title II), a migrant worker becomes subject to the legislation of a Member State as soon as he starts to work there. Consequently, the provisions on aggregation of periods of insurance, employment or self-employment are fully applicable as of that moment. In other words, the link between the person and the competent State is created as of day one of the economic activity of the person.

Any other interpretation would deprive migrant workers, who became unemployed during this period, of any entitlement to unemployment benefits in the EU, despite having completed

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<sup>81</sup> The Member State of residence, which then provides unemployment benefits on the basis of Article 65(5) REGULATION (EC) NO 883/2004, shall then be reimbursed by the Member State to whose legislation the person was last subject (see Article 65(6) and (7) REGULATION (EC) NO 883/2004).

periods of insurance or (self-) employment in the EU. This would lead to the loss of social security protection of a migrant worker and create an effect that is clearly contrary to the purpose of Article 48 TFEU and Regulation (EC) No 883/2004.

### **Examples**

#### *Example 1:*

Mr X had completed periods of insurance as a self-employed person in Member State A. After, he moved to Member State B and completed periods of insurance as an employed person there. Mr X loses his job and claims unemployment benefits in Member State B.

Member State B must aggregate periods of insured self-employment completed in Member State A. Pursuant to Article 61(1) Regulation (EC) No 883/2004, all periods of insurance for entitlement to unemployment benefits in the Member State where they were completed should always be taken into account for the purposes of aggregation, without further examination.

#### *Example 2:*

Mr Y had completed a period of employment in Member State A. After, he moved to Member State B and completed periods of employment there. Mr Y loses his job and claims unemployment benefits in Member State B.

Pursuant to the second para of Article 61(1) Regulation (EC) No 883/2004, periods of employment or self-employment completed in Member State A should be aggregated by Member State B only if those periods would have been considered to be periods of insurance had they been completed in Member State B.

#### *Example 3:*

Ms Z, employed in Member State A, went on maternity leave. Under the legislation of Member State A, the maternity leave period is considered to be a period of insurance. Afterwards Ms Z moved to Member State B and completed periods of insured employment there. She loses her job and claims unemployment benefit in Member State B.

Member State B must aggregate all insurance periods, which come within the definition of insurance period under Article 1(t) Regulation (EC) No 883/2004 (without questioning or examining its nature). If Member State A notifies periods of insurance that were neither employment nor self-employment periods (e.g. periods of sickness, maternity, deprivation of liberty, education or military service) as periods of insurance, the competent institution in Member State B must take them into account for the purposes of aggregation.

### **Export of unemployment benefits**

For persons who intend to look for a job abroad while maintaining their right to unemployment benefits can do so for a period of 3 months. The competent institution may extend this period up to six months. National institutions reported substantial differences in the application of this provision.

The aggregation rules complement the fundamental aim of Article 48 TFEU: to contribute to the establishment of the greatest possible freedom of movement for migrant workers in the EU. To this end, arrangements must be made to secure for employed and self-employed migrant workers aggregation, for the purpose of acquiring and retaining the right to benefit and of calculating the amount of benefit, of all periods taken into account under the laws of several countries.

## **SPECIAL NON CONTRIBUTORY CASH BENEFITS (SNCBs)**

SNCBs are defined as benefits which are provided under legislation which, because of its personal scope, objectives and/or conditions for entitlement, has characteristics both of the social security legislation and of social assistance (Article 70(1) Regulation 883/2004).

SNCBs can either provide supplementary, substitute or ancillary cover against the risks covered by the branches of social security, and which guarantee the persons concerned "a minimum subsistence income having regard to the economic and social situation in the Member State concerned" or "solely specific protection for the disabled, closely linked to the said person's social environment in the Member State concerned" (Article 70(2)(a) Regulation 883/2004).

The financing of SNCBs derives exclusively from compulsory taxation intended to cover general public expenditure and the conditions for providing and for calculating the benefits are not dependent on any contribution in respect of the beneficiary. However, benefits provided to supplement a contributory benefit shall not be considered to be contributory benefits for this reason alone (Article 70(2)(b) Regulation 883/2004).

Benefits meeting the regulation criteria and listed in Annex X follow the rules applicable to SNCBs. Both conditions are cumulative. It implies that benefits which are not listed in Annex X are subject to standard rules of coordination and in particular to the principle of export unless they would fall exclusively within the scope of 'social assistance': in this case, coordination rules do not apply.

If all conditions for belonging to the SNCB category are satisfied and if the claimant falls within the personal scope of Regulation (EC) No 883/2004, SNCBs are provided exclusively in the Member State where the persons concerned reside, in accordance with its legislation, and are provided by and at the expense of the institution of the place of residence (Article 70(4) Regulation 883/2004).

## **FAMILY BENEFITS**

The concept of family benefits is a broad one. Family benefits means all benefits in kind or in cash intended to meet family expenses under the social security legislation of a Member State, excluding advance of maintenance payments and special childbirth and adoption allowances which are listed in Annex I of Regulation 883/2004.

Family benefits further encompass child-raising allowances or parental benefits, intended to enable one of the parents to devote him- or herself to the raising of a young child, and designed to remunerate the service of bringing up a child, to meet the other costs of caring for and raising a child and, as the case may be, to mitigate the financial disadvantages entailed in giving up income from an occupational activity.

The person concerned is entitled, in respect of the family members, to the family benefits provided for by the legislation of the State to which s/he is subject according to the rules determining the applicable legislation.

The family benefits will be provided by the competent institution in accordance with the legal provisions administered by that institution (amount, age limits, number and/or ranking of children, etc.).

### ***A. Family members of the beneficiary reside in the state where the beneficiary is covered***

If the members of the family of the beneficiary reside in the state under whose legislation he is covered as an employed or self-employed person, this state will always be competent for the payment of family benefits. He is entitled to exactly the same amount of benefits as nationals of that state.

### ***B. Family members of the beneficiary do not reside in the state where he is covered***

Family benefits are exportable. This means they must be awarded, even if the person concerned and/or his/her family reside in another Member State. In essence, the members of the family are treated as if they resided in the State of (self-) employment (the State to whose legislation the person concerned is subject). The coordination regulation effectively overrules any residency requirement in national legislation regarding family benefits.

### ***C. Cases where there is simultaneous entitlement to family benefits under legislation of two Member States***

Situations of overlapping entitlements to family benefits are very common when members of family live and work in different Member States. As a matter of principle, the parents cannot receive family benefits twice over the same period and for the same child. The Regulation 883/2004 provides for priority rules in cases of overlapping entitlements.



- If the beneficiary is entitled to family benefits under the legislation of more than one state, his family will, in principle, receive the highest amount of benefits provided for in the legislation of one of these states. In other words, his family is treated as if all persons concerned reside and are insured in the state with the most favourable legislation.
- The beneficiary cannot receive family benefits twice over the same period and for the same family member. There are priority rules which provide for suspension of benefits of one state up to the amount of the benefits of the other state which is primarily competent for payment of the family benefits.

According to these priority rules, entitlement to family benefits under the legislation of one of the States will be suspended. However, this suspension is not total. Rather, benefits due under the legislation of one State will be suspended up to the amount of the benefits due under the legislation of the State that takes priority. Thus, if the amount of family benefit provided for by the legislation of the former State is higher than that provided in accordance with the legislation of the other State, the former State will pay a supplement corresponding to the difference between the two benefits.

**Example:** The father works in Member State A. The mother works in Member State B and lives there with the children. In this case, where the parents work in different States and the children reside in one of these States, there is a situation of overlapping entitlements on the same basis, i.e. on the basis of an activity as an employed or self-employed person. Priority is given to the right available under the legislation of the State of residence of the children (State B). Entitlement to family benefits in State A where the father works – and where the children do not reside – is suspended up to the amount of benefits provided for in the legislation of the State B, where the other parent works. If the amount of benefits is lower in State B than in the State A, the difference between the two amounts is payable by the institution of the State A in the form of a differential supplement.

The substance of the priority rules is the following: if there are overlapping entitlements (i.e. entitlements under two or more legislations in respect of the same family member and for the same period) on different bases, the order of priority is as follows:

1. rights available on the basis of an activity as an employed or self-employed person,
2. rights available on the basis of receipt of a pension and
3. rights obtained on the basis of residence.

In the case of rights available on the same basis, the Member State where the children reside shall be competent by priority right, if work is carried out there (in case of overlapping entitlements on the basis of an activity as an employed or self-employed person) or if a pension is payable under that legislation (in case of overlapping entitlements on the basis of receipt of a pension).

The differential supplement does not need to be provided for children residing in another Member State when entitlement to the benefit is based on the residence only. It means that if the father in the example above lost the job in State A and stayed there without any

unemployment benefits or pension payable under State A's legislation, State A does not need to provide any family benefits (differential supplement) even if State A benefits were higher than those available in State B.

#### **D Family benefits as a benefit for the entire family**

Family benefits are considered to be benefits for the family. In the joined cases *Hoever Zachow* (C-245/94 and C-312/94) determined under Regulation (EEC) No 1408/71, the CJEU held that where an employed person is subject to the legislation of a Member State and lives with his or her family in another Member State, the family is entitled to receive a benefit such as a child-raising allowance (parental allowance) from the State of employment, regardless of which parent factually fulfils the conditions of entitlement under national law. The logic of this is that as the purpose of a family benefit is to meet the expenses of the entire family it may therefore may be exercised by either parent. This principle was affirmed in the case of *Dodl Oberhollenzer* (C-543/03). To support this concept the Regulations contain two provisions: Article 68a Regulation (EC) No 883/2004 (which permits family benefits to be reassigned to the person actually maintaining the family in cases where the actual beneficiary is not using the benefit for this purpose) and Article 60(1) Regulation third indent (EC) No 987/2009 which requires competent institutions to recognise an application for family benefit from either parent.



**ANNEX XXIII - GLOSSARY OF TERMS**

## ANNEX XXIII GLOSSARY OF TERMS

Term	Explanation
<b>Administrative Commission for the Coordination of Social Security Systems</b>	The Administrative Commission for the Coordination of Social Security Systems (AC) is attached to the Commission and made up of a government representative from each Member State. The AC deals with administrative questions and questions of interpretation, facilitates the uniform application of EU law, fosters and develops cooperation between Member States and can make relevant proposals to the Commission for improving and modernising the acquis.
<b>Aggregation (general)</b>  <b>(unemployment)</b>	<p>A general principle of social security coordination meaning that periods of insurance completed in another Member State shall also be taken into account for the purpose of acquisition, retention, recovery or duration of a right to benefits in a given Member State.</p> <p>As regards unemployment, however, aggregation is only permitted if the person concerned has most recently completed periods of insurance, employment or self-employment in the competent Member State. Under this rule, there is no aggregation without previous insurance in the competent Member State. A required length of previous insurance is not laid down in Regulation (EC) No 883/2004, but it is understood by most Member State that one day of unemployment insurance is sufficient</p>
<b>Export benefits of</b>	A general principle of social security coordination laid down in the Treaty, according to which benefits are paid to a person residing in another MS than the one competent for paying the benefit. The Court only allowed exceptions to this principle with regard to the period of export of unemployment benefits and special non-contributory cash benefits.
<b>Family benefits</b>	All benefits in kind or in cash intended to meet family expenses under the social security legislation of a Member State. This is a broad concept which includes income-replacement benefits such as child-raising or child care allowances but expressly excludes advance of maintenance payments and special childbirth and adoption allowances, where listed in the Regulation. They also exclude study grants, which are social advantages falling under the scope of Regulation 492/2011
<b>Family member</b>	<p>(i) any person defined or recognised as a member of the family or designated as a member of the household by the legislation under which benefits are provided;</p> <p>(ii) with regard to benefits in kind pursuant to Title III, Chapter 1 on sickness, maternity and equivalent paternity benefits, any person defined or recognised as a member of the family or designated as a member of the household by the legislation of the Member State in which he/she resides;</p> <p>2. If the legislation of a Member State which is applicable under subparagraph 1 does not make a distinction between the members of the family and other persons to whom it is applicable, the spouse, minor children, and dependent children who have reached the age of majority shall be considered members of the family;</p> <p>3. If, under the legislation which is applicable under subparagraphs 1 and 2, a</p>

	person is considered a member of the family or member of the household only if he/she lives in the same household as the insured person or pensioner, this condition shall be considered satisfied if the person in question is mainly dependent on the insured person or pensioner;
<b>Dependant</b>	A person having a derived right to a social security benefit from an insured person.
<b>Differential supplement</b>	A concept specific to family benefits. The <b>priority rules</b> provide that entitlement to family benefits under the legislation of one of the States will be suspended up to the amount of the benefits due under the legislation of the State that takes priority. However, to ensure the family does not lose out, if the amount of family benefit provided for by the legislation of the secondary competent State is higher than that provided under the primary competent State, the former State will pay a supplement or "top up" corresponding to the difference between the two benefits. This concept has been upheld by the Court as a requirement of the Treaty.
<b>Insured person</b>	In relation to the social security branches covered by Title III, Chapters 1 and 3, means any person satisfying the conditions required under the legislation of the Member State competent under Title II to have the right to benefits, taking into account the provisions of Regulation (EC) No 883/2004.
<b>Frontier workers</b>	Workers pursuing their activity in one Member State while residing in another Member State. The term 'cross-border workers' is larger as it comprises e.g. also seasonal workers staying in another Member State for more than a week, whereas the term 'frontier workers' in its strictest sense only comprises those cross-border workers who return to their country of residence as a rule daily or at least once a week.
<b>Member State</b>	Member State of the European Union. In relation to EU rules on social security coordination, the term "Member State" also refers to EEA countries (Iceland , Liechtenstein and Norway) and Switzerland.
<b>Competent Member State</b>	The Member State in which the institution with which the person is insured is located, or the institution paying the social security benefit.
<b>Member State of residence</b>	Member State where the institution which is competent to provide benefits in the place where the person resides is located.
<b>Third country national</b>	Nationals of a non-EU Member State
<b>Social security benefits</b>	Social security benefits are granted, without any individual and discretionary assessment of personal needs, to recipients on the basis of a legally defined position and relate to one of the risks expressly covered by Regulation No 883/2004. Those risks are sickness, maternity, invalidity, old age, death, accidents at work, unemployment, pre-retirement, maintenance of a family
<b>Social assistance benefits</b>	Social assistance benefits are means-tested, intended to guarantee a person's minimum subsistence income and not related to any specific social security risk mentioned above. Therefore, they are not covered by Regulation (EC) No 883/2004. However, the Court clarified that special non-contributory cash benefits which are falling under the social security Regulations are also social assistance within the meaning of the Free Movement Directive (2004/38/EC).

<b>Social advantage</b>	Are advantages which are provided to workers due to their status as worker or on the basis of their residence. The term social advantage also includes all social security benefits, such as family benefits, as far as they are related to workers. Regulation (EU) No 492/2011 on the free movement of workers provides for equal treatment for all social and tax advantages.
<b>Special non-contributory cash benefits</b>	<p>Benefits which present characteristics of both social security benefits and social assistance. They are linked to social security in that they create legally-defined rights connected to a social security benefit and relate to one of the risks covered by the coordination rules. At the same time, they have links with social assistance, in the sense that they are non-contributory and closely linked to the social-economic environment of a country (= minimum subsistence).</p> <p>In order for a benefit to be a special non-contributory cash benefit, it must fulfil the following conditions:</p> <ul style="list-style-type: none"> <li>• First, it must be special. The special character is defined by its purpose. In particular, the benefit must be intended to provide either: <ul style="list-style-type: none"> <li>◦supplementary, substitute or ancillary cover against one of the risks covered by the branches of social security and it must guarantee the persons concerned a minimum subsistence income having regard to the economic and social situation in the Member State concerned (e.g. supplements to old-age pensions)</li> </ul> </li> <li><i>or</i></li> <li>◦specific protection for disabled people, closely linked to the social environment of the said person in the Member State concerned.</li> <li>•Second, it must be non-contributory, which essentially depends on the way in which the benefit is financed. In particular, the benefit must be financed from compulsory taxation intended to cover general public expenditure. The conditions for providing and calculating the benefit should not be dependent on any contribution in respect of the beneficiary. The fact that a benefit is provided to supplement a contributory benefit does not necessarily imply that it is itself contributory in nature.</li> <li>•Third, it must be listed in an Annex to the Regulation (Annex X to Regulation 883/2004).</li> </ul>
<b>Sickness benefits in kind/cash</b>	<p>The distinction between benefits in cash and benefits in kind depends on their purpose: benefits in kind are benefits that consist of medical care, or a reimbursement thereof. Cash benefits are paid, as a rule, periodical and fixed in advance and their amount is not subject to certain expenditure actually incurred by the recipients.</p> <p>While sickness benefits in kind are provided under the legislation of the State of residence at the expense of the competent State, the cash benefits are calculated in accordance with the legislation applied by the competent State and are at its expense so in case of residence in another Member State they remain unchanged and are exported.</p>
<b>Long-term care benefits</b>	Benefits intended to improve the state of health and quality of life of persons reliant on care who on account of old-age, disease or incapacity require assistance

	<p>from other person or considerable help in carrying out essential daily activities.</p> <p>Long-term care benefits are designed to develop the independence of such persons reliant on care, in particular from the financial point of view, including benefits granted to the persons providing such care (carers). Currently, they are coordinated according to the EU rules governing sickness benefits and similarly to sickness benefits, they can be in kind or in cash.</p>
<b>Member State of last employment</b>	The Member State where an unemployed person had been employed or self-employed before he moved to another Member State.
<b>Unemployment benefits</b>	<p>All benefits payable in case of unemployment. They are generally subject to the condition</p> <ul style="list-style-type: none"> <li>- that the unemployed person had been insured against this risk for a certain 'qualifying' period,</li> <li>- that the unemployed person in person registers with the employment service of his region as being available for work, i.e. as being ready to accept any suitable employment at any time.</li> <li>- For this purpose, it might also be required that the unemployed person regularly shows up in order to underline that s/he is still actively looking for employment.</li> </ul>
<b>Residence</b>	'Habitual' residence, i.e. the place where a person has his or her 'centre of interest'. Under the coordination Regulations, insured persons can only have one place of habitual residence, even when they have acquired or rented a house in more than one Member State.



**ANNEX XXIV: ANALYSIS ON ECONOMICALLY INACTIVE PERSONS**

**1 DATA ON ACCESS TO FAMILY BENEFITS, LONG-TERM CARE BENEFITS AND SICKNESS BENEFITS BY NON-ACTIVE MOBILE EU CITIZENS**

MS of residence	2012 YEAR YEARESID NATIONAL	Number of EU28/EFTA migrants residing less than 1 year in their new MS of residence (in ,000) (A)	of which living in a household at least one child (in ,000) (B)	share (A/B)	and of which living in a household where all adults not working (in ,000)@	as share of group of EU28/EFTA migrants residing less than 2 years in their new MS of residence (C/A)	as share of group of migrants with at least one child (C/B)	Budgetary impact				
								Average amount per child * 1.8 children	Estimated expenditure reference group (in ,000)	Total expenditure child benefits (in € million)	share	
BE		39.5	20.5	52%	4.2	11%	21%	2,207	3,973	16,879	5,916	0.29%
BG								180	324	0	213	0.00%
CZ		0.1	0.0	0%	0.0	0%	0%	212	382	0	133	0.00%
DK		2.9	1.4	49%	0.0	0%	0%	2,165	3,897	0	2,603	0.00%
DE		95.2	33.6	35%	3.5	4%	10%	2,389	4,301	15,154	46,017	0.03%
EE		0.2	0.1	43%	0.0	0%	0%	401	722	0	68	0.00%
IE		25.7	12.2	48%	1.4	5%	11%	1,626	2,927	4,003	3,329	0.12%
EL		5.5	1.8	33%	0.0	0%	0%	147	265	0	1,196	0.00%
ES		10.4	4.1	40%	1.4	14%	34%	926	1,666	2,361	1,797	0.13%
FR		26.7	14.8	55%	0.0	0%	0%	1,603	2,885	0	23,233	0.00%
HR		0.3	0.0	0%	0.0	0%	0%	575	1,034	0	227	0.00%
IT		9.7	5.7	59%	0.6	6%	11%	688	1,238	748	6,693	0.01%
CY		10.4	4.6	44%	0.6	6%	13%	695	1,250	723	119	0.61%
LV		0.1	0.1	100%	0.0	0%	0%	140	252	0	53	0.00%
LT		0.1	0.0	0%	0.0	0%	0%	229	412	0	38	0.00%
LU		12.9	6.8	53%	0.2	1%	2%	4,109	7,396	1,225	889	0.14%
HU		3.5	3.0	87%	0.0	0%	0%	75	135	0	1,211	0.00%
MT		0.4	0.1	40%	0.0	0%	0%	614	1,105	0	63	0.00%
NL		1.9	0.7	38%	0.0	0%	0%	940	1,692	0	4,147	0.00%
AT		30.3	9.6	32%	0.1	0%	1%	2,306	4,151	305	5,515	0.01%
PL		3.2	2.5	77%	0.2	6%	7%	733	1,320	231	910	0.03%
PT		3.3	1.9	58%	0.3	8%	14%	477	858	232	706	0.03%
RO								181	326	0	668	0.00%
SI		0.5	0.3	71%	0.0	0%	0%	706	1,271	0	250	0.00%
SK								196	353	0	577	0.00%
FI								1,389	2,501	0	1,495	0.00%
SE		2.4	0.7	28%	0.3	11%	38%	1,454	2,617	679	2,790	0.02%
UK		158.6	83.7	53%	18.3	12%	22%	1,113	2,003	36,729	15,005	0.24%
Total		443.7	208.3	47%	31.0	7%	15%		79,269		125,862	0.06%

Table 1b		2012		Budgetary impact										
YEAR	Less than 1 year	MS of residence (in ,000) (A)	of which living in a household at least one child (in ,000) (B)	share (A/B)	and of which living in a household where all adults not working (in ,000)@	as share of group of EU28/EFTA migrants residing less than 2 years in their new MS of residence (C/A)	as share of group of migrants with at least one child (C/B)	Average amount per child * 1.8 children	Estimated expenditure reference group (in ,000)	Total expenditure benefits (in € million)	share			
MS of residence	Number of EU28/EFTA migrants residing less than 1 year in their new MS of residence (in ,000) (A)	of which living in a household at least one child (in ,000) (B)	share (A/B)	and of which living in a household where all adults not working (in ,000)@	as share of group of EU28/EFTA migrants residing less than 2 years in their new MS of residence (C/A)	as share of group of migrants with at least one child (C/B)	Average amount per child * 1.8 children	Estimated expenditure reference group (in ,000)	Total expenditure benefits (in € million)	share				
BE	31	12	39%	2.2	7%	18%	2,207	8,761	5,916	0.15%				
BG							180	324	0	0.00%				
CZ	0		0%		0%		212	382	0	0.00%				
DK	3	1	49%		0%	0%	2,165	3,897	0	0.00%				
DE	81	21	26%	2.2	3%	11%	2,389	4,301	9,664	46,017	0.02%			
EE	0		0%		0%		401	722	0	68	0.00%			
IE	21	8	38%	0.7	3%	9%	1,626	2,927	2,041	3,329	0.06%			
EL	4	1	21%		0%	0%	147	265	0	1,196	0.00%			
ES	10	3	35%	1.4	15%	42%	926	1,666	2,361	1,797	0.13%			
FR	19	7	39%	0.0	0%	0%	1,603	2,885	0	23,233	0.00%			
HR	0		0%		0%		575	1,034	0	227	0.00%			
IT	7	3	43%	0.3	5%	11%	688	1,238	411	6,693	0.01%			
CY	8	3	32%	0.3	4%	12%	695	1,250	395	119	0.33%			
LV	0	0	100%		0%	0%	140	252	0	53	0.00%			
LT	0		0%		0%		229	412	0	38	0.00%			
LU	10	4	43%	0.1	1%	2%	4,109	7,396	744	889	0.08%			
HU	2	2	79%		0%	0%	75	135	0	1,211	0.00%			
MT	0	0	26%		0%	0%	614	1,105	0	63	0.00%			
NL	2	0	28%		0%	0%	940	1,692	0	4,147	0.00%			
AT	26	5	21%	0.0	0%	0%	2,306	4,151	102	5,515	0.00%			
PL	1	1	57%		0%	0%	733	1,320	0	910	0.00%			
PT	3	1	46%		0%	0%	477	858	0	706	0.00%			
RO							181	326	0	668	0.00%			
SI	0	0	69%		0%	0%	706	1,271	0	250	0.00%			
SK							196	353	0	577	0.00%			
FI							1,389	2,501	0	1,495	0.00%			
SE	2	0	21%	0.3	12%	55%	1,454	2,617	679	2,790	0.02%			
UK	122	47	38%	6.3	5%	13%	1,113	2,003	12,546	15,005	0.08%			
Total	352	121	34%	13.9	4%	11%		37,704	125,862	125,862	0.03%			

MS of residence	Number of EU28/EFTA migrants residing less than 1 year in their new MS of residence (in ,000)	Figures LFS		Figures 2015 Ageing Report				Estimated number of users (in ,000)			Estimated expenditure reference group (in ,000)			Total LTC expenditure (in million €)	% share	
		of which living in a household where all adults not working (in ,000)	and of which all adults aged 65+ and inactive	% users LTC in kind total population	Public expenditure per user - Services in kind (in €)	% users LTC in cash total population	Public expenditure per user - Services in cash (in €)	In kind	In cash	Total	In kind	In cash	Total			
BE	39.5	8.6	0.1	7.8%	9,614	0.0%	0.0%	0.7	0.0	0.0	0.7	6,415	0	6,415	8,369	0.077%
BG				1.7%	1,366	0.0%	0.0%	0.0	0.0	0.0	0.0	0	0	0	166	0.000%
CZ	0.1			4.2%	990	3.1%	2,256	0.0	0.0	0.0	0.0	0	0	0	1,177	0.000%
DK	2.9			2.6%	40,267	2.3%	2,610	0.0	0.0	0.0	0.0	0	0	0	6,181	0.000%
DE	95.2	12.4	1.0	1.3%	24,878	1.7%	8,759	0.2	0.2	0.4	4,131	1,860	5,991	39,258	0.015%	
EE	0.2			1.6%	1,951	1.1%	4,357	0.0	0.0	0.0	0.0	0	0	0	106	0.000%
IE	25.7	3.6	0.1	2.0%	12,543	0.0%	0.0%	0.1	0.0	0.1	908	0	908	1,164	0.078%	
EL	5.5	2.3	0.1	0.1%	5,010	2.6%	2,792	0.0	0.1	0.1	16	167	183	879	0.021%	
ES	10.4	4.2		2.1%	7,060	1.1%	6,679	0.1	0.0	0.1	633	294	926	10,334	0.009%	
FR	26.7	4.5	0.6	3.0%	19,371	0.7%	9,502	0.1	0.0	0.2	2,561	277	2,837	41,760	0.007%	
HR	0.3			0.8%	5,080	2.5%	190	0.0	0.0	0.0	0.0	0	0	0	186	0.000%
IT	9.7	1.0		1.7%	14,575	3.0%	7,567	0.0	0.0	0.0	248	224	472	28,887	0.002%	
CY	10.4	1.5	0.2	0.7%	2,793	0.9%	3,716	0.0	0.0	0.0	31	49	80	46	0.174%	
LV	0.1			1.0%	6,164	0.5%	2,434	0.0	0.0	0.0	0.0	0	0	0	145	0.000%
LT	0.1	0.1		4.3%	2,435	3.6%	1,604	0.0	0.0	0.0	6	3	9	481	0.002%	
LU	12.9	0.6	0.1	2.4%	47,342	0.3%	23,862	0.0	0.0	0.0	705	51	756	663	0.114%	
HU	3.5	0.4	0.0	1.6%	4,868	0.0%	0.0%	0.0	0.0	0.0	31	0	31	758	0.004%	
MT	0.4	0.0	0.0	2.2%	7,410	0.8%	4,542	0.0	0.0	0.0	8	2	9	85	0.011%	
NL	1.9	0.4		5.5%	28,499	0.0%	0.0%	0.0	0.0	0.0	695	0	695	26,399	0.003%	
AT	30.3	3.1	0.2	2.8%	7,184	5.4%	6,211	0.1	0.2	0.3	621	1,026	1,647	4,570	0.036%	
PL	3.2	0.2		0.5%	8,733	4.1%	884	0.0	0.0	0.0	8	6	14	3,183	0.000%	
PT	3.3	0.4		0.4%	21,314	2.6%	20	0.0	0.0	0.0	26	0	27	779	0.003%	
RO				2.0%	2,527	2.3%	27	0.0	0.0	0.0	0	0	0	1,004	0.000%	
SI	0.5			3.0%	5,506	2.3%	3,928	0.0	0.0	0.0	0	0	0	519	0.000%	
SK				2.0%	1,218	3.2%	232	0.0	0.0	0.0	0	0	0	170	0.000%	
FI				3.9%	20,163	5.7%	2,250	0.0	0.0	0.0	0	0	0	4,947	0.000%	
SE	2.4	0.5		3.1%	51,957	2.3%	2,556	0.0	0.0	0.0	715	27	742	15,794	0.005%	
UK	158.6	27.0		2.0%	16,398	2.4%	1,748	0.5	0.6	1.2	8,743	1,113	9,856	23,341	0.042%	
Total	443.7	70.7	2.5	2.1%	20,167	2.0%	5,560	1.8	1.2	3.1	26,499	5,099	31,598	221,331	0.014%	

<b>Table 3</b>		2012									
YEAR	YEARESID	Less than 1 year									
NATIONAL	AGE	EU-28/EFTA migrants	All								
MS of residence	Number of EU28/EFTA migrants residing less than 1 year in their new MS of residence (in ,000)	Figures LFS	of which living in a household where all adults not working (in ,000)	ESSPROS	Healthcare spending - Euro per inhabitant	Estimated expenditure reference group (in ,000)	ESSPROS	Total healthcare spending (in Million euro)	% share		
BE	39.5		8.6	2,461		21,135		32,019	0.066%		
BG				176		0		1,764	0.000%		
CZ	0.1			690		0		9,758	0.000%		
DK	2.9			2,590		0		16,917	0.000%		
DE	95.2		12.4	2,879		35,741		255,168	0.014%		
EE	0.2			417		0		750	0.000%		
IE	25.7		3.6	5,399		19,337		24,716	0.078%		
EL	5.5		2.3	922		2,119		12,415	0.017%		
ES	10.4		4.2	1,252		5,227		68,673	0.008%		
FR	26.7		4.5	2,561		11,452		187,711	0.006%		
HR	0.3			594		0		3,109	0.000%		
IT	9.7		1.0	1,584		1,548		109,213	0.001%		
CY	10.4		1.5	848		1,277		873	0.146%		
LV	0.1			222		0		672	0.000%		
LT	0.1		0.1	339		18		1,413	0.001%		
LU	12.9		0.6	4,086		2,533		2,508	0.101%		
HU	3.5		0.4	418		167		4,950	0.003%		
MT	0.4		0.0	797		37		391	0.009%		
NL	1.9		0.4	3,636		1,609		67,739	0.002%		
AT	30.3		3.1	2,360		7,213		23,096	0.031%		
PL	3.2		0.2	352		62		16,082	0.000%		
PT	3.3		0.4	891		314		10,499	0.003%		
RO				226		0		5,387	0.000%		
SI	0.5			1,163		0		2,835	0.000%		
SK				458		0		3,875	0.000%		
FI				2,313		0		14,776	0.000%		
SE	2.4		0.5	2,715		1,225		31,068	0.004%		
UK	158.6		27.0	2,739		74,085		179,338	0.041%		
<b>Total</b>	<b>443.7</b>		<b>70.7</b>			<b>185,098</b>		<b>1,087,717</b>	<b>0.017%</b>		

**ANNEX XXV FRESSCO ANALYSIS SALARY RELEATED CHILD RAISING ALLOWANCES**





**ANNEX XXV**

# **Reply to an ad hoc request for comparative analysis**

Salary-related child-raising benefits

Written by Joyce De Coninck  
*September 2015*

 **FreSsco**  
FREE MOVEMENT OF WORKERS and  
SOCIAL SECURITY COORDINATION





**EUROPEAN COMMISSION**

Directorate-General for Employment, Social Affairs and Inclusion  
Directorate B — Employment and Social Legislation, Social Dialogue  
Unit B.4 — Free Movement of Workers and Coordination of Social Security Schemes

*Contact: Marzena Brauhoff*

*E-mail: [EMPL-FRESSCO@ec.europa.eu](mailto:EMPL-FRESSCO@ec.europa.eu)*

*European Commission  
B-1049 Brussels*

# **Reply to an ad hoc request for comparative analysis**

Salary-related child-raising benefits

Directorate-General for Employment, Social Affairs and Inclusion  
FreSsco (Contract No VC/2014/1011 'Network of Experts on intra-EU mobility – social security  
coordination and free movement of workers / Lot 1: Legal expertise in the field of social security  
coordination and free movement of workers')

## **FreSsco - Free movement of workers and Social security coordination**

This report was prepared in the framework of Contract No VC/2014/1011 'Network of Experts on intra-EU mobility – social security coordination and free movement of workers / Lot 1: Legal expertise in the field of social security coordination and free movement of workers'. This contract was awarded to FreSsco, a network of independent experts from 32 European countries coordinated by Ghent University.

### **Author:**

Joyce De Coninck, doctoral researcher, Ghent University.

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## EXECUTIVE SUMMARY

In the *Hoever and Zachow* judgment,<sup>82</sup> family benefits are described as benefits in kind or in cash intended to meet family expenses. More specifically, family benefits *in cash* are explained as being paid solely to a family comprised of one child or more, the amount of which varies (partly) according to the children's age and the number of children, as well as according to the parents' income. In addition, family benefits *in cash* are intended to enable one of the parents to devote him or herself to the raising of (a) child(-ren) and thus meet the costs of caring for and bringing up a child. As confirmed in the *Hoever and Zachow* judgment, (salary-related) child-raising (cash) benefits are qualified as family benefits in accordance with Regulation (EC) No 883/2004.

Despite the aforementioned finding by the Court of Justice of the European Union (CJEU) however, it appears that controversy remains as to the qualification of salary-related child-raising allowances as being either family benefits or maternity/paternity benefits. The distinction between a family benefit vis-à-vis a maternity/paternity benefit is not to be underestimated when applying Regulation (EC) No 883/2004. In particular, it need be noted that whilst family benefits may give rise to entitlement of derived rights as confirmed by the *Hoever and Zachow* case, this is not the case for maternity/paternity benefits, which are deemed as being *personal* rights. In addition, when applying Regulation (EC) No 883/2004, it becomes clear that Article 68 thereof is limited in its application to family benefits, thus excluding maternity/paternity benefits. This is relevant because the provision concerned allows for differential supplements to be disbursed in case of overlapping family benefits based upon the legislation of two or more Member States. Entitlement to such differential supplements is not possible however, for maternity/paternity benefits. Clearly, the classification of a salary-related child-raising benefit as being either a family benefit or a maternity/paternity benefit will thus impact access thereto, as well as the modalities thereof. Within this context, it need be noted though, that despite the definition of maternity/paternity benefits encompassed in CJEU case law<sup>83</sup> as well as Recital 19 of Regulation (EC) No 883/2004, *de facto* issues remain when attempting to distinguish family benefits from maternity/paternity benefits. Whereas in some national Member State legislations, a distinction is clearly made, other Member States do not distinguish between these two types of benefits. Hence it remains a difficult yet crucial exercise to determine the qualification of a salary-related child-raising benefit as being one or the other.

The request at hand concerns the existence and qualification of salary-related child-raising benefits in individual Member States, which would thus be subject to the respective rules in Regulation (EC) No 883/2004. Salary-related child-raising benefits specifically are defined as '*any benefit calculated with reference to employment or professional income regardless of whether a worker is engaged under a contract of employment or engages in a self-employed activity*' and intended to meet the costs of caring for and bringing up a child, as well as mitigating the financial disadvantages entailed in giving up income from full-time employment.

In view of the upcoming Labour Mobility Package and envisaged proposals to amend Regulation (EC) No 883/2004, as well as the debate surrounding (salary-related) child-raising benefits, an overview of such benefits in the various Member States is necessary. In what follows an overview will be given as to the history of such benefits (Section 2), a description of the benefits (Section 3) and the application thereof in view of the *Hoever and Zachow* judgment (Section 4). Lastly, a schematic overview will be given of salary-related child-raising benefits – insofar possible – in the Member States via individualised country sheets.

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<sup>82</sup> Judgment in *Hoever and Zachow v Land Nordrhein-Westfalen*, C-245/94 and C-312/94, EU:C:1996:379.

<sup>83</sup> Judgment in *Commission v Luxembourg*, C-519/03, EU:C:2005:234

## 1. INTRODUCTION

With a view to defining what constitutes a salary-related child-raising benefit, several preliminary observations need be made. Whilst many Member States do provide benefits which are intended to meet the costs of caring for and raising a child, as well as to mitigate the financial disadvantages entailed in giving up income from full-time employment, these benefits are not infrequently qualified as maternity and paternity benefits as opposed to family benefits. Within this vein, case law by the Court of Justice of the European Union (CJEU) need be recalled, and the *Hoever and Zachow* judgment in particular, whereby family benefits under Regulation (EC) No 883/2004 are not to be distinguished from other benefits by reference to their classification in national legislation. Rather they are to be distinguished by reference to their respective purpose and conditions of entitlement. Consequently, despite various Member States qualifying similar salary-related child-raising benefits as maternity and paternity benefits in national law, they will nevertheless be included in what follows, as there is no certitude as to their classification as a family benefit under Regulation (EC) No 883/2004 absent further rulings by the CJEU. In addition to the foregoing, note need also be made of the fact that the salary-related child-raising benefits discussed below are oftentimes not clearly identifiable as a distinct benefit. Consequently, these benefits often cannot be identified as either paternity/maternity benefits or, alternatively, family benefits. Again, such benefits will nevertheless be taken into consideration in what follows. Consequently, the report will focus upon those salary-related child-raising benefits that are related to the individual salary of the beneficiary concerned.

Currently, various Member States provide for distinct salary-related child-raising benefits (**AT, BG, HR, EE, DE, HU, IT, LV, LT, RO, SI, ES and SE**). Within this context, **Austria, Croatia, Germany, Estonia, Finland, Italy, Romania, and Spain** clearly distinguish the salary-related child-raising benefits from maternity and paternity benefits.<sup>84</sup> Contrary thereto, **Bulgaria, Denmark, Finland, Hungary, Greece, Portugal, Slovenia and Sweden** seemingly qualify the respective salary-related child-raising benefits in national legislation as maternity and paternity benefits. As concerns **Latvia and Lithuania** it appears that the benefits concerned are not explicitly qualified as either maternity/paternity benefits or family benefits. As indicated, however, the delineation of what constitutes a salary-related child-raising benefit and whether it is provided for in national legislation as a family benefit, or alternatively as a maternity/paternity benefit, is not as unambiguous as could be hoped. Several Member States have provided for benefits which, if regarded independently, would in all likelihood not be considered as salary-related child-raising benefits. However – as is the case in Greece and Portugal – certain maternity/paternity benefits have been complemented by additional protective paid leave, which highly resembles a salary-related child-raising benefit. In Greece for example, the standard maternity benefit is complemented by a six-month special maternity protection leave, which is indeed salary-related. Similarly in Portugal, extended parental leave is provided for, which equally so is salary-related.

Various other Member States simply do not provide for salary-related child-raising benefits (**BE, CY, CZ, FR, IS, IE, LI, LU, MT, NL, NO, PL, SK, CH and UK**). The absence of salary-related child-raising benefits in national legislation of respective Member States does not necessarily entail that no child-raising benefits exist. Rather, as is the case in a number of the aforementioned States, exclusively flat-rate child-raising benefits are provided for, as opposed to salary-related child-raising benefits. Flat-rate child-raising benefits as such can be found in **Belgium, the Czech Republic, France, Luxembourg, Norway and Poland**. In **Cyprus, Iceland, Ireland, Liechtenstein, Malta, the Netherlands, Slovakia, Switzerland and the United Kingdom** on the other hand, such benefits simply do not exist.

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<sup>84</sup> **Spanish** legislation in particular, however, only reserves such benefits intended for the raising of a child with a serious illness.

In what follows, a schematic overview is given, indicating the various Member States which have introduced a salary-related child-raising benefit, the various Member States who do not have a salary-related child-raising benefit and lastly, those Member States which require a somewhat more nuanced approach in addressing the notion of salary-related child-raising benefits.

Salary-related child-raising benefits <sup>85</sup>	
AT, BG, HR, DK, EE, FI, DE, EL, HU, IT, LV, LT, PT, RO, SI, ES, SE	
No salary-related child-raising benefits	
Flat-rate child-raising benefits	No child-raising benefits
BE, CZ, FR, LU, NO, PL	CY, IS, IE, LI, MT, NL, SK, CH, UK

## 2. THE HISTORY OF SALARY-RELATED CHILD-RAISING BENEFITS

As the history of salary-related child-raising benefits differs substantially amongst the States concerned, a schematic overview thereof cannot be given. To exemplify the latter, it suffices to refer to the history of salary-related child-raising benefits in **Austria** and **Germany**. The salary-related child-raising benefit in Austria was introduced by Federal Gazette No 116/2009, which entered into force in 2010. The historical aim of this benefit is to help claimants who just want to interrupt their employment for a short time and have a high level of income to maintain their standard of living. In 2011 (Federal Gazette No 139/2011) the conditions of entitlement were modified. The level of income, which can be earned while drawing the benefit, was raised from € 5,800 to € 6,100. Furthermore, the condition of at least six months of employment before drawing the benefit was introduced. By this amendment also the present formula for the calculation of the benefit was introduced. In 2013 the level of income was raised again up to € 6,400 (Federal Gazette No 117/2013).

In **Germany** on the other hand there is only one benefit which seeks to replace income during child-raising periods and which is calculated wholly or partially with reference to a salary or professional income, namely *Elterngeld* as encompassed in the BEEG. The BEEG entered into force on 1 January 2007. The *Elterngeld* is the successor of the child-raising allowance *Erziehungsgeld*, which was paid according to the Child-Raising Allowance Act.

In view of the substantial differences concerning the history of salary-related child-raising benefits in the respective Member States, the history can be found in the Country Sheets attached in the Annex. Where possible, statistics have been added concerning the use thereof.

## 3. DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING ALLOWANCE

### 3.1. Conditions of entitlement

Mindful of the fact that various Member States (**BE, CY, CZ, FR, IS, IE, LI, LU, MT, NL, NO, PL, SK, CH** and **UK**) simply do not provide for a salary-related child-raising benefit, solely the entitlement conditions for those Member States (**AT, BG, HR, EE, FI, EL, DE,**

<sup>85</sup> The table includes all the Member States which have a salary-related child-raising benefit irrespective of the qualification thereof in the respective national legal order.



**HU, IS, IT, LV, LT, PT, RO, SI, ES** and **SE**) that do provide for a benefit as such will be discussed.

Of the foregoing Member States, several merely require *previous insurance*. In **Bulgaria, Croatia, Finland, Hungary, Italy** and **Lithuania** (previous) insurance suffices in order to be entitled to the salary-related child-raising benefit. In **Lithuania** the individual concerned must have been covered by sickness and maternity insurance specifically. In **Croatia**, the individual seeking the benefit must have been insured for a minimum period of 12 months or, alternatively, 18 months with interruptions in the last two years. Croatian legislation furthermore stipulates that insofar these conditions have not been met, entitlement may nevertheless arise albeit limited to 50% of the benefit. Conversely, several Member States (**LV, SE**) require previous insurance with additional conditions to be met, in order to be entitled to salary-related child-raising benefits.

Other Member States have imposed seemingly more stringent conditions in order to be entitled to salary-related child-raising benefits. Amongst these Member States, **Austria, Estonia** and **Portugal** (albeit to a limited extent) impose *residence requirements* upon which entitlement to such benefits are conditioned.

In addition to the foregoing entitlement conditions, various Member States require a specific period of *previous employment* (**AT, DK, EL, LV, PT, RO, ES, SE**) as well as *adherence to fiscal and tax obligations* (**RO**). Furthermore, in **Austria, Germany** and **Romania**, it is explicitly obliged for the recipient of the benefit to be *living together* with the child concerned. Lastly, in **Greece** the recipient must also have been receiving *maternity allowance* as a precondition to receiving salary-related child-raising benefits. In order to determine the individual conditions of entitlement for the respective Member States, see Annex.

### 3.2. Level of the benefit

Not inconceivably, the level of the salary-related child-raising benefit is affected by a number of factors, not to mention the means of calculation thereof (see *infra* Calculation of the Benefit). Consequently, the level of the benefit differs greatly from Member State to Member State. Recalling that various Member States (**BE, CY, CZ, DK, FR, IS, IE, LI, LU, MT, NL, NO, PL, SK, CH** and **UK**) do not provide for a benefit as such, it is interesting to note that the remaining Member States predominately provide limitations as to the level of the benefit. In particular, several Member States (**AT, BG, DK, DE, EE** and **EL**) impose both maximum and/or minimum *nominal* ceilings concerning the permitted level of the benefit to be disbursed (see Annex for exact figures).

Similarly, other Member States impose ceilings by reference to permitted percentages of previous remuneration that the benefit may represent. In particular, **Bulgarian** legislation provides that the minimum benefit may not be below the minimum wage, whilst declaring that the maximum permitted benefit received may not exceed 90% of previous pay. Similarly, in **Slovenia** the benefit constitutes 90% of the basis from which contributions for parental protection insurance have been calculated in the past 12 consecutive months. In addition, Slovenian legislation imposes a maximum ceiling and a minimum floor whereby the benefit cannot be higher than twice the average monthly wage and cannot be less than 55% of the minimum wage as set in 2006. In **Italy**, the salary-related child-raising benefit may only amount to 30% of previous or standard pay. Within this same vein, the benefit provided for by the extended parental leave in **Portugal** amounts to 25% of previous pay. **Sweden** sets an 80% ceiling with an additional nominal ceiling. Interestingly, **Croatia** provides for a benefit representing 100% of previous remuneration, albeit subject to the nuance that a maximum ceiling and minimum floor have also been incorporated. Similarly, **Finland** allows for a salary-related child-raising benefit representing 70% of previous remuneration with a nominal floor of € 24,02 per day. **Hungary** also makes use of an approach as such, and provides that the benefit amounts to 70% of average gross earnings with a ceiling amounting to 70% of the minimum wage doubled. Lastly, **Spanish** legislation provides that the benefit may

constitute 100% of the contribution base for professional risks, with a maximum and minimum limit of € 3,606 and € 756, respectively.

In **Latvia, Lithuania** and **Romania** the percentages vary depending on the duration of the benefit. Whilst in **Latvia**, the permitted level of the benefit amounts to 60% of previous remuneration if taken for the first year following birth, the permitted level of the benefit will be reduced to 43.75% if taken for a year and a half. Similarly, in **Lithuania**, the benefit for the first year will represent 100% of previous pay, but will be reduced to 70% for the first year and 40% of compensatory salary during the second year. In **Romania**, the permitted percentage of previous remuneration received is 85% for the first and second year. However, the maximum permitted nominal ceiling insofar the benefit is taken for the second year is lower than if only called upon for the first year.

**3.3. Calculation of the benefit**

As previously indicated, certain Member States (**BE, CY, CZ, FR, IS, IE, LI, LU, MT, NL, NO, PL, SK, CH** and **UK**) do not have the benefits concerned. This is to be attributed to the fact that some of these Member States (**BE, CZ, FR, LU, NO, PL**) do provide similar benefits, but make use of flat-rate amounts as opposed to salary-related amounts to determine the level of the benefit. Other Member States (**CY, IS, IE, LI, MT, NL, SK, CH** and **UK**) simply do not provide for benefits in national legislation, which resembles a child-raising benefit as such, irrespective of its means of calculation.

Of the Member States that *do* provide for salary-related child-raising benefits, the majority (**AT, BG, HR, DK, FI, DE, HU, IT, LV, LT, RO, SI** and **ES**) calculate the amount of the benefit with *exclusive* reference to the salary of the recipient. It need be noted that **Croatia** – as do **Finland, Germany** and **Hungary** – opts for a maximum ceiling and a minimum floor that the benefit is permitted to amount to (see Annex for exact figures). For the remaining Member States (**EL, PT, EE** and **SE**), the salary-related child-raising benefits are calculated in part with reference to the salary of the recipient. In **Greece** and **Portugal** in particular, the benefit, which may be qualified as a salary-related child-raising benefit, is in fact an extension of maternity leave and parental leave respectively, whereby solely the calculation of the extension is salary-related. In **Estonia** the calculation of the benefit will depend upon whether the individual seeking the benefit had a previous income which was subject to taxation. Insofar this is the case, he or she will be entitled to a salary-related child-raising benefit. If the person concerned did not have a salary as such, however, he or she will be entitled to a flat-rate child-raising benefit. Lastly, in **Sweden**, the child-raising benefit itself is made up of a flat-rate element, which lasts for 90 days, and a salary-related component, which is applied for the remaining 390 days.

