

Social Insurance

Annual Report, Budget Year 2004

(Extract)

Summary of the year's results	3
Comments of the chair of the committee	4
Organization	5
Summary of benefits	6
Social insurance expenditure and finance.....	7
Results of operations	12
Results for 2004 – the National Social Insurance Board's overall assessment	12
Social insurance cost development 2004.....	14
<i>Benefit in case of incapacity for work</i>	17
<i>Overall assessment</i>	17
<i>The policy area in the community</i>	18
<i>Our contribution</i>	24
Health and medical care policy	26
<i>Dental care</i>	26
<i>Health and medical care</i>	26
Financial support to families.....	29
<i>Overall assessment</i>	29
<i>The policy area in the community</i>	30
Disability policy	32
<i>Overall assessment</i>	32
<i>The policy area in the community</i>	33
<i>Development of the special support</i>	33
Financial support in old age	35
<i>Overall assessment</i>	35
<i>Policy area in the community</i>	36
<i>Collaboration with Premium Pension Authority during the year</i>	37
Social Insurance Administration	38
<i>Overall assessment</i>	38
<i>Operational development</i>	38
Annual Report – financial sections	41
Statements of income and expenditure	42
Balance sheets	43

Summary of the year's results

Absence due to ill health

- Absence due to ill health is slightly down for the first time since 1997
- Net days of sickness allowance paid have so far fallen at the planned rate but the future trend is uncertain
- The number of new cases of sickness continues to fall
- There is a decrease in cases of sickness of over two years' duration for the first time since 1998
- There is a disconcerting rise in sickness benefit and activity allowance

Gender equality

- The difference between women and men in take-up of parental allowance is decreasing, even if only slowly

Operational development for more coordinated approach and greater collaboration

- There has been closer collaboration with labour market authorities and health and medical services
- There has been a substantial investment in training of both social insurance office staff and doctors to bring about a more coordinated approach to the application of social insurance in the field of ill health
- The "My pension" portal has been opened, the result of collaboration between the National Social Insurance Board, the Premium Pension Authority, the Swedish Insurance Federation and the occupational pension companies
- A common customer service centre has been set up for the social insurance offices' contact with employers
- The European Health Insurance Card has been launched. Nearly 1.7 million Swedes have ordered it

Comments of the chair of the committee

For the Social Insurance Administration 2004 has been a year of preparation for one of the biggest organizational changes ever in the government services: the formation of the new National Social Insurance Agency. On 1 January 2005 the 21 social insurance offices and the National Social Insurance Board became a single authority. That means that this is the last annual report of the National Social Insurance Board.

The big effort that began in 2003 to reduce the high sickness rates has continued. The results of these efforts have begun to show during the year. For the first time since 1997 the incapacity rate is falling. If the present trend continues, the national target for reduction in absence due to sickness can be attained as planned. However the victory has not yet been won. There is also reason for concern.

Costs of sickness allowance are falling, but so far most of this decline has been consumed by increased costs of sickness benefit. However an encouraging trend can be discerned in throughput times. The waiting times for persons insured have become shorter for most benefits handled by the Social Insurance Administration during the year. It is particularly satisfying that the throughput times for benefits for the disabled have fallen noticeably, even if they remain long.

In most areas the Social Insurance Administration can show better results than in the preceding year, but the target was high, possibly too high. Too many things had priority, which resulted in the organization not quite being able to achieve its goals with regard to every item on the agenda. One of the things that the year's work has shown is that there is a risk of the variation becoming greater when serious attempts are made to implement comprehensive changes in ways of working and choice of methods. This has been observed in the field of ill health, for example with regard to the longest cases of sickness. Some insurance offices improve rapidly and manage to show good results within a relatively short time, whereas others take longer. This is also evident with regard to the number of cases of sickness among our own employees. Some offices have managed to reverse the trend, but in others the increase has continued. Nevertheless, the fact that some take the lead in the change process does mean that things are starting to happen even if in the short term the effect may be a greater spread in the results.

Despite the work of preparation for reorganization during the year, operations and development work have continued to a normal extent. Among the development projects may be mentioned the pension portal, www.minpension.se, which was opened towards the end of the year. The project involves collaboration between the National Social Insurance Board, the Premium Pension Authority and the Social Insurance Federation and will give prospective pensioners a better view of their accumulated future pension.

The new authority, named The Swedish Social Insurance Agency, is now starting its business. Standardized methods and ways of working will be the rule rather than the exception, which will give an entirely new impetus to the organization and its staff. But the greatest gain is likely to be enjoyed by those insured if they have their case assessed and processed quickly and efficiently and with a higher degree of accuracy and consistency.



Stockholm, February 2005

Anna Hedborg

Chair of the Committee of the National Social Insurance Board



Committee of the National Social Insurance Board. Left to right: Kerstin Kristiansson Karlstedt, Staffan Marklund, Margit Gennser, Svante Öberg, Anna Hedborg (chair) Solweig Eklund, Berit Högman, Irene Wennemo. Not present: Rolf Kenneryd.

Organization

Up to and including 2004 the National Social Insurance Board (RFV) and the social insurance offices have administered the social insurance system together. As the central administrative authority the duty of the Board has been to supervise the social insurance offices, be the responsible owner of the common IT systems, devise norms for the application of the rules and take responsibility for the financial control of operations. The Board has also supervised the Premium Pension Authority.

The committee of the National Social Insurance Board has been appointed by the Government. The director-general has been the chair of the committee. At the end of 2004 a total of 1 299 people were employed by the Board, 695 of them by RFV Data. The total number of employees at the 21 social insurance offices during the same period was 14 883.

The main task of the offices has been to process individual cases in the social insurance and benefit systems and to be responsible for the community's coordination of work-oriented rehabilitation. The management of each social insurance office

has consisted of a committee with overall responsibility and a director who has been responsible for current operations. The holders of these positions have been appointed by the Government. The Federation of Social Insurance Offices (FKF) has been the interest, employers' and service organization of the social insurance offices. The directors of the social insurance offices and the executive office of the Board have had a common committee for management and coordination. The director of FKF has also been a member. The purpose of the co-ordinating council of the Board and FKF has been to handle general matters concerning the social insurance system and its administration. The council has consisted of the director-general and deputy director, three members from the social insurance offices and the director of FKF. The previous joint bodies concerned with customer and IT-priority issues were replaced during the year by sub-committees organized under the management. The Government decided in December 2004 that the former committee of the National Social Insurance Board should decide on the Annual Report for 2004.

Summary of benefits

Health and medical care policy

Dental care

- Dental care

Health and medical care

- International health care
- Disease carrier's allowance

Benefit in case of incapacity for work

Benefit in case of incapacity for work

- Sickness allowance
- Voluntary sickness allowance insurance
- Closely related person's allowance
- Special grant, activity allowance
- Activity allowance
- Sickness benefit
- Work injury benefits
- Industrial injury benefits
- Disability allowance

Financial policy for the aged

Financial support in old age

- Guarantee pension with old-age pension
- Housing supplement to pensioners
- Part-time pension
- Maintenance support for the elderly
- Special pension supplement

Financial support to survivors

- Adjustment pension
- Special survivor's pension
- Widow's pension

Old-age pension alongside national budget etc

- Income pension
- Supplementary pension
- Premium pension
- Voluntary pension
- Seafarer's pension

Financial policy for families

Insurance

- Parental allowance
- Temporary parental allowance
- Pregnancy allowance
- Child's pension
- Child-rearing pension right

Needs-tested allowances

- Housing allowance
- Maintenance support
- Care allowance for handicapped child

General allowances

- General family allowance inc. large-family supplement
- Adoption expenses grant

Other payments

- Activity grant
- Daily cash benefit to conscripts
- Family allowance to conscripts
- Holiday pay expense insurance
- Insurance against cost of employee's sick pay

Disability policy

Efforts to improve participation and equality

- Attendance allowance
- Car allowance for the disabled

Action against ill health

- Work on co-ordination of rehabilitative efforts
- Rehabilitation allowance
- Preventive measures, assessment of need for rehabilitation
- Technical aids for the disabled
- Special grant REHAB

Social insurance expenditure and finance

Social insurance expenditure

The Social Insurance Administration is responsible for the greater part of society's financial security system. The purpose of this system is to give financial security in case of sickness, work injury, and old age, and also to families and to people with disabilities.

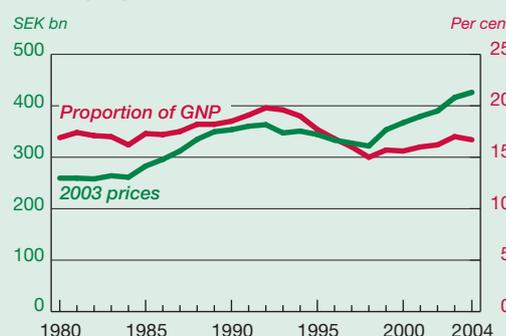
Swedish social insurance payments in 2004 totalled SEK 426 bn. This is equivalent to one-sixth of the gross national product (GNP) and about half of the expenditure under the expenditure ceiling set by the Riksdag. Of every SEK 100 spent on private consumption, approx. SEK 25 comes from social insurance.

Since 1980 expenditure has risen by SEK 167 bn, or 64 per cent at 2004 price levels. Relative to GNP, however, the level of expenditure is the same as throughout most of the 1980s. There was a very sharp rise in expenditure in the second half of the 1980s. After 1992 total expenditure expressed in fixed prices declined until 1998, primarily as a result of rule changes designed to reduce expenditure. These included reduced levels of benefit and the introduction of a sick pay period and waiting days in the sickness insurance scheme. The steep rise in expenditure from 1999 onwards is chiefly due to the rapidly increasing expenditure on sickness insurance and in the old age pension system and the introduction of state old-age pension charges in 1999. Several of the benefits, such as sickness allowance and parental allowance are pensionable income. In addition pension rights are given for care of young children. Since 1999 the Government pays old-age pension charges corresponding to the pension entitlement for this, totalling more than SEK 20 bn for social insurance in 2004. The introduction of the state old-pension charge thus means that a formerly latent expenditure is now visible and it does not in other words represent new commitments.

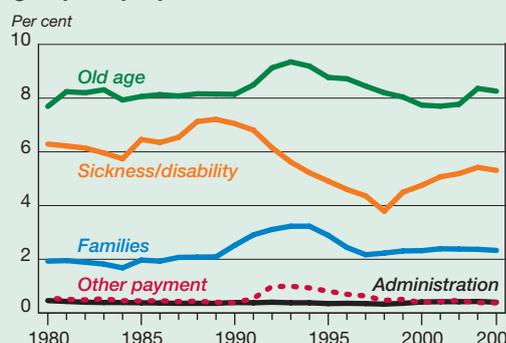
After rising almost continuously total payments of social insurance benefits reached a peak equivalent to almost 20 per cent of GNP in 1992. Social insurance expenditure then declined in the 1990s, both expressed in fixed prices and in relation to GNP. During the 1960s and 1970s social insurance expenditure in relation to GNP rose as a general trend. Since the early 1980s the pattern has been more cyclical.

Expenditure in the field of financial support in old age is comparatively stable relative to GNP and today accounts for around half of social insurance expenditure. Expenditure on financial support in ill health and to the disabled has varied considerably more. After a rapid rise in expenditure for both sicklisting and work injury in the second half of the 1980s, expenditure fell sharply, from the equivalent of 7.2 per cent of GNP in 1989 to 3.8 per cent in 1998. The fall was due to reduced sicklisting, introduction of a sick pay period, reduction of benefit levels and the transfer of responsibility for costs of medication to the county councils. Between 1998 and 2003 expenditure rose faster than GNP because of the rising numbers of people on sick leave and those receiving sickness benefit or activity allowance. In 2004 expenditure in the field of financial support in ill health and to the disabled fell relative to GNP. The trend in expenditure in the field of financial support to families reflects above all the increasing number of children born in the late 1980s and early 1990s.

Social insurance expenditure in fixed prices and in proportion to GNP



Payments under the main social insurance groups in proportion to GNP



Financing of social insurance

The social insurance schemes are financed principally with social security contributions by employers and the self-employed, a general pension contribution, a national old-age pension contribution, government resources and the return on funds. The provisions governing the financing of social insurance are largely laid down in the Social Security Contributions Act (2000:980) and the Social Security Contributions Distribution Act (2000:981).

Certain insurance benefits are financed entirely from government funds: these include family allowance, housing allowance and certain other benefits to families. Also certain benefits to disabled persons and housing supplement to pensioners/people with

sickness benefit or activity allowance. Maintenance support is paid from taxation to the extent that the expenditure is not covered by payments received from those liable for maintenance. Attendance allowance is financed in part by the municipalities.

Five areas of insurance are financed in whole or part with general social insurance charges. These are parental insurance, sickness insurance, work injury insurance, survivor's pension and old age pension. There is a fundamental difference between the old-age pension system, which is charge-determined, and other areas of insurance, which are benefit-determined. The reformed old-age pension system is financed by a number of charges which are paid by employers, the self-employed, the state and the individual himself. These charges are fixed and the

Financing of social insurance 2004, SEK m

Policy area	Operational area	Expenditure		Income				
		Benefit/allowance	Administration ¹⁾	Soc. sec. charges	Govt. grants	Financial income	Other funds supplied	Surplus/deficit for the year
13 Health and medical care policy								
	Dental care	3 129	155	0	3 284	0	0	0
	Health and medical care	431	79	0	397	0	112	-1
	Total	3 560	234	0	3 681	0	112	-1
16 Disability policy								
	Efforts to improve participation and equality	12 995	113	0	10 391	0	2 717	0
	Total	12 995	113	0	10 391	0	2 717	0
19 Benefit in case of incapacity for work								
	Action against ill health	1 265	1 103	2 726	87	0	6	451
	Incapacity for work	114 206	2 607	117 071	14 139	39	65	14 501
	Total	115 471	3 710	119 797	14 226	39	71	14 952
20 Financial policy for the aged								
	Financial support in old age	35 307	593	0	35 900	0	0	0
	Financial support to survivors	15 926	133	16 502	1 154	0	0	1 597
	Total	51 233	726	16 502	37 054	0	0	1 597
21 Financial policy for families								
	Insurance	28 580	741	24 345	4 122	0	0	-854
	Needs-tested allowances	10 017	759	0	8 793	0	1 983	0
	General allowances	20 908	90	0	20 998	0	0	0
	Total	59 505	1 590	24 345	33 913	0	1 983	-854
Other benefits								
	Total	9 858	185	0	9 927	4	116	4
Old-age pension alongside the government budget								
	Total	163 238	755	172 399	0	39	26	8 471
TOTAL		415 860	7 313	333 043	109 192	82	5 025	24 169

¹⁾ The total amount for administrative expenditure does not include expenditure on FMC (the Insurance Medical Centre) SEK 116 m and external orders at RFV Data SEK 7 m and export of services SEK 4 m. Total administration costs including these items become SEK 7 440 m.

