Europe to go - mobile working in the digital transformation

Discussion paper of the German Social Insurance
dated 27 June 2023

The German Federal Pension Insurance (DRV Bund), the German Social Accident Insurance (DGUV), the National Association of Statutory Health Insurance Funds (GKV-Spitzenverband), the national associations for statutory health and longterm care insurance funds at the federal level and the Social Insurance for Agriculture, Forestry and Horticulture (SVLFG) have joined forces to form the "German Social Insurance - Working Group Europe" (Deutsche Sozialversicherung Arbeitsgemeinschaft Europa e. V.) with a view to their common European policy interests.
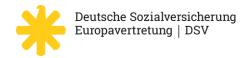
The association represents the interests of its members vis-à-vis the bodies of the European Union (EU) as well as other European institutions and advises the relevant stakeholders in the context of current legislative projects and initiatives.

As part of the statutory insurance system in Germany, health and longterm care insurance, pension insurance and accident insurance offer effective protection against the consequences of major risks to life.

I. Background

Digitisation plays a key role in the just transition to a climate-neutral economy: It is the basis for better and smooth functioning of the single market as the basis of Europe's affluent societies. Promoting the digitisation of public services in line with European values and fundamental rights is one of the four key target areas of the European Commission's Digital Decade 2030.

Digitisation can make a significant contribution to better enforcing workers' rights in Europe, making the system of social security coordination more citizen-friendly and improving cross-border cooperation overall, but especially in combating malpractice. Mobile workers make up an important part of the European workforce even now. These workers are needed in many sectors from construction to health and social services. At the same time, they are particularly in need of protection. Often,

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they themselves do not know whether and how they are covered. Increasing mobility poses new challenges for both social security systems and the fight against undeclared work and benefits fraud.
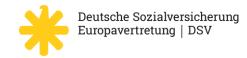
The various social insurance institutions are dealing intensively with "digitisation" and can point to successes at national and European level. The European Exchange of Social Security Information (EESSI) has succeeded in digitising and facilitating the exchange of data between social security institutions.

Digitisation should also enable insured persons to prove their insurance status digitally in the future. This proof is to be provided by means of the European Social Security Pass (ESSPASS). The ESSPASS will be designed as part of a digital wallet (EUid wallet).

German Pension Insurance is actively involved in this. It was already involved in the first feasibility study under the project leadership of the Italian social security institution INPS (Istitutio Nazionale della Previdenza Sociale) and is part of the two consortia that are to develop and establish a new workflow for the ESSPASS as part of the EUid wallet as follow-up projects.

II. Revision of coordination law - ESSPASS as a solution?

The revision of the coordination law, which has been negotiated for several years, is entering the decisive phase. No solutions have yet been found for two essential aspects: The rules on prior notification for postings and the transfer of unemployment benefits. There is a dispute between the European Parliament and the Council as to whether each posting should be notified in advance to the competent institution (prior notification) and how this would be verified. The ESSPASS would clarify these open questions. A successful conclusion of the revision of the coordination law is important for the German social security institutions. The aim is not only to find solutions for the aspects that are still in dispute, but also to implement the good results found through negotiations in a legally binding manner.

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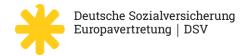
III. Is interoperability the key?

A European social security pass and other digital technologies can only be as good as the associated interoperability of social data. An easy-to-understand, modern, interoperable, cross-border infrastructure would be ideal to administratively manage coordination issues, improve enforcement of mobile workers' rights and prevent malpractice. However, database architectures and access rights of European social security institutions are diverse. Due to different legal bases and data requirements, the information stored also differs greatly. Thinking along with intergovernmental requirements is important. However, the experience with EESSI shows that a lot of coordination is needed at national and European level, in which the social insurance institutions have to be involved. This is because the abstract goal of data exchange can only jointly be made operational.

Ambitious digitisation projects require that all stakeholders (especially from politics, social insurance and technology) plan together, check feasibility, agree on implementation strategies and act together. A digital and interoperable social insurance in Europe needs staying power - not only with the European Commission. Social insurance has the necessary endurance, while being adaptable and compatible.

IV. Digital world of work – new forms of work in line with the trend

The digitisation of society is having a profound impact on the world of work. For example, it creates a potential to "work from home" and this on a scale that shows its full dimension through the pandemic. This, together with the constant phenomenon of virtual accessibility, poses new challenges not only to the concept of "working time", but also to prevention and occupational safety.

In addition, the mass availability of storage, transmission and processing capacities has finally paved the way for a new form of work – "platform work". This refers to work that is organised, distributed and assigned via electronic platforms and that is performed remotely or completely virtually/online. In this process, traditional, personnel-based management structures of a mostly locally bound "operation" are replaced by control through algorithms. These organise the interaction between capital (often concentrated in the platform operator), labour and the end user, who can be both: an end consumer or, in turn, an entrepreneur.

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This new form of work offers the chance of economic innovations under (better) combination of old and new requirements. But it can also be a deliberately used business model to reduce taxes and social security contributions.
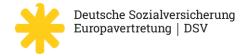
V. Access to social protection

Digitisation alone is not enough to close gaps in social security of workers in Europe. Principle 12 of the European Pillar of Social Rights (EPSR) emphasises that workers and - under comparable conditions - the self-employed are entitled to adequate social protection, regardless of the nature and term of their employment. The Council of the European Union has included this in its 2019 recommendation. This distinguishes between four dimensions for the analysis of access to social protection: formal coverage, actual coverage, adequacy and transparency.

The European Commission published the first report on the implementation of the Recommendation on access to social protection on 31 January 2023. The report paints a mixed picture of the progress made in implementation. On the one hand, the report showed that a number of Member States have implemented or are planning to implement reforms to improve the situation. On the other, the report states that most Member States are not striving to close all existing gaps in access to social protection.

The report shows that social security systems still rely too much on traditional systems designed for workers with permanent full-time contracts. Atypical workers, especially those in new forms of employment such as platform working, are usually inadequately protected.

The transformation of the world of work will be intensified in the future by digitisation and climate change, thus changing employment relationships in the traditional sense. Protection needs of people remain the same. Adequate social protection is of great importance for the economic and social security of workers, and it will become increasingly important in the future according to the report by the high-level expert group on the future of social protection and the welfare state of the EU.

German Social Insurance is committed to ensuring that all workers have adequate access to the protection of social security systems. In the field of pensions, this means the introduction of compulsory contribution of the self-employed to old-age

provision. However, the rights of the solidarity community must also be preserved, i.e., contribution obligations must be fulfilled in order to ensure the sustainability of the social security systems.