Exclusively salary-related	
AT, BG, DK, HR, FI, DE, HU, IT, LV, LT, RO, SI, ES	
Partially salary-related	
EE, EL, PT, SE	
Not applicable	
<b>Flat-rate benefits</b>	<b>No benefits</b>
BE, CZ, FR, LU, NO, PL	CY, IS, IE, LI, MT, NL, SK, CH, UK

### 3.4. Maximum duration of the right to the benefit<sup>86</sup>

As is to be expected, the maximum permitted duration during which parents can make use of the respective salary-related child-raising benefits differs from State to State. However, several general observations can be made. A number of Member States (**AT, HR, DE, EL, IT, PT** and **ES**) limit the entitlement to the salary-related child-raising benefits after the expiration of a number of months. In particular, the salary-related child-raising benefits in **Austria** can be received for 12 months, extendable to 14 months insofar shared between the parents. Similarly, **Germany** allows for the benefit to be claimed for a duration of 12 months, which is extendable to 14 months. Additional extensions remain possible in specific circumstances (see Annex). **Croatian** legislation on the other hand stipulates that the benefit may be claimed for a period ranging between 8-30 months upon expiry of the first six months after birth, depending upon the number of children in the respective family. In **Italy**, the benefits are available to both parents for six months each. In **Greece** on the other hand, they are available for a maximum duration of six months, whereas in **Portugal** the benefit is available for three months. Lastly, in **Spain**, as it concerns a specific salary-related child-raising benefit for children with a serious illness only, the maximum duration of entitlement is one month, with consecutive possible extensions by two months, should the situation require this.

In **Bulgaria, Hungary, Latvia, Lithuania** and **Romania** on the other hand, the maximum duration of entitlement of salary-related child-raising benefits is expressed in terms of years, and can in all three cases be extended. Specifically, in **Bulgaria** and **Hungary** the salary-related child-raising benefit may be claimed until the child concerned reaches the age of two. In **Latvia** in particular, the benefit can either be made use of for one full year, or, alternatively, a year and a half – with the due impact upon the calculation of the level of the benefit (see *supra*). Similarly, in **Lithuania** and **Romania** the benefit can be provided for a duration of one year, and can be extended for an additional year. **Romanian** legislation furthermore provides for an additional extension of one year, insofar the child-raising concerns a child with a disability.

Lastly, **Estonia, Finland, Slovenia** and **Sweden** provide for a maximum duration of salary-related child-raising benefits in terms of days. In **Estonia** the benefit is provided for 435 days following the expiry of the maternity benefit, whilst in **Sweden** the benefit may be provided for 480 days (of which 390 are salary-related). In **Slovenia**, the benefits are available for 130 days for each parent concerned, amounting to a total of 260 days, of which the benefits are to a certain extent, transferable. In Finland the benefit may be made use of for a period of 158 days. Finally, in **Denmark** the maximum duration of the benefit is referred to in terms of weeks and allows for the benefit to be received for a total duration of 32 weeks.

### 3.5. Who can claim the benefit?

The overwhelming majority of Member States (**AT, HR, DK, EE, FI, DE, HU, IT, LT, PT, RO, SI** and **SE**) which provide for salary-related child-raising benefits, allow for both parents – albeit not always simultaneously – to make use thereof. In **Austria**, insofar both parents claim the benefit, the permitted duration thereof will be extended from 12 months to 14 months. The choice of who enjoys the child-raising benefit may be altered twice. This is also the case in **Lithuania**, where the parent enjoying the benefit may also be changed twice. In **Italy** both parents are entitled to the benefit for a maximum duration of six months each before the child concerned reaches the age of six. In **Romania**, the benefit may be shared between the respective parents, albeit subject to the condition that the minimum duration of the benefit per parent must be at least one month. Similarly to the foregoing, **Swedish** legislation allows for the sharing of the benefit by the parents with the one condition that 60 days are effectively reserved for the

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<sup>86</sup> Henceforth, the report will be limited to those Member States which have indicated that salary-related child-raising benefits are provided for.

father. Most Member States (**AT, HR, EE, FI, HU, LT, RO** and **SE**) which allow for the child-raising benefit to be shared by parents, do explicitly note, however, that this right is not to be exercised simultaneously. In **Germany, Portugal** and **Slovenia** on the other hand, such simultaneous use is possible. Seemingly this is also the case in **Denmark**.

A limited number of Member States (**BG, EL, LV, ES**) reserve salary-related child-raising benefits to one parent only. In **Greece**, by means of an example, the benefit is reserved solely for the mother. In **Latvia** and **Spain** the benefit is simply granted to one parent, without a distinction being made as such. Finally, in **Bulgaria** the mother is the recipient of the benefit. Only if the mother has passed away or has been deprived of her rights as a mother, will the father be accorded the benefit.

Shared entitlement	Single entitlement
AT, HR, DK, EE, FI, DE, HU, IT, LT, PT, RO, SI, SE	BG, EL, LV, ES

**3.6. Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?**

As can be derived from the Country Sheets, an overwhelming majority of Member States (**AT, HR, DK, EE, FI, DE, EL, HU, IT, LV, LT, RO, SI, ES** and **SE**) allow for salary-related child-raising benefits to nevertheless be claimed in case of partial reduction of income pursuant to part-time/flexible working. However, it need be noted that various Member States explicitly make note of the fact that the benefit will subsequently be limited proportionally or in accordance with a given percentage. **Austria, Estonia** and **Slovenia** in particular note that the benefit will be decreased accordingly. Similarly, **German** and **Latvian** legislation impose a 50% and 30% threshold which the benefit may subsequently amount to, vis-à-vis a 'regular' salary-related child-raising benefit. **Lithuanian** legislation applies a different approach. During the first year the benefit will solely consist of the difference between the salary-related benefit and the salary itself, unless the salary proves to be higher. During the second year on the other hand, the benefit will be disbursed irrespective of the salary.

Contrary to the foregoing, in **Portugal** the salary-related benefit is not reconcilable with part-time working/flexible working. Similarly, it appears that in **Bulgaria** the receipt of salary-related child-raising benefits is *de facto* not reconcilable with part-time work/flexible working.

Reconcilable with part-time/flexible working	Not reconcilable with part-time/flexible working
AT, HR, DK, EE, FI, DE, EL, HU, IT, LV, LT, RO, SI, ES, SE	BG, PT

**3.7. Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?**

The majority of the Member States (**HR, EE, EL, DE, HU, IT, LV, LT, PT** and **SE**) which provide a salary-related child-raising benefit note that this is meant to complement parental leave as defined in the Parental Leave Directive. In addition, in **Austria**,

**Bulgaria, Denmark, Finland, Romania** and **Slovenia** the benefit effectively complements parental leave, albeit in a slightly more indirect and *de facto* manner.

Conversely, in **Spain** the benefit is regarded as being completely independent, and hence not meant to complement the Parental Leave Directive.

Complementary	De facto complementary	Not complementary
HR, EE, DE, EL, HU, IT, LV, LT, PT, SE	AT, BG, DK, FI, RO, SI	ES

**3.8. Are employers who offer pay during statutory periods of parental leave entitled to either "off-set" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?**

In a majority of Member States (**AT, BG, EE, LV, PT and ES**), the employer cannot off-set or claim reimbursement for salaries paid to the employee. This is furthermore also the case in **Croatia, Germany, Greece, Hungary, Italy, Lithuania, Romania, Slovenia** and **Sweden** as the employer simply does not pay the employee during parental leave, or alternatively, as is the case in **Italy**, the employer pays on behalf of the competent authority INPS.

In **Denmark** and **Finland**, contrary to the foregoing, reimbursement may be claimed or off-set for salaries paid throughout the duration of the parental leave.

Off-set/reimbursement possible	Off-set/reimbursement not possible	Not applicable
DK, FI	AT, BG, EE, LV, PT, ES	HR, DE, EL, HU, IT, LT, RO, SI, SE

**4. CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?**

Finally, as concerns the factual fulfilment of the effective child-raising and subsequent access to the salary-related child-raising benefit in conformity with the *Hoever and Zachow* judgment – an overwhelming majority of the Member States (**AT, EE, EL, HU, IT, LV, LT, PT, RO, SI, ES** and **SE**) providing such benefits reserve these for the individual who is factually fulfilling the child-raising. In other words, in the large majority of Member States the salary-related child-raising benefit is a personal right and exclusively reserved for the person factually taking care of the child. It is unclear however, whether this entails that the entitlement is exclusively restricted to the person under the applicable legislation only.

Conversely, in **Bulgaria** the right may be granted to the individual concerned despite not factually fulfilling the child-raising activity. This is also the case in **Germany** as well as in **Finland** following an amendment dating from 1 January 2015. Furthermore, in **Croatia** the salary-related child-raising benefit is *de iure* a personal right, yet the practice surrounding the entitlement thereto is rather flexible, and may thus be interpreted in conformity with CJEU case law. However, as no such issues have arisen and the practice with respect thereto is highly limited, it is unsure whether the individual concerned must personally and factually engage in the child-raising activity.

Factual fulfilment required	Factual fulfilment not required	Uncertain
AT, EE, EL, HU, IT, LV, LT, PT, RO, SI, ES, SE	BG, DE, FI	HR, DK

## 5. ANNEX



## AUSTRIA

<b>REPLY</b>	
<b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p>The salary-related child-raising benefit was introduced by Federal Gazette Nr 116/2009, which got into force in the year 2010. The historical aim of this benefit is to help claimants who just want to interrupt their employment for a short time and have a high level of income to maintain their standard of living. In the year 2011 (Federal Gazette Nr 139/2011) the conditions of entitlement were modified. The level of income, which can be earned during drawing the benefit, was raised from € 5.800 to € 6.100. Furthermore the condition of at least six month of employment before drawing the benefit was introduced. By this amendment also the present formula for the calculation of the benefit was introduced. In the year 2013 the level of income was raised up again to € 6.400 (Federal Gazette Nr 117/2013).</p> <p>In July 2015 60.418 claimants (women: 58.833; men: 1.585) were drawing child-raising benefits in Austria. Therefrom 18.259 (women: 16.254; men: 2.005) were drawing salary-related child-raising benefits. So almost 1/3 of all claimants in July 2015 were drawing salary-related child raising benefits (cf statistics of the Austrian Federal Ministry for Families and Youth; <a href="http://www.bmfj.gv.at/familie/finanzielle-unterstuetzungen/kinderbetreuungsgeld/monatsstatistik.html">http://www.bmfj.gv.at/familie/finanzielle-unterstuetzungen/kinderbetreuungsgeld/monatsstatistik.html</a>).</p>
<b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p>The salary-related child-raising benefit (called "einkommensabhängiges Kinderbetreuungsgeld") is calculated according to Section 24a Child Raising Benefit Code (Kinderbetreuungsgeldgesetz) as follows:</p> <p style="text-align: center;">Income x 0,62 + 4000/365</p> <p>The maximum amount however is € 66 per day.</p> <p>The "income" consists of the income according to the income tax assessment of the year prior to the year of the birth of the child, provided that child rising benefits were not drawn in this year. If so, the outcome of the income tax assessment of the previous year is used.</p> <p>According to Section 24 Child Raising Benefit Code (Kinderbetreuungsgeldgesetz) the entitlement to salary-related child-raising benefits is subject to the conditions that the claimant</p> <ul style="list-style-type: none"> <li>- Is entitled to family allowance and already draws family allowance</li> <li>- Lives together in one single household with the child</li> <li>- Has his/her centre of interests in Austria</li> <li>- Is legally residing in Austria</li> <li>- Was employed for the last six months previous to the birth of the child</li> </ul>
	<b>Level of the benefit</b>
	<b>Conditions of entitlement</b>

		<p>(excluding interruptions of less than two weeks) based on an employment contract, which constitutes inclusion into the Austrian social insurance system</p> <ul style="list-style-type: none"> <li>- Does not obtain an income during drawing child raising benefits exceeding € 6.400 per year</li> </ul>
	<p><b>Exclusively or partially calculated with respect to salary</b></p>	<p>Cf calculation of benefit</p>
	<p><b>Maximum duration of the benefit</b></p>	<p>12 months – in case that the father claims child-raising benefits as well (and takes parental leave) the maximum duration is extended up to 14 months</p>
	<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>	<p>Both the mother and the father can claim the benefit. In this case the maximum duration lasts 14 months. The mother and the father can change two times. However the minimum duration of drawing child raising benefits is for each parent two months.</p>
	<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p>	<p>Salary-related child-raising benefits can only be claimed if the income of the claimant during drawing salary-related child-raising benefits does not exceed € 6.400 per year. So the claimant can perform part-time work, if his/her earnings do not exceed € 6.400 per year.</p>
	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>	<p>Legally the entitlement to salary-related child-raising benefits is independent from exercising parental leave. However due to the fact that only an income up to a maximum of € 6.400 per year can be earned during drawing child-raising benefits almost every claimant takes parental leave. So in practice the benefits intend to complement the exercise of parental leave rights.</p>
	<p><b>Are employers who offer pay during statutory periods of parental leave entitled to either "off-set" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>	<p>No</p>
	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be</b></p>	<p>Both the mother and the father can claim the benefit. In this case the maximum duration lasts 14 months. The mother and the father can change two times. However the minimum duration of drawing child-raising benefits is two months. Thus salary-related child-raising benefits cannot be exercised simultaneously.</p>



	<b>exercised simultaneously?</b>	
<b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT ACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b>	No. Every parent who is claiming salary-related child-raising benefits must complete the conditions laid down by Section 24 Child Raising Benefit Code ("Kinderbetreuungsgeldgesetz"). Thus both mother and father must be employed in Austria, provided that inclusion into Austrian social insurance is a precondition for the entitlement to salary-related-child raising benefits.	



## BELGIUM

		REPLY
<b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	N/A	
<b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<b>Level of the benefit</b>	N/A
	<b>Conditions of entitlement</b>	N/A
	<b>Exclusively or partially calculated with respect to salary</b>	N/A
	<b>Maximum duration of the benefit</b>	N/A
	<b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b>	N/A
	<b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b>	N/A

	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>	N/A
	<p><b>Are employers who offer pay during statutory periods of parental leave entitled to either "off-set" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>	N/A
	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	N/A
	N/A	<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>



## BULGARIA

	REPLY
<p data-bbox="858 1675 912 2056"><b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	<p data-bbox="389 250 533 1626">According to the Social Insurance Code of the Republic of Bulgaria, insured persons shall be entitled to a cash benefit for pregnancy and birth, if they have completed a contributory service of at least six months and are insured for all social risks, excluding occupational accident and occupational disease, or for all insured social risks excluding unemployment, of which three months during the period of 12 calendar months preceding the month when the pregnancy and childbirth leave started.</p> <p data-bbox="536 250 826 1626">Presently, the cash benefits for pregnancy and birth and for raising a small child are regulated in the Social Insurance Code (effective from 12.17.1999, amended and supplemented many times). Social security, social assistance and policy aimed at promoting and stimulating natality in Bulgaria is long-standing and was launched after 1968, when a significant reduction in fertility was registered. The adopted policies and legislative amendments covered everyone, because in that period there were no unemployed and uninsured persons and since they were aimed to increase the birth rate. In result, natality was encouraged, whereas cash benefits increased according to the number of born children up to three, then for each successive child the amount of cash benefit was equal to that for the first birth, i.ee the lowest amount of all. Another incentive policy was to increase the duration of maternity leave to raise a child up to the age of 3, with a guaranteed workplace for the mother, provision of affordable and flexible childcare services, etc.</p> <p data-bbox="829 250 1088 1626">At present, cash benefits for pregnancy, birth and child rearing largely follow an established practice of the past century. As a legacy of the generous financial benefits bestowed from national economy and social policy from socialist era and policy to promote natality and support childcare, in particular, is the relatively lengthy paid leave for child rearing - up to the age of 2 years, long pregnancy and birth leave - 45 days, among others. Recently, a parental leave was introduced, which is unpaid and in its major part (five of the six months) can be transferred between parents. In the context of Bulgaria, men are those who transfer the leave to women (mother or adoptive mother), which reinforces the unfair social distribution of functions by gender in child rearing and the consequent practice of impeded career fulfilment of women, gender-based discrimination in the workplace - in recruitment, pay and career.</p> <p data-bbox="1091 250 1145 1626">Along with cash benefits for employed mothers or fathers, inactive persons or families, respectively households, with very low income are entitled to social benefits for childbirth and child raising.</p> <p data-bbox="1149 250 1356 1626">The number of persons who receive benefits for pregnancy, birth and child rearing has declined significantly due to several key reasons: a sharp drop in the number of births and relatively low share of employed and insured young women. Data on age-specific unemployment and female employment demonstrates very low employment rates of two groups - women over the age of 50 and young women between 20 and 30 years of age. Another factor for the low number of births over the past 25 years is the high emigration rate, where emigrants were mainly young people, with very high rate of girls and young women, in some years exceeding the number of young male emigrant by respective age groups.</p> <p data-bbox="1359 250 1382 1626">In 2009, for example, the number of cash benefits for pregnancy and birth (i.e. maternity benefit) was 858 199.</p>

	<p>The gender-based structure of 'maternity' benefit is characterized by a predominance of women (97.8%) and a very small percentage of men (2.2%). In line with promotion of gender equality, the proportion of men accessing cash benefit in cases provided by law has increased slightly (2.2% in 2009). The structure of benefits for raising a child is similar - women predominate (99.2%) compared to men (0.8%). It is believed that a change of terminology is needed, e.g. insurance for pregnancy, childbirth and child rearing. Those terms were imposed with Title III of the Labour Code of 1951 and its Implementing Rules, and was transferred in the current Social Insurance Code. It is believed that a modern terminology, promoting and respecting gender equality, is needed in the field of social security and social assistance. For the first half of 2015, the National Social Security Institute (NSSI) paid BGN 142 million (appr. 73 million Euro) for pregnancy and childbirth benefits, which is over BGN 18 million more than for the previous year. The average benefit for women is BGN 365 (appr. € 183), which is 6.5 percent higher than last year. The amount paid for child rearing benefits is BGN 64 million.</p>
	<p>The daily cash benefit during pregnancy and childbirth is set at 90% of the average gross wage or insurance contributory income as defined in the respective regulation (Article 41 of the Social Insurance Code). The amount of the daily cash benefit cannot be lower than the statutory minimum wage for the country and cannot exceed the average net remuneration for the period for which the compensation is calculated.</p> <p>At least one of the parents should be insured in order to receive a benefit for raising of a small child. In the case of entitlement to maternity (pregnancy and birth) benefit, woman concerned shall be insured against the respective insurance risk.</p> <p>Exclusively</p> <p>A mother, who is insured against all social risks, is entitled to a cash benefit for pregnancy and birth for a period of 135 calendar days, of which 45 days before birth. Similar entitlement shall be granted to mother who is not insured against occupational accidents, occupational diseases and unemployment. When birth occurs before the expiry of 45 days from the benefit launch, the remainder up to 45 days is used after birth.</p> <p>When a child is stillborn, has died, was placed in a nursery school with full state subsistence allowance or was given up for adoption, mother shall be entitled to cash benefit until the expiry of 42 days from birth. If mother's performance in result of birth has not been recovered after 42 days, the duration of benefit is extended at discretion of the health authorities until she has restored her performance. Until expiry of that period, the aforementioned benefit shall be paid as pregnancy and childbirth cash benefit.</p> <p>When a child is given up for adoption, placed in a nursery school with full state subsistence allowance or dies after 42-nd day after birth, the benefit is terminated</p>
	<p><b>Level of the benefit</b></p>
	<p><b>Conditions of entitlement</b></p>
	<p><b>Exclusively or partially calculated with respect to salary</b></p>
<p><b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	<p><b>Maximum duration of the benefit</b></p>

starting the next day.

Person insured against all social risks who adopts a child shall be entitled to cash benefit amounting to the difference of age of the child on the day of its surrender for adoption to the expiry of the due birth benefit.

*Benefit upon mother's death or severe illness.* Upon the death or serious illness of the mother (adoptive mother), which prevents her to take care of a small child, the person who takes leave as provided under the Labor Code shall receive the corresponding cash benefit therein.

*Benefit for Pregnancy and Child-Birth upon Termination of Social Insurance.* Upon termination of social insurance against general sickness and maternity during a period of entitlement to a benefit for pregnancy and child-birth, the insured person shall be paid a cash benefit until the lapse of the period of entitlement to a benefit for pregnancy and child-birth.

*Entitlement to Child-Care Benefit.* Persons insured against general sickness and maternity shall be entitled to a child-care benefit, if the said persons have logged a contributory service of six months as a person insured against all social risks, against all social risks excluding occupational accident and occupational disease, or against all social risks except unemployment, of which three months during the period of 12 calendar months preceding the month from which the leave for raising a child has started.

*Child-Care Benefit.* After the lapse of the period of entitlement to a benefit for pregnancy and child-birth during the additional paid childcare leave, the mother (adoptress) shall be paid a monthly cash benefit to an amount fixed by the Public Social Insurance Budget Act.

When the additional paid child-care leave is used by the father (adopter) instead of the mother (adoptress) or by the person responsible for caring of the child, a monthly cash benefit shall be paid to an amount fixed by the Public Social Insurance Budget Act. Such benefit shall be paid to the guardian where the said guardian uses the leave under Article 167 (2) of the Labour Code.

The payment of the cash benefit shall be terminated upon the death of the child, if the child is given up for adoption or placed in a nursery school with full state subsistence allowance.

*Benefit When Additional Paid Child-Care Leave Is Not Used*

(Since 2003) In cases where the additional paid child-care leave is not used or where the person who uses such leave interrupts the use thereof, mother (adoptress) shall be entitled to a cash benefit amounting to 50 per cent of the benefit, if she is insured against all insurance social risks, excluding occupational accident, occupational illness and unemployment. If the mother (adoptress) is deceased, has forfeited child custody, or the exercise of child custody has been awarded to the father (adopter), this benefit shall be paid to the father (adopter), and if he is deceased, to the

		<p>guardian. The benefit shall be paid if the person who has assumed responsibility for the care of the child is insured against general sickness and maternity. The benefit shall not be paid if the child is placed in a fully public financed child institution, as well as if the child is taken care of by an individual included in the Maternity Support Programme.</p> <p><i>Benefits for pregnancy and childbirth</i> are provisionally received by the expectant mother, as far as this process is still inherent in only one biological sex. Generally, the child-raising benefit is provided to be used by the mother, respectively adoptive mother, reflecting social practice and common understanding in society that it is the mother who takes care of the upbringing and education of child. Therefore the law (Social Insurance Code, hereafter CIS) provides child-raising benefit to be bestowed on the father if the mother (respectively, adoptive mother) dies or is deprived of these rights with decision of the court.</p> <p>There is no known practice of dividing the benefit between parents. The benefit is provided to that parent who raises the child (when parents are separated) and most often to the mother (adoptive mother, respectively).</p> <p>According to CIS, the amount of benefit depends on insurance income, i.e. of the amount of wages on which insurance contributions and benefits, respectively, are determined.</p> <p>Part-time work and various forms of flexible employment are less prevalent in Bulgaria and the majority of part-time workers are employed under a second employment contract and/or work without a contract and without insurance, respectively.</p> <p>Parental leave is used after the expiry of statutory pregnancy, childbirth and child rearing leaves. In Bulgaria, paid and unpaid leave for raising of a small child (where employer retains the workplace) are some of the longest in Europe (up to 3 years of child age). <i>Bulgarian labor law (the Labor Code) transposes the provisions of Directive 2010/18/EU of 08.03.2010 implementing a revised Framework Agreement on parental leave. The amendments came into force on 28.01.2012.</i></p> <p>The supplement to the Labour Code (Art. 167a para. 1) enables each parent (adoptive) of a child under the age of 8, to take up to five months from the statutory leave to the other parent (adoptive parent) with his or her consent. Before, i.e. from 01.01.2007 to 28.01.2012, the entitlement to unpaid parental leave was a personal right and could not be transferred. By 31.12.2006, there was an opportunity one of the parents to take the whole leave upon consent of the other parent. <i>At present, following the amendments to the Labour Code, each parent (adoptive parent) can transfer to the other parent (adoptive parent) up to 5 months 6 months unpaid leave to care for a child up to 8 years of age, of which one is entitled. Since most women</i></p>
	<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>	
	<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p>	
	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>	

		<p><i>are paid lower wages than men, the entitlement is most often taken by women.</i></p> <p>Under the provisions of the Labour Code (Art. 167a para. 1) after use of the leaves provided in Article 164 (1) and Article 165 (1) herein, each of the parents (adopter), if working under an employment relationship and the child has not been placed in a fully public-financed child-care institution, shall be entitled upon request to use <i>unpaid child-care leave in the amount of six months until the child's attainment of the age of 8 years.</i> The leave may be used only after the terms of child-caring leave have expired (Art. 164, para. 1 and Art. 165, para. 1 of the LC and no later than the date on which the child turns 8 years old).</p> <p>No, because in Bulgaria the parental leave is unpaid.</p> <p>Entitlement to parental leave: According to the provisions of the Labour Code (Art. 167a para. 1) after use of the leaves provided in Article 164 (1) and Article 165 (1) herein, each of the parents (adopter), if working under an employment relationship and the child has not been placed in a fully public-financed child-care institution, shall be entitled upon request to use <i>unpaid child-care leave in the amount of six months until the child's attainment of the age of 8 years.</i> Subject to certain conditions, other persons may be also entitled to that type of leave. The leave may be used only after the terms of child-caring leave have expired (Art. 164, para. 1 and Art. 165, para. 1 of LC and no later than the date on which the child turns 8 years old).</p> <p>Entitlement to leave for children up to 8 years of age shall have: child's parents, adoptive parents; guardian if the child's parents have died – who can be parent of the father or mother (grandmother or grandfather on the maternal or paternal line); a single parent who alone raises the child. Therefore, the Regulation on working time, breaks and holidays (RWTBH) contains provisions that establish conditions and requirements for use of the leave by any of those parties. Since cases are different, the Regulation establishes certain universal requirements for all parties. It also indicates the requirements that are specific to each individual case.</p> <p>The entitlement to child-raising benefit can be used by one of the parents.</p> <p>The entitlement to pregnancy and birth benefits is used only by pregnant women.</p> <p>Please see above.</p>
	<p><b>Are employers who offer pay during statutory periods of parental leave entitled to either "off-set" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>	
	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	



Yes

**CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?**



## CROATIA

<b>REPLY</b>					
<b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p>The current system of maternity and parental benefits, including salary-related child-raising benefits was introduced in 2008, under the Act on Maternity and Parental Benefits (Official Gazette Narodne novine nos. 85/08, 110/08, 34/11, 54/13 and 152/14). This Act redefines, expands and attempts to flexibilize the already existing system of benefits established under the (old) Labour Act of 1995 (and its predecessors) and Act on Maternity Leave of self-employed and unemployed mothers of 1996. However, salary-related child-raising benefits were not a novelty in the Croatian legal system since it gained independence from the former SFRY in 1991, because Croatia inherited a relatively strong and developed system of maternity benefits, developed during socialism and taken over as an important instrument of family and population policy.</p> <p>In the last decade, the number of beneficiaries of maternity and parental benefits, in the form of paid maternity and parental leave as the most typical forms of salary-related child raising benefits revolves around 18 000 – 22 000. In February 2008, before the current system was implemented, there were 22 863 beneficiaries of maternity leave up to six months after child's birth and 16 686 beneficiaries of additional maternity leave (today: parental leave) from six months after child's birth until a child turns 1 year (source: Draft (No. 85) Act on Maternity and Parental Benefits; Croatian Health Insurance Fund). In December 2009, approximately one year after implementation of the new system, there were 17 194 beneficiaries of maternity leave up to six months after child's birth and 16 172 beneficiaries of parental leave from six months after child's birth until a child turns 1 year (source: Draft (No. 726) Act on Maternity and Parental Benefits; Croatian Health Insurance Fund).</p>				
<b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<table border="1"><thead><tr><th style="text-align: center;"><b>Level of the benefit</b></th></tr></thead><tbody><tr><td>Maternity benefit for employed or self-employed persons amounts to 100% of the monthly earnings of the insured person, calculated on the basis of average salary received in the six months preceding the maternity leave. There is no ceiling. Parental benefit for employed or self-employed persons is 100% of the monthly earnings, but cannot exceed a maximum of 80% of budget calculation base (currently HRK 2,660.80 (€347) per month). It cannot be lower than 50% of the budget calculation base (currently HRK 1,663.00 (€217) per month).</td></tr><tr><th style="text-align: center;"><b>Conditions of entitlement</b></th></tr><tr><td>Minimum period of insurance is required: 12 months of consecutive insurance or 18 months with interruptions during the last two years. The prescribed insurance period is the period that the person has accumulated on the basis of his/her employed or self-employed activity or on the basis of salary compensation after termination of employment. If this condition is not fulfilled, the insured person is entitled to salary compensation amounting to 50% of the budget calculation base currently HRK 1,663.00 (€217) per month).</td></tr></tbody></table>	<b>Level of the benefit</b>	Maternity benefit for employed or self-employed persons amounts to 100% of the monthly earnings of the insured person, calculated on the basis of average salary received in the six months preceding the maternity leave. There is no ceiling. Parental benefit for employed or self-employed persons is 100% of the monthly earnings, but cannot exceed a maximum of 80% of budget calculation base (currently HRK 2,660.80 (€347) per month). It cannot be lower than 50% of the budget calculation base (currently HRK 1,663.00 (€217) per month).	<b>Conditions of entitlement</b>	Minimum period of insurance is required: 12 months of consecutive insurance or 18 months with interruptions during the last two years. The prescribed insurance period is the period that the person has accumulated on the basis of his/her employed or self-employed activity or on the basis of salary compensation after termination of employment. If this condition is not fulfilled, the insured person is entitled to salary compensation amounting to 50% of the budget calculation base currently HRK 1,663.00 (€217) per month).
<b>Level of the benefit</b>					
Maternity benefit for employed or self-employed persons amounts to 100% of the monthly earnings of the insured person, calculated on the basis of average salary received in the six months preceding the maternity leave. There is no ceiling. Parental benefit for employed or self-employed persons is 100% of the monthly earnings, but cannot exceed a maximum of 80% of budget calculation base (currently HRK 2,660.80 (€347) per month). It cannot be lower than 50% of the budget calculation base (currently HRK 1,663.00 (€217) per month).					
<b>Conditions of entitlement</b>					
Minimum period of insurance is required: 12 months of consecutive insurance or 18 months with interruptions during the last two years. The prescribed insurance period is the period that the person has accumulated on the basis of his/her employed or self-employed activity or on the basis of salary compensation after termination of employment. If this condition is not fulfilled, the insured person is entitled to salary compensation amounting to 50% of the budget calculation base currently HRK 1,663.00 (€217) per month).					

	<p><b>Exclusively or partially calculated with respect to salary</b></p>	<p>Maternity benefit: exclusively calculated with respect to salary, no ceiling applies. Parental benefit: in principle calculated with respect to salary, but upper and lower limits apply.</p>
	<p><b>Maximum duration of the benefit</b></p>	<p>Maternity benefit is paid during maternity leave: 28 days before confinement until the child turns six months. Exceptionally, maternity leave may start 45 days before confinement. Compulsory part of maternity leave covers a period of 70 days after confinement and it is not transferrable (only a mother is entitled to it). After expiration of compulsory part of maternity leave (i.e. from 71<sup>st</sup> day after confinement), additional maternity leave until a child turns six months is transferrable and may be used either by a mother or a father. Parental benefit is paid during parental leave. Parental leave starts when a child is six months, and may be used in duration of 8 months (for the first and second child) or 30 months (for twins, third and each consecutive child). If only one parent uses parental leave, it lasts 6 months (for the first and second child) or 30 months (for twins, third and each consecutive child).</p>
	<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>	<p>Maternity benefit during compulsory part of maternity leave: only mother entitled to benefit. Maternity benefit after expiration of compulsory part of maternity leave (so-called additional maternity leave): either parent entitled to benefit (but not simultaneously). Parental benefit during parental leave: either parent (but not simultaneously).</p>
	<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p>	<p>Yes. The above calculation method applies. Benefit is calculated in relation to average salary received in the period of six months prior to taking the leave, i.e. later changes in salary do not affect it. Benefit cannot be lower than 50% of the budget calculation base (currently HRK 1,663.00 (€217) per month), regardless whether employed or self-employed parent works full or part-time.</p>
	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>	<p>Yes.</p>

	<p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "offset" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>	<p>Cash benefits during maternity or parental leave are paid at the expense of the Croatian Health Insurance Fund.</p>
	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>Both parents cannot claim salary-related child-raising benefits simultaneously. Compulsory maternity leave and pertaining benefit in the form of salary or income compensation can be claimed only by the mother. Additional maternity leave and parental leave, as well as pertaining benefits can be claimed either by a mother or a father.</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>	<p>All rights under the Act on Maternity and Parental Benefits (leaves, cash benefits) depend on a person's status as insured person in compulsory health insurance. Where no such status exists (whether as employed, self-employed, unemployed, retiree, student, family member of insured person not otherwise insured under any other basis etc.), no right can be granted under the Act. Therefore, salary-related child-raising benefits are contributory benefits and personal rights granted to parents in accordance with their status as insured persons in compulsory health insurance. Under Article 10(2) of the Compulsory Health Insurance Act, a family member (spouse, child, etc.) of insured person acquires the (derived) status of insured person in compulsory health insurance if he/she is not compulsory insured under any other basis provided in that act and if he/she has residence or is granted the right of permanent stay in Croatia "unless otherwise prescribed by EU law or international agreements". Consequently, this provision does allow a certain amount of flexibility to interpret national provisions in line with the CJEU case law, but there is no practice to confirm this opinion.</p>	



**CYPRUS**

<b>REPLY</b>	
<p><b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	<p>No child-raising benefit is provided in the Cypriot legal order, i.e. a benefit that would be paid to mothers or fathers who take time off on a full or part-time basis with a view to caring their child/children – such benefit typically being triggered upon expiry of the maternity/paternity benefit, aiming at mitigating the financial disadvantage entailed in giving up income from employment.</p> <p>Related benefits (but with a different function than the child-raising benefit) which are provided for in Cyprus are the ‘classical’ maternity benefit, the maternity grant (βοήθημα τοκετού), which is provided after the child’s birth on certain insurance conditions, and the family benefit (in the last case, depending on revenues, to families whose habitual place of residence is in Cyprus for a defined period).</p>
<p><b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	<p><b>Level of the benefit</b></p> <p>N/A</p>
	<p><b>Conditions of entitlement</b></p> <p>N/A</p>
	<p><b>Exclusively or partially calculated with respect to salary</b></p> <p>N/A</p>
	<p><b>Maximum duration of the benefit</b></p> <p>N/A</p>
	<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p> <p>N/A</p>
	<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p> <p>N/A</p>

	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>	N/A
	<p><b>Are employers who offer pay during statutory periods of parental leave entitled to either "off-set" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>	N/A
	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	N/A
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?<sup>87</sup></b></p>	N/A	

<sup>87</sup> See the *Hoever Zachow* judgment (C-245/94 and C-312/94) as well as the *Dodl Oberholzenzer* judgment (C-543/03). As the current practice, pursuant to the aforementioned case law, is under review and potentially subject to amendments, we are interested in understanding whether a Member State which is competent for one parent, who factually speaking does not take the child-raising task upon him/herself, would grant the salary-related benefit in favour of the other parent, who is responsible for taking care of the child despite being subject to the legislation of another Member State.



## CZECH REPUBLIC

### Preliminary remark

As a preliminary remark, it should be noted, that in the Czech Republic, there is the main child-raising benefit called "parental allowance". However, this benefit makes part of state social support system and is not related to income. It's provided for up to 4 years of child's age in a flat-rate – 220 000 CZK (some 8150 EURO). In the Czech sickness insurance scheme (Act No. 187/2006 Coll., on sickness insurance), there is the maternity benefit (financial assistance during maternity). This benefit seeks indeed to replace income during first child-raising period, during the maternity leave, which lasts in general for max. 22 weeks after the birth. This maternity benefit will be tackled in following answers.

<b>REPLY</b>					
<b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p>The maternity benefit was launched in 1968 – that time it was a right of the mother only. The possibility of transferring this right to the father was introduced with the new law in 2006, which entered into force in 2007. Statistics concerning the number of claimants of maternity benefit are publically not available.</p>				
<b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<table border="1" style="width: 100%;"> <tr> <td style="text-align: center;"><b>Level of the benefit</b></td> <td>From the first calendar day, the maternity benefit amount is 70% of the daily basis of assessment per calendar day.</td> </tr> <tr> <td style="text-align: center;"><b>Conditions of entitlement</b></td> <td>A basic condition for entitlement to financial assistance while on maternity leave is participation in insurance (e.g., continuation of insured employment) at the time of commencement of maternity leave. The time is determined by the expectant mother herself between the eighth and sixth week prior to the expected date of birth, or the date of birth if the birth occurs prior to the time of commencement of maternity leave. The period of protection for women whose insurance (employment) terminated during pregnancy is 180 calendar days from the date of termination of the insurance. The insured person must have participated in the sickness insurance scheme for at least 270 calendar days over the last two years before the date of starting the maternity leave to have the right to this benefit. The period of participation in sickness insurance for the right to maternity benefit includes the period of studies at a secondary school, vocational college or university considered to be the systematic preparation for a future profession. An insured person who is the father of a child or husband of a woman who bore the child also has the right to maternity benefit, if the person has concluded a written agreement with the mother of the child that he will take care of the child. The agreement must include data laid down by law, and may</td> </tr> </table>	<b>Level of the benefit</b>	From the first calendar day, the maternity benefit amount is 70% of the daily basis of assessment per calendar day.	<b>Conditions of entitlement</b>	A basic condition for entitlement to financial assistance while on maternity leave is participation in insurance (e.g., continuation of insured employment) at the time of commencement of maternity leave. The time is determined by the expectant mother herself between the eighth and sixth week prior to the expected date of birth, or the date of birth if the birth occurs prior to the time of commencement of maternity leave. The period of protection for women whose insurance (employment) terminated during pregnancy is 180 calendar days from the date of termination of the insurance. The insured person must have participated in the sickness insurance scheme for at least 270 calendar days over the last two years before the date of starting the maternity leave to have the right to this benefit. The period of participation in sickness insurance for the right to maternity benefit includes the period of studies at a secondary school, vocational college or university considered to be the systematic preparation for a future profession. An insured person who is the father of a child or husband of a woman who bore the child also has the right to maternity benefit, if the person has concluded a written agreement with the mother of the child that he will take care of the child. The agreement must include data laid down by law, and may
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		<p>be concluded with effect no sooner than the beginning of the 7th week after the childbirth.</p> <p>The maternity benefit is calculated exclusively with reference to salary, no flat-rate elements are envisaged. There is only a ceiling.</p> <p>The support period for the maternity benefit begins with the start of the maternity leave (no later than the beginning of the 6th week before the anticipated date of childbirth), and is 28 weeks for an insured woman who bears a child, even if she is an employee who is not married, is widowed, divorced, or alone for other serious reasons. For an insured woman who bears two or more children at the same time, the support period is 37 weeks and, after 28 weeks of the support period, the benefit will only be received if the insured woman continues to take care of at least two of these children. For an insured person who assumed the care of a child (on the basis of a decision of the relevant authority, due to the mother's death, or long-term serious disease, or on the basis of an agreement made with the mother of the child), the support period is 22 weeks. If this insured person takes care of two or more children at the same time, the support period is 31 weeks and, after 22 weeks of the support period, the maternity benefit will only be received if the insured person continues to take care of at least two of these children.</p> <p>If the income was partially reduced, the amount of the benefit will be adequately reduced. In general however, it's not possible to combine the entitlement to this maternity benefit with a gainful activity.</p> <p>As already explained, the benefit can be claimed by mother, or eventually by the father of the child, or by another insured person, who takes care after the child (e.g. an adoptive or foster parent). If parents want to make the above mentioned written agreement, that the father will take care after the child instead of the mother, such an agreement can be made only after 6 weeks after the child was born. The benefit will not be split, but it will be only one of the parents, who can claim it.</p> <p>Yes, only that the amount will be reduced.</p> <p>Not really, it's more a maternity benefit according to the Directive 92/85.<sup>88</sup></p>
<p><b>Exclusively or partially calculated with respect to salary</b></p>		
<p><b>Maximum duration of the benefit</b></p>		
<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>		
<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p>		
<p><b>Is the benefit intended</b></p>		

<sup>88</sup> Council directive 92/85/EEC of 19 October 1992 on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding



	<p><b>to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p> <p><b>Are employers who offer pay during statutory periods of parental leave entitled to either "off-set" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>	<p>The maternity benefit is paid from the state budget; the employer is only obliged to employ the parent returning from maternity/parental leave. For this obligation, there is no compensation. No salary is paid during parental leave.</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>As explained above, it's not possible. It's one or the other parent.</p> <p>As regards the above described maternity benefit, it's not possible, that such a benefit would be for a family as such. The person, who claims the benefit, must fulfil the conditions for entitlement under the sickness insurance act. As already mentioned, it's more a maternity benefit, than a family benefit, but still, it's replacing the income during the child-raising period and it's income-related.</p>



## DENMARK

<b>REPLY</b>																																																																	
	<p>An overall introductory comment is that the Danish child care allowance is in its current state defined by the law on child and youth care allowance (Lov om børne- og ungeydelse, LBK nr 964 af 19/09/2011) from 2011. This benefit is only related to salary in the way that since 2014, a recipient with a high salary (i.e. above the top-bracket tax level of 723.100 Danish kroner per year) will be offered a reduced benefit. In practice, the benefit is almost de facto universal as only a small share (about 10 percent, source: Ministry of Taxation: <a href="http://www.skm.dk/skattetal/statistik/generel-skattestatistik/bund-,-mellem-og-topskatteydere-1994-2015">http://www.skm.dk/skattetal/statistik/generel-skattestatistik/bund-,-mellem-og-topskatteydere-1994-2015</a>) of the total population of taxpayers earns above the top-bracket tax level. The following is based upon the Ministry of Taxation unless anything else is noted (<a href="http://www.skm.dk/skattetal/beregning/skatteberregning/boerne-og-ungeydelse-i-2015-og-2016">http://www.skm.dk/skattetal/beregning/skatteberregning/boerne-og-ungeydelse-i-2015-og-2016</a>). The child care allowance has been disbursed since 1987 and has undergone a series of changes throughout the years. In rough terms, the benefit can be characterised upon three time spans; from 1987 to 2010; from 2011 to 2013 and from 2014 onwards. The total expenses on the benefit from 1987 to 2015 are as follows</p> <p>In addition, a cash benefit is available to parents (<i>dagpenge ved barsef</i>)</p>																																																																
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	<p style="text-align: center;"><b>Level of the benefit</b></p>	<p>The level of the child care benefit in 2015 is as follows (Source: The website borger.dk, which is the citizens' joint entry to public authorities in Denmark, <a href="https://www.borger.dk/Sider/Boerne-ungeydelse.aspx">https://www.borger.dk/Sider/Boerne-ungeydelse.aspx</a>): 0-2 years old: 4,443 Danish kroner per quarter of a year 3-6- years old: 3,519 Danish kroner per quarter of a year 7-14- years old: 2,769 Danish kroner per quarter of a year 15-17- years old: 923 Danish kroner per month</p> <p>The level can of the child-raising benefit is determined as follows:</p> <p><i>Employees:</i></p> <p>Calculation on the basis of the hourly wage of the employee with a maximum of DKK 4,135 (€556) per week or DKK 111.76 (€15) per hour (37 hours per week), and on the number of hours of work.</p> <p><i>Self-employed:</i></p> <p>Calculation on the basis of the earnings from the occupational activity of the self-employed person, with the same maximum as mentioned above.</p>
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	<p style="text-align: center;"><b>Conditions of entitlement</b></p>	<p>Due to current Danish legislation, eligibility to the child care benefit is dependent on the following criteria (Source: The website borger.dk, which is the citizens' joint entry to public authorities in Denmark, <a href="https://www.borger.dk/Sider/Boerne-ungeydelse.aspx">https://www.borger.dk/Sider/Boerne-ungeydelse.aspx</a>):</p> <ul style="list-style-type: none"> <li>• residence in Denmark</li> <li>• fully liable to taxes aged above 18</li> <li>• the child is resident in Denmark* (see, however, note beneath)</li> <li>• the child is not provided for by public authorities</li> <li>• the child is unmarried</li> <li>• the recipient must have resided in Denmark for 2 years during the last 10 years in order to be eligible to the benefit</li> </ul> <p>Eligibility to the child-raising allowance is determined as follows:</p> <p><i>Employees:</i></p> <ul style="list-style-type: none"> <li>• Period of work of at least 120 hours in 13 weeks preceding the paid leave, or;</li> <li>• Unemployed entitled to benefits from unemployment insurance or similar benefits (activation measures), or;</li> <li>• Persons who within the last month have completed a vocational training course for a period of at least 18 months, or;</li> <li>• Pupils in a vocational training course regulated by law, or;</li> <li>• Persons in a "flexible job" with a private or public employer.</li> </ul> <p><i>Self-employed:</i></p> <ul style="list-style-type: none"> <li>• Professional activity on a certain scale (at least 18½ hours average weekly) for at least 6 months within the last 12-month period, of which 1 month immediately precedes the paid leave, or;</li> <li>• Receipt of flex wage subsidy (<i>flekslønstilskud</i>) (i.e. a benefit for self-employed who have a flexible job in their own company).</li> </ul>
	<p style="text-align: center;"><b>Exclusively or partially calculated with respect to salary</b></p>	<p>From January 1 2014, the child care benefit is made salary-related. This means that if the recipient or the recipient's spouse earns above the top-bracket tax level (723.100 Danish kroner per year), the benefit is reduced by 2 percent of the amount exceeds 723.100 Danish kroner (Source: The website borger.dk, which is the citizens' joint entry to public authorities in Denmark)</p> <p>The child-raising benefit is exclusively earnings-related.</p>

<p>18 years per child, i.e. from the child is born until (s)he turns 18 for the child care benefit (Source: The website borger.dk, which is the citizens' joint entry to public authorities in Denmark, <a href="https://www.borger.dk/Sider/Boerne-ungeydelse.aspx">https://www.borger.dk/Sider/Boerne-ungeydelse.aspx</a>).</p> <p>The maximum duration of the child-raising benefit is 32 weeks after the 14th week following birth.</p>	<p><b>Maximum duration of the benefit</b></p>	
<p>The child care benefit is automatically disbursed to the mother unless the father holds custody over the child. If the father holds custody but resides with the mother, however, the benefit is disbursed to her (Source: The website borger.dk, which is the citizens' joint entry to public authorities in Denmark, <a href="https://www.borger.dk/Sider/Boerne-ungeydelse.aspx">https://www.borger.dk/Sider/Boerne-ungeydelse.aspx</a>).</p> <p>In the case of a shared custody where the two parents live apart, the child care allowance is disbursed to the parent with whom the child has his or her permanent address (Source: Respondent in Udbetaling Danmark ('Disbursement Denmark'), Family Benefits, September 2015).</p> <p>The child-raising benefit may be shared between both parents. The modalities thereof is determined by the parents themselves.</p>	<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>	
<p>Concerning the child care benefit this is possible, but since the disbursement is not dependent on a specific salary, this is not relevant in the Danish case. The child care allowance is reduced if the recipient earns above the top-bracket tax level (723.100 Danish kroner per year), cf. history section above.</p> <p>This is also possible for the child-raising benefit.</p>	<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p>	
<p>No, the child care benefit is disbursed irrespectively of other social benefits (Source: Respondent in Udbetaling Danmark ('Disbursement Denmark'), Family Benefits, September 2015).</p>	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>	

