

The Swedish Social Insurance Agency  
Annual Report 2006  
(Extract)



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# Summary of the year's results

## The work against ill health

### *Reduced absence due to ill health...*

- The total absence as a result of ill health is falling
- The total expenditure for sickness benefit and sickness and activity compensation is falling
- The regional spread in the incapacity rate is decreasing
- The number of persons with sickness compensation or activity compensation is decreasing for the first time in the 21st century
- The number of days of sickness benefit is still decreasing although at a slower and slower rate due to the number of new cases of sickness not decreasing as quickly

### *...although there are deviations from the plan to halve absence due to sickness*

- The fact that the reduction of new cases of sickness has slowed down and that the duration of cases of sickness has not been sufficiently shortened means that absence due to ill health is at present decreasing too slowly to achieve the national target of halving days absent due to sickness by 2008
- Försäkringskassan has not succeeded sufficiently well in giving priority to work early in cases of sickness
- Efforts to get people on sick leave back to work must become more efficient

## Other policy areas

- The pension system is functioning well. The right amount is paid at the right time and to the right person
- The costs of pension administration have decreased and simplifications have been introduced for customers
- The proportion of parental benefit days taken by men is continuing to increase although a long way remains before these days are taken equally by both parents
- An increasing number of children of separated parents receive their child support without the involvement of Försäkringskassan

## Quality

- Processing times have been shortened for most types of cases. The times are the shortest ever recorded for cases decided by the Social Insurance Board
- Fewer individuals are affected by really long processing times
- The differences in processing times between different regions have decreased
- Increased checks have led to fewer and fewer suspected crimes and an increase in the number of persons sentenced for social insurance offences
- There is sufficient documentation in a high proportion of most types of cases, although there are deficiencies for, for instance, sickness benefit cases
- Försäkringskassan obtained a slightly poorer rating in this year's customer survey
- The credibility of the social insurance system has strengthened compared with a similar study from 2003

## Staff policy

- Sick leave among Försäkringskassan's staff has fallen for the fourth consecutive year
- Improved results in the staff survey

## Operational development

- An integrated programme, which increases the tempo of the work of change, has been started during the autumn
- Uniform working processes (ENSA) have been introduced for more efficient and uniform processing for around 80 per cent of cases processed
- The proportion of customers using Försäkringskassan's Internet services has increased sharply
- Efficiency improvements in, above all, support activities have led to it being possible to invest around SEK 300 million in prioritised areas

## Comments of the Director-General

Until two years ago, the social insurance system was administered by 22 different agencies. After the merger and the establishment of Försäkringskassan on 1 January 2005, one of the largest transformations that has ever taken place in Swedish central government administration was initiated. The changes that Försäkringskassan has undergone entail extensive work which will continue for a number of years to come.

Why are we doing this? The simple answer is that those insured – our customers, are not satisfied today. In studies carried out by others and in our own surveys the picture emerges of Försäkringskassan as an inflexible, suspicious and bureaucratic organisation. We want to change this.

Our aim is to create a modern, efficient and service-minded agency which corresponds better to the demands and needs of citizens and customers. Försäkringskassan shall be easier to reach and understand, cases shall be processed more quickly at the same time as the correct decisions are made. Citizens and taxpayers shall be able to feel sure that only those who are entitled to allowances and benefits receive them. There will be zero tolerance of cheating.

Customers, from families with children to pensioners, shall be more easily able to find a way of contacting Försäkringskassan that suits them. It is to be easy, quick and right for the customer! The first measure will be to build up a telephone customer service with generous opening hours, where officials can make decisions in simpler cases. Other plans include having an office in every municipality for those who need a personal official with special expertise to deal with their case and expanded self-service via the Internet. The work of modernisation is also intended to provide staff with better prerequisites to be able to work effectively and cope with the demands made by customers.

In 2006, a number of steps have been taken in this direction. Results have been improved considerably in several areas since last year. This applies in particular to processing times, which have reduced for most kinds of cases. Fewer and fewer people have to wait an unreasonably long time for a decision or a payment of, for instance, sickness benefit or temporary parental benefit.

Work against ill health is also moving in the right direction. In December, the incapacity rate was down to 39.9. This meant that the reduction in 2006 was the largest reduction in a single year since the mid-1990s and corresponds to more than 8 million benefit days. The reduction in the incapacity rate is mainly due to a reduction in the number of days with sickness benefit but from November 2006, the number of days with sickness compensation has also decreased.

The fact that the state of the labour market is better than for a long time is an important factor that contributes to more returning to work. However, if the target of 37 days is to be achieved, it is important that this decline does not slacken off. In the long-term, it looks unfortunately as if there is a disturbing trend in this direction. The decrease in new cases of sickness has slowed down and cases of sickness have not become shorter to the extent required to achieve the Government's target of a halving of absence due to sickness by 2008.

For many in Försäkringskassan, 2006 has been characterised by transition and for some also by breaking up. Staff and responsibilities have moved. In some places, new developments have been built up instead. The common service in Östersund and Arvidsjaur and the concentration of processing of car support for the disabled in Västervik are examples of this.

Despite major changes and a high work tempo, the result was improved in the staff survey. It is gratifying that absence due to sickness among Försäkringskassan's own staff has decreased for the fourth consecutive year.

Försäkringskassan's journey of change was embarked upon in 2005 and a lot still remains to be done. There is a clear destination for the remainder of the journey: Försäkringskassan shall be a top-class agency which enjoys the full confidence of the public as regards service, treatment and efficiency and which actively contributes to reducing the amount of sick leave and increasing the number at work and

shall also be one of Sweden's most developing workplaces with a very low sick leave. It shall be simple, fast and correct for the customer. A historical change has been initiated and it is a privilege to be able to participate in it.

Curt Malmborg  
Director-General

# Organisation

Since 1 January 2005, Försäkringskassan [*The Swedish Social Insurance Agency*] has been a unified state agency primarily for social insurance<sup>1</sup>.

Försäkringskassan is led by a board with full responsibility. The board is elected by the government and consists of nine members. The board includes the Director-General.

At the end of 2006, the number of employees at Försäkringskassan was around 17,000.

Försäkringskassan consists of the Director-General, the Deputy Director-General, six staff units, the Production Division, the Insurance Division, the Development Division, and the Department for Common Service. There is also an internal audit department and the Public Representative.

Försäkringskassan has a management group consisting of the Director-General, the Deputy Director-General, the managers of the Insurance, Production and Development Divisions and the heads of Information, Accounting and Human Resources.

The 21 regional organisations and the Department for National Concentrated Insurance Operations belong to the Production Division and their primary function is to handle individual cases within the social insurance and allowance systems and to be responsible for coordination of working life-oriented rehabilitation.

Until 31 December 2006, there was an insurance delegation in every county organisation that consisted of elected politicians. The delegations monitored that Försäkringskassan's activity in the county was pursued efficiently and with good service. The insurance delegations were also responsible for making decisions on regional and local collaboration in the sphere of rehabilitation. The Riksdag has decided that the insurance delegations should be abolished from 2007.

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<sup>1</sup> Försäkringskassan also manages some minor areas which are governed by laws and ordinances.

# Summary of benefits

## Health and medical care policy

### Dental care

- Dental care

### Health and medical care

- International health care
  - Disease carrier's allowance

## Benefits for work incapacity

### Benefits for work incapacity

- Sickness benefit
- Voluntary sickness insurance
- Benefit for care of closely-related persons
- Activity compensation
- Sickness compensation
- Work injury allowances
- Occupational injury allowances
- Disability allowance

## Disability policy

### Measures for participation and equality

- Assistance allowance
- Car allowance for the disabled

### Measures against ill health

- Rehabilitation allowance
- Grants for technical aids for the disabled

## Financial old age policy

### Benefits in old age

- Guarantee pension for old age pension
- Housing supplement for pensioners
- Maintenance support for the elderly
- Special pension supplement

### Benefit in the event of death

- Adjustment pension
- Special survivor's pension
- Special survivor's pension
- Widow's pension
- Guarantee pension for adjustment pension, special survivor's pension and widow's pension

### Other

- Voluntary pension
- Seafarer's pension
- **Old age pension system outside the state budget**
  - Income pension
  - Supplementary pension
  - Premium pension

## Financial family policy

### Insurance

- Parental benefit
- Temporary parental benefit
- Pregnancy benefit
- Child pension
- Pension entitlement for child years

### Needs-tested allowances

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

### General allowances

- Child allowance including large family supplement
- Adoption expenses grant

### Other benefits

- Activity grant
- Daily allowance for conscripts
- Family benefit
- Holiday pay insurance
- Sick pay costs insurance

# Social insurance expenditure and finance

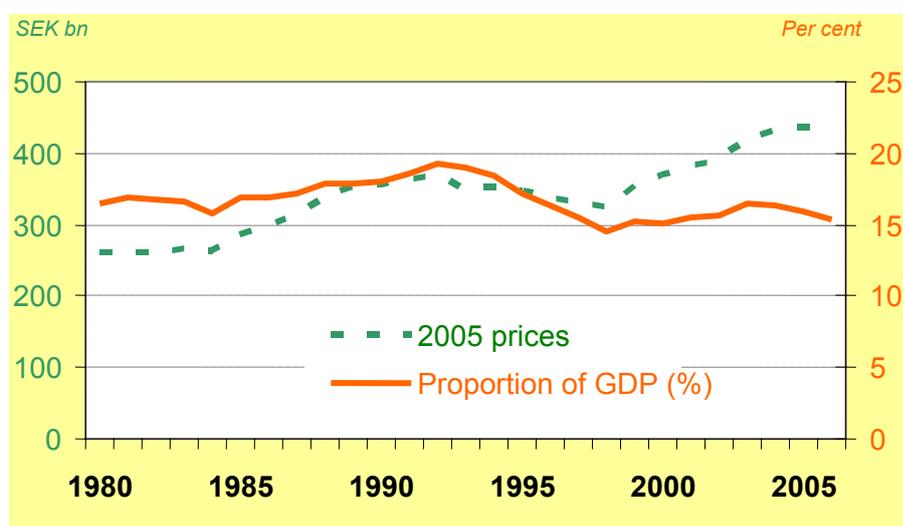
## Social insurance expenditure

Försäkringskassan is responsible for social insurance which is the greater part of Sweden's financial security system. The purpose of this system is to provide financial protection in the event of sickness, work injury and old age, and also to families with children and people with disabilities.

Social insurance expenditure in 2006 totalled SEK 445 billion. This is equivalent to almost one-sixth of the gross domestic product (GDP) and about half of the expenditure under the expenditure ceiling set by the Riksdag. Almost SEK 24 of every SEK 100 spent on private consumption comes from social insurance.

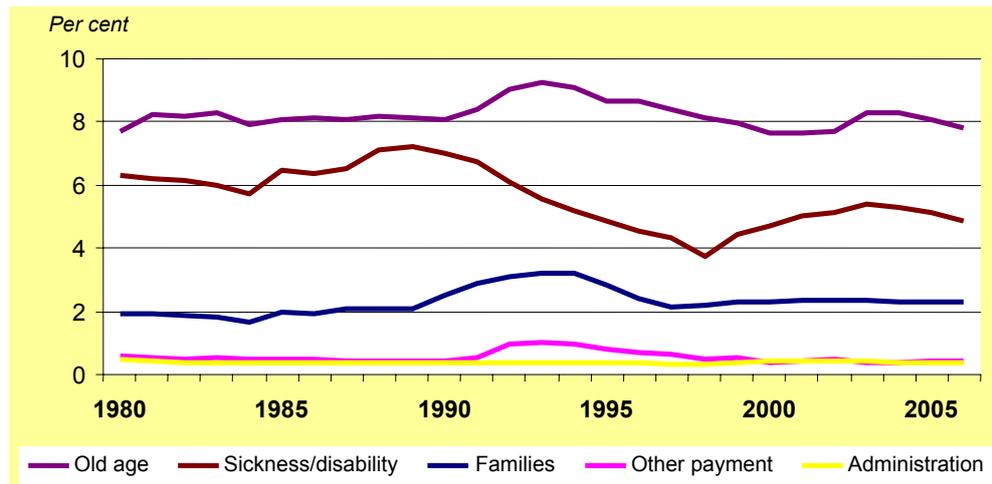
Relative to GDP, the level of expenditure was slightly lower in 2006 compared with the 1980s. There was a very sharp rise in expenditure in the second half of the 1980s which peaked in 1992. Subsequently, total expenditure expressed in fixed prices declined until 1998, due to the economic upswing and because of rule changes designed to reduce expenditure. The changes in rules introduced concerned, among other things, reduced benefit levels and introduction of a sick pay period and waiting days in sickness insurance. The steep rise in expenditure from 1999 is chiefly due to the rapidly increasing expenditure for sickness insurance and in the old age pension system and the introduction of state old-age pension contributions in 1999. Several of the benefits, such as sickness benefit and parental benefit are pensionable income. In addition, pension entitlement is given for care of small children. Since 1999, the state has paid old-age pension contributions corresponding to the pension entitlement for this, totalling just over SEK 23 billion for social insurance in 2006.

### Social insurance expenditure in fixed prices and in proportion to GDP



During the 1960s and 1970s, the trend in social insurance expenditure increased in proportion to GDP, while since the beginning of the 1980s, the development has been more of a cyclical kind. The aggregate expenditure peaked at the equivalent of almost 20 per cent of GDP in 1992. Social insurance expenditure decreased in the 1990s both in fixed prices and in proportion to GDP.

## Payments from the main social insurance groups in proportion to GDP



Expenditure in the field of financial security in old age is relatively stable relative to GDP and today accounts for around half of social insurance expenditure. Expenditure in the field of financial security in ill health and disability has varied considerably more. After a rapid rise in expenditure for both sick leave and work injuries in the latter half of the 1980s, expenditure fell sharply from the equivalent of 7.2 per cent of GDP in 1989 to 3.8 per cent in 1998. This reduction was due to reduced sick leave, the 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 GDP because of the rising number of persons on sick leave and those receiving sickness and activity compensation. From and including 2004, expenditure relative to GDP within the field of financial security in ill health and disability successively decreased so that the expenditure level as a per cent of GDP is largely the same as at the turn of the millennium. The trend in expenditure in the field of financial security for families with children mainly reflects the large numbers of children at the end of the 1980s and beginning of the 1990s.

## Financing of social insurance

The social insurance schemes are mainly financed by social security contributions by employers and the self-employed, the general pension contribution, a state old age pension contribution, central government funds and fund yield. The provisions on the financing of social insurance are mainly found in the Social Security Contributions Act (2000:980) and the Social Security Contributions Distribution Act (2000:981).

Certain insurance benefits are financed entirely from central government funds. These include child allowance, housing allowance and certain other allowances to families with children, certain allowances to the disabled and housing allowance for pensioners/persons with sickness or activity compensation. Maintenance support is paid from tax funds for that portion of expenditure which is not covered by payments from those liable for maintenance. Assistance allowance is partly financed by the municipalities.

Five areas of insurance are financed wholly or partly by general social insurance contributions. 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 contribution-based, and other areas of insurance, which are benefit-based. The reformed old age pension system is financed by a number of contributions which are paid by employers, the self-employed, the state and the individual. These contributions are fixed and pension payments are adjusted to what is possible in the long term given the size of the contributions and the funds.

A further difference between the old-age pension system and other areas of insurance lies in the fact that the pension system is independent of the state budget with contributions which go to the National Pension Insurance Funds and the premium pension system from which pension benefits are paid. No

contributions go to funds for other benefits but to the state budget instead from which social insurance benefits are paid. The financial link between contributions received and the benefits which have to be financed is therefore relatively weak. Where the law prescribes that the contributions are to finance particular benefits, however, the contributions and benefits concerned are shown in the table below summarised in a financially more autonomous system.

### Financing of social insurance 2006, SEK million

SEKm Policy area	Operational area	Expenditure		Income				Other funds supplied	Surplus/ Deficit for the year
		Benefit/ allowance	Administ	Soc. contrib.	sec. govt.	Govt. grants	Financial income		
<b>13 Health and medical care policy</b>	Dental care	3 099	168	0	3 267	0	0	0	0
	Health and medical care	493	120	0	462	0	150	-1	
	<b>Total</b>	<b>3 592</b>	<b>288</b>	<b>0</b>	<b>3 729</b>	<b>0</b>	<b>150</b>	<b>-1</b>	
<b>16 Disability policy</b>	Efforts to improve participation and equality	16 338	160	0	13 237	0	3 261	0	
	<b>Total</b>	<b>16 338</b>	<b>160</b>	<b>0</b>	<b>13 237</b>	<b>0</b>	<b>3 261</b>	<b>0</b>	
<b>19 Benefit for work incapacity</b>	Benefit for and action against ill health	117 238	5 012	106 528	19 135	16	75	3 504	
	<b>Total</b>	<b>117 238</b>	<b>5 012</b>	<b>106 528</b>	<b>19 135</b>	<b>16</b>	<b>75</b>	<b>3 504</b>	
<b>20 Financial old age policy</b>	Benefit in old age	29 196	628	0	29 824	0	0	0	
	Benefit in the event of death	15 814	62	18 063	878	0	0	3 065	
	<b>Total</b>	<b>45 010</b>	<b>690</b>	<b>18 063</b>	<b>30 702</b>	<b>0</b>	<b>0</b>	<b>3 065</b>	
<b>21 Financial family policy</b>	Insurance	31 570	1 214	26 465	4 561	0	0	-1 758	
	Needs-tested allowances	10 272	895	0	9 767	0	1 400	0	
	General allowances	23 653	140	0	23 793	0	0	0	
	<b>Total</b>	<b>65 495</b>	<b>2 249</b>	<b>26 465</b>	<b>38 121</b>	<b>0</b>	<b>1 400</b>	<b>-1 758</b>	
<b>Other benefits</b>	<b>Total</b>	<b>11 816</b>	<b>216</b>	<b>0</b>	<b>213</b>	<b>0</b>	<b>11 824</b>	<b>5</b>	
<b>Old age pension system alongside the state budget</b>	<b>Total</b>	<b>176 213</b>	<b>632</b>	<b>183 262</b>	<b>0</b>	<b>24</b>	<b>0</b>	<b>6 441</b>	
<b>TOTAL</b>		<b>435 702</b>	<b>9 247</b>	<b>334 319</b>	<b>105 137</b>	<b>40</b>	<b>16 710</b>	<b>11 257</b>	

1) The total amount for administration costs does not include expenditure on FMC (The Insurance Medical Centre) SEK 102m, the Institute of Stress Medicine at SEK 13m and external orders at the Development Division of SEK 4m. Total administration costs including these items are SEK 9,366m.