The table shows in outline how the social insurance system was financed in 2004. Government grants are shown net after deduction from incoming charges. A part of the administration costs of the social insurance offices is financed with social security charges, while the administration costs of the National Social Insurance Board are largely financed from government grants and the National Pension Insurance Fund charges, while the administration costs of the National Social Insurance Board are largely financed from government grants and the National Pension Insurance Fund.

pension payments are adjusted to what is possible with available funds. For other areas of insurance the charge rates are instead adjusted if necessary to the development of expenditure. Moreover the proportion that is to be covered by charges varies between areas of insurance.

A further difference between the old-age pension system and other areas of insurance lies in the fact that the pension system is independent from the government budget, with charges which go to the AP funds and the premium pension system. For other benefits the charges go not into a fund but to the national budget, from which the social insurance benefits are paid. The financial link between charges received and the benefits which have to be financed is therefore relatively weak. Where the law prescribes that the charges are to finance particular benefits, however, the charges and benefits concerned are shown in the table below summarized as in a financially more autonomous system.

The following tables show income and expenditure in the years 2002–2004 for the charge-financed social insurance schemes.¹⁾ The Board entered the charges in all cases in the year when they were recorded with the Board, irrespective of the year to which they related. The total level of the employer's contribution was 32.82 per cent in 2002 and 2003. This total also includes a labour market charge and a general salary charge. The latter was adjusted downwards in 2004 with the result that the total was 32.7 per cent of the qualifying amount.

Sickness insurance

The employer's social security charge for sickness insurance was 8.80 per cent in 2002. In 2003 and 2004 it was 11.08 per cent. For self-employed persons other percentages apply and percentages also differ according to whether or not they have chosen to have waiting days.

The sickness insurance charge is intended to finance sickness allowance, rehabilitation allowance and other rehabilitation benefits, closely related person's allowance and pregnancy allowance and government old-age pension charges for the daily benefits. As from 2003 the charge is also intended to finance income-based sickness benefit and activity allowance. Formerly disability and temporary disability pension were partially financed by the charge. The sickness insurance charge has also to finance government old-age pension charges for sickness benefit and activity allowance to the extent

that the charge can be attributed to a benefit paid out. The charge has also financed the administration costs of the social insurance offices for those benefits financed by the charge.

The charge income was considerably lower than expenditure in 2002, but significantly higher in 2003 as a result of the increase in charges and several rule changes concerning the schemes. Under Section 19 of the National Insurance Act a government grant may be given to cover a certain proportion of the cost of sickness insurance benefits. It cannot therefore be claimed that the insurance was underfinanced in those years when the charges were insufficient to cover the expenditure.

Social insurance income and expenditure, SEK m

	2002	2003	2004
Expenditure			
Sickness allowance ¹⁾	45 304	45 045	40 425
Rehabilitation ¹⁾	3 023	3 435	3 603
Closely related person's allowance ¹⁾	67	72	78
Pregnancy allowance ¹⁾	412	419	440
Sickness benefit and activity allowance ²⁾	43 821	46 416	51 390
Administration costs	2 828	3 196	3 371
Total expenditure	95 455	98 583	99 307
Income			
Charges	86 020	108 278	113 083
Change in charges/expenditure	-9 435	+9 695	+13 933

¹⁾ Inc. government old-age pension charges.

²⁾ Inc. income-based benefit and part of government old-age pension charges. Figures for 2002 relate to supplementary pension (ATP) and part of national basic pension for disability/temporary disability pensioners.

Work injury insurance

The work injury charge was 1.38 per cent in 2002 and has been 0.68 per cent since 2003. The charge finances benefits under the Industrial Injuries Compensation Act and corresponding earlier provisions, e.g. the Industrial Injuries Insurance Act. However some benefits are paid from elsewhere, for example public service companies and former public service companies restructured on a commercial basis. Mention may also be made in this context of the Personal Injury Protection Act which provides for compensation to individuals injured while doing national service. These benefits are financed by the state.

The benefits which can be paid from the work injury insurance are disability annuities, survivors' annuities, funeral assistance, work injury allowance in certain cases, medical care abroad, dental care

¹⁾ Charge income is in this case also shown as an income in the reformed old-age pension scheme, despite the fact that here premiums paid are involved which give rise to an equivalent amount of "debt" in the pension scheme. Pension payments could also be made as an instalment on the pension liability instead of as a cost. In this context however the financing of the old-age pension scheme is shown in accordance with the same model as other types of insurance.

and technical aids for the disabled and also, as from 2003, special work injury benefits.

The work injury charge also finances government old-age pension charges for disability annuities under the work injury insurance scheme and work injury allowance and also administration costs for the same benefits as are financed by the charge.

In 2002 charge income was considerably higher than expenditure, which is why the charge was lowered sharply in 2003. In 2003 and 2004, too, however, the charge income was higher than the expenditure.

Work injury insurance income and expenditure, SEK m			
	2002	2003	2004
Expenditure			
Benefits	5 740	5 846	5 921
Government old-age pension charges	1 378	384	431
Administration costs	329	339	357
Total expenditure	7 447	6 569	6 709
Income			
Charges	13 620	7 665	7 246
Surplus on charges	+6 173	+1 096	+537

Survivor's pension

The survivor's pension contribution is 1.7 per cent. Until 2002 the charge financed child pension, adjustment pension, special survivor's pension and widow's pension under both the national basic and the supplementary pension (ATP). In 2003 the rules for survivor's pension were changed. As from this year only income-based survivor's pensions are financed from the contribution. Guarantee pension and survivor support to children are financed from taxation. The child's pension and survivor support to children are shown as their own appropriation in the national budget, while the other benefits are shown together under the appropriation "survivor's pension for adults". During the years 2002–2004 the income from contributions was considerably higher than the expenditure.

Income and expenditure, SEK m			
	2002	2003	2004
Expenditure			
Child's pension	977	965 ¹⁾	964 ¹⁾
Survivor's pension for adults	13 444	14 611 ¹⁾	14 904 ¹⁾
Administration costs	44	41	36
Total expenditure	14 465	15 617	15 904
Income			
Charges	16 743	17 115	17 577
Difference charges/expenditure	+2 278	+1 498	+1 673

¹⁾ Figures for 2003–2004 relate only to income-based benefits.

Parental insurance

The contribution for parental insurance is 2.2 per cent. The contribution finances parental allowance and temporary parental allowance including national old-age pension contributions and administrative charges on these benefits. Pregnancy allowance on the other hand is financed from the sickness insurance contribution. Contribution income was considerably higher than expenditure in 2002 but somewhat lower in 2003. In 2004 expenditure was just over SEK 1 bn higher than the contribution income.

Parental insurance income and expenditure, SEK m			
	2002	2003	2004
Expenditure			
Parental allowance	14 105	15 690	17 240
Temporary parental allowance	3 745	3 915	3 671
National old-age pension contributions	1 780	1 946	2 118
Administration costs	668	728	709
Total expenditure	20 298	22 279	23 738
Income			
Expenditure	21 634	22 143	22 738
Difference in contributions/expenditure	+1 336	-136	-1 000

Old age insurance

The contributions for the old-age pension scheme are set at 18.5 per cent of the income base and are levied in three different ways. The contribution on income is divided between a social contribution of 10.21 per cent, known as the old-age pension contribution, which is paid by employers and the self-employed, and a general pension contribution, which is paid by all persons in gainful employment. The general pension contribution is 7.0 per cent. Income-based transfers carry a national old-age pension contribution which is paid from the government budget to the old-age pension scheme. In general the national old-age pension contribution

for transfers is 10.21 per cent. For “pensionable” amounts the contribution is 18.5 per cent.

The old-age pension contribution paid by employers and the self-employed is distributed between the National Pension Insurance Fund, the premium pension system and the national budget. The general pension contribution goes in full to the National Pension Insurance Fund. The national old-age pension contributions are distributed between the National Pension Insurance Fund and the premium pension system.

Income pension and supplementary pension are financed from the National Pension Insurance Fund. In 2002 the National Pension Insurance Funds also financed the old-age pension in the former supplementary pension (ATP) system and the national basic pension of pensioners with ATP. The National Pension Insurance Funds also make payments to the Government for administrative costs associated with the income-based old-age pension.

The value of pension rights of employees of the European communities can be transferred from the National Insurance Pension Fund and the premium pension system to the EU’s occupational pension system or vice versa.

In 2003 and 2004 the value of the Funds rose appreciably thanks to the large increase in value of the shareholding. Contribution income has exceeded pension payments and administrative expenses throughout the period. In 2004 the National Pension Insurance Fund was debited with SEK 1.6 bn as a retroactive adjustment for the period 1999–2002.

The contributions for the premium pension, which is also considered as income-based old-age pension, are funded in personal accounts for future outpayments. The pension premium system, which is administered by the Premium Pension Authority, has not been included in the table below. The table below shows the income and expenditure of the National Pension Insurance Funds. The Seventh National Pension Insurance Fund belongs to the premium pension system and has therefore not been included. Figures for 2004 are provisional. The table refers to market values.

National Pension Insurance Fund income and expenditure, SEK m			
	2002	2003	2004
Expenditure			
Pension payments	151 562	155 410	162 783
Special adjustments	0	0	1 600
Transfers to the EU	0	0	379
Interest, exchange differences etc. (net)	84 539	0	0
Administration costs	2 081	2 359	2 737
Total expenditure	238 182	157 769	167 499
Income			
Contributions	160 550	165 107	171 600
Interest, exchange differences etc. (net)	0	82 058	65 162
Total income	160 550	247 165	236 762
Change in funds	-77 632	+89 396	69 263
Fund balance 31/12	487 540	576 936	646 200

Summary

To summarize the difference between contribution income and expenditure on sickness insurance, work injury insurance, survivor’s pension and parental insurance in 2004, there is a surplus of SEK 15 bn. In 2002 and 2003, too, the contribution income was higher than the expenditure. The surplus is not funded but is used other than as prescribed in the Act. These contribution revenues are in effect taxes. In years when the contribution income is insufficient, money is contributed from the government budget.

It is not appropriate to include the old-age pension scheme in the same argument, because any surplus there is funded. However a part of the old-age pension contribution also goes to the government budget, namely that part which is charged on income above the ceiling for earning of pension rights (7.5 times the income base amount under the National Insurance Act). The old-age pension contributions transferred to the government budget in 2004 totalled SEK 12.5 bn.

Results of operations

Results for 2004 – the National Social Insurance Board’s overall assessment

Acceptable overall result

RFV considers the year’s results good in three of the five policy areas. These are: financial support to families, financial support in old age, and health and medical care policy. In the other two areas, benefit in case of incapacity for work, and disability policy, the result is considered acceptable. Altogether the National Social Insurance Board considers the year’s results acceptable. The fact that the overall result is not rated good is primarily because, despite what is in many cases a positive trend in the area of benefit in case of incapacity for work, there are far too many people who are absent from working life on grounds of ill health.

Moving towards a new authority

A feature of 2004 has been that the 22 authorities – the National Social Insurance Board and the 21 social insurance offices – are in the process of forming the integrated authority called The Swedish Social Insurance Agency. Much of the development work done in previous years has been intended to produce a Social Insurance Administration characterized by national consensus and a uniform application of the insurance system, together with more efficient case processing. The prospects of achieving these aims will be better with the new authority.

In addition to the extensive work of preparation and planning which has been required in order to put the new authority in place by 1 January there has also been intensive development work of more conventional character during the year. Naturally consensus, between the bodies that are to form the new authority, has been an important aspect of this work, but collaboration with other authorities and organizations has also been a feature of the year’s development work.

Here are a few examples of work done during the year:

- Closer cooperation between labour market authorities and organizations in the health and medical services

- Extensive training of insurance office staff and doctors to create a more consistent view of the application of insurance in the field of ill health
- Opening of the “My Pension” portal has been opened. This is the result of collaboration between the Social Insurance Board, the Premium Pension Authority, the Insurance Federation and the service pension companies
- Establishment of a common customer centre for contact between the Insurance Office and employers
- Launching of the European sickness insurance card. Almost 1.7 million Swedes have ordered it

Just as the development work of previous years has contributed to the improvement of many results in 2004, this year’s development initiatives, including all the preparatory work for the new authority, are intended to produce better results in the years ahead. Setting up a new authority, with all that this implies, may possibly at first have had an adverse effect on financial results, but in the slightly longer term the new integrated authority should imply a better possibility of achieving a quick impact with development initiatives than has hitherto been realistic.

Absence due to ill health is decreasing

In the area of ill health the year 2004 has seen some very encouraging trend reversals. For the first time since 1997 the invalidity rate, i.e. the number of days of benefit paid as a result of incapacity for work, has been decreasing. This is chiefly because the number of new cases of sickness has continued to fall. One explanation of this decrease is the extension of the period of sick leave to three weeks in July 2003, but the work of the administration on preventing new sicklisting by means of attitude-influencing measures has also contributed.

Another gratifying change in the trend is that the number of cases of sickness of more than two years’ duration is decreasing for the first time since 1998. It also seems likely that the Government target of

a 10 per cent reduction in the number of cases of sickness over a year will be achieved.

The net number of days of sickness allowance has continued to fall during the year. The decrease has so far followed the plan which will lead to an attainment of the Government target of a halving of absence due to sickness by the year 2008. However it is not certain that it will be possible for net days to continue to decrease at the rate planned. In addition to the reduction in new cases and in cases of long duration, a greater proportion of partial, rather than total, sicklisting is contributing to the positive trend.