	<p><b>Are employers who offer pay during statutory periods of parental leave entitled to either "off-set" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>	<p>No concerning the child care benefit (Source: Respondent in Udbetaling Danmark ('Disbursement Denmark'), Parental Leave, September 2015).</p> <p>Yes as concerns the child-raising benefit.</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>No. As noted above, the child care allowance can only be disbursed to one parent.</p> <p>Yes concerning the child-raising allowance. The modalities thereof are to be determined by the parents.</p> <p>We perceive the question to concern whether Denmark would disburse the child care allowance to the parent who takes upon the child-raising task in practice and not the parent who officially applies to be the recipient of the child care allowance. In such case, the disbursement of the child care allowance would be to the mother unless the father holds custody over the child or, in case of shared custody, to the parent with whom the child officially resides (Source: Respondent in Udbetaling Danmark ('Disbursement Denmark'), Family Benefits, September 2015).</p> <p>In relation to the issue of which member state is responsible for disbursing the benefit, it can be noted that family benefits in general are disbursed according to lex loci laboris, i.e. depending on the country of employment (Source: Respondent in Udbetaling Danmark ('Disbursement Denmark'), Family Benefits, September 2015).</p> <p>Unclear concerning the child-raising benefit.</p>



## ESTONIA

	<b>REPLY</b>
<p><b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	<p>Firstly, a woman has the right for pregnancy and maternity leave for 140 days. For that period the Estonian Health Insurance Fund is paying the <i>maternity benefit</i>, which is calculated on the basis of the social tax paid for the worker in previous calendar year (e.g. if the maternity leave is taken out in 2015, the benefit is calculated according to the social tax paid in 2014). The level of the maternity benefit is 100% of the average daily income of previous calendar year.</p> <p>Secondly, a mother or father has the right to child care leave until his or her child reaches the age of three years (the right to child care leave starts after the right to pregnancy and maternity leave ends). Child care leave may be used by one person at a time. Child care leave may be used in one part or in several parts every year. During child care leave a parent has the right to parental benefit (see below, calculated with reference to previous income) or child care allowance (76 eur 70 cent per month, paid according to the state family benefits act). The child care allowance is paid after the right to parental benefit has ceased.</p> <p><i>Parental benefit</i>, which aim is to grant the previous income for persons whose income decreases due to the raising of a child, and to support the reconciliation of work and family life, was introduced in 1, January, 2004. The benefit is granted for the period of 435 days as of the date on which the right to receive the benefit arises. The amount of the benefit per calendar month shall be calculated on the basis of the average income of the applicant for the benefit per calendar month. The average income per calendar month is income which is subject to social tax paid for the person for previous calendar year. The maximum amount of the benefit per calendar month is three times the average income subject to social tax of the year before the previous calendar year prior to the date on which the right to receive the parental benefit arises. In year 2015 it is 2548 eur per month. In case a person has not had socially taxable income, then the rate of the parental benefit is determined by Parliament by state budget. In year 2015 it is 390 eur per month.</p> <p>One reason Estonian Parliament (Riigikogu) introduced the parental benefit, was the fact that the natural growth of Estonian population was poor. One of the reasons might have been also the fact that before parental benefit, the state support for child rising was poor as there was very little support for families after the maternity benefit ended (the child care allowance, mentioned above, has always been very low; the day care facilities are available for children usually after they are 1,5-2 years old).</p> <p>The parental benefit has worked out well, although, there are some discussions in society whether it is too generous. At the</p>

<p>same time the economically more strong women have had more children, as the parental benefit together with the maternity benefit gives them economic security after the child is 1 and half year old, and at this time it is more realistic to leave the child to kindergarten.</p> <p>Below I will bring the number of persons who have received the parental benefit (data from Statistics Estonia)</p> <table border="1"> <tr> <td>2004</td><td>2005</td><td>2006</td><td>2007</td><td>2008</td><td>2009</td><td>2010</td><td>2011</td><td>2012</td><td>2013</td><td>2014</td> </tr> <tr> <td>22569</td><td>23797</td><td>27172</td><td>24063</td><td>29534</td><td>33729</td><td>35356</td><td>34368</td><td>32489</td><td>31119</td><td>30759</td> </tr> </table> <p>Below I will give information how many persons have received the maximum amount of the benefit (data from Statistics Estonia)</p> <table border="1"> <tr> <td>2004</td><td>2005</td><td>2006</td><td>2007</td><td>2008</td><td>2009</td><td>2010</td><td>2011</td><td>2012</td><td>2013</td><td>2014</td> </tr> <tr> <td>913</td><td>831</td><td>1098</td><td>1016</td><td>1420</td><td>1695</td><td>1292</td><td>1038</td><td>1119</td><td>1184</td><td>1286</td> </tr> </table> <p>Below I will give information how many persons have received the minimum amount of the benefit (data from Statistics Estonia)</p> <table border="1"> <tr> <td>2004</td><td>2005</td><td>2006</td><td>2007</td><td>2008</td><td>2009</td><td>2010</td><td>2011</td><td>2012</td><td>2013</td><td>2014</td> </tr> <tr> <td>5381</td><td>5947</td><td>6314</td><td>5796</td><td>6898</td><td>6777</td><td>5888</td><td>5172</td><td>4876</td><td>5102</td><td>5337</td> </tr> </table> <p>Below I will describe the parental benefit.</p>	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	22569	23797	27172	24063	29534	33729	35356	34368	32489	31119	30759	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	913	831	1098	1016	1420	1695	1292	1038	1119	1184	1286	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	5381	5947	6314	5796	6898	6777	5888	5172	4876	5102	5337	<p><b>Level of the benefit</b></p> <p>In year 2015 the minimum level of parental benefit is 390 EUR (hereinafter: benefit rate) and the maximum amount is 2548 EUR.</p> <p>The right to receive the benefit is for permanent residents of Estonia and aliens residing in Estonia on the basis of a temporary residence permit or temporary right of residence (hereinafter <i>residents of Estonia</i>). A resident of Estonia who has residence in several states has the right to receive the benefit if he or she is a resident within the meaning of subsection 6 (1) of the Income Tax Act or if he or she resides permanently in Estonia within the meaning of the Aliens Act or the Citizen of the European Union Act.</p> <p><b>Conditions of entitlement</b></p> <p>A parent, adoptive parent, step-parent, guardian or caregiver raising a child with respect to whom a written foster care contract has been entered into has the right to receive benefit. Before the child attains seventy days of age, the mother of the child who is raising the child has the right to receive the benefit except if the mother of the child is dead or fails to perform the obligation to raise and care for the child arising</p>
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<p>from the Family Law Act. If one of the parents is on parental leave (child care leave (see above) after the child attains seventy days of age, that parent has the right to receive the benefit.</p>	
<p>For persons who have had salary from where the social tax has been calculated the previous year, the benefit is calculated with respect to the salary up to the maximum amount (the maximum amount of the benefit per calendar month is three times the average income subject to social tax of the year before the previous calendar year prior to the date on which the right to receive the parental benefit arises. In year 2015 it is 2548 eur per month).</p> <p>For persons who have not had income where social tax has been calculated, the parental benefit is paid in fixed sum (at benefit rate) which is determined every year by state budget (in 2015 it is 390 EUR).</p>	<p><b>Exclusively or partially calculated with respect to salary</b></p>
<p>435 days from the date when the right arises. The right to receive the benefit arises as of the date following the final date of the certificate for maternity leave or a certificate for adoption leave which grants the right to receive maternity benefit or adoption benefit provided for in the Health Insurance Act. If the mother of a child does not have the right to receive maternity benefit, the right to receive parental benefit arises as of the birth of the child.</p>	<p><b>Maximum duration of the benefit</b></p>
<p>See conditions of entitlement. After the child is 70 days old, both parents can claim the benefit. At a time, only one parent can receive the benefit. If one parent is on child care leave, this parent has the right to the benefit.</p>	<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>
<p>If a person at a period when he receives parental benefit also receives income from where social tax is calculated, the benefit is reduced.</p> <p>More precisely, if the recipient of benefit receives income subject to social tax (including from another Contracting Party to the EEA Agreement or from the Swiss Confederation), except the income from self-employment, which exceeds the benefit rate (in 2015 it is 390 EUR), during the calendar month of payment of the benefit, the amount of income exceeding the rate of the benefit divided by two shall be deducted. The amount of the benefit shall be at least half of the benefit granted to the person but not smaller than the benefit rate.</p>	<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p>
<p>I would say yes.</p>	<p><b>Is the benefit intended to</b></p>

	<p><b>complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>	
<p>This scheme, that employer continues to offer pay during parental leave, is usually not in practice in Estonia. If it would be so, the employer is not entitled to off set the social tax nor the salary of the worker. If employer offers pay, the social tax is calculated from that pay, and for this reason the parental benefit is reduced.</p>	<p><b>Are employers who offer pay during statutory periods of parental leave entitled to either "off-set" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>	
<p>After the child is 70 days old, both parents can claim the benefit, but it is not possible to receive the benefit simultaneously. The benefit is available for one parent at a time. But parents can change their right every month during the period the benefit is available.</p>	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	
	<p>No.</p>	<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>



FINLAND

REPLY

There is no salary-related child-raising benefits in spite of **maternal, paternal and parental allowances**. After those one can get a flat rate **child home care allowance, partial care allowance or flexible care allowance** or a **private day care allowance** to support one's child-raising and combining work and care, but they are not income related. However, one can get a **care supplement** to Child home care allowance and private day care allowance, which depends on the family's total income. Also the **fees in municipal day care** depend on the family's income and size. The maximum fee for one child is 283 € per month. (See <http://www.okm.fi/OPM/Koulutus/varhaiskasvatus/?lang=en> )

The idea behind the CHCA is that all children under school age – which is 7 – have a subjective right to municipal day care. CHCA was created to compensate those parents not able to use municipal day care (for example living in remoted areas) or not willing to do that. Private home care allowance compensates those willing to buy daycare from the market. Subjective right to day care as well as country wide right to CHCA were introduced in 1985 as well as a parents right to care leave from work. In addition to the national CHCA, many municipalities have encouraged parents to use CHCA instead of municipal day care services by offering an additional Municipal Home Care Allowance. The municipalities are free to decide on the criteria and the amount of this allowance independently. The use and amount of this allowance varies in time, but approximately half of the municipalities have used it (See Miettunen 2008, <https://helda.helsinki.fi/bitstream/handle/10250/7933/Tutkimuksia101.pdf?sequen> , of history of parental allowances and the encouraging of both parents to a more equal take-up of leaves see f. eg, Varjonen 2011, <https://helda.helsinki.fi/bitstream/handle/10138/27824/Tutkimuksia18.pdf?sequence=3> )

The other allowances are planned to help combining work and child raising. Flexible care allowance is for those parents of children under 3 and Partial care allowance is for parents of a child in the 1<sup>st</sup> or 2<sup>nd</sup> year of school, who are willing to work part time and care for part time. Parents have a right to partial leave from work and these allowances compensate the loss of earnings.

There were 159 244 children in the municipality's own services in 2014 (See Sotkanet: <https://www.sotkanet.fi/sotkanet/en/taulukko/?indicator=sy52ttY1szbVM7Q2TLY2BkMnta65kAxIGUWb2hibasnC5RLgsj5AeUA&region=s07MBAA=&year=sy4rtTBR0zUEAA=&gender=t&abs=f&color=f> ) while 133 548 children were taken care with the help of the CHCA and the Private day care allowance.

Child care subsidies: Number of recipients and subsidies paid out  
Whole country

	Benefit	Benefit/	Benefit/	Child care

**HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT**

Time	Content of subsidy	Type of subsidy	Recipients	Children	paid out in EUR	recipient EUR/month	child EUR/month	fee/recipient EUR/month	Fee/child EUR/month
2014	Subsidies mandated by law	Total	147 823	208 769	371 282 535	342,69	251,81	956,31	760,14
		Home care allowance	113 783	169 558	309 349 293	415,25	285,08	0,00	0,00
		Private day-care allowance	19 765	27 649	36 063 384	222,00	170,27	956,31	760,14
		Partial care allowance	14 824	15 261	9 627 243	97,67	99,00	0,00	0,00
		Flexible care allowance	15 766	15 251	16 242 616	182,77	187,47	0,00	0,00

([http://raportit.kela.fi/ibi\\_apps/WFServlet](http://raportit.kela.fi/ibi_apps/WFServlet))

There are also other benefit to support families in child caring. Parents with whom the child lives are paid **child allowance** until the child turns 17. Seriously ill or disabled children may be entitled to **disability allowance**. Parents or other persons taking care of a seriously ill or disabled child may also get **Informal care support** from the local municipality. The care support is paid as stepped payments according to the binding natures and level of requirements of the care – not the previous salary of the carer. The minimum amount of care support is €310,44 per month.

**Single parent** families are often eligible for benefits at an increased rate: eg. single-parent supplement to child benefit. Single-parents may claim child maintenance allowance if one does not receive child support or it is too low or e.g. general housing allowance.

**Multiple-birth families** or families adopting two or more children at the same time get some of the benefits at higher rate or for longer period. Eg. parental allowance for additional 60 days and both parents can stay home at the same time.

**DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT**

**Level of the benefit**

The sum of maternal, paternal and parental allowance is calculated according to previously taxed earnings. The amount of the parental allowance is usually about 70% of your earnings. The minimum allowance is always €24,02 per working day.

		<p>Child home care allowance is paid separately for every child eligible for the allowance. The amount of care allowance is € 342,53 per month for one child under 3 years of age; € 102,55 per month for each additional child under 3 years of age and € 65,89 per month for a child over 3 years of age but under school age (7 years). Care supplement depends on the size and gross income of the family. The maximum amount of care supplement is € 183,31 per month. It is paid for one child only. For example a family of 4 or more receives no care supplement if the income of the family is € 4020,32 or more. (See more closely <a href="http://www.kela.fi/families">www.kela.fi/families</a> )</p> <p>Flexible care allowance is € 244,18 if the recipient works no more than 22,5 hours per week or no more than 60% of normal full-time hours or € 162,78 per month if the recipient works more than 22,5 hours or more than 60% but no more than 80% of normal full-time hours. It is taxable income.</p> <p>Partial care allowance is €98,09 per month. It is paid for one child only even if there are more 1<sup>st</sup> and 2<sup>nd</sup> graders in the family. It is taxable income.</p>
	<p><b>Conditions of entitlement</b></p>	<p>Maternal allowance is for mothers, Paternal leave for fathers, Parental leave is for mother or father of a new born child. There is also Partial parental leave, which the father and the mother can take at the same time providing they both work part time.</p> <p>Child home care allowance is eligible to a parent or other legal guardian with a child under 3 years of age who is not in municipal day care. Also a sibling of a child under 3 years of age may be granted CHCA. According to the Employment Contracts Act a parent of a child under 3 years of age is also entitled to a care leave. One must notify one's employer at least 2 months before one plan to take the leave. One can take one's care leave in one or two periods – unless one's employer agrees to several periods. However, parents can also work and receive the allowance at the same time. Crucial is, that the child is not in municipal day care.</p> <p>Flexible care allowance can be paid to a parent who works no more than 30 hours per week on average or no more than 80% of normal full-time hours. Flexible care allowance is payable for one child at a time only.</p> <p>Partial care allowance is for employed parents of a child in the 1<sup>st</sup> or 2<sup>nd</sup> year of school, who work no more than 30 hours per week. One must have been with the same employer for at least 6 months over the past year. both parents can receive partial care allowance if they are not off work at the same time.</p> <p>Private day care allowance can be claimed by a family whose under-school-age child is looked after by a nanny hired by the family or by private day care provider – that is, the child do not have a place in municipal day care.</p>

<p>Maternal, paternal and parental allowances are calculated exclusively with one's salary. But if one doesn't have any income, there is a universal, flat rate compensation of € 24,02 per working day.</p> <p>Child home care allowance is a flat rate benefit, but one can get a Care supplement on top of it, which depends on the size and gross income of the family.</p> <p>Private day care allowance is also a flat rate benefit but can as well include a care supplement, which depends on the family's income. It is paid separately for each child eligible for the benefit.</p> <p>Flexible care allowance or private day care allowance are flat rate benefits.</p> <p>Parental allowance is paid for 158 working days (just over 6 months).</p> <p>One is entitled to CHCA or to the Flexible care allowance until the child turns 3 years of age. Private day care allowance is for children under school age. Partial care allowance is for parents of a child in the 1<sup>st</sup> or 2<sup>nd</sup> year of school.</p> <p>Either of the parent can receive CHCA but not at the same time. The CHCA is paid per child.</p> <p>Flexible care allowance can be paid to both parents at the same time if they make work arrangements that allow them to look after the child at different times (e.g. one parent on Mondays and the other on Fridays). Also a parent not living in the same household with the child can receive the allowance (f.ex. a divorced mother).</p> <p>Both parents can take partial care leave as long as they share the responsibility for looking after the child and are not off work at the same time. If both parents take partial care leave, both of them are also eligible for partial care allowance. Partial care allowance is also available to so-called non-resident parent, i.e. a parent who does not live in the same household with the children</p> <p>Parental leave can be taken by the mother or the father and the parental allowance is paid accordingly. The parents can also alternate the leave, but not take it at the same time – with exception of multiple birth families. If the parents share the leave they can each take up to 2 periods of leave divided between as they wish.</p> <p>Partial parental leave, which the father and the mother can take at the same time providing they both work part time and receive partial parental allowance.</p> <p>Both partial care leave and partial care allowance as well as partial parental leave with partial parental allowance are ment to make part-time/flexible working possible and to compensate the loss of earnings.</p>	<p><b>Exclusively or partially calculated with respect to salary</b></p>
<p><b>Maximum duration of the benefit</b></p>	<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>
<p><b>Can the benefit be claimed in case of partial reduction of</b></p>	

	<p><b>income pursuant to part-time/flexible working?</b></p>	
	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>	<p>After parental leave the child is about 9 months old. After the leave</p> <ul style="list-style-type: none"> <li>• father can take paternity leave and get allowance</li> <li>• mother, father or another carer may stay at home to look after the child or the family may hire a carer alone or together with other families until she/he turns three and receive child home care allowance (CHCA)</li> <li>• the child may be cared for by a private child care provider, in which case the family may claim private day care allowance</li> <li>• a family with under three years old child may work part time (no more than 30 hours per week) and receive flexible care allowance</li> <li>• the child may attend municipal day care.</li> </ul>
	<p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "off-set" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>	<p>According to the Employment Act an employer need not to pay salary during neither the maternal leave nor parental leave. However, many collective agreements provide for full salary during the maternity leave. Usually parents on paternal leave do not get paid but receive the paternal allowance only.</p> <p>The benefits can be paid directly to the employer in case it has paid salary during the employee's leave.</p>
	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>As mentioned above:</p> <p>Either of the parent can receive CHCA but not at the same time. The CHCA is paid per child.</p> <p>Flexible care allowance can be paid to both parents at the same time if they make work arrangements that allow them to look after the child at different times (e.g. one parent on Mondays and the other on Fridays). Also a parent not living in the same household with the child can receive the allowance (f.ex. a divorced mother).</p> <p>Both parents can take partial care leave as long as they share the responsibility for looking after the child and are not off work at the same time. If both parents take partial care leave, both of them are also eligible for partial care allowance. Partial care allowance is also available to so-called non-resident parent, i.e. a parent who does not live in the same household with the children</p>

		<p>Parental leave can be taken by the mother or the father and the parental allowance is paid accordingly. The parents can also alternate the leave, but not take it at the same time – with exception of multiple birth families. If the parents share the leave they can each take up to 2 periods of leave divided between as they wish.          Partial parental leave, which the father and the mother can take at the same time providing they both work part time and receive partial parental allowance.</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>	<p>Maternal or parental allowances are individual and the amount of them is considered according to the receivers income. The receiver must be insured her/himself.</p> <p>However, following an amendment to the law which became effective January 1<sup>st</sup> 2015, fathers and mothers can work during the parental leave. In practice this might enable a parent not insured in Finland to take care of a child. The allowance paid in these circumstance is, however, rather small: If a father or mother work during the parental leave, he or she will be paid parental allowance at the minimum rate.</p> <p>Child home care allowance is paid if the child is not in municipal day care to the eligible parent. It is not controlled who in practice takes care of the child. If Finland is the country responsible for the family benefits of the family, CHCA is paid for a child living in another EU-country.</p>	





FRANCE

REPLY	
<p><b>History</b></p> <p>France has a long history of child-raising benefits granted to parents who choose to interrupt their professional activity. The purpose of the last 30 years reforms has been to simplify the rules, make it financially sustainable and encourage a better splitting between parents:</p> <ul style="list-style-type: none"><li>- In 1985, the "allocation parentale d'éducation" is created</li><li>- In 2004, the "allocation parentale d'éducation" is replaced by the "Complément de libre choix d'activité".</li><li>- In 2015, the "Complément de libre choix d'activité" (CLCA) is replaced by the "prestation partagée d'éducation de l'enfant (PreParE)". The PreParE applies to children born after 1<sup>st</sup> January 2015. One of the objectives of this new benefit is to encourage the splitting between both parents.</li></ul> <p><b>Statistical elements</b></p> <ul style="list-style-type: none"><li>- In 2012, CLCA was granted to roughly 530 000 parents for an overall cost of 2.1 Billion €</li><li>- 96% of claimers were women. 45% of them claimed a reduced rate benefit corresponding to a part-time activity; 1/3 were exercising an activity between 50 and 80% of full-time; 10% an activity of less than 50%.</li><li>- Most CLCA (92%) are claimed for the 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> child. For the 1<sup>st</sup> child the average length is 5 months (compared to a max. of 6 months). Only 56% of the parents use up the maximum length</li></ul>	
<p><b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	
<p><b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	<p><b>Level of the benefit</b></p> <p>See figures below</p> <p>To interrupt wholly or partially professional activity</p> <p><b>Conditions of entitlement</b></p> <p>To have a record of at least 8 trimesters of social security contribution at the moment of the claim</p> <p>To be in charge of a child under 3 years old (or under 20 years old if the child has been adopted)</p> <p>No means-test</p>

<p>Benefit amount not related to the salary.</p> <p>The benefit amount depends on whether the activity is wholly or partly interrupted: 390 €/month (full interruption), 252 €/ month (half-time interruption), 145 €/ month (interruption less than half time)</p> <p>A supplement "PreParE majorée" is granted if: at least 3 dependent children + full interruption of professional activity. If both conditions are met, the benefit amounts to 638 € / month</p>	<p><b>Exclusively or partially calculated with respect to salary</b></p>
<p>Duration depends on two criteria: number of dependent children; family structure.</p> <p>Example 1: for 1 dependent child raised by a single parent, duration is limited to one year (until 1<sup>st</sup> birthday of child).</p> <p>Example 2: for any additional dependent child raised by a couple, each parent is entitled to two years of benefit (until the youngest child reaches the age of 3).</p> <p>Example 3: for 3 children and more, each parent can claim the "PreParE majorée" for 8 months max. (until 1<sup>st</sup> birthday of youngest child)</p>	<p><b>Maximum duration of the benefit</b></p>
<p>Compared to the previous benefit (CLCA), the "PreParE" creates incentives for a better splitting of the benefit between parents (rules not applicable in case of lonely parents).</p> <p>Example 1: For the 1<sup>st</sup> child, each parent is entitled to the benefit for 6 months (until 1<sup>st</sup> birthday of child). The law does not allow to divide the 12 months differently (e.g. 4 months by one parent and 8 months by the other parent is not allowed). In the former system applicable to children born until 31<sup>st</sup> Dec.2014, the benefit was granted for 6 months max. and for only one parent.</p> <p>Example 2: if the couple has another child, each parent is entitled to the benefit for max. 24 months (until 3<sup>rd</sup> birthday of child). In the former system applicable to children born until 31<sup>st</sup> Dec.2014, one parent could be granted 36 months max.</p>	<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>
<p>Yes (see above)</p>	<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to</b></p>

	<p><b>part-time/flexible working?</b></p> <p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p> <p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "off-set" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p> <p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>Yes (see above system of splitting)</p> <p>The "PreParE" cannot be cumulated with work income. Even if a collective agreement provides for maintain of salary during the parental leave (to my knowledge, this situation does not exist), the employer would not be entitled to claim any reimbursement from social security.</p> <p>The "PreParE" cannot be cumulated with social security cash benefits. For example, unemployment benefits cannot be cumulated with the "PreParE", but it is possible to delay the granting of the unemployment benefits for the period of the "PreParE". By deoagation, a female civil servant is entitled to cumulate his/her full time salary during maternity leave and the "PreParE" at part-time rate</p> <p>The benefit can be claimed simultaneously or alternately by the parents. If the benefit is claimed simultaneously, the overall amount granted to both members of the couple is however limited to the "full interruption" rate (390 € / month)</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>	<p>I don't think so. The benefit is an individual right: according to Art. L531-4 of the social security code, the "PreParE" is granted "to the person who chooses not to exercise a professional activity in order to take care of a child...". Further on, the same law stipulates that "<u>When both members of a couple are each entitled to the PreParE...and that each one claims the benefit...</u>".</p>	



## GERMANY

	REPLY
<b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p>In Germany, there is only one benefit, which seeks to replace income during child-raising periods and that is calculated wholly or partially with reference to a salary or professional income. It is the "Elterngeld" (literally: "parents' money"), paid according to § 1 Federal Child-Raising Allowance and Parental Leave Act (Bundeselterngeld- und Elternzeitgesetz, BEEG, from 5.12.2006, BGBl. I 2006, p. 2748). An English description of the complicated rules is given by the German ministry under <a href="http://www.bmfsfi.de/RedaktionBMFSFJ/Broschuerenstelle/Pdf-Anlagen/ElterngeldPlus-mit-Partnerschaftsbonus-englisch_property=pdf_bereich=bmfsfi_sprache=de_rwb=true.pdf">http://www.bmfsfi.de/RedaktionBMFSFJ/Broschuerenstelle/Pdf-Anlagen/ElterngeldPlus-mit-Partnerschaftsbonus-englisch_property=pdf_bereich=bmfsfi_sprache=de_rwb=true.pdf</a>.</p> <p>The BEEG entered into force on 1. January 2007. The "Elterngeld" is the successor of the child raising allowance "Erziehungsgeld", which was paid according to the Child-Raising Allowance Act (Bundserziehungsgeldgesetz, BErzGG, from 6.12.1985, BGBl. I 1985, p. 2154, entered into force on 1. January 1986. During the first three months of 2015, 835 000 persons received „Elterngeld“. 88 % (733 000) of them were mothers, and 12 % of them (102 000) were fathers (<a href="https://www.destatis.de/DE/PresseService/Presse/Pressemittelungen/2015/06/PD15_223_22922.html;jsessionid=B41947091A215C1737A96857EF26F923.cae4">https://www.destatis.de/DE/PresseService/Presse/Pressemittelungen/2015/06/PD15_223_22922.html;jsessionid=B41947091A215C1737A96857EF26F923.cae4</a>).</p>
<b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p><b>Level of the benefit</b></p> <p>The minimum amount of parental benefits is 300 €, the maximum amount of parental benefits is 1.800 €, § 2 para. 1 s. 2, para. 4 s. 1 BEEG (details below, under 'Exclusively or partially calculated with respect to salary').</p> <p><b>Conditions of entitlement</b></p> <p>The BEEG requires the person entitled to live in one household with the child, to care for and raise the child and furthermore not to exercise any or no full rate employment (see § 1 para. 1 - 3 BEEG).</p> <p><b>Exclusively or partially calculated with respect to salary</b></p> <p>According to § 2 para. 1 BEEG the parental benefit is 67 % of the average monthly net wages the year before the childbirth. For the calculation of the monthly wages the income tax act, Einkommensteuergesetz (EStG) is partially referred to (§ 2 BEEG). The crucial element is the income of the entitled person, i.e. the parent responsible for raising the child.</p> <p>This 67 %-rule does only apply, if the average monthly net wages the year before the childbirth was between 1,000 € and 1,200 €.</p> <p>Regarding wages under 1,000 € there is an increase arranged, § 2 para. 2 s. 1 BEEG. The lower the income, the bigger the increase. It is 0.1% for every 2 €, with which the income differs from 1,000 €, up to 100%. That means e.g., that a person, who had a monthly net income of 700 €, receives 82% (67% plus 15%) of this sum, i.e. 574 €. A person, who had a</p>

		<p>monthly net income of 340 €, receives 100% (67% plus 33%) of this sum, i.e. 340 €.</p> <p>The minimum amount of parental benefits is 300 €, § 2 para. 4 s. 1 BEEG.</p> <p>Regarding wages of 1,200 € and more there is a decrease arranged, § 2 para. 2 s. 2 BBEG. The higher the income, the bigger the decrease. It is 0.1% for every 2 €, with which the income differs from 1,200 €, down to 65%. That means e.g., that a person, who had a monthly net income of 1.220 €, receives 66% (67% minus 1%) of this sum, i.e. 805.20 €. A person, who had a monthly net income of 1,240 €, receives 65% of this sum, i.e. 806 €. A person, who had a monthly net income of 1,500 €, receives 65% of this sum, i.e. 975 €.</p> <p>The maximum amount of parental benefits is 1.800 €, § 2 para. 1 s. 2 BEEG.</p> <p>There are no payments, if, according to income tax law, the income of the person was higher than 250,000 € in the last calendar year (couples: 500,000 €), § 1 para. 8 BEEG.</p> <p>Additional rules apply with multiples and other children, which were born in a short period of time, § 2a BEEG.</p>
	<p style="text-align: center;"><b>Maximum duration of the benefit</b></p>	<p>The benefits are paid up to twelve months and altogether no longer than 14 months. In the case of single-parent families and other instances it is possible for the single parent to get parental benefits for 14 months (§ 4 para 6 BEEG).</p> <p>For parents of children who are born after 30<sup>th</sup> June 2015, there exists the possibility to have "ElterngeldPlus". The entitlement may exist even if the person has only reduced his or her work time. In this case, according to § 4 para 3 BEEG, the entitlement period is extended by factor two, but the maximum of the Elterngeld is half of the "normal" Elterngeld for parents who do not work at all. Here, one Elterngeld month becomes two ElterngeldPlus months, and the ElterngeldPlus, like the Elterngeld, replaces the loss or the reduction in income by 65 to 100 percent in the described way (§ 4 para 3 s. 1 BEEG). But the sum of the ElterngeldPlus may not be more than the half of the Elterngeld, which would be paid, if the person had no income (§ 4 para 3 s. 2 BEEG).</p> <p><b>Example:</b> If a person, in the year before birth, had a netto income of 1,400 € and reduces it after the birth to 400 €, he or she has a right to receive ElterngeldPlus. According to the general rule (§ 4 para 3 s. 1, § 2 para 2 BEEG), it's amount is 65% of the reduction sum (1,000 €), i.e. 650 €. But according to § 4 para 3 s. 2 BEEG, the sum may not be more than the half of the Elterngeld, which would be paid, if the person had no income. This sum would be 910 € (65% of 1,400 €). So, the ElterngeldPlus will sum to the half of 910 €, i.e. 455 €</p>

		<p>(example according to <i>von Koppenfels-Spieß in Knickrehm e.a.</i>, Sozialversicherungsrecht, 4th edition, Munich 2015, § 4 BEEG, No. 13).</p> <p>Additionally, the time of 14 months can be exceeded for another two months according to § 4 para 4 s. 2 BEEG. This rule requires, that both parents care for the child and that (only) one parent has a reduction or a loss of income ("Partnermonate" partnership months). This time of two months gets exceeded to four months, if both parents do not work less than 25 and not more than 30 hours a week, § 4 para 4 s. 3 BEEG ("Partnerschaftsbonus" partnership bonus).</p> <p>For parents of children who are born before 1<sup>st</sup> July 2015, old law applies, which made a factor-two-extension possible, but - in a lot of cases - led to lower payments.</p>
	<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>	<p>According to the BEEG, both parents have a right to Elterngeld, and both have the right to exercise it even simultaneously. The maximum duration for one person is 12 months. That means, that, e.g., the mother may take an off time period of four months with an Elterngeld-payment, and the father may take an off time of ten months with an Elterngeld-payment, simultaneously or later, but all within a period of 14 months after birth. Extensions with a factor two are possible under the half-payment-rule of "ElterngeldPlus", § 4 para 3 BEEG, and extensions for up to four months are possible, if both parents care for the child together, under the "Partnermonate"- and "Partnerschaftsbonus"-rule, § 4 para 4 BEEG (see above, under 'Maximum duration of the benefit').</p>
	<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p>	<p>Yes; see above, under 'Maximum duration of the benefit'.</p>
	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>	<p>Parents are entitled by § 15 BEEG to an unpaid parental leave from work. According to § 15 para. 5 - 7 BEEG, they are entitled to a reduction of working hours in companies with more than 15 employees if there are no objections in the form of urgent operational reasons. That means, that parental leave rights within the meaning of the Parental Leave Directive are regulated in § 15 BEEG, and not in the above quoted §§ 1 - 4 BEEG. Nonetheless, the function of the parental leave benefit "Elterngeld" (§§ 1 - 4 BEEG) is, of course, to complement the exercise of parental leave rights within the meaning of the Parental Leave Directive.</p>

	<p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "offset" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>	<p>According to the BEEG, employers are not obliged to continue payments during statutory periods of parental leave. Thus, there is no need to entitle them to reimbursement.</p> <p>Such a reimbursement system exists only for employer's payments according to the Mutterschutzgesetz (MuSchG, Maternity Protection Act). In Germany during the period of not being employed due to MuSchG (normally six weeks before the birth of the child and eight weeks after childbirth), the woman continues to receive her former average wages. These maternity benefits are paid to a certain extent by health insurance (§§ 11, 13 MuSchG). The remaining amount is paid by the employer. In earlier days these maternity benefits resulted in the fact that employers were not willing to employ women presumed to be giving birth in the future. This situation was corrected in the beginning of 2006 by the Act on the Compensation of Employer Expenditures and to Amend Further Laws (Aufwendungsausgleichsgesetz, AAG from 22.12.2005, BGBl. I 2005, p. 3686). According to this law, every employer has to contribute with a certain percentage of the wages he or she pays. In the event of employing a pregnant employee or mother, the employer is then entitled to a compensation of these payments, as per § 1 Para. 2 AAG.</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>Yes; see above, under 'Maximum duration of the benefit'.</p> <p>Yes. The BEEG entered into force on 1. January 2007. The "Elterngeld", which is paid according to §§ 1 ff. BEEG, is the successor of the child raising allowance "Erziehungsgeld", which was paid according to the Child-Raising Allowance Act (Bundserziehungsgeldgesetz, BERzGG, see above). In its <i>Hoever Zachow</i> judgment (C-245/94 and C-312/94), the ECJ decided, that the German "Erziehungsgeld" is a benefit, to which a family is entitled such as a child-raising allowance (parental allowance) from the State of employment, regardless of which parent factually fulfils the conditions of entitlement under national law in relation to the salary-related child-raising benefits. Under the new law (BEEG), this situation has not changed. There is a broad consensus in literature, that this is so (<i>Ottling</i> in Hauck/Noftz, EU-Sozialrecht, 2015, VO 883/04, K Art. 1, Note 68, K Art. 3, Note 42; <i>Spiegel</i> in Fuchs, Europäisches Sozialrecht, 6<sup>th</sup> edition 2012, Art. 1 VO 883/04, Notes 16, 41; even authors, who do not agree with the <i>Hoever Zachow</i> judgment in general, agree to this, see e.g. <i>Eichenhofer</i> in Hauck/Noftz, EU-Sozialrecht, 2015, E 010, Note 157).</p>



GREECE

<b>REPLY</b>	
<b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p>1. According to the National General Collective Labour Agreement of 2000/2001, insurance cover for child-raising is provided by IKA both for women who are insured directly with IKA and for indirectly insured women (non-working spouses of employed men). Directly insured women are protected both during the pregnancy and for the birth and a post-natal period. Indirectly insured women are protected only for the birth. The assistance is in the form of a maternity benefit. There are no available official statistics about the total number of the beneficiaries per year, but it is estimated that a big majority of insured women exercise this specific right.</p> <p>2. Moreover, May 2008 saw the publication of new legislation in Greece introducing six months of special maternity protection leave, in addition to normal maternity leave and the existing entitlement of working mothers to reduce their working hours. This initiative was seeking to promote the reconciliation of work and family life. More specifically, on 9 May 2008, a Ministerial Decision (No. 33891/606/2008) implementing and establishing the terms and conditions for the granting of the special maternity leave, introduced by Law 3655/2008 (article 142, as amended afterwards by article 36 Law No. 3996/2011), was published in the Greek Official Gazette (FEK). There are no available official statistics, but it is estimated that a minority of insured women exercises this specific right, as not adequate information or enough guidelines are given by the competent institutions about the time and the conditions of entitlement.</p>
<b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p>1. The amount of the maternity benefit is 50% of the estimated daily wage of the insurance class she belongs to, based on the average wage of the last 30 days of the previous year, plus a child benefit of 10% of the above amount, for each child with a maximum of 40%. The minimum amount she can obtain is 2/3 of her wage.</p> <p>2. OAED has to pay to the working mother a monthly amount equal to the minimum wage, as determined each time in the National General Collective Labour Agreement (EGSEE), as well as the equivalent percentages of Christmas, Easter, and vacation bonuses, as these are determined on the basis of the aforementioned amount. In case the beneficiary works for up to 4 hours per day or up to 13 days per month on average during the six months before her pregnancy leave, the amount paid equals half the aforementioned amount.</p>
<b>Conditions of</b>	<p>1. The maternity benefit is paid to insured women who have worked at least</p>



	<p>200 days in the two years prior to the expected delivery date.</p> <p>2. Under the rules, governing OAED benefit, the following conditions must be met:</p> <p>A) The insured woman must be in active employment at the time her maternity leave commences.</p> <p>B) She must also have received maternity allowances from IKA-ETAM or from the Special Hotel Employees Fund.</p> <p>The beneficiary, either in person or by representative, submits her application to the relevant OAED service, within a period of 60 days after the end of the maternity leave (labour and confinement), or the leave equivalent to part-time work or, finally, her annual leave.</p> <p><b><u>SUPPORTING DOCUMENTS</u></b></p> <p>I) An <u>employer's certificate</u> clearly indicating the active employment relationship existing at the commencement of the maternity leave, the type, form and duration of the beneficiary's employment relationship, her monthly salary, the average number of her part-time work hours, hiring date and, for fixed-term employment contracts, the expiry date, the number of annual leave days that may have been granted after the confinement leave or the leave equivalent to part-time work, as well as the beneficiary's supplementary insurance body, and the amounts of employer's and employee's social security contributions.</p> <p>II) A copy of the maternity allowance (pregnancy – confinement) certificate issued by IKA-ETAM or the Special Hotel Workers' Fund.</p> <p>III) Solemn declaration in which the beneficiary commits herself to notify the relevant OAED service within 8 days about any change in her employment relationship, and she also states her IKA registration number and her VAT number.</p> <p>IV) National Bank of Greece account number (IBAN), in which she must appear as the first beneficiary.</p> <p>Finally, this leave is not available to working mothers who are employed under private-law employment contracts in the public sector, in legal entities governed by public law or local administrative units.</p> <p>Women who already receive additional leave of equal duration under the terms of their employer's internal company regulations or a sectoral collective agreement are also excluded from the new entitlement.</p>
<p><b>entitlement</b></p>	

	<p><b>Exclusively or partially calculated with respect to salary</b></p>	<ol style="list-style-type: none"> <li>As described above, the maternity benefit is 50% of the estimated daily wage of the insurance class the insured woman belongs to, based on the average wage of the last 30 days of the previous year, so it can be noted that it is partially calculated with respect to salary (there are flat-rate elements).</li> <li>It can be said that OAED benefit is partially calculated with respect to salary, as the existence of a part-time/flexible working (e.g 4 hours per day/13 days per month), which is accompanied, of course, by a reduced salary, activates the relevant half reduction of the benefit to an amount of 295,00 Euros approximately, as a minimum level (from a maximum level of 586,00 Euros approximately).</li> </ol>
	<p><b>Maximum duration of the benefit</b></p>	<ol style="list-style-type: none"> <li>The maternity benefit applies to directly insured women for 56 days before the birth and for 63 days after the birth. Women who do not take the entire 56 days prior to the birth may take it after the birth.</li> <li>The OAED benefit is granted till six months after the expiry of the maternity leave.</li> </ol>
	<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>	<ol style="list-style-type: none"> <li>Only women can claim the maternity benefit from IKA.</li> <li>Only women can claim the OAED benefit.</li> </ol>
	<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p>	<ol style="list-style-type: none"> <li>Yes, even in partial reduction, IKA maternity benefit must, at least, equal the earnings a directly insured woman would have received if she had worked during that period.</li> <li>Yes, in case of part-time/flexible working, OAED special benefit can be also claimed.</li> </ol>
	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>	<p>The maternity benefit is indeed regarded to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive), as employed mothers are also entitled to an additional six months of maternity protection leave and reduced working hours leave at the end of their maternity leave. In other words, the receipt of the maternity benefit constitutes an obligatory, direct and unavoidable link to the receipt of a parental leave.</p>

	<p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "offset" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>	<p>According to IKA's Regulation, during the first year of work, the employer continues to pay the woman's wage for 15 days during her maternity leave, provided the woman has completed at least ten days of work.</p> <p>If the woman has completed the first year of work, the employer may continue to pay her wage for one month, during her maternity leave.</p> <p>The employer can deduct any amounts that the woman receives from her insurance fund for the same period.</p>
	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>According to the current legislative framework, it is not possible for both parents to claim the above mentioned salary-related child-raising benefits.</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>		<p>According to the current legislative framework, due to the fact that the beneficiaries of the already mentioned child-raising benefits are only women, it is not yet provided that a salary-related child-raising benefit can be granted in favour of the other parent, who is responsible for taking care of the child despite being subject to the legislation of another Member State.</p>



## HUNGARY

REPLY	
<b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p>In general, there are two types of financial subsidies for parents with children: the subsidies that are only eligible for parents being employed (insurance-based benefits), and those allowances (generally with smaller amounts) that are eligible for all parents irrespective of their employment status (universal-type, tax-financed benefits).</p> <p>More precisely, there are two forms of insurance-based family benefits and four universal-type family benefits.</p> <p>I. Social insurance type benefits: (legal source: Act LXXXIII of 1997 on the Benefits of Compulsory Health Insurance)</p> <ol style="list-style-type: none"><li>1. infant care allowance (in Hungarian: csecsemőgondozási díj) and</li><li>2. child-care fee (in Hungarian: gyermekgondozási díj)</li></ol> <p>II. Universal-type benefits [<i>These are not the topic for this survey. Just in case, to show the whole picture I inserted here.</i>]</p> <ol style="list-style-type: none"><li>1. family allowance (including the parental leave benefit, and education allowance for school aged children),</li><li>2. child home-care allowance (GYES),</li><li>3. child raising support (GYET) and</li><li>4. birth grant.</li></ol>
<b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p><b>Level of the benefit</b></p> <ol style="list-style-type: none"><li>1. Infant care allowance is due to anyone who was insured for 365 days within two years prior to giving birth, and who gives birth during the insurance term or within 42 days after the termination of insurance. Infant care allowance is provided for 168 days (24 weeks). Infant care allowance equals 70 percent of the daily average gross salary; there is no upper limit to the allowance, tax and pension insurance contributions are deducted, and the disbursement term is deemed to be a period of</li></ol>
	<p><b>Conditions of entitlement</b></p>

service with pension entitlement.

## 2. Child-care fee (insurance-based)

Following expiry of the infant care allowance, the insured parent is entitled to a child-care fee. The child-care fee is provided for the period of insurance in the two years preceding birth, but no longer than until the child reaches the age of two.

The amount of the child care fee (*gyermekgondozási díj*): 70% of the daily average gross earnings. The amount depends on the average gross earnings in the previous 180-day period. Maximum 70% of the double of the minimum wage, i.e. 70% of HUF 210,000 (€666).

For higher education students (including MA students), 70% of the amount of the minimum wage, i.e. 70% of HUF 105,000 (€333) (in case of BA or PhD students, 70% of the amount of the guaranteed wage minimum, i.e. 70% of HUF 122,000 (€387)).

Child care fee (*gyermekgondozási díj*) is subject to pension insurance contribution as well as taxation.

## *Child-care fee extra (GYED Extra)*

Another important provision of the government in the field of the reconciliation of work and family life was the package of measures called "GYED Extra" which had been introduced since the 1st of January, 2014. This package contained a bunch of complex measures intended to foster livebirths, including that since that date, parents are no longer prohibited to work while receiving family allowances like the child-care allowance (called "GYES" in Hungarian) and the child care fee (called "GYED" in Hungarian, hence the name of the whole package) after the first birthday of their child. (Before that, employment was completely forbidden while receiving GYED, and only part-time work was possible during GYES.) This measure was a very important step forward in stimulating parents with young children to return to their workplaces in an earlier period; statistics show that in the second quarter of 2014 the number of women working while receiving child-care benefits increased by about 12,500, which means a growth of no less than 37 percent compared to the same period of 2013. It is also important to note that these women are working mostly in full-time employment.

		<p>Special rule for multiple benefits:          Since 1 January 2014, multiple child care benefits (infant care allowance, child care fee, child home care allowance) can be claimed in case of having more than one child within the eligibility period, provided that the youngest child in the family was born after 31 December 2013.</p> <p>Infant care allowance (<i>csecsemőgondozási díj</i>): 70% of the daily gross earnings, paid during 24 weeks. The amount depends on the gross earnings in the previous 180-day period. No ceiling. Subject to taxation. No contribution paid from this allowance.</p> <p>Child-care fee is equal to 70 percent of the average salary per calendar day, but not more than 70 percent of double the prevailing monthly minimum wage (currently HUF 130,200). It is exclusively calculated with respect of salary.</p> <p>Infant care allowance is provided for 168 days (24 weeks).</p> <p>The child-care fee is provided for the period of insurance in the two years preceding birth, but no longer than until the child reaches the age of two.</p> <p>The benefit is paid after the expiry of infant care allowance (<i>csecsemőgondozási díj</i>) until the child reaches 2 years of age, but not longer than the insurance period of the claimant. In case of twins the eligibility period is extended by one year.</p> <p>1. Infant care allowance (<i>csecsemőgondozási díj</i>): Employees and self-employed and assimilated groups.</p> <p>Basically, the insured woman (pregnant and after giving birth) are entitled to claim the infant care allowance.</p> <p>There are some exceptional cases:          a) father also can apply for it if the mother dies or (because of health reasons) cannot take care of the child          b) woman or man who adopted the child          c) guardian who is taking care of the child</p> <p>If the insured person receives his/her full salary, he/she is not entitled to the allowance. If he/she receives partial salary, the allowance will be reduced accordingly (proportionally).</p> <p>2. Child care fee (<i>gyermekgondozási díj</i>): Gainfully employed persons (employees</p>
	<p><b>Exclusively or partially calculated with respect to salary</b></p>	
	<p><b>Maximum duration of the benefit</b></p>	
	<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>	

		<p>and self-employed) and assimilated groups.</p> <p>Basically both parents can claim the child care fee. At the same time only one parent can apply for the benefit. They cannot split the benefit.</p> <p>Students fulfilling certain conditions:          Mothers who would not be entitled to child care fee under the general rules, but who have completed at least two active semesters in higher education, and whose child is born after 31 December 2013 while the mother is studying or during the year after graduation are entitled to child care fee until the child reaches 1 year of age. The amount of the child care fee is equal to the yearly set guaranteed wage minimum.</p> <p>Fathers are entitled to this form of child care fee if the mother dies or is not entitled to the benefit.</p> <p>Yes.</p>
	<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p>	<p>Yes.</p>
	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>	<p>Yes</p> <p>In case of maternity leave the complementing social security benefit is the <u>infant care allowance</u>.</p> <p>In case of unpaid leave at the times requested by the worker for the purpose of taking care of his/her child, until the child reaches the age of three the complementing social security benefit is the <u>child care fee</u>. <i>[NB.: there are more universal family benefits which can be claimed during the period, but they are not in the focus of this questionnaire.]</i></p>

In brief: employers do not pay any salary/wage during maternity leave. Maternity leave is provided by the Hungarian Labour Code: 24 weeks for the mother (4 weeks before and 20 weeks after planned date of birth, or 24 weeks after the date of birth, depending on the mothers' choice). The employer is obliged to provide this maternity leave, but he/she does not pay any salary/compensation, etc. during this period. Instead, the period of maternity leave (first 24 weeks by infant care allowance, after this child-care fee benefit) is covered by the social (health) insurance system.

The full range of the relevant provisions of the Labour Code is under Sections 127-130 of the Labour Code (hereinafter: LC).  
Section 127 says: mothers shall be entitled to twenty-four weeks of maternity leave. Maternity leave shall also be provided to a woman who has been given custody of a child for the purpose of adoption.

In the absence of an agreement to the contrary, maternity leave shall be allocated so as to commence four weeks prior to the expected time of birth.

If the child receives treatment in an institute for premature infants, the unused portion of the maternity leave may be used after the child has been released from the institute up to the end of the first year following birth.

The duration of maternity leave, except where entitlement is specifically connected to work, shall be recognized as time spent at work.