The table shows in outline how the social system was financed in 2006. Government grants are shown net after deduction from incoming contributions. The major part of Försäkringskassan's administration costs are financed by social security contributions, central government grant and funds from the National Pension Insurance Fund.

The following tables show income and expenditure in the years 2004–2006 for the contribution-financed social insurance schemes<sup>2</sup>. Försäkringskassan reports contributions in all cases in the year they were recorded with Försäkringskassan irrespective of the year they relate to. The total level of the employers' contribution including general wage contribution was 32.7 per cent in 2004. This total also includes the labour market contribution. In 2005, the sickness insurance contribution and the general wage contribution were reduced while the unemployment contribution was increased with the effect that there was a further slight decrease in the employers' contribution to 32.46 per cent. In 2006, employers' contributions were further reduced slightly to 32.28 per cent, through a further reduction in sickness insurance while the general wage contribution was increased.

### Sickness insurance

The sickness insurance contribution was 11.08 per cent in 2004 although it was reduced to 10.15 per cent in 2005 followed by a further reduction to 8.64 per cent in 2006. Other percentage rates apply for self-employed persons. Percentage rates also differ according to whether they have chosen to have waiting days.

<sup>2</sup> Contribution income is reported here as an income also in the reformed old age pension system even if it is a matter there of premiums paid which give rise to an equally large "debt" for the pension system. Pension payments can thus not be reported as an expenditure but as an amortisation of the pension debt. However, in this summary, the financing of the old age pension system is reported according to the same model as other types of benefit.

The sickness insurance contribution is intended to finance sickness benefit, rehabilitation benefit, and other rehabilitation allowances, benefit for care of closely-related persons, and pregnancy benefit and state old-age pension contributions for daily allowances. The contribution also has to finance income-based sickness and activity compensation. The sickness insurance contribution also has to finance national old age pension contributions for sickness and activity compensation. The contribution is also to finance Försäkringskassan's administration costs for those benefits financed by the contribution.

In 2005 and 2006, there was also a special sickness insurance contribution. This contribution is based on the total amount of full sickness benefit for employees. The contribution was 15 per cent. It was used to partly finance expenditure for full sickness benefit.

Contribution income has been considerably higher than expenditure during the period 2004 to 2006 due to the increase in contributions in 2003 and several changes in rules for insurance schemes.

#### Social insurance income and expenditure, SEK million

Year	2004	2005	2006
<b>Expenditure</b>			
Sickness benefit	35 944	32 479	30 886
Rehabilitation	3 377	2 751	2 331
Closely-related persons allowance	69	72	74
Old age pension contributions for daily allowances	4 716	3 739	3 369
Income-based sickness and activity compensation	44 474	47 118	47 636
Part of old age pension contrib..for sick. comp. etc.	6 916	8 836	8 709
Pregnancy benefit	398	397	426
Old age pension contrib. for pregnancy benefit	42	42	41
Part of Försäkringskassan's administration costs	3 371	3 634	4 261
<b>Total expenditure</b>	<b>99 307</b>	<b>99 068</b>	<b>97 733</b>
<b>Income from contributions</b>	<b>113 083</b>	<b>110 342</b>	<b>99 350</b>
<b>Surplus (+)/ deficit (-)</b>	<b>+13 776</b>	<b>+11 274</b>	<b>+1 617</b>

#### Work injury insurance

The work injury contribution was 0.68 per cent in 2006 and it has been at that level since 2003. The contribution finances benefits that are paid out in accordance with the Work Injury Act and corresponding earlier provisions, such as the Occupational Injury Insurance Act. However, some benefits are paid by others, for instance, public enterprises and incorporated former public enterprises. Mention may be made in this context of the Personal Injury Protection Act which provides for compensation to individuals injured while doing national service, etc. These payments are financed by the state.

The benefits which can be paid from the work injury insurance are disability annuities, survivor's annuities, funeral assistance, work injury benefit in certain cases, medical care abroad, dental care and technical aids for the disabled and also from 2003, special work injury benefits.

The employer's contribution also finances national old age pension contributions for disability annuities according to the work injury insurance scheme and work injury benefit and the administration costs of the benefits financed by the contribution.

From 2004 to 2006, contribution income has been higher than expenditure despite the earlier reduction of the contribution rate.

**Work injury insurance, income and expenditure, SEKm**

Year	2004	2005	2006
<b>Expenditure</b>			
Benefits etc.	6 352	6 218	5 884
Administration costs	357	392	383
<b>Total expenditure</b>	<b>6 709</b>	<b>6 610</b>	<b>6 267</b>
<b>Income</b>	<b>7 246</b>	<b>7 266</b>	<b>7 683</b>
<b>Surplus</b>	<b>+537</b>	<b>+656</b>	<b>+1 416</b>

**Old age insurance**

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 security 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 of 7.0 per cent paid by all persons in gainful employment. The old-age pension contribution brought in income of SEK 81 billion and the general pension contribution income SEK 75 billion to the National Pension Insurance Funds in 2006. A national old age pension contribution is charged to income-based transfers which is paid from the state budget to the old-age pension scheme. The national old-age pension contribution for transfers is 10.21 per cent. The contribution for pensionable amounts is 18.5 per cent. The National Pension Insurance Funds' income from the latter contributions was almost SEK 27 billion in 2006.

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 state budget. The general pension contribution goes in full to the National Pension Insurance Fund. The national old-age pension fees are divided between the National Pension Insurance Fund and the premium pension system.

Income pension and supplementary pension are financed from the National Pension Insurance Fund. The National Pension Insurance Funds also make payments to the state including Försäkringskassan for their administration costs associated with income-based old-age pension. The value of the pension rights for employees of the European Communities can be transferred from the National Pension Insurance Fund and the premium pension system to the EU occupational pension scheme or vice-versa.

From 2004 to 2006, the value of the National Pension Insurance Funds rose appreciably due to large increases in value mainly of the shareholding. Furthermore, contribution income during the period has exceeded the sum of pension payments and administration costs.

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 premium pension 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 2006 are preliminary. The table refers to market values.

**National Pension Insurance Fund income and expenditure, SEK million**

Year	2004	2005	2006
<b>Expenditure</b>			
Pension payments	162 783	169 071	176 132
Special adjustment	1 600	0	0
Transfers to EU	379	57	24
Administration costs	2 737	2 032	2 077
<b>Total expenditure</b>	<b>167 499</b>	<b>171 160</b>	<b>178 233</b>
<b>Income</b>			
Contributions	171 600	179 552	183 624
Interest, exchange rate differences, etc. (net)	65 162	114 598	83 356
<b>Total income</b>	<b>236 762</b>	<b>294 150</b>	<b>266 980</b>
<b>Change in funds</b>	<b>+69 263</b>	<b>+122 990</b>	<b>+88 747</b>
Fund balance 31/12	646 200	769 190	857 937

**Survivor's pension**

The contribution rate for survivor's pension has been constant since 1999 at 1.7 per cent. Only income-based survivor's pensions are financed from the contribution. Guarantee pension and survivor's support for children are financed from taxation. Child pension and survivor's support for children are shown as their own appropriation in the state budget while the other benefits are shown together under the appropriation "survivor's pension for adults".

The survivor's pension contribution also finances administration costs for corresponding benefits.

From 2004 to 2006, contribution income was considerably higher than expenditure.

**Income and expenditure of survivor's pension, SEK million**

Year	2004	2005	2006
<b>Expenditure, fee-financed part</b>			
Survivor's pension adults	14 904	14 917	14 935
Child pensions	964	942	918
Administrative expenses	36	112	87
<b>Total expenses</b>	<b>15 904</b>	<b>15 971</b>	<b>15 940</b>
<b>Income from expenditure</b>	<b>17 577</b>	<b>18 164</b>	<b>19 206</b>
<b>Surpluses/deficits</b>	<b>+1 673</b>	<b>+2 193</b>	<b>+3 266</b>

**Parental benefit**

The contribution rate for parental insurance has been unchanged since 1999 at 2.2 per cent. The contribution finances parental benefit and temporary parental benefit and national old-age pension contributions and management fees for these benefits. However, pregnancy benefit is financed from the sickness insurance contribution.

In 2004, the deficit in parental insurance amounted to SEK 1 billion from previously having been approximately in balance. The deficit has increased for 2006 to over SEK 2 billion.

**Parental insurance income and expenditure, SEK million**

Year	2004	2005	2006
<b>Expenditure</b>			
Parental benefit	17 240	17 738	18 939
Temporary parental benefit	3 671	3 742	4 333
National old-age pension contribs.	2 118	2 207	2 355
	709	945	1 157
<b>Total expenditure</b>	<b>23 738</b>	<b>24 632</b>	<b>26 784</b>
<b>Contribution income</b>	<b>22 738</b>	<b>23 504</b>	<b>24 819</b>
<b>Surplus (+) / deficit (-)</b>	<b>-1 000</b>	<b>-1 128</b>	<b>-1 965</b>

**Summary**

The difference between income and expenditure for sickness insurance, work injury insurance, survivor's pension and parental insurance in 2006 provides a surplus of SEK 4 billion. In 2004–2005, this resulted in a surplus of between SEK 13 and 15 billion per year. These surpluses are not funded but are included in the state budget and serve in practice as a tax. If tax revenue is insufficient, funds are made available from the state budget, however. It is not appropriate to include the old-age pension system in the same argument because any surplus there is funded. However, a part of the old-age pension contribution also goes to the state budget, namely the part which is charged on income over the ceiling for earning of pension entitlement (7.5 income base amounts). The old-age pension contributions that were transferred to the state budget in 2006 totalled around SEK 11.6 billion.

**Financing the operation**

The operation is mainly financed by appropriations on the state budget, but also by contribution revenue relating to its own result areas:

- administration of old-age pension
- administration of family allowances
- administration of small business insurance
- administration of the Insurance Medical Centre (FMC)
- administration of state claims
- payment from public utilities
- payment for EDP processing
- other

The table aims to provide an integrated picture of Försäkringskassan's financial position. The table contains appropriation finance and own result areas. The heading "other" includes administration of state claims, payment from public utilities, payment for EDP processing and the Stress Institute.

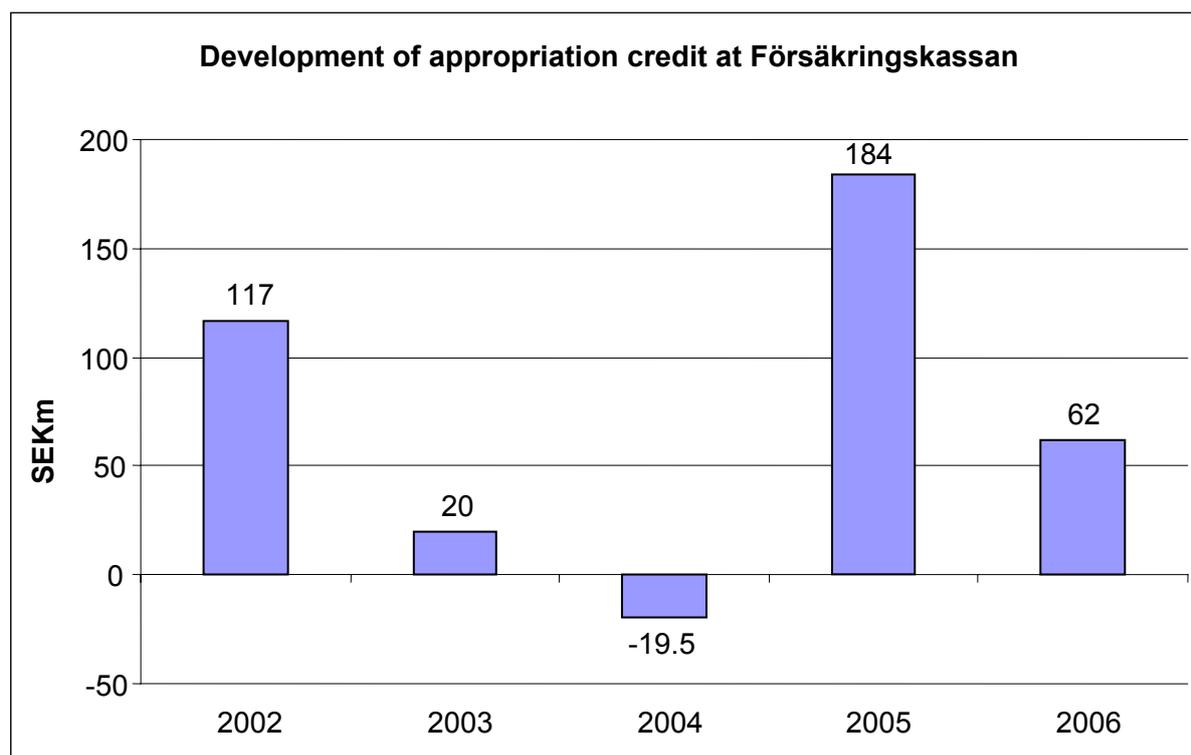
## Försäkringskassan's financial position, 2006, SEK thousand

	Appropriation finance	Own result areas				
		Old-age pension	Family- Allow- ance	Small business insurance	FMC	Other <sup>1)</sup>
<b>Opening surplus or deficit</b>	183 726	139 319	3 314	-623	9 904	8 488
<b>Income</b>						
Funds allocated	7 631 273					
Contributions		806 059	3 458	1 800	103 258	28 522
Other income	707 312	0	0	0	151	536
<i>Total</i>	8 338 585	806 059	3 458	1 800	103 409	29 058
<b>Expenses</b>	-8 593 473	-633 619	-5 780	-1 778	-102 266	-28 762
<b>Net result for the year</b>	-254 888	172 440	-2 322	22	1 143	296
Correction accrued expenses	133 444					
<b>Closing surplus or deficit</b>	62 282	311 759	992	-601	11 047	8 784

1) Administration of state claims, payments from public utilities, payments for EDP processing, export of services and the Stress Institute

Contribution income is available for financing of its own result areas. The administration of income-based old-age pension (including premium pension) is a separate result area financed through payment from the Swedish Pension Insurance Fund and the Premium Pension Authority. At the start of the year, Försäkringskassan had a surplus for this result area of SEK 139 million. In 2006, this surplus had increased by SEK 172 million to SEK 312 million. The Insurance Medical Centre (FMC) has reported a surplus of SEK 11 million at the beginning of the year. Under the heading, "own result areas" in the section. The results for 2004 and 2005 and the specification of "Other" are also reported under the heading "Own result areas".

To finance the main parts of the activity, Försäkringskassan has at its disposal appropriation 19:6 appropriation items 1 and 4. The development of appropriation credit is shown by the figure. The total of appropriation credit is shown for the then National Social Insurance Board and the 21 social insurance offices for the years 2002–2004.

**Development of appropriation saving 2002–2006**

In 2006, appropriation credit had decreased by SEK 122 million, i.e. the appropriation outcome was SEK 122 million higher than the funds granted. Of the appropriation credit of SEK 62 million in 2006, SEK 48 million relates to appropriation item 1, Funds managed and SEK 14million appropriation item 4, Additional resources to prevent incorrect payments.

Besides administration appropriation 19:6 appropriation items 1 and 4, part of the sickness benefit appropriation 19:1 appropriation item 21 is available for certain costs relating to collaboration in the sphere of rehabilitation. In 2006, SEK 642 million of Försäkringskassan's operating expenses were financed by these funds which is SEK 190 million more than in 2005.

## Cost development of social insurance

Försäkringskassan is responsible for the operation of social insurance. However, the Premium Pension Authority is responsible for administration of premium pension. The presentation in this annual report only concerns Försäkringskassan.

All allowances and benefits administered by Försäkringskassan can be attributed to one of the different policy areas included in the sphere of responsibility of social insurance. The summary below shows how the cost, broken down according to insurance costs and administration costs in SEK million, has developed over a three-year period for each policy area. The total costs of social insurance in 2006 came to SEK 445 billion, which is an increase of three per cent compared with the previous year.