The number of individuals drawing sickness benefit or activity allowance has increased during the year. However this trend was expected because there have long been indications that many people with long periods on the sick list have been receiving the wrong form of benefit. In total results in the field of ill health have improved during the year. The efforts of the administration have contributed to this in the form of attitude-influencing measures in the community as a whole, introduction of standardized methods in the interests of a more correct application of the insurance scheme when assessing the person insured and his or her right to benefit, and improved collaboration with all other agencies involved in the field.

Another pleasing trend in the field of ill health is that the figures for sick leave within the Social Insurance Administration itself have also fallen sharply during the year.

More satisfied customers, but poorer image

The customer survey also shows a positive change in the trend this year. Customers' rating for the social insurance offices has improved with regard to all six main variables. For reception and information the results are the best since the survey started in 1998. At the same time the rating achieved in the image measurement showing the opinion of the social insurance offices held by the general public shows a deterioration. The negative trend with regard to the image applies to all the organizations covered by the survey, however, which includes both other government authorities and private companies.

Successful information campaign

The introduction of the European Health insurance card was preceded by an information campaign which led to nearly 1.7 million Swedes ordering the card. Sweden, together with Norway, is the country where the launch of the card has been most successful.

Social insurance cost development 2004

The Social Insurance Administration consists of the National Social Insurance Board (RFV) and the social insurance offices. The Premium Pension Authority is also a part of the Social Insurance Administration with regard to matters concerning the premium pension. The presentation in the annual report, however, relates only to the Board and the social insurance offices. The Government and the Riksdag have laid down targets for each policy area and stated which areas of activity fall within the policy area concerned. The Government has also defined areas of activity and targets. Before each

budget year the Government presents an expenditure proposal for all benefits and allowances within each area of expenditure. The National Social Insurance Board is then allocated appropriations for the benefits and allowances administered by the Social Insurance Administration.

The following summary shows the trends in social insurance (allowances and benefits) and the administration connected with them over a three-year period. The costs are broken down by policy area and shown in SEK million.

Social insurance cost development, SEK m (Administrative costs including changes in pension liability)						
	2002		2003		2004	
	Insurance	Adm	Insurance	Adm	Insurance	Adm
Compensation for incapacity for work	105 799	2 887	113 224	3 062	114 206	2 607
Action against ill health ¹⁾	804	1 117	1 052	1 292	1 265	1 103
Health and medical care policy	1 953	238	2 980	269	3 560	234
Family policy	55 654	1 968	57 745	1 998	59 505	1 590
Disability policy	9 997	254	11 405	242	12 995	113
Old-age policy ²⁾	185 411	1 453	207 501	1 639	214 471	1 481
Other payments	11 206	219	9 622	193	9 858	185
Total³⁾	370 824	8 136	403 529	8 695	415 860	7 313

¹⁾ The insurance for action against ill health includes no costs for FMC. The insurance cost for FMC was SEK 116 m in 2004, SEK 77 m in 2003 and SEK 45 m in 2002.

²⁾ Including old-age pension system alongside the national budget.

³⁾ The total amount includes no costs for external orders and service exports. These costs totalled SEK 12 m in 2004, SEK 11 m in 2003 and SEK 25 m in 2002.

The administration costs are calculated exclusive of FMC, external orders and service exports.

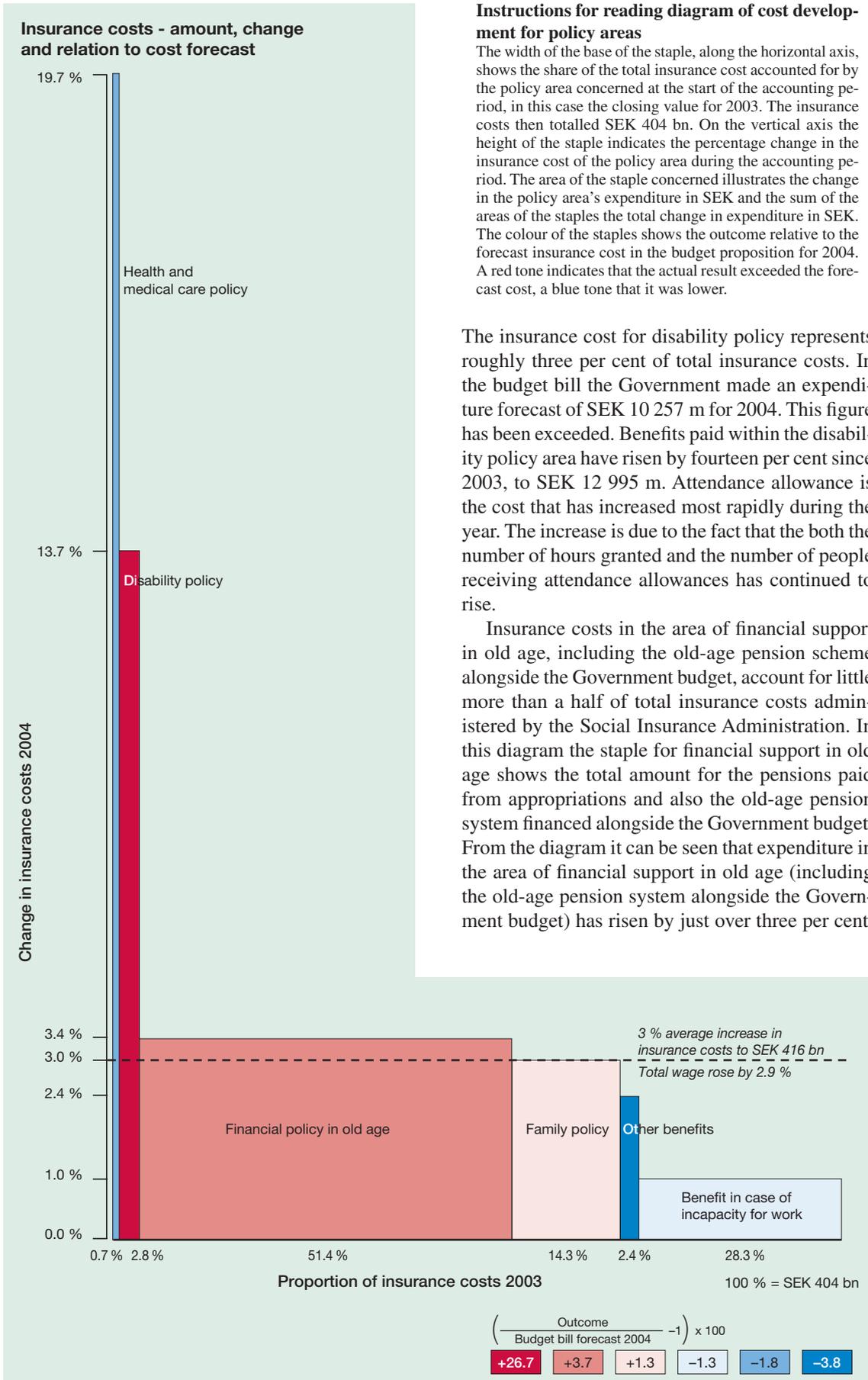
Total social insurance costs (insurance cost plus administration cost) amounted to SEK 423 bn in 2004. This represents an increase of nearly 3 per cent on the preceding year. This increase may be seen in relation to the average level of salaries in Sweden, which was up by 2.9 per cent in 2003. The total amount for administration costs also includes the change in the offices' pension liability.

Analysis of insurance cost development

Compared with insurance costs for 2003 (SEK 403 529 m) the costs for 2004 (SEK 415 860 m) have risen by three per cent. The Government's proposals in the budget bill for 2004 provided for total insurance costs of the social insurance scheme amounting to SEK 415 497 m. This sum also includes the Government's forecast for expenditure in the old-age pension system alongside the Govern-

ment budget. The diagram on the next page shows the distribution of total insurance costs per policy area. The height of the staples shows how much the costs have risen in each policy area. The colour of the staple shows by how much the cost of the policy area has fallen short of/exceeded the expenditure proposed by the Government.

The costs of insurance within the policy area of health and medical care amount to barely one per cent of the total costs, but the costs for the policy area have risen appreciably by comparison with 2003. During the budget year 2003 the insurance costs in the policy area totalled SEK 2 980 m. In 2004 the corresponding cost was SEK 3 560 m, which represents an increase of almost 20 per cent. The main contributor to the rapid growth in cost development was dental care insurance. The Government estimated a rise in the insurance costs of the policy area to SEK 4 328 m.



The budget bill provided that expenditure on pensions in the old-age pension system alongside the Government budget (income pension and supplementary pension, voluntary pension and seafarer's pension) would total SEK 165 619 m. At the end of 2004 expenditure on these pensions totalled SEK 163 238 m, which is equivalent to a rise of five per cent on 2003. The increase is due primarily to the positive income development forming a basis for the indexation of the benefits income pension and supplementary pension.

The pensions which are grant-financed totalled SEK 51 233 m in 2004 and the forecast in the budget bill was SEK 50 656 m. By comparison with 2003 the old-age pension and the other pension benefits in financial support in old age declined by just over one per cent.

Financial support to families accounts for approximately 14 per cent of total expenditure and has increased by just over three per cent by comparison with insurance expenditure for 2003. The greatest increase in costs lies within the area of insurance

itself where the number of days of parental allowance taken up has increased. This is because the number of children born has risen in recent years. The costs of the policy area have exceeded the Government budget forecast for 2004 by just over three per cent.

Costs within benefit in case of incapacity for work account for approximately a third of the total insurance costs. In the budget bill the Government forecast a cost for the policy area of SEK 117 034 m to the Government budget. The costs have increased by approximately one per cent compared with 2003, but have not reached the sum forecast. Benefits within the area of benefit in case of incapacity for work totalled SEK 115 471 m.

“Other benefits” consist of seven minor benefits and have increased by approximately three per cent. This is primarily due to the fact that activity allowance, which accounts for 97 per cent of the total cost for the group of benefits, has increased. Other benefits were estimated in the budget bill to amount to SEK 10 253 m.

Benefit in case of incapacity for work

Benefits by area of activity:

Action against ill health: *Rehabilitation allowance, technical aids for the disabled*

Benefit in case of incapacity for work: *Sickness allowance, voluntary sickness allowance insurance, closely related person's allowance, rehabilitation allowance, work injury benefits, work injury annuity, sickness benefit and activity allowance, industrial injury benefits, etc.*

Insurance cost development by area of activity, SEK m

	2002	2003	2004
Action against ill health	804	1052	1 265
Benefit in case of incapacity for work ¹⁾	105 799	113 224	114 206
Total insurance costs	106 603	114 276	115 471
Total administration costs¹⁾	4 059	4 510	3 710
Total costs for the area	110 662	118 786	119 181

¹⁾ Including change in pension liability.

Description of benefits

Sickness allowance is payable when there is illness that reduces the work capacity of the insured by at least a quarter. The sickness allowance can be paid can be paid to the amount of 100 %, 75 %, 50 % or 25 % sickness allowance according to the degree of impairment of working capacity. In the assessment of whether there is sickness, labour-market, financial, and social considerations etc are to be disregarded. A state of reduced capacity for work which has been caused by sickness for which sickness allowance has been paid and which continues after the sickness has ceased is treated as equivalent to sickness.

Work injury benefit in the form of annuity can be paid out for loss of income arising on account of work injury. The capacity to earn income from gainful employment must be permanently reduced or assumed to continue for at least a year and annuity is paid out until the person insured reaches the age of 65. Payment can also be made for medical care outside Sweden, for dental care or for special aids if the need has arisen as a result of a

work injury. When a person has been granted compensation for loss of income, primarily in the form of annuity, compensation is also paid for two waiting days. If a person insured has died because of a work injury, funeral assistance and an annuity are paid to the survivor.

Sickness benefit and activity allowance are benefits for reduced work capacity on the grounds of sickness or other reduction of physical or mental capacity if the reduction can be expected to be by at least a quarter and persist for at least a year. There are four levels of sickness benefit and activity allowance: 100 %, 75 %, 50 % and 25 %.

Sickness benefit can be paid to persons aged between 30–64 years. If the work capacity is not permanently impaired, temporary sickness benefit is paid. Persons aged between 19–29 can obtain activity allowance for a maximum of three years at a time. Persons who because of their disability have not yet concluded their education at compulsory school or upper secondary school level may receive activity allowance for the time it takes to complete their studies.

Overall assessment

The Government's long-term target is to halve absence from work due to ill health by 2008, based on the figure for 2002. At the same time the number of new cases of sickness benefit and activity allowance should decline. Target attainment is relatively good. The number of net days paid out under the sickness insurance scheme has fallen at the planned rate. But the number of persons drawing sickness benefit or activity allowance is growing, which is disquieting.

The number of days of sickness allowance is falling, which is primarily the result of a reduction in the number of new cases. For the first time since 1998, moreover, the number of cases of sickness

lasting more than two years is dropping. However, while the number of new cases of sickness allowance is decreasing, the number of people drawing sickness benefit or activity allowance is continuing to rise. During 2004 more people have been granted new sickness benefit or activity allowance than in 2003. This trend is worrying.

Special efforts have been made to develop external cooperation, particularly with health and medical services and with the labour market authorities. The National Social Insurance Board has set up a unit for collaboration with the health and medical care services and one for collaboration with the la-

bour market. The purpose here is both to improve the efficiency of the sicklisting process and contribute to an increase in knowledge of the field of insurance medicine, and also to find efficient forms or work training to facilitate the transition from sick leave to work.

However it is not certain that it will be possible to deal with cases of sickness in future with the same success as has been seen hitherto. It is reasonable to assume that so far the administration has given priority to dealing with the simpler cases, where the need for action and decisions has been more obvious. Once these cases have been cleared up, there remain cases which are more difficult and more complex. The fact that the social insurance offices have reinforced their efforts at early stages in the processing chain and at the same time begun to introduce new and improved methods of investigation will gradually improve the prospects of deal-

ing with the more difficult cases, but this cannot be taken for granted. A certain slowing in the results trend cannot therefore be excluded.

In this context it is also important to be aware of the effect on the individual of a more correct application of the insurance in the decision-making. More individuals who have previously been granted benefit under the sickness insurance scheme may in future be deemed not to satisfy the requirements. What has previously been dealt with entirely as an ill-health problem may then be increasingly redefined as a labour market problem. Such a development increases the demand for labour market policy measures, common goals and coordination of the input of social insurance and the labour market authorities. Otherwise the implications for the individuals concerned may be considerable.