Complementing social security benefit is the infant care allowance.

Section 128 of LC: employees shall be entitled to unpaid leave at the times requested by the worker for the purpose of taking care of his/her child, until the child reaches the age of three.

Complementing social security benefit is the child care fee. [NB.: there are more universal family benefits which can be claimed during the period, but they are not in the focus of this questionnaire.]

Section 129 of LC: The periods of leave referred to in Sections 127-128 shall end:

- a) if the child is stillborn;
- b) if the child dies, on the fifteenth day following death;
- c) on the day following placement of the child - according to the provisions set out in specific other legislation - into temporary custody, temporary or permanent foster care, or in a social institution with room and board for over thirty days.

**Are employers who have to pay the salary during statutory periods of parental leave entitled to either "offset" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?**



		<p>In the cases described above the period of leave shall be no less than six weeks from the date of birth.</p> <p>Section 130 of LC: In addition to what is contained in Section 128, employees shall be entitled to unpaid leave for providing care for a child in person until the child reaches the age of ten, during the period of receiving child-care allowance (tax financed, universal type benefit).</p> <p>Furthermore, according to the Labour Code, fathers are entitled to paternity leave: 5 working days and 7 working days in case of twins. This period is paid by the employer. He/she does not receive any compensation from the Health Insurance Fund. This is fully covered by the employer.</p> <p>Adoptive parents are entitled to the same paid maternity/paternity leave.</p>
	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>If both parents fulfil the preconditions of the child care fee, theoretically both of them can claim the benefit. However, in practice only one parent can receive the benefit at the same time. They cannot split the benefit. If both parents are eligible (both have the required previous insurance period) they can claim from the relevant authority to terminate for the mother and start to pay to the father. They can replace each other. For example, the mother stays at home for a certain period and then the father will apply and stay with the child.</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>		<p>Basically, only that parent can apply for child care fee who fulfils the required preconditions. For example, if the father is insured and fulfils the required eligibility conditions (insured at least for 365 days within the previous 2 years), he can claim the benefit. If the mother is not insured, she cannot claim the benefit. (This is an insurance based benefit.) Therefore, only the father will be entitled. In addition, the Hungarian legislation requires that the child must be raised in the household of the parents.</p> <p>However, in fact, Hungarian child care fee is falling under the scope of Article 1 (z) of the 883/2004/EC Regulation which says "family benefit means all benefits in kind or in cash intended to meet family expenses" therefore the social security coordination rules and EUCJ (ECJ) decisions are applicable for such benefit as well.</p>



## ICELAND

<b>REPLY</b>	
<b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p>The history of salary related child raising benefits goes back to the year 1975. In 1984 benefits were calculated both by income and assets. In 1996 child benefits were calculated to income-related and the amount granted calculated to income of both parents or for single parent only the income of that parent. In 1998 an additional payment was authorized to parents with young children, under 7 years old. The situation today is that all child raising benefits are now only calculated by income but not to assets.</p>
<b>Level of the benefit</b>	The benefits are paid by the Directorate of Internal Revenue (Ríkisskattsjóri in Iceland)
<b>Conditions of entitlement</b>	Individual who has a) residence in Iceland a least 183 days per calendar year b ) income in Iceland c) and has a child to support, (child registered with same residence as the applicant)
<b>Exclusively or partially calculated with respect to salary</b>	All child benefits (100%) are exclusively calculated with respect to salary today.
<b>Maximum duration of the benefit</b>	Child benefits are paid to parents of children 18 years of age. Full benefits are paid for the year of birth of the child, but none is paid for the year which the child reaches 18 years of age.
<b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b>	Parents can claim for benefits together but if the parents doesn´t live together the child benefits goes to the parent were the child lives and where the domicile of the child is registered.
<b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b>	Benefit can be claimed in case of partial reduction of income.
<b>Is the benefit intended to complement the</b>	This is a special category of benefits.
<b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	

	<p><b>exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p> <p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "offset" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p> <p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>Vinnamálastofnun (VMST) in Iceland is responsible for parental leave payments in Iceland. The parent apply directly to the VMST and in most cases the employer can claim reimbursement from VMST for salary paid during parental leave.</p> <p>According to Icelandic laws both parents can claim salary-related child raising benefits if the live together and they are both supporting the child. If the parents are divorced only the parent who is registered with the child can claim for salary-related child raising benefits.</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>		<p>In Iceland child benefits are paid to parents of children under 18 years of age who do not have residence in Iceland but are supported by a citizen of the EEA, member states of EFTA and Faeroe Islands. Citizens of the EEA, member states of the EFTA Convention or the Faeroe Islands, who have been employed in Iceland and have children to support who do not have permanent residence in Iceland, may have right to child benefit in Iceland. This is only if they are taxable according to Article 1 of Act. No. 90/2003 (tax law) or are insured on the basis of Articles 12,13 or 14 of Act No. 100/2007 on the Icelandic social security system.</p>



**IRELAND**

<b>REPLY</b>	
	<p>There is no provision made currently for a salary- related child – raising benefit under Irish legislation. There is provision for a range of cash benefits for parents unrelated to parental leave. These include Maternity and Adoptive benefit, which are salary related to an extent, universal child benefit, payable monthly, weekly means tested payments mainly for lone parents and those with children with disabilities or long term illnesses and supplements for families on low incomes. I can provide details on these if required.</p> <p>There is provision for statutory parental leave. I provide details of these provisions below, in case they may be of assistance. Should salary – related child-raising benefit be introduced it is likely it would complement these provisions. However, the provision of such benefit does not appear to be in prospect at present. The main focus in this regard is on the possibility of extending State financed child care and after school care.</p> <p>Parental Leave            The Parental Leave Act 1998, as amended by the Parental Leave (Amendment) Act 2006, allows parents to take parental leave from employment in respect of certain children. A person acting in loco parentis with respect to an eligible child is also eligible.</p> <p>On 8 March 2013 the European Union (Parental Leave) Regulations 2013 increased the amount of leave to each parent per child from 14 to 18 working weeks per child. Where an employee has more than one child, parental leave is limited to 18 weeks in a 12 months period, but can be longer if the employer agrees. Parents of twins and triplets can take more than 18 weeks of parental leave in a year. Leave can be taken in respect of children up to 8 Years, which can be extended up to 16 years in the case of a child with a disability or long term illness.</p> <p>The 18 weeks per child can be taken in one continuous period or in 2 separate blocks of a minimum of 6 weeks. There must be a gap of at least 10 weeks between the 2 periods of parental leave per child. However, if the employer agrees the leave can be separated into periods of days or even hours. Both parents have an equal separate entitlement to parental leave. Unless both parents work for the same employer, each parent can only claim his/her own parental leave entitlement (18 weeks per child). If both parents work for the same employer and the employer agrees, one parent can transfer 14 weeks of his/her parental leave to the other parent.</p>
<p><b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	
<p><b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	<p><b>Level of the benefit (parental leave)</b></p>
	<p>Parents are not entitled to pay from their employer while on parental leave nor are they entitled to any social insurance payment equivalent to Maternity Benefit or Adoptive Benefit. However, employment rights are retained, as if no parental leave had been taken. This means, for example, that time spent on parental leave can be used to accumulate an employee’s annual leave entitlement.</p>

<p>The legislation only provides for the minimum entitlement. An employee's contract may give more extensive rights.</p> <p>Social Welfare Regulations also provide for the preservation of social insurance (PRSI) records for employees who take parental leave, on application by the employer, by means of credited PRSI contributions.</p>	
<p>To qualify for the leave an employee must be working for an employer for at least 12 months. Pro rata arrangements can be made where this period is more than 3 months and the child is near the age threshold. This is one week's leave for each month of employment completed. In the case of a change of job where some parental leave had been taken in the previous job, the balance can be taken after 12 months in the new job provided the child is still under the qualifying age.</p> <p>An employer may postpone the leave for up to 6 months. Grounds for such a postponement include lack of cover for an absent employee or the fact that other employees are on parental leave. Normally one postponement is allowed, but it may be postponed twice if the reason is regional variations in the work.</p> <p>Parental leave can be used only to take care of the child concerned. If the parental leave is taken and used for another purpose the employer is entitled to cancel the leave.</p> <p>Employees are entitled to return to their own job, unless it is not practicable for the employer to allow for this. If this is the case, the employee must be offered a suitable alternative on terms no less favourable compared with the previous job including any improvement in pay or other conditions which occurred while the employee was on parental leave. Since 8 March 2013, an employee on return to work after taking parental leave, is entitled to ask for a change in work pattern or working hours for a set period. The employer must consider the request, but is not obliged to grant it.</p> <p>The legislation also protects parents who take parental leave for unfair dismissal.</p>	
<p><b>Conditions of entitlement (parental leave)</b></p>	
<p><b>Exclusively or partially calculated with respect to salary</b></p>	<p>N/A, as no cash benefit payable.</p>
<p><b>Maximum duration of the benefit</b></p>	<p>Details on the duration of parental leave are given in the first section above. As no benefit is payable, this question does not arise in relation to benefit payments.</p>

<p>This is explained in the first section above, in relation to parental leave.</p>	
<p>Different arrangements for the taking of parental leave outside the standard periods set down can be made with the agreement of the employer. (See sections 1 and 3 above)</p>	<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>
<p>As no benefit is currently payable, this issue does not arise. However, if provision were to be made for parental cash benefits it is likely that they would complement the exercise of parental leave rights, which are well established at this stage.</p>	<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p>
<p>As there is no requirement on the part of employers to pay the salary during these statutory periods of parental leave, this question does not arise.</p>	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>
	<p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "offset" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>

	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>As no cash payments are made during periods of parental leave, this issue does not arise.</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>	<p>As no such benefit is payable in Ireland, this issue does not arise.</p>	



**ITALY**

<b>REPLY</b>	
<p><b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	<p>The optional supplementary parental leave (“<i>congedo parentale facoltativo</i>”) is intended to exempt parents from work in order to raise the child during the first months or years of his/her life. It was launched for the first time by the Law No. 860 of 1950.</p> <p>At the moment, it is regulated by Legislative Decree No. 151 of 26 March 2001 on protection in case of maternity and paternity (Articles 32-38), as amended by Law No. 92 of 28 June 2012 (Article 4, paragraphs 24 to 26) and lastly by Legislative Decree No. 80 of 15 June 2015 (Articles 7-10).</p> <p>Unfortunately, neither the ISTAT (<i>Istituto Nazionale di Statistica</i>, National Institute of Statistics) nor the INPS (<i>Istituto Nazionale della previdenza sociale</i>, National Institute for Social Security) publish data or statistics concerning the number of claimants of the optional supplementary parental leave.</p>
<p><b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	<p>After the expiry of the compulsory paid maternity and paternity leaves, a reduced paid leave may be claimed by either the mother or the father.</p> <p>The optional supplementary parental leave is covered with a compensation amounting to 30% of pay or of “standard pay” and it is payable for an overall maximum, for both parents, of 6 months in the child’s first 6 years (for adopted and foster children, the first 6 years that the child is within the family).</p> <p>The benefit is subject to taxation, and it is also paid in case of adoption and fosterling.</p> <p>Once the 6 months have elapsed, the benefit can be claimed for further 5 months, at most, till the child is 12 years old, but the relevant cash benefit can only be paid upon condition that the claimant parent’s salary does not exceed 2,5 times the amount of the minimum retirement pension as established by law for the current year.</p> <p>In other words, each parent is entitled to a period up to 6 months, and the total period may not exceed 10 months (11 months if the father uses at least 3 months of optional supplementary parental leave), but the benefit is normally paid only for an overall maximum, for both parents, of 6 months.</p>



		<p>From 2012, vouchers are also granted to help meeting the additional expenses of raising children (baby-sitting or other child care services) after the expiry of the compulsory maternity leave (<i>congedo di maternità</i>), within 11 months following the compulsory maternity leave and as an alternative to the optional supplementary parental leave. Monthly amount of up to € 300,00 is granted for a maximum period of 6 months.</p> <p>Insured active population (employees and assimilated groups; self-employed) is entitled to claim the benefit.</p> <p>There are no qualifying conditions of entitlements, except for some specific categories of workers (farming industry employees, domestic workers, self-employed, professionals and atypical workers registered with the INPS separate pension fund).</p> <p>The optional supplementary parental leave is calculated exclusively with reference to salary (see box no. 1, Level of the benefit).</p> <p>The optional supplementary parental leave it is payable for an overall maximum, for both parents, of 6 months in the child's first 6 years (for adopted and foster children, the first 6 years that the child is with the family). Special conditions apply to self-employed.</p> <p>Both parents (who are in paid employment) are entitled to a total period of up to 6 months paid leave until a child is 12 years old, at the same time if they wish (this is also available to parents of adopted and foster children). In case of split entitlement between the parents, each parent can claim the benefit for a maximum of 6 months.</p> <p>Fathers can take leave even while the mother is on mandatory maternity leave or nursing leave.</p> <p>Applications for maternity, paternity and parental leaves are to be addressed to both the employer and to the INPS.</p> <p>The optional supplementary parental leave can also be claimed in relation to partial reduction of income (e.g. part-time working).</p>
	<p><b>Conditions of entitlement</b></p>	
	<p><b>Exclusively or partially calculated with respect to salary</b></p>	
	<p><b>Maximum duration of the benefit</b></p>	
	<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>	
	<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p>	

	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p> <p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "offset" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p> <p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>The optional supplementary parental leave is intended to complement the exercise of parental leave rights within the meaning of the Parental Leave Directive.</p> <p>The continued payment of wages is made by the employer on behalf of the INPS (only in special cases the optional supplementary parental leave is directly paid by the INPS). The amount of the wages paid is then deducted from the owed contributions.</p> <p>Both parents (who are in paid employment) may claim salary-related child-raising allowance.</p> <p>The optional supplementary parental leave is payable for an overall maximum, for both parents, of 6 months in the child's first 6 years; each parent can claim the benefit for a maximum of 6 months.</p> <p>These rights can be exercised simultaneously.</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>	<p>As we have seen (see box no. 8), the continued payment of wages is made by the employer on behalf of the INPS (only in special cases the optional supplementary parental leave is directly paid by the INPS). The amount of the wages paid is then deducted from the owed contributions.</p> <p>At the moment, the INPS practice does not provide the option of paying the optional supplementary parental leave in favour of the other parent, who is responsible for taking care of the child despite being subject to the legislation of another Member State.</p>	





LATVIA

<b>REPLY</b>					
<p style="text-align: center;"><b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	<p>Parental benefit was introduced in 2008 within the social security system. Benefit - 70% of the recipient's average wage subject to insurance contributions.</p> <p>From 01/07/2009 until 02/05/2010 benefit was paid in the amount of 50% of the benefit granted (calculation: 70% of the recipient's average wage subject to insurance contributions) for recipients' who <b>is not</b> on the leave for child care or during the childcare period <b>receives</b> income as self-employed person. From 02/05/2010 entitlement to the parents' benefit is valid as of the day, from which the parental leave is granted.</p> <p>From 03/11/2010 until 31/12/2012 the limitation was set on the benefit amount received per day. The sum was 11.51 LVL (16.26 EUR) per day. If granted benefit was up to 11.51 LV (16.26 EUR) per day, it was granted in full amount, but if the granted benefit exceeded 11.51 LVL (16.26 EUR) per day – per one day 11.51 LVL (16.26 EUR) was granted + 50% from the sum that exceeded 11.51 LVL (16.26 EUR).</p> <p>The minimum amount of the parents' benefit was 171.00 EUR (from 03/11/2010 until 31/12/2012 – 63.00 LVL (89.64 EUR)).</p> <p>Until 31/12/2014 - if granted benefit was up to 32.75 EUR per day, it was granted in full amount, but if the granted benefit exceeded 32.75 EUR per day – per one day 32.75 EUR was granted + 50% from the sum that exceeded 32.75 EUR.</p> <p>Benefits granted prior to 30 September 2014</p> <p><b>Conditions of entitlement:</b></p> <p>Any socially secured person taking care of a child or several children born in the same labour <b>until the age of 1</b>, if the person is employed on the day of granting the benefit (considered as employee or self-employed person pursuant to the Law On State Social Insurance).</p>				
	<table border="1"> <thead> <tr> <th style="text-align: left;"><b>Person entitled to receive the parents' benefit</b></th> <th style="text-align: left;"><b>Condition to be entitled for the parents' benefit</b></th> </tr> </thead> <tbody> <tr> <td>One of the child's parents</td> <td><b>Is</b> on the parental leave or <b>does not</b> earn income as a self-employed person</td> </tr> </tbody> </table>	<b>Person entitled to receive the parents' benefit</b>	<b>Condition to be entitled for the parents' benefit</b>	One of the child's parents	<b>Is</b> on the parental leave or <b>does not</b> earn income as a self-employed person
<b>Person entitled to receive the parents' benefit</b>	<b>Condition to be entitled for the parents' benefit</b>				
One of the child's parents	<b>Is</b> on the parental leave or <b>does not</b> earn income as a self-employed person				

	<p>One of the adopters, who cares for and looks after a child to be adopted prior to the approval of the adoption in the court with a decision of the orphan's court</p> <p>A member of the foster family, who has concluded an agreement with the local government</p> <p>A guardian or any other person, who is actually taking care of and raising the child according to a decision of the orphan's court</p>	<p><b>Is on</b> an unpaid leave granted in connection with the need to care for a child or <b>does not</b> earn income as a self-employed person</p>
	<p>Entitlement to the parents' benefit is valid as of the day, from which the parental leave is granted.</p>	
	<p><b>Level of the benefit</b></p>	<p><b>Benefits granted as of 1 October 2014</b> – (1) until the child reaches the age of 1 – in the amount of 60% of the recipient's average wage subject to insurance contributions or (2) until the child reaches the age of 1.5 – in the amount of 43.75% of the recipient's average wage subject to insurance contributions.</p> <p>The recipient of the parents' benefit, who resumes work, discounting the parental leave, or resumes earning income as a self-employed, the benefit it paid in the amount of 30% of the benefit granted.</p> <p>Minimum amount is no set for the benefits granted as of 1 October 2014.</p>
<p><b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	<p><b>Conditions of entitlement</b></p>	<p>Parent's benefit is granted and paid to socially insured person who is taking care of a child or several children at one delivery (one of child's parents, one of adoptive parents who take care for and supervision of a child before approved adoption in court with a decision from the orphan's court to place the adoptable child the family, a member of the foster family who has signed a contract with the local government, custodian or other person who, pursuant to the decision of orphan's court, is actually taking care and raising the child).</p> <p>Granting of benefit applies to:</p> <p>1. Person who is employed on the day of granting the benefit (considered as</p>

employee or self-employed person pursuant to the Law On State Social Insurance).

2. Person who is employed on the day of granting the benefit (considered as employee or self-employed person pursuant to the Law On State Social Insurance) and is employed during the childcare period but is not on the leave for child care or unpaid vacation which has been granted due to necessity to take care of a child or who receives income during the childcare period as a self-employed person.

<p><b>Person entitled to receive parent's benefit</b></p>	<p><b>Prerequisite for receiving parent's benefit</b></p>
<p><b>one of child's parents</b></p>	<p><b>is</b> on the leave for child care or <b>does not</b> receive income as self-employed person <b>or is not</b> on the leave for child care or during the childcare period <b>receives</b> income as self-employed person</p>
<p><b>one of adoptive parents</b></p>	<p><b>is</b> on unpaid vacation which was granted due to necessity to take care of a child or <b>does not</b> receive income as self-employed person <b>or is not</b> on unpaid vacation which was granted due to necessity to take care of a child or <b>receives</b> income as self-employed person during the childcare period</p>
<p><b>member of foster family, who has concluded a contract with the local government</b></p>	
<p><b>custodian or other person</b></p>	

Exclusively calculated with respect to salary

**Exclusively or partially calculated with respect to salary**

Person can choose length of parental benefit payment – up to the age of 1 of the child or up to the age of 1.5. Person in entitled to choose one benefit period for one child which cannot be changed after final decision.

**Maximum duration of the benefit**

<p>Only one of parents can claim the benefit.</p>	<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>
<p>The recipient of the parents' benefit, who resumes work, discontinuing the parental leave, or resumes earning income as a self-employed, the benefit is paid in the amount of 30% of the benefit granted. Also for a person who, on the day of requesting the benefit, is not on the parental leave or earns income as a self-employed person the benefit is calculated in the amount of 30% of the benefit granted (depending on what duration of receiving the benefit has been chosen by the recipient).</p>	<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p>
<p>Yes.</p>	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>
<p>No.</p>	<p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "offset" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>

	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>Only one of parents can claim the benefit.</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>	<p>No.</p>	





**LITHUANIA**

<b>REPLY</b>	
<b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p>In Liechtenstein, the child-raising leave was introduced on January 1<sup>st</sup> 2004. It was introduced in order to fulfil the obligations following from the EEA-Agreement. The right to get a child-raising leave is guaranteed by § 1174 BGB (articles 34a - 34 c Civil code). It is not salary-related.</p>
<b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p><b>Level of the benefit</b> The child-raising leave is unremunerated.</p> <p><b>Conditions of entitlement</b> The labour contract has had a duration of more than one year or was concluded for more than one year. The parent must live in the same household with the child and predominantly take care of the child.</p> <p><b>Exclusively or partially calculated with respect to salary</b> XXX</p> <p><b>Maximum duration of the benefit</b> 4 month (art. 34a I) - but without pay.</p> <p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b> There is one child-raising leave for each parent, per child, since the worker has to show that he/she is predominantly taking care of the child.</p> <p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b> N/A</p> <p><b>Is the benefit intended to complement the exercise of parental</b> N/A</p>

	<p><b>leave rights (within the meaning of the Parental Leave Directive)?</b></p>	
<p>N/A</p>	<p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "off-set" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>	
<p>N/A</p>	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	
	<p>N/A</p>	<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>



## LITHUANIA

	REPLY
<p data-bbox="858 1675 911 2056"><b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	<p data-bbox="391 224 507 1626">Parental leave was covered by social insurance legislation in the first after the restoring of independence Lithuanian Law on State Social Insurance. The Law was adopted on May 21, 1991. Then the level of benefit was established as 100 percent of minimal subsistent level (MSL) during first 18 months after the child birth and 50 percent of MSL during following 18 months. It means that the benefit was not really "salary related".</p> <p data-bbox="539 224 624 1626">Amendment of the law from November 3, 1994 changed the benefit level to 60 percent of compensatory salary of one of parents who used the parental leave, but no less than minimal wage. The benefit was paid until the first birthday of the child.</p> <p data-bbox="655 224 772 1626">From year 2001 (by amendment of December 21, 2000) the benefit was defined by another Law on Sicknes and Maternity Insurance. It remained at the level of 60 percent of compensatory salary, but minimal amount was established as 1/3 of current "insured income" approved by Government. The law also established requirement of 7 months of recipient's insurance during last 24 months before parental leave.</p> <p data-bbox="804 224 888 1626">From the year 2004 the benefit level was increased to the level of 70 percent of compensatory salary. From July 1, 2007 the level was changed to 100 percent of compensatory salary during first 6 months and to 85 percent during following 6 months.</p> <p data-bbox="920 224 1005 1626">From the year 2008 (amendment of December 4, 2007) the period of payment of benefit was extended until second birthday of the child: 100 percent of compensatory salary during the first year and 85 percent during the second year. in the case of multiple birth the level of the benefit was multiplied accordingly.</p> <p data-bbox="1037 224 1153 1626">The abuse of benefit forced the legislators to calculate compensatory salary as an average of longer period (12 months instead of former one quarter) before parental leave, also the requirement of recipient's insurance period from October 1, 2009 was extended to 12 months during last 24 months before parental leave (amendment of December 18, 2008).</p> <p data-bbox="1185 224 1254 1626">The crisis forced to decrease the level of benefit: from July 1, 2010 it was granted 90 percent of compensatory salary during the first year and 75 percent during the second year (amendment of September 22, 2009)</p> <p data-bbox="1286 224 1355 1626">From July 1, 2011 the current way of payment of benefit (see below) was introduced (amendment of July 2, 2010).</p>

	<p>Average monthly number of beneficiaries in year 2009 was 45.9 thousand, in year 2010 – 47.8 thous., in year 2011 – 43.8 thous., in year 2012 – 38.8 thous., in year 2013 – 35.6 thous., in year 2014 – 36.3 thous., in the first half of year 2015 – 37.5 thousand. Percentage of men is increasing from around 6 per cent in 2009 until more than 20 per cent in mid 2015.</p>
<p><b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	<p>Parents of the child are allowed to choose one of the two options how to receive the benefit.</p> <p>The first option is to receive benefit from the end of mother's maternity leave until the first birthday of the child. Then 100 percent of so-called compensatory salary is paid.</p> <p>The second option is to receive benefit from the end of mother's maternity leave until the second birthday of the child. Then 70 percent of compensatory salary is paid during the first year and 40 percent of compensatory salary is paid during the second year.</p> <p><b>Level of the benefit</b></p> <p>Compensatory salary is an average recipient's salary (in the law named as personal "insured income") of 12 months before the month preceding the month when parental leave begins. If this average is below 1/3 of actual co-called "insured income" approved by Government, the latter amount is applied as compensatory salary. If mentioned average is above 320 percent of "insured income" approved by Government, then this maximal amount is applied as compensatory salary.</p> <p>"insured income" approved by Government in August 2015 was €434.</p> <p>In the case of adoption of a child 70 percent of compensatory salary is paid during three months.</p> <p><b>Conditions of entitlement</b></p> <p>The basic conditions of entitlement are: a person must be insured by sickness and maternity insurance, has to take parental leave and must be insured during 12 months by sickness and maternity insurance during last 24 months before parental leave.</p> <p>Some exceptions are foreseen by law . Obligatory insurance period (12 months) is not required if a person is before 26 years old and had graduated from school or university 12 or less months before parental leave. Obligatory insurance period also is not required if a person recently changed insurance status from military or police system into general social insurance.</p>

		<p>A benefit is continued to pay even if in a time of payment the labour (or similar) contract ends. A benefit is also granted if the a labour contract is ended, but a person has required insurance period.</p> <p>Exclusively calculated with respect to salary, no flat-rate part.</p> <p>However, the "floor" of the benefit is not below than 1/3 of "insured income" approved by Government . The "ceiling" of the benefit is also applied due to the rule of "ceiling" on compensatory salary (see above).</p> <p>According to the choice of parents the benefit is paid from the end of mother's maternity leave until the first or second birthday of the child (see above).</p> <p>In the case of the adoption of the child the benefit is paid during three months.</p> <p>Both parents can claim the benefit, but only one of them can receive the benefit at the same time. During the payment period (one or two years) parents can change each other.</p> <p>If another child is born in the period of benefit payment, then both parent can receive the benefits: each for one child.</p> <p>Yes, but during the first year of the payment of benefit only the difference between benefit and salary is paid (if a salary is above the benefit, the latter is not paid at all).</p> <p>During the second year of benefit payment (if this option was chosen) the full amount of benefit is paid regardless of recipient's salary.</p> <p>Yes, the benefit can be seen as implementing Parental Leave Directive. The conditions of granting and paying parental benefit are quite generous and usually stimulate intention of employees to use parental leave: minimum compensabel parental leave period is almost one year; both parents can change in using parental leave and benefit at any time and unlimited number of times; the amount of benefit is high comparing to other benefits of social insurance.</p>
	<p><b>Exclusively or partially calculated with respect to salary</b></p>	
	<p><b>Maximum duration of the benefit</b></p>	
	<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>	
	<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p>	
	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>	

	<p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "offset" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>	<p>The employers are not obliged to pay salary during parental leave if an employee does not work.</p>
	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>No. The benefit is granted only to one of parents at the same time.</p> <p>In the case of multiple birth one of parents can claim the benefit for one child, other parent for another child.</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>		<p>According to Lithuanian legislation the right to parental benefit is strictly individual. Person who claims for benefit must fulfil requirements himself/herself.</p> <p>At the same time in order to take care of the child another parent can take his/her own parental leave but he/she has no right to benefit. And the other parent has no possibility to transfer his/her right to benefit. And only in case the first refuses his/her right to benefit, individual conditions and requirements of the second parent can be evaluated and benefit granted.</p>



## LUXEMBOURG

	REPLY
<b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p>Luxembourg transposed the Council Directive 96/34/EC of 3 June 1996 on the framework agreement on parental leave concluded by UNICE, CEEP and the ETUC by Law of 12 February 1999 on the national action plan for employment (in the framework of the European Employment Strategy) (Memorial A N°13 of 23 February 1999 - Website: <a href="http://www.legilux.public.lu/leg/a/archives/1999/0013/a013.pdf">http://www.legilux.public.lu/leg/a/archives/1999/0013/a013.pdf</a>). First, the Government asked the social partners to find a compromise and to negotiate an agreement on parental leave. As they did not succeed, the Government decided to include it into the NAPE.</p> <p>The legal regime of parental leave underwent an important reform in 2006 by Law of 22 December 2006 (Memorial A N°242 of 29 December 2006 p. 4838 - Website: <a href="http://www.legilux.public.lu/leg/a/archives/2006/0242/a242.pdf">http://www.legilux.public.lu/leg/a/archives/2006/0242/a242.pdf</a>) and will undergo another reform in next months. Regarding future reform, a bill has not yet been introduced into the Parliament for discussion. But, orientations have been presented to the public in April 2015. <b>Especially, the new benefit will be calculated with reference to the salary of the beneficiary of the parental leave (salary of the last 12 months). It will be of a minimum of 1,9922.96 EU, which is the Minimum Wage, and of a maximum of 3,200 EU for a full-time job. In practice, it will also be much more flexible for the parents and for the employers.</b></p> <p>Parental leave is part of the Labour Code (Articles L. 234-43 to 234-49) regarding the relationship between parents and employers and part of the Social Security Code (Articles 306 to 308) regarding parental leave benefit.</p>
<b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p><b>There is still a flat-rate parental leave benefit in Luxembourg.</b></p> <p>Monthly gross full-time benefit is 1,778.31 EU , whereas monthly net full-time benefit is 1,710.90 EU. Difference is due to the payment of health and long-term care contributions (48.01 EU and 19.40 EU).</p> <p>Monthly gross part-time benefit is 889.15 EU, whereas monthly net part-time benefit is 855.44 EU. Difference is due to the payment of health and long-term care contributions (24.01 EU and 9.70 EU).</p> <p>Notice that Minimum Wage was 1,922.96 EU per month (on 1st January 2015). Moreover, parental leave benefit is free from contributions and taxes, except for contributions regarding health insurance and long-term care insurance.</p> <p>It must be noted that parental leave is an individual right for each parent working in Luxembourg.</p>

		<p>There are two types of conditions:</p> <ol style="list-style-type: none"> <li>1. linked to the family situation of the claimant</li> <li>2. linked to the professional situation of the claimant</li> </ol> <p><b>1. Conditions linked to the family situation of the claimant.</b></p> <p><b>The claimant:</b></p> <ol style="list-style-type: none"> <li>1.1. must be the parent of a child under 5, who is entitled to family benefits</li> <li>1.2. must educate the child in the household since he/she is born (for the first parental leave - see below) or since at least 6 months (for the second parental leave) + must dedicate his/herself to the education of the child</li> <li>1.3. must have no other job during parental leave or only a part-time job in case of a part-time parental leave</li> <li>1.4. must reside in Luxembourg. Frontier workers are also entitled to parental leave if the work in Luxembourg.</li> </ol> <p><b>2. Conditions linked to the professional situation of the claimant.</b></p> <p><b>The claimant:</b></p> <ol style="list-style-type: none"> <li>2.1. must work in Luxembourg under a labour contract, as a civil servant or as a self-employed. This condition has to be fulfilled at the date when the child is born, at the moment of the claim, at the beginning of the parental leave and during the entire duration of the parental leave</li> <li>2.2. must work under the direction of an employer who is legally established in Luxembourg , must be registered under a health care regime and the job must take place in Luxembourg . In case of posting abroad, the worker is entitled to parental leave as if he/she would work in Luxembourg.</li> <li>2.3. The monthly duration of labour must be at least a half-time job (20 hours).</li> </ol> <p><b>Not calculated with respect to salary (see under level of the benefit and future reform)</b></p> <p>Parental leave and parental leave benefit are granted for 6 months per child. Partial parental leave and partial parental leave benefit may be granted for 12 months. There is no flexibility!</p> <p>Both parents can claim parental leave. The <b>first</b> parental leave has to be taken directly after maternal leave or <i>welcome leave (congé d'accueil)</i>, otherwise parental leave will be lost for both (except in case of lone parents). The <b>second</b> parental leave can be taken by the other parent until the child is 5 years old.</p>
<p><b>Exclusively or partially calculated with respect to salary</b></p>		
<p><b>Maximum duration of the benefit</b></p>		
<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>		



		<p>It must be noted that employers cannot refuse a full-time parental leave.</p> <p>Full-time parental leaves cannot be taken at the same time by both parents. But <b>half-time parental leaves can be taken at the same time by both parents</b>, under the condition that they educate alternatively the child. Half-time parental leave must be accepted by the employer.</p> <p>If one parent does not work in Luxembourg, the parent working in Luxembourg may choose between the first parental leave and the second one.</p> <p>Yes</p> <p>Not applicable</p> <p>Employers do not have to compensate parental leave by paying a child-raising benefit to the parent. This is paid directly by CNPF, the National Fund for Family Benefits.</p>
	<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p>	<p>Yes</p>
	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>	<p>Not applicable</p>
	<p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "offset" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>	<p>Employers do not have to compensate parental leave by paying a child-raising benefit to the parent. This is paid directly by CNPF, the National Fund for Family Benefits.</p>

	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>Yes, both parents can claim a parental leave benefit. Rights cannot be divided, because both parents are entitled to a benefit on their own. If one parent does not take a leave, it cannot be transferred to the other one (see also under <i>who can claim the benefit?</i>)</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>		<p>If one parent works in Luxembourg and the other one does not work there, only the parent working in Luxembourg will be entitled to a parental leave benefit under Luxembourgish legislation. The parent working in Luxembourg has the right to choose either a first parental leave, directly connected to maternal leave, or a second parental leave until the child will be 5 years old.</p>



**MALTA**

		REPLY
<b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	N/A	
<b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<b>Level of the benefit</b>	N/A
	<b>Conditions of entitlement</b>	N/A
	<b>Exclusively or partially calculated with respect to salary</b>	N/A
	<b>Maximum duration of the benefit</b>	N/A
	<b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b>	N/A
	<b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b>	N/A
	<b>Is the benefit intended to complement the exercise of parental</b>	N/A

	<p><b>leave rights (within the meaning of the Parental Leave Directive)?</b></p>	
<p>N/A</p>	<p><b>Are employers who offer pay during statutory periods of parental leave entitled to either "off-set" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>	
<p>N/A</p>	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	
	<p>N/A</p>	<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>



## THE NETHERLANDS

<b>REPLY</b>	
<p><b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	<p>The Dutch salary-related child-raising benefits consist of two kinds of benefits: A family benefits B benefits in the case of combining work and care.</p> <p>A. Family benefits</p> <p>The Dutch system provides for 4 family benefits: the child benefit, the child-related allowance, the child-care benefit and a tax credit for working parents caring for at least one child under the age of 12. The number of family benefits was recently reduced by the Act on the reform of family benefits (Wet hervorming kindregelingen). This act reduced the number of family benefits from 11 benefits to 4 benefits. A tax credit for employees taking parental leave was one of the benefits that was abolished as of 2015. For this ad hoc request the child related allowance and a special supplement of the child benefit are of interest.</p> <p>The Act on Child-related Allowance (Wet op het kindgebonden budget, WKB) was launched in November 2007. In 2015 an estimated number of 828.000 households will receive a child-related allowance for 1,5 million children in total.</p> <p>As of January 2015 the General Child Benefit Act (Algemene Kinderbijslagwet, AKW) provides for an income-related supplement for single parents or families with only one breadwinner. This supplement is only available for people who take care at home of a disabled child in the age of 3 – 18. Before January 2015 this supplement was part of the Regulations governing Contributions towards the Upkeep of Disabled Children living at Home (<i>Tegemoetkoming Onderhoudskosten Thuiswonende gehandicapte kinderen, TOG</i>). The AKW also provides for benefits that are not income-related, but a description of these benefits falls outside the scope of this ad hoc request. Less than 3000 people claim the income-related supplement in the AKW.</p> <p>B Benefits in the case of combining work and care</p> <p>The Work and Care Act (Wet arbeid en zorg, Wazo) lists different types of leave (paid and unpaid) that aim at a balanced combination of work and care. These concern measures granting leave related to pregnancy, childbirth, adoption and foster care; calamities and other sorts of short leave, including paternity leave; short- and long-term carer's or "filial" leave and parental leave. Here, two of these measures are relevant, namely paternity leave (kraamverlof) and the short-term carer's leave (kortdurend zorgverlof). Provisions granting leave related to pregnancy and childbirth are outside the scope of this request for information, as is long-term carer's or "filial" leave which is a type of unpaid leave.</p> <p>Parental leave (ouderschapsverlof) is, too, in principle a form of unpaid leave – and the Dutch government does</p>

	<p>not intend to change this. During the parliamentary debate on the legislative changes for the implementation of Directive 2010/18/EU, the government highlighted that concerning matters regarding income, provided for in Clause 5 of the Framework Agreement, these are for the determination either by the Member States or the social partners. In this respect, the Netherlands' position is that paid parental leave is to be categorised as a condition of employment (een arbeidsvoorwaardelijke regeling) and, therefore, something to be regulated by the social partners (<i>Parliamentary Proceedings/Kamerstukken II, 2011-2012, 33107, nr. 3, p. 8</i>). A recent study shows that 15% of the collective agreements in the Netherlands include such a provision stipulating that the salary will continue to be paid during the period of parental leave. The level of continued pay for hours of leave varies between 25% and 75% of the wage.</p> <p>Paternity leave (kraamverlof) following childbirth already exists for a long time. This refers to paid leave of two days. Since 1 January 2015, this legal right has been extended by 3 days – denoted as a specific form of parental leave (ouderschapsverlof), also referred to as "partner's leave" (partner verlof). For these three additional days of leave, there does not exist an obligation of continued wage payment. But the government has announced to reserve funds for this purpose in the budget for 2016.</p> <p>The right to paid, short-term carer's leave exists since 2001. This measure is intended for the care of sick persons provided by partners and children. Since 1 July 2015, it also applies to the care of siblings, grandparents, grandchildren, cohabitants and acquaintances.</p>
<p><b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	<p><b>A. Family benefits</b></p> <p>The amount of the child-related allowance (<i>Wet op het kindgebonden budget, WKB</i>) depends on the income of the parent(s), the number of children and the age of the children. The basic amount of the child-related allowance is €1032 in the case of one child; €1823 in the case of two children, €2006 in the case of three children; in the case of more than three children: an additional amount of €106 is payable for every child that exceeds the number of three children. For children between 12 and 16 there is a supplement of € 231. For children aged 16 or 17 the amount of the supplement is €412. Single parents with a child aged up to 18 receive a supplement of €3050. These amounts of child-related allowance are all maximum amounts that are only payable when the collective income of the parent(s) does not exceed the threshold of € 19.767. If the collective income does exceed this threshold, the allowance is reduced if the by 6,75% of the difference between this collective income and € 19.767.</p> <p>The level of the supplement in the AKW is a fixed amount of €1460.</p> <p><b>B Benefits in the case of combining work and care</b></p> <p>The provision on paternity leave imposes an obligation upon employers to continue pay of the full salary.</p>

		<p>The provision on short-term carer's leave imposes an obligation upon employers to continue pay of 70% of the salary, curbed by a statutory ceiling.</p>
	<p style="text-align: center;"><b>Conditions of entitlement</b></p>	<p>A. Family benefits  One qualifies for child-related allowance if one meets the following requirements:</p> <ul style="list-style-type: none"> <li>- receiving child benefit;</li> <li>- having a household income below a certain ceiling;</li> <li>- not having capital exceeding €103,423 for a single person or €124,753 for partners (amounts differ for persons who have reached the retirement age).</li> </ul> <p>The right to a supplement in the AKW is restricted to single parents or families with only one breadwinner who receive twice the amount of child benefit because they take care of a disabled child in the age of 3 – 18 at home.</p> <p>B Benefits in the case of combining work and care  Paternity leave applies to the partner of the newborn's mother. Paternity leave can be taken within the 4 weeks following the childbirth after a home confinement (birth at home) and the 4 weeks from the day the baby has come home after a birth at the hospital. It is a legal right, which an employer must not deny.</p> <p>The right to short-term carer's leave applies to the necessary care required in case of sickness. This type of leave can only be taken when the applicant is the only person who can provide that care. It does not apply, if a sick child can be taken care of by the partner, another person or in the hospital. The right is hence explicitly intended for situations where there is no alternative solution. An employer must honor a request for such a leave (or the continuation thereof), unless he demands the employee's availability because of a pressing business interest which he has reasonably weighed against the employee's interest.</p>
	<p style="text-align: center;"><b>Exclusively or partially calculated with respect to salary</b></p>	<p><b>Family benefits</b></p> <p>The child-related allowance and the supplement in the AKW are exclusively calculated with respect to the income of the parent(s). They do not comprise a flat-rate element.</p> <p><b>Benefits in the case of combining work and care</b></p> <p>Paternity leave: only the full salary.</p>

	<p>Short-term carer's leave: only 70% of the salary</p> <p><b>Family benefits</b></p> <p>The maximum duration of the child-related allowance is linked to the age of the youngest child. A parent can qualify for an allowance until the youngest child is 18 years of age.</p> <p>The supplement in the AKW is also linked to the age of the child. The supplement is payable for a disabled child in the age of 3 – 18.</p> <p><b>Benefits in the case of combining work and care</b></p> <p>Paternity leave: maximum 2 days of paid leave (afterwards 3 days of unpaid leave).</p> <p>Short-term carer's leave: 2 times the weekly working hours for every period of 12 months. This type of leave does not have to be taken at once, it can be spread out.</p>
<p><b>Maximum duration of the benefit</b></p>	<p><b>Family benefits</b></p> <p>Only one parent can claim the child-related allowance and the supplement in the AKW. This right is linked to the parent that receives child benefit. In the case of co-parenting arrangements parents can split the payment of the entitlement to child benefit, but they cannot split their entitlement to child-related allowance or to the supplement in the AKW (only one co-parent can claim the child-related allowance and the supplement in the AKW).</p> <p><b>Benefits in the case of combining work and care</b></p> <p>Paternity leave applies exclusively to the partner of the woman who has given birth, i.e. the husband, the registered partner, the non-marital cohabiting partner and persons who have legally recognised the child.</p> <p>Short-term carer's leave can be taken for a child with whom the applicant has a legal family relationship or parentage; namely, the child of the husband, registered partner or the non-marital cohabiting partner, and for a foster child who lives at the same address. The right to take this paid leave exists for both parents.</p>
<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>	<p><b>Family benefits</b></p>
	<p><b>Can the benefit be claimed in case of</b></p>



<p>The child-related allowance and the supplement in the AKW are payable regardless of the type of contract and the number of working hours.</p> <p><b>Benefits in the case of combining work and care</b></p> <p>Paternity leave applies to 2 days on which work is habitually conducted.</p> <p>Short-term carer's leave applies to those days on which work is habitually conducted.</p>	<p><b>partial reduction of income pursuant to part-time/flexible working?</b></p>
<p><b>Family benefits</b></p> <p>The child-related allowance and the supplement in the AKW are not linked to the exercise of parental leave rights.</p> <p><b>Benefits in the case of combining work and care</b></p> <p>Paid paternity leave (kraamverlof) is different from parental leave (ouderschapsverlof). The additional 3 days (partner's leave) represent a specific form of parental leave (which is equally unpaid). Since the partner's leave is classified as a form of parental leave, the Act stipulates that those three days will be subtracted from the total amount of statutory parental leave (which amounts to 26 times of the weekly working hours).</p> <p>Short-term carer's leave: only 70% of the salary</p>	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>
<p>An employer's recourse to the social security system for reimbursement for salary paid during leave is NOT possible in any case. This is because with regard to parental leave the Netherlands do not have a legal right to paid parental leave.</p>	<p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "offset" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>

	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p><b>Family benefits</b></p> <p>The payment of one right to child benefit can split in the case of co-parenting arrangements, but split payment of the child-related allowance or the supplement in the AKW is not possible.</p> <p><b>Benefits in the case of combining work and care</b></p> <p>Paternity leave: not applicable.</p> <p>Short-term carer's leave can be taken by both parents, but not simultaneously. Please refer to the eligibility criteria.</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>	<p><b>Family benefits</b></p> <p>The right to child-related allowance and the supplement in the AKW is linked to the parent that receives child benefit. In the case of a child that lives in a household with both parents, the parents can decide for themselves which parent will actually receive the child benefit. This means that it's also possible for the parent who does not take the child-raising task upon him/herself, to receive the child-related allowance and the supplement in the AKW. However, if the parents live separately the child benefit will be paid to the parent that lives in a household with the child.</p> <p><b>Benefits in the case of combining work and care</b></p> <p>Paternity leave: not applicable.</p> <p>Short-term carer's leave can be taken by both parents.</p>	



## NORWAY

		REPLY
<b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>		<p>Norway does not have a <i>salary related</i> child benefit (nor any other income related Due to the universal citizenship nature of the Norwegian welfare state, the child benefit has, since its introduction, been a flat rate benefit. The information given relates to this scheme.</p> <p>The Norwegian Child Benefit was introduced in 1946. According to the rules only lone parents were entitled to receive benefit for the first born child and onwards, while married parents were entitled to benefits for the second child and onwards. In 1970, the law was changed, married or cohabiting parents were now entitled to receive the benefit for the first child as well in accordance with the national insurance Act, and the allowance rates was considerably increased.</p> <p>Since 2006 the Norwegian Labour and Welfare Administration administer the social security benefits. In all 671 763 persons receive</p>
	<b>Level of the benefit</b>	<p>In Norway the benefit is a <i>standard rate</i> for each child. The ordinary child benefit amounts to NOK 970 per child per month for married and cohabiting parents. The extended benefit for lone parents amounts to NOK 970 extra per child per month</p>
	<b>Conditions of entitlement</b>	<p>The ordinary child benefit is <i>non-income tested</i> (i.e. not salary-related) but varies with family type. Parents registered in the population register are granted the child benefit automatically, as a general rule. To be entitled the child must live in Norway. A child is generally regarded as living in Norway if he/she has been in Norway for at least 12 consecutive months</p> <p>Parents that arrive from an EEA country however and have paid work in Norway, are entitled to receive the child benefit even if they have been residing in Norway for less than 12 months. The child benefits are assessed according to the rules of the EEA agreement and other national insurance agreements.</p> <p>Lone parents are entitled to the 'extended child benefit' if they are separated, divorced, widowed or unmarried and do not live with the child's other parent. A mediation certificate must be produced in the event of cohabitants with joint children under the age of 16 years splitting up.</p> <p>Both the ordinary child benefit and the extended benefit for lone parents is non-income tested and therefore not salary-related, but <i>varies with family type</i>.</p>
<b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<b>Exclusively or partially calculated with respect to salary</b>	
	<b>Maximum</b>	Members of the National Insurance Scheme are entitled to child benefit for children up to the age of 18.