### Insurance costs

The insurance costs in 2006 totalled SEK 436 billion, which is an increase of two per cent compared with 2005. Based on each policy area's development of insurance costs, the largest increase of insurance costs is for *Financial old-age policy*, where positive indexation, a consequence of the healthy development of income in recent years, has led to a continued increase in insurance costs in the policy area of almost SEK 6 billion in 2006. *Financial family policy* reports cost increases of almost SEK 4.5 billion. The main reasons for these cost increases can be derived from a number of changes made in the rules. For instance, the level of child allowance was increased in autumn 2005,

which has been reflected in there being a large increase in cost for the benefit child allowance including the supplement for large families. On 1 July 2006, the ceiling was raised for the income on which sickness benefit is based which has had costs effects on, for instance, parental benefit and temporary parental benefit.

In the policy area *Disability policy*, insurance costs have increased by SEK 1.7 billion due to increased costs for assistance allowance.

The increase in costs in *Health and medical care policy* can be derived to increased costs in the dental care benefit.

The policy area *Compensation in the event of work incapacity* shows insurance costs which have decreased by over SEK 2.2 billion. This reduction can accordingly primarily be derived from a reduction in the number of sickness benefits days paid.

### **Administration costs**

Administration costs in 2006 totalled over SEK 9.26 billion, which is an increase of nine per cent compared with 2005. (Costs for export of services and external orders of SEK 3.5 million are not included in the total amount). A not-inconsiderable part of the increase in costs, almost SEK 230 million, is due to Försäkringskassan paying in retroactive fees during the year for contribution-based old-age pensions for staff which relate to 2004 or earlier, i.e. the time before the establishment of the new agency.

Broken down by policy areas, the largest reasons for the increased administration costs are the increased administration costs in *Payment for work incapacity* and *Financial family policy*. Within the first-mentioned policy area, the increased costs are explained primarily by the redistribution of funds made to the area of ill health due to efficiency improvements in the internal administrative activity and the resources released. The type of case sickness benefit including co-financing shows increased costs of over SEK 270 million. A large part of this increase in costs is due to Försäkringskassan's increased collaboration with other actors, such as the National Labour Market Board, the Swedish Work Environment Authority and the National Board of Health and Welfare. The increase in costs is also explained by staff reinforcements and increased insurance doctor resources.

Administrative expenses in the types of cases sickness compensation and activity compensation have increased in 2006 by over SEK 112 million. The main explanation for this can be found in Försäkringskassan having invested additional resources in this area, which, as in the area of sickness benefit, have primarily been used for staff reinforcements and insurance doctors. A development that also affects both the areas of sickness benefit and sickness and activity compensation is that increased resources have also been invested in training initiatives in insurance medicine for doctors and other relevant professional groups.

In the field of rehabilitation, the investigation of rehabilitation needs and initiatives in co-ordinated working-life focused rehabilitation show relatively large increases in costs. These can, among other things, be derived from Försäkringskassan during 2006 having sharply increased the number of status meetings, which has led to an increase in costs for investigation of rehabilitation needs.

As regards the policy area *Financial family policy*, it is primarily the benefits temporary parental benefit, parental benefit and child allowance, which have led the policy area to report increased costs. A large part of these increases in costs can be derived from the special funds for control of cheating and abuse of temporary parental benefit which have been made available to Försäkringskassan. In parental benefit and child allowance, changes in rules which have been implemented during the year have led to some increase in administration costs. In child allowance, the changes in rules have led to certain additional manual administrative routines, which have increased costs for the benefit.

In the policy area *Disability policy*, some increase in administration costs have taken place within the types of case assistance allowance, primarily due to an increase in the number of recipients of the benefit, as well as the number of hours granted with assistance.

As during 2005, the policy area *Financial old-age policy* 2006 decreased administration costs. Housing supplement for pensioners accounts for the largest reduction, where costs decreased by SEK 85 million. Old-age pension also shows a large decrease in costs, in this case by SEK 70 million.

Cost development of social insurance (SEK m) <sup>1)</sup>						
	2004		2005		2006	
	Insurance	Administration	Insurance	Administration	Insurance	Administration
Payment in the event of and measures against ill health <sup>2) 5)</sup>	114 206	3 050	118 401	3 140	117 238	5 012
	1 265	1 281	1 130	1 222		
Health and medical care policy	3 560	256	3 340	253	3 592	288
Financial family policy	59 505	1 835	61 022	2 001	65 495	2 249
Disability policy	12 995	133	14 603	131	16 338	160
Financial old-age policy <sup>3)</sup>	214 471	1 586	215 278	1 507	221 223	1 322
Other payments	9 858	204	11 586	207	11 816	216
<b>Total <sup>4)</sup></b>	<b>415 860</b>	<b>8 346</b>	<b>425 360</b>	<b>8 462</b>	<b>435 702</b>	<b>9 247</b>

<sup>1)</sup> Administration costs are calculated excluding the change in pension liability.

<sup>2)</sup> The insurance costs for “Payment in the event of and measures against ill health” are not included for the Insurance Medical Centre (FMC). The insurance costs for FMC are SEK 97m in 2006, SEK 89m in 2005 and SEK 116m in 2004.

<sup>3)</sup> Including the old-age pension system alongside the state budget.

<sup>4)</sup> Costs for FMC and the Stress Institute and for external orders and export of services are not included in the total amount. Costs for external orders and export of services totalled SEK 3.5m in 2006, SEK 3m in 2005 and SEK 12m in 2004.

<sup>5)</sup> In earlier years, the policy area “Payment in the event of work incapacity” was divided into the areas of activity “Payment in the event of work incapacity” and “Measures against ill health”, and there are accordingly two cost items for 2004 and 2005.

# Summary of results

## Results for 2006

### – Försäkringskassan's overall assessment

#### Many improved results – but the work of change has gone too slowly

Försäkringskassan's result has improved in a number of respects during 2006. For instance, total absence due to sickness has continued to decrease. For the first time in many years, the number of persons with sickness or activity compensation has also fallen. Another positive result is that processing times are decreasing for the great majority of types of cases, in many cases to new lowest levels. Overall, however, the agency makes the assessment that the speed of work of change must be increased since the development of results in other respects has not been sufficient to date to achieve the goals of the agency's change plan. The work of change to date is described in detail in a special report submitted to the government in connection with the annual report.

In the past year, Försäkringskassan has noted successes in two of the three areas that the government has given special prominence to in the task for continued work of change:

- *Efficient operations*: The reduced processing times show that production processes are becoming more efficient.
- *Good staff policy*: Positive effects of staff policy have been noted in the form of reduced internal sick leave and improved results in the staff survey.

In the third area of the task of change, *uniform application of the law*, performance measures are lacking which could confirm that the operation is moving in the right direction. Försäkringskassan none the less considers that work is moving in the right direction in this field too, partly because uniform working processes (ENSA) have now been implemented or decided upon for 80 per cent of cases.

Furthermore, the agency's extensive control measures have led to more suspected crimes being detected and to considerably more people than before being prosecuted and sentenced for crimes against social insurance. A negative result is that there has been a slight deterioration in the customers' rating of Försäkringskassan. This shows that the work of change, despite good results for customers, such as shorter processing times, has not reached out all the way.

To increase the speed of the work of change, the most important measures must be organised in a coherent programme. This programme started in the latter part of the autumn and is expected to continue for at least two years. The intention is to reach the goals of the agency's change plan more quickly.

#### The costs of ill health are continuing to decrease

The total expenditure for sickness benefit and sickness and activity compensation has, after last year's reversal of the trend, continued to decrease. The incapacity rate, i.e. the number of days for which compensation has been paid for sickness, has also continued to fall. This year's fall is the sharpest since the 1990s. It is also gratifying that the regional spread of ill health is continuing to fall.

The incapacity rate consists, somewhat simplified, of the two components of sickness benefit days and days with sickness or activity compensation. Sickness benefit days have continued to fall this year. However, the rate of decrease has started to deviate from the plan which is based on the national target of halving the number of days of sickness absence by 2008. The main reason why sickness benefit days are now decreasing more slowly is that the number of new cases of sickness is not decreasing as quickly as before. In order to be able to achieve the target of halving the number, the slackening of reduction of the inflow must be compensated for by a faster outflow. In order to achieve this, a more

developed collaboration is required with the actors in the labour market and the health care system. Sick leave periods have not been significantly shortened compared with last year. One of the causes of this is that Försäkringskassan has not succeeded sufficiently well with work early on in cases of sickness. The number of early status meetings is at a considerably lower level than the internal targets set by the agency. Försäkringskassan will now make energetic efforts to increase inputs early on in cases of sickness.

The second component of the incapacity rate, i.e. the number of days with sickness or activity compensation, has developed more positively than the internal plans. The number of days with sickness or activity compensation has started to fall slightly for the first time in the 21<sup>st</sup> century. This decrease is due in the first place to a decrease in the number of new cases of sickness or activity compensation, but also a small increase in the number of individuals returning to the labour market can be noted. All in all, the incapacity rate is complying with the plan which means that the agency's goals in the change plan will be achieved.

### **A well-functioning pension administration**

The IT system commissioned in 2003, which takes care of payments to Swedish pensioners, functions well. Ongoing payments are made at the right amount and at the right time to the right person. The efficiency of pension operations has improved during the year. The administration costs have decreased which has led to increased productivity, i.e. lower costs per processed case. At the same time, quality improvements have been carried out. The information to individuals in the “orange envelopes” [annual national pension statements] continues to be adapted to the target groups and developed in other respects; the services and their quality at the pension portal [www.minpension.se](http://www.minpension.se) likewise. The customers' contacts with the agency have been simplified by simpler forms and an increasing number who use the Internet to apply for their old-age pension. Similarly, major improvements are taking place of customer benefit through increased electronic exchanges of information with other countries. Pensioners are the customer group that give Försäkringskassan the highest rating in the annual customer survey.

### **Family policy on the right road**

Results are improving in family policy in accordance with the objectives in the appropriation directions. An increasing number of children of separated parents receive child support without the participation of Försäkringskassan. The proportion of parental benefit days taken by men is continuing to increase although there is a long way left before the days taken are equally divided between the sexes.

### **Customers receive decisions and payments more quickly**

Processing times have decreased for almost all types of cases where there are measurements. The sharpest reductions are noted for Social Insurance Board cases, such as sickness and activity compensation. Processing times for these cases have been shortened to the lowest levels since the current statistics started to be recorded around 1998. Processing times have also sharply improved for daily benefits such as sickness benefit and temporary parental benefit. Moreover, the spread of processing times has decreased in such a way that fewer individuals have to wait unreasonably long times for decisions of payment and that the differences between counties have decreased. Processing times are also among the areas that have received better ratings in the customer survey.

One explanation why processing times have decreased and become more uniform from county to county is the introduction of uniform working processes (ENSA) for many benefits. Another explanation is an increasingly developed management by results where, among other things, special result teams spread good experiences to counties that are performing less well.

### **A slight deterioration in customer rating – but top ratings for treatment and compliance with the rules**

The customers' rating of Försäkringskassan has deteriorated slightly, at least at an overall level. This is shown by the annual customer survey which is addressed to customers who have an ongoing case at the agency. However, customers give high ratings to treatment and the agency's ability to comply with

laws and rules. What customers are most dissatisfied with is accessibility and simplicity. Försäkringskassan has already taken measures on these points in the form of fewer and simplified forms and the decision to strengthen the telephone customer services and concentrate activity in four places in Sweden compared with the present 35.

A survey made by Statistics Sweden on behalf of Försäkringskassan shows that confidence in social insurance has strengthened compared with the corresponding study in 2003.

### **A deterioration in productivity – although the fact that more cases are processed via the Internet makes possible future efficiency improvements**

Increased administration costs for Försäkringskassan as a whole mean that productivity has fallen. This deterioration in productivity is the same as an increase in costs per case processed. The main reason for the fall in productivity can be attributed to the field of ill health where administration costs have risen at the same time as there has been a fall in the number of concluded cases of sickness. However, the increased administration costs have contributed to increased quality in the form of shorter processing times for sickness benefit, sickness compensation and other benefits in the field of ill health. As mentioned above, pension administration is an exception as regards productivity. Administration cost there per processed case has decreased.

The proportion of cases processed with electronic signatures via Internet has risen sharply during the year to new maximum levels. Most of all, customers use electronic signatures in parental benefit cases where almost half of the cases are now processed in this way. However, it should be possible to increase the use of electronic signatures considerably. The use of electronic signatures entails benefits both for the customer and the agency. It is often simpler for the customer and money is also paid out more quickly. For Försäkringskassan, this provides opportunities to rationalise operations since these cases do not require so much processing time as those sent by ordinary post. Försäkringskassan's investments in information are one of the explanations for the increased use of electronic signatures.

### **Uniform work processes for a more legally safe processing**

The integrated agency created by the establishment of Försäkringskassan has considerably facilitated the opportunities for a more uniform and therefore legally safe application of the insurance. Major efforts have been made in this field, among others ways through uniform working processes (ENSA) now having been implemented in around 80 per cent of cases processed.

Work for a more legally safe application has still not made any clear impact on measures of performance. While Försäkringskassan's quality control shows that there are a relatively high proportion of cases with sufficient documentation for most types of cases, there are still far too many insufficiently documented cases, in particular in sickness benefit and the establishment of annual income on which sickness benefit is based (SGI).

### **More are found guilty of benefit crimes**

Försäkringskassan's increased measures against benefit fraud have led to more persons than before being prosecuted and sentenced for social insurance crimes. For a number of years, Försäkringskassan has undertaken a number of measures to further reduce insurance frauds. One example is the automatic check with unemployment benefit and the employment exchange which has been made from December when processing temporary parental benefit and the establishment of annual income on which sickness benefit is based.

### **Positive development in the sphere of staff**

Försäkringskassan's internal sickness leave has decreased for the third consecutive year. Moreover, the results in the staff survey have improved compared with last year. Based on the results from the 2005 survey, the agency has carried out improvement work during the year which has involved managers and staff at every level. However, a lot still remains to be done to achieve the change plan's targets that Försäkringskassan shall be one of the country's most developed workplaces with very low sick leave.

# Compensation for incapacity for work

## Benefits according to area of activity

**Measures against ill health:** Rehabilitation allowance, grants for occupational aids

**Compensation for incapacity for work:** Sickness benefit, voluntary sickness insurance, benefit for care of closely-related persons, activity compensation, sickness compensation, work injury benefit, work injury annuity, occupational injury annuities, etc.

## Cost development for policy area by area of activity, SEK million

	2004	2005	2006
Measures against ill health <sup>1) 2)</sup>	1 265 114 206	1 130 118 401	117 238
<b>Total insurance costs</b>	<b>115 471</b>	<b>119 532</b>	<b>117 238</b>
<b>Total administration costs</b>	<b>4 331</b>	<b>4 363</b>	<b>5 012</b>
<b>Total costs for the area</b>	<b>119 802</b>	<b>123 895</b>	<b>122 250</b>

<sup>1)</sup> Costs for the Insurance Medical Care (FMC) are not included in insurance costs for “Compensation for and measures against ill health”. Insurance costs for FMC were SEK 97m in 2006, SEK 89m in 2005 and SEK 116m in 2004.

<sup>2)</sup> In previous years, the policy area “Compensation for work incapacity” was divided up into the areas of operation ”Compensation for work incapacity” and “Measures against ill health”, and there are accordingly two cost items in 2004 and 2005

## Description of benefits

**Sickness benefit** is payable when there is sickness that reduces the work capacity of the insured by at least a quarter. Sickness benefit can be paid at 100%, 75%, 50% or 25% depending on the extent of reduction of work capacity. In the assessment of whether there is sickness, labour-market, financial, social and similar circumstances are to be disregarded. A state of reduced capacity for work which has been caused by sickness for which sickness benefit has been paid and which continues after the sickness has ceased is treated as equivalent to sickness.

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

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

**Rehabilitation allowance** is paid when an insured person, whose work capacity due to sickness is reduced by at least a quarter, participates in work-based rehabilitation which is intended to shorten the period of sickness or to wholly or partly or end the impairment of work capacity. This requires that the rehabilitation is part of a rehabilitation plan which Försäkringskassan has produced in consultation with the insured person. Rehabilitation allowance includes rehabilitation benefit and special grants. Special grants may be paid to cover certain expenses in connection with rehabilitation such as travel or course fees.

**Work injury benefit** in the form of annuity can be paid for loss of income arising due to a work injury. The capacity to earn an income from gainful employment must be permanently reduced or assumed to persist for at least a year and annuity is paid until the person insured attains the age of 65.

Payment can also be made for medical care outside Sweden, dental care or 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 an annuity, compensation is also paid for two waiting days. If an insured person has died due to a work injury, funeral assistance and an annuity are paid to the survivor.

## Overall assessment

The policy area Compensation for incapacity to work has developed well overall. Total sick leave continues to fall, insurance costs decrease and a number of improvements of the sick leave process have taken place. However, to be able to achieve the national target of halving the number of sick days by 2008, it is necessary that the slackening of the rate of decrease of new cases of sickness be compensated for by an increased outflow and return to work. In order for this to succeed, substantial inputs are required for early measures and an even more developed collaboration with actors in the labour market and health care. There are still too many people off work due to sick leave.