The policy area in the community

The very high level of sick leave is a structural societal problem that threatens both the well-being of the individual and the growth targets of the community. When discussion of the high level of absence due to ill health first started, the focus was on the idea that the increase in ill health was being created by a poor working environment. Today the picture is seen as a more complex one and the high level of absence among Swedes is being debated from a number of different perspectives and has also become a matter of changes in attitude and behaviour and lifestyle-related factors.

Sickness insurance and the health and medical care services together constitute an important part of society's system of support for those suffering from illness or injury. Medical certificates and reports that include an assessment of capacity and incapacity for work are very important parts of the basis for the Insurance Office's decisions on benefit and action. The commitment of the health services is a necessary prerequisite for working to halve the number of cases of sick leave. There is a need for a critical examination of alternative ways of facilitating a quick and lasting return to work and how sick leave is currently being used as a method of treatment.

The link between sickness insurance and the labour market has become increasingly distinct. Cooperation between employer, medical care, the Social Insurance Office and the person insured must be developed in the search for alternatives to sicklisting whereby it is possible for the individual to continue working.

It is not true that the health of Swedes is generally declining, although it might be assumed from some aspects of the debate that this was so. The high levels of sickness can to a large extent be attributed to groups of individuals who are sicklisted for long periods, primarily employees of the local authorities, and to the fact that long-term sickness in itself appears to have an immobilizing effect in the sickness insurance scheme. Many of those who today receive sickness allowance or sickness benefit or activity allowance have been knocked out by high performance requirements and lack of alternative employment. In this large group there is in all probability a residual working capacity which it is for many reasons important to utilize.

Sickness insurance has to some extent functioned as an occupational insurance. With a stricter application of the legislation, unemployment may become more common among people who are in relatively poor health but have a residual work capacity. To avoid this, the labour market needs to develop to give scope for utilization of this capacity and the labour resource which otherwise risks being lost.

The National Social Insurance Board has pointed out in several contexts the need for greater flexibility in the labour market. Considerably more instruments of labour policy are required in order to make use of a work capacity which exists in individuals even though it may be a very long time before it amounts to a hundred percent, if it ever does. Regular working life must also be opened up to create a demand for the work capacity that these groups possess.

Absence due to sickness – the trend in 2004

Inflow of new cases slowing down

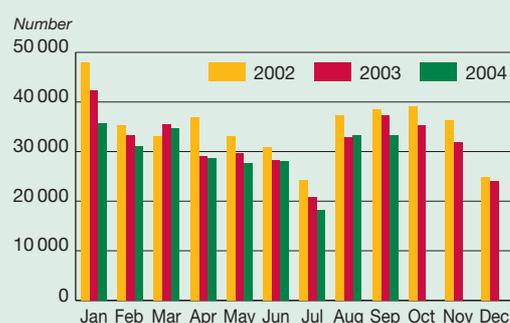
The inflow of new sickness insurance cases continued to slow down during 2004. The decrease in the number of new cases being opened began in the spring of 2002 and has been steady since the autumn of that year. However there is a warning signal in the fact that the inflow in August 2004 was no lower than in August 2003. The general decline in the number of new cases has been reinforced by the introduction of a third sick pay week on 1 July 2003. The diagram on the left below shows only new cases which have reached a duration of one month, in order to eliminate the effect of the third sick pay week. If the whole inflow in the sickness insurance system is included, in other words if cases ending within a month are taken into account, the reduction will of course be even more marked. This is shown in the diagram on the right. The main reasons for the reduction in new cases, apart from the third sick pay week, would seem likely to be the low demand for labour and a systematic information and opinion-forming effort intended to increase knowledge of and change attitudes to absence due to sickness. There were 760 000 new cases of sickness allowance in 2002. Of these, 530 000 related to employees where sick pay from employers preceded registration and 230 000 to people not in

employment. These latter cases are largely people unemployed and the self-employed with 1–3 waiting days. The corresponding figures for 2004 are expected to be 546 000 new cases in total, made up of 356 000 employees and 190 000 others. Precise figures for 2004 will not be available until March–April 2005.

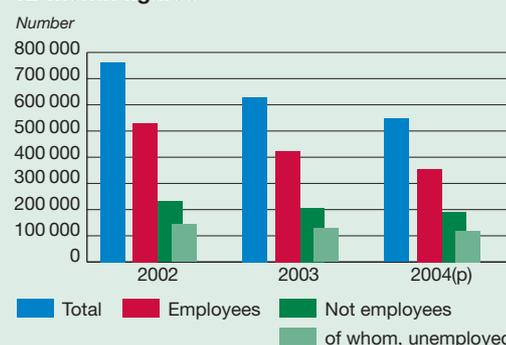
Including the sick pay period for which the employer pays, the total number of cases of sickness among employees with sick pay in 2004 was between 4 and 4.5 million. In 20 per cent of cases the absence covered only the waiting day. After three days of absence, more than half were back at work. Approximately 340 000 cases lasted longer than 21 days and the sick pay was then replaced by sickness allowance. In other words, less than 10 per cent of cases of sickness among employees last long enough for sickness allowance to be paid.

The total reduction in the number of new cases of sickness allowance between 2002 and 2003 was approx. 130 000. From 2003 to 2004 the decrease is expected to be just over 80 000. The largest decrease is in the number of cases of absence due to sickness among employees. In 2003 these fell by more than 100 000 and in 2004 by almost 70 000. A large part of this reduction is the result of the introduction of the third week of sick pay. Of the new cases of sickness allowance in 2004, 62.3 per cent were women, which is a marginally higher proportion than in 2002 and 2003.

Inflow of cases of sickness lasting longer than a month, monthly figures



Inflow of new cases of sickness, 12-month figures



New cases of sickness allowance 2002–2004

	2002		2003		2004(p)	
	Number	Proportion	Number	Proportion	Number	Proportion
Women	465 000	61.2	390 000	61.9	340 000	62.3
Men	295 000	38.8	240 000	38.1	206 000	37.7
Total	760 000		630 000		546 000	

Number of days of sickness allowance falling

The net number of days of sickness allowance on a 12-month basis continued to decline in 2004. The number of net days paid was lower in every month of 2004 than in the corresponding month of 2003. For the full year the net number of days totalled 78.3 million, a reduction of 12.1 million, or 13.3 per cent, compared with 2003.

By comparison with 2002, which is the base year for the Government’s long-term target, the decline in the net number of days is roughly one-third of the reduction required if the target is to be reached by the final date of June 2008. The trend is following the schedule laid down if the target of 46 million net days for the 12-month period June 2007–June 2008, is to be achieved.

The decrease in the number of days of sickness allowance is primarily a result of the reduced inflow of cases of sickness and an increasing proportion of partial, rather than total, sicklisting. The extension of the sick pay period to three weeks as from 1 July 2003 has also influenced the number of net days of sickness allowance. Of the total reduction of 12.1 million days in the net number of days in 2004 the effect of the extended sick pay period is estimated to be 2 million.

Partial sicklisting

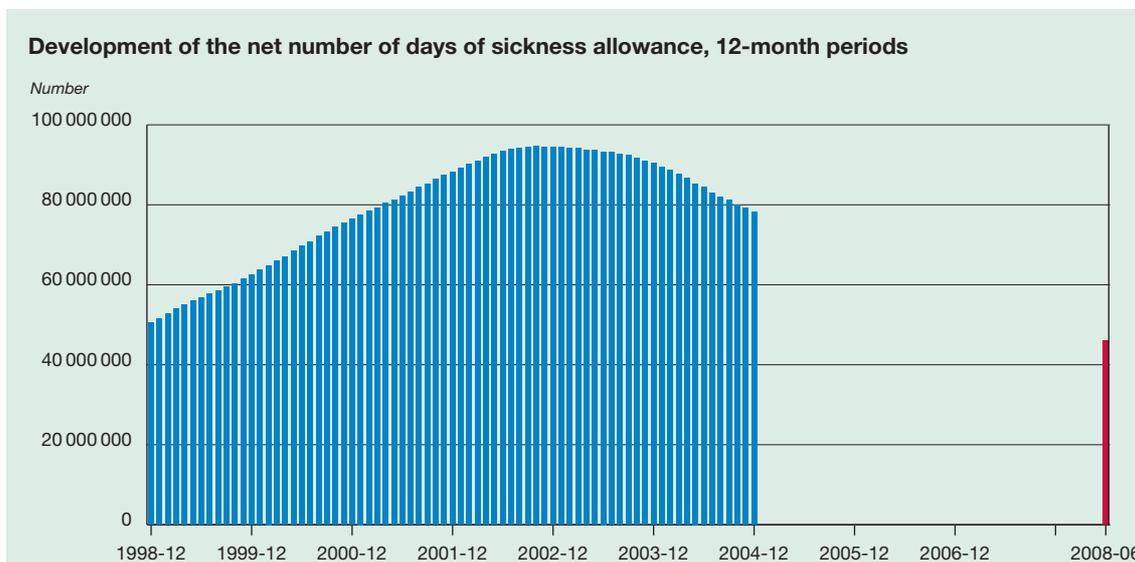
Partial sicklisting has been gradually increasing since the autumn of 2002. Persons partially sicklisted accounted in 2002 for 27 per cent of the number of days of benefit paid. In 2003 the corresponding figure was 31 per cent and this rose to 34 per cent in 2004. The rising proportion of partial sicklistings is gratifying if it reflects the taking of more positive action to bring about a planned return to work and not a way of subsidizing part-time work. However it



is too early to draw any clear conclusions regarding the effects of increased part-time sicklisting.

Reduction in long-term cases

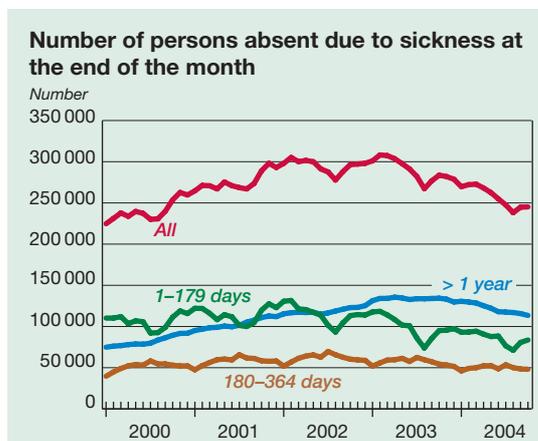
The trend with regard to cases of long-term sickness has turned during 2004. At the end of October 2004 a total of 113 500 people had been sicklisted for more than a year. Compared with October 2003



this is a reduction by 21 000, or 15.6 per cent. This is a more striking decrease than in the number of cases of sickness as a whole, which fell by 13.6 per cent during the same period.

One-year cases

The decline in the number of one-year cases is due in part to the fact that fewer cases are passing the one-year limit and in part to the fact that more cases are being closed. During the 12-month period ending in October 2004, approximately 88 200 cases passed the one-year limit, as opposed to 102 000 during 2003. At the same time the number of closures in the group of cases of more than a year's duration rose from 97 500 in 2003 to 109 300 in the period up to and including October 2004. Of the 109 300 cases concluded, 57 300, or 52 per cent, went on to sickness benefit.



Cases of sickness which have lasted longer than 1 year

	2002	2003	October 2004
Current cases	125 300	129 700	113 500
New cases, 12 months	104 000	102 000	88 200
Cases closed, 12 months	90 700	97 500	109 300
of which, to sickness benefit/activity allowance		49 000	57 300

Against the background of the large number of current cases that have lasted for more than a year a continued increase in the number of people drawing sickness benefit and activity allowance in the next few years would appear inevitable. Calculated in a slightly different manner, this means that approximately 60 per cent of the cases of sickness that are of more than one year's duration go on to sickness benefit or activity allowance. This also includes those who have previously had a certain amount of sickness benefit or activity allowance in addition to partial sicklisting. In roughly five per cent of terminated one-year cases the person concerned either goes on to old-age pension or else

dies. Around 20 per cent of the terminated one-year cases have contact with the employment service. In the case of approximately 15 per cent of terminated one-year cases there is no known reason for termination. In this group there may be both those who have begun working and those who are supported by other means, for example by social welfare allowance. The statistics reported are in some respects uncertain.

Two-year cases

After a long series of years of increase, the number of cases of sickness of more than two years' duration has fallen, from 10.4 cases per thousand registered in 2003 to 10.2 cases per year. Despite the reduction the number of long cases of sickness remains unreasonably high.

The really long cases of sickness are a problem in several ways. They generate heavy costs in insurance because they account for a large proportion of the net days of benefit paid out. The purely medical rehabilitation programme has in most cases been completed. However, these cases continue to engage health service resources because of the need for repeated medical certificates as a basis for the Insurance Service decision on the continued right to sickness allowance. But even more they are an expression of a failure with regard to the administration's duty to ensure a correct application of the insurance system. Only in exceptional instances does the person insured in such cases have a right to sickness allowance. There may be a right to sickness benefit/activity allowance but in some cases the person insured no longer has a right to any sickness insurance benefit at all.

The inability of the administration to bring cases of sickness to an end in good time is a contributory cause of the fact that those insured are excluded from working life. Half of all cases of sickness that last for over one year also reach the limit of two years. And of all cases of over two years' duration at the start of a financial year, approximately half are still open at the end of the year. In these circumstances the stabilization and reduction that have taken place are very necessary.

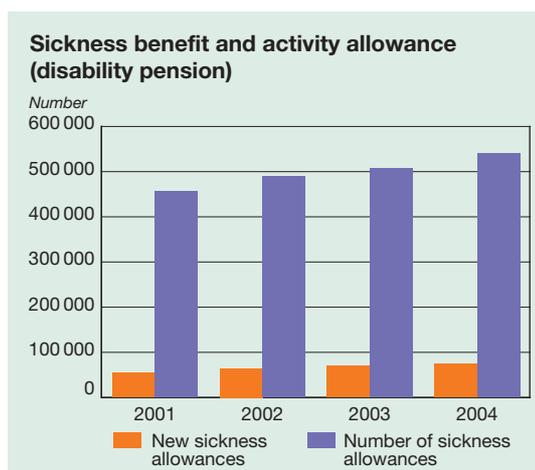
Continued overflow to sickness benefit

The number of new cases of sickness benefit and activity allowance in 2004 totalled 75 000. Almost 540 000 individuals were receiving sickness benefit or activity allowance in December 2004. The stock of cases grew during the year by approx. 33 000. Of the 42 000 who left it, 30 000 went on to old-age pension, 5 400 died and just over 5 000 returned to the labour market or are supported by other means.