	<p><b>duration of the benefit</b></p> <p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>	<p>Most parents do not need to apply for the ordinary child benefit. If the child is born in Norway, the mother is automatically granted entitlement to child benefit from NAV roughly two months after the child is born. Both the child's mother and father can claim the extended child benefit if they are lone parents.</p> <p>If the child's parents have a dual domicile agreement for the child, the benefit can be split equally between them the whole period (0-18 years).</p> <p>Foster parents, another carer or a child-care institution may claim the child benefit if the child lives there permanently (for more than three months).</p> <p>The child benefit is non-income related and thus not affected by any changes in working hours or income.</p>
	<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p>	<p>No. The Norwegian child benefit is not intended to complement the exercise of parental leave rights.</p>
	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>	<p>The parental leave rights are exclusive and offered in terms of a "child home care allowance" (kontantstønad) or through the paid paternity leave benefit that is linked to previous earnings (a pensionable income for at least six of the ten months prior to the benefit period). These parental benefits are intended to ensure parents an income in connection with the birth or adoption of a child and independent of the national child benefit.</p>
	<p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "off-set" or claim reimbursement from the social security institution for</b></p>	

	<p><b>salary paid to the employee during parental leave?</b></p>	
	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>If the child's parents have a dual domicile agreement for the child, the ordinary (non-income) child benefit can be split equally between them the whole period (0-18 years).</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>	<p>Any changes in the family situation or moving abroad may affect the payment and must be reported to the Labour and welfare administration, if not the recipients of benefits may be charged the wrong amount and the payment will stop.</p> <p>The entitlement to receive the extended child benefits for lone parents is family related and therefore needs documentation. In the case of changes in marital status marriage or cohabiting with a new partner for more than 12 months, the lone parent no longer fulfil the conditions of entitlement according to the national Insurance Act and loose the access to benefit allowances.</p>	



## POLAND

REPLY	
<p>It has to be mentioned that Polish legal system distinguishes two kinds of benefits which role is to replace income during child-raising periods. The essential difference between them relates to sources of financing.</p> <p>1. The maternity allowance (<i>zasiłek macierzyński</i>) during the parental leave (<i>urlop rodzicielski</i>) which has been introduced to the Polish legal system in 17 June 2013. The maternity allowance is a part of a compulsory social insurance scheme. The conditions and principles of granting this benefit are regulated by the Act on Social Insurance Cash Benefits in Cases of Sickness and Maternity (<i>Ustawa o świadczeniach pieniężnych z ubezpieczenia społecznego w razie choroby i macierzyństwa</i>) of 25 June 1999. The maternity allowance is payable during the 26 weeks' parental leave.</p> <p>2. There is also the child-raising supplement allowance (<i>dodatek z tytułu opieki nad dzieckiem w okresie korzystania z urlopu wychowawczego</i>) paid to people on childcare leave (<i>urlop wychowawczy</i>), regulated by the Act on Family Benefits (<i>Ustawa o świadczeniach rodzinnych</i>) of 28 November 2003. This benefit is a part of a tax financed universal scheme providing a flat-rate benefit as a supplement to Family Allowance. In 2013 was granted in average 68,5 thousands supplements per month (16% less than in 2012 – 81,6 thousand). In 2012 the number of people using the child-raising leaves has decreased by 16%. Decrease of number of people exercising the child-raising leave is due to the introduction of parental leave from social insurance<sup>89</sup>.</p>	
<p><b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	<p>Monthly maternity allowance during the parental leave (<i>zasiłek macierzyński</i>) amounts to 60% or 80% of the 'reference wage' per month. The reference wage is calculated on the basis of gross earnings during the 12 months preceding the start of the maternity leave (<i>urlop macierzyński</i>) for which contributions were paid.</p> <p>The child-raising supplement allowance is tax financed universal scheme providing a flat-rate benefit as a supplement to Family Allowance. The allowance amounts to 400 PLN per month (€93) and is not subject of any differentiation.</p>
<p><b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	<p><b>Level of the benefit</b></p> <p>The maternity allowance is a part of a compulsory social insurance scheme providing earnings-related benefits to all employees. Voluntary membership for self-employed</p>
	<p><b>Conditions of entitlement</b></p>

<sup>89</sup> [https://www.mpips.gov.pl/afx/mpips/userfiles/\\_public/1\\_NOWA%20STRONA/Polityka%20rodzinna/statystyka/Informacja%20swiadczenia%20rodzinne%202013-popr.pdf](https://www.mpips.gov.pl/afx/mpips/userfiles/_public/1_NOWA%20STRONA/Polityka%20rodzinna/statystyka/Informacja%20swiadczenia%20rodzinne%202013-popr.pdf)

		<p>women and other assimilated groups (eg. contractors).  Maternity allowance is granted to an insured woman who <u>within the period of sickness insurance or within the period of child care leave</u>:</p> <ul style="list-style-type: none"> <li>• gave birth to a child,</li> <li>• took in a child under 1 year of age and applied for a legal adoption at the custody court,</li> <li>• took in a child under 1 year of age to be raised in a foster family.</li> </ul> <p>The conditions for eligibility for maternity allowance during the parental leave are, in principle, to use:</p> <ol style="list-style-type: none"> <li>1. the maternity allowance during the maternity leave (urlop macierzyński) which lasts 20 weeks (31 to 37 for multiple births, depending on the number of children born),</li> <li>2. the maternity allowance during the additional maternity leave (<i>dodatkowy urlop macierzyński</i>) which may last: <ul style="list-style-type: none"> <li>• up to 6 weeks - in case of birth of one child during one delivery,</li> <li>• up to 8 weeks - in case of a multiple birth.</li> </ul> </li> </ol> <p>The child-raising supplement (means tested) is granted during the child-raising leave, which may be taken by an employee employed for at least 6 months, in order to take care of her/his child personally. The right to the child-raising leave is envisaged in the Polish Labour Code.</p> <p>The child-raising supplement may be claimed by a person who meets following conditions:</p> <ul style="list-style-type: none"> <li>• will reside within Poland for the period for which she/he will receive the benefits;</li> <li>• family income does not exceed PLN 539.00 (€ 124) per person in the family, or PLN 623.00 (€ 144) if one of the family members is a disabled child.</li> </ul> <p>The maternity allowance is calculated exclusively with respect to salary. As it was mentioned, the maternity allowance is calculated on the basis of gross earnings during the 12 months preceding the start of the maternity leave (<i>urlop macierzyński</i>) for which contributions were paid.</p> <p>The child-raising supplement is tax-financed, means tested and provides a flat-rate</p>
	<p><b>Exclusively or partially calculated with respect to salary</b></p>	

	benefit as a supplement to Family Allowance. It has no relation to remuneration.
<p><b>Maximum duration of the benefit</b></p>	<p>The maternity allowance during the parental leave is paid to either parent for 26 weeks following the end of maternity leave (the maternity leave of 20 weeks [or 31-37 for multiple births] and additional maternity leave).</p> <p>The child-raising supplement may be granted for a period of up to 24 months, extended to 36 months where the person concerned provides care for more than one child delivered in the same multiple birth, or to 72 months for a disabled child. Not every day of parental leave may be a day of exercising the right to the child-raising supplement. The maximum duration of child-raising leave is up to 36 months while the supplement may be granted for a maximum period of – in principle – 24 months.</p>
<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>	<p>Parents using their parental leave corresponding to 26 weeks, receive during this period the maternity allowance. The maternity allowance can be taken either at once by one of the parents or in two or three parts following each other directly and not shorter than 8 weeks. Mother and father may share it between themselves.</p> <p>The maternity allowance during the parental leave both parents may use in the same time provided that the total length of parental leave and allowance granted to both parents do not exceed the period of 26 weeks. It means that if parents use the parental leave and maternity allowance during the parental leave at the same time, both parents can take such leave and allowance up to 13 weeks (13 weeks of parental leave and allowance paid during this period for mother and 13 weeks of parental leave and allowance paid during this period for father, which makes 26 weeks).</p> <p>The child-raising leave is granted on the employee's request. Such leave can be taken in separate parts, maximum 5. The use of child-raising leave by both parents in the same time is possible for uninterrupted period of maximum 4 months. If the child-raising leave is used by both parents, they have right to only one child-raising supplement. Each parent has an exclusive right to one month of child-raising leave during the period of child-raising leave. This right might not be transferred to the other parent or guardian.</p>
<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to</b></p>	<p>Act on Social Insurance Cash Benefits in Cases of Sickness and Maternity allows an employee on parental leave to undertake paid work for an employer who granted that leave of not more than half time employment. In this case, the amount of maternity allowance during the parental leave is decreased proportionally to the</p>



	<p><b>part-time/flexible working?</b></p>	<p>working time in which employee works during the use of parental leave. This applies to employees only and does not apply to insured persons who are not employees (eg. self-employed).</p> <p>The Act on Family Benefits (<i>Ustawa o świadczeniach rodzinnych</i>) allows an employee on child-raising leave, who receives a supplement at this time, to undertake paid work for current or a different employer or to undertake other gainful activity, as well as education and training, <u>if it does not exclude the possibility of personal care of the child.</u></p>
	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>	<p>Both maternity allowance during the parental leave and child-raising benefit are intended to take care of a child and – when needed – to combine childcare with work.</p>
	<p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "offset" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>	<p>The maternity allowance during the parental leave is paid from the social insurance fund by the Social Insurance Institution (ZUS), not by an employer.</p> <p>The child-raising supplement is tax financed and paid by public authorities.</p>
	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>See the information above.</p>
	<p>As it was already mentioned above, in Poland we distinguish two groups of benefits aimed at replacing income</p>	

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during – broadly speaking – the child-raising periods: the maternity allowance which is a part of a compulsory social insurance scheme and may be granted exclusively to insured person – both employees and other related groups.

The last amendments to the Act on Social Insurance Cash Benefits in Cases of Sickness and Maternity introduced the possibility of exercising the right to maternity allowance by an insured father of the child (or other immediate insured family member) in cases of:

- death of mother of the child;
- abandonment of the child by a mother;
- if the mother is unable to take care of the child in a situation when she is unable to eg. live independently also in a situation when a mother of the child is not insured.

Still, a person acquiring the allowance must be the subject of social insurance in Poland.

Family benefits, including the child-raising supplement, are of a different nature. They are means tested and has no connection with the previous remuneration and professional activity of the beneficiary. The child-raising supplement may be granted only to an employee using the child-raising leave.



## PORTUGAL

REPLY	
<p>In Portugal, until 1984, the parental allowance was restricted to mothers and the leave was for a short period. The institution of a first form of child's raising benefit occurred in 1937, when a short leave of 30 days was created to female workers: the leave, though, was optional and could be given by the employer to the worker being entirely supported by him. With the reform of the welfare system in 1962, a truthfully maternity allowance, relying in a social insurance scheme, was instituted (60 days of leave fully paid). Mothers could also enjoy a half hour per day of work as breastfeeding period. After the democratic revolution of 1974, and with the new Constitution of 1976, the maternity allowance was finally considered a universal right of the female workers, and the leave entirely paid by the Social Security System increased up to 90 days.</p> <p>After 1984, with the approval of the Decree 4/84 (the new legal regime of maternity and paternity allowances), fathers were able to share the maternity allowance, but only in case of death or incapacity of the mother after giving birth. Only in 1995, this possibility of sharing the initial maternity leave was extended to fathers, irrespectively of the cause, although mothers should necessarily take a period of 14 days within the overall 90 days leave. In this occasion, fathers were also given the possibility of enjoying two days after the child's birth, of absence from work, but this was not mandatory. Also notice that in 1984 had also been created a new special leave of six months/two years that could be taken until the child completed 3 years old, but this new leave was not paid by Social Security.</p> <p>In 1998-99, the maternity leave was increased up to 120 days, being entirely paid by the Social Security given that six weeks of that leave should be an exclusive right of mothers.</p> <p>In 1999, it was created a leave of paternity of 5 days, fully paid by Social Security, and created a subsequent parental leave of 15 days (to the fathers), entirely paid by Social Security, as long as taken immediately after the end of the maternity leave. Other special parental leaves were also created and could be taken in the first years of the child's life.</p> <p>With the Labour Code of 2003-2004, the paternity allowance of 5 days became mandatory, and the maternity leave could now be of 120 days, being fully paid (100% of the worker's salary), or of 150 days, with a reduction (80% of the worker's salary).</p> <p>The current system, described <i>infra</i>, results from the new Labour Code (approved by Law 7/2009) and of Decree 91/2009. Both have suffered changes in the last years. The latest alterations were most recently approved in the Portuguese Parliament, the 1<sup>st</sup> September of 2015.</p> <p>A significant innovation introduced by the new Labour Code is that the current regime does not distinguishes, as in the past, between maternity and paternity leaves, but uses commons expressions of 'parental leaves' that can be shared, within certain conditions, between mothers and fathers. The idea of equal treatment between women and men was hence reinforced in the Portuguese regime.</p>	
<p><b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	
<p><b>DESCRIPTION OF THE SALARY-RELATED</b></p>	<p><b>Level of the benefit</b> Parental leave in Portugal is understood to be the period of time during which</p>

**CHILD-RAISING BENEFIT**

working mothers and fathers are entitled to stay at home following the birth or adoption of a child.

The amount of the benefits corresponding to each form of parental leave is as follows:

For initial parental leave (after birth or adoption) as selected by the parents:

- 100% of the reference salary for leave of 120 days;
- 80% of the reference salary for leave of 150 days;
- 100% of the reference salary for leave of 120 days with an additional 30 days in the event of sharing (120+30);
- 83% of the reference salary for leave of 150 days with an additional 30 days also in the event of sharing (150+30).

For parental leave exclusive to the father (10 mandatory days plus 10 optional days) this sum is:

- 100% of the reference salary.

For extended parental leave (that integrates the so-called supplementary leave to care for a child under the age of 6) is paid by the social security in the following circumstances and as follows:

- The daily amount of the extended child benefit corresponds to 25 % of the worker's reference salary as long as taken immediately after the period during which they were receiving the initial child benefit or during which the other parent was receiving the extended child benefit.

The Portuguese social security system does not pay for any other benefits for child raising leaves, even though non paid special leaves or part-time work, or both, are allowed to workers by the Labour Code. In fact, once they have exhausted their entitlement to supplementary parental leave, parents are entitled to take up to two years (consecutively or interspersed) of leave for childcare. For third and subsequent children, this leave is limited to three years. There is, though, a special leave to care for children with a disability or chronic illness, whose benefit corresponds to 65% of the beneficiary's reference salary, capped at twice the IAS (*indexante dos apoios sociais*, Index of Social Support). The IAS corresponds to € 419.22.

The Decree 91/2009 has also created the so-called social parental (initial) leaves, whose amounts are as follows:

- 80% of 1xIAS (€419,22), for leave of 120 days;
- 64% of 1xIAS (€419,22), for leave of 150 days;
- 80% of 1xIAS (€419,22), for leave of 120 days with an additional 30 days in the event of sharing (120+30);
- 66% of 1xIAS (€419,22), for leave of 150 days with an additional 30 days

		<p>also in the event of sharing (150+30).</p> <p><b>For parental leaves</b></p> <p>Only workers may be recognised as being entitled to take leave, unpaid leave or equivalent periods of absence under the Labour Code. This is different from the social protection scheme, which requires the beneficiary to have been in gainful employment for a guarantee period of six calendar months, consecutive or interspersed, at the date of the occurrence justifying the benefit. When counting the six months we take into account the non-overlapping periods of gainful employment under other social protection schemes, completed in Portugal or elsewhere, that cover this form of benefit, including for workers in the public services.</p> <p>Self-employed workers and persons covered by the voluntary social security scheme must have paid their social security contributions in full up until the end of the third month immediately preceding the month of the occurrence preventing them from working.</p> <p><b>For social parental leaves</b></p> <p>For workers who do not work or pay for the Social Security system, or for those that, although paying, haven't fulfilled the abovementioned guarantee period of six months.</p> <p>Conditions:</p> <ul style="list-style-type: none"> <li>- Legal residence in Portugal;</li> <li>- These are means-tested benefits.</li> </ul> <p>Parental leaves are exclusively calculated with respect to salary. Social parental leaves are partially calculated with respect to salary (which may not even exist), because since they the benefits are means-tested they consider other sources of income.</p> <p>For initial parental leave (including social leave), the maximum duration of the benefit is of 180 days, which is given in case of shared leave. For extended parental leave the benefit is paid for a period of three months.</p> <p>Both can claim the benefit. Notwithstanding, there are exclusive periods of paid leave (mothers are exclusively entitled to take parental leave of up to 30 days before the birth, but must take 6 consecutive weeks of leave following the birth; fathers are required to take ten working days of parental leave, five of which must be consecutive, within the 30 days immediately following the birth of the child, the</p>
<p><b>Conditions of entitlement</b></p>		
<p><b>Exclusively or partially calculated with respect to salary</b></p>		
<p><b>Maximum duration of the benefit</b></p>		
<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between</b></p>		

	<p><b>the parents?</b></p> <p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p> <p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p> <p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "offset" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p> <p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>remaining days may be taken in a single stretch or at intervals).</p> <p>There are no paid benefits in case of part-time work.</p> <p>Yes. Benefits for parental leaves are one aspect of the labour regime that intends to promote the conciliation between work and family needs.</p> <p>No.</p> <p>Yes. Parental leaves can be shared by parents and in that case the amount of the benefit will be higher (see above 'level of the benefits').</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT</b></p>	<p>According to the Portuguese law, a worker only benefits of social protection whether the conditions of the Labour Code are fulfilled (being a worker is one of them, and having a minimum period of insurance the other one). As for non-workers, and in order to benefit from social parental leave, the residence condition and the means-test</p>	

**FACTUALLY FULFILLS THE CONDITIONS  
OF ENTITLEMENT UNDER NATIONAL LAW  
AND IF SO HOW?**

condition should be fulfilled.



## ROMANIA

	<b>REPLY</b>
<b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p>The child-raising benefit was established in Romania in January 1990 and faced in last 25 years several changes. By Decree-Law 31 / 01.19.1990 is established the right to the child-raising benefit and leave for the child aged up to 1 year, after the end of the maternity benefit of 112 days. Women affiliated to the social insurance scheme were entitled. The amount of the benefit was 65% of the monthly wage rate. The benefit was paid by the social insurance scheme. No specific contribution was established for finance the benefit.</p> <p>The Law 120 / 07.09.1997 on child-raising benefit bring some changes:</p> <ul style="list-style-type: none"><li>-women affiliated to the social insurance scheme received a leave for the child aged up to 2 years and the amount of the child-raising benefit was raised to 85% of the basic salary and other salary income;</li><li>- women affiliated to the farmers insurance scheme received a benefit of 80% of the average monthly insured income calculated for the last 6 months of contribution paid.</li></ul> <p>Financial unsustainability of this benefit makes the Law no.19/ 2000 on public pension system and other social insurance rights to change the calculation basis. The monthly amount child –raising benefit was 85% applied to the average monthly income in the last 6 months and may not exceed the ceiling of 3 times the gross average salary per economy. No specific contribution was collected for this benefit.</p> <p>A new change appears by GEO (Government Emergency Ordinance) 9/2003 amending and supplementing Law no. 19/2000 on public pensions and other social insurance rights by extending the calculation basis and increases the ceiling. Thus, the condition for entitlement was raised at last 10 months preceding the child birth, on which was paid individual contribution to social insurance system. The amount of the benefit could not be less than 85% of the average net annual forecast by the state social insurance budget law and not exceed the ceiling of 5 times the average gross wage.</p> <p>Two months later, by GEO no. 23 of 10 April 2003 amending and supplementing Law no. 19/2000, rights, are established after 31 December 2003 the amount of the benefit was set at 85% of gross average wage in the state social insurance budget and approved by the state social insurance budget law.</p> <p>Due to the deficit of the pension budget, through GEO 148/2005, the child raising benefit was financed by the state budget and removed from the scope of the social insurance system. The eligibility criterion was 12 months of professional income subject to income tax according to Law no. 571/2003 on the Fiscal Code, before the child birth. There were taken into account and assimilated periods (unemployment, sick leave, college attending, etc.). The amount of the benefit was set at 800 RON in 2006. In 2007 the amount of the benefit was split as: 600 RON the child-raising benefit and 200 RON the state allowance for children up to 2 (3, for disabled children) years. A new benefit was introduced, in the form of monthly incentive of 100 RON lei for parents who return to work before the child turns the age of 2 or 3 years, if disabled.</p>



	<p>In 2008, two changes of GEO 148/2005, Law no. 257/2008 of 1 January 2009 changes the amount of benefit fixed at of 85% of the average net monthly income of the person entitled and by GEO 226/2008, a ceiling is set at 4,000 RON.</p> <p>Due to the financial crisis, by Law no.118 / 2010 the amount of the benefit is reduced by 15%, but not less than 600 RON.</p> <p>The last important change was through the Government Emergency Ordinance no.111 / 2010 on child raising benefit which introduced the possibility of option for the duration and accordingly for the amount of the benefit until the child is aged 1 year, 2 years or 3 years for a child with disabilities. Thus, if the parent chooses to stay in the child -raising leave until the child is ages 1 year, he/she received a monthly allowance of 75% of the average net income of the last 12 months, which cannot be less than RON 600 or more than RON 3,400. If the parent returns at work until the child turns 1 year of age, the incentive was 500 RON and is paid until the child turns 2 years old. If the parent does not return to the labor market, it may choose to grant unpaid leave to care for children aged 1 year and 2 years. If the parent chooses to stay in the parental leave until the child is aged 2 years, the parent receive a monthly allowance of 75% of the average net income of the last 12 months, but not less than 600 RON and a maximum of 1,200 RON; In this case the incentive for work returning is not available. If a parent has twins, the amount of the benefit is supplemented with 600 RON.</p> <p>Number of beneficiaries:</p> <p>2006: 186,342  2007: 189,990  2008: 179,070  2009: 191,174  2010: 206,264  2011: 196,680  2012: 160,028  2013: 142,170  2014: 130,579</p>
<p><b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	<p><b>Level of the benefit</b></p> <p>The beneficiary is entitled to opt for the duration of the benefit:</p> <ul style="list-style-type: none"> <li>- child-raising leave and indemnity for the child aged up to one year, or</li> <li>- child-raising leave and indemnity for the child aged up to two years.</li> </ul> <p>The amount of the benefit varies according to the duration of the benefit and the previous incomes of the claimant.</p> <p>1) If the option is child-raising leave and indemnity for the child aged up to one year, the amount of the benefit is 85% of the average net income earned during the last 12 months preceding the contingency, but not less than 1.2 RSI and not more than 6.8 RSI, where RSI = Reference Social Indicator = RON 500 (EUR 111)  The amount of the benefit is between 600 and 3400 RON (EUR 133-756)</p>

		<p>2) If the option is child-raising leave and indemnity for the child aged up to two years, the amount of the benefit is 85% of the average net income earned during the last 12 months preceding the contingency, but not less than 1.2 RSI and not more than 2.4 RSI, where RSI = Reference Social Indicator = RON 500 (EUR 111)</p> <p>The amount of the benefit is between 600 and 1200 RON (EUR 133-267)</p> <p>If the child is disabled, the benefit is paid until the child aged up to three years. In this case the amount is 85% of the average net income earned during the last 12 months preceding the contingency, but not less than 1.2 RSI and not more than 6.8 RSI, where RSI = Reference Social Indicator = RON 500 (EUR 111). The amount of the benefit is between 600 and 3400 RON (EUR 133-756).</p> <ul style="list-style-type: none"> <li>• 12 months period of taxable personal income before the child birth,</li> <li>• take leave to raise the child,</li> <li>• living with the child, being responsible for him/her</li> <li>• fulfilment of the fiscal obligations owed to the local budgets (this requirement does not apply to single-parent families).</li> </ul>
	<p><b>Conditions of entitlement</b></p>	<p>For entitlement, there are taken into account assimilated periods when the persons:</p> <ul style="list-style-type: none"> <li>- Received social security benefits (unemployment, pensions, sickness, child raising benefits)</li> <li>- temporary interrupted the activity, at the employer's initiative, without termination of the contract</li> <li>- 3 months between the date of termination of an employment contract for a definite term and the date of beginning of another employment contract of limited duration;</li> <li>- accompanied the husband / wife sent in permanent mission abroad;</li> <li>- performed military service on a voluntary basis, were concentrated, mobilized or prisoner;</li> <li>- attended without interruption day courses of postgraduate education or, if applicable, graduate level university masters, organized by law in the country or in another Member State of the European Union in a recognized field Ministry of Education, Research, Youth and Sports, unless discontinuation rates for medical reasons;</li> <li>- had the status of doctoral student, as provided by art. 20 and 21 of Government Decision no. 567/2005 on the organization and development of doctoral studies, with subsequent amendments;</li> <li>- was in the period between the end of a primary and secondary education and start in the same calendar year to another form of school education, at day</li> </ul>

<p>courses organized by law, frequented without interruption;  - was in vacation between the study years;  - received professional incomes in other EU Member State</p> <p>The benefit is calculated taking into account professional incomes (salary, incomes as self-employed and incomes from agricultural activity).</p>	
<p>If the child is disabled, the benefit is paid until the child is aged three years.</p>	
<p>Both parents can claim the benefit, if they fulfil the conditions, but not simultaneously.  The benefit has to be split between the two parents, at least one month. Is the option of the parents how they split the benefit.</p>	
<p>Yes, all the incomes received are taken into account.</p>	
<p>The benefit is intended to help the family raising the child, improve the reconciliation of work, private and family life, improve the natality and exercise the parental leave rights.</p>	
<p>The benefit is paid directly by the local authorities, from the state budget. It is not considered a social insurance benefit.</p>	<p><b>Exclusively or partially calculated with respect to salary</b></p> <p><b>Maximum duration of the benefit</b></p> <p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p> <p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p> <p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p> <p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "offset" or claim reimbursement from the social security institution for salary paid to the employee</b></p>

	<p><b>during parental leave?</b></p>	
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>It is possible for each parent to claim the benefit, if they are entitled, but not simultaneously.</p> <p>It is the option of the parents how they split the benefit.</p> <p>When a parent take the child-raising benefit, during that period (1 year or 2 years), the other parent has to take at least 1 month child-raising benefit. If not, that month cannot be claimed by the long term beneficiary of the benefit.</p> <p>In case that the mother takes child raising leave for the child aged up to 1 year, she is entitled to only 11 month of benefit. If the father doesn't claim the benefit, 1 month of the benefit is lost.</p> <p>Each parent receives the benefit according to his/her previous incomes.</p> <p>The entitlement to the benefit is individual.</p> <p>Conditions to entitlement for the parent are to leave the professional activity in order to raise the child and to live with the child, to be responsible for his/her maintenance.</p>



**SLOVAKIA**

		<b>REPLY</b>																								
<b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p>First law: 1888. 2003 – social insurance, implemented in 2004, 2003 (income replacement) implemented in 2004,</p> <p>Number of accounted benefit claimants of maternity benefit – monthly average</p> <table border="1"> <tr> <td>2003</td> <td>2004</td> <td>2005</td> <td>2006</td> <td>2007</td> <td>2008</td> <td>2009</td> <td>2010</td> <td>2011</td> <td>2012</td> <td>2013</td> <td>2014</td> </tr> <tr> <td>20531;</td> <td>13526;</td> <td>16382;</td> <td>16807;</td> <td>17114;</td> <td>18183;</td> <td>19774;</td> <td>20092;</td> <td>23212;</td> <td>24221;</td> <td>23858;</td> <td>23132</td> </tr> </table>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	20531;	13526;	16382;	16807;	17114;	18183;	19774;	20092;	23212;	24221;	23858;	23132	<p>The only salary related child raising benefit is maternity benefit. ( parental benefit, child benefit are not salary related benefits) 65% of the daily assessment basis. The daily assessment basis is the earnings in the last year before the expected date of childbirth. (daily earnings calculated on the basis of the previous year, with a monthly ceiling of one and a half times the national average monthly wage)</p>
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014															
20531;	13526;	16382;	16807;	17114;	18183;	19774;	20092;	23212;	24221;	23858;	23132															
	<b>Level of the benefit</b>	<p>The entitlement to maternity benefit is conditioned by the continuance of sickness insurance for a minimum of 270 days in the last two years prior the childbirth, as well as by the existence of sickness insurance at the time of commencement of the maternity leave and/or upon the expiry of the protective period as of that date. Moreover,, self-employed persons and voluntary insured persons are obliged to pay their sickness insurance contributions on time. Sickness insurance is mandatory for: Employee with regular income Self-employed person meeting conditions regarding the income out of business. An employee shall be an individual in a legal relation with a right to a regular monthly income and also a person performing activities on the basis of agreements on work performance besides work contract with a regular monthly income, except for a person:</p> <ul style="list-style-type: none"> <li>- Performing activities on the basis of a Contract for part-time work of students and</li> <li>- performing activities on the basis of an agreement on the performance of work or contract for services, if the person is granted the old-age, disability, retirement pension and has reached the old age, disability, retirement age.</li> </ul> <p>Conditions:</p> <ul style="list-style-type: none"> <li>- Pregnancy or the care for a new-born child</li> <li>- Valid sickness insurance</li> </ul>																								
	<b>Conditions of entitlement</b>																									

<ul style="list-style-type: none"> <li>- Being covered by sickness insurance for not less than 270 days during the last 2 years preceding childbirth (delivery)</li> <li>- After termination of sickness insurance – being in period of entitlement to sickness benefits or within the duration of the protective period. The duration of the protective period for a female insured person, whose sickness insurance terminated at the time of her pregnancy, is 8 months.</li> </ul>	
<p>Calculated with the respect to sickness insurance contributions from salary (minimum and maximum). – see conditions</p>	<p><b>Exclusively or partially calculated with respect to salary</b></p>
<p>Is paid from six to eight weeks before the expected date of childbirth for a total of 34 weeks; 37 weeks for a single mother and for multiple births; 22 weeks for a substitute caregiver; 43 weeks for a single parent or substitute caregiver raising at least two newborn children; or at least 14 weeks if the child is stillborn.</p> <p>Maternity leave granted in connection with the birth must not be shorter than 14 weeks and may not be terminated or interrupted before the lapse of six weeks from the date of the birth.</p>	<p><b>Maximum duration of the benefit</b></p>
<p>Other insured persons are also entitled to maternity benefits, e.g. the child`s father or a person caring for the child based on a decision of a competent authority. Always only one person – there is no split between parents.</p> <p>If another insured person is taking care of a child, such a person shall be entitled to maternity benefit as from the date of assuming the care of the child for a period of 28 weeks from the commencement of entitlement to maternity benefit ( or, if is a single person, until the end of the 31<sup>st</sup> week from the commencement of the entitlement to maternity benefits, or if assuming care of 2 or more children, until the end of 31<sup>st</sup> week from the commencement of the entitlement to maternity benefit.</p>	<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>
<p>See conditions of sickness insurance: insured person has to contribute 1,4% of covered monthly earnings, voluntarily insured persons contribute 4.4% of declared monthly earnings.</p> <p>The minimum earnings used to calculate contributions for maternity benefit is the legal monthly minimum wage.</p> <p>So, doesn`t matter, what kind of work, but contributions minimum 270 days and from legal monthly minimum wage.</p> <p>There is also maximum earnings used to calculate contributions for maternity benefits, in the 2014 1,153.50 Euros.</p> <p>Voluntary sickness insured person can be a person after age of 16 years, having</p>	<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p>

		<p>permanent residence on the territory of the SR, temporary residence permit or permanent residence permit (EU/EEA/Swiss citizens fulfil this condition if they have residence in EU/EEA/Switzerland), if the person: is not granted the old-age pension, early retirement or disability pension because of a decline of earning capacity by more than 70%; is not granted disability pension when reaching the retirement age and; at the same time is voluntarily pension insured.</p>
	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>	<p>The benefit is increasing – period and amount – and the plan is further increase to 75% from monthly earnings. There is additional payment to the Maternity benefit up to amount of the Parental Allowance if the amount of the maternity benefit is less than the Parental Allowance</p>
<p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "offset" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>		<p>For the purposes of extended care of children, employers are obliged to grant women and men who so request, parental leave until the day the child turns three years old (it can be requested at any time up to the age of 3 years, (in case of children with long-term poor health requiring special care until six years), even if the mother/father has been working after the maternity/paternity leave). An employer must excuse the employee's absence from work on the grounds of incapacity for work due to illness or injury, periods of maternity and parental leave, quarantine, attending to a sick family member or caring for a child younger than 10 years of age who for important reasons, cannot be left in the care of a childcare establishment or school that the child normally attends, or in case of medical examination of the person who otherwise takes care of the child. An employer has to contribute to sickness insurance (maternity) 3% of covered monthly earnings . Equalisation benefit during the pregnancy and maternity: - Affiliation to the sickness insurance system - Transfer to another job in respect of pregnancy or maternity - Reduced earnings as a consequence of the transfer. Equalisation Benefit during pregnancy and maternity: - 55% of the difference between previous and actual wage after transferring to another job ( up to 55% of the national average wage). The benefit is granted for a period of pregnancy or maternity, at longest until the end of the 9<sup>th</sup> month after confinement</p>

	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>Parental leave – maternity benefit can be taken by the mother or the father until the child is three years old. For children with long-term health problems, parental leave can be extended until the child reaches six years of age. Who will use parental leave depends on parent’s decision.          Father has a right for 28 months for maternity benefit. After 34 or 43 weeks of maternity benefit for mother, father can start with parental leave maximum 28 weeks (condition is sickness insurance, and mother is not apply for parental allowance.). So, together maximum is 62 – 71 weeks on maternity benefit (without parental allowance). So both parents can use maternity benefit, but not simultaneously, but continuously. After this period parent can claim parental allowance.          The parental leave is to a great extent used by women (1 – 2% of men take parental leave)</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>	<p>Yes, under the conditions of voluntary sickness insured person</p>	





## SLOVENIA

	REPLY
<p data-bbox="863 1677 911 2056"><b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	<p data-bbox="392 1451 416 1621"><b>Introduction</b></p> <p data-bbox="448 586 472 1621">Salary-related child-raising benefits are provided by the parental care insurance, i.e.:</p> <ul data-bbox="480 230 679 1621" style="list-style-type: none"><li>- maternity benefit (<i>materinsko nadomestilo</i>), paternity benefit (<i>očeto vsko nadomestilo</i>) and parental benefit (<i>starševsko nadomestilo</i>), provided during maternity paternity and parental leaves,</li><li>- payment of social security contributions during part-time work due to parenthood (<i>pravica do krajšega delovnega časa in pravica do plačila prispevkov za socialno varnost zaradi starševstva</i>), or for leaving the labour market in case of four or more children (<i>pravica do plačila prispevkov za socialno varnost v primeru štirih ali več otrok</i>),</li><li>- and the new benefit or payment of social security contributions during breast-feeding break (<i>nadomestilo v času odmora za dojenje in pravica do plačila prispevkov za socialno varnost v času odmora za dojenje</i>).</li></ul> <p data-bbox="711 479 735 1621">Next to this (social) insurance non-contributory family benefits are provided. They are granted</p> <ul data-bbox="743 259 855 1621" style="list-style-type: none"><li>- at birth of a child as parental allowance, (<i>starševski dodatek</i>) and birth grant (<i>pomoč ob rojstvu otroka</i>),</li><li>- for raising of a child as child benefit (<i>otroški dodatek</i>) and large family supplement (<i>dodatek za veliko družino</i>),</li><li>- for disabled children child as child-care supplement (<i>dodatek za nego otroka</i>), and partial payment for lost income (<i>delno plačilo za izgubljeni dohodek</i>).</li></ul> <p data-bbox="887 230 943 1621">Some of family benefits are salary-related. Salary (or proportion of it) is used either as a qualifying condition or for calculating the benefit level.</p> <p data-bbox="951 230 1031 1621"><i>Parental allowance</i> (for those not entitled to parental care insurance benefits) is calculated as a flat-rated amount set at 55% of minimum salary, but should from 2016 onward be set as a fixed amount of 252.04 euro monthly, which fully corresponds to 55% of minimum salary).</p> <p data-bbox="1038 230 1110 1621"><i>Birth grant</i> (otherwise excluded from coordination rules) was transformed from universal to selective benefit during the crisis. It is provided to families whose income per family member does not exceed 64% of average salary in Slovenia</p> <p data-bbox="1118 230 1238 1621">There are 8 income brackets (during the times of crisis only 6, i.e. without the two highest) for the entitlement to a <i>child benefit</i>. They are set with the relation to average salary in Slovenia (the highest income bracket, i.e. the 8<sup>th</sup> bracket is for families whose income does not exceed 99% of average salary per family member, if it does, there is no entitlement; during the crisis the 6<sup>th</sup> bracket, i.e. 64% of average salary, is applied).</p> <p data-bbox="1246 230 1294 1621">Also <i>large family supplement</i> was transformed from universal to selective benefit during the crisis. It is provided to families whose income per family member does not exceed 64% of average salary in Slovenia.</p> <p data-bbox="1302 230 1382 1621"><i>Partial payment for lost income</i> is paid to one of the parents who leaves the labour market or works part-time. It amounts to 734.15 euro (or its proportionate part in case of part-time work). This amount corresponds exactly to the minimum wage in the first half of 2010. <i>Child-care supplement</i> is a flat-rate benefit, not salary-related.</p>

Family benefits will not be explained further, since they are not related to the individual salary, but rather to minimum or average salary in Slovenia.

### **Historical development**

Family benefits were introduced in 1993 with the Family Benefits Act (*Zakon o družinskih prejemkih, ZDPpre*). Family benefits were:

- benefit during the maternity leave (leave was regulated under labour law). It was an insurance based benefit, since (low, but nevertheless) contributions had to be paid, and it was salary-related (calculated as 100% of beneficiary's average salary in the preceding 12 months),
- parental allowance,
- birth grant,
- child benefit (at first envisaged as universal benefit, but at first deferred and later amended, so it was never universal in practice, but the threshold was rather high).

In the year 2001 the Parental Care and Family Benefits Act (*Zakon o starševskem varstvu in družinskih prejemkih-ZSDP*) was introduced. It was composed of two parts. In the first parental care insurance was regulated and in the second one family benefits. Parental care insurance provided the rights to:

- parental leave (composed of maternity, paternity, and child-care leaves),
  - parental benefit (composed of maternity, paternity, and child-care leaves),
  - part-time work due to parenthood with partial payment of social security contributions.
- All these benefits were individualised and salary-related.

Family benefits were provided:

- at birth: parental allowance and birth grant,
  - for raising of a child: child benefit and large family supplement,
  - for disabled children: child-care supplement and partial payment for lost income.
- Average or minimum salary was used to either set the entitlement conditions or for calculating the benefit.

In the year 2014 new Parental Care and Family Benefits Act (*Zakon o starševskem varstvu in družinskih prejemkih- ZSDP-I*, Official Gazette of the Republic of Slovenia, no. 26/2014) was passed. It follows the structure of former ZSDP (affected also with several anti-crisis laws), with some modifications. The latter concern different names of benefits, longer paid paternity benefit (after the crisis), transferability of parental benefit and some other. Benefits are described above (under Introduction).

### **Statistical information**

Statistical information was kindly provided by the Slovenian Ministry of Labour, Family, Social Affairs and Equal Opportunities

All benefits (maternity, paternity, child-care/parental benefits)

Year	Number of beneficiaries (monthly average)	Paid benefits (without employer's contributions) in EUR
2008	20.959	249.774.467
2009	22.365	282.014.581
2010	22.493	292.023.555
2011	22.782	299.411.227
2012	22.086	294.019.934
2013	21.130	262.854.102
2014	20.643	243.940.353

Payment of social security contributions during part-time work due to parenthood

Year	Number of beneficiaries	Paid benefits in EUR
2008	5.541	5.191.430
2009	7.937	6.774.798
2010	8.979	9.541.329
2011	10.108	11.497.083
2012	11.001	11.722.417
2013	11.585	13.940.016
2014	12.457	15.307.881

Payment of social security contributions during leaving the labour market in case of four or more children

Year	Number of beneficiaries	Paid benefits in EUR
2008	997	1.928.932
2009	1.174	2.379.215
2010	1.301	3.175.976
2011	1.436	3.779.087
2012	1.640	4.087.476
2013	1.525	4.312.590
2014	1.527	4.321.803

Parental allowance

Year	Number of beneficiaries	Supplement in EUR
2008	2.961	6.299.921
2009	2.791	6.153.737

2010	2.747	6.179.958
2011	2.708	6.137.132
2012	2.624	6.312.779
2013	2.917	8.349.430
2014	3.163	9.221.143

Birth grant

Year	Number of beneficiaries	Grant in EUR
2008	21.111	5.721.131
2009	21.734	5.941.239
2010	21.792	6.404.931
2011	20.275	5.778.151
2012	15.108	4.322.425
2013	15.437	4.416.198
2014	15.533	4.432.599

Child benefit

Year	Number of beneficiaries	Benefit in EUR
2008	376.802	275.828.480
2009	378.348	287.265.255
2010	374.466	289.642.826
2011	367.525	293.890.552
2012	283.361	249.535.863
2013	237.576	221.347.098
2014	238.325	217.624.215

Large family supplement

Year	Number of beneficiaries	Supplement in EUR
2008	28.830	10.699.058
2009	29.287	11.036.523
2010	30.001	11.854.758
2011	30.193	12.089.944
2012	28.325	11.463.344
2013	25.607	10.399.094
2014	25.241	10.324.622

Child-care supplement

Year	Number of beneficiaries	Supplement in EUR
2008	5.957	7.588.231
2009	6.022	8.061.613
2010	5.992	8.253.498
2011	5.963	8.362.057
2012	6.043	8.497.020
2013	6.024	8.169.824
2014	6.056	8.534.573

Partial payment for lost income

Year	Number of beneficiaries	Partial payment in EUR
2008	488	2.954.296
2009	529	3.277.959
2010	577	3.656.056
2011	631	4.752.601
2012	667	5.154.952
2013	701	5.565.737
2014	712	5.681.436

No statistical data is available yet for the new benefit or payment of social security contributions during breast-feeding break.

**DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT**

**Level of the benefit**

Maternity benefit is 100% of the basis from which the contributions for parental protection insurance have been calculated in consecutive 12 months, by taking into account a month before the last month prior to the submission of the first application for parental leave. The payment of maternity benefit may not be higher than two times the average monthly wage and cannot be less than 55% of minimum wage as set in 2006 and adjusted by the Act Regulating Adjustments of Transfers to Individuals and Households in the Republic of Slovenia (such minimum wage is lower than then the actual minimum wage in 2015).

Paternity benefit and parental benefit (also for adoptive parents) are: 90% of the basis from which the contributions for parental protection insurance have been calculated in consecutive 12 months, by taking into account a month before the last month prior to the submission of the first application for parental leave (100% when the basis does not exceed €763.06).  
Payment of paternity and parental benefit may not be higher than two times the

		<p>average monthly wage and cannot be less than 55% of minimum wage as set in 2006 and adjusted by the Act Regulating Adjustments of Transfers to Individuals and Households in the Republic of Slovenia (such minimum wage is lower than then the actual minimum wage in 2015).</p> <p>Social security contributions during part-time work due to parenthood, or for leaving the labour market in case of four or more children are paid from minimum salary (or its proportionate part in case of part-time work).</p> <p>Benefit or payment of social security contributions during breast-feeding break is provided as proportionate part of minimum salary (for one hour daily), until the child reaches nine months. From nine to 18 months only contributions from the proportionate part of minimum salary are paid (by the State).</p>
	<p><b>Conditions of entitlement</b></p>	<p>The beneficiaries of maternity benefit, paternity benefit or parental benefit must be covered by the Parental Care Insurance and be insured prior to the first day of the leave.</p> <p>To maternity/paternity/parental benefit are entitled also persons not entitled to the leave, if they were insured for at least 12 months in the last three years before claiming the benefit. This is advantageous for the persons with career breaks.</p> <p>One of the parents taking care of a child is entitled to payment of social security contributions during part-time work due to parenthood or for leaving the labour market in case of four or more children. In the latter case parental care insurance in the last 12 months is required.</p> <p>Benefit/contributions for breast-feeding break are provided to full-time employed mothers.</p>
	<p><b>Exclusively or partially calculated with respect to salary</b></p>	<p>Exclusively calculated with respect to salary: 100% (maternity benefit) and 90% (parental and paternity benefit, could be 100% when the basis does not exceed €763.06) of the basis from which the contributions for parental protection have been calculated in consecutive 12 months, by taking into account a month before the last month prior to the submission of the first application for parental leave.</p> <p>Calculated with respect to minimum salary are (proportionate) social security contributions during part-time work due to parenthood or for leaving the labour market in case of four or more children and benefit/contributions for breast-feeding break.</p>

**Maternity benefit**

105 calendar days, of which 28 days before the confinement. Use of 15 days before and/or after the birth is mandatory.

**Paternity Benefit**

Paid leave of 15 days, to be used during the first 6 months of the child's life. Exceptionally during the first 12 months when: a child is continuously in a hospital; father is continuously absent due to work assignments; adoption is after six months of child age. Further unpaid leave of 75 days, to be used until the child's 3rd birthday, during which the State pays social security contributions for the father. When the GDP rises above 2,5% the paternity leave for the fathers will last 30 days (15 days until the age of the child of six/in some cases 12 months and 15 days after the parental leave-until the end of child's first grade of elementary school), all with wage compensation.

**Parental benefit**

The right to parental leave/benefit may be exercised by both parents and under legally specified conditions also by other persons. Each parent has the right to 130 days of parental leave (together 260 days). Mother can transfer to a father 100 days of parental leave and a father can transfer to a mother 130 days of parental leave. Parental leave follows immediately after maternity leave and is intended for the further care and protection of the child. Parental leave shall be used in a continuous series in the form of full or partial absence from work.

In exceptional cases, parental leave may be prolonged:

- leave is extended by 90 days for the birth of twins,
- for each additional live born child, leave is extended by a further 90 days,
- for a premature birth, leave is extended by the number of days that the pregnancy was shorter than 260 days,
- for the birth of a child needing special care and protection leave is extended by 90 days (on the basis of the opinion of a medical commission),
- in a case in which the parents at the time of the birth are already providing care and protection to 2 children, not finished the first grade of elementary school, leave is extended by 30 days,
- in a case in which the parents at the time of the birth are already providing care and protection to 3 children, not finished the first grade of elementary school, leave is extended by 60 days,

**Maximum duration of the benefit**

		<ul style="list-style-type: none"> <li>• in a case in which the parents at the time of birth are already providing care and protection to 4 or more children, not finished the first grade of elementary school, leave is extended by 90 days.</li> </ul> <p>Part of the parental leave of children lasting a maximum of 75 days may be transferred and used up until the child finishes the first grade of elementary school.</p> <p>Adoptive parents have the right to parental leave, under same conditions as biological parents.</p> <p>Social security contributions during part-time work due to parenthood are paid until one child reaches three years of age, or in case of two or three children the youngest finishes the first grade of elementary school. Contributions for leaving the labour market in case of four or more children are paid until the youngest child finishes the first grade of elementary school.</p> <p>Benefit/contributions for breast-feeding break are paid until the child reached nine months or 18 months, respectively.</p>
	<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>	<p>Maternity leave/benefit is intended for preparation for giving birth and care and protection of the child immediately after birth. The mother has the right to maternity leave. This right may only exceptionally be exercised by the father or another person, e.g. if the mother dies, leaves the child or is temporarily/permanently unable to care for a child). This right is as a rule not transferable.</p> <p>Paternity leave/benefit is intended for fathers to be able to share with the mother the child's care and protection during the child's most sensitive period. Exceptionally it may be used by another person, mother's spouse or extramarital or same-sex partner, if s/he is actually carrying for a child and up to the duration not yet used by the father. This right is as a rule not transferable.</p> <p><b>Parental leave</b></p> <p>The right to parental leave/benefit may be exercised by both parents and under legally specified conditions also by other persons. Each parent has the right to 130 days of parental leave (together 260 days). This right is transferable. Mother can transfer to a father 100 days of parental leave and a father can transfer to a mother 130 days of parental leave.</p> <p>One of the parents (a mother or a father) taking care of a child may claim the payment of social security contributions during part-time work due to parenthood or</p>



		<p>for leaving the labour market in case of four or more children. In case of two children payment of contributions for part-time work is non-transferable for one year (mother) and one year (father).</p> <p>Benefit/contributions for breast-feeding break may be claimed by a mother.</p>
	<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p>	<p>Maternity leave/benefit has to be used in a form of in a continuous series with full time absence from work.</p> <p>Paternity and pa parental leaves/benefits may be used in the form of full or partial absence from work. In the latter case, there is a possibility to work-part time and receive corresponding part of the benefit.</p> <p>One of the parents taking care of a child may claim the payment of social security contributions during part-time work due to parenthood.</p>
	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>	<p>Maternity, paternity and parental benefits are paid during maternity, paternity and parental leave. New law has been adopted in 2014 (ZSDP-1) also to meet the requirements on (non-) transferability of benefits. Although the Parental Leave Directive leaves social security matters to the Member States, in Slovenia, social security benefits are provided during mentioned leaves.</p>
	<p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "off-set" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>	<p>Employers do not have to pay salary during maternity, paternity and parental leave. Benefits are financed by contributions and taxes and are paid from the social security system (parental care insurance) directly to the beneficiaries.</p>

	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>Parental benefit can be exercised simultaneously by both parents only for the periods, that the parental benefit is prolonged (for example 90 days extension is provided for the birth of twins, of which both parents can exercise simultaneously 45 days each).</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>	<p>No. Maternity, paternity and parental benefits are personal benefits. The parent, who is entitled to the benefit, must be insured prior to the first day of the leave (or at least 12 months in the preceding three years).</p>	



## SPAIN

REPLY	
<b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p>In Spain, since 2011, there has been a salary-related (income replacement) child-raising benefit.<sup>90</sup> The purpose of the benefit is to support parents that take care of children (under 18 years) affected by cancer or any other serious illness. The benefit allows one of the working parents to reduce his/her working hours for said reason. The proportional reduction in salary is compensated by this benefit.</p> <p>Obviously the scope of this benefit is not raising every child only sick children, but it is the only child raising benefit with an income replacement goal in Spain.<sup>91</sup></p> <p>This benefit is rarely used. The last available statistics (July 2015<sup>92</sup>) show that currently there are merely 1970 active beneficiaries. The average duration of the benefit is less than one year (308 days).</p>
<b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p><b>Level of the benefit</b></p> <p>Up to 100% of the contribution base for professional risks (the benefit is proportional to the reduction of the working hours). The contribution base for professional risks is the monthly proportional share of the gross annual salary including overtime. The base is capped up and down (the current minimum contribution base is 756,00 €/month and the maximum is 3.606,00 €/month).</p>

<sup>90</sup> Codified Text of the General Law on Social Security (Royal Legislative Decree 1/1994 Article 135 quarter) developed by Royal Decree 1148/2011.