The policy area shows that insurance costs in 2006 have fallen by almost SEK 2 billion. The number of net sick leave days has continued to fall. This favourable development is based on the reduced inflow of new cases of sickness that has occurred since 2002. The inflow of new cases of sickness has, however, decreased at an increasing slow rate this year, which will affect the future development of the number of sickness benefit days. The incapacity rate, i.e. the total number of days absent from work due to sickness, continues to fall. This year's reduction is the largest in a single year since the mid-90s and corresponds to more than eight million compensation days. At the same time, the regional spread of the incapacity rate has decreased as well as the difference between sexes. While the stock of sickness and activity compensation remains large, the number of individuals receiving these benefits is falling for the first time in the 21<sup>st</sup> century.

Collaboration with the National Labour Market Board continues to develop on the basis of the annual joint action plan. The target groups in the action plan for 2006 have been expanded to include employed persons on sick leave or with sickness or activity compensation, who cannot return to their previous employment. Almost 40,000 individuals have participated in this collaboration since the start in April 2003. The average result in 2006 was that 36 per cent of the participants worked or had started a course twelve months after the measure was initiated.

Försäkringskassan has been given the task by the Government of reviewing all cases of sickness of over two years and all cases with time-limited sickness compensation and activity compensation with a view to finding cases with remaining work capacity and has, together with the National Labour Market Board, developed methods to help these people back to work in an effective way. This work has been carried out in the form of a pilot activity in project form (PILA). Since April 2006, PILA activity has examined 11,500 cases. Around 7,500 are not appropriate for further investigation mainly due to medical reasons or because measures for a return to work are already in process. Of the 4,000 cases which have continued to review, around 28 per cent are relevant for measures through the collaboration/the employment office or employer. Experiences from the pilot project will serve as the basis for further work and the PILA activity will start throughout the country on 1 March 2007.

Försäkringskassan has, in collaboration with the National Board of Health and Welfare, produced proposals for a more quality-assured, uniform and legally safe process of sick leave in accordance with the government instructions given to the agency. A model for a future national support for decision-making for medical insurance assessment has been produced, which is very important for work on developing the sick leave process.

During the year, Försäkringskassan has shortened the processing time for sickness benefit, sickness and activity compensation and work injury annuities. An important factor for being able to achieve shorter processing times is the uniform work processes (ENSA) that have now been produced.

The results of the work injury insurance are not satisfactory, even if some improvements can be noted. Measures are still needed to achieve uniformity in decisions on annuities and the processing time is still too long even though a trend reversal has taken place.

The policy area Administration Costs has increased by 15 per cent compared with 2005. The type of case sickness benefit including co-financing has reported increased costs of over SEK 270 million. A large part of these are due to the increased collaboration with other actors, the National Labour Market Board, the Swedish Work Environment Authority and the National Board of Health and Welfare. Staff reinforcements and increased insurance doctor resources have also contributed to this increase. Within the types of cases sickness and activity compensation, administration costs have risen by over SEK 112 million. The main explanation is planned resource reinforcements, which, as in the field of sickness benefit, are primarily used for staff reinforcements and insurance doctors.

Both sickness benefit and sickness and activity compensation are affected by resources also being invested in training in insurance medicine for doctors and other relevant professional groups. In the field of rehabilitation, investigation into rehabilitation needs and measures in co-ordinated work-based rehabilitation has reported relatively large cost increases. This is partly due to Försäkringskassan having sharply increased the number of status meetings compared with 2005. This is positive although to have desirable effects and promote a return to work, the status meetings must take place early on in the sickness case.

## **The policy area in the community**

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In the discussions about the high level of sick leave in Sweden, the importance of changed attitudes and values has been discussed. Försäkringskassan has carried out information campaigns on sickness insurance and opinion formation about sick leave. However, there has been limited knowledge about how people's attitudes affect use of sickness insurance. In 2006, Försäkringskassan investigated the Swedish people's attitude to use of sickness leave and the sickness insurance system in a report, "Sickness Insurance, Culture and Attitudes" (SKA report, in Swedish). The message of the report is that attitudes are important and that there is a discrepancy between attitudes as to when the insurance can be used and the intentions of the legislator. At the same time, the report shows that the links between attitudes, cultures, sickness insurance and the incapacity are complex.

### **Sickness insurance, culture and attitudes in the community (SKA report)**

Försäkringskassan's report Sickness Insurance, Culture and Attitudes contains fourteen studies which have been based on the findings from an extensive questionnaire survey. The intention has been to investigate whether and how people's attitudes affect use of sickness insurance and to give rise to discussions about how the sickness insurance is used.

#### **Individual attitude patterns in the community**

In one of the studies in the SKA report, four types of attitudes have been analysed; individuals, supervisors, doctors and administrative officers at Försäkringskassan. The analysis provides support for the patterns of attitudes being of the same kind regardless of whether the persons asked are individuals, administrative officers at the social insurance office, doctors or supervisors at various kinds of workplaces. The conclusion drawn in the report is that there is a clear structure in attitudes to sick leave and the sickness insurance system among individuals in Sweden regardless of the role these persons have in working life. Common attitude patterns are identified in the report as regards the situations in which people believe that it is possible to be on sick leave. The findings of the report show that there is consistently great understanding for people being on sick leave in situations and events that they are "affected by", for instance, if a person is bullied at the workplace, or has problems getting over a divorce, unlike situations which a person has more control over, such as planning to be off work but not being granted holiday or reporting sick in protest against one's employer.

#### **Doctors, employers and administrative officers at the insurance offices in the sick leave process**

What is characteristic according to the SKA report is that all three types of actors are satisfied with their own contribution to the sick leave process. At the same time, all parties rate their fellow participants less positively. Confidence is particularly weak between Försäkringskassan and the employer but there is also a lack of confidence between Försäkringskassan and the doctors. While the doctors considered that they themselves or the health care system could do more to shorten or avoid

sick leaves, the doctors and employers consistently thought that Försäkringskassan could do more to get those on sick leave to return to work.

### Regional differences

The most important factor to explain the regional differences in the incapacity rate is differences in age distribution. The level of unemployment and the average educational level do not have the same significant effect on regional variations in the incapacity rate, even though there is a clear link. According to the SKA report, the next strongest effect consists of the attitudes of the local population. At the same time, the SKA report shows that identified attitude patterns do not always lead to the expected effects. An example of this is that doctors were asked whether they took into consideration other factors besides the state of health and work capacity in their assessment of the extent of sickness and the length of sick leave. Despite it being shown that doctors took into consideration other factors such as the patient’s motivation to return to work, the analysis could not find correlations between how doctors answered in different counties and regional differences in the incapacity rate. The correlations between people’s attitudes to sickness insurance and sick leave are complicated.

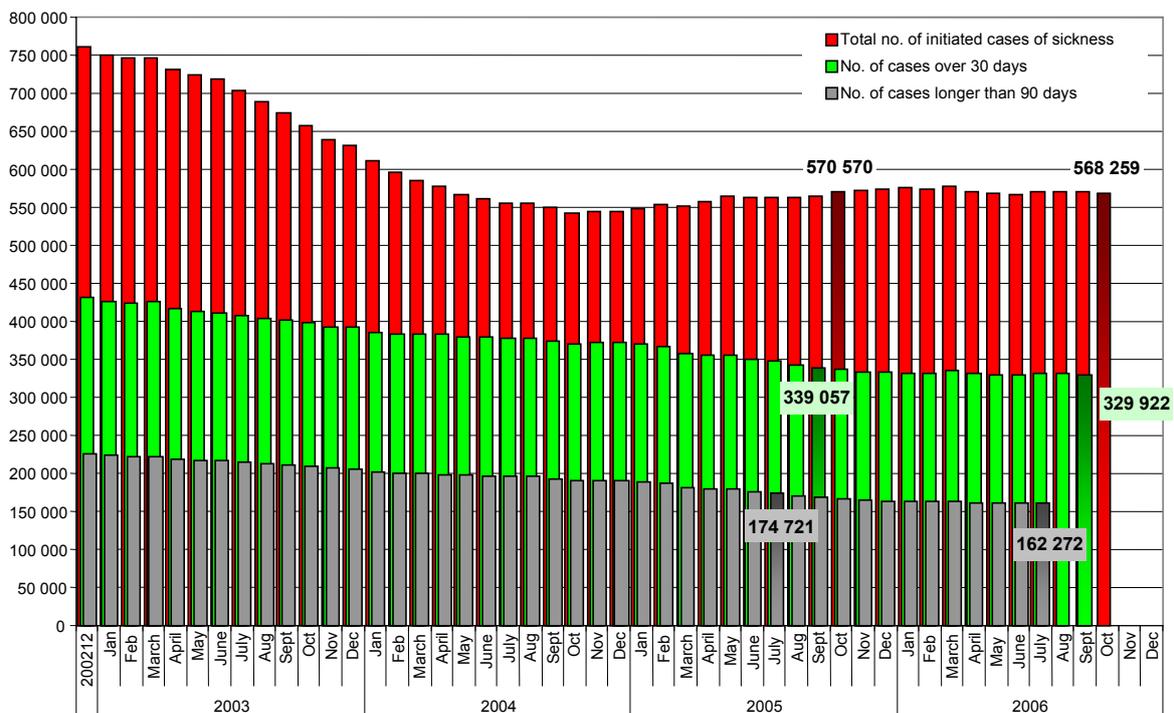
## Goal fulfilment for the policy area

### The development of sick leave in 2006

The positive development of sickness leave in recent years continued during 2006. However, the continuous decrease of new cases of sickness to insurance which has taken place since 2002 has started to slacken. The long cases of sickness (over a year) and also sickness and activity compensation during the year, have developed positively. This development is also based on the reduced inflow of new cases of sickness. *This section contains many diagrams and these are sometimes placed on another page than the text that analyses the diagram for reasons of layout.*

#### Reduced inflow and faster termination...

Number of new cases of sickness 2002–2006, 12-month values\*



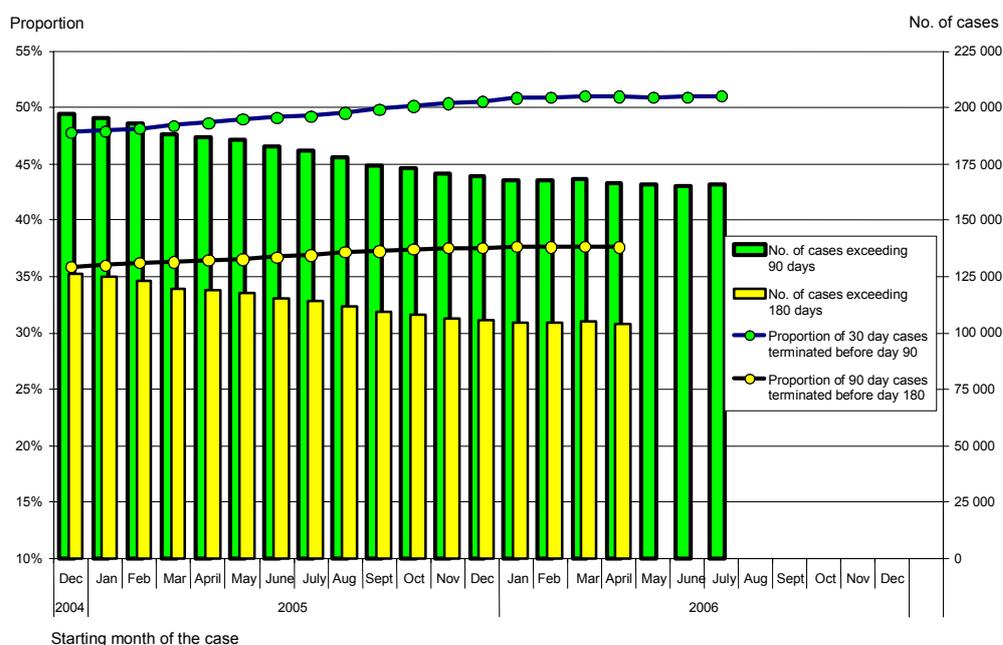
\*The bars in the diagram show the number of cases twelve months prior to the month the bar refers to

In 2002, 430,000 of the cases of sickness which started lasted for over 30 days. Up to 2006, this inflow decreased by almost 100,000 cases. In 2006, the decrease in the inflow has slackened and is expected to be only marginally lower than in 2005. (*Cases of sickness are registered at Försäkringskassan only when they exceed the current sick pay period. The limit of 30 days is used consistently here to eliminate differences due to the length of the sick pay period changing on a number of occasions*)

At the same time as the inflow has decreased, an increasing proportion of cases of sickness have been terminated before they have lasted for 90 days, which is very important for the development of the sickness case structure. In October 2006, 51.1 per cent of the cases that exceeded 30 days had concluded before they were 90 days. The corresponding proportion was 49.3 per cent twelve months earlier. The change in the proportion corresponds, given an unchanged inflow of 335,000 30-day cases to 6,000 fewer cases that exceeded 90 days. The effect on the sickness structure has been reinforced by the proportion of cases of sickness that exceeded 90 days but were terminated before they passed 180 days also increasing. In the most recently reported months, as shown in the figure, there is a tendency for termination frequencies no longer to improve at the same rate.

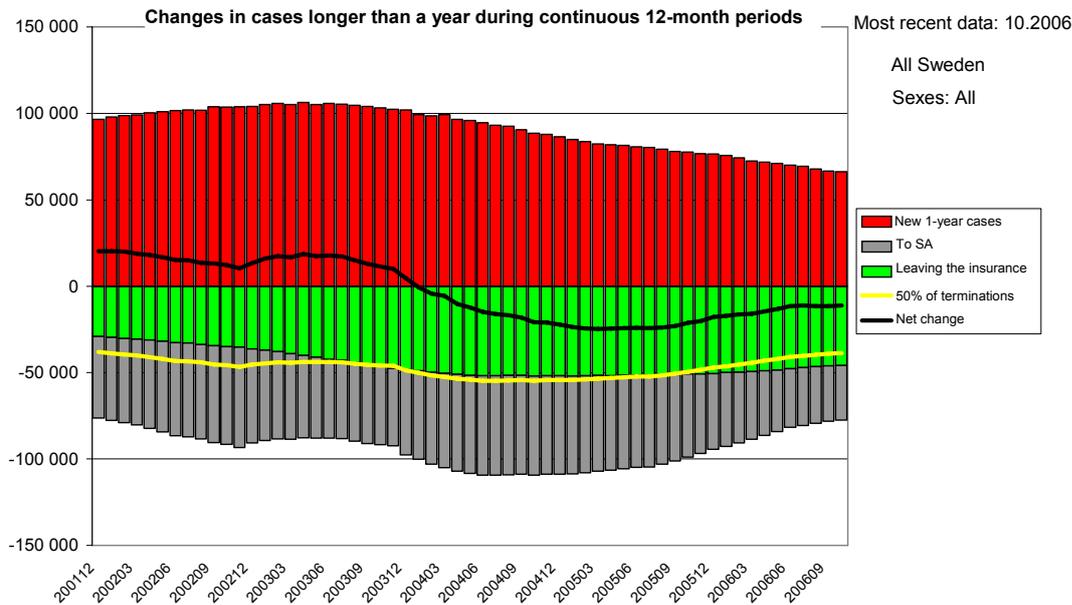
In 2006, over 9,000 applications for sickness benefit were refused while almost 6,000 had their sickness benefit withdrawn. Compared with 2005, the number of rejections has increased by almost 70 per cent while the number of withdrawals has decreased by 17 per cent.

**Number of cases of sickness exceeding a duration of 90 and 180 days respectively (number 12) and termination frequencies of these**



The lower inflow and a larger proportion of early terminations have led to a reduction in the number of cases of sickness exceeding a year in duration. In 2004, 86,500 cases of sickness exceeded the one-year limit, the number was 76,500 in 2005 and is expected to be around 65,000 in 2006.

**The change in cases of sickness longer than a year, inflow and outflows, continuous 12-month periods\***



\* Continuous 12-month periods mean that the net change compares 10.2006 with 10.2005, 09.2006 and 09.2005 etc.

The number of ongoing cases of sickness with a duration of over a year have continuously decreased over the past three years – from around 130,000 at the end of 2003 to almost 90,000 in December 2005 and on to an estimated 80,000 at the year-end 2006/2007. Women’s proportion of one-year cases has been 65 per cent during the whole period.