The growth in the number of disability pensioners/individuals with sickness benefit between 2001 and 2004 is shown in the diagram below.

As part of the Government's target for absence from work due to sickness the number of new cases of sickness benefit and activity allowance up to and including June 2008 should not as an annual average exceed the 2002 level of 64 200. As the diagram shows, the number of new cases of sickness benefit and activity allowance in both 2003 and 2004 was considerably higher than in 2002. To attain the target, new cases allowed in the years ahead must therefore be lower in number.

Just over 30 400, or 41 per cent, of the new cases of sickness benefit or activity allowance in 2004 involved individuals aged under 50, and 13 500, or 18 per cent, people under 40. Of the number of people drawing sickness benefit in December 2004, 168 500, or 31 per cent, were under 50, and 67 900, or 13 per cent, under 40.



Sickness benefit and activity allowance, 2004

Age group	New cases in 2004			Acc. total	Acc. prop.	Open cases, December 2004			Acc. total	Acc. prop.
	Women	Men	Total			Women	Men	Total		
16–19	200	300	500	500	1	1 200	1 700	2 900	2 900	1
20–24	1 000	900	1 900	2 400	3	4 200	4 800	9 000	11 900	2
25–29	1 200	800	2 000	4 400	6	5 500	5 000	10 400	22 300	4
30–34	2 200	1 100	3 300	7 600	10	9 400	6 900	16 300	38 600	7
35–39	3 900	2 000	5 900	13 500	18	17 900	11 300	29 200	67 900	13
40–44	5 000	2 700	7 700	21 200	28	26 100	16 600	42 700	110 600	20
45–49	5 800	3 300	9 100	30 400	41	35 400	22 600	58 000	168 500	31
50–54	6 800	4 300	11 100	41 500	55	49 600	32 100	81 700	250 200	46
55–59	9 400	7 700	17 100	74 800	100	92 800	68 900	161 700	539 600	100
All	45 000	29 800	74 800			318 700	221 000	539 600		

That the average age of the new cases is distinctly younger than that of the existing cases represents a worrying trend. As the number of existing cases is so much larger than the number of new ones this does not cause any great change in the age distribution as a whole. One way of expressing the problems of the number of people receiving sickness benefit or activity allowance and their age distribution is to calculate the number of years of benefit which will be paid if all individuals receiving benefit at a given time were to continue to do so until the age of 65. The figure is usually referred to as remaining years of benefit. The increase which can be observed between years reflects both the increasing size of the stock and the lowering in average age.

Remaining years of benefit

	2002	2003	2004
Women	2 881 800	3 004 700	3 232 800
Men	2 300 300	2 340 100	2 440 400
Total	5 182 100	5 344 800	5 673 200

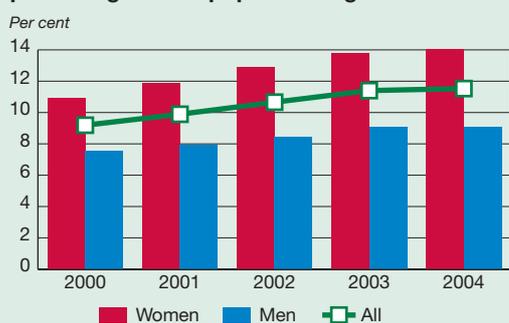
Increased permanent exclusion from working life

The most disquieting aspect of the present trend in absence due to sickness is that there is too little return to work after long periods of sick leave. Rather more than half of the approx. 70 000 cases of sickness allowance that had been open for between one and two years at the start of 2004 passed the two-year mark during the year. Of those cases which had lasted for more than a year and which were terminated in 2004, roughly a half went on to sickness benefit or activity allowance. At the end of 2004, 392 000 women and 261 000 men, a total of 653 000 people, had been receiving sickness benefit or activity allowance or been on sick leave for more than a year. In total this group of people absent due to sickness represented 11.5 per cent of the population aged between 16–64 at the end of 2004.

The increase in the number of individuals receiving sickness benefit or activity allowance is expected, and is likely to continue for a few years. At the

same time the trend is alarming. A gradual slowing down in the inflow of cases to the system may be foreseeable, but a more noticeable decrease in the number receiving benefit will not occur until the outflows also rise, in other words when more people who are today receiving sickness benefit or activity allowance are considered fit for work and are offered employment. It is reasonable to assume that there is at least a partial capacity for work among many people in this group. To make use of this calls for vigorous employment policy measures and a more flexible labour market.

Persons sicklisted for longer than 1 year, and persons receiving sickness benefit, as a percentage of the population aged 16–64



Satisfying trend in incapacity rate

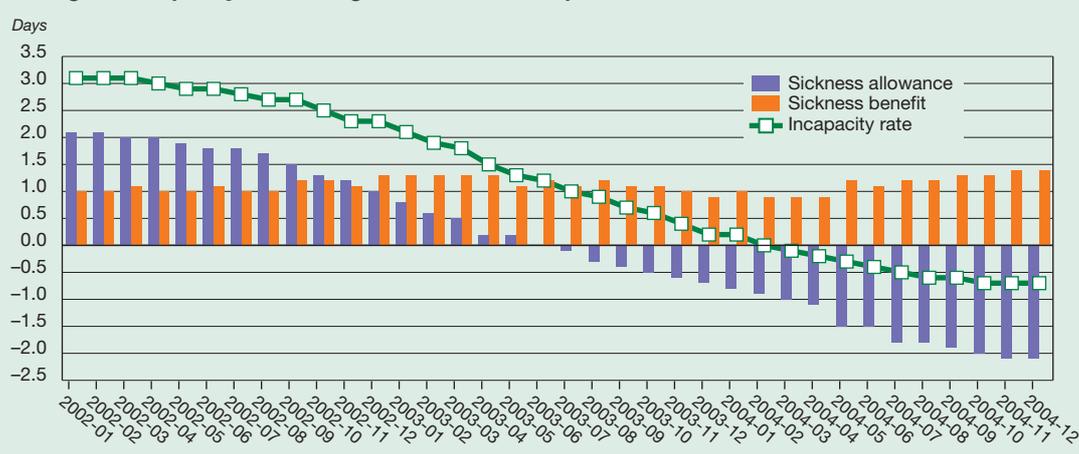
Despite the large increase in the number of cases of sickness benefit and activity allowance, the total incapacity rate is down for the first time since the end of 1997. The incapacity rate shows the number of days (net) for which benefit is paid in the form either of sickness allowance (including rehabilitation allowance) or of sickness benefit or activity allowance, per member of the population aged 16–64.

The average number of days of sickness allowance or rehabilitation allowance fell during 2004 by 2.1, while the number of days of sickness benefit or activity allowance rose by 1.4. The total incapacity rate therefore declined by 0.7 days. This is equivalent to 4 million days of benefit on an annual basis.

Gender-rated difference in incapacity rate continuing to rise

During the last year there has been a drop in the number of days of sickness allowance or rehabilitation allowance paid to both men and women. The number of days of sickness benefit has risen but not by enough to prevent the total incapacity rate falling from 43.2 in December 2003 to 42.5 in December 2004. The rate among women is falling rather more slowly than the men's rate. During 2004 the incapacity rate among women went down from 51.9 to 51.2 and that among men from 34.8 to 34.0.

Change in incapacity rate during current 12-month periods



Incapacity rate by gender and benefit 2003–2004

	2003			2004			Change during 2004		
	Incap. rate	Sickn. all./ Rehab. all.	Sickn. b./ Activity a.	Incap. rate	Sickn. all./ Rehab. all.	Sickn. b./ Activity a.	Incap. rate	Sickn. all./ Rehab. all.	Sickn. b./ Activity a.
All	43.2	16.7	26.5	42.5	14.6	27.9	-0.7	-2.1	1.4
Women	51.9	20.9	30.9	51.2	18.4	32.8	-0.7	-2.5	1.9
Men	34.8	12.6	22.2	34.0	10.9	23.1	-0.8	-1.7	0.9

Regional differences persist

The regional pattern of absence due to sickness and disability pensioning is largely the same today as in the mid-1990s, before the steep climb in absence due to sickness all over the country. In the longer

term, in the last thirty years, there has been a shift in absence due to sickness, from the big cities to the counties of Norrland and other thinly populated areas.

Our contribution

All our activities with regard to ill health have been guided by awareness of the national target for ill health, namely a halving of absence from work due to illness by 2008, compared with the 2002 level, accompanied by a reduction in the number of new cases of sickness benefit and activity allowance.

A basic precondition for the attainment of the target is a correct and consistent application of the rules and intentions of the sickness insurance scheme. The measures that have been taken have been designed both to improve knowledge of and change attitudes to sickness insurance both internally within the administration and among those insured, employers, doctors and others working in the field, and also to develop efficient ways of collaborating with the health and medical services and the labour market.

The sicklisting process begins with the employer in the sick pay period. The employer's responsibility for absence due to ill health will be further reinforced as from 1 January by the co-financing reform. The process continues through the health and medical services, with the doctor issuing the sick note holding a key position in the assessment of the state of health of the person insured. The labour market authorities also have a shared responsibility for returning the individual to the labour market. There are in other words a number of agents who each have a responsibility for parts of a greater whole and whose efforts and skills contribute to the result. The Social Insurance Administration accepts responsibility for its own part, in other words for a correct application of the insurance scheme, comprehensiveness and coordination.

In order to ensure that the national target is achieved, the National Social Insurance Board and the social insurance offices have together developed a coordinated programme, the ill health programme, which is intended, based on the slogan "Förhindra-Förkorta-Föra åter" (Prevent-Shorten-Return), to prevent the inflow of new cases to the sickness insurance scheme, shorten the duration of sickness and return people to working life. The programme focuses on the following areas:

- correct application of the insurance scheme
- change in attitudes and values
- development of cooperation

These focal areas are discussed below. The second part of the national target – a reduction in the number of new cases of sickness benefit and activity allowance – has not initially had the same prominent role as work to reduce sicklistings. Measures intended to deal with sickness allowance have been given priority because it has been calculated that in the long term they will lead to a lowering of the number of new cases of sickness benefit and activity allowance. However work has begun during the autumn of 2004 on a methodological support for examining whether the preconditions for awarding sickness benefit or activity allowance exist and whether there is an entitlement to such benefits. These methodological supports will be introduced in the spring of 2005. The intention is both to ensure that individuals do not draw sickness allowance for longer than their entitlement, and also to prevent persons from becoming established recipients of sickness benefit or activity allowance on inadequate grounds.

The causal connections in the area of ill health between action taken, ambient factors, effects and results are complex. Therefore it is not possible to link every individual measure to a demonstrable effect or a concrete result. What can however be confirmed is that the combined efforts made in 2004 have in total led to a gradual decrease in the incapacity rate, which includes both sickness allowance, sickness benefit and activity allowance.

Correct application of the insurance

By "correct application" of the social insurance scheme in the area of ill health is meant that the rules and intentions of the sickness insurance scheme are applied correctly and consistently. The key to ensuring a correct application lies in introducing a generally active approach in all staff involved in the processing of cases at the Insurance Office. Training in this active approach and new methods began in 2003 and has continued in 2004. The method which is being developed is one where the case processor makes a continuous active choice of route through the whole sicklisting process in which the person insured is involved.

Changing attitudes and values

The number of days of sickness allowance doubled between 1998–2002. The hypothesis underlying the work of attaining the national target is that the growing volume of absence due to sickness cannot be explained by a corresponding deterioration in the health of the Swedish people. A part of the explanation for the increasing amount of sick leave is assumed to be that attitudes and values concerning the purpose of sickness insurance have changed. For all to be able to act responsibly an adequate knowledge of the sickness insurance scheme is required. Internally there has been work on attitudes at all levels within the framework of the introduction of an extensive training initiative. The influencing of attitudes is also an important part of the training efforts that have been addressed to doctors.

Information campaign intended to reduce absence due to ill health

An information campaign has been run during the autumn and winter of 2004. The campaign has covered the daily press, evening press, TV advertising etc. The consistent theme of the campaign was that the task of halving absence due to sickness concerns the whole country. The purposes were to increase knowledge of how sickness insurance works, to present partial sicklisting as a main alternative when sicklisting is being considered and to extend the perception of the Insurance Office as a professional body in the area of ill health. The message of the campaign has been:

- Sickness allowance is compensation for reduced working capacity resulting from sickness
- Long-term sickness may lead to loss of contact with the workplace
- Rest is not always the right form of treatment

Follow-up of the campaign shows that attitudes have changed. Following the campaign, 73 per cent of those asked believe that “fatigue” is not an acceptable reason for reporting sick, as compared with 59 per cent before the campaign began.

Development of collaboration

At the end of 2004 the Board set up two new units, designed to facilitate cooperation with those bodies which are of strategic importance in the task of reducing ill health. This cooperation, which is still being developed, should be result-oriented and take place at all levels, both national, regional and local.

A positive collaboration with important players and interested parties across agency boundaries improves the possibility of successful results and increases insight into and understanding of the different skills of the cooperating parties. The combined knowledge of the different professions can thus be better utilized and any misunderstandings concerning boundaries of authority and responsibility can be removed.

Health and medical care policy

Benefits by area of activity:

Dental care: *Dental care*

Health and medical care: *International health care, disease carrier's allowance*

Cost development for policy area by area of activity, SEK m

	2002	2003	2004
Dental care	1 607	2 597	3 129
Health and medical care	346	383	431
Total insurance costs	1 953	2 980	3 560
Total administration costs¹⁾	238	269	234
Total costs for the area	2 191	3 249	3 794

¹⁾ Including change in pension liability.

Dental care

The annual cost of the charge limitation for those over 65 years of age has become higher than was originally foreseen. The number of applications for payment of dental care costs from the social insurance was considerably greater than anticipated. To arrest the cost trend the Government has therefore introduced changes to the benefit and the scope of the care in the Dental Care Ordinance (1998:1337). The changes came into effect on 1 January 2004. The Social Insurance Administration is implementing these changes.

The changes in the Ordinance imply two essential differences. One is that payment will be made for care to the amount that the public dental service charges for equivalent treatment in the county where treatment is given, and the other consists of minor restrictions to the extent of implant treatment that is not considered insurable or odontologically necessary.

