

Report to the Federal Parliament

Social Security Report 2010

The overall financial management schemes and the public social security institutions

In the wake of the public accounts reform, the Court decided from this year to publish its comments on social security in a separate report instead of its annual Report on the general accounts of the State. In this first Social Security Report, which it has now transmitted to the House of Representatives, the Court examined the budget revenue and expenditure of the overall financial management schemes of social security and healthcare (the so-called global management of the social security system) for the year 2009 and presents the outcomes of its audits.

Social Security Results in 2009

Social security revenue and expenditure in 2009 were impacted by the economic and financial crisis. The Social Security department data showed a deficit of 1,8 billion EUR, instead of a profit of 0,44 billion EUR as expected in the initial budget for the whole of the social security sector.

The slowdown in economic activity, however, did not result in a reduction in the revenue from contributions. Revenue exceeded the level of 2008 both for employees and self-employed workers. The contributive share of these contributions in the total revenue of social security as a whole remained stable (about 64%).

By contrast, the year 2009 was marked by an increase in the expenditure of benefits compared to 2008 in most social security branches both in the workers' and self-employed workers' scheme. Such is the case, in particular, of healthcare expenditure, which increased by 1,4 billion EUR (+ 6,9%), of unemployment benefits including career breaks and early retirement (+ 1,2 billion, + 15,1%) and expenditure for retirement pensions of workers and self-employed workers (+ 1,1 billion EUR, + 5,6%).

Workers' overall financial management scheme

Although revenue from contributions increased by 2,32%, a budget deficit of 2,9 billion EUR was recorded in 2009 in this scheme, because of a rise in social security benefits expenditure (+ 8% compared to 2008).

The outcome of the 2009 budget was also affected by several government measures that did not yield the expected revenue and savings. 2009 also saw an increase of government measures taken to combat social fraud.

Self-employed workers' overall financial management scheme

This scheme recorded a profit of 23,3 million EUR in 2009. Compared to 2008, revenue from contributions increased by 5,25%, whereas benefits expenditure increased by 6,48%.

Healthcare

In this sector social security data showed a profit of 1 billion EUR as outcome for the budget 2009. This profit, however, includes an amount of 293,9 million EUR corresponding to a cash movement which is not to be recorded as a budget revenue of the year 2009.

The increase in healthcare expenditure (+ 6,9% compared to 2008) results in particular from a rise in the medical fees (+ 8,18%), the cost of proprietary medicinal products (+ 4,26%) and the cost per day of hospitalization (+ 7,13%). Expenditure, however, remains lower by 656,4 million EUR than the amount of the budgetary objective.

Accounts of the public social security institutions (IPSS)

The Court has for years complained about the late transmission of the IPSS accounts. As at 30 September 2010 the Court had received only one account out of seventeen for the year 2009. No significant improvement was noted compared to the former years.

Other topics

The following topics are also dealt with in the Court's Social Security Report 2010:

- IPSS management contracts ;
- IPSS cash and securities management ;
- IPSS accounting and follow-up of the awarding of IT contracts to the non-profit association Smals;
- apportionment of operating costs within the National Pensions Office and financing of the operating expenditure of the non-profit associations Cimire and Sigedis;
- reserves assigned to holiday centres and valuation of the fixed assets of the National Office for Annual Holidays;
- outstanding claims at the Work Accident Fund;
- pension reserves built up within the scheme of provincial and local administrations;
- implementation of an internal audit function within the IPSS;
- outcome of the measures taken to combat social fraud with respect of healthcare benefits;
- implementation of temporary crisis measures by the National Employment Office (Onem/RVA);
- application of the healthcare growth norm by the National Institute for Health and Disability Insurance (NIHDI-Inami/RIZIV);
- HR management at the Auxiliary Unemployment Benefit Fund (Capac/HVW);
- Payment of days treated as working days (redundancy days) due to economic slowdown in the workers' scheme of annual holidays.