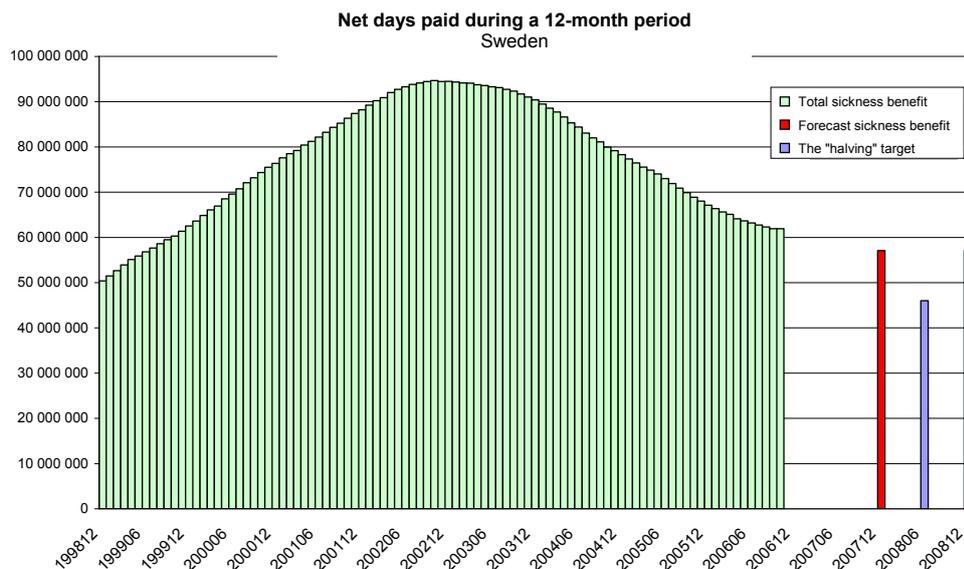
An increasing proportion of the one-year cases are removed from sickness insurance, i.e. in another way than by old-age pension, sickness or activity compensation, or death. During the last 12-month period, this proportion increased from 42 to 51 per cent. The main part of these terminations can be assumed to entail a return to working life. The proportion of terminations that are transferred to sickness compensation decreases. (Activity compensation is also included in sickness compensation but there are few such cases).

**Termination of cases of sickness with a duration exceeding one year by cause of termination**

Cause of termination	Period	200410 - 200509	200510 - 200609
To sickness compensation	No.	54 923	35 644
	Proportion	54%	46%
To old-age pension	No.	1 727	1 402
	Proportion	2%	2%
Deceased	No.	1 384	1 337
	Proportion	1%	2%
Leaving sickness insurance	No.	42 852	39 420
	Proportion	42%	51%
Total	No.	100 886	77 803
	Proportion	100%	100%

**The number of sickness benefit days is falling, but at a slower rate ...**

The decrease in the number of sickness benefit days has successively slackened off during the year as a result of changes in the inflow. This slackening off has been reinforced during the year by a substantial acceleration of first-time payments for new cases of sickness, which has meant that more days have been registered during these months than during the corresponding months a year earlier.

**Net days of sickness benefit paid during a 12-month period**

The politically formulated long-term goal for reduced sick leave, known as the halving target, means that the number of net days of sickness benefit paid for the period July 2007 to June 2008 may not exceed 46 million. In its budget bill for 2007, the Government has stated that this goal is to be rescinded.

Försäkringskassan's most recent forecast for development of net sickness benefit days indicates a continued decrease until the end of 2007, although the decrease is not expected to be as great to enable the halving target would be achieved.

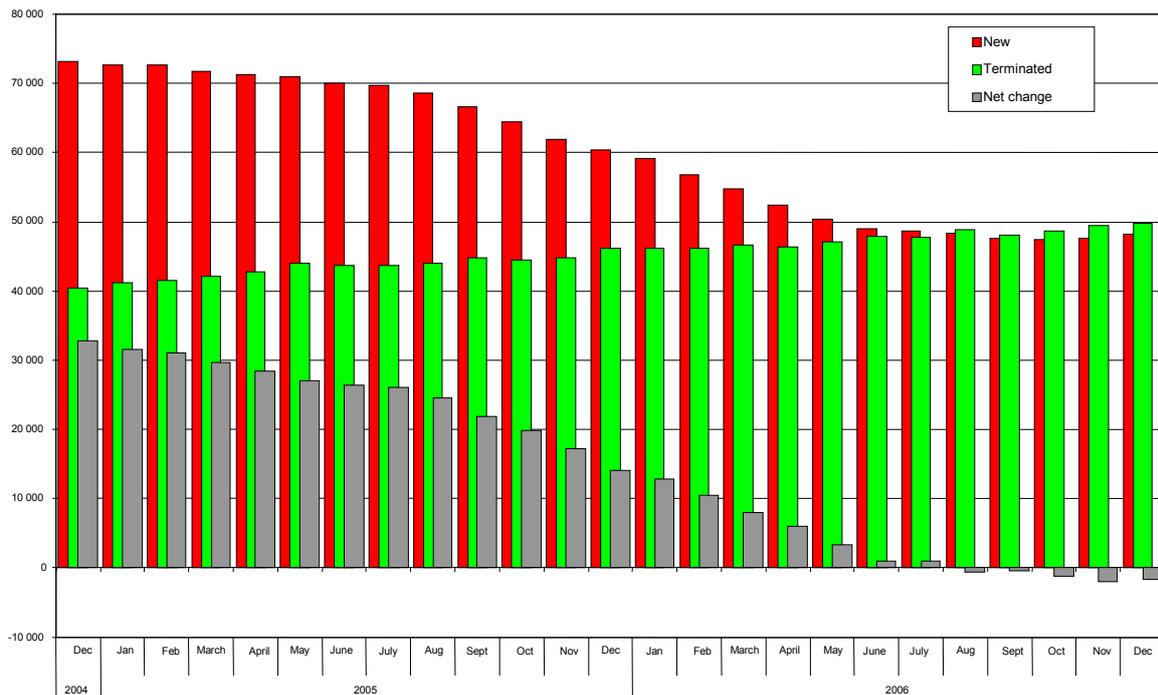
**Positive development for sickness and activity compensation**

The inflow to sickness and activity compensation (SA) decreased markedly during 2006. In 2005, 60,300 new sickness and activity compensations were granted, while the number in 2006 was 48,200.

The decreased inflow is mainly due to the number of long cases of sickness decreasing for several years but also to fewer and fewer cases of sickness being terminated by sickness or activity compensation.

From August 2006, the outflow on a 12-month basis from sickness and activity compensation has been larger than the inflow, which means that the number of persons with sickness and activity compensation is decreasing. This is the first time in the 21<sup>st</sup> century that the number of person with corresponding benefits, which were called disability pension and temporary disability pension prior to 2003 has decreased.

## SA, in and outflow during rolling 12-month periods



The number of new sickness and activity compensation cases has decreased in all age groups except the youngest, which refers just to activity compensation. However, the increase in the youngest age group is very probably in first place a consequence of certain changes in rules made and not a real increase of ill health among the young. A few years ago, the rules were changed so that persons aged between 16 and 18 could not be granted new cases of activity compensation. However, there was a stock of young people aged between 16 and 18 that had already been granted the benefit before the rule change. This meant that many of these already had activity compensation when they attained the age of 19 so that they did not appear in the statistics for newly granted allowances. However, this effect has now ceased and newly granted allowances among 19 year olds are increasing since this group now includes the individuals, who never had an opportunity to obtain activity compensation when they were aged between 16 and 18. (A special report on ill health among young people is included in the policy area chapter).

## Newly granted sickness and activity compensation (12 mon)

All	Age group	2005	2006	Change	
				No.	%
	-29	4 706	6 026	1 320	28%
	30-39	7 792	6 070	-1 722	-22%
	40-49	13 470	10 267	-3 203	-24%
	50-59	21 570	15 694	-5 876	-27%
	60-	12 770	10 119	-2 651	-21%
	All	60 308	48 176	-12 132	-20%
<b>Women</b>					
	-29	2 548	2 972	424	17%
	30-39	5 190	4 004	-1 186	-23%
	40-49	8 777	6 558	-2 219	-25%
	50-59	12 673	8 978	-3 695	-29%
	60-	6 783	5 303	-1 480	-22%
	All	35 971	27 815	-8 156	-23%
<b>Men</b>					
	-29	2 158	3 054	896	42%
	30-39	2 602	2 066	-536	-21%
	40-49	4 693	3 709	-984	-21%
	50-59	8 897	6 716	-2 181	-25%
	60-	5 987	4 816	-1 171	-20%
	All	24 337	20 361	-3 976	-16%

The development in 2006 means that the number of individuals with activity compensation is increasing, due to the aforesaid rule changes, within the framework of a total reduction of sickness and activity compensation.

### Number of individuals with sickness or activity compensation

	200601	200701	Change	
	No.	No.	No.	%
Sickness compensation	539 500	534 700	-4 800	-0,9%
Activity compensation	16 300	19 500	3 200	19,6%
Total	555 800	554 200	-1 600	-0,3%

The outflow from sickness or activity compensation is primarily demographically conditioned, i.e. outflow mainly takes place through old-age pension or death. The outflow to the labour market is showing signs of increasing, however. All in all, the outflow has increased from around 47,000 in 2005 to around 50,000 in 2006.

### Outflow from sickness and activity compensation broken down by cause of termination, estimated values

	2005		2006		Change	
	No.	Prop.	No.	Prop.	No.	%
To old-age pension	33 500	71%	34 300	68%	700	2%
Deceased	5 900	13%	5 900	12%	0	0%
Other	7 500	16%	10 000	20%	2 500	33%
Total outflow	46 900		50 200		3 200	7%

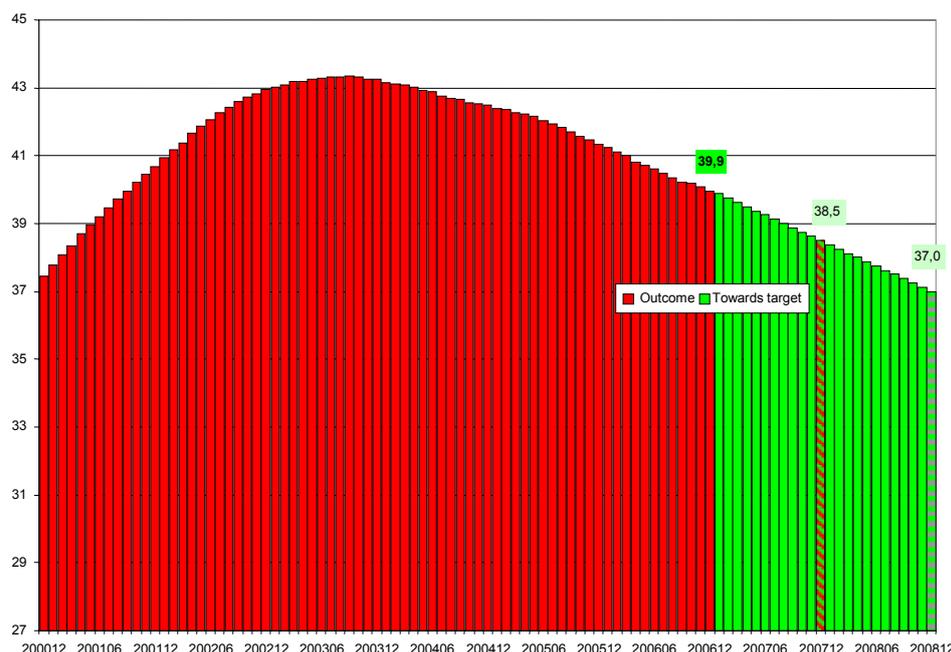
The development of the item “Other” indicates that more people are now leaving sickness insurance for a return to working life. When those who have gone over to the old-age pension or who have died are eliminated, around 10,000 persons remain who have terminated sickness and activity compensation, which is 2,500 more than in 2005. Of the 10,000, around 3,000 (30 %) are currently registered at the employment office. The remaining 7,000 have returned to work or obtain their livelihood in another way.

### Positive development of the incapacity rate

In 2005, an internal objective was formulated which captures Försäkringskassan’s task of decreasing absence due to illness in its entirety. The objective is for the incapacity rate for 2008 not to exceed 37.0.

The incapacity rate captures the whole. The rate shows the number of days (net) during a twelve-month period for which compensation has been paid by sickness benefit, rehabilitation allowance or sickness and activity compensation, per inhabitant aged between 16 and 64.

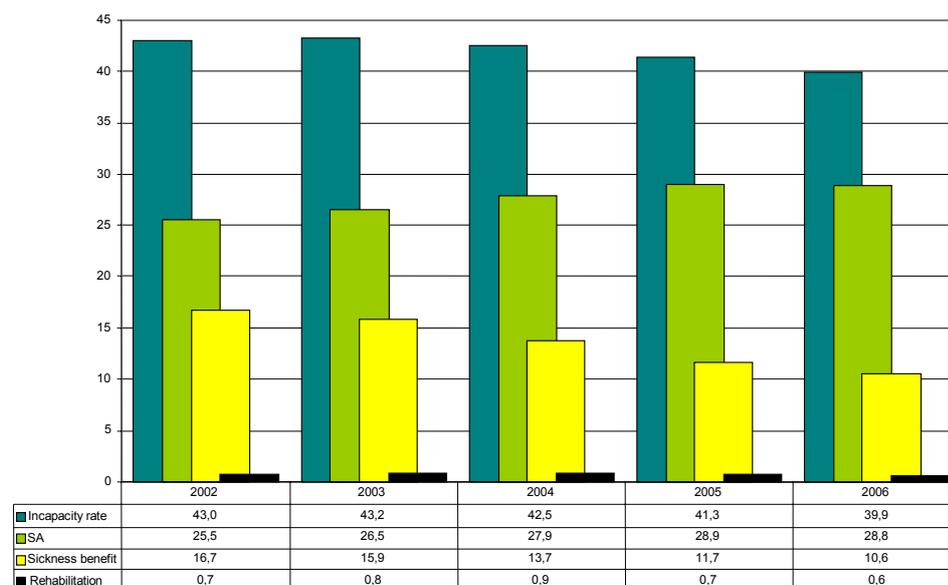
### The development of the incapacity rate towards the target 2008



During the year, the incapacity rate has decreased from 41.3 to 39.9 and this development means that Försäkringskassan's internal goals for 2006 were achieved and the long-term incapacity rate is within reach. The decrease during the year was on average 0.12 days per month, which is the fastest rate of decrease on a full year basis since the mid-90s. To achieve the goal, the incapacity rate must continue to fall at the same rate.

The decrease in the incapacity rate is primarily a result of the reduction of sickness benefit. During the past year, however, the number of days with sickness or activity compensation has decreased. The number of days with rehabilitation benefit has varied during the past five years between 0.6 and 0.9 and thus constitutes only a few per cent of the total incapacity rate.

#### Incapacity rate broken down by benefit



#### Higher incapacity rate for women...

On average women have more than 50 per cent more compensation days from sickness insurance than men. The generally higher incapacity rate for women reflects in the first place that women have more initiated cases of sickness than men. When the sickness cases have started, they develop in largely the same way for women and men.

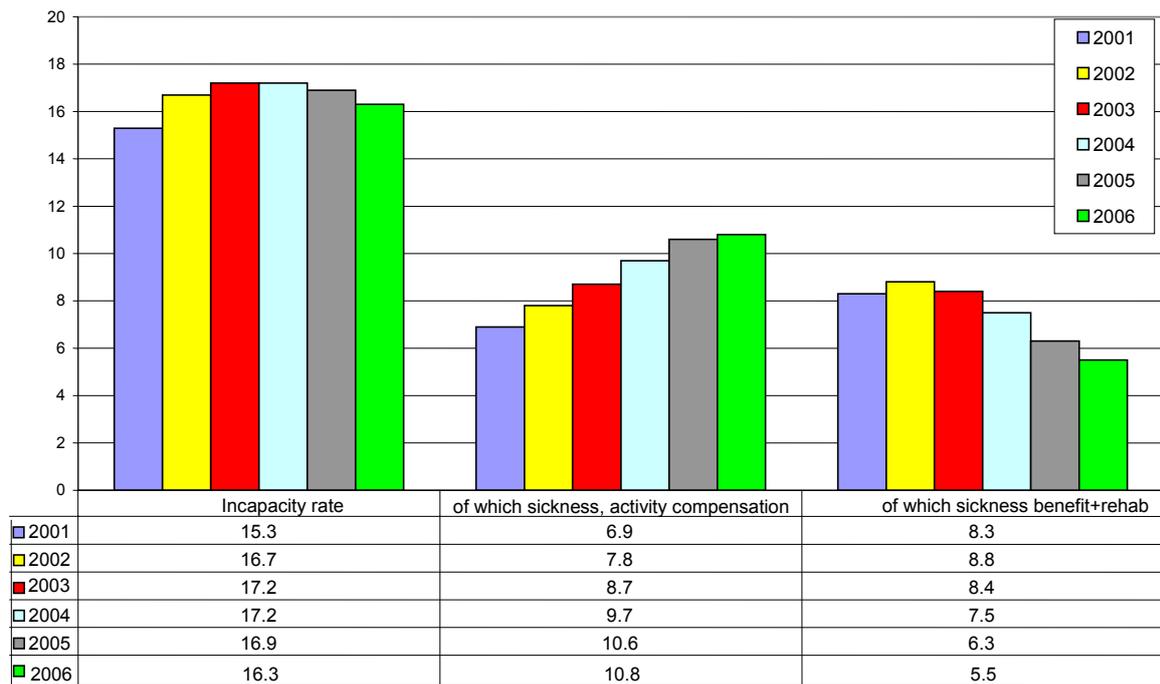
#### Incapacity rate 2006

	All	Sickness benefit	Rehab	SA
All	39.9	10.6	0.6	28.8
Women	48.2	13.1	0.8	34.3
Men	31.9	8.0	0.4	23.5
Difference	16.3	5.1	0.4	10.8

#### although the differences between the sexes are decreasing...

The differences between women's and men's incapacity rate increased up to and including 2003 but have subsequently decreased. Within the framework of an overall reduction of the difference between the sexes, the difference has increased as regards sickness and activity compensation and decreased as regards sickness benefit.