Health and medical care

The costs of international health care (also known as EU care) are connected to Swedish membership of the EU and to agreements on medical care benefits that Sweden has signed with other countries. Costs in the area of activity are usually divided into several sub-areas – tourist care, pensioner care and convention care. Despite the relatively low cost of the area of activity, the insurance cover is broad and extends to virtually all insured individuals in Sweden, irrespective of age or income group. Moreover the scope of the insurance usually represents a substantial financial benefit to those using it.

Distribution of insurance costs for area of activity by sub-area, SEK m

	2003	2004
Tourist care	48	63
Pensioner care	63	104
Periodization of tourist and pensioner care	70	4
Convention care (waivers of payment between Sweden and contracting countries, costs paid to county council)	111	124
Payment to county council	70	109
Miscellaneous	0.7	0.3
Provisional costs and writeoff	9.4	25
Writeoff of accounts receivable	–	3.7
Writedowns, EU care	6.7	–6.7
Total	379	426
Disease carrier's allowance	4.6	4.8
Total	383	431

Tourist care

The cost of tourist care rose sharply in 2004. This was partly because Sweden had high accrued costs for Swedes who had received care in the UK and Italy, which were settled in 2004 after the countries were reminded to submit their claims for payment. For example Sweden paid the UK the equivalent of SEK 13 m in 2004 for tourist care for two full calendar years (2000 and 2001).

Pensioner care

The cost of pensioner care is based on a standard amount which is determined with a time lag of several years and at a varying rate between the countries. Only when a standard amount has been approved can payment be made. This means that the expenditure for pensioner care may differ between years without this necessarily meaning that more Swedish pensioners have actually moved to or from some other member state. Standard amounts are being paid for just over 6 000 Swedish pensioners resident abroad. During 2004 the cost of pensioner care almost doubled. This was primarily because France laid down standard amounts for two years and payments for these two years were made to France during the year.

Convention care

Convention care refers primarily to care costs in Sweden for persons insured in those countries with which Sweden has medical care agreements. The agreements are implemented by keeping the cost of care in the country in which care is given. Previous medical care agreements with Poland and the Baltic States have largely lapsed with the accession of those countries to the EU on 1 May 2004. Despite decreasing costs for convention care for these countries the cost item has risen since 2003. This is assumed to be first and foremost due to rising medical care prices in Sweden and increased tourism from our neighbouring countries, with whom Sweden has entered into medical care agreements.

The sub-area of convention care in 2004 also includes compensation for care costs paid under the EC Treaty's articles on free mobility of services (in accordance with three judgments of the Swedish Supreme Administrative Court dated 30 January 2004). These costs totalled approx. SEK 9.2 million.

Payment to county councils for care of persons insured in the EU, in the EEA or in Switzerland

The Social Insurance Administration paid SEK 109 m to the county councils in 2004 for the care that citizens of EU or EEA countries and Switzerland received in Sweden. This is an increase of 56 per cent in relation to previous years. The increase is considered to be due to a combination of increased tourism and higher medical care prices in Sweden. The Social Insurance Administration has then invoiced the countries concerned, which means that these costs do not burden the appropriation in this area. However the payments are made between the countries with a certain time lag.

Ten new EU member states

Ten countries became new members of the EU on 1 May 2004. This makes greater demands on the Social Insurance Administration with regard to management of debts and claims, and contact with ten more countries, their social insurance institutions and liaison bodies. It is expected that the expansion will result in a marked increase in the number of invoices sent every year between the member states as from 2005.

The European Health Insurance Card (the EU card)

On 1 June 2004 a European sickness insurance card in credit card format replaced all the certificates that previously gave entitlement to health care during a temporary stay in the EU, the EEA and Switzerland. Almost 1.7 million people insured in Sweden ordered the EU card in 2004. At first the demand for the card and for information about it imposed a heavy burden of additional work on the insurance offices' customer service departments. This was alleviated, however, by the fact that a substantial proportion of the orders, 74 per cent, were placed through self-service facilities.

The European health insurance card has experienced certain teething troubles in Europe. Health care providers in the EU, the EEA and Switzerland did not always know of the new card, which meant that insured persons were sometimes obliged to produce the old paper certificates or pay for the cost of care themselves. Unfortunately these problems led to a number of complaints to the Swedish insurance offices, which did not help the credibility of the Social Insurance Administration. It is up to the social insurance institutions of each country to inform care providers of the card and of the rights of the cardholder. The problem has been raised at EU level.

Payment for health care in another EU or EEA country

Three judgments of the Supreme Administrative Court laid down on 30 January 2004 that a person insured in Sweden, in addition to requesting prior authorization, has another possibility of seeking compensation for medical care and dental care in another EU or EEA country.

Compensation than thus be granted both under the rules of EC Regulation 1408/71, Article 22.1.c, on prior authorization, and under the EC Treaty's articles on free mobility of services. Payment under the EC Treaty has not previously been made in

Sweden and must always be settled retrospectively. Knowledge among those insured of the possibility of seeking care in another EU or EEA country and having the care costs paid by the state is today unsatisfactory. However the legal situation is so unclear that the Social Insurance Administration has itself had difficulty in informing citizens of the current right and in working for a consistent application of the insurance. For international care to become more widely available the Insurance Office has to work actively on establishing standard procedures and producing informational material with regard to the right to care abroad.

Number of decisions and cost per country, 2004, for reimbursement under the EC Treaty of costs of health care paid

Country	Approvals	Refusals	Total number	Cost per country, SEK	Cost, %
Germany DE	77	7	84	6 581 000	71.49
Switzerland CH	2	0	2	651 000	7.08
Spain ES	20	1	21	638 000	6.93
Finland FI	34	5	39	529 000	5.74
France FR	7	0	7	347 000	3.77
Norway NO	7	0	7	173 000	1.88
Denmark DK	8	3	11	135 000	1.46
UK GB	2	0	2	83 000	0.90
Austria AT	1	1	2	39 000	0.42
Poland PL	6	2	8	27 000	0.29
Hungary HU	1	0	1	4 000	0.04
Estonia EE	0	1	1	–	–
Ireland IE	0	1	1	–	–
Sweden SE	0	2	2	–	–
Total	165	23	188	9 207 000	100

As the table shows, Germany is the country from which the largest number of Swedes have so far obtained care under the practice established by the Supreme Administrative Court. Altogether 165 people

obtained reimbursement of care costs paid, while 23 were refused. Of those who sought reimbursement 92 were men and 96 women. The total cost of payment granted was just over SEK 9 m.

Financial support to families

Benefits by area of activity

Insurance: *Parental allowance, temporary parental allowance, pregnancy allowance, child's pension, and child-rearing pension right*

Needs-tested allowances: *Housing allowance, maintenance support, and care allowance*

General allowances: *Family allowance and adoption expenses grant*

Cost development by area of activity, SEK m

	2002	2003	2004
Insurance	24 688	26 845	28 580
Needs-tested allowances	9 907	9 901	10 017
General allowances	21 059	20 998	20 908
Total insurance costs	55 654	57 745	59 505
Total administration costs¹⁾	2 049	2 098	1 590
Total costs for the area	57 703	59 842	61 093

The costs relate to the whole of policy area 21, i.e. including care allowance.

¹⁾ The administration costs include change in pension liability.

Description of benefits

Parental allowance should help to enable both parents to combine parenthood and gainful employment. When a child is born or adopted, parental allowance is paid to the parents for a total of 480 days. For 390 days the parental allowance is a minimum of SEK 180 per day (basic level) or 80 per cent of the qualifying income. For the other 90 days the benefit is SEK 60 per day. The days may be drawn until the child reaches the age of 8 years.

Temporary parental allowance can be paid when the parent needs to stay away from work because the child is ill or carrying an infection. In the normal case the payment is made when the child is under 12. For children covered by the Disabled Persons' (Support and Service) Act, there are special rules. The temporary parental allowance also covers the ten days to which a father is entitled in connection with the birth of a child.

Maintenance support can be paid to a child whose parents are not living together. A parent who is not living with his or her children must pay a maintenance allowance to the parent with whom the child lives. If the parent liable for maintenance does not pay at all or pays a low amount the social insurance office can pay maintenance support. The parent with whom the child lives will receive support and the other parent will repay in whole or in part the cost to the community of the maintenance support. The maximum amount is SEK 1 173 per child per month.

Housing allowance should give financially disadvantaged households the ability to provide themselves with satisfactory accommodation of adequate size. Families and young childless couples can obtain housing allowance. The amount of the allowance is determined by the composition of the household, the size of the income and the cost and size of the accommodation.

Overall assessment

The overall result for the policy area is considered good. This applies despite the fact that the financial differences between households with and without children have increased somewhat. Family policy continues to play a large part in raising the disposable income of families. The reliable targeting of family policy augments the disposable income of families and strengthens their standards in relation to households without children. The number of

children born is continuing to rise, which is a good indicator of the fact that family policy works well. The differences between the child's parents in take-up of parental allowance are decreasing slightly and men's take-up of parental allowance is continuing to rise.

The liability to support children of separated parents is increasingly being discharged outside the maintenance support system.

The policy area in the community

Focus on division of parental allowance

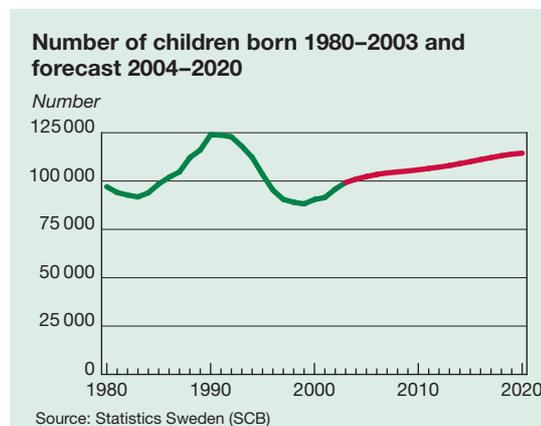
Discussion of the question of increased control of the days of parental allowance has intensified during the spring. Politicians and interest organizations have suggested and discussed ways in which a more even division between the child's parents can be achieved. The Swedish Trade Union Confederation (LO) decided to support the proposal of a tripartite division of parental leave, with one-third being drawn by the father, one-third by the mother and one-third being optional. The proposal thus involves reservation of a larger number of days of parental allowance for a specific parent. The Swedish Central Organization of Salaried Employees (TCO) has also made proposals regarding the future division of parental leave. TCO proposes an equality bonus, based on the assumption that the leave is equally divided. If the parents do not transfer days to each other, they receive 90 per cent of income, up to 10 times the base amount under the National Insurance Act. Should one parent transfer days to the other, the payment drops to 80 per cent for the days transferred. The days currently reserved for the mother and the father respectively have had a positive effect on the proportion of men taking up parental allowance. A change in the law may therefore influence both behaviour and the cost for parental allowance. Among parents the attitude to additional reserved days is not so favourable. Most parents say that they are satisfied with the way they have divided the days at present.

The division of days of parental allowance between the parents can also be measured as the proportion of days taken up by men and the proportion taken up by women. The number of days utilized by men has risen steadily since the benefit was introduced in 1974. However the majority of the days are still utilized by women. In 2004, 18.7 per cent of all the days taken up were taken by men. This is an increase from the 2003 level of 17.2 per cent. The proportion of days of parental allowance paid out to men in 1974 was only 0.5 per cent.

Continued high birth rate

The trend in the number of births affects all benefits within financial family policy. The decline in the number of births observed in the late 1990s has stopped and the number of births is rising every year. Insurance and general allowances are the areas of activity most affected by a rise in the number of births. Maintenance support is not affected until a few years later, while housing allowance is depend-

ent mainly on income changes, even if the special grant included in the housing allowance is affected by the number of children born.



Family benefits

A system of rules for coordination of the social security rules of the member countries will give satisfactory social insurance protection to citizens of an EU country who move to another EU country to work. The EU rules on social security are contained first and foremost in Regulation 1408/71, and the family benefits include family allowance, parental allowance, housing allowance in the form of special grant, and temporary parental allowance. There has been a follow-up of family benefits paid from Sweden during the period March–August 2004. This follow-up shows that a relatively small number cases concern family benefits. In most cases the other member country is a Nordic country. Since measurement of amounts paid started in March 2004 there has been an increase in the sums paid per month. Of the total of approximately SEK 8 million which was paid out in family benefits in August 2004, only approximately SEK 1.3 million represented export of family benefits, i.e. payment when the family members do not live in Sweden. The major part of the amount paid out has therefore concerned cases where one of the parents and the child or children are resident in Sweden. If Regulation 1408/71 had applied in these cases the family would still have had a right to social insurance benefits from Sweden by virtue of residence in Sweden.

Action by the social insurance offices

A number of different factors affect the division of days of parental allowance between the parents: family income, level of education, position in the labour market, attitude to work and the wishes of

the parents. The social insurance office has long worked to get men and women to share the days of parental allowance more evenly. The direction and intensity of their efforts varies between counties. However all the social insurance offices have held information meetings for parents where the message “half each” has been underlined. The maternity clinics are often an important partner in this work. Some social insurance offices also advertise in the media and use qualified information officers.

The letters sent to fathers informing them that they have unutilized days of parental allowance were sent out again in the spring of 2004. This time mothers who have days outstanding have also received a letter which tells them that the parental allowance is divided, with each parent having half.

Disability policy

Benefits by policy area and area of activity

16 Disability policy: Area of activity – contributions to participation and gender equality: *Attendance allowance and car allowance for the disabled*

19 Benefit in case of incapacity for work. Area of activity – benefit in case of incapacity for work: *Disability allowance*

21 Family financial policy. Area of activity – needs-tested allowances: *Care allowance*

Cost development for area of activity, SEK m

	2002	2003	2004
Attendance allowance ¹⁾	9 767	11 165	12 749
Car allowance for the disabled	230	240	246
Disability allowance	1 177	1 200	1 205
Care allowance	2 110	2 233	2 407
Total insurance costs	9 997	11 405	12 995
Total administration costs²⁾	157	168	113
Total costs for the area	10 154	11 573	13 108

Disability allowance and care allowance belong to the policy areas Benefit in case of incapacity for work and Family financial policy and are therefore not included in total costs for Disability policy.