<sup>91</sup> The following benefits have not been considered relevant to the purpose of this questionnaire:

- non contributory flat rate family benefits
- maternity benefit linked with parental leave (normally 16 weeks for one of the parents although it can be shared)
- paternity benefit (usually 13 days for the father for attending the mother and/or the baby)
- breastfeeding benefit (in case that there is a breastfeeding health risk because of the type of work performed by the mother during the first 9 months of the baby's life)

<sup>92</sup> [http://www.seg-social.es/Internet\\_1/Estadistica/Est/Otras\\_Prestaciones\\_de\\_la\\_Seguridad\\_Social/EstadisticasCUME/Riesgoadurantelembarazo2015/index.htm](http://www.seg-social.es/Internet_1/Estadistica/Est/Otras_Prestaciones_de_la_Seguridad_Social/EstadisticasCUME/Riesgoadurantelembarazo2015/index.htm)

	<p style="text-align: center;"><b>Conditions of entitlement<sup>93</sup></b></p>	<p>The conditions of entitlement are the following</p> <ul style="list-style-type: none"> <li>- Being a parent<sup>94</sup> (by birth or adoption) of a child under 18 years of age that suffers cancer or any other serious illness, requires long term hospitalization and direct and continuous care.</li> <li>- Both parents are active workers insured in a Social Security scheme and up to date on her/his contribution obligations</li> <li>- The beneficiary (only one parent) reduces the working hours at least by 50% of the full time working hours and fulfills the minimum contribution period requirement.<sup>95</sup></li> </ul>
<p style="text-align: center;"><b>Exclusively or partially calculated with respect to salary</b></p>	<p>It is not calculated with respect to salary but with respect to the reference contribution base instead.</p> <p>The reference contribution base is the one for professional risks.</p> <p>The contribution base for professional risks is the monthly proportional share of the gross annual salary including overtime. The base is capped up and down (the current minimum contribution base is 756,00 €/month and the maximum is 3.606,00 €/month).</p>	
<p style="text-align: center;"><b>Maximum duration of the benefit</b></p>	<p>The benefit is granted initially for 1 month and extended on a 2 months period basis as long as the illness persists, the beneficiary wants to maintain the reduction of the working hours and the child is under 18 years of age.</p>	
<p style="text-align: center;"><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>	<p>Only one of the working parents can claim the benefit (but both parents have to be active workers)</p>	
<p style="text-align: center;"><b>Can the benefit be claimed in case of</b></p>	<p>Yes precisely it is necessary a minimum reduction of the working hours (50%) to be entitled to this benefit.</p>	

<sup>93</sup> Royal Decree 1148/2011 Articles 2, 3 y 4

<sup>94</sup> Or have the child under pre-adoption or permanent fostering

<sup>95</sup> The period varies depending on the age of the worker. For workers over the age of 26, the minimum contribution period is 180 days in the last 7 years or 360 days in total

	<p><b>partial reduction of income pursuant to part-time/flexible working?</b></p> <p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p> <p><b>Are employers who offer pay during statutory periods of parental leave entitled to either "off-set" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p> <p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>The benefit only covers for the proportional reduction of the salary (top ups apply) Part time workers could be also entitled to this benefit but only if the working hours are no less than the 25% of the fulltime working hours. For fulfilling this requirement, in case the part time worker is simultaneously hired by different employers, it is necessary to have into account total amount of working hours.</p> <p>No, this is an independent benefit.</p> <p>No. On the one hand, as stated in the previous answer, parental leave benefit and raising an ill child benefit are independent. On the other hand, during parental leave payment is made by the Social Security. The collective agreement may oblige the employer to complement the statutory benefit when the salary tops the contribution base, but compensation or reimbursement by the Social Security is not envisaged.</p> <p>Both parents cannot claim the benefit simultaneously. If both parents fulfill the entitlement requirements, they can alternate the right.</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT</b></p>	<p>Only the parent that fulfils the requirements is entitled to the benefit.</p>	

**REGARDLESS OF WHICH PARENT  
FACTUALLY FULFILLS THE CONDITIONS  
OF ENTITLEMENT UNDER NATIONAL LAW  
AND IF SO HOW?**



## SWEDEN

	REPLY
<b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p>Salary-related maternity benefit was introduced in the mid 1950:s, containing 90 days of income-related benefit ( Act on maternity support 1954:266). When the Act on social insurance (1962:381) was launched in 1962, the number of days with income-related benefit increased to 180. In 1974, maternity benefit was replaced by parental benefit, which still today is the salary-related child-raising benefit. The main novelty was that the parent taking care of the child, irrespective of gender, was entitled to benefit. The number of days with income-related benefit was initially the same (180), but gradually increased during the years to come.</p> <p>In 2014, 425 067 women received parental benefit and 344 947 men. The average number of days taken out by women was 94 and the average number of days taken out by men was 39. The average amount paid to men was 35 per cent higher than for women (Social Insurance Agency: Socialförsäkringen i siffor 2015).</p>
	<p><b>Level of the benefit</b></p> <p>80 per cent of the income of the parent, with a ceiling for income at 445 000 SEK (10 times the price base amount of 44 500 SEK) Chapter 12, paragraphs 25-26 of the Social Security Code, SCC</p>
	<p><b>Conditions of entitlement</b></p> <p>In order to be granted salary-related benefit for the first 180 days, the parent must have been insured for sickness benefit at a level exceeding 180 SEK per day for at least 240 days before the birth of the child. Being insured for sickness benefit presupposes having income in Sweden.</p> <p>In order to be granted the following days of salary-related benefit, the parent must be insured in the work-based insurance (having income from work in Sweden). There is thus no qualification time for these days (Chapter 12 paragraphs 35, 39 SCC).</p>
<b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p><b>Exclusively or partially calculated with respect to salary</b></p> <p>Partially; 390 of 480 days are calculated with respect to salary (for those with no salary, flat-rate guaranteed benefit is granted for these days, amounting to 225 SEK per day). 90 days of flat-rate basic benefit, amounting to 180 SEK per day, are granted to all residents (Chapter 12 paragraphs 18-24 SCC).</p>
	<p><b>Maximum duration of the benefit</b></p> <p>The total number of days with parental benefit is 480, but the number of days with salary-related benefit is 390. 96 days may be taken out after the child is 4 years old and may be taken out until the child is 12 years old (Chapter 12 paragraphs 12,13 and 19 SCC).</p>
	<p><b>Who can claim the benefit (one or both parents?) and for how</b></p> <p>The parent taking care of the child can claim benefit. Days may be transferred between parents, except for 60 days (so called fathers months) (Chapter 12 paragraphs 15, 17 SCC).</p>

	<p><b>long in case of split entitlement between the parents?</b></p>	<p>Yes, the benefit may be taken out in parts: 1/8, 1/4, 1/2 and 3/4. It is thus common to reduce working hours and claim parental benefit part time (Chapter 12 paragraph 9 SCC)</p>
<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p>		<p>According to the Act on parental leave (1995:584) a person has a right to parental leave when taking out parental benefits, full-time or in parts (paragraphs 5-6).</p> <p><i>The right to leave during the first 18 months is however irrespective of taking out parental benefit. Also, a parent always has a right to reduce working hours up to 1/4 for a child under eight years old (paragraphs 5 and 7).</i></p>
<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>		<p>No issues.</p>
<p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "offset" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>		<p>The parents may take out benefit for one child each. Also, 30 days of benefit may be taken out by the parents at the same time for the same child during the child's first year (Chapter 12 paragraph 4a SCC).</p>
<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>		



**CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?**

According to national law, the right to salary-related benefit is strictly connected to the parent him/herself fulfilling the conditions.

As parental benefit is classified as a maternity/paternity benefit as of September 1, 2011, the view is that it is only when the family members are not entitled to any equivalent benefits in the other Member State that they may receive parental benefit from Sweden (article 67 of R 883/2004 is not applicable), see Social Insurance Board Legal guidance 2011:01 .

[http://www.forsakringskassan.se/wps/wcm/connect/21778b4b-d5ae-49c8-82b2-b45682eef263/rattsligt\\_stallingstagande\\_2011\\_01.pdf?MOD=AJPERES](http://www.forsakringskassan.se/wps/wcm/connect/21778b4b-d5ae-49c8-82b2-b45682eef263/rattsligt_stallingstagande_2011_01.pdf?MOD=AJPERES)



**SWITZERLAND**

<b>REPLY</b>	
<b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p>There have been some tries to introduce benefits for child-raising benefits in Switzerland. The most recent was a proposal, which was made by a member of the Federal parliament (see 11.3492 - Postulat "Congé parental et prévoyance familiale facultatifs" introduced by Anita Fetz); this proposal had no success. The Federal legislation only includes maternity leave benefits for women during 14 weeks (introduced on July 1<sup>st</sup> 2005); men cannot claim maternity leave benefits (Federal court ATF 140 I 305). In certain enterprises and public administrations (federal and community level) parents are allowed to take an unremunerated paternity leave (Report of the Government from October 2013 as a response to the above mentioned proposal 11.3492, p. 12: "Congé de paternité et conge parental - état des lieux et présentation de divers modèles").</p>
	XXX
<b>Level of the benefit</b>	XXX
<b>Conditions of entitlement</b>	XXX
<b>Exclusively or partially calculated with respect to salary</b>	XXX
<b>Maximum duration of the benefit</b>	XXX
<b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b>	XXX
<b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible</b>	XXX
<b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	

	<b>working?</b>	
	<b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b>	XXX
	<b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "offset" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b>	XXX
	<b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b>	XXX
<b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b>	XXX	





UNITED KINGDOM

<b>REPLY</b>	
<b>HISTORY OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p><b>Statutory Maternity Pay (SMP)</b> was introduced in 1987.</p> <p>The principal statutory provisions for Statutory Maternity Pay are contained in:</p> <ul style="list-style-type: none"><li>• The Social Security Contributions and Benefits Act 1992 (as amended). Part XII of the Act covers SMP</li><li>• The Statutory Maternity Pay (General) Regulations 1986 (SI 1986 No 1960)</li><li>• The Statutory Maternity Pay (Compensation of Employers) and Miscellaneous Amendment Regulations 1994 (SI 1994 No 1882)</li><li>• The Statutory Maternity Pay and Statutory Adoption Pay (Curtailment) Regulations 2014</li></ul> <p>Employees may have a right to 1 or 2 weeks paternity leave and <b>Statutory Paternity Pay</b>.</p> <p>Prior to 5 April 2015 employees were eligible for Statutory Additional Paternity Leave and <b>Additional Statutory Paternity Pay</b> if their partner returned to work before the end of their maternity (or adoption) leave or pay period. On 1 December 2014, the government introduced Shared Parental Leave (SPL) and <b>Shared Parental Pay (ShPP)</b> and abolished Statutory Additional Paternity Pay. This change applies to mothers whose babies are due on or after 5 April 2015 (see below).</p>
<b>DESCRIPTION OF THE SALARY-RELATED CHILD-RAISING BENEFIT</b>	<p><b>Statutory Maternity Pay</b> is paid at 90% of a person's average weekly earnings (before tax) for the first 6 weeks</p> <p>£139.58 or 90% of average weekly earnings (whichever is lower) for the next 33 weeks</p> <p>SMP is paid in the same way as wages (e.g. monthly or weekly). Tax and National Insurance are deducted.</p> <p><b>Statutory Paternity Pay</b> is paid at either £139.58 a week or 90% of their average weekly earnings (whichever is lower). Tax and National Insurance are deducted.</p>

To be eligible for **Statutory Maternity Pay** it is necessary to satisfy two conditions: The Continuous Employment Rule and the Earnings Rule.

To satisfy the continuous employment rule a person must have been employed by their employer for a continuous period of at least 26 weeks into the qualifying week (which is the 15th week before the week in which the baby is due). This period must include at least one day in the qualifying week. Although continuous employment usually means employment by the same employer without a break, there are some circumstances when breaks in employment can be disregarded. The employment rule may be modified slightly if the baby is born prematurely.

To satisfy the earnings rule a person's average weekly earnings must be at least equal to the lower earnings limit for National Insurance (NI) purposes (£112 a week for 2015/16 before tax).

Further qualifying conditions for Statutory Maternity Leave are that the woman must: be an employee not a 'worker' give her employer at least 28 days notice and proof of pregnancy.

### Conditions of entitlement

If employed by an agency, in each of the 26 weeks into the qualifying week, a person will satisfy the continuous employment rule as long as they did some work during any week which counts as a full week. Whether continuity of employment is deemed to be broken if weeks are not worked when working for an agency depends in general on whether the agency was able to offer work that week.

If a person changes jobs during pregnancy they are unlikely to be able to meet the SMP continuous employment rule although there are exceptions.

A person who has a visa that allows them to live and work in the United Kingdom but includes the condition that they have "no recourse to public funds" may still get SMP if they satisfy the qualifying conditions as SMP is not defined as public funds.

To be eligible for **Statutory Paternity Pay** an employee must be either the baby's biological father or the partner of the mother, and take responsibility for the child's upbringing. SPP is only payable while the employee is on paternity leave.

The conditions of entitlement to **Statutory Paternity Pay** require that a father must:

<p>- have worked for their employer continuously for at least 26 weeks by the end of the 15th week before the expected week of childbirth</p> <p>- be employed by their employer up to the date of birth</p> <p>- have average weekly earnings that are at least equal to the lower earnings limit for National Insurance (NI) purposes (£112 a week for 2015/16 before tax).</p>	
<p><b>Statutory Maternity Pay</b> is paid at 90% of average weekly earnings (before tax) for the first 6 weeks and</p> <p>£139.58 or 90% of average weekly earnings (whichever is lower) for the next 33 weeks.</p> <p><b>Statutory Paternity Pay</b> is paid at either £139.58 a week or 90% of their average weekly earnings (whichever is lower).</p>	<p><b>Exclusively or partially calculated with respect to salary</b></p>
<p><b>Statutory Maternity Pay (SMP)</b> is paid for up to 39 weeks.</p> <p><b>Statutory Paternity Pay</b> is payable for a maximum of 2 weeks but see below for Additional Statutory Paternity Pay (now abolished) and <b>Shared Parental Pay (ShPP)</b> effective since 5 April 2015.</p>	<p><b>Maximum duration of the benefit</b></p>
<p>On 1 December 2014, the government abolished Additional Statutory Paternity Pay and introduced Shared Parental Leave (SPL) and <b>Shared Parental Pay (ShPP)</b>. This change applies to mothers whose babies are due on or after 5 April 2015.</p> <p>Mothers can convert a portion of their Statutory Maternity Leave and Statutory Maternity Pay into ShPP to share with the other qualifying parent. Similar changes have been introduced with reference to adoption.</p> <p>Each parent qualifies separately for Shared Parental Leave (SPL) and Statutory Shared Parental Pay (ShPP). A person can get ShPP if they're an employee and one of the following applies. They are:</p> <p>eligible for Statutory Maternity Pay (SMP) (or Statutory Adoption Pay (SAP))</p> <p>eligible for Statutory Paternity Pay (SPP) and their partner is eligible for SMP, Maternity Allowance (MA) or SAP</p>	<p><b>Who can claim the benefit (one or both parents?) and for how long in case of split entitlement between the parents?</b></p>

<p>A person can also get ShPP if they're a worker and they're eligible for SMP or SPP.</p> <p>A couple who choose to take Shared Parental Leave receive Statutory Shared Parental Pay (ShPP). ShPP is £139.58 a week or 90% of average weekly earnings, whichever is lower.</p>		
<p>A person may work under their contract of service for the employer paying their <b>Statutory Maternity Pay</b> for up to 10 days during their Maternity Pay Period without losing any SMP. These days are known as Keep In Touch (KIT) days.</p> <p>Any work done as a KIT day, however brief, will count as a whole day for KIT purposes. Once the 10 KIT days have been used any further work undertaken will incur a loss of a week's SMP for the week in the Maternity Pay Period in which that work has been undertaken.</p>	<p><b>Can the benefit be claimed in case of partial reduction of income pursuant to part-time/flexible working?</b></p>	
<p>Maternity leave and pay are two separate entitlements.</p>	<p><b>Is the benefit intended to complement the exercise of parental leave rights (within the meaning of the Parental Leave Directive)?</b></p>	
<p>Employers can reclaim 92 per cent of the <b>Statutory Maternity Pay</b> they pay to an employee. This is usually through deduction from payments of tax and National Insurance contributions to HMRevenue and Customs (the tax authority). Small employers who qualify for Small Employers' Relief can recover 103 per cent which includes compensation for employer's National Insurance contributions paid on the Statutory Maternity Pay.</p>	<p><b>Are employers who have to pay the salary during statutory periods of parental leave entitled to either "off-set" or claim reimbursement from the social security institution for salary paid to the employee during parental leave?</b></p>	



	<p><b>Is it possible that both parents claim salary-related child-raising benefits and if so, how are such rights divided between parents; can these be exercised simultaneously?</b></p>	<p>Each parent qualifies separately for Shared Parental Leave (SPL) and <b>Statutory Shared Parental Pay (ShPP)</b>. If the mother gives notice to reduce her entitlement before she has received it for the full 39 weeks then any remaining weeks could become available as ShPP. To be qualify for ShPP the mother must be eligible for Statutory Maternity Pay, Maternity Allowance or Statutory Adoption Pay and the partner must be eligible for Statutory Paternity Pay. If both parents qualify for ShPP they can decide who will receive it, or how it will be divided. SPL and ShPP can be taken in three separate blocks and the arrangements can be changed for each block of leave/pay.</p>
<p><b>CAN A PARENT RECEIVE A SALARY-RELATED CHILD-RAISING BENEFIT REGARDLESS OF WHICH PARENT FACTUALLY FULFILLS THE CONDITIONS OF ENTITLEMENT UNDER NATIONAL LAW AND IF SO HOW?</b></p>		<p>Each parent qualifies separately for Shared Parental Leave (SPL) and <b>Statutory Shared Parental Pay (ShPP)</b>. If the mother gives notice to reduce her entitlement before she has received it for the full 39 weeks then any remaining weeks could become available as ShPP. To be qualify for ShPP the mother must be eligible for Statutory Maternity Pay, Maternity Allowance or Statutory Adoption Pay and the partner must be eligible for Statutory Paternity Pay. If both parents qualify for ShPP they can decide who will receive it, or how it will be divided. SPL and ShPP can be taken in three separate blocks and the arrangements can be changed for each block of leave/pay.</p>

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Jozef Pacolet and Frederic De Wispelaere  
September - 2015



**Title of the document**

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Directorate-General for Employment, Social Affairs and Inclusion  
VT 2015/058 – Update of the additional analytical studies for an impact assessment for revision of  
Regulations (EC) Nos 883/2004 and 987/2009: coordination of LTC and unemployment benefits

**ANNEX XXVI - HIVA UPDATE OF 2013 ANALYSIS: LONG-TERM CARE AND UNEMPLOYMENT BENEFITS**

**ANNEX XXVI**

**Update of the analytical  
studies for an impact  
assessment for revision of  
Regulations (EC) Nos  
883/2004 and 987/2009**

Coordination of LTC benefits and unemployment  
benefits

**EUROPEAN COMMISSION**

Directorate-General for Employment, Social Affairs and Inclusion  
Directorate B - Employment and Social Legislation, Social Dialogue  
Unit B.4 — Free Movement of Workers and Coordination of Social Security Schemes

*Contact: Andrea Pontiroli*

*E-mail: [andrea.pontiroli@ec.europa.eu](mailto:andrea.pontiroli@ec.europa.eu)*

*European Commission  
B-1049 Brussels*

**Update of the analytical  
studies for an impact  
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Coordination of LTC benefits and unemployment  
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## INTRODUCTION

The "Revision of Regulation (EC) No 883/2004 and Regulation (EC) No 987/2010" forms part of the Labour Mobility Package, included in the Commission's 2015 Work Programme.

Already in 2013 and 2014 an impact assessment and a draft proposal for legislation was prepared. The proposal was drafted in response to the 2011 Council's call for a revision of the rules on unemployment benefits in order to strengthen the link between contributions and benefits, and in view of the need to respond to the introduction of a new type of "long-term care benefit" at national level in view of population change. The adoption of the proposal was originally scheduled for spring 2014. However, in view of the European Parliament elections and the need for a political level playing field, the initiative was put 'on hold' and action to follow it up was left to the new Commission. In its Work Programme for 2015, the Commission announced to adopt a 'Labour Mobility Package', of which the revision of Regulation (EC) No 883/2004 forms part. In this revision, the elements that were under consideration in 2014 will be combined with new policy initiatives.

As the studies were delivered in 2013, the figures used therein may call for an update in the light of newly available data. The purpose of the assignment is to provide the European Commission with updated data and statistics for the impact assessment report for the Revision of Regulation (EC) No 883/2004 and Regulation (EC) No 987/2010, in the fields of long-term care benefits, coordination of unemployment benefits for frontier workers and export of unemployment benefits, which can be directly integrated in the analytical part of the Impact Assessment Report.

The original Impact Assessment Report was based on three studies, which provided among others socio-economic data and indicators to evaluate the mobility trends of the insured persons and their family members, as well as the related (administrative) costs for the Member States' social security schemes:

- Doherty R., Vandresse B., Bulté S., Bardaji Horno M., Ulrich M., Pacolet J., De Wispelaere F. 2013. *Study for an impact assessment for revision of Regulations (EC) Nos 883/2004 and 987/2009*. DG EMPL **(see also Annex V)**
- Pacolet J., De Wispelaere F. 2013. *Additional analysis for the partial revision of the provision on the coordination of social security systems in Regulation (EC) No 883/2004*. DG EMPL **(see also Annex IX)**
- Pacolet J., De Wispelaere F. 2013. *Analysis of the characteristics and the duration of employed activity by cross-border and frontier workers for the purposes of coordinating unemployment benefits*. DG EMPL **(see also Annex X)**

The original calculation of the different options was not based on available administrative information but based on the composition of different variables (number of cross-border workers, unemployment rates, average annual unemployment benefit, number of pensioners living abroad, number of dependents receiving LTC benefits in kind and/or in cash, LTC spending per user in kind and/or in cash, etc.) coming from different data sources such as the Labour Force Survey, Eurostat, Eurostat Migration and migration population statistics, the 2012 Ageing Report and a limited ad hoc survey with 11

Member States. Most of the data applied to 2010 or 2011. In this report, we make an update of the different options by using data for 2013 or even 2014. In the meantime, also administrative information became available on the export of unemployment benefits (PD U2 Questionnaire) and a new Ageing Report (2015) has been published.

This report provides an overview of the updated tables by referring to the original numbering of the tables. The footnotes of these updated tables refer to the Annexes where these original tables are published. Moreover, the original tables are published in the Annexes of this report.

## UNEMPLOYMENT BENEFITS

Based on Labour force Survey (LFS) data, an estimation of the number of cross-border workers has been made. In the further analysis we considered all workers who worked in another country than the country of residence as cross-border workers. Workers who worked in a neighbouring country are considered as frontier workers. This is different from the legal definition. National unemployment rates were applied to the number of cross-border workers in order to estimate the number of unemployed cross-border workers. The unemployment rates of the country of employment and not of the country of residence have been applied on the number of cross-border workers. In order to estimate the budgetary impact of the baseline scenario, the estimated number of unemployed cross-border workers are multiplied by the annual unemployment benefit per unemployed by taking into account the annual average duration of the payment of the unemployment benefit.

**Table 2.2a UB: Main parameters for estimating the baseline scenario and the different options, 2013/2014**

	Number of incoming cross-border workers (in ,000)	of which: incoming frontier workers (in ,000)	% share	Impact on national employment	Number of outgoing cross-border workers (in ,000)	of which: outgoing frontier workers (in ,000)	% share
BE	72	55	76.6%	1.6%	98	94	96.1%
BG	2	0	0.0%	0.0%	22	4	16.1%
CZ	52	50	97.2%	1.0%	33	27	82.7%
DK	36	28	77.4%	1.3%	6	4	63.6%
DE	273	171	62.7%	0.7%	159	139	87.2%
EE	2	1	66.7%	0.3%	19	16	83.7%
IE	17	6	36.4%	0.9%	6	5	94.0%
EL	7	4	46.8%	0.2%	0	0	
ES	37	12	33.0%	0.2%	45	12	27.7%
FR	64	38	59.4%	0.2%	172	163	94.8%
HR	0	0	0.0%	0.0%	23	5	21.1%
IT	77	7	8.7%	0.3%	32	8	25.2%
CY	3	0	0.0%	0.8%	0	0	
LV	0	0	41.5%	0.1%	9	1	13.8%
LT	1	0	32.6%	0.1%	2	0	3.9%
LU	159	157	98.7%	41.2%	4	3	77.9%
HU	8	6	80.6%	0.2%	93	47	50.3%
MT	1	0	0.0%	0.8%	1	0	0.0%
NL	103	75	72.6%	1.2%	35	30	85.2%
AT	150	136	90.7%	3.5%	33	29	90.1%
PL	7	5	69.2%	0.0%	117	72	61.4%
PT	6	4	59.4%	0.1%	25	8	29.5%
RO	3	1	17.8%	0.0%	86	0	0.0%
SI	8	7	93.8%	0.8%	15	13	85.2%
SK	6	5	86.1%	0.3%	129	85	66.0%

<b>FI</b>	18	16	90.5%	0.7%	2	1	68.2%
<b>SE</b>	15	3	20.9%	0.3%	26	20	79.2%
<b>UK</b>	85	5	6.4%	0.3%	21	6	29.6%
<b>Total</b>	1,213	793	65.4%	0.5%	1,213	793	65.4%

**Source** Estimate based on data LFS and Eurostat [nama\_aux\_pem]. For the original Table 2.2 see Annex IX

**Table 2.2b UB: Main parameters for estimating the baseline scenario and the different options, 2013/2014**

	Incoming cross-border workers longer than 12 months employed (in ,000)	% of total incoming cross-border workers	Incoming cross-border workers no longer than 12 months employed (in ,000)	% of total incoming cross-border workers	Outgoing cross-border workers longer than 12 months employed (in ,000)	% of total outgoing cross-border workers	Outgoing cross-border workers no longer than 12 months employed (in ,000)	% of total outgoing cross-border workers
BE	60.0	83%	12.3	17.0%	85.9	88%	12.2	12%
BG	1.1	67%	0.5	33.4%	10.4	47%	11.7	53%
CZ	45.9	89%	5.8	11.1%	25.4	77%	7.4	23%
DK	29.0	80%	7.0	19.5%	4.3	77%	1.3	23%
DE	195.0	71%	78.0	28.6%	136.0	85%	23.4	15%
EE	1.6	74%	0.6	26.0%	14.7	79%	3.9	21%
IE	12.3	71%	5.1	29.2%	4.9	86%	0.8	14%
EL	4.4	59%	3.1	41.1%	0.0		0.0	
ES	22.9	61%	14.3	38.5%	22.6	51%	21.9	49%
FR	42.3	66%	22.1	34.3%	148.5	86%	23.7	14%
HR	0.0		0.0		17.9	76%	5.5	24%
IT	54.6	71%	22.8	29.4%	20.6	64%	11.7	36%
CY	2.3	78%	0.6	22.1%	0.0		0.0	
LV	0.3	67%	0.2	33.4%	6.2	69%	2.8	31%
LT	1.1	84%	0.2	15.9%	0.7	31%	1.6	69%
LU	137.6	87%	21.3	13.4%	3.0	78%	0.9	22%
HU	6.5	86%	1.1	14.5%	67.3	72%	25.8	28%
MT	0.8	58%	0.6	42.4%	0.5	79%	0.1	21%
NL	86.0	84%	16.8	16.3%	30.2	85%	5.2	15%
AT	120.1	80%	29.5	19.7%	25.9	79%	6.7	21%
PL	5.8	83%	1.2	16.7%	83.1	71%	33.6	29%
PT	4.8	81%	1.1	19.3%	12.0	47%	13.5	53%
RO	2.8	81%	0.7	18.8%	47.0	55%	39.2	45%
SI	6.8	88%	0.9	11.5%	11.8	78%	3.2	22%
SK	5.1	85%	0.9	14.5%	110.2	85%	18.8	15%
FI	14.2	79%	3.8	21.2%	1.5	68%	0.7	32%
SE	10.9	75%	3.7	25.2%	19.9	77%	5.9	23%
UK	52.6	62%	32.3	38.1%	16.4	77%	5.0	23%
<b>Total</b>	<b>926.8</b>	<b>76%</b>	<b>286.5</b>	<b>23.6%</b>	<b>926.8</b>	<b>76%</b>	<b>286.5</b>	<b>24%</b>

Source Estimate based on data LFS. For the original Table 2.2 see Annex X

**Table 2.2c UB: Main parameters for estimating the baseline scenario and the different options, 2013/2014**

	Unemployment rate (20-64)	Baseline scenario					Option 4				Annual average expenditure per unemployed person (in €)
		Estimated number incoming cross-border workers (in ,000)	Of which: <i>Estimated number incoming unemployed frontier workers (in ,000)</i>	Estimated number outgoing cross-border workers (in ,000)	Of which: <i>Estimated number outgoing unemployed frontier workers (in ,000)</i>	Estimated number unemployed incoming cross-border workers longer than 12 months employed (in ,000)	Estimated number unemployed incoming cross-border workers longer than 12 months employed (in ,000)	Estimated number unemployed outgoing cross-border workers longer than 12 months employed (in ,000)	Estimated number unemployed outgoing cross-border workers longer than 12 months employed (in ,000)		
BE	8.3	6.0	4.6	6.7	6.1	5.0	1.0	5.7	0.9	15,113	
BG	12.7	0.2	0.0	2.6	1.0	0.1	0.1	1.2	1.4	442	
CZ	6.8	3.5	3.4	2.2	1.6	3.1	0.4	1.7	0.5	929	
DK	6.5	2.3	1.8	0.4	0.2	1.9	0.5	0.3	0.1	12,310	
DE	5.3	14.5	9.1	11.0	8.4	10.3	4.1	9.3	1.7	9,606	
EE	8.6	0.2	0.1	1.4	1.2	0.1	0.0	1.1	0.3	540	
IE	12.8	2.2	0.8	0.4	0.4	1.6	0.6	0.3	0.1	11,999	
EL	27.7	2.1	1.0	0.0	0.0	1.2	0.9	0.0	0.0	1,071	
ES	25.9	9.6	3.2	3.9	1.4	5.9	3.7	2.1	1.7	4,155	
FR	9.6	6.2	3.7	11.9	11.2	4.1	2.1	10.2	1.7	10,889	
HR	14.5	0.0	0.0	1.9	0.5	0.0	0.0	1.5	0.4	607	
IT	12	9.3	0.8	3.1	0.7	6.6	2.7	2.0	1.0	3,618	
CY	16.3	0.5	0.0	0.0	0.0	0.4	0.1	0.0	0.0	2,394	
LV	11.9	0.1	0.0	0.7	0.1	0.0	0.0	0.5	0.2	378	
LT	11.9	0.2	0.1	0.2	0.0	0.1	0.0	0.1	0.1	345	
LU	5.7	9.1	8.9	0.3	0.2	7.8	1.2	0.2	0.1	21,189	
HU	10	0.8	0.6	5.4	2.4	0.7	0.1	3.8	1.5	439	
MT	5.8	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	2,115	
NL	6.2	6.4	4.6	2.5	2.0	5.3	1.0	2.1	0.4	21,712	
AT	4.7	7.0	6.4	2.2	1.9	5.6	1.4	1.7	0.4	12,151	
PL	10.3	0.7	0.5	7.2	3.9	0.6	0.1	5.1	2.1	366	
PT	16.5	1.0	0.6	3.5	1.9	0.8	0.2	1.8	1.7	2,969	
RO	7.1	0.2	0.0	10.6	0.0	0.2	0.0	6.0	4.5	291	
SI	10.2	0.8	0.7	0.9	0.8	0.7	0.1	0.8	0.2	2,214	
SK	13.9	0.8	0.7	8.7	5.2	0.7	0.1	7.4	1.2	465	
FI	7.5	1.3	1.2	0.2	0.1	1.1	0.3	0.1	0.1	15,408	
SE	7.1	1.0	0.2	1.9	1.3	0.8	0.3	1.4	0.5	4,227	
UK	6.7	5.7	0.4	2.3	0.8	3.5	2.2	1.7	0.6	2,623	
<b>Total</b>	<b>10.6</b>	<b>91.7</b>	<b>53.5</b>	<b>91.7</b>	<b>53.5</b>	<b>68.3</b>	<b>23.4</b>	<b>68.3</b>	<b>23.4</b>		

Source Estimate based on data LFS, 2015 Ageing Report and ESSPROS. For the original Table 2.2 see Annexes IX and X

**Table 2.3 UB: Estimated reimbursement claims and impact of maximum reimbursement country of last activity (baseline scenario), 2013/2014**

MS	Member State of residence			Member State of last activity		
	Reimbursement claimed by the Member State of residence	Reimbursement received by the Member State of residence	% difference	Claimed from the Member State of last activity	Reimbursement paid by the Member State of last activity	% difference
BE	25,134	21,296	-15%	15,718	13,708	-13%
BG	109	109	0%	433	20	-95%
CZ	376	331	-12%	841	409	-51%
DK	1,133	459	-60%	2,787	2,738	-2%
DE	25,971	20,959	-19%	16,983	11,989	-29%
EE	160	159	-1%	184	16	-91%
IE	1,160	281	-76%	564	549	-3%
EL	0	0		1,295	265	-80%
ES	3,081	2,271	-26%	8,648	4,083	-53%
FR	32,066	27,667	-14%	9,886	7,697	-22%
HR	78	78	-1%	0	0	
IT	1,472	1,047	-29%	3,446	1,344	-61%
CY	0	0		229	87	-62%
LV	11	11	-2%	43	5	-88%
LT	1	1	0%	147	14	-91%
LU	1,588	755	-52%	25,853	25,851	0%
HU	261	259	-1%	507	83	-84%
MT	1	0	-79%	112	26	-77%
NL	13,650	7,212	-47%	14,007	14,007	0%
AT	6,277	3,406	-46%	4,824	4,779	-1%
PL	360	359	0%	1,407	66	-95%
PT	1,568	1,526	-3%	956	552	-42%
RO	0	0		347	18	-95%
SI	456	454	0%	450	190	-58%
SK	602	597	-1%	1,009	95	-91%
FI	643	146	-77%	318	303	-5%
SE	1,585	1,486	-6%	1,174	405	-66%
UK	644	589	-9%	6,218	2,161	-65%
<b>EU-28</b>	<b>118,387</b>	<b>91,459</b>	<b>-23%</b>	<b>118,387</b>	<b>91,459</b>	<b>-23%</b>

Source Estimate based on data LFS and 2015 Ageing Report. For the original Table 2.3 see Annex IX



**Table 2.4 UB: Estimated budgetary impact baseline scenario and options, in € ,000, 2013/2014**

	Option 1: No policy change (Baseline scenario): Frontier workers return; other cross-border workers take a rational decision (= highest UB)										Option 2: Right of choice: cross-border workers take a rational decision (= highest amount)										Option 3: UB provided by the country of last activity										Option 4: cut-off of 12 months	
	Annual expenditure UB based on average duration payment UB (in € .000)	Actual claims paid to country of residence (3 months) (in € .000)	Actual claims received from country of last activity (3 months) (in € .000)	Total expenditure (in € .000)	%	Annual expenditure UB based on average duration payment UB (in € .000)	Actual claims paid to country of residence (3 months) (in € .000)	Actual claims received from country of last activity (3 months) (in € .000)	Total expenditure (in € .000)	%	Annual expenditure UB based on average duration payment UB (in € .000)	Actual claims paid to country of residence (3 months) (in € .000)	Actual claims received from country of last activity (3 months) (in € .000)	Total expenditure (in € .000)	%	Annual expenditure UB based on average duration payment UB (in € .000)	Actual claims paid to country of residence (3 months) (in € .000)	Actual claims received from country of last activity (3 months) (in € .000)	Total expenditure (in € .000)	%	Annual expenditure UB based on average duration payment UB (in € .000)	Actual claims paid to country of residence (3 months) (in € .000)	Actual claims received from country of last activity (3 months) (in € .000)	Total expenditure (in € .000)	%	Annual expenditure UB based on average duration payment UB (in € .000)	Actual claims paid to country of residence (3 months) (in € .000)	Actual claims received from country of last activity (3 months) (in € .000)	Total expenditure (in € .000)	%		
BE	75,066	13,708	21,296	67,478	100%	68,131	4,626	5,721	67,036	99%	55,963	0	0	55,963	83%	55,963	0	0	55,963	83%	55,963	0	0	55,963	82%							
BG	325	20	109	236	100%	14	20	2	33	14%	66	0	0	66	28%	66	0	0	66	28%	66	0	0	66	203%							
CZ	995	409	331	1,073	100%	2,175	42	41	2,177	203%	2,066	0	0	2,066	193%	2,066	0	0	2,066	193%	2,066	0	0	2,102	196%							
DK	5,063	2,738	459	7,342	100%	15,655	99	459	15,295	208%	13,691	0	0	13,691	186%	13,691	0	0	13,691	186%	13,691	0	0	11,709	159%							
DE	94,722	11,989	20,959	85,752	100%	90,363	8,402	5,777	92,988	108%	84,556	0	0	84,556	99%	84,556	0	0	84,556	99%	84,556	0	0	70,428	82%							
EE	452	16	159	309	100%	57	8	3	62	20%	68	0	0	68	22%	68	0	0	68	22%	68	0	0	159	51%							
IE	16,301	549	281	16,569	100%	23,643	20	281	23,382	141%	20,183	0	0	20,183	122%	20,183	0	0	20,183	122%	20,183	0	0	14,818	89%							
EL	413	265	0	678	100%	1,192	158	0	1,350	199%	1,666	0	0	1,666	246%	1,666	0	0	1,666	246%	1,666	0	0	981	145%							
ES	21,337	4,083	2,271	23,148	100%	24,233	2,637	1,392	25,478	110%	25,337	0	0	25,337	109%	25,337	0	0	25,337	109%	25,337	0	0	20,162	87%							
FR	89,790	7,697	27,667	69,820	100%	54,109	4,688	6,664	52,133	75%	39,234	0	0	39,234	56%	39,234	0	0	39,234	56%	39,234	0	0	36,868	53%							
HR	246	0	78	168	100%	5	0	1	4	3%	0	0	0	0	0%	0	0	0	0	0%	0	0	0	182	108%							
IT	23,541	1,344	1,047	23,838	100%	22,779	1,157	469	23,467	98%	23,516	0	0	23,516	99%	23,516	0	0	23,516	99%	23,516	0	0	19,221	81%							
CY	426	87	0	513	100%	426	87	0	513	100%	615	0	0	615	120%	615	0	0	615	120%	615	0	0	479	93%							
LV	29	5	11	24	100%	10	4	2	11	48%	14	0	0	14	58%	14	0	0	14	58%	14	0	0	66	276%							
LT	3	14	1	15	100%	6	12	0	18	115%	38	0	0	38	245%	38	0	0	38	245%	38	0	0	59	382%							
LU	4,405	25,851	755	29,501	100%	102,313	74	755	101,632	345%	99,183	0	0	99,183	336%	99,183	0	0	99,183	336%	99,183	0	0	86,596	294%							
HU	696	83	259	520	100%	16	83	4	95	18%	223	0	0	223	43%	223	0	0	223	43%	223	0	0	640	123%							
MT	49	26	0	75	100%	49	26	0	75	100%	114	0	0	114	153%	114	0	0	114	153%	114	0	0	79	106%							
NL	48,550	14,007	7,212	55,344	100%	101,360	0	7,212	94,148	170%	72,694	0	0	72,694	131%	72,694	0	0	72,694	131%	72,694	0	0	65,275	118%							
AT	14,679	4,779	3,406	16,051	100%	33,822	3,949	338	37,432	233%	38,448	0	0	38,448	240%	38,448	0	0	38,448	240%	38,448	0	0	33,257	207%							
PL	887	66	359	594	100%	0	66	66	66	11%	163	0	0	163	27%	163	0	0	163	27%	163	0	0	606	102%							
PT	4,709	552	1,526	3,735	100%	807	552	81	1,278	34%	1,966	0	0	1,966	53%	1,966	0	0	1,966	53%	1,966	0	0	4,968	133%							
RO	0	18	0	18	100%	0	18	0	18	100%	44	0	0	44	247%	44	0	0	44	247%	44	0	0	849	4728%							
SI	1,238	190	454	975	100%	891	107	8	990	102%	1,147	0	0	1,147	118%	1,147	0	0	1,147	118%	1,147	0	0	1,276	131%							
SK	1,965	95	597	1,463	100%	297	74	64	307	21%	315	0	0	315	22%	315	0	0	315	22%	315	0	0	730	50%							
FI	1,598	303	146	1,755	100%	8,806	81	146	8,741	498%	7,963	0	0	7,963	454%	7,963	0	0	7,963	454%	7,963	0	0	6,633	378%							
SE	3,640	405	1,486	2,559	100%	1,383	405	75	1,713	67%	1,755	0	0	1,755	69%	1,755	0	0	1,755	69%	1,755	0	0	2,100	82%							
UK	4,868	2,161	589	6,440	100%	3,704	2,161	60	5,805	90%	8,206	0	0	8,206	127%	8,206	0	0	8,206	127%	8,206	0	0	5,919	92%							
EU-28	415,995	91,459	91,459	415,995	100%	556,247	29,554	29,554	556,247	134%	499,233	0	0	499,233	120%	499,233	0	0	499,233	120%	499,233	0	0	441,686	106%							

Source Estimate based on data LFS, 2015 Ageing Report and ESSPROS. For the original Table 2.4 see Annex X

**Table 2.5 UB: Comparison of options between MS, estimated budgetary impact option 1 (100%) compared to other options, 2013/2014**

	Option 1: No policy change (Baseline scenario)	Option 2: Right of choice	Option 3: UB provided by the country of last activity	Option 4: 'cut-off' of 12 months
BE	100%	99%	83%	82%
BG	100%	14%	28%	203%
CZ	100%	203%	193%	196%
DK	100%	208%	186%	159%
DE	100%	108%	99%	82%
EE	100%	20%	22%	51%
IE	100%	141%	122%	89%
EL	100%	199%	246%	145%
ES	100%	110%	109%	87%
FR	100%	75%	56%	53%
HR	100%	3%	0%	108%
IT	100%	98%	99%	81%
CY	100%	100%	120%	93%
LV	100%	48%	58%	276%
LT	100%	115%	245%	382%
LU	100%	345%	336%	294%
HU	100%	18%	43%	123%
MT	100%	100%	153%	106%
NL	100%	170%	131%	118%
AT	100%	233%	240%	207%
PL	100%	11%	27%	102%
PT	100%	34%	53%	133%
RO	100%	100%	247%	4728%
SI	100%	102%	118%	131%
SK	100%	21%	22%	50%
FI	100%	498%	454%	378%
SE	100%	67%	69%	82%
UK	100%	90%	127%	92%
EU-28	100%	134%	120%	106%

Source Estimate based on data LFS. For the original Table 2.5 see Annex X

**Table 2.6 UB: Comparison of options between MS, estimated lowest and highest budgetary impact, 2013/2014**

	<i>Lowest budgetary impact</i>				<i>Highest budgetary impact</i>				
	Option 1: No policy change (Baseline scenario)	Option 2: Right of choice	Option 3: UB provided by the country of last activity	Option 4: 'cut-off' of 12 months	Option 1: No policy change (Baseline scenario)	Option 2: Right of choice	Option 3: UB provided by the country of last activity	Option 4: 'cut-off' of 12 months	
BE				X	X				BE
BG		X						X	BG
CZ	X					X			CZ
DK	X					X			DK
DE				X		X			DE
EE		X			X				EE
IE				X		X			IE
EL	X						X		EL
ES				X		X			ES
FR				X	X				FR
HR			X					X	HR
IT				X	X				IT
CY				X			X		CY
LV		X						X	LV
LT	X							X	LT
LU	X					X			LU
HU		X						X	HU
MT	X						X		MT
NL	X					X			NL
AT	X						X		AT
PL		X						X	PL
PT		X						X	PT
RO	X							X	RO
SI	X							X	SI
SK					X				SK

	<i>Lowest budgetary impact</i>				<i>Highest budgetary impact</i>				
	Option 1: No policy change (Baseline scenario)	Option 2: Right of choice	Option 3: UB provided by the country of last activity	Option 4: 'cut-off' of 12 months	Option 1: No policy change (Baseline scenario)	Option 2: Right of choice	Option 3: UB provided by the country of last activity	Option 4: 'cut-off' of 12 months	
<b>FI</b>	X					X			FI
<b>SE</b>		X			X				SE
<b>UK</b>		X					X		UK
<b>Total</b>	11	9	1	7	6	8	5	9	Total

**Source** Estimate based on data LFS. For the original Table 2.6 see Annex X

**Tables 2.7 and 2.8**

**UB: Estimated expenditure UB incoming cross-border workers becoming unemployed, breakdown by country of last activity and country of residence and impact of reimbursement, baseline scenario and option 4, 2013/2014**

MS of last activity	Baseline scenario										Option 4								
	Expenditure					Cost without reimbursement					Cost with reimbursement					Expenditure		Share of cost	
	Estimated expenditure by the Member State of residence (in ,000)	Estimated expenditure by the Member State of last activity (in ,000)	Reimbursement by the Member State of last activity (in ,000)	Share of cost country of residence	Share of cost country of last activity	Share of cost country of residence	Share of cost country of last activity	Share of cost country of residence	Share of cost country of last activity	Share of cost country of residence	Share of cost country of last activity	Share of cost country of residence	Share of cost country of last activity	Share of cost country of residence	Estimated expenditure by the Member State of last activity (in ,000)	Estimated expenditure by the Member State of residence (in ,000)	Share of cost country of residence	Share of cost country of last activity	
BE	61,998	13,068	13,708	83%	17%	70%	30%	70%	30%	5,141	46,436	10%	90%						
BG	317	7	20	98%	2%	92%	8%	92%	8%	193	44	81%	19%						
CZ	952	43	409	96%	4%	68%	32%	68%	32%	365	1,836	17%	83%						
DK	2,152	2,911	2,738	43%	57%	28%	72%	28%	72%	1,004	11,016	8%	92%						
DE	63,195	31,527	11,989	67%	33%	59%	41%	59%	41%	6,482	60,393	10%	90%						
EE	439	13	16	97%	3%	94%	6%	94%	6%	132	50	73%	27%						
IE	3,520	12,782	549	22%	78%	21%	79%	21%	79%	1,423	14,296	9%	91%						
EL	0	413	265	0%	100%	0%	100%	0%	100%	1,038	981	51%	49%						
ES	7,805	13,532	4,083	37%	63%	31%	69%	31%	69%	7,218	15,581	32%	68%						
FR	74,820	14,970	7,697	83%	17%	77%	23%	77%	23%	6,405	25,778	20%	80%						
HR	246	0	0	100%	0%	100%	0%	100%	0%	0	0								
IT	4,120	19,420	1,344	18%	82%	17%	83%	17%	83%	2,647	16,596	14%	86%						
CY	0	426	87	0%	100%	0%	100%	0%	100%	228	479	32%	68%						
LV	29	0	5	100%	0%	85%	15%	85%	15%	12	9	56%	44%						
LT	3	0	14	100%	0%	15%	85%	15%	85%	9	32	22%	78%						
LU	3,282	1,122	25,851	75%	25%	11%	89%	11%	89%	8,147	85,868	9%	91%						
HU	696	0	83	100%	0%	89%	11%	89%	11%	208	190	52%	48%						
MT	2	47	26	4%	96%	3%	97%	3%	97%	46	66	41%	59%						
NL	28,665	19,884	14,007	59%	41%	46%	54%	46%	54%	4,112	60,811	6%	94%						
AT	11,298	3,380	4,779	77%	23%	58%	42%	58%	42%	2,257	30,855	7%	93%						
PL	887	0	66	100%	0%	93%	7%	93%	7%	554	136	80%	20%						
PT	4,234	475	552	90%	10%	80%	20%	80%	20%	417	1,586	21%	79%						
RO	0	0	18			0%	100%	0%	100%	168	36	82%	18%						
SI	1,200	38	190	97%	3%	84%	16%	84%	16%	154	1,014	13%	87%						
SK	1,965	0	95	100%	0%	95%	5%	95%	5%	266	269	50%	50%						
FI	986	612	303	62%	38%	52%	48%	52%	48%	287	6,272	4%	96%						
SE	2,535	1,105	405	70%	30%	63%	37%	63%	37%	513	1,313	28%	72%						
UK	1,417	3,452	2,161	29%	71%	20%	80%	20%	80%	5,236	5,082	51%	49%						
EU-28	276,766	139,228	91,459	67%	33%	55%	45%	55%	45%	54,661	387,025	12%	88%						

Source Estimate based on data LFS. For the original Tables 2.7 and 2.8 see Annex X

	Country of residence		Country of last activity	
	Direct paying	Reimbursement	Direct paying	Reimbursement
Control unemployed	€ 40.0		€ 40.0	
U1	€ 42.8			€ 20.0
Reimbursement		€ 20.0		€ 20.0
Total administrative unit - UB Residence	€ 82.8	€ 20.0		€ 40.0
Total administrative unit - UB Last activity			€ 40.0	
<b>Baseline scenario</b>				
UB Residence	€ 5,049,636	€ 1,219,719		€ 2,439,438
UB Last activity			€ 1,230,165	
Administrative cost	€ 6,269,355		€ 3,669,602	
Grand total	€ 9,938,957			
% cost country of residence in total of administrative cost	63%			
Budgettary cost option	415,994,590			
Administrative cost as % of budgettary cost	2.4%			
<b>Right of choice</b>				
UB Residence	€ 1,680,840	€ 406,000		€ 812
UB Last activity			€ 2,855,867	
Administrative cost	€ 2,086,840		€ 2,856,679	
Grand total	€ 4,943,519			
As % of baseline scenario	50%			
% cost country of residence in total of administrative cost	42%			
Budgettary cost option	556,246,723			
Administrative cost as % of budgettary cost	0.9%			
<b>Member State of last activity</b>				
UB Residence				
UB Last activity			€ 3,669,602	
Administrative cost	0		€ 3,669,602	
Grand total	€ 3,669,602			
As % of baseline scenario	37%			
% cost country of residence in total of administrative cost	0%			
Budgettary cost option (in ,000)	499,233			
Administrative cost as % of budgettary cost	0.7%			
<b>Cutt-of of 12 months</b>				
UB Residence	€ 1,930,659			€ 468,039
UB Last activity			€ 2,733,525	
Administrative cost	€ 1,930,659		€ 3,201,564	
Grand total	€ 5,132,223			
As % of baseline scenario	52%			
% cost country of residence in total of administrative cost	38%			
Budgettary cost option	499,233,138			
Administrative cost as % of budgettary cost	1.0%			

**Table 2.9 UB: Estimated administrative burden, 2013/2014**

**Source** Estimate based on data LFS. For the original Table 2.9 see Annex X

**Table 8 and 9 Estimated number of PD U1 received and yearly estimated amount paid to these unemployed persons with a PD U1 (broad definition), in €, 2013/2014**

	Migrant workers	Cross-border workers	Total	Average annual expenditure (in €)
BE	2,196	6,653	8,849	82,463,845
BG	4,118	991	5,109	1,636,643
CZ		1,619	1,619	952,291
DK	54	368	422	2,467,995
DE		10,815	10,815	63,195,240
EE	174	1,189	1,363	502,720
IE		387	387	3,519,655
EL		0	0	0
ES	2,471	2,966	5,437	14,307,601
FR	8,338	11,779	20,117	127,782,285
HR	16	517	533	253,134
IT		1,627	1,627	4,120,460
CY	3	0	3	3,890
LV	19	114	133	34,291
LT	225	11	236	55,593
LU	48	300	348	3,807,976
HU	1,149	2,378	3,527	1,032,910
MT	8	1	9	12,921
NL	160	2,515	2,675	30,489,302
AT		2,066	2,066	11,298,103
PL	1,517	3,934	5,451	1,229,128
PT		2,113	2,113	4,234,284
RO	12	0	12	2,157
SI		823	823	1,199,841
SK	1,160	5,174	6,334	2,406,075
FI	135	167	302	1,783,734
SE	457	1,500	1,957	3,308,207
UK	30	982	1,012	1,460,064
<b>Total</b>	<b>22,290</b>	<b>60,986</b>	<b>83,276</b>	<b>363,560,345</b>

Source Estimate based on PD U1 Questionnaire, LFS, the 2015 Ageing Report and ESSPROS. For the original Tables 8 and 9 see Annex V

**Table 15 Estimated administrative cost – PD U2 (issued), 2013**

MS	Number of PD U2 issued	Administrative cost
BE	1,431	6,440
BG	80	360
CZ	354	1,593
DK	1,240	5,580
DE	3,200	14,400
EE	82	369
IE	1,072	4,824
EL		
ES	6,257	28,157
FR	3,019	13,586
HR	54	243
IT	974	4,383
CY	312	1,404
LV	408	1,836
LT	146	657
LU	186	837
HU	54	243
MT	12	54
NL	1,904	8,568
AT	1,738	7,821
PL	280	1,260
PT	3,501	15,755
RO	6	27
SI	65	293

SK	84	378
FI	212	954
SE	336	1,512
UK	284	1,278
EU28	27,291	122,810

**Source** Estimate based on PD U2 Questionnaire and data provided during the workshops on the administrative burden. For the original Table 15 see Annex V

## LONG-TERM CARE BENEFITS

The fact there is no specific coordination regime and a common definition, made it difficult to collect data on LTC. Member States did not explicit collect data on LTC and had no common understanding of LTC benefits. Administrative data on LTC are only available in specific forms dealing with the coordination rules of the sickness chapter. The number of those insured for health care living in another country than the competent country – which sometimes includes long-term care or to which LTC-insurance is closely linked – can be calculated based on the number of PD S1. However, no data are currently collected on the number of PD S1 within the framework of the Administrative Commission. The number of PD S1 was estimated by the sum of 3 categories:

- Cross-border workers (and their family members);
- Retired former cross-border workers (and their family members);
- Other mobile pensioners (and their family members).