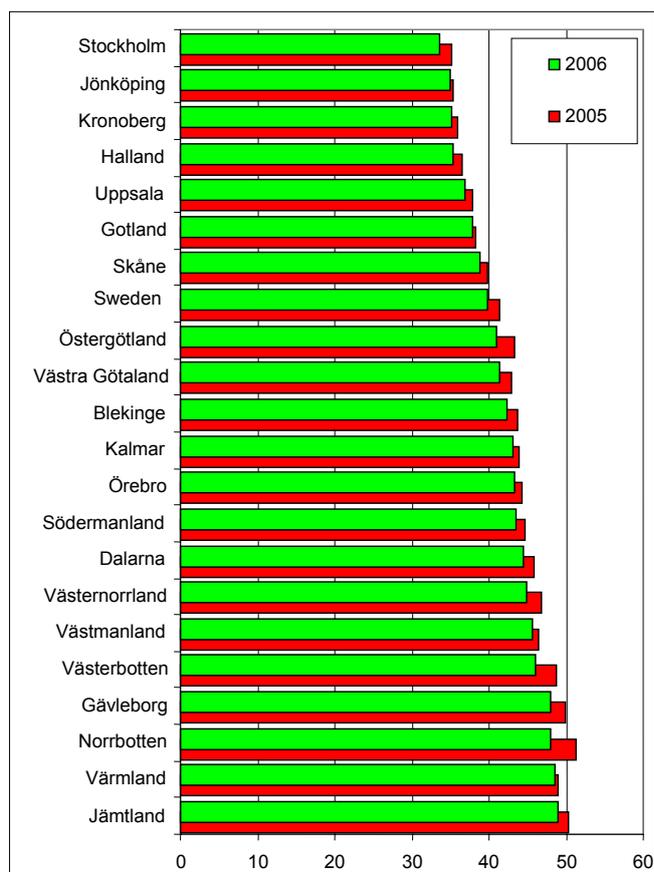
**Difference between women’s and men’s incapacity rate**



**as well as the differences between counties**

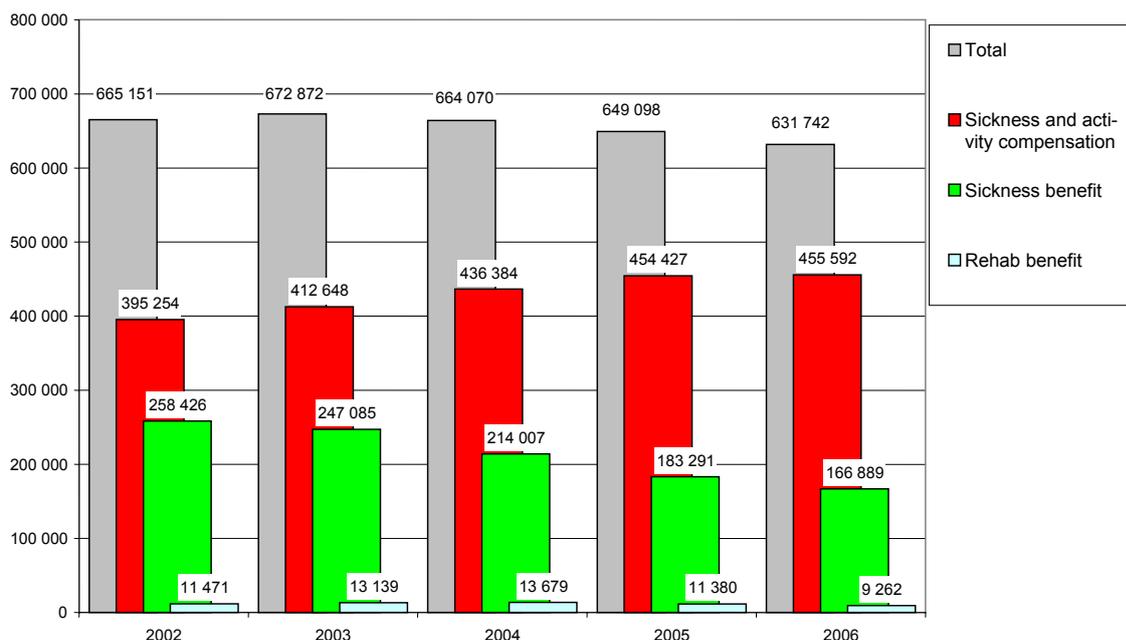
Försäkringskassan’s internal operational objectives for the incapacity rate have been broken down by region. The regional goals have been set on the basis of regional differences decreasing. During the period until 2008, the differences which were not due to demographic differences are to be halved.

The incapacity rate has fallen in all regions and the difference between the highest and the lowest incapacity rate has decreased during the year by almost a day. The incapacity rate is lowest in the County of Stockholm, 33.6, and highest in the County of Jämtland at 49.0.

**Incapacity rate broken down by county****Fewer and fewer are dependent on sickness insurance for their livelihood**

The decrease in the incapacity rate means that fewer and fewer people are dependent on sickness benefit for their livelihood. The number of benefit days from sickness insurance (sickness and rehabilitation benefit and sickness and activity compensation) corresponded in 2003 to around 673,000 full-year equivalents. This number has since successively fallen and is around 632,000 for 2006. To achieve Försäkringskassan's incapacity rate target for 2008, the number of benefit days from sickness insurance must fall to a level corresponding to around 600,000 full-year equivalents. (The number of full-year equivalents is calculated by dividing the total number of benefit days by 365).

Compensation from sickness insurance, full-year equivalents



### and insurance expenditure has started to fall

In 2005, a breakthrough took place when the aggregate expenditure for sickness insurance started to decrease. This development has continued in 2006.

#### Insurance costs per benefit, SEK million

	2003	2004	2005	2006
Sickness benefit	39 900	35 000	31 400	29 500
Rehabilitation benefit	2 200	2 300	2 000	1 700
Sickness compensation	49 600	53 200	55 400	55 800
Activity compensation	200	900	1 400	1 600
Total	91 900	91 500	90 200	88 700

## Measures taken by Försäkringskassan

*Report on objectives 1–3 for the policy area, the measures which have been taken to achieve the national objective, specific reporting on objective 1 on attitudes to and knowledge about sickness insurance, specific reporting on objective 3 on how reports are disseminated and understood by different recipients.*

The measures which have been taken to achieve the national objective for reduced sick leave by 2008 also aim to achieve the three objectives set for the policy area. Försäkringskassan shall contribute to taking preventive measures to reduce sick leave, endeavour to facilitate a well-functioning sick listing process and contribute to increased knowledge about the result of measures taken for increased health and decreased sick leave. Examples of contributions to preventive measures for reduced sick leave have been forming opinion about the high level of sick leave and information campaigns to the general public, employers and the health care sector to increase knowledge about sickness insurance. The co-financing reform for employers has also been primarily intended to prevent sick leave. Försäkringskassan has endeavoured in various ways to achieve a well-functioning sick listing process, both by focusing on the internal development of Försäkringskassan's work and through collaboration with other agencies and actors in the labour market and in health and medical care. The most marked results of the measures taken are the continued decrease in sick leave in combination with a successively decreased regional spread of the incapacity rate in Sweden.

## Development of the policy area

The development of sick leave has led to increased interest in the sick-listing process. Together with the National Board of Health and Welfare, Försäkringskassan was given the task by the government at the end of 2005 consisting of designing a more quality-assured, uniform and legally safe process. On 21 December 2006, the agency produced a report with proposals on a new sick-listing process. The report includes an account of a model for a future national aid for decision-making – *medical insurance guidelines* – for medical insurance assessments, which are very important for the work of creating a more quality assured, uniform and legally safe sick listing process (see section *Collaboration with the National Board of Health and Welfare*). The overall intention of the medical insurance guidelines, as well as the internal processes and working methods developed by Försäkringskassan is to contribute to increased efficiency and uniformity in sick listing. Försäkringskassan has made decisions on an operational strategy for the continued work of change and a special development programme has been established during 2006. The aims of these changes include improving Försäkringskassan's customer meetings, making the organisation more efficient, and developing collaboration with partners.

## Attitudes and values – from sickness to work capacity

Since 2003, Försäkringskassan has conducted the information campaign “The whole of Sweden – half of sick leave” as a component in the work of reducing sick leave in Sweden. During 2005, the campaign measures were limited but they have accelerated again in 2006 with the aim of carrying out a long-term, consistent information work over several years. Sickness does not provide an automatic entitlement to sick listing. It is the extent of work capacity in sickness which determines entitlement to sick pay and sickness benefit and it is Försäkringskassan that makes a decision on sickness benefit after the end of the sick pay period. With a view to increasing knowledge about sickness insurance, undertaking preventive measures to reduce sick leave and creating the right expectations on Försäkringskassan, information initiatives have taken place during November and December 2006. The campaign has been addressed to the public and central actors in the sick listing process such as employers, the health care sector and trade union organisations.

The overall message in the campaign in 2006 was that sickness insurance is an insurance which provides benefit to the extent that work capacity is reduced due to sickness under the slogan “*We do not ask how sick you are, but what work capacity you have*”. This topic has been chosen to increase the focus on the importance of work capacity for entitlement to sickness benefit and to affect attitudes towards the use of sickness insurance. Information measures in previous years have resulted in significant increases in knowledge among all target groups which slowly decrease during a longer pause. Measurements show that the campaign in 2006 was also successful and attracted a lot of attention, which resulted in increased knowledge about the main message of the campaign (see section *Information in Försäkringskassan's operations*).

## Correct and uniform processing of sickness insurance

To promote a correct and uniform processing of sickness insurance, common processes, working methods and application support have been further developed. Uniform work processes (ENSA) have been produced for sickness benefit, sickness and activity compensation and work injury annuity. (The process for sickness and activity compensation is, however, not yet wholly implemented). The work on producing a common internal processing and production process for sickness insurance has, however, almost been completed during 2006. Other measures undertaken are regular follow-up of results and continued training initiatives.

A number of factors indicate that the measures have had an effect. Processing times for sickness benefit, sickness and activity compensation and work injury annuities have been reduced. The regional spread of the incapacity rate has markedly diminished in Sweden. Sick case become shorter and shorter, a large number of cases of sickness are concluded before they reach 90 days. At the same time, certain qualitative improvements have been achieved and cases with the right decisions for sickness benefit have increased sharply during 2006 and reached over 98 per cent. One area of improvement is to increase the number of cases with sufficient documentation which is at present 80 per cent.

The statistics show that the longer period a sick leave lasts for the greater is the risk that the person on sick leave will not return to work. However, early measures do not take place to a sufficient extent. One indicator of this is the low proportion of so-called first choices which means an assessment of the type of processing which a sick case is to receive and which is to take place at the beginning of processing at Försäkringskassan. Carrying out a first choice is a prerequisite to be able to know the cases in which status meetings and other activities are to take place. Försäkringskassan has carried out a very large number of status meetings, which is positive and entails increased activity in the cases but the proportion that take place before 90 days is low. In order to have the desired effects and promote a return to work, further efforts need to be made for early measures in cases of sickness. To increase the accuracy of the first choice and to come into contact with the insured more quickly, a forecast tool has been produced in 2006.

### **Collaboration with health care**

During the year, additional measures have been carried out to increase the involvement of the health and medical care in the sick listing process in the form of financial incentives, training and collaboration. The lack of training in insurance medicine is a factor which recurs in most reports about Swedish sick listing practice. Doctors generally regard themselves as having a relatively low level of knowledge about legislation, rules, other actors, and what applies for the assessment of performance and work capacity. This is the background to the multi-year initiative for training in insurance medicine for doctors and other groups in health care which has also continued during 2006 (see section *Use of additional resources in Other reporting*). Special information initiatives, with doctors as the foremost target group, have been targeted on the health care sector, within the framework of the national information campaign on sickness insurance, with work capacity as the central topic.

### **Collaboration with the National Board of Health and Welfare**

Together with the National Board of Health and Welfare, Försäkringskassan was given the task at the end of 2005 of producing a more quality assured, uniform and legally safe sick listing process. This work continued throughout 2006. The proposed changes in the sick listing process are based on improved quality in many components. A basic component to improve the sick listing process is for doctors as a profession to have better training in insurance medicine. The quality of Försäkringskassan's internal work with sick listing is being improved in among ways by clarifying the role of the insurance doctors. Another central component is to produce insurance medicine guidelines that provide recommendations for sick listing for different diagnoses to support doctors and officials at Försäkringskassan. Work to produce a suitable national model for the guidelines has been carried out by the two agencies and a first version is planned to be ready by July 2007. Some 40 doctors with specialist competence representing some 20 medical specialities have been involved in this work. The idea is for doctors providing treatment and Försäkringskassan's administrative officers to be able to obtain support from the insurance medical guidelines and to obtain an objective basis in the dialogue on sick leave with employers and in the meeting between doctor and patient. The doctor providing treatment and Försäkringskassan's administrative officers will in addition have direct help in the assessment of what is a reasonable period of sick leave for different conditions in relation to the requirements made by the work of the affected individuals. More exact assessments are expected to lead to medical documentation of higher quality and ultimately to fewer and shorter periods of sick leave. The proposed changes which are being produced are intended to create a sick listing process on the basis of a holistic view and to a large extent are about creating structures and methods to get it right from the start.

### **Billion investment to give sick listing questions increased priority in the county councils**

The health care sector has lacked financial incentives to work actively to reduce sick leave. The government therefore decided in the budget bill for 2006 on financial motivations for county councils of at least SEK 1 billion for each of the years 2007–2009, to stimulate county councils to give issues relating to sick listing a higher priority in health care. This payment consists of a fixed and a variable portion. The fixed portion, SEK 250 million, is distributed according to the number of inhabitants in the respective county. The variable portion is linked to the reduced share of sick leave days in the

respective county council. According to the government's subsequent agreement with the Federation of County Councils, payment is conditional on the respective county council reaching an agreement with Försäkringskassan on the measures to be taken between 2006 and 2008. Every county council is expected to make an analysis of the initial situation and produce a plan of measures for the whole period. The plan shall include measures in the fields of management, expertise and collaboration.

A comparison has been made between the agreements and action plans for 2006 and the agreements and actions plans that existed in 2005. This comparison shows that agreements existed in most counties already in 2005. However, the action plans have increased in scope and are considerably more detailed and distinct in 2006. The review of agreements and action plans thus shows that the health care sector has an ambition to give higher priority to matters relating to sick listing.

The agreement that the county councils reached with the state on reducing sick leave days has produced results. The county councils receive SEK 806 million of the billion that it would have been possible to receive in 2006. Gävleborg had the best result in 2006, a county which had a high incapacity rate to start with. Sick leave days there were reduced by 18.5 per cent compared with the previous year. One of the explanations for the successful result reported by the County Council is a well-developed collaboration with Försäkringskassan. Another example is Östergötland which had a lower incapacity rate than Gävleborg to start with. The number of sick leave days there has decreased by 11.7 per cent.

The links between measures, result, and effects are still hard to assess, since the work on more developed plans is still in its initial phase. The reasons for reduced sick leave which can be noted during 2006 can probably mainly be related to other factors. In the long term, the financial incentives are expected to gradually increase awareness in the health care sector of the importance of working actively with matters relating to sick listing.

## **The National Insurance Medicine Forum**

### **The National Insurance Medical Forum**

The National Insurance Medical Forum consists of the National Board of Health and Welfare, the Swedish Association of Local Authorities and Regions, the Swedish Society of Medicine, the Swedish Council on Technology Assessment in Health Care (SBU), the Swedish Medical Association and Försäkringskassan which is the convener.

The Forum's common goal is to develop practices and approaches, based on science and tried and tested experience for sick certificates in relation to medical problems related to work capacity, and thus contribute to a reduction of ill health and sick listing.

It was the National Insurance Medical Forum that took the initiative to the task that Försäkringskassan and the National Board of Health and Welfare were given to design a more quality assured, uniform and legally safe sick listing process. This resulted, in among other things, in a proposal for a model for national insurance medicine guidelines. Local committees for sick listing issues have developed to be able to serve as channels to the health sector and gain acceptance for the insurance medicine guidelines.

## **Collaboration with actors in the labour market**

### **Collaboration with employer organisations**

Försäkringskassan has had regular meetings during the year with central employers' organisations and trade union organisations.

### **Collaboration with the National Labour Market Board**

Collaboration with the National Labour Market Board continues to be developed based on the annual joint action plan. In the action plan for 2006, the target groups had been expanded to also include the number on sick leave and with sickness or activity compensation and who cannot return to their previous employment.

Until the end of December 2006, 39,501 persons had participated in collaboration since the start in April 2003 and of these 15,065 persons (38 per cent) had started work or a course of training/education. The target for 2006 was for 40 per cent of the participants to start work or a course. The average result for 2006 was that 36 per cent of the participants worked or had started a course twelve months after a measure had been initiated.