¹⁾ Net cost 7 524 (2002), 8 688 (2003), 9 661 (2004).

²⁾ Including change in pension liability.

Description of benefits

Disability allowance is granted to persons who have reached the age of 19 but not 65 and who during this time suffer a reduction in functional capacity for an appreciable period and therefore need help from another person in the activities of daily living or have substantial additional expenses. The benefit may be granted at the rate of 36, 53 or 69 per cent of the price base amount. Disability allowance can be granted to a person irrespective of whether she or he has a capacity for work. It is the degree of assistance needed in daily life or the amount of the additional that determines.

Care allowance is granted to a parent in order to give the parent the possibility of working less in order to care for a child with a special need for supervision or care. The care allowance also compensates for high additional costs caused by the child's illness or disability. The allowance is taxable and is given as a 25 %, 50 %, 75 % or

100 % care allowance. A certain part of the allowance may consist of tax-free compensation for additional expenses.

Attendance allowance is a grant to meet the cost of personal assistance to a person who needs help in the activities of daily living from another person for more than 20 hours a week as a result of a disability. The municipality is responsible for attendance allowance for the first 20 hours per week. The individual has a lot of influence on how the assistance is to be given. In 2004 the amount paid was SEK 205 per hour.

Car allowance for the disabled is a grant for purchasing or adapting a car or other vehicle. It is given for a child or adult who has substantial difficulty in moving or in using public transport. The allowance given in the form of basic allowance, purchase allowance, adaptation allowance and driver training.

Overall assessment

The overall result for the policy area is considered acceptable. Work has been done in the Social Insurance Administration in 2004 on improving the handling of the support measures intended for persons with disabilities. Collaboration with other authorities and organizations has improved. A number of different studies during the year have shown a mixture of results with regard to processing, access and reception.

The number of recipients of the benefits specifically intended for disabled persons has increased

during the year. The costs of the benefits have also risen, chiefly due to increased costs for attendance allowance.

The feeling of having work to do is one of the most important factors in the individual's feeling of participation in the life of the community. People with disabilities have major problems in getting into the labour market and often completely lack employment. The obstacles to participation in working life or, for example, study, are often created by the community.

The policy area in the community

An evaluation of attendance allowance made by the National Audit Office shows that the way that the benefit is currently designed leaves room for it to be used by individuals and providers of assistance in a way that was not intended when the legislation concerned was framed. Sometimes illegality is involved, but usually the rules leave room for arrangers of assistance and those entitled to benefit to accumulate unreasonably large surpluses. This tends to undermine confidence in the system, which in the long run may affect those to whom attendance allowance has given the opportunity for a more independent life. The National Social Insurance Board has therefore been instructed by the Government to investigate the possibility of regulating activities and checking that the intentions of the attendance allowance are fulfilled and that the resources are not used in an inappropriate manner.

The National Social Insurance Board proposes that the Insurance Office should be authorized to control the costs which it is permitted to include in the government attendance allowance. The proposal involves requiring the arranger of the assistance to report actual salary costs against allowance paid out individually to each person entitled to benefit. Benefit which is not used as intended would have to be repaid to the Insurance Office.

Two government committees have submitted proposals in this area during the year. A new structure is suggested for authorities in the field of disability policy. To clarify the various roles in the work of satisfying disability policy goals in the community a transfer of responsibilities from the existing authorities to a new authority is recommended. Improved coordination between the responsible sectoral authorities for disability policy goals is an important part of the proposals. A commission which has reviewed the provision of technical aids for the disabled considers that the organization for handling such aids should be retained. The Insurance Office shares part of the responsibility for these facilities.

Two rule changes which affect developments in the benefits that are intended for people with disabilities have come into force. The rules for retroactive payment of attendance allowance and disability allowance were amended on 1 July 2004. The possibility of obtaining payment for the period preceding an application was reduced from three months to one in the case of attendance allowance and from two years to six months with regard to disability allowance. This has led to certain reductions in costs for these benefits compared with the period when the earlier rules applied. The new rules are expected to facilitate the handling of benefit applications.

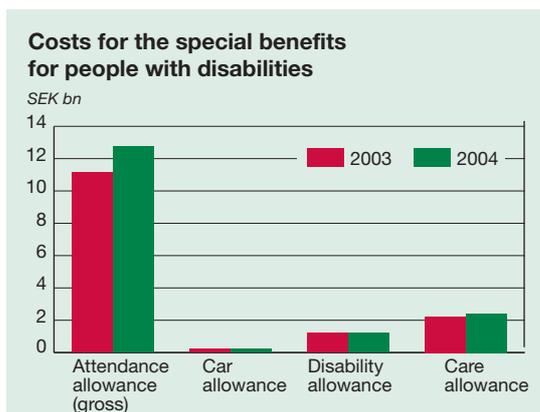
Development of the special support

Number of people granted support									
	2002			2003			2004		
	All	% women	% men	All	% women	% men	All	% women	% men
Attendance allowance ¹⁾	11 709	47	53	12 368	47	53	12 619	47	53
Car allowance for the disabled ²⁾	2 207	45	55	2 420	45	55	2 216	46	54
Disability allowance ³⁾	59 174	54	46	61 135	54	46	61 188	54	46
Care allowance ^{3),4)}	31 807	89	11	35 457	89	11	36 346	88	12

¹⁾ The figure for 2004 is expected to increase when retroactive decisions are recorded.
²⁾ Relates to the number of decisions to grant basic and purchase allowance.
³⁾ The figures for these benefits apply exclusive of retroactive decisions.
⁴⁾ Relates to the number of care allowances. If payment of the care allowance is divided between the parents, this is regarded as one care allowance.

In total the number of individuals granted those benefits that are intended for people with disabilities has increased during the year. The cost for the

benefits has also risen, principally on account of an increase in costs for attendance allowance.



Attendance allowance

The number of recipients of attendance allowance in December 2004 was 12 619. The increase, not taking into account retroactive decisions, is just under seven per cent since 2003. This is a rather larger increase than in the preceding year. The difference between the numbers of women and men receiving the benefit is small but recurs systematically over time. Across the country 53 per cent of the recipients are men. The costs of the attendance allowance have risen every year since the reform was introduced in 1994. Between 2003 and 2004 the rise was approx. 14 per cent. This is because the level of the hourly sum paid has been raised, because the number of people receiving the allowance has continued to rise and because the number of hours granted per person has also risen. The rule change introduced on 1 July 2004, whereby the allowance can be paid for one month retroactively instead of three months, is calculated to have resulted in a SEK 5 million decrease in costs in 2004 by comparison with the period when the old rule applied. The effect of the rule change on total costs is therefore marginal.

Car allowance for the disabled

The number of people who have been granted support for car purchase during the year is 2 216. This is just over 200 fewer than in 2003. The reduction can largely be explained by the nature of the rules for granting the benefit. Car allowance is granted for seven years at a time. Because of a backlog of need the number of individuals who were granted the benefit was large during the first half-year after it was introduced. Every seventh year, therefore, the number of applications and the number of approvals rises, even if the increase with this seven-year cycle was less marked. Last year it was fourteen years since the first year of the benefit. The appropriation for the car allowance was exhausted by June, which is earlier than in previous years. The National Social Insurance Board calculates that roughly 800 car allowances that had been granted could not be paid out in 2004 and had to be postponed until 2005. The rate of payment has been very high by comparison

with previous years, which is due in part to the large group who had had to wait for payment since 2003 but also to the fact that the time elapsing between the granting of car support and payment has shortened. The proportion of women among those who were granted car allowance in 2004 was 46. This is one per cent more than in the two previous years.

Disability allowance

The number of individuals receiving disability allowance is virtually unchanged by comparison with 2003, having previously been showing a slow increase. The number in December 2004 was 61 188. The trend was affected by rule changes concerning the benefit in 2003, when the age limit for receiving benefit was raised from 16 to 19. The proportion of women among those receiving the benefit is 54 per cent. It is among the higher age groups, from 40 and upwards, that women outnumber men. The cost of the disability allowance has risen by a half of one per cent during the year. New rules governing the right to retroactive benefit were introduced on 1 July. The limit for retroactive benefit used to be two years but is now six months. If the old rules had applied the costs would have been SEK five million higher during the second half of 2004. The effect of the new rules on total costs is therefore marginal.

Care allowance

During the year a new method of processing care allowance and clearer guidelines concerning the benefit have been adopted. This is expected to result in more consistent processing throughout the country and to shorten throughput times. The number of care allowances paid out in December was 36 346. This is an increase of just under three per cent since December 2003. Care allowance is paid as a basic rule to one parent, but the payment can be shared if both parents agree. In December 3 010 care allowances were being shared by parents. The total number of recipients of care allowance was 37 851. The proportion of women among them was 88 per cent. Care allowance is paid per family, and not per child for whom the allowance has been granted. This means that the number of children granted care allowance is higher than the number of care allowances paid. The number of children for whom parents were receiving care allowances was 40 262. This represents an increase of four per cent on December 2003. The growth in numbers continues to reflect the fact that the age limit for the award of care allowance was raised from 16 to 19 on 1 January 2003. The proportion of girls was 37 per cent. The proportion of children in the general population whose parents have been granted care allowance was 1.8 per cent in 2004. There has been an increase of 0.1 percentage points since 2001. The costs for care allowance have risen by just under eight per cent during the year.

Financial support in old age

Benefits by area of activity

Payment in old age: *Guarantee pension, housing supplement to pensioners, partial pension and maintenance support for elderly persons*

Payment to survivors: *Adjustment pension and widow's pension*

Old-age pension alongside the national budget: *Income-related pension, supplementary pension and premium pension*

Cost development for policy area by area of activity, SEK m

	2002	2003	2004
Benefit in old age	20 363	36 345	35 307
Payment to survivors	13 444	15 612	15 926
Old-age pension alongside the government budget	151 604	155 544	163 238
Total insurance costs	185 411	207 501	214 471
Total administration costs¹⁾	1 393	1 462	1 481
Total costs for the area	186 804	208 963	215 952

¹⁾ Including change in pension liability.

Description of benefits

Guarantee pension is intended to give the pensioner a certain minimum pension. The amount of the guarantee pension depends on the length of the period of insurance for which the individual has qualified. Forty insurance-years are required for the right to full guarantee pension.

Housing supplement to pensioners can be granted to people who have old-age pension, sickness benefit or activity allowance, widow's pension, special survivor's pension, wife's supplement or similar benefit under the legislation of another EU/EEA country. Housing supplement is not granted with old-age pension drawn before the age of 65. The amount of the housing supplement depends on the accommodation cost and the income and wealth of the person insured.

Maintenance support for the elderly can be paid from the month when the person insured reaches the age of 65. The support can be paid if after deduction for a reasonable accommodation cost the income is below that for a reasonable standard of living.

Adjustment pension can be paid to a surviving woman or man who has not reached the age of 65 and who has

been living permanently with her or his husband or wife. The period for which adjustment pension can be paid has been extended from 10 months to 12 months with effect from 2005. The amount of the benefit depends on the pension rights that the deceased person had earned prior to the old-age pension. Guarantee pension can be paid out with the adjustment pension.

Widow's pension can be paid to a woman who has been married to the deceased both at the end of 1989 and at the time of death. The amount of the benefit depends on the pension points of the deceased (pension points up to and including 1989 for women born in 1945 or later). Guarantee pension can be paid with widow's pension to women born in 1944 or earlier.

Old-age pension can be paid as from the 61st birthday of the person insured at the earliest. The old-age pension consists of income pension, premium pension and guarantee pension. For people born between 1938 and 1953 the old-age pension also includes supplementary pension. The pension is based largely on the income that the person insured has had during earlier life. The old-age pension can be drawn as 100 %, 75 %, 50 % or 25 % benefit.

Overall assessment

The overall results for the pension area are considered good. The new pension system was successfully launched in 2003 and has continued to function as expected. Payments are made in the correct amount and at the right time.

The cost of the insurance has continued to rise somewhat. It is the costs of the old-age pension – income pension and supplementary pension – that

are rising, partially as a result of positive income trends and the consequent positive income indexation of these benefits.

The year has seen extensive work together with the Premium Pension Authority with a view to improving cooperation between the two authorities. One of the results of the work has been a joint communication strategy for the basic pension and an

identification of the areas requiring joint development work with regards to the administration of the basic pension.

The Board has also worked hard to improve its information to both present and future pensioners. Work on the pension portal has continued and resulted in it being possible to open the portal to the public on 2 December 2004. The Board collaborates with insurance companies in order to be able to give a forecast of the future pension with regard to both basic pension and employment pension. Several of the major service pension companies have become linked to the portal, and the intention is that more will eventually do so.

There is considerable foreign interest in the Swedish pension system. The National Social Insurance Board has received a series of delegations, for example from various EU countries, Japan and China, who seek information about the pension reform and the Swedish pension system. In view of the fact that the pension system is fulfilling its important social function and that the targets in the policy area are being achieved, the result for the policy area during the year has to be considered good.

Policy area in the community

Pensions constitute an important part of the income of large numbers of people. As well as the national basic pension, employment pensions and private insurance pensions are also paid out. The diagram below shows the proportions of the different types of pensions that were paid out in 2003. The basic old-age pension including the widow's pension accounts for roughly 75 per cent of all pensions paid out.

Indexation of pensions

The insurance cost for the income pension (old-age pension alongside the government budget) has increased by comparison with the preceding year. One important explanation for this lies in the flexibility indexation of income and supplementary pensions, whereby pensions are adjusted by the percentage change in the income index minus the "norm" of 1.6 per cent. As long as the income index is above 1.6 per cent, this means a positive indexation of the pensions. At the end of 2003 the flexibility indexation was set at 1.8 per cent, which therefore increases the insurance cost for the benefits concerned.

The end of 2003 was the third time the pensions have been flexibility-indexed. The transition from the price base amount change of the pensions under the old system to the flexibility indexation of the new system has so far been favourable to the pensioners. The satisfactory economic trend in Sweden in recent years has meant that flexibility indexation has resulted in a relatively good rise in the pensions. This applies particularly to those do not have guarantee pension. The pensioners who have benefited from all the recalculations of the pension with flex-

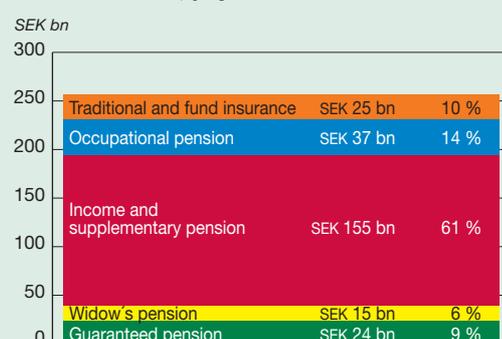
ibility indexation and who do not have guarantee pension have experienced an upward adjustment which is 2.5 percentage points greater than would have occurred under the old rules. With an average pension this has given an increase of SEK 220 per month.