Firstly, by way of using the LFS, the number of cross-border workers were estimated. Secondly, we assumed in the calculation model that 20% of the cross-border workers will have an insured family member. Thirdly, to estimate the total number of retired former cross-border workers, we applied the percentage of cross-border workers on the labour market to the number of pensioners in 2013 and this by individual (former) working Member State and assumed that 1 in 5 retired cross-border workers always had worked in the same Member State of employment. Fourthly, an estimation of the number of migrant pensioners was calculated by using the LFS. Finally, we assumed in the calculation model that 25% of the pensioners will have also an insured family member. The sum of all these categories results in an estimate of the number of PD S1. As next step we have estimated the cross-border expenditure on long-term care in kind and in cash based on figures from the 2015 Ageing Report. Here we have applied the average LTC benefits in cash and in kind per dependent user. It is as mobile citizens (workers, pensioners, their family members) are using this system of LTC as if they were nationals. This involves a 'potential' overestimation of the number of users of cross-border LTC benefits and the related expenditure due to fact some Member States consider their LTC benefit as not exportable. At the same time these estimates assume a complete 'take-up' of rights by mobile citizens which will not be the case in the baseline scenario.

**Table 2.17 LTC: Estimated number of PD S1 issued and received, by category, in ,000, 2013/2014**

	Competent Member State				Member State of residence			
	Incoming cross-border workers + 20% family members	Retired cross-border workers only worked abroad + 25% family members	Migrant pensioners + 25% family members	Estimated number of PD S1 issued	Outgoing cross-border workers + 20% family members	Retired cross-border workers only worked abroad + 25% family members	Migrant pensioners + 25% family members	Estimated number of PD S1 received
BE	87	8	12	106	118	9	16	142
BG	2	0	3	5	26	3	0	29
CZ	62	5	1	68	39	3	1	43
DK	43	3	2	48	7	1	0	7
DE	328	29	31	388	191	15	28	234
EE	3	0	1	4	22	3	0	26
IE	21	1	5	27	7	1	7	15
EL	9	1	4	14	0	0	3	3
ES	45	4	3	52	53	5	75	133
FR	77	8	12	97	207	16	42	264
HR	0	0	2	2	28	3	0	31
IT	93	11	16	119	39	3	8	51
CY	3	0	0	4	0	0	7	7
LV	1	0	1	1	11	1	0	12
LT	2	0	1	3	3	0	0	3
LU	191	12	3	205	5	0	2	7
HU	9	1	1	11	112	10	2	124
MT	2	0	0	2	1	0	1	2
NL	123	9	17	149	42	4	1	47
AT	180	17	2	199	39	3	13	55
PL	8	1	8	17	140	12	1	153
PT	7	1	6	14	31	3	3	36
RO	4	0	11	15	103	11	0	114
SI	9	1	0	10	18	2	0	20
SK	7	0	2	10	155	13	0	168
FI	22	3	0	25	3	0	0	3
SE	18	2	3	22	31	2	4	37
UK	102	9	88	199	26	2	20	47
EU-28	1,456	127	235	1,817	1,456	127	235	1,817

\* The assumptions made in order to estimate the number of 'retired cross-border workers' differs from the assumptions reported in Annexes V and IX. We assumed that 1 in 5 retired cross-border workers always had worked in the same Member State of employment while the original calculation assumes that all retired cross-border workers have worked in the same Member State of employment. This new assumption is based on administrative data from Luxembourg and avoids an overestimation of the number of retired cross-border workers with a PD S1. As a result, the number of retired cross-border workers taken into consideration is much lower compared to the original table (127 thousand compared to 503 thousand).

**Source** Estimate based on data LFS and 2015 Ageing Report. For the original Table 2.17 see Annex IX but also Table 21 Annex V



**Table 25 % cross-border users LTC in kind or in cash and average amount per dependent person using LTC in kind or in cash (in ,000 €), 2013/2014**

	% users in kind total population	Public expenditure per user - Services in kind (in €)	% users in cash total population	Public expenditure per user - Services in cash (in €)
BE	7.8%	9,614	0.0%	
BG	1.7%	1,366	0.0%	
CZ	4.2%	990	3.1%	2,256
DK	2.6%	40,267	2.3%	2,610
DE	1.3%	24,878	1.7%	8,759
EE	1.6%	1,951	1.1%	4,357
IE	2.0%	12,543	0.0%	
EL	0.1%	5,010	2.6%	2,792
ES	2.1%	7,060	1.1%	6,679
FR	3.0%	19,371	0.7%	9,502
HR	0.8%	5,080	2.5%	190
IT	1.7%	14,575	3.0%	7,567
CY	0.7%	2,793	0.9%	3,716
LV	1.0%	6,164	0.5%	2,434
LT	4.3%	2,435	3.6%	1,604
LU	2.4%	47,342	0.3%	23,862
HU	1.6%	4,868	0.0%	
MT	2.2%	7,410	0.8%	4,542
NL	5.5%	28,499	0.0%	
AT	2.8%	7,184	5.4%	6,211
PL	0.5%	8,733	4.1%	884
PT	0.4%	21,314	2.6%	20
RO	2.0%	2,527	2.3%	27
SI	3.0%	5,506	2.3%	3,928
SK	2.0%	1,218	3.2%	232
FI	3.9%	20,163	5.7%	2,250
SE	3.1%	51,957	2.3%	2,556
UK	2.0%	16,398	2.4%	1,748
EU28	2.1%	20,167	2.0%	5,560

\* Please notice that the user percentages have changed for some Member States based on the 2015 Ageing Report compared to the 2012 Ageing Report. For instance, on the basis of the 2012 Ageing Report none of the Member States had a user percentage of zero for LTC benefits in cash while on the basis of the 2015 Ageing Report Belgium, Bulgaria, the Netherlands, Ireland and Hungary have apparently no LTC benefits in cash.

**Source** Estimate based on data LFS, 2015 Ageing Report and additional data provided by DG ECFIN.  
For the original Table 25 see Annex V

**Table 2.18 LTC: Estimated number of users baseline scenario, in ,000, 2013/2014**

	In kind		In cash		Total	
	MS of residence	Competent MS	MS of residence	Competent MS	MS of residence	Competent MS
BE	11,065	3,109	854	0	11,918	3,109
BG	489	110	550	0	1,039	110
CZ	1,811	1,209	1,153	2,128	2,964	3,336
DK	252	1,126	196	1,104	448	2,231
DE	3,134	8,976	4,277	6,630	7,411	15,606
EE	415	62	1,293	41	1,709	103
IE	302	533	346	0	648	533
EL	3	260	41	372	45	632
ES	2,854	1,019	2,497	543	5,351	1,562
FR	7,811	3,019	2,397	631	10,208	3,650
HR	236	38	729	52	965	90
IT	883	2,499	822	3,616	1,704	6,116
CY	49	68	152	35	200	103
LV	117	35	225	6	342	41
LT	144	53	62	115	205	168
LU	177	7,395	99	715	276	8,109
HU	1,951	226	4,294	0	6,245	226
MT	40	40	42	14	82	54
NL	2,582	5,148	499	0	3,081	5,148
AT	1,563	3,575	1,043	10,753	2,605	14,328
PL	810	408	2,894	705	3,705	1,113
PT	128	338	401	362	528	700
RO	2,249	349	2,736	354	4,985	703
SI	590	124	869	232	1,459	356
SK	3,327	273	5,351	310	8,678	584
FI	108	437	60	1,429	168	1,866
SE	1,131	441	843	504	1,974	945
UK	932	4,282	620	4,694	1,552	8,976
EU-28	45,152	45,152	35,344	35,344	80,496	80,496

Source Estimate based on data LFS and 2015 Ageing Report. For the original Table 2.18 see Annex IX but also Table 26 Annex V

**Table 27 Estimated number of cross-border users LTC benefits in kind or in cash, projections 2020 and 2030**

	In kind			In cash			Total		
	2013	2020	2030	2013	2020	2030	2013	2020	2030
BE	3,109	3,496	4,067	0	0	0	3,109	3,496	4,067
BG	110	123	141	0	0	0	110	123	141
CZ	1,209	1,332	1,581	2,128	2,425	2,965	3,336	3,758	4,546
DK	1,126	1,261	1,520	1,104	1,252	1,522	2,231	2,513	3,042
DE	8,976	9,962	11,526	6,630	7,422	8,079	15,606	17,384	19,605
EE	62	67	78	41	47	51	103	114	129
IE	533	592	673	0	0	0	533	592	673
EL	260	281	313	372	408	427	632	689	740
ES	1,019	1,114	1,247	543	635	713	1,562	1,749	1,960
FR	3,019	3,325	3,791	631	644	636	3,650	3,969	4,426
HR	38	43	50	52	54	56	90	97	105
IT	2,499	2,743	3,053	3,616	3,972	4,439	6,116	6,714	7,492
CY	68	75	84	35	40	49	103	115	133
LV	35	38	41	6	5	5	41	44	46
LT	53	60	68	115	120	120	168	180	188
LU	7,395	8,126	9,175	715	888	1,110	8,109	9,014	10,285
HU	226	249	293	0	0	0	226	249	293
MT	40	43	49	14	15	14	54	58	63
NL	5,148	5,632	6,401	0	0	0	5,148	5,632	6,401
AT	3,575	3,956	4,568	10,753	12,049	14,495	14,328	16,005	19,063
PL	408	454	521	705	772	873	1,113	1,227	1,394
PT	338	382	434	362	396	437	700	778	871
RO	349	386	441	354	379	403	703	764	844
SI	124	134	148	232	275	325	356	409	473
SK	273	302	352	310	339	386	584	642	738
FI	437	519	592	1,429	1,582	1,842	1,866	2,101	2,434
SE	441	494	575	504	566	684	945	1,059	1,259
UK	4,282	4,850	5,544	4,694	5,171	6,115	8,976	10,021	11,659

	In kind			In cash			Total		
	2013	2020	2030	2013	2020	2030	2013	2020	2030
<b>EU28</b>	45,152	50,040	57,324	35,344	39,454	45,747	80,496	89,494	103,071

Source Estimate based on data LFS and 2015 Ageing Report. For the original Table 27 see Annex V

**Table 27bis Estimated number of cross-border users LTC benefits in kind or in cash, projections 2020 and 2030, difference compared to 2013 (= 100%)**

	In kind			In cash			Total		
	2013	2020	2030	2013	2020	2030	2013	2020	2030
BE	100%	112%	131%				100%	112%	131%
BG	100%	112%	128%				100%	112%	128%
CZ	100%	110%	131%	100%	114%	139%	100%	113%	136%
DK	100%	112%	135%	100%	113%	138%	100%	113%	136%
DE	100%	111%	128%	100%	112%	122%	100%	111%	126%
EE	100%	109%	126%	100%	113%	124%	100%	111%	125%
IE	100%	111%	126%				100%	111%	126%
EL	100%	108%	120%	100%	110%	115%	100%	109%	117%
ES	100%	109%	122%	100%	117%	131%	100%	112%	126%
FR	100%	110%	126%	100%	102%	101%	100%	109%	121%
HR	100%	113%	130%	100%	104%	107%	100%	108%	117%
IT	100%	110%	122%	100%	110%	123%	100%	110%	123%
CY	100%	109%	123%	100%	114%	140%	100%	111%	129%
LV	100%	109%	118%	100%	96%	89%	100%	107%	114%
LT	100%	113%	128%	100%	105%	105%	100%	107%	112%
LU	100%	110%	124%	100%	124%	155%	100%	111%	127%
HU	100%	110%	130%				100%	110%	130%
MT	100%	109%	123%	100%	102%	97%	100%	107%	116%
NL	100%	109%	124%				100%	109%	124%
AT	100%	111%	128%	100%	112%	135%	100%	112%	133%
PL	100%	111%	128%	100%	110%	124%	100%	110%	125%
PT	100%	113%	128%	100%	110%	121%	100%	111%	124%
RO	100%	111%	126%	100%	107%	114%	100%	109%	120%
SI	100%	108%	119%	100%	118%	140%	100%	115%	133%
SK	100%	111%	129%	100%	109%	124%	100%	110%	126%
FI	100%	119%	135%	100%	111%	129%	100%	113%	130%
SE	100%	112%	130%	100%	112%	136%	100%	112%	133%
UK	100%	113%	129%	100%	110%	130%	100%	112%	130%
<b>EU28</b>	100%	111%	127%	100%	112%	129%	100%	111%	128%

Source Estimate based on data LFS and 2015 Ageing Report. For the original Table 27 see Annex V

**Table 28 LTC: Estimated budgetary impact of the baseline scenario, in €, 2013/2014**

	In kind		In cash		Total	
	MS of residence	Competent MS	MS of residence	Competent MS	MS of residence	Competent MS
BE	106,371,811	66,999,143	8,433,389	0	114,805,200	66,999,143
BG	668,371	1,575,563	2,988,226	0	3,656,597	1,575,563
CZ	1,792,708	3,297,837	7,091,467	4,800,168	8,884,175	8,098,005
DK	10,139,564	46,811,431	834,030	2,882,870	10,973,595	49,694,302
DE	77,966,014	108,653,903	24,915,711	58,067,092	102,881,724	166,720,995
EE	810,366	1,098,591	2,991,140	179,826	3,801,506	1,278,417
IE	3,784,243	6,831,891	650,687	0	4,434,930	6,831,891
EL	17,009	2,800,908	264,683	1,038,354	281,692	3,839,262
ES	20,151,419	12,499,967	8,237,475	3,625,619	28,388,893	16,125,586
FR	151,314,225	35,320,389	19,629,925	5,996,470	170,944,150	41,316,859
HR	1,197,549	561,766	4,699,969	9,914	5,897,517	571,680
IT	12,865,844	17,457,218	3,850,154	27,362,439	16,715,999	44,819,657
CY	135,564	581,166	282,240	129,765	417,805	710,931
LV	719,566	471,026	694,817	13,501	1,414,382	484,528
LT	349,893	937,194	176,225	184,201	526,118	1,121,395
LU	8,380,086	112,362,390	528,527	17,057,660	8,908,613	129,420,050
HU	9,498,343	1,292,585	26,621,282	0	36,119,625	1,292,585
MT	295,893	562,338	116,884	65,595	412,777	627,933
NL	73,586,150	61,883,234	3,774,618	0	77,360,768	61,883,234
AT	11,227,909	26,334,894	6,874,372	66,783,604	18,102,280	93,118,499
PL	7,077,037	6,241,740	18,941,739	622,922	26,018,777	6,864,662
PT	2,721,464	4,564,573	2,485,080	7,300	5,206,544	4,571,873

	In kind		In cash		Total	
	MS of residence	Competent MS	MS of residence	Competent MS	MS of residence	Competent MS
<b>RO</b>	5,684,499	5,356,398	20,211,480	9,674	25,895,979	5,366,072
<b>SI</b>	3,247,428	947,993	5,628,040	911,762	8,875,467	1,859,754
<b>SK</b>	4,050,284	1,779,019	26,218,883	71,879	30,269,167	1,850,898
<b>FI</b>	2,172,737	3,725,004	167,217	3,215,287	2,339,954	6,940,291
<b>SE</b>	58,757,802	7,297,470	2,428,445	1,287,880	61,186,248	8,585,350
<b>UK</b>	15,283,234	52,021,378	2,793,130	8,206,051	18,076,364	60,227,429
<b>EU-28</b>	590,267,011	590,267,011	202,529,835	202,529,835	792,796,846	792,796,846

**Source** Estimate based on data LFS and 2015 Ageing Report. For the original Table 28 see Annex V but also Table 2.19 Annex IX

**Table 2.19 LTC: Estimated budgetary impact of the baseline scenario and options, in €, 2013/2014**

	Baseline scenario				MS of residence is providing LTC				Competent MS is providing LTC			
	In kind	In cash	Total	%	In kind	In cash	Total	% difference baseline scenario	In kind	In cash	Total	% difference baseline scenario
BE	66,999,143	0	66,999,143	100%	66,999,143	5,724,308	72,723,452	109%	79,247,594	0	79,247,594	118%
BG	1,575,563	0	1,575,563	100%	1,575,563	558,238	2,133,801	135%	109,996	0	109,996	7%
CZ	3,297,837	4,800,168	8,098,005	100%	3,297,837	1,516,435	4,814,272	59%	2,810,438	4,800,168	7,610,606	94%
DK	46,811,431	2,882,870	49,694,302	100%	46,811,431	3,734,028	50,545,459	102%	50,323,363	2,882,870	53,206,233	107%
DE	108,653,903	58,067,092	166,720,995	100%	108,653,903	26,196,507	134,850,409	81%	128,972,910	58,067,092	187,040,003	112%
EE	1,098,591	179,826	1,278,417	100%	1,098,591	206,741	1,305,332	102%	116,067	179,826	295,893	23%
IE	6,831,891	0	6,831,891	100%	6,831,891	1,573,976	8,405,867	123%	6,799,894	0	6,799,894	100%
EL	2,800,908	1,038,354	3,839,262	100%	2,800,908	815,660	3,616,569	94%	96,349	1,038,354	1,134,703	30%
ES	12,499,967	3,625,619	16,125,586	100%	12,499,967	2,314,137	14,814,104	92%	7,813,649	3,625,619	11,439,268	71%
FR	35,320,389	5,996,470	41,316,859	100%	35,320,389	5,686,276	41,006,665	99%	55,527,417	5,996,470	61,523,886	149%
HR	561,766	9,914	571,680	100%	561,766	386,802	948,568	166%	80,121	9,914	90,035	16%
IT	17,457,218	27,362,439	44,819,657	100%	17,457,218	3,779,718	21,236,936	47%	30,288,126	27,362,439	57,650,565	129%
CY	581,166	129,765	710,931	100%	581,166	140,004	721,170	101%	81,460	129,765	211,225	30%
LV	471,026	13,501	484,528	100%	471,026	97,919	568,945	117%	75,124	13,501	88,625	18%
LT	937,194	184,201	1,121,395	100%	937,194	249,837	1,187,031	106%	339,036	184,201	523,237	47%
LU	112,362,390	17,057,660	129,420,050	100%	112,362,390	14,485,979	126,848,368	98%	233,568,908	17,057,660	250,626,568	194%
HU	1,292,585	0	1,292,585	100%	1,292,585	646,312	1,938,897	150%	813,323	0	813,323	63%
MT	562,338	65,595	627,933	100%	562,338	119,265	681,603	109%	302,509	65,595	368,105	59%
NL	61,883,234	0	61,883,234	100%	61,883,234	10,709,102	72,592,336	117%	234,796,930	0	234,796,930	379%
AT	26,334,894	66,783,604	93,118,499	100%	26,334,894	10,099,263	36,434,157	39%	40,438,657	66,783,604	107,222,261	115%
PL	6,241,740	622,922	6,864,662	100%	6,241,740	1,906,445	8,148,185	119%	792,941	622,922	1,415,863	21%
PT	4,564,573	7,300	4,571,873	100%	4,564,573	932,242	5,496,815	120%	1,057,890	7,300	1,065,190	23%
RO	5,356,398	9,674	5,366,072	100%	5,356,398	1,881,939	7,238,337	135%	765,631	9,674	775,305	14%
SI	947,993	911,762	1,859,754	100%	947,993	709,247	1,657,239	89%	1,658,619	911,762	2,570,380	138%
SK	1,779,019	71,879	1,850,898	100%	1,779,019	1,450,959	3,229,978	175%	234,445	71,879	306,324	17%
FI	3,725,004	3,215,287	6,940,291	100%	3,725,004	1,306,423	5,031,426	72%	19,659,968	3,215,287	22,875,255	330%
SE	7,297,470	1,287,880	8,585,350	100%	7,297,470	1,270,009	8,567,479	100%	34,275,376	1,287,880	35,563,256	414%
UK	52,021,378	8,206,051	60,227,429	100%	52,021,378	12,089,150	64,110,528	106%	64,443,977	8,206,051	72,650,027	121%
EU-28	590,267,011	202,529,835	792,796,846	100%	590,267,011	110,586,920	700,853,931	88%	995,490,718	202,529,835	1,198,020,553	151%

Source Estimate based on data LFS and 2015 Ageing Report. For the original Table 2.19 see Annex IX

**Table 2.20 LTC: comparisons of the options between Member States, estimated budgetary impact baseline scenario (=100%) compared to other options, breakdown by type of LTC benefit, 2013/2014**

	Baseline scenario			MS of residence is providing LTC			Competent MS is providing LTC		
	In kind	In cash	Total	In kind	In cash	Total	In kind	In cash	Total
BE	100%		100%	100%		109%	118%		118%
BG	100%		100%	100%		135%	7%		7%
CZ	100%	100%	100%	100%	32%	59%	85%	100%	94%
DK	100%	100%	100%	100%	130%	102%	108%	100%	107%
DE	100%	100%	100%	100%	45%	81%	119%	100%	112%
EE	100%	100%	100%	100%	115%	102%	11%	100%	23%
IE	100%		100%	100%		123%	100%		100%
EL	100%	100%	100%	100%	79%	94%	3%	100%	30%
ES	100%	100%	100%	100%	64%	92%	63%	100%	71%
FR	100%	100%	100%	100%	95%	99%	157%	100%	149%
HR	100%	100%	100%	100%	3902%	166%	14%	100%	16%
IT	100%	100%	100%	100%	14%	47%	173%	100%	129%
CY	100%	100%	100%	100%	108%	101%	14%	100%	30%
LV	100%	100%	100%	100%	725%	117%	16%	100%	18%
LT	100%	100%	100%	100%	136%	106%	36%	100%	47%
LU	100%	100%	100%	100%	85%	98%	208%	100%	194%
HU	100%		100%	100%		150%	63%		63%
MT	100%	100%	100%	100%	182%	109%	54%	100%	59%
NL	100%		100%	100%		117%	379%		379%
AT	100%	100%	100%	100%	15%	39%	154%	100%	115%
PL	100%	100%	100%	100%	306%	119%	13%	100%	21%
PT	100%	100%	100%	100%	12771%	120%	23%	100%	23%
RO	100%	100%	100%	100%	19453%	135%	14%	100%	14%
SI	100%	100%	100%	100%	78%	89%	175%	100%	138%
SK	100%	100%	100%	100%	2019%	175%	13%	100%	17%
FI	100%	100%	100%	100%	41%	72%	528%	100%	330%
SE	100%	100%	100%	100%	99%	100%	470%	100%	414%
UK	100%	100%	100%	100%	147%	106%	124%	100%	121%
EU-28	100%	100%	100%	100%	55%	88%	169%	100%	151%

Source Estimate based on data LFS and 2015 Ageing Report. For the original Table 2.20 see Annex IX

**Table 2.22 LTC: comparison of options between MS, estimated lowest and highest budgetary impact, 2013/2014**

Debtor	Lowest budgetary impact			Highest budgetary impact			Debtor
	Option 1: No policy change (Baseline scenario)	Option 3.1: LTC provided by the MS of residence (without supplement)	Option 3.2: LTC provided by the competent MS	Option 1: No policy change (Baseline scenario)	Option 3.1: LTC provided by the MS of residence (without supplement)	Option 3.2: LTC provided by the competent MS	
BE	X					X	BE
BG			X		X		BG
CZ		X		X			CZ
DK	X					X	DK
DE		X				X	DE
EE			X		X		EE
IE			X		X		IE
EL			X	X			EL
ES			X	X			ES
FR		X				X	FR
HR			X		X		HR
IT		X				X	IT
CY			X		X		CY
LV			X		X		LV
LT			X		X		LT
LU		X				X	LU
HU			X		X		HU
MT			X		X		MT
NL	X					X	NL
AT		X				X	AT
PL			X		X		PL
PT			X		X		PT
RO			X		X		RO
SI		X				X	SI

Debtor	Lowest budgetary impact			Highest budgetary impact			Debtor
	Option 1: No policy change (Baseline scenario)	Option 3.1: LTC provided by the MS of residence (without supplement)	Option 3.2: LTC provided by the competent MS	Option 1: No policy change (Baseline scenario)	Option 3.1: LTC provided by the MS of residence (without supplement)	Option 3.2: LTC provided by the competent MS	
SK			X		X		SK
FI		X				X	FI
SE		X				X	SE
UK	X					X	UK
<b>Total</b>	<b>4</b>	<b>9</b>	<b>15</b>	<b>3</b>	<b>13</b>	<b>12</b>	<b>Total</b>

Source Estimate based on data LFS and 2015 Ageing Report. For the original Table 2.22 see Annex IX

**Table 2.23 LTC: impact estimated cross-border expenditure on total expenditure LTC, by option, 2013/2014**

	Total expenditure LTC in 2013 (in million €)	Estimated cross-border expenditure: Baseline scenario (in million €)	% impact	Estimated cross-border expenditure: option 3.1: provided by the MS of residence (in million €)	% impact	Estimated cross-border expenditure: Option 3.2: provided by the competent MS (in million €)	% impact
BE	8,369	67	0.8%	73	0.9%	79	0.9%
BG	166	2	0.9%	2	1.3%	0	0.1%
CZ	1,177	8	0.7%	5	0.4%	8	0.6%
DK	6,181	50	0.8%	51	0.8%	53	0.9%
DE	39,258	167	0.4%	135	0.3%	187	0.5%
EE	106	1	1.2%	1	1.2%	0	0.3%
IE	1,164	7	0.6%	8	0.7%	7	0.6%
EL	879	4	0.4%	4	0.4%	1	0.1%
ES	10,334	16	0.2%	15	0.1%	11	0.1%
FR	41,760	41	0.1%	41	0.1%	62	0.1%
HR	186	1	0.3%	1	0.5%	0	0.0%
IT	28,887	45	0.2%	21	0.1%	58	0.2%
CY	46	1	1.5%	1	1.6%	0	0.5%
LV	145	0	0.3%	1	0.4%	0	0.1%
LT	481	1	0.2%	1	0.2%	1	0.1%
LU	663	129	19.5%	127	19.1%	251	37.8%
HU	758	1	0.2%	2	0.3%	1	0.1%
MT	85	1	0.7%	1	0.8%	0	0.4%
NL	26,399	62	0.2%	73	0.3%	235	0.9%
AT	4,570	93	2.0%	36	0.8%	107	2.3%
PL	3,183	7	0.2%	8	0.3%	1	0.0%
PT	779	5	0.6%	5	0.7%	1	0.1%
RO	1,004	5	0.5%	7	0.7%	1	0.1%
SI	519	2	0.4%	2	0.3%	3	0.5%
SK	170	2	1.1%	3	1.9%	0	0.2%
FI	4,947	7	0.1%	5	0.1%	23	0.5%
SE	15,794	9	0.1%	9	0.1%	36	0.2%
UK	23,341	60	0.3%	64	0.3%	73	0.3%
<b>EU28</b>	<b>221,331</b>	<b>793</b>	<b>0.4%</b>	<b>701</b>	<b>0.3%</b>	<b>1,198</b>	<b>0.5%</b>

Source Estimate based on data LFS and 2015 Ageing Report. For the original Table 2.23 see Annex IX

**Table 55 Estimated administrative cost and burden baseline scenario and options where country of residence or competent country is providing LTC benefits, 2013/2014**

Country	Unit administrative cost									
	In kind		In cash		In kind		In cash		In total	
	Resident state	Competent state	Resident state	Competent state	Resident state	Competent state	Resident state	Competent state	Resident state	Competent state
<b>Baseline scenario</b>										
Number of users (in thousand)					45	45	35	35	80	80
Administrative cost assessment (in thousand € - except unit cost)	60		60	20	2,709		2,121	707	4,830	
Administrative cost reimbursement (in thousand € - except unit cost)	20	20			903	903			1,610	1,610
Total (in thousand €)					3,612	903	2,121	707	6,440	1,610
Grand total (in thousand €)						4,515		2,828		8,050
Budget (in million €)					590	590	203	203	793	793
As share of budget for benefits					0.6%	0.2%	1.0%	0.3%	0.8%	0.2%
					0.8%		1.4%		1.0%	
<b>Scenario number of users and benefit on level of country of residence</b>										
Number of users (in thousand)					45	45	32	32	78	78
Administrative cost assessment (in thousand € - except unit cost)	60		60	20	2,709		1,946	649	4,655	
Administrative cost reimbursement (in thousand € - except unit cost)	20	20			903	903			1,552	1,552
Total (in thousand €)					3,612	903	1,946	649	6,207	1,552
Grand total (in thousand €)						4,515		2,594		7,758
As % of Baseline scenario						100%		92%		96%
Budget (in million €)					590	590	111	111	701	701
As share of budget for benefits					0.6%	0.2%	1.8%	0.6%	0.9%	0.2%
					0.8%		2.3%		1.1%	
<b>Scenario number of users and benefit on level of competent country</b>										
Number of users (in thousand)					50	50	35	35	85	85
Administrative cost assessment (in thousand € - except unit cost)	60		60	20	2,998		2,120	707	5,119	
Administrative cost reimbursement (in thousand € - except unit cost)	20	20			999	999			1,706	1,706
Total (in thousand €)					3,998	999	2,120	707	6,825	1,706
Grand total (in thousand €)						4,997		2,827		8,531
As % of Baseline scenario						111%		100%		106%
Budget (in million €)					996	996	203	203	1,198	1,198
As share of budget for benefits					0.4%	0.1%	1.0%	0.3%	0.6%	0.1%
					0.5%		1.4%		0.7%	

Source Estimate based on data LFS and 2015 Ageing Report. For the original Table 55 see Annex V



**Table 2.24 LTC: estimated budgetary impact of paying a SUPPLEMENT (option 3.1 – with and without supplement), in €,000, 2013/2014**

Debtor	Option 3.1: LTC provided by the MS of residence (without supplements)			Supplement			Option 3.1bis: LTC provided by the MS of residence (with supplement)			% difference option 3.1 Total
	In kind	In cash	Total	In kind	In cash	Total	In kind	In cash	Total	
BE	66,999,143	5,724,308	72,723,452	28,680,164	0	28,680,164	95,679,307	5,724,308	101,403,616	139%
BG	1,575,563	558,238	2,133,801	6,013	0	6,013	1,581,576	558,238	2,139,814	100%
CZ	3,297,837	1,516,435	4,814,272	925,573	3,753,035	4,678,607	4,223,410	5,269,470	9,492,880	197%
DK	46,811,431	3,734,028	50,545,459	17,633,951	278,438	17,912,389	64,445,382	4,012,465	68,457,847	135%
DE	108,653,903	26,196,507	134,850,409	71,317,808	40,106,587	111,424,395	179,971,711	66,303,094	246,274,804	183%
EE	1,098,591	206,741	1,305,332	0	63,191	63,191	1,098,591	269,932	1,368,523	105%
IE	6,831,891	1,573,976	8,405,867	1,797,534	0	1,797,534	8,629,425	1,573,976	10,203,401	121%
EL	2,800,908	815,660	3,616,569	0	613,412	613,412	2,800,908	1,429,072	4,229,981	117%
ES	12,499,967	2,314,137	14,814,104	2,861,922	2,322,027	5,183,950	15,361,889	4,636,164	19,998,053	135%
FR	35,320,389	5,686,276	41,006,665	27,897,918	3,142,558	31,040,476	63,218,308	8,828,834	72,047,142	176%
HR	561,766	386,802	948,568	0	0	0	561,766	386,802	948,568	100%
IT	17,457,218	3,779,718	21,236,936	18,636,120	23,860,942	42,497,061	36,093,338	27,640,660	63,733,998	300%
CY	581,166	140,004	721,170	3,286	55,978	59,264	584,452	195,982	780,434	108%
LV	471,026	97,919	568,945	6,517	1,989	8,506	477,543	99,908	577,451	101%
LT	937,194	249,837	1,187,031	42,620	38,876	81,496	979,814	288,713	1,268,527	107%
LU	112,362,390	14,485,979	126,848,368	121,362,130	6,143,288	127,505,418	233,724,520	20,629,266	254,353,786	201%
HU	1,292,585	646,312	1,938,897	391,685	0	391,685	1,684,270	646,312	2,330,582	120%
MT	562,338	119,265	681,603	107,718	31,114	138,832	670,056	150,379	820,435	120%
NL	61,883,234	10,709,102	72,592,336	172,919,861	0	172,919,861	234,803,095	10,709,102	245,512,197	338%
AT	26,334,894	10,099,263	36,434,157	21,302,411	56,684,341	77,986,752	47,637,306	66,783,604	114,420,910	314%
PL	6,241,740	1,906,445	8,148,185	17,910	83,113	101,023	6,259,650	1,989,558	8,249,208	101%
PT	4,564,573	932,242	5,496,815	48,679	598	49,278	4,613,252	932,841	5,546,093	101%
RO	5,356,398	1,881,939	7,238,337	7,895	1,849	9,744	5,364,292	1,883,788	7,248,081	100%
SI	947,993	709,247	1,657,239	920,891	652,818	1,573,709	1,868,883	1,362,065	3,230,948	195%
SK	1,779,019	1,450,959	3,229,978	0	12,504	12,504	1,779,019	1,463,463	3,242,482	100%
FI	3,725,004	1,306,423	5,031,426	17,172,281	1,926,119	19,098,400	20,897,285	3,232,542	24,129,827	480%
SE	7,297,470	1,270,009	8,567,479	26,977,906	381,672	27,359,578	34,275,376	1,651,682	35,927,058	419%
UK	52,021,378	12,089,150	64,110,528	28,998,816	2,293,198	31,292,015	81,020,195	14,382,349	95,402,543	149%
EU28	590,267,011	110,586,920	700,853,931	560,037,609	142,447,648	702,485,257	1,150,304,620	253,034,568	1,403,339,188	200%

Source Estimate based on data LFS and 2015 Ageing Report. For the original Table 2.24 see Annex IX

**Table 2.24bis LTC: estimated budgetary impact of paying a SUPPLEMENT (option 3.1 – with and without supplement), in € ,000, 2013/2014**

Debtor	% difference baseline scenario		
	kind	cash	Total
BE	143%		151%
BG	100%		136%
CZ	128%	110%	117%
DK	138%	139%	138%
DE	166%	114%	148%
EE	100%	150%	107%
IE	126%		149%
EL	100%	138%	110%
ES	123%	128%	124%
FR	179%	147%	174%
HR	100%	3902%	166%
IT	207%	101%	142%
CY	101%	151%	110%
LV	101%	740%	119%
LT	105%	157%	113%
LU	208%	121%	197%
HU	130%		180%
MT	119%	229%	131%
NL	379%		397%
AT	181%	100%	123%
PL	100%	319%	120%
PT	101%	12,779%	121%
RO	100%	19,472%	135%
SI	197%	149%	174%
SK	100%	2,036%	175%
FI	561%	101%	348%
SE	470%	128%	418%
UK	156%	175%	158%
<b>EU28</b>	<b>195%</b>	<b>125%</b>	<b>177%</b>

**Source** Estimate based on data LFS and 2015 Ageing Report. For the original Table 2.24 see Annex IX

## ANNEX – ORIGINAL TABLES

### UNEMPLOYMENT BENEFITS

Table 2.2 UB: Main parameters for estimating the baseline scenario and the different options

Country	Average 2010 and 2011				2010	Average 2010 and 2011				2010
	Incoming Cross- border workers (in .000)	Of which: Incoming frontier workers (in .000)	Outgoing cross- border workers (in .000)	Of which: Outgoing frontier workers (in .000)	Unemployment rate (20-64)	Incoming unemployed Cross-border workers (in .000)	Of which: Incoming unemployed frontier workers (in .000)	Outgoing unemployed cross-border workers (in .000)	Of which: Outgoing unemployed frontier workers (in .000)	Annual unemployment benefit per unemployed person (in €)
BE	62	50	97	93	8,0%	4,9	4,0	5,1	4,7	19.116
BG	2	0	21	6	10,2%	0,2	0,0	2,2	0,8	454
CZ	61	60	24	17	7,1%	4,4	4,3	1,8	1,2	1.386
DK	35	29	4	3	6,9%	2,4	2,0	0,3	0,2	9.400
DE	186	142	165	141	7,1%	13,2	10,1	9,6	6,9	8.919
EE	1	1	18	15	16,7%	0,1	0,1	1,4	1,2	729
IE	17	8	10	9	13,2%	2,3	1,1	0,7	0,6	14.970
GR	12	6	0	0	12,5%	1,5	0,8	0,0	0,0	2.164
ES	40	10	23	6	19,5%	7,9	1,9	1,8	0,5	4.735
FR	47	30	160	150	9,0%	4,3	2,7	10,5	9,7	12.577
IT	76	5	24	7	8,1%	6,1	0,4	2,1	0,6	5.815
CY	4	0	0	0	6,4%	0,2	0,0	0,0	0,0	3.282
LV	0	0	7	1	18,4%	0,1	0,1	0,6	0,1	590
LT	0	0	2	0	17,8%	0,1	0,0	0,2	0,0	401
LU	130	129	3	2	4,3%	5,6	5,5	0,2	0,2	25.048
HU	14	12	53	23	11,1%	1,5	1,3	3,4	1,1	833
MT	1	0	1	0	6,0%	0,0	0,0	0,1	0,0	2.204
NL	110	82	21	20	4,0%	4,4	3,3	1,6	1,5	28.769
AT	101	94	32	29	4,2%	4,2	4,0	2,5	2,2	12.715
PL	8	6	92	50	9,6%	0,7	0,6	6,3	3,6	397
PT	5	2	11	6	11,1%	0,5	0,2	1,6	1,2	3.628
RO	4	0	88	0	7,3%	0,3	0,0	8,6	0,0	803
SI	1	1	9	7	7,2%	0,1	0,1	0,5	0,4	1.537
SK	6	6	117	84	13,9%	0,9	0,8	8,3	5,7	405
FI	20	16	2	1	7,7%	1,5	1,2	0,1	0,1	14.892
SE	12	3	29	23	7,3%	0,9	0,2	2,1	1,6	5.978
UK	78	9	20	8	6,9%	5,4	0,6	2,1	1,1	2.219
EU-27	1.032	701	1.032	701	10,5%	73,7	45,2	73,7	45,2	6.073

\* The annual unemployment benefit per unemployed person= unemployment benefit spending in 2010 prices / unemployed persons (20-64)

Source LFS and 2012 Ageing Report (See Annex IX p. 16)



**Table 2.2 UB: Main parameters for estimating option 4**

Country	Average 2010 and 2011				2010		Average 2010 and 2011						
	Incoming Cross-border workers longer than 12 months employed (in .000)	% of incoming cross-border workers	Incoming Cross-border workers not longer than 12 months employed (in .000)	% of incoming cross-border workers	Outgoing Cross-border workers longer than 12 months employed (in .000)	% of outgoing cross-border workers	Unemployment rate (20-64) country of employment	Incoming unemployed Cross-border workers longer than 12 months employed (in .000)	Incoming unemployed Cross-border workers not longer than 12 months employed (in .000)	Outgoing unemployed Cross-border workers longer than 12 months employed (in .000)	Outgoing unemployed Cross-border workers not longer than 12 months employed (in .000)		
BE	47,2	77%	14,4	23%	85,6	89%	11,0	11%	8,0%	3,8	1,1	4,5	0,6
BG	1,8	100%	0,0	0%	9,6	45%	11,5	55%	10,2%	0,2	0,0	1,0	1,2
CZ	52,2	85%	9,2	15%	19,5	81%	4,6	19%	7,1%	3,7	0,7	1,5	0,4
DK	27,4	78%	7,6	22%	2,8	64%	1,6	36%	6,9%	1,9	0,5	0,2	0,1
DE	140,9	76%	45,2	24%	134,3	81%	31,1	19%	7,1%	10,0	3,2	7,7	1,9
EE	0,6	74%	0,2	26%	11,9	66%	6,2	34%	16,7%	0,1	0,0	1,0	0,5
IE	14,2	82%	3,1	18%	8,5	85%	1,5	15%	13,2%	1,9	0,4	0,6	0,1
GR	5,7	49%	5,9	51%	0,0	0,0	0,0	0,0	12,5%	0,7	0,7	0,0	0,0
ES	24,7	61%	15,5	39%	13,0	58%	9,5	42%	19,5%	4,8	3,0	1,0	0,8
FR	33,8	71%	13,5	29%	132,0	83%	27,7	17%	9,0%	3,0	1,2	8,6	1,9
IT	37,1	49%	38,7	51%	17,8	73%	6,6	27%	8,1%	3,0	3,1	1,5	0,6
CY	2,9	81%	0,7	19%	0,0	0,0	0,0	0,0	6,4%	0,2	0,0	0,0	0,0
LV	0,4	85%	0,1	15%	3,2	46%	3,7	54%	18,4%	0,1	0,0	0,3	0,3
LT	0,1	52%	0,1	48%	1,1	57%	0,8	43%	17,8%	0,0	0,0	0,1	0,1
LU	111,2	86%	18,8	14%	2,1	76%	0,7	24%	4,3%	4,8	0,8	0,2	0,1
HU	12,0	86%	1,9	14%	38,8	73%	14,6	27%	11,1%	1,3	0,2	2,5	0,9
MT	0,2	20%	0,6	80%	0,6	70%	0,3	30%	6,0%	0,0	0,0	0,0	0,0
NL	91,8	84%	18,1	16%	19,1	90%	2,1	10%	4,0%	3,7	0,7	1,5	0,2
AT	77,0	76%	23,9	24%	27,6	86%	4,5	14%	4,2%	3,2	1,0	2,1	0,4
PL	6,5	85%	1,2	15%	63,1	69%	28,6	31%	9,6%	0,6	0,1	4,3	1,9
PT	2,9	64%	1,6	36%	6,5	62%	4,0	38%	11,1%	0,3	0,2	1,1	0,5
RO	3,2	86%	0,5	14%	34,0	39%	53,8	61%	7,3%	0,2	0,0	3,4	5,1
SI	1,4	93%	0,1	7%	6,9	80%	1,7	20%	7,2%	0,1	0,0	0,4	0,1
SK	5,3	85%	1,0	15%	100,1	86%	17,0	14%	13,9%	0,7	0,1	7,1	1,2
FI	13,8	70%	5,9	30%	1,1	65%	0,6	35%	7,7%	1,1	0,5	0,1	0,1
SE	8,7	70%	3,8	30%	20,8	72%	8,2	28%	7,3%	0,6	0,3	1,5	0,6
UK	52,6	68%	25,0	32%	15,3	75%	5,0	25%	6,9%	3,6	1,7	1,6	0,5
EU-27	775,5	75%	256,8	25%	775,5	75%	256,8	25%	10,5%	53,8	19,9	53,8	19,9

Source LFS and 2012 Ageing Report (See Annex X p. 14)

**Table 2.3 UB: estimated reimbursement claims and impact of maximum reimbursement country of last activity (baseline scenario)**

Country of last activity	Amount of the claims received as debtor (in .000 €)		Amount of the claims paid as debtor (in .000 €)		% difference amount claim received vs. paid	Annual expenditure UB per person (in €)
	Cross-border workers (in .000 €)	Of which: frontier workers (in .000 €)	Cross-border workers (in .000 €)	Of which: frontier workers (in .000 €)		
BE	15.200	15.200	13.533	13.533	-11%	19.116
BG	441	0	20	0	-95%	454
CZ	1.278	1.215	526	519	-59%	1.386
DK	3.428	3.342	3.395	3.342	-1%	9.400
DE	25.390	25.256	15.024	14.944	-41%	8.919
EE	115	62	19	14	-84%	729
IE	684	600	664	600	-3%	14.970
GR	1.037	88	329	88	-68%	2.164
ES	7.627	3.148	4.108	1.871	-46%	4.735
FR	8.659	8.568	6.483	6.395	-25%	12.577
IT	1.466	803	732	406	-50%	5.815
CY	37	0	7	0	-82%	3.282
LV	26	11	10	9	-62%	590
LT	34	5	5	4	-85%	401
LU	18.804	18.804	18.804	18.804	0%	25.048
HU	797	336	190	145	-76%	833
MT	75	0	23	0	-69%	2.204
NL	10.969	10.969	10.969	10.969	0%	28.769
AT	4.102	4.020	4.062	4.020	-1%	12.715
PL	1.574	1.201	73	58	-95%	397
PT	648	238	293	182	-55%	3.628
RO	557	5	54	5	-90%	803
SI	174	174	26	26	-85%	1.537
SK	932	899	87	82	-91%	405
FI	438	323	399	323	-9%	14.892
SE	1.316	536	771	283	-41%	5.978
UK	6.678	2.283	1.514	338	-77%	2.219
EU-27	112.488	98.088	82.122	76.961	-27%	

Source Estimate based on data LFS and 2012 Ageing Report (See Annex IX p. 17)

**Table 2.4 UB: estimated budgetary impact baseline scenario and options, in € 000 (corrected by Annual average duration of payment UB)**

	Option 1: No policy change (Baseline scenario): Frontier workers return; other cross-border workers take a rational decision (= highest UB)				Option 2: Right of choice: cross-border workers take a rational decision (= highest amount)				Option 3: UB provided by the country of last activity				Option 4: 'cut-off' of 12 months	
	Annual expenditure UB based on average duration payment UB (in € .000)	Actual claims paid to country of residence (3 months) (in € .000)	Actual claims received from country of last activity (3 months) (in € .000)	Total expenditure (in € .000)	Annual expenditure UB based on average duration payment UB (in € .000)	Actual claims paid to country of residence (3 months) (in € .000)	Actual claims received from country of last activity (3 months) (in € .000)	Total expenditure (in € .000)	Annual expenditure UB based on average duration payment UB (in € .000)	Actual claims paid to country of residence (3 months) (in € .000)	Actual claims received from country of last activity (3 months) (in € .000)	Total expenditure (in € .000)	Annual expenditure UB based on average duration payment UB (in € .000)	Annual expenditure UB based on average duration payment UB (in € .000)
BE	70.891	13.533	19.727	64.697	74.007	5.077	8.935	70.149	58.403	0	0	58.403	51.300	79%
BG	256	20	88	188	0	221	0	221	59	0	0	59	460	244%
CZ	1.097	526	334	1.289	3.798	848	117	4.529	3.819	0	0	3.819	3.564	277%
DK	3.029	3.395	450	5.974	12.014	43	599	11.458	10.811	0	0	10.811	8.995	151%
DE	69.040	15.024	16.167	67.897	55.763	24.804	4.864	75.703	72.034	0	0	72.034	64.832	95%
EE	609	19	219	409	73	78	10	140	65	0	0	65	286	70%
IE	21.239	664	455	21.448	33.461	42	2.434	31.069	25.854	0	0	25.854	22.460	105%
GR	381	329	0	710	1.632	475	0	2.107	2.356	0	0	2.356	1.154	163%
ES	15.919	4.108	949	19.078	18.520	4.287	629	22.179	23.563	0	0	23.563	16.827	88%
FR	86.602	6.483	26.361	66.724	55.382	6.226	13.574	48.035	31.250	0	0	31.250	36.256	54%
IT	28.531	732	1.444	27.819	27.070	1.068	711	27.427	25.028	0	0	25.028	14.600	52%
CY	391	7	0	397	391	19	0	409	405	0	0	405	326	82%
LV	55	10	16	49	29	18	6	41	33	0	0	33	144	295%
LT	4	5	1	7	5	18	0	23	14	0	0	14	24	319%
LU	3.510	18.804	637	21.677	75.684	0	1.233	74.451	72.862	0	0	72.862	62.559	288%
HU	615	190	208	597	819	435	44	1.209	852	0	0	852	1.247	209%
MT	10	23	0	33	10	38	0	47	68	0	0	68	40	121%
NL	41.060	10.969	5.167	46.862	90.552	0	11.199	79.353	66.216	0	0	66.216	57.916	124%
AT	15.426	4.062	4.253	15.235	38.052	41	7.381	30.713	24.180	0	0	24.180	20.541	135%
PL	872	73	354	592	0	1.387	0	1.387	181	0	0	181	628	106%
PT	3.457	293	1.111	2.639	497	443	11	929	1.228	0	0	1.228	1.978	75%
RO	26	54	10	69	5	280	0	285	136	0	0	136	2.657	3828%
SI	475	26	154	347	88	173	9	252	107	0	0	107	200	58%
SK	1.880	87	577	1.391	35	908	3	940	285	0	0	285	623	45%
FI	2.206	399	161	2.444	9.246	57	369	8.935	8.687	0	0	8.687	6.379	261%
SE	5.651	771	2.663	3.759	1.765	926	256	2.435	2.179	0	0	2.179	3.004	80%
UK	4.529	1.514	615	5.427	3.217	4.481	8	7.690	6.492	0	0	6.492	5.041	93%
EU-27	377.761	82.122	82.122	377.761	502.113	52.391	52.391	502.113	437.167	0	0	437.167	384.042	102%

\* The annual expenditure (12 months) is estimated without taking into account national legislation and as such the possible limitation in time of the payment of UB.