During the year, a pilot activity (PILA) has taken place in Västmanland and Västra Götaland by the National Labour Market Board and Försäkringskassan on behalf of the government. PILA stands for “pilot activity for those on long-term sick leave to return to work” (Swedish initials). The task consists of reviewing all cases of sickness over two years and all cases with time-limited sickness or activity compensation with a view to making use of the work capacity these persons may have and facilitating their return to working life. The PILA activity has reviewed 11,500 cases since April 2006. Around 7,500 are not currently relevant for further investigation mainly for medical reasons or since measures for a return to work are already in process. Of the 4,000 cases which have been the subject of further investigation, around 28 per cent have been relevant for further action through collaboration/the employment office or employer. Since April 2006 accordingly around 1,100 individuals have gone on to various measures for a return to work. Of all those who have been subject to investigation, 90 per cent have sickness or activity compensation and only 10 per cent sickness benefit. The development during the autumn shows that an increasing proportion has been offered a measure and the method has subjectly had an impact in the pilot activity. Experiences from the pilot activity will serve as the basis for continued work and PILA activity will start in the whole of Sweden on 1 March 2007.

### **Collaboration with the Work Environment Agency**

To strengthen collaboration, Försäkringskassan and the Work Environment Agency made an agreement in 2005 on a national collaboration agreement which applies until further notice. In addition to the national agreement, Försäkringskassan’s regional organisations have made local agreements with the district organisation of the Work Environment Agency (see section *Collaboration with the Work Environment Agency* in *Other reports*).

### **How are Försäkringskassan’s reports spread?**

No systematic review of Försäkringskassan’s dissemination of reports nor a survey of how they are received by the recipients has been made during the year. A qualitative readability study was made in the late autumn of 2004 and the result reported in January 2005. Work has subsequently continued to develop routines for spreading externally and internally of Försäkringskassan’s reports. Target groups for the readability study were internal recipients, the media, the Ministry of Health and Social Affairs and Members of Parliament (Riksdag). The main purpose of the study was to obtain inspiration for quality improvements and improve the usability of Försäkringskassan’s products. According to the findings, the agency’s publications are associated with quality and reliability. The study revealed that several groups wished for publications adapted to the recipients, and that it should be possible to make the results available for different groups in a better way. At Försäkringskassan, work is currently in process to see how these various wishes can be catered for in one and the same publication. In the spring of 2005, Försäkringskassan produced a folder on Social Insurance in Figures to make the information more easily available. A large number of reports and studies are available on Försäkringskassan’s website. The website is now arranged so that there are different entry points for different target groups in order to more easily find relevant material.

Försäkringskassan’s reports are published in one of a number of accessible publication series. The portal for external dissemination is Försäkringskassan’s website [www.forsakringskassan.se](http://www.forsakringskassan.se). Some of Försäkringskassan’s publication series are only made available electronically on Försäkringskassan’s website while others are published in both printed and electronic form. Printed publications are spread via circulation lists which are continuously updated and which include Försäkringskassan’s most important user of new knowledge. Publications can also be ordered through the website. Press seminars are held to spread knowledge about larger studies. An example of a large study during the year which attracted attention through a press seminar and had a big impact in the media is what is known as the SKA report (Försäkringskassan analyses 2006:16, *Sickness Insurance, Cultures and Attitudes*).

# Health and medical care policy

Benefits on the basis of the area of activity:

Dental care: *Dental care*

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

## The costs of the area of activity, SEKm

	2004	2005	2006
Dental care	3 129	2 746	3 099
Health and medical care	431	595	492
<b>Total insurance costs</b>	<b>3 560</b>	<b>3 340</b>	<b>3 592</b>
<b>Total administration costs</b>	<b>256</b>	<b>253</b>	<b>288</b>
<b>Total costs for the area</b>	<b>3 816</b>	<b>3 593</b>	<b>3 880</b>

## Explanation of benefits

*Dental care insurance* means that you do not have to pay the whole cost of dental treatment yourself. You are covered by dental insurance from the year you attain the age of 20.

*Health care when abroad* gives the insured the right to health care or retroactive compensation for treatment received abroad in various situations.

## Overall assessment of performance

The overall performance of the policy area is considered to be insufficient.

Försäkringskassan works for increased goal fulfilment of the overall goal of the policy area of better accessibility and quality in the parts that it administers, namely dental care and international sickness insurance.

Försäkringskassan's subsequent checks in 2006 provide indications that the quality of decisions in processing dental care insurance is deficient in many cases. Processing times within the high-cost protection for prosthetics for those aged 65 or older continue to be long. During 2006, processing times stabilised at the same level as in 2005, i.e. around 4–6 months. The long processing times have created problems both for patients and care providers. In order to rectify these balances, processing of dental care cases has also been distributed to several regional organisations in 2006. A review of future localisation of processing has also been carried out. This review resulted in the programme of action being made permanent, that is processing of high cost protection cases will in future take place in three different regions. Moreover, a common management function has been established for the nationally concentrated activity at Försäkringskassan. The common management function is expected to provide a positive result both on processing times and on the quality of decisions.

Försäkringskassan has neither carried out any information initiatives nor investigated public knowledge of prices and alternative treatments in 2006. However, the existence of price lists at a selection of Sweden's dental clinics has been investigated. This investigation showed that many dental clinics do not have visible price lists.

Försäkringskassan works to increase accessibility to care abroad, among other ways, by issuing the European sickness insurance card. Unfortunately, the card has not worked satisfactorily in a number of European countries, which has increased Försäkringskassan's administration and created difficulties for individuals. Försäkringskassan is also increasing accessibility by informing about and administering opportunities to seek care abroad, which an increasing number of Swedes make use of.

In 2006, the planned payments exceeded the appropriation and the appropriation credit granted which meant that Sweden could not fulfil its payment obligations to other Member States. Försäkringskassan will therefore have to pay parts of the planned payments for 2006 in 2007.

During 2006, the administration costs of the policy area increased due to the development of a new IT system for processing electronic bills in the Health and Medical Care area of activity.

## **The Dental Care area of activity**

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Dental care insurance covers all adults and consists of basic dental care, prosthetics and orthodontics, and increased compensation.

The administration of the high cost protection for prosthetics for persons aged 65 or older has been concentrated to Försäkringskassan's regional organisation in Skåne since its introduction in July 2002. However, the administration has had to contend with high balances and long processing times since the start. To rectify these problems, an action programme was initiated in 2005 within which Stockholm and Västra Götaland regional organisations have assisted Skåne in processing cases. However, Försäkringskassan still has problems with high balances and long processing times. In 2006, the balance has been around 17,000 cases, which is equivalent to a processing time of 4–6 months. A review of future localisation of processing has therefore taken place. This review led to the action programme being made permanent, i.e. processing of cases within the high cost protection will continue to be carried out in three regions. Moreover, a joint management function has been established for the nationally concentrated activity at Försäkringskassan. The joint management function is expected to give positive results both on processing times and the quality of decisions. During 2006, the regional organisation in Skåne has also reorganised its methods of work by organising administrative officers in teams, where every team plans the work according to inflow and availability of staff. The new organisation aims at being better able to handle periods of large inflow of cases and is also expected to lead to shorter processing times.

During 2006, Försäkringskassan has had recurrent problems in paying compensation to dentists, what is known as dental care compensation, within the prescribed 30 days. To rectify this, management by results has been introduced, which has led to a clear improvement in processing times towards the end of the year.

During 2006, three special subsequent checks of the quality of decisions have been introduced in the Dental Care area of activity. Two of these related to processing of cases in high cost protection for prosthetics and for persons aged 65 or older. The analysis showed indications of serious deficiencies in the quality of cases in the form of insufficient documentation for decision. Due to the result, Försäkringskassan has arranged a seminar for insurance dentists in December 2006. Moreover, a seminar is planned for administrative officers in 2007. The third analysis related to five regional organisations which process cases concerning dental care for persons up to the age of 65. The result showed that assessments differed markedly between the different regions. Due to this result, Försäkringskassan will review the possibilities for setting standards in order to increase the uniformity of decisions.

### **Price trend in dental care**

Försäkringskassan has an annual task from the government to monitor the price trend of dental care. The most recent study for the period May 2005 to June 2006 shows that the price for basic dental care increased by around three per cent, which is on a level with the development of wages but somewhat higher than the general development of prices for the period. The price increase for prosthetic treatments during the same period has been somewhat lower, around two per cent, for persons aged between 20 and 64. For persons who are 65 or older and who have received prosthetic treatments within the framework of the high cost protection, patient prices have increased considerably more, on average by over seven per cent. The higher increase of patient prices in the high cost protection is probably a consequence of the judgment from the Supreme Administrative Court which was published on 16 November 2005. This judgment made it possible for care providers in private dental care to

charge a higher patient price than that charged by the public dental health services in the county where the care was carried out, as long as the price is considered to be reasonable.

### **Titanium components**

In spring 2006, Försäkringskassan proposed to the government that compensation for titanium components should be reduced with reference to the availability of titanium components at a lower price has increased in the market for implant systems. Försäkringskassan's proposal was the result of a government commission intended to analyse and make proposals for a change in the compensation amount for titanium components.

It is noted in Försäkringskassan's report that at the present compensation levels, care providers who purchase titanium components at a price under Försäkringskassan's compensation levels will be overcompensated. Försäkringskassan's proposal would thus entail a reduction of the costs of dental insurance. Försäkringskassan also notes the importance of increasing patient knowledge of the price variation and compensation for titanium components and how these affect the patient costs in order to strengthen competition on the dental care market.

### **Preparations for a new dental care insurance**

In June 2006, Försäkringskassan was given the task by the government of preparing the introduction of a new dental care assistance scheme. A preliminary study has been initiated due to this task. Among other things, the preliminary study includes a review of the needs for statistics and standardisation and a survey of the prerequisites for a new IT support for administration of dental care assistance. Moreover, Försäkringskassan shall undertake a number of other preparations, for instance, future administration costs are to be estimated.

## **The Health and Medical Care area of activity**

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The costs of health care abroad are associated with Swedish membership of the European Union and with health care agreements between Sweden and other countries. The costs in the area of activity can be broken down into a number of sub-categories – tourist care, pensioner care, convention care, and health care services.

A number of judgments in the EC Court of Justice have in recent years confirmed the right of EU citizens to compensation for health and medical care received in another Member State. These judgments have challenged the national health care systems and initiated an ongoing discussion about how cross-border care should be developed in Europe.

### **Compensation for planned care in another EU/EEA country or Switzerland**

In 2006, there has continued to be a sharp increase in the number of persons applying for retrospective compensation for planned treatment in another EU/EEA country pursuant to articles 49 and 50 of the EC treaty on free mobility for services. During the year, 1,838 applications were granted for compensation for planned treatment, which can be compared with 2005 when 954 were granted. Dental care is the most common form of treatment. In 2006, 60 per cent of the cases granted concerned dental care. Of the persons applied for and were granted compensation for planned treatment abroad, 34 per cent travelled to Finland. It is primarily persons living in Norrbotten, close to the Finnish border, who opt to seek treatment in Finland. Other frequently visited countries in this context are Estonia, Germany, Poland and Spain.

The interest in planned treatment abroad is increasing continuously and there is nothing to indicate that this trend will diminish. In the absence of national legislation which is adapted to the requirements of Community law, a number of hard-to-resolve problems of application have arisen, however. National legislation, which clarifies the requirements and criteria of the type of treatment which can be compensated for and which regulates protection for the individual patient must be given priority to guarantee a uniform and legally safe application of EC law at the national level.

During spring 2006, the Ministry of Health and Social Affairs presented a review of current EC law in relation to Swedish national legislation with a view to producing national legislation for treatment in other EU/EEA countries for which compensation is paid in accordance with the EC treaty. Försäkringskassan has submitted a referral comment to the document. New legislation is expected at the earliest in 2008.

In addition to retrospective compensation for planned treatment abroad, Försäkringskassan can also grant advance permission for treatment within the EU/EEA or Switzerland. However, this takes place to a rather small extent. Försäkringskassan grants around 100 advance permits a year.

### **The European Social Insurance Card (EU card)**

The European Social Insurance Card (EU card) was introduced on 1 June 2004. This card entitles to essential treatment during a temporary stay in the EU/EEA or Switzerland. Up to the end of 2006, around 3.5 million cards have been issued in Sweden. The popularity of the card has increased knowledge about the insurance although Försäkringskassan's credibility has been called into question in many cases since the card has not worked satisfactorily in all European countries. Every Member State is responsible, however, for the card working properly at the national care providers. Continuous discussion on these problems is taking place at the EU level and they are hopefully of a temporary nature.

### **Concentrated processing on Gotland**

In spring 2005, Försäkringskassan received the task from the government to relocate parts of its activity. As part of this relocation, processing of cases relating to health care abroad has been concentrated on the island of Gotland. This concentration took place in 2006.

# Financial family policy

Benefits by area of activity:

Insurance: **Parental benefit, temporary parental benefit, pregnancy benefit, child pension, and pension entitlement for child years**

Needs-tested allowances: **Housing allowance, maintenance support, childcare allowance**

General allowances: **Child allowance including large family supplement and extended child allowance, adoption expense grant**

## Cost development by area of activity, SEKm

	2004	2005	2006
Insurance	28 580	29 504	31 570
Needs-tested allowances	10 017	10 024	10 272
General allowances	20 907	21 495	23 653
<b>Total insurance costs</b>	<b>59 505</b>	<b>61 022</b>	<b>65 495</b>
<b>Total administration costs</b>	<b>1 835</b>	<b>2 001</b>	<b>2 249</b>
<b>Total costs for the area</b>	<b>61 340</b>	<b>63 023</b>	<b>67 744</b>

### *Description of benefits*

**Child allowance** is paid from and including the month after the month in which the child was born, or entitlement to the allowance otherwise arose. Child allowance is paid to the end of the quarter when the child attains the age of 16. When the child has attained the age of 16, extended child allowance is paid if the child attends compulsory school or receives the equivalent education in another school. Child allowance and extended child allowance is SEK 1,050 per month. The large family supplement is paid to families with two or more children.

**Pregnancy benefit** can be paid to pregnant women if they have a physically strenuous job or if there are risk in the work environment. Benefit can be paid for at most 50 days during the last two months of pregnancy for a physically strenuous job. In the case of risks in the work environment, benefit can be paid for the larger part of the pregnancy. Pregnancy benefit may only be granted if it is not possible to relocate the woman to other work.

**Adoption expense grant** is given for adoptions of children who are foreign citizens and not resident in Sweden. The child shall be under the age of 10 when the adoptive parent receives the child in his/her care. The grant is only granted if the adoption has taken place through the auspices of an association which is an authorised adoption intermediary. The grant amounts to SEK 40,000 and is tax-free.

**Parental benefit** shall help to enable both parents to combine parenthood and paid 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 benefit 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 180 per day<sup>3</sup>. The days may be drawn until the child reaches the age of eight or completes the first class at school.

**Temporary parental benefit** 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 below the age of 12. For children covered by the Disabled Persons (Support and Service) Act, there are special rules. The temporary parental benefit also covers the ten days to which a father is entitled in connection with the birth of a child. Persons who have just become adoptive parents are entitled to five of these days each.

<sup>3</sup> The payment is SEK 60 per day for children born before 1 July 2006.

**Maintenance support** can be paid to children whose parents do not live together. A parent who does not live with their child shall pay child support to the parent with whom the child lives. If the parent does not pay child support or pays a low amount, Försäkringskassan can pay maintenance support. The parent with whom the child lives receives the support and the other parent shall wholly or partly reimburse Försäkringskassan for the maintenance support paid.

**Housing allowance** is intended to provide financially disadvantaged households with 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.

**Childcare allowance** is granted to a parent to enable him or her to care for a sick or disabled child with special needs of care or supervision. The childcare allowance also compensates for additional expenses caused by the child's illness or disability. The allowance is paid as 25%, 50%, 75% or 100% childcare allowance. Childcare allowance can be granted up to the age of 19.

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## Overall assessment

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The overall result for the policy area is considered to be good. The objective of the policy area has been met in the sense that financial family policy contributes to increasing disposable income for families with children. The difference in disposable income between households with and without children has in principle been unchanged between 2004 and 2006.

Financial family policy has been most important for lone parents with children. For these persons, the needs-tested allowances are especially important. Overall, the proportion of households with children with a low economic standard has been unchanged between 2004 and 2006. A large proportion of lone persons with children have, however, a low financial standard. The financial family policy has also been important for cohabiting partners or married couples with two or more children.

Another objective of financial family policy is for the overall uptake of parental benefit days to be equal between women and men. During the year, the differences in the uptake of parental benefit have continued to decrease. At the same time, there is still a long way before it is equal since women drew 79.4 per cent of all days for which parental benefit was paid and men 20.6 per cent.

In financial family policy, there is also an objective that child support shall be settled between the partners directly to a greater extent without the participation of Försäkringskassan. This objective has been met. An increasing number of separated couples make their own arrangements for child support. The number of children born continues to increase and Sweden's nativity rate is among the higher in Europe. This can be regarded as an indication that family policy is working.

The costs for financial family policy are increasing, which is mainly due to child allowance, parental benefit and temporary parental benefit. Rules for these benefits have been changed which has contributed to higher insurance costs and administration costs.

### Nativity continues to increase

The number of children born has varied in recent decades. Nativity is now increasing and the trend with a falling birth rate from the early 1990s has been reversed. In 2006, around 106,000<sup>4</sup> children were born in Sweden, which is an increase of five per cent compared with 2005. The number of new births has not been so high for twelve years. The increase in nativity can probably be linked to Sweden undergoing an economic upturn. At the same time, it can also be regarded as an indication that family policy is working and is contributing to parents not having to choose between having children and paid employment. Sweden is one of the countries in the EU where most children are born. There is considerable international interest in Swedish family policy.

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<sup>4</sup> Estimated figure based on information from Statistics Sweden

Although the birth rates are high, the number of children born is not sufficient. In 2006, nativity is estimated at 1.8 children per woman. To achieve full reproduction in the population, nativity of 2.1 children per woman would be needed, which would mean that around 124,000 children should have been born in Sweden in 2006. The number of children aged between 0–17 was around 1.9 million in December 2006.

### **The average age when women have their first child is rising**

At the beginning of the 1990s, the average age at which women had their first child was 26. In 2005, the average age had risen to 29. Young people's establishment in the labour market and the housing market has become increasingly long-drawn out, varied and uncertain than before. This affects the ability to earn a living and build a family. Many young people wait to build a family until they have finished studying and obtained employment. Postponing having children does not only entail increased risks for complications in connection with pregnancy. In the long term, there is also a risk that women do not have time to have the number of children they want and that the group of involuntarily childless increases. In 2005, 14.3 per cent of women over the age of 40 were childless. Women with permanent employment and a good income are most likely to have children.

## **Goal fulfilment for the policy area**

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### **Financial family policy improves the finances of families with children**

The objective for the policy area has been met in the sense that financial family policy contributes to increasing disposable income for families with children. If the objective refers to reducing the differences between families with children and others each year, it is open to discussion, however, whether the objective has been fulfilled since the income differences are in principle unchanged since 2004.

There are around a million households with children among Sweden's households. These households have together almost two million children aged between 0–17. It is their financial situation which is to be equalised in relation to households without children. To measure goal fulfilment, a number of indicators are used which show how financial family policy assists in lifting the income of families with children<sup>5</sup>. The outcome of these indicators shows that individuals in households with children<sup>6</sup> have a lower disposable income than households without children have.

The more children in the household the lower is the disposable income. The difference in disposable income between households with and without children is in principle unchanged between 2004 and 2006. Lone parents with children have the lowest disposable income. For these, financial family policy is very important. For lone parent households with two or more children, approximately a third of the disposable income comes from financial family policy. The needs-tested allowances are most important, which is not surprising. These allowances shall primarily be paid to financially weak households. For households with cohabiting or married parents with two or three children, an average of approximately 15 per cent of the disposable income comes from financial family policy benefits. For these, the general allowances, i.e. child allowances and large family supplements are most important. In all, these different benefits contribute to reducing the income differences by around four per cent. All areas of activity contribute, in particular the needs-tested allowances. The financial family policy is well-targeted in this respect and of great importance for financially disadvantaged groups.

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<sup>5</sup> In this section, income figures for 2005 and 2006 have been extrapolated from the actual income statistics for 2004. This calculation has been made with the aid of Statistics Sweden's simulation model FASIT. Known rules, changes in rules and tax rates have been inputted. Employment and wage trends have been assumed after assessment from the National Institute of Economic Research.

<sup>6</sup> In the assessment of the indicators, all individuals in the household have been given the same disposable income per consumption unit. In the text, the wording households with children has been used for the sake of simplicity to mean individuals in households with children.

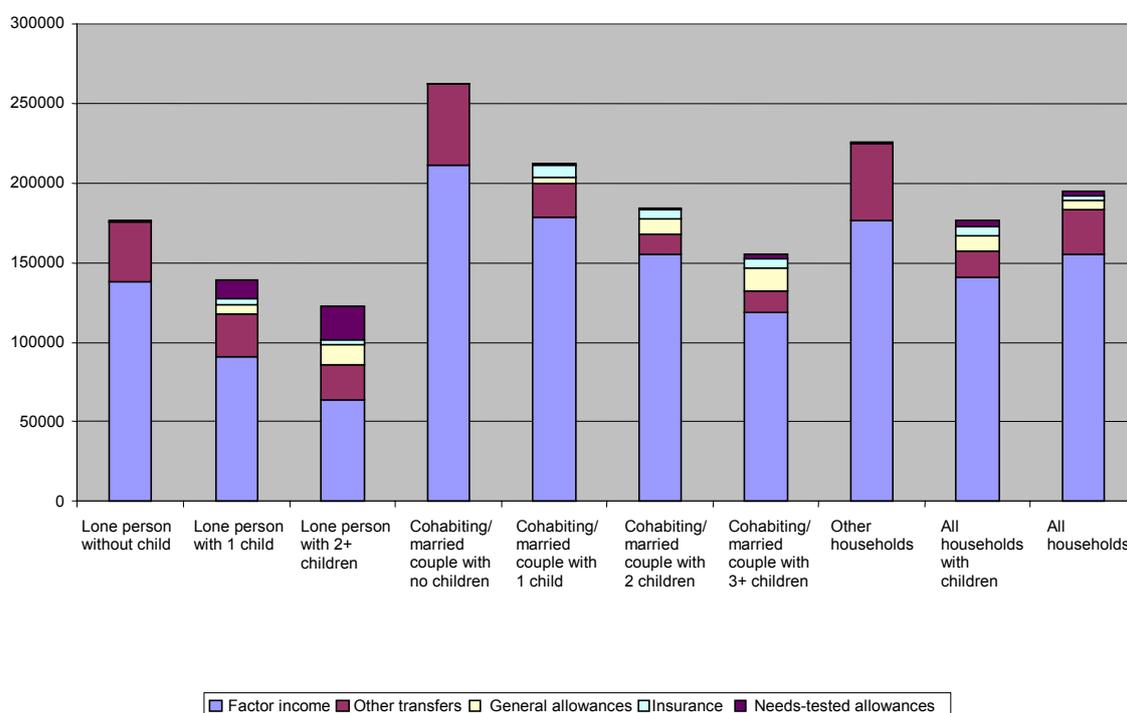
### Disposable income per consumption unit

Disposable income per consumption unit is the total income in a household including transfers and allowances after deduction for taxes and other negative transfers. Disposable income per consumption unit is the disposable income related to the maintenance burden. A calculation has been made to make it possible to compare income between types of households. Every person in the household is given a weight according to what is known as an equivalence scale. The weights of the different household members are added together and the disposable income is divided by this amount. Disposable income is specified in this section in current prices.

### Other transfers

Other transfers mean transfers which are not included in the financial family policy such as unemployment insurance, sickness insurance and social welfare allowance social assistance.

**Disposable income per consumption unit including the benefits of financial family policy by different household types, average in SEK for 2006.**



### Most important for lone persons/parents

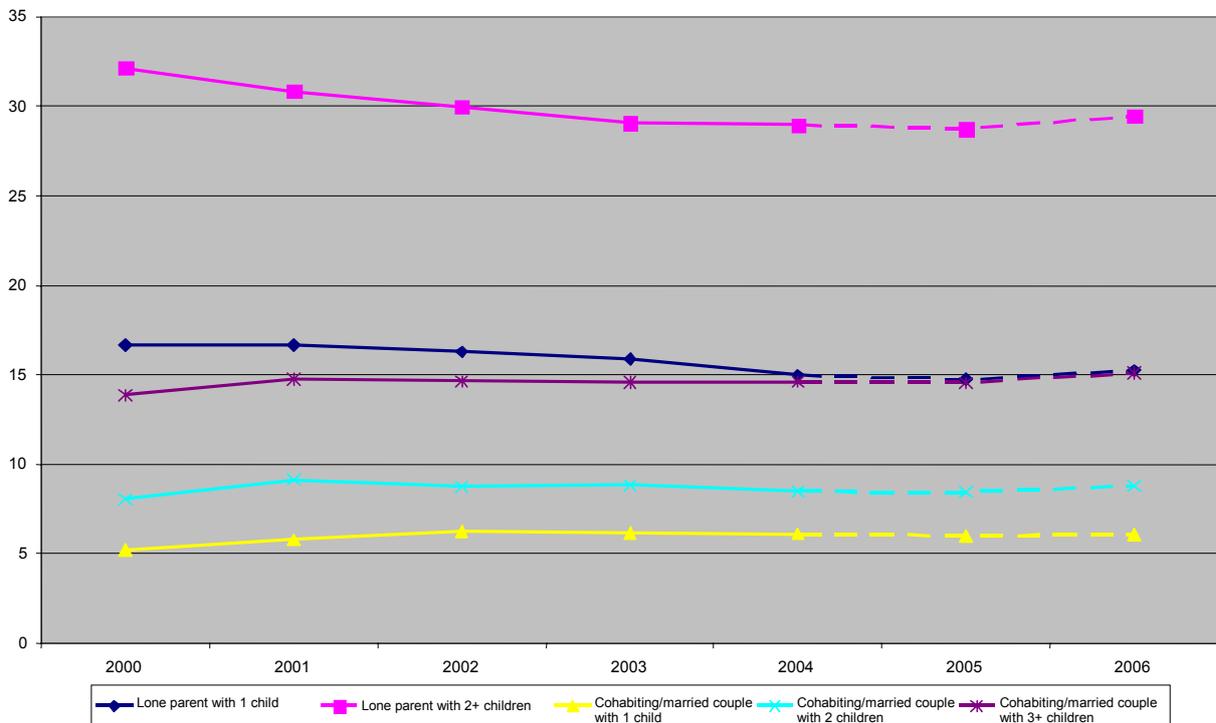
The diagram on the development of the contribution of family policy to the disposable income of families with children shows that family policy makes an important contribution to the finances of families with children. For households with children, family policy is on average eleven per cent of disposable income. In this way, family policy evens out the differences in financial conditions between families with and without children. The largest equalisation is for lone person households. The total contribution of family policy to the finances of families with children has in principle been unchanged during the years 2000–2006.

### Low financial standard

There are different ways of measuring low financial standard. One way is to define a relative measure which takes into consideration the distribution of financial standard in society. The measure is usually defined as the proportion of individuals with a disposable income per consumption unit which is below 50 or 60 per cent of the median income per consumption unit for all individuals. The relative measure tracks the economic development. Since the measures has been set in relation to the development of income for the whole of the population, the threshold is also increased for low

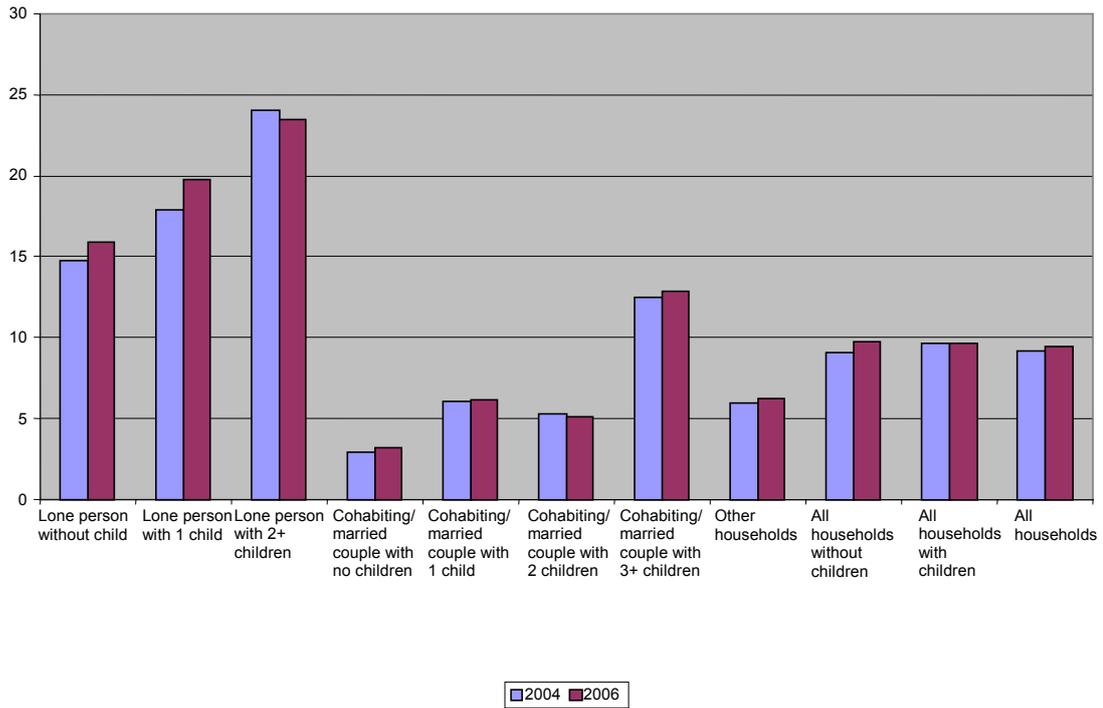
financial standard expressed in kronor since the average income in Sweden increases. Here the proportion of individuals with below 60 per cent of the median disposable income has been used.

**The contribution of family policy to the disposable income of families with children**



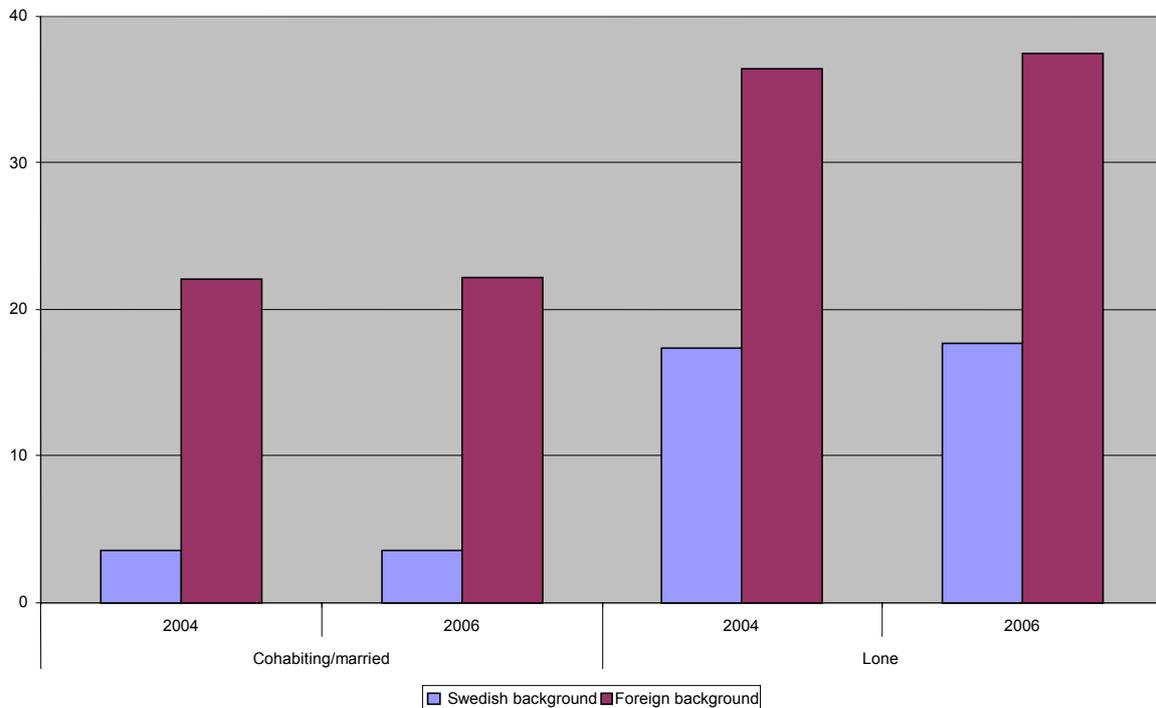
Despite the financial family policy contributing to improving the financial situation for above all lone parents with children, a large proportion of these still have a low financial standard. Every fifth lone parent household has a low financial standard, which is a small increase compared with 2004. Among lone parent households with two or more children, almost every fourth has a low financial standard. The low financial standard is largely due to these households having considerably lower income from work compared with other households. In all, the proportion of households with children with a low financial standard has been unchanged between 2004 and 2006.

**Proportion of households with a low financial standard by different types of household, 2004 and 2006**



Many children of lone parents born abroad grow up in reduced financial circumstances. As many as 37 per cent of these households have a low financial standard. The group has increased marginally between 2004 and 2006. Also in household with cohabiting or married parents where at least one of the parents is born in another country than Sweden, there is a large group with a low financial standard, 22 per cent.

**Proportion of households with children with a low financial standard broken down by parents born in Sweden and abroad, 2004 and 2006**



## A long way to go before equal parent benefit uptake

The government's goal for the overall uptake of parental benefit to be equal between women and men has not been met. None the less since parental benefit was introduced in 1974, men have been entitled to parental benefit days. The first year men drew around 0.5 per cent of all benefit days paid. The proportion of parental benefit days drawn by men has slowly increased over the thirty years since then. The uptake of parental benefit days is, however, far from equal despite men's share having doubled in the past ten years, from around 10 per cent in 1996 to around 20.6 per cent in 2006. In 2005, the corresponding figure was 19.5 per cent. The largest proportion of parental benefit days are used before the child's second birthday. The proportion of two-year-olds with a father who has drawn more than 60 parental benefit days is increasing. Of the children who attained the age of two in 2006, 35 per cent had a father who had taken at least 60 parental benefit days. In connection with the number of days that the parents cannot transfer to one another being increased to 60 in 2002, the share taken up by men increased sharply.

### Proportion of children with a father who has taken more than 60 parental benefit days on the child's second birthday

Child born in	1998	1999	2000	2001	2002	2003	2004
Proportion in per cent	15.5	17.0	18.8	21.4	32.0	34.2	35.2

# Disability policy

## Benefits