The diagram shows the upward adjustment which followed from the flexibility indexation compared with what a price-base-amount adjustment would have given.

Upward adjustment with flexibility indexation compared with price-base-amount adjustment



Pension market, payments 2003



Automatic balancing

The strength of the income pension system is measured in the balance score. This shows the ratio of assets and liabilities in the system. The assets consist primarily of the charge. This is described as the value of the system's claim for 16 per cent of all future income from employment and pensionable transfers etc. The buffer fund also constitutes an asset of the system. The liability of the system is the pension liability that exists at the time of valuation.

When the balance figure is greater than 1, the assets of the system exceed the liabilities. The balance figure then shows that the system is in balance and will therefore fulfil its long-term undertakings.

If the balance figure is less than 1, the liabilities exceed the assets and the system is not in balance. Should the system be out of balance, what is known as automatic balancing comes into play. This means that pensions and pension rights are not adjusted upwards at the rate indicated by the income index minus the flexibility index. Instead they are adjusted downwards until a balance is once again achieved in the system. Pensions and pension rights are then adjusted upwards at a more rapid rate until the original level has again been reached. The balance score for 2005 shows the ratio of the assets and liabilities of the system as of 31 December 2003. That score is 1.0097, which shows therefore that the assets of the system are somewhat greater than its liabilities.

Collaboration with Premium Pension Authority during the year

During the past year the National Social Insurance Board has intensified its collaboration on the basic pension with the Premium Pension Authority (PPM). The two authorities have run extensive joint information campaigns and decided on a common programme. This will encompass joint customer service, common administrative procedures and communication with those insured. At the same time work continues on the annual dispatch of the orange envelope by the Insurance Office and PPM together.

Common administrative procedures

The authorities have identified a number of areas where the administration of the basic pension needs to be developed in a more service-oriented, integrated, legally sound and efficient direction. These may include for example a common Internet service for pensions, coordinated scanning and case processing, coordinated value statements in the orange envelope and mutual access to the system. Most of these areas require joint development of systems and procedures. Work is in progress on preparing a basis for decisions on appropriate solutions.

Joint communication strategy

The joint communication strategy extends over the period 2005–2007. Certain targets have been set up with regard to service and information to those insured. They need for example to know of the life income principle and that they should be able to assess the amount of their future basic pension and how they can influence this. The strategy also includes a division into different target groups – young people, those in midlife, soon-to-be pensioners and current pensioners. The need for information and communication channels differs between the different groups. Work will continue on, for example, deeper target group analyses and combined efforts to clarify the presentation of the basic pension as an integrated system.

Social Insurance Administration

Overall assessment

The main feature of 2004 has naturally been the formation of the integrated government authority, the Swedish Social Insurance Agency. Comprehensive preparatory work has been involved. Nevertheless, the Board considers that administrative efficiency has improved. Admittedly there has been a dip in productivity, but this is compensated for by the improvements in quality that have taken place, with shorter throughput times for most benefits, more satisfied customers and a reversal of the trend with regard to long-term sickness lasting for more than two years.

As far as confidence in social insurance is concerned, the analyses which have been carried out have produced contradictory findings. Whereas the confidence of active customers has increased, it seems that public confidence in the social insurance system in general has declined. However this is a

trend noted by most institutions, both government authorities and private companies. Finally there is nothing to suggest differences in the application of the insurance provisions between women and men.

The fact that as a whole the results have developed positively is in the Board's opinion in part a reflection of the extensive development work undertaken by the administration in recent years. This has been intended to create a social insurance administration characterized by national consensus, uniform application of insurance provisions, and more efficient processing. The new authority will give improved opportunities for obtaining more rapid results from development work than has hitherto been the case. The following section summarizes the results with regard to the various sub-goals in the Government's general aims.

Operational development

Operational development for greater consensus and improved collaboration

Operational development during the year has been characterized by preparations for the formation of the new integrated Government authority. Much of the development work that has been done earlier has been intended to produce a social insurance administration based on a general consensus, with a uniform application of the insurance system and more efficient case processing. The improved results with regard to administration this year are in many respects an effect of the operational development of previous years. Nevertheless the trend in results is not entirely satisfactory. The time lag between development work taking place and an impact on operating results is often too long. This may to some extent be inevitable in such a large and complex operation as the Social Insurance Administration. But the new integrated authority, with less intricate decision-making channels and greater flexibility, should result in operational development having a greater and more immediate impact than hitherto.

The great amount of work necessary in order to put the new authority in place by 1 January has in many ways been a development project of its own.

In addition to this there has been intensive development work of a more normal character during the year. Naturally a congruence of views between the authorities which are to form the new authority has been an important element of the work, but collaboration with other authorities and organizations has also been a feature of development work during the year.

Greater amount of self-service

Customers' opportunities of dealing with a part of the processing of their cases have been further extended this year with the introduction of new services:

- Application for premium and old-age pension (Internet)
- Notification of changed level of sicklisting (Service web/Service phone)
- Ordering of new European Health Insurance card (Service web/Service phone)
- Declaration for activity allowance (Service phone)
- Declaration for care of children for activity allowance (Service phone)

The work of developing self-service facilities has two aims. One is to improve the service to customers by allowing them to choose the channel of contact that suits them best, the other is to reduce administration costs by reducing the load on the insurance office staff, particularly in customer services. There are calculations showing that the service phone and the service web have led to cost reductions during the year equivalent to SEK 84 million in the insurance offices' administration costs.

Common systematic customer opinion management introduced

The systematic opinion management that has been introduced is based on a continuous chain from the customer to the social insurance offices/National Social Insurance Board and the Ministry of Social Affairs. By creating this chain the Social Insurance Administration is the first Swedish authority to systematically collect, pass on and feed back opinions and complaints from citizens and companies. The aim is to obtain a common approach within the administration and to enable customers' opinions to be used in developing operations.

The international arena

The international work of the National Social Insurance Board covers the fields of service export, application of EC legislation and conventions. In the field of EU collaboration the task of the Board is to draw up guidelines and to monitor application of the coordinating rules for social insurance. The Board takes part in the work of several committees supporting the Swedish Government Offices. In addition the National Social Insurance Board is a liaison body, collaborating with international organizations and handling international insurance business. The Board also receives a large number of foreign visitors and sends staff to give information on Swedish social insurance in other countries.

Export of services

The National Social Insurance Board's rules allow it to carry on export of services for payment. During 2004 the Board has concluded two projects, one in Lithuania and one in Slovakia. The Board has also started a project in Latvia. All these projects are twinning projects, financed by the EU. The purpose of the projects is to support the new member states in implementing the rules of social insurance within the EU. This involvement is of mutual value, to Sweden from the point of view of skills enhancement and to the receiving country in its preparation for the application of EC legislation. During the year the Board has also started work on a SIDA-financed project in Lithuania. Service export sales totalled SEK 3 525 000.

Export of services (SEK 000)					
Project	Opening balance	Opening balance adjustment of deficit ^{1,2)}	Costs for after the year	Income for the year	Closing balance
Consensus Poland/ Twinning project (completed 2003)	-571	0			0
Consensus Slovenia/ Twinning project (completed 2003)	1 465	1 082			1 082
SIDA Russia	158	0			0
EWI Russia (completed) Surplus transferred to buffer fund	56	0			0
Phare Latvia Surplus transferred to buffer fund	496	0			0
Twinning Latvia ³⁾	341	341	-2 445	2 019	-85
Consensus Lithuania/ ³⁾ Twinning project	449	449	-512	240	177
Sida Lithuania	11	0			0
TAIEX	0		0	0	0
Total	2 014	2 014	-4 345	3 525	1 194

¹⁾ Income from EU-financed export of services in 2004 was SEK 3 525 000, which may be compared with an income of SEK 4 114 000 for 2003. The reason for the reduction in income in recent years is that the Board's projects in 2004 and 2003 have been smaller ones.

²⁾ The year's deficit has been adjusted against surpluses reported earlier for the completed projects.

³⁾ Project income also includes advances.

International interest organizations

The National Social Insurance Board participates actively in the activities of the International Social Security Association (ISSA), an international interest organization for the world's social insurance

authorities. The Board is also represented in a UN body which carries on social development research, the United Nations Research Institute for Social Development (UNRISD)

Annual Report – financial sections

Statements of income and expenditure

Balance sheets

STATEMENTS OF INCOME AND EXPENDITURE

STATEMENTS OF INCOME AND EXPENDITURE (SEK m) Period 1 January–31 December	Board		Board and social insurance offices	
	2004	2003	2004	2003
Operating income				
Income from appropriations	1 002	982	7 404	7 223
Income from charges and other payments	1 035	911	996	868
Income from contributions	4	8	82	86
Financial income	19	13	12	1
Total	2 060	1 914	8 494	8 178
Operating expenses				
Staff costs	-565	-555	-4 778	-6 233
Accommodation costs	-84	-82	-595	-587
Other operating costs	-851	-717	-1 455	-1 329
Financial costs	-54	-82	-57	-87
Depreciations and writedowns	-404	-398	-555	-546
Total	-1 958	-1 834	-7 440	-8 782
Result of operations	102	80	1 054	-604
Revenue				
<i>Income</i>				
Income from charges etc., not utilized by the authority	1 604	10	1 394	72
Social security charges	330 356	323 278	330 357	323 279
General pension charge	72 287	69 957	72 287	69 957
Government old-age pension charge	27 464	25 369	27 464	25 369
Taxes	5 225	4 993	5 225	4 993
	436 936	423 607	436 727	423 670
<i>To be deducted</i>				
Revenue contributed to the national budget	-244 519	-238 014	-244 456	-238 084
Paid into Nat. Pension Insurance Fund	-172 399	-165 328	-172 399	-165 328
Transfer to premium pension system	-20 021	-20 266	-20 021	-20 267
	-436 939	-423 608	-436 876	-423 679
Balance, revenue	-3	-1	-149	-9
Transfers				
<i>Income</i>				
Received from national budget	174 460	167 660	247 653	243 231
Received from other authorities	69	80	86	102
Other funds received for financing of allowances	1 967	2 002	4 915	4 823
Received from National Pension Insurance Fund	163 179	155 483	163 179	155 483
Transfers written off by social insurance offices	-317 433	-305 354	-	-
Financial income	97	113	126	131
Financial expenses	-9	-8	-14	-10
	22 330	19 976	415 945	403 760
Transfers to/utilization of reserves etc	-5	-60	-26	-77
<i>Costs</i>				
<i>Policy area</i>				
13 Health and medical care policy	-193	-198	-3 560	-2 980
16 Disability policy	-	-	-12 995	-11 405
19 Benefit in case of incapacity for work	-15 270	-13 693	-115 471	-114 276
20 Financial policy for the aged	-10	-28	-51 233	-51 957
Old-age pension system alongside the national budget	-437	-75	-163 238	-155 544
21 Financial policy for families	-6 411	-6 004	-59 505	-57 745
Other payments	-1	-1	-9 858	-9 622
	-22 322	-19 999	-415 860	-403 529
Balance, transfers	3	-83	59	154
Change in capital for the year	102	-4	964	-459

BALANCE SHEETS (SEK m)	Board		Board and social insurance offices	
	2004	2003	2004	2003
ASSETS				
Intangible assets				
Computer program costs etc. brought forward	1 526	1 420	1 526	1 420
Rights and other intangible assets	39	56	39	56
	1 565	1 476	1 565	1 476
Tangible assets				
Buildings and land	–	–	273	260
Improvement of non-owned property	15	20	50	59
Machinery and equipment	171	193	379	430
	186	213	702	749
Financial assets				
Long-term claims against social insurance offices	299	311	–	–
Other long-term receivables	13	15	17	19
	312	326	17	19
Receivables				
Accounts receivable	3	3	6	7
Due from social insurance offices	250	224	–	–
Due from other authorities	166	442	239	518
Other current receivables	196	264	2 589	2 632
	615	933	2 834	3 157
Accruals and deferrals				
Prepaid costs	93	86	201	201
Accrued contribution revenue	–	–	9	13
Other accrued revenue	72	61	140	110
	165	147	350	324
Settlement with Government				
Settlement with Government	3 333	2 126	9 081	7 397
Short-term investments				
Bonds and other securities	1 472	1 467	1 482	1 697
Cash at bank and in hand				
Balance in interest account with Nat. Debt Office	215	58	215	58
Cash, postal giro and bank	36	30	146	146
	251	88	361	204
TOTAL ASSETS	7 899	6 776	16 392	15 023
CAPITAL AND LIABILITIES				
Government capital				
State	0	–	0	–
Donations	–	–	6	6
Change in capital brought forward	271	275	–9 679	–9 225
Change in capital as per statement of income and expenditure	102	–4	964	–459
	373	271	–8 709	–9 678
Reserves				
Reserves	939	907	1 311	1 258
Provisions				
Provision for pensioners and similar commitments	1	1	9 753	10 763
Provision for voluntary pension insurance	649	676	649	676
Provision for interest on recourse claims	–	–	185	–
	650	677	10 587	11 439
Liabilities etc				
Loan from National Debt Office	2 037	1 998	2 037	1 998
Other loans	–	–	38	43
Interest account credit	–	–	–	–
Due to social insurance offices	2 080	1 989	–	–
Due to other authorities	84	30	206	153
Accounts payable	211	151	784	782
Other liabilities	1 084	324	9 093	8 006
	5 496	4 492	12 158	10 982
Accrual and deferral items				
Accrued costs	440	427	1 020	990
Unutilized contributions	1	0	25	27
Other prepaid revenue	–	2	0	5
	441	429	1 045	1 022
TOTAL CAPITAL AND LIABILITIES	7 899	6 776	16 392	15 023
Assets pledged	None	None	54	59
Contingent liabilities				
Other contingent liabilities	None	None	1 518	60