Source Estimate based on data LFS and 2012 Ageing Report (See Annex X p. 16)

**Table 2.5 UB: comparison of options between MS, estimated budgetary impact option 1 (100%) compared to other options (corrected by Annual average duration of payment UB)**

	Option 1: No policy change (Baseline scenario)	Option 2: Right of choice	Option 3: UB provided by the country of last activity	Option 4: 'cut-off' of 12 months
BE	100%	108%	90%	79%
BG	100%	117%	31%	244%
CZ	100%	351%	296%	277%
DK	100%	192%	181%	151%
DE	100%	111%	106%	95%
EE	100%	34%	16%	70%
IE	100%	145%	121%	105%
GR	100%	297%	332%	163%
ES	100%	116%	124%	88%
FR	100%	72%	47%	54%
IT	100%	99%	90%	52%
CY	100%	103%	102%	82%
LV	100%	84%	67%	295%
LT	100%	306%	183%	319%
LU	100%	343%	336%	289%
HU	100%	203%	143%	209%
MT	100%	142%	205%	121%
NL	100%	169%	141%	124%
AT	100%	202%	159%	135%
PL	100%	234%	31%	106%
PT	100%	35%	47%	75%
RO	100%	411%	196%	3828%
SI	100%	73%	31%	58%
SK	100%	68%	20%	45%
FI	100%	366%	356%	261%
SE	100%	65%	58%	80%
UK	100%	142%	120%	93%
EU-27	100%	133%	116%	102%
Lowest impact	12	1	8	6
Highest impact	7	12	3	5

\* Green: lowest budgetary impact; Red: highest budgetary impact

Source Estimate based on data LFS and 2012 Ageing Report (See Annex X p. 17)



**Table 2.6 UB: comparison of options between MS, estimated lowest and highest budgetary impact (corrected by Annual average duration of payment UB)**

	<i>Lowest budgetary impact</i>				<i>Highest budgetary impact</i>				
	Option 1: No policy change (Baseline scenario)	Option 2: Right of choice	Option 3: UB provided by the country of last activity	Option 4: 'cut-off' of 12 months	Option 1: No policy change (Baseline scenario)	Option 2: Right of choice	Option 3: UB provided by the country of last activity	Option 4: 'cut-off' of 12 months	
BE				X		X			BE
BG			X					X	BG
CZ	X					X			CZ
DK	X					X			DK
DE				X		X			DE
EE			X		X				EE
IE	X					X			IE
GR	X						X		GR
ES				X			X		ES
FR			X		X				FR
IT				X	X				IT
CY				X		X			CY
LV			X					X	LV
LT	X							X	LT
LU	X					X			LU
HU	X							X	HU
MT	X						X		MT
NL	X					X			NL
AT	X					X			AT
PL			X			X			PL
PT		X			X				PT
RO	X							X	RO
SI			X		X				SI
SK			X		X				SK
FI	X					X			FI
SE			X		X				SE
UK				X		X			UK
EU-27	12	1	8	6	7	12	3	5	EU-27

Source Estimate based on data LFS and 2012 Ageing Report (See Annex X p. 17)

**Table 2.7 UB: estimated expenditure UB incoming cross-border workers becoming unemployed, option 4, breakdown by country of last activity and country of residence (corrected by Annual average duration of payment UB)**

Country of last activity	Incoming unemployed		crossborder workers		Expenditure		Share of cost	
	Number of unemployed incoming cross-border workers <b>not longer</b> than 12 months employed (in .000)	Number of unemployed incoming cross-border workers <b>longer</b> than 12 months employed (in .000)	Estimated annual expenditure UB by country of residence based on average duration payment UB (in .000 €)	Estimated annual expenditure of last activity UB based on average duration payment UB (in .000 €)	% share of cost <b>country of residence</b>	% share of cost <b>country of last activity</b>		
BE	3,8	1,1	7.033	44.534	14%	86%		
BG	0,2	0,0	0	59	0%	100%		
CZ	3,7	0,7	352	3.256	10%	90%		
DK	1,9	0,5	1.357	8.450	14%	86%		
DE	10,0	3,2	7.252	54.291	12%	88%		
EE	0,1	0,0	43	48	47%	53%		
IE	1,9	0,4	960	21.280	4%	96%		
GR	0,7	0,7	819	1.154	42%	58%		
ES	4,8	3,0	6.766	14.454	32%	68%		
FR	3,0	1,2	4.110	22.306	16%	84%		
IT	3,0	3,1	2.096	12.231	15%	85%		
CY	0,2	0,0	34	326	9%	91%		
LV	0,1	0,0	5	28	14%	86%		
LT	0,0	0,0	12	7	62%	38%		
LU	4,8	0,8	6.432	61.894	9%	91%		
HU	1,3	0,2	368	738	33%	67%		
MT	0,0	0,0	97	14	87%	13%		
NL	3,7	0,7	3.496	55.434	6%	94%		
AT	3,2	1,0	2.846	18.497	13%	87%		
PL	0,6	0,1	578	153	79%	21%		
PT	0,3	0,2	297	785	27%	73%		
RO	0,2	0,0	213	116	65%	35%		
SI	0,1	0,0	3	99	3%	97%		
SK	0,7	0,1	202	242	46%	54%		
FI	1,1	0,5	444	6.067	7%	93%		
SE	0,6	0,3	665	1.519	30%	70%		
UK	3,6	1,7	5.152	4.427	13%	87%		
EU-27	53,8	19,9	51.631	369.169	12%	88%		

\* Only the annual expenditure of UB is taken into account while there will possibly be a shift of the social security system from the country of last activity to the country of residence  
Source Estimate based on data LFS and 2012 Ageing Report (See Annex X p. 19)

**Table 2.8 UB: estimated expenditure UB incoming cross-border workers becoming unemployed, baseline scenario, breakdown by country of last activity and country of residence and impact of reimbursement (corrected by Annual average duration of payment UB)**

		<b>Option 1: No policy change (Baseline scenario):</b> Frontier workers return; other cross-border workers take a rational decision (= highest UB)											
Incoming unemployed crossborder workers		Expenditure					Cost without reimbursement					Cost with reimbursement	
Country of employment (in .000)	Number of incoming cross-border workers (in .000)	Of which incoming unemployed frontier workers (in .000)	Estimated annual expenditure UB based on average duration payment the country of residence (in .000 €)	Estimated annual expenditure UB based on average duration payment UB paid by the country of last activity (in .000 €)	Reimbursement country of last activity (3 months) (in .000 €)	% share of cost country of residence	% share of cost country of last activity	% share of cost country of residence	% share of cost country of last activity	% share of cost country of residence	% share of cost country of last activity	% share of cost country of residence	% share of cost country of last activity
BE	4,9	4,0	34.334	10.929	13.533	76%	24%	58%	42%				
BG	0,2	0,0	1.052	0	20	100%	0%	98%	2%				
CZ	4,4	4,3	3.327	43	526	99%	1%	85%	15%				
DK	2,4	2,0	6.410	1.726	3.395	79%	21%	56%	44%				
DE	13,2	10,1	55.161	16.936	15.024	77%	23%	63%	37%				
EE	0,1	0,1	203	7	19	97%	3%	89%	11%				
IE	2,3	1,1	1.516	13.440	664	10%	90%	10%	90%				
GR	1,5	0,8	2.613	381	329	87%	13%	79%	21%				
ES	7,9	1,9	18.472	12.296	4.108	60%	40%	53%	47%				
FR	4,3	2,7	21.483	11.407	6.483	65%	35%	55%	45%				
IT	6,1	0,4	3.250	22.455	732	13%	87%	12%	88%				
CY	0,2	0,0	92	391	7	19%	81%	19%	81%				
LV	0,1	0,1	62	4	10	93%	7%	81%	19%				
LT	0,1	0,0	71	0	5	100%	0%	93%	7%				
LU	5,6	5,5	45.350	688	18.804	99%	1%	70%	30%				
HU	1,5	1,3	1.911	6	190	100%	0%	91%	9%				
MT	0,0	0,0	167	8	23	95%	5%	84%	16%				
NL	4,4	3,3	27.063	16.724	10.969	62%	38%	49%	51%				
AT	4,2	4,0	10.184	1.478	4.062	87%	13%	65%	35%				
PL	0,7	0,6	3.797	0	73	100%	0%	98%	2%				
PT	0,5	0,2	1.572	439	293	78%	22%	68%	32%				
RO	0,3	0,0	1.304	1	54	100%	0%	96%	4%				
SI	0,1	0,1	343	34	26	91%	9%	85%	15%				
SK	0,9	0,8	1.814	0	87	100%	0%	95%	5%				
FI	1,5	1,2	1.019	1.530	399	40%	60%	35%	65%				
SE	0,9	0,2	2.811	945	771	75%	25%	62%	38%				
UK	5,4	0,6	17.332	3.183	1.514	84%	16%	79%	21%				
EU-27	73,7	45,2	262.713	115.053	82.122	70%	30%	57%	43%				

\* Only the annual expenditure of UB is taken into account while there will possibly be a shift of the social security system from the country of last activity to the country of residence  
Source Estimate based on data LFS and 2012 Ageing Report (See Annex X p. 20)

Table 2.9 UB: Estimated administrative burden (corrected by Annual average duration of payment UB)

	Country of residence		Country of last activity	
	Direct paying	Reimbursement	Direct paying	Reimbursement
	Administrative unit cost			
Control unemployed	€ 40,0		€ 40,0	
U1	€ 42,8			€ 20,0
Reimbursement		€ 20,0		€ 20,0
Total administrative unit cost - UB Residence	€ 82,8	€ 20,0		€ 40,0
Total administrative unit cost - UB Last activity			€ 40,0	
	Administrative cost			
	Baseline scenario2: Frontier workers return; other cross-border workers rational decision (=highest amount UB)			
UB Residence	€ 4.258.153	€ 1.028.539	€ 0	€ 2.057.079
UB Last activity	€ 0	€ 0	€ 889.488	€ 0
Administrative cost	€ 5.286.692		€ 2.946.567	
Grand total	€ 8.233.259			
% cost country of residence in total administrative cost	64%			
Grand total annual expenditure UB (in millions)	€ 378			
Administrative cost as % of budgetary cost	2,2%			
Estimated reimbursement (in millions)	€ 82			
	Option B2: right of choice: rational decision (=highest amount UB)			
UB Residence	€ 1.530.093	€ 369.588	€ 0	€ 739.175
UB Last activity	€ 0	€ 0	€ 2.207.391	€ 0
Administrative cost	€ 1.899.681		€ 2.946.567	
Grand total	€ 4.846.248			
As % of baseline scenario	59%			
% cost country of residence in total administrative cost	39%			
Grand total annual expenditure UB (in millions)	€ 502			
Administrative cost as % of budgetary cost	1,0%			
Estimated reimbursement (in millions)	€ 52			
	Option C: UB provided by the country of last activity			
UB Residence	€ 0	€ 0	€ 0	€ 0
UB Last activity	€ 0	€ 0	€ 2.946.567	€ 0
Administrative cost	€ 0		€ 2.946.567	
Grand total	€ 2.946.567			
As % of baseline scenario	36%			
% cost country of residence in total administrative cost	0%			
Grand total annual expenditure UB (in millions)	€ 437			
Administrative cost as % of budgetary cost	0,7%			
Estimated reimbursement (in millions)	€ 0			
	Option D: cut-off of 12 months			
UB Residence	€ 1.647.720			
UB Last activity			€ 2.152.000	€ 398.000
Administrative cost	€ 1.647.720		€ 2.550.000	
Grand total	€ 4.197.720			
As % of baseline scenario	51%			
% cost country of residence in total administrative cost	39%			
Grand total annual expenditure UB (in millions)	€ 384			
Administrative cost as % of budgetary cost	1,1%			
Estimated reimbursement (in millions)	€ 0			

Source Estimate based on data LFS and 2012 Ageing Report (See Annex X p. 22)

Table 8: *Estimated number of received PD U1 in the EU-27: 2010, 2015 & 2020*

Country	Unemployed persons (20-64) - 2010 (in .000)	Number PD U1 certificates				
		2010/2011/2012 Survey	2010 Estimate	Total	2015	2020
BE	385	2.400		2.400	2.387	2.310
BG	351		5.541	5.541	4.655	3.909
CZ	367		5.792	5.792	5.310	4.973
DK	184		2.902	2.902	1.886	1.880
DE	2.826		44.663	44.663	38.344	37.462
EE	111	2.082		2.082	1.769	1.620
IE	269		4.258	4.258	4.501	4.163
EL	640		10.114	10.114	10.867	8.569
ES	4.405		69.615	69.615	70.352	62.173
FR	2.601	50.003		50.003	47.278	44.121
IT	1.985		31.369	31.369	27.606	28.502
CY	26		412	412	395	363
LV	207		3.273	3.273	3.429	3.058
LT	287		4.535	4.535	4.385	4.022
LU	10		157	157	182	180
HU	473		7.473	7.473	7.974	7.787
MT	10		159	159	165	167
NL	325		5.133	5.133	4.138	4.031
AT	169		2.664	2.664	2.511	2.529
PL	1.696	19.432		19.432	15.798	14.780
PT	578		9.138	9.138	10.360	9.406
RO	684		10.805	10.805	10.035	9.408
SI	72		1.146	1.146	1.368	1.313
SK	374	10.912		10.912	10.801	10.020
FI	195		3.080	3.080	2.372	2.353
SE	340	2.202		2.202	1.852	1.849
UK	2.023		31.965	31.965	33.565	29.042
EU27	21.593			341.223	324.285	299.991
Share PD U1 in total unemployment		1,6%				

Source: Estimate based on collected administrative data and 2012 Ageing Report (See Annex V p. 42)

Table 9: Yearly estimated amount paid to unemployed persons who received a PD U1 2010, 2015 & 2020 (in EUR)

Country	2010	2015	2020
BE	45.878.431	48.782.839	52.155.037
BG	2.516.832	2.471.472	2.322.888
CZ	8.027.591	6.652.968	7.186.203
DK	27.275.731	31.783.290	32.826.734
DE	398.330.179	328.682.432	343.068.285
EE	1.518.594	1.858.606	1.770.909
IE	63.734.663	94.364.726	93.279.335
EL	21.888.545	26.519.430	24.170.753
ES	329.610.962	506.983.065	499.125.905
FR	628.907.844	606.380.743	615.469.499
IT	182.408.485	124.846.947	134.065.386
CY	1.352.362	1.776.380	1.704.303
LV	1.931.038	2.806.052	2.616.456
LT	1.818.909	2.644.527	2.406.524
LU	3.920.411	4.051.466	4.481.929
HU	6.222.745	7.798.320	7.200.469
MT	350.413	392.599	429.635
NL	147.679.662	150.795.264	153.916.161
AT	33.870.424	32.911.289	35.627.495
PL	7.715.169	5.050.554	5.435.764
PT	33.148.229	41.487.201	37.282.160
RO	8.671.472	5.181.187	5.330.893
SI	1.760.835	2.869.468	2.773.374
SK	4.421.393	3.859.319	3.856.759
FI	45.870.693	43.047.636	47.213.365
SE	13.164.269	14.700.827	15.717.881
UK	70.938.271	102.605.656	102.341.181
EU27	2.072.294.040	2.187.664.422	2.224.972.628

Source: Estimate based on estimated number of PD U1 and 2012 Ageing Report (See Annex V p. 43)

Table 15: *Estimated administrative Cost –PD U2 ('issued'), EU-27, EUR, 2010*

Country	Unemployed persons (20-64) - 2010 (in .000)	PD U2 certificates issued			Total cost ( in EUR)
		2010/2011/2012 Survey	2010 Estimate	Total	
BE	385	1,081		1,081	4,865
BG	351		385	385	1,732
CZ	367		402	402	1,811
DK	184	1,108		1,108	4,986
DE	2,826		3,103	3,103	13,965
EE	111	64		64	288
IE	269		296	296	1,331
EL	640		703	703	3,163
ES	4,405		4,837	4,837	21,767
FR	2,601		2,856	2,856	12,854
IT	1,985		2,180	2,180	9,809
CY	26		29	29	129
LV	207		227	227	1,023
LT	287		315	315	1,418
LU	10	148		148	666
HU	473		519	519	2,337
MT	10		11	11	50
NL	325	637		637	2,867
AT	169	1,186		1,186	5,337
PL	1,696	118		118	531
PT	578		635	635	2,857
RO	684	11		11	50
SI	72		80	80	358
SK	374	79		79	356
FI	195		214	214	963
SE	340	264		264	1,188
UK	2,023		2,221	2,221	9,995
<b>EU27</b>	<b>21,593</b>			<b>23,710</b>	<b>106,695</b>

Source: Estimate based on collected administrative data and 2012 Ageing Report and data provided during the workshops on administrative burden (Poland). (See Annex V p. 57)

## LONG-TERM CARE BENEFITS

Table 2.17 LTC: Estimated number of PD S1 issued and received, by category, in .000

	Competent country					Residing country				
	Incoming cross-border workers + 20% family members (in .000)	Retired cross-border workers only worked abroad + 25% family members (in .000)	Migrant pensioners + 25% family members (in .000)	Total number of PD S1 issued (in .000)	Share of total insured persons (in %)	Outgoing cross-border workers + 20% family members (in .000)	Retired cross-border workers only worked abroad + 25% family members (in .000)	Migrant pensioners + 25% family members (in .000)	Total number of PD S1 issued (in .000)	Share of total insured persons (in %)
BE	74	35	5	113	5,7%	116	41	68	225	11,4%
BG	2	1	1	4	0,2%	25	11	0	37	1,9%
CZ	74	25	2	101	5,1%	29	12	2	43	2,2%
DK	42	14	1	57	2,9%	5	2	3	10	0,5%
DE	223	101	44	368	18,6%	198	75	0	273	13,8%
EE	1	0	0	2	0,1%	22	9	0	30	1,5%
IE	21	6	1	29	1,4%	12	5	7	24	1,2%
GR	14	7	1	23	1,1%	0	0	2	2	0,1%
ES	48	18	4	71	3,6%	27	11	77	115	5,8%
FR	57	27	19	102	5,2%	192	77	43	311	15,7%
IT	91	50	27	167	8,5%	29	13	5	47	2,4%
CY	4	1	0	5	0,3%	0	0	5	5	0,3%
LV	1	0	0	1	0,0%	8	3	0	12	0,6%
LT	0	0	0	1	0,0%	2	1	0	3	0,2%
LU	156	50	1	207	10,5%	3	1	2	7	0,3%
HU	17	8	3	28	1,4%	64	28	0	92	4,7%
MT	1	0	0	1	0,1%	1	0	1	2	0,1%
NL	132	43	28	203	10,2%	26	12	2	39	2,0%
AT	121	55	1	177	8,9%	39	17	11	66	3,4%
PL	9	3	4	17	0,8%	110	45	1	156	7,9%
PT	5	2	2	10	0,5%	13	5	2	20	1,0%
RO	4	2	0	6	0,3%	105	52	0	158	8,0%
SI	2	1	0	3	0,1%	10	5	0	16	0,8%
SK	7	2	2	11	0,6%	141	55	0	196	9,9%
FI	24	9	0	33	1,7%	2	1	1	4	0,2%
SE	15	6	2	23	1,2%	35	12	6	53	2,7%
UK	93	36	88	218	11,0%	24	9	0	34	1,7%
EU-27	1.239	503	238	1.980	100,0%	1.239	503	238	1.980	100,0%

Source Estimate based on data LFS and 2012 Ageing Report (See Annex IX p. 32)



Table 25: % cross-border users LTC in kind or in cash (or only informal care) of total population and average amount per dependent person using LTC in kind or in cash (thousand €)

Country	% users in kind total population	Average amount per dependent person using care in kind (thousand euro)	% users in cash total population	Average amount per dependent person using care in cash (thousand euro)
BE	5,7	10,8	2,5	5,8
BG	0,6	1,4	0,9	1,6
CZ	2,0	2,0	2,4	3,1
DK	3,9	27,0	2,3	37,5
DE	2,7	11,1	1,2	11,5
EE	1,5	1,5	0,9	4,0
IE	1,7	22,4	2,5	0,0
EL	3,1	6,6	2,5	2,8
ES	1,5	10,7	0,9	3,6
FR	2,2	25,0	2,4	4,2
IT	1,7	15,5	2,9	7,6
CY	0,5	0,4	0,9	3,7
LV	0,9	4,7	0,3	3,2
LT	4,7	1,7	2,5	0,8
LU	2,2	33,7	0,4	18,5
HU	1,5	1,7	2,5	2,3
MT	3,3	3,0	1,8	0,0
NL	5,8	15,6	2,5	18,4
AT	3,1	8,6	5,1	5,5
PL	0,4	7,4	4,0	0,9
PT	1,4	3,5	0,9	0,0
RO	1,4	2,5	0,9	0,1
SI	1,9	8,5	1,7	5,5
SK	1,4	1,9	0,9	0,7
FI	3,2	22,9	5,3	2,0
SE	4,8	28,5	2,4	2,4
UK	2,0	19,4	2,5	6,1
EU27	2,2	10,5	2,1	6,1

Source: Estimate based on data from LFS, 2012 Ageing Report and additional data delivered by DG ECFIN (See Annex V p. 77)

Table 2.18 LTC: Estimated number of users baseline scenario, in .000

	In kind		In cash		Total	
	Country of residence (in .000)	Competent country (in .000)	Country of residence (in .000)	Competent country (in .000)	Country of residence (in .000)	Competent country (in .000)
AT	2,2	3,5	1,0	9,0	3,1	12,5
BE	12,9	2,9	4,2	2,8	17,1	5,7
BG	0,2	0,1	0,8	0,0	1,0	0,2
CY	0,0	0,1	0,1	0,0	0,1	0,1
CZ	0,9	1,5	1,0	2,4	1,9	3,9
DE	7,4	8,5	7,4	4,6	14,8	13,2
DK	0,4	2,2	0,2	1,3	0,6	3,5
EE	0,4	0,0	1,4	0,0	1,9	0,1
ES	1,7	1,4	2,7	0,7	4,3	2,1
FI	0,1	0,6	0,1	1,8	0,2	2,4
FR	6,9	3,3	4,6	2,5	11,5	5,8
GR	0,1	0,3	0,0	0,6	0,1	0,9
HU	1,4	0,5	2,9	0,7	4,3	1,2
IE	0,4	0,5	0,6	0,7	1,0	1,2
IT	0,8	3,5	1,0	4,9	1,8	8,4
LT	0,2	0,0	0,1	0,0	0,2	0,0
LU	0,1	6,9	0,1	0,9	0,3	7,7
LV	0,1	0,0	0,3	0,0	0,4	0,0
MT	0,1	0,0	0,1	0,0	0,1	0,1
NL	2,3	6,7	0,7	5,0	3,0	11,8
PL	0,7	0,5	3,1	0,7	3,8	1,2
PT	0,3	0,2	0,3	0,1	0,6	0,3
RO	2,3	0,1	3,9	0,1	6,1	0,2
SE	2,6	0,5	1,3	0,6	3,8	1,1
SI	0,3	0,1	0,6	0,1	0,9	0,1
SK	2,8	0,2	5,8	0,1	8,6	0,4
UK	0,7	3,9	0,8	5,4	1,4	9,3
EU-27	48,2	48,2	45,0	45,0	93,2	93,2

Source Estimate based on data LFS and 2012 Ageing Report (See Annex IX p. 33)

Table 27: Estimated number of cross-border users from LTC in kind or in cash, projections 2020 and 2030 (in thousand)

Country	In kind			In cash			Total		
	2010	2020	2030	2010	2020	230	2010	2020	230
BE	13	15	17	4	5	5	17	20	23
BG	0	0	0	1	1	1	1	1	1
CZ	1	1	1	1	1	1	2	2	3
DK	0	0	1	0	0	0	1	1	1
DE	7	9	10	7	8	9	15	17	19
EE	0	0	1	1	2	2	2	2	2
IE	0	1	1	1	1	1	1	1	1
GR	0	0	0	0	0	0	0	0	0
ES	2	2	2	3	3	3	4	5	6
FR	7	8	10	5	5	5	11	13	15
IT	1	1	1	1	1	1	2	2	2
CY	0	0	0	0	0	0	0	0	0
LV	0	0	0	0	0	0	0	0	0
LT	0	0	0	0	0	0	0	0	0
LU	0	0	0	0	0	0	0	0	0
HU	1	2	2	3	3	3	4	5	5
MT	0	0	0	0	0	0	0	0	0
NL	2	3	4	1	1	1	3	4	4
AT	2	3	3	1	1	1	3	4	4
PL	1	1	1	3	3	4	4	4	5
PT	0	0	0	0	0	0	1	1	1
RO	2	3	3	4	4	4	6	7	7
SI	0	0	0	1	1	1	1	1	1
SK	3	3	4	6	6	7	9	10	11
FI	0	0	0	0	0	0	0	0	0
SE	3	3	4	1	1	1	4	4	5
UK	1	1	1	1	1	1	1	2	2
EU27	48	57	67	45	49	54	93	106	121
index 2010=100	100	118	138	100	109	120	100	114	129

Source: Estimate based on data from LFS, 2012 Ageing Report and additional data delivered by DG ECFIN (See Annex V p. 79)

*Table 28: Estimated LTC cross-border expenditure baseline scenario (in € billion), by country of residence\**

Country of residence	Competent country		
	Benefits in kind	Benefits in cash	Total
BE	138.848	49.314	188.162
BG	303	4.162	4.465
CZ	1.707	6.810	8.516
DK	11.019	1.204	12.223
DE	82.102	71.696	153.798
EE	655	3.124	3.780
IE	9.140	3.736	12.876
EL	372	223	596
ES	18.054	19.683	37.737
FR	171.972	38.784	210.756
IT	12.892	6.116	19.007
CY	11	728	739
LV	526	1.746	2.272
LT	275	851	1.126
LU	4.844	1.012	5.856
HU	2.382	19.194	21.576
MT	199	396	594
NL	35.801	5.622	41.423
AT	18.714	9.150	27.864
PL	5.330	31.819	37.148
PT	988	1.623	2.611
RO	5.562	28.283	33.844
SI	2.497	3.735	6.232
SK	5.351	29.545	34.895
FI	2.645	360	3.005
SE	73.081	33.679	106.760
UK	13.015	3.787	16.802
EU-27	618.281	376.381	994.662

\* Amounts are paid by the competent countries

Source: Estimate based on data from LFS, 2012 Ageing Report and Lipszyck, B., Sail, E. & Xavier, A. (2012), *Long-term care: need, use and expenditure in the EU-27, EU* (See Annex V p. 80)

Table 2.19 LTC: estimated budgetary impact baseline scenario and options, in €.000

Debtor	Option 1: No policy change (Baseline scenario)				Option 3.1: LTC provided by the MS of residence (without supplement)				Option 3.2: LTC provided by the competent MS				
	In kind (in €.000)	In cash (in €.000)	Total (in €.000)	%	In kind (in €.000)	In cash (in €.000)	Total (in €.000)	% difference option 1	In kind (in €.000)	In cash (in €.000)	Total (in €.000)	% difference option 1	% difference option 3.1
BE	58.064	16.538	74.602	100%	58.064	16.865	74.929	100%	69.829	16.538	86.368	116%	115%
BG	1.574	64	1.638	100%	1.574	897	2.470	151%	36	64	100	6%	4%
CZ	6.179	7.434	13.613	100%	6.179	2.651	8.831	65%	3.927	7.434	11.361	83%	129%
DK	54.521	49.202	103.723	100%	54.521	4.189	58.710	57%	59.331	49.202	108.533	105%	185%
DE	120.077	52.782	172.860	100%	120.077	50.201	170.278	99%	114.948	52.782	167.730	97%	99%
EE	715	54	769	100%	715	52	767	100%	33	54	87	11%	11%
IE	7.479	0	7.479	100%	7.479	2.684	10.163	136%	10.889	0	10.889	146%	107%
EL	3.732	1.607	5.339	100%	3.732	1.415	5.147	96%	4.638	1.607	6.245	117%	121%
ES	13.938	2.292	16.230	100%	13.938	4.408	18.346	113%	11.133	2.292	13.425	83%	73%
FR	37.403	10.440	47.843	100%	37.403	11.955	49.358	103%	55.885	10.440	66.325	139%	134%
IT	25.015	36.973	61.988	100%	25.015	6.437	31.452	51%	45.141	36.973	82.114	132%	261%
CY	263	181	444	100%	263	118	381	86%	12	181	193	43%	51%
LV	53	8	61	100%	53	28	81	134%	35	8	43	71%	53%
LT	60	17	77	100%	60	36	96	124%	74	17	91	118%	95%
LU	104.120	15.256	119.377	100%	104.120	25.372	129.493	108%	150.866	15.256	166.122	139%	128%
HU	3.383	1.586	4.969	100%	3.383	1.206	4.589	92%	711	1.586	2.297	46%	50%
MT	638	0	638	100%	638	189	827	130%	129	0	129	20%	16%
NL	73.246	93.099	166.346	100%	73.246	23.346	96.592	58%	182.590	93.099	275.690	166%	285%
AT	26.614	49.760	76.374	100%	26.614	14.090	40.705	53%	47.961	49.760	97.721	128%	240%
PL	7.341	571	7.913	100%	7.341	2.671	10.013	127%	556	571	1.127	14%	11%
PT	2.671	0	2.671	100%	2.671	516	3.187	119%	476	0	476	18%	15%
RO	1.979	4	1.983	100%	1.979	1.188	3.167	160%	228	4	231	12%	7%
SI	572	304	876	100%	572	555	1.127	129%	516	304	819	94%	73%
SK	1.270	75	1.345	100%	1.270	1.504	2.773	206%	330	75	405	30%	15%
FI	4.421	3.460	7.881	100%	4.421	1.458	5.879	75%	24.556	3.460	28.017	355%	477%
SE	7.948	1.360	9.308	100%	7.948	4.144	12.092	130%	31.618	1.360	32.978	354%	273%
UK	55.003	33.314	88.317	100%	55.003	13.681	68.685	78%	83.879	33.314	117.193	133%	171%
EU27	618.281	376.381	994.662	100%	618.281	191.857	810.137	81%	900.327	376.381	1.276.709	128%	158%

Source Estimate based on data LFS and 2012 Ageing Report (See Annex IX p. 35)

**Table 2.20 LTC: comparison of options between MS, estimated budgetary impact option 1 (100%) compared to other options, breakdown by type of LTC-benefit**

Debtor country	Option 1: No policy change (Baseline scenario)			Option 3.1: LTC provided by the MS of residence (without supplement)			Option 3.2: LTC provided by the competent MS		
	In kind	In cash	Total	In kind	In cash	Total	In kind	In cash	Total
BE	100%	100%	100%	100%	102%	100%	120%	100%	116%
BG	100%	100%	100%	100%	1401%	151%	2%	100%	6%
CZ	100%	100%	100%	100%	36%	65%	64%	100%	83%
DK	100%	100%	100%	100%	9%	57%	109%	100%	105%
DE	100%	100%	100%	100%	95%	99%	96%	100%	97%
EE	100%	100%	100%	100%	96%	100%	5%	100%	11%
IE	100%		100%	100%		136%	146%		146%
EL	100%	100%	100%	100%	88%	96%	124%	100%	117%
ES	100%	100%	100%	100%	192%	113%	80%	100%	83%
FR	100%	100%	100%	100%	115%	103%	149%	100%	139%
IT	100%	100%	100%	100%	17%	51%	180%	100%	132%
CY	100%	100%	100%	100%	65%	86%	5%	100%	43%
LV	100%	100%	100%	100%	367%	134%	67%	100%	71%
LT	100%	100%	100%	100%	209%	124%	123%	100%	118%
LU	100%	100%	100%	100%	166%	108%	145%	100%	139%
HU	100%	100%	100%	100%	76%	92%	21%	100%	46%
MT	100%		100%	100%		130%	20%		20%
NL	100%	100%	100%	100%	25%	58%	249%	100%	166%
AT	100%	100%	100%	100%	28%	53%	180%	100%	128%
PL	100%	100%	100%	100%	468%	127%	8%	100%	14%
PT	100%		100%	100%		119%	18%		18%
RO	100%	100%	100%	100%	32385%	160%	11%	100%	12%
SI	100%	100%	100%	100%	183%	129%	90%	100%	94%
SK	100%	100%	100%	100%	2004%	206%	26%	100%	30%
FI	100%	100%	100%	100%	42%	75%	555%	100%	355%
SE	100%	100%	100%	100%	305%	130%	398%	100%	354%
UK	100%	100%	100%	100%	41%	78%	152%	100%	133%
EU27	100%	100%	100%	100%	51%	81%	146%	100%	128%

\* In option 3.1 LTC benefits in cash are provided by the MS of residence. This will cause an important budgetary increase for some competent MS without or with few national social rights related to LTC benefits in cash (e.g. RO, SK, BG ...). This explains the high percentages of these MS.

Source Estimate based on data LFS and 2012 Ageing Report (See Annex IX p. 36)

Table 2.22 LTC: comparison of options between MS, estimated lowest and highest budgetary impact

Debtor	Lowest budgetary impact			Highest budgetary impact			Debtor
	Option 1: No policy change (Baseline scenario)	Option 3.1: LTC provided by the MS of residence (without supplement)	Option 3.2: LTC provided by the competent MS	Option 1: No policy change (Baseline scenario)	Option 3.1: LTC provided by the MS of residence (without supplement)	Option 3.2: LTC provided by the competent MS	
BE	X					X	BE
BG			X		X		BG
CZ		X		X			CZ
DK		X				X	DK
DE			X	X			DE
EE			X	X			EE
IE	X					X	IE
GR		X				X	GR
ES			X		X		ES
FR	X					X	FR
IT		X				X	IT
CY			X	X			CY
LV			X		X		LV
LT	X				X		LT
LU	X					X	LU
HU			X	X			HU
MT			X		X		MT
NL		X				X	NL
AT		X				X	AT
PL			X		X		PL
PT			X		X		PT
RO			X		X		RO
SI			X		X		SI
SK			X		X		SK
FI		X				X	FI
SE	X					X	SE
UK		X				X	UK
EU-27	6	8	13	5	10	12	EU-27

Source Estimate based on data LFS and 2012 Ageing Report (See Annex IX p. 36)

Table 2.23 LTC: impact estimated cross-border expenditure on total expenditure LTC\*, by option

	Total expenditure LTC in 2010 (in Million €)	Estimated cross-border expenditure LTC: Baseline scenario (in Million €)	% impact baseline scenario on total expenditure	Estimated cross-border expenditure LTC (Option 3.1: Provided by country of residence) (in € Millions)	% impact option 3.1 on total expenditure	Estimated cross-border expenditure LTC (Option 3.2: Provided by competent country) (in € Millions)	% impact option 3.2 on total expenditure
BE	8.271	75	0,9%	75	0,9%	86	1,0%
BG	169	2	1,0%	2	1,5%	0	0,1%
CZ	1.179	14	1,2%	9	0,7%	11	1,0%
DK	10.559	104	1,0%	59	0,6%	109	1,0%
DE	35.776	173	0,5%	170	0,5%	168	0,5%
EE	77	1	1,0%	1	1,0%	0	0,1%
IE	1.705	7	0,4%	10	0,6%	11	0,6%
GR	3.123	5	0,2%	5	0,2%	6	0,2%
ES	8.703	16	0,2%	18	0,2%	13	0,2%
FR	42.065	48	0,1%	49	0,1%	66	0,2%
IT	29.526	62	0,2%	31	0,1%	82	0,3%
CY	29	0	1,6%	0	1,3%	0	0,7%
LV	121	0	0,1%	0	0,1%	0	0,0%
LT	335	0	0,0%	0	0,0%	0	0,0%
LU	406	119	29,4%	129	31,9%	166	40,9%
HU	824	5	0,6%	5	0,6%	2	0,3%
MT	41	1	1,6%	1	2,0%	0	0,3%
NL	22.577	166	0,7%	97	0,4%	276	1,2%
AT	4.638	76	1,6%	41	0,9%	98	2,1%
PL	2.579	8	0,3%	10	0,4%	1	0,0%
PT	532	3	0,5%	3	0,6%	0	0,1%
RO	762	2	0,3%	3	0,4%	0	0,0%
SI	516	1	0,2%	1	0,2%	1	0,2%
SK	181	1	0,7%	3	1,5%	0	0,2%
FI	4.529	8	0,2%	6	0,1%	28	0,6%
SE	13.425	9	0,1%	12	0,1%	33	0,2%
UK	33.461	88	0,3%	69	0,2%	117	0,4%
EU-27	226.107	995	0,4%	810	0,4%	1.277	0,6%

\* Total expenditure LTC: data 2012 Ageing Report

Source Estimate based on data LFS and 2012 Ageing Report (See Annex IX p. 38)

Table 55: *Estimated administrative cost and burden baseline scenario and options where country of residence or competent country are providing LTC benefits*

Country	Unit administrative cost									
	In kind		In cash		In kind		In cash		In total	
	Resident state	Competent state	Resident state	Competent state	Resident state	Competent state	Resident state	Competent state	Resident state	Competent state
<b>Baseline scenario</b>										
Number of users (in thousand)					48	48	45	45	93	93
Administrative cost assessment (in thousand € - except unit cost)	60		60	20	2.892		2.700	900	5.580	
Administrative cost reimbursement (in thousand € - except unit cost)	20	20			964	964			1.860	1.860
Total (in thousand €)					3.856	964	2.700	900	7.440	1.860
Grand total (in thousand €)						4.820		3.600		9.300
Budget (in million €)					618	618	376	376	995	995
As share of budget for benefits					0,6%	0,2%	0,7%	0,2%	0,7%	0,2%
						0,8%		1,0%		0,9%
<b>Scenario number of users and benefit on level of country of residence</b>										
Number of users (in thousand)					48	48	41	41	89	89
Administrative cost assessment (in thousand € - except unit cost)	60		60	20	2.892		2.460	820	5.340	
Administrative cost reimbursement (in thousand € - except unit cost)	20	20			964	964			1.780	1.780
Total (in thousand €)					3.856	964	2.460	820	7.120	1.780
Grand total (in thousand €)						4.820		3.280		8.900
As % of Baseline scenario						100%		91%		96%
Budget (in million €)					618	618	192	192	810	810
As share of budget for benefits					0,6%	0,2%	1,3%	0,4%	0,9%	0,2%
						0,8%		1,7%		1,1%
<b>Scenario number of users and benefit on level of competent country</b>										
Number of users (in thousand)					58	58	45	45	103	103
Administrative cost assessment (in thousand € - except unit cost)	60		60	20	3.470		2.700	900	6.180	
Administrative cost reimbursement (in thousand € - except unit cost)	20	20			1.157	1.157			2.060	2.060
Total (in thousand €)					4.626	1.157	2.700	900	8.240	2.060
Grand total (in thousand €)						5.783		3.600		10.300
As % of Baseline scenario						120%		100%		111%
Budget (in million €)					900	900	376	376	1.277	1.277
As share of budget for benefits					0,5%	0,1%	0,7%	0,2%	0,6%	0,2%
						0,6%		1,0%		0,8%

Source: Estimate based on data from LFS, 2012 Ageing Report, additional data delivered by DG ECFIN input from the work shops (See Annex V p. 184)

Table 2.24 LTC: estimated budgetary impact of paying a SUPPLEMENT (option 3.1 - with and without supplement), in €.000

Debtor	Option 3.1: LTC provided by the MS of residence (without supplement)			Supplement			Option 3.1bis: LTC provided by the MS of residence (with supplement)			
	In kind (in €.000)	In cash (in €.000)	Total (in €.000)	For LTC in kind (in €.000)	For LTC in cash (in €.000)	Total (in €.000)	In kind (in €.000)	In cash (in €.000)	Total (in €.000)	%-difference option 3.1
BE	58.064	16.865	74.929	11.765	0	11.765	69.829	16.865	86.694	116%
BG	1.574	897	2.470	0	0	0	1.574	897	2.470	100%
CZ	6.179	2.651	8.831	0	4.782	4.782	6.179	7.434	13.613	154%
DK	54.521	4.189	58.710	4.810	45.013	49.823	59.331	49.202	108.533	185%
DE	120.077	50.201	170.278	0	2.582	2.582	120.077	52.782	172.860	100%
EE	715	52	767	0	2	2	715	54	769	100%
IE	7.479	2.684	10.163	3.409	0	3.409	10.889	2.684	13.572	134%
EL	3.732	1.415	5.147	906	192	1.098	4.638	1.607	6.245	121%
ES	13.938	4.408	18.346	0	0	0	13.938	4.408	18.346	100%
FR	37.403	11.955	49.358	18.482	0	18.482	55.885	11.955	67.840	137%
IT	25.015	6.437	31.452	20.126	30.536	50.662	45.141	36.973	82.114	261%
CY	263	118	381	0	64	64	263	181	444	117%
LV	53	28	81	0	0	0	53	28	81	100%
LT	60	36	96	14	0	14	74	36	110	114%
LU	104.120	25.372	129.493	46.746	0	46.746	150.866	25.372	176.239	136%
HU	3.383	1.206	4.589	0	380	380	3.383	1.586	4.969	108%
MT	638	189	827	0	0	0	638	189	827	100%
NL	73.246	23.346	96.592	109.344	69.754	179.098	182.590	93.099	275.690	285%
AT	26.614	14.090	40.705	21.347	35.670	57.017	47.961	49.760	97.721	240%
PL	7.341	2.671	10.013	0	0	0	7.341	2.671	10.013	100%
PT	2.671	516	3.187	0	0	0	2.671	516	3.187	100%
RO	1.979	1.188	3.167	0	0	0	1.979	1.188	3.167	100%
SI	572	555	1.127	0	0	0	572	555	1.127	100%
SK	1.270	1.504	2.773	0	0	0	1.270	1.504	2.773	100%
FI	4.421	1.458	5.879	20.135	2.002	22.138	24.556	3.460	28.017	477%
SE	7.948	4.144	12.092	23.670	0	23.670	31.618	4.144	35.762	296%
UK	55.003	13.681	68.685	28.876	19.632	48.508	83.879	33.314	117.193	171%
EU27	618.281	191.857	810.137	309.630	210.609	520.240	927.911	402.466	1.330.377	164%

\* The budget needed for option 3.1bis (with supplement) increases with 34% compared to the baseline scenario.

Source Estimate based on data LFS and 2012 Ageing Report (See Annex IX p. 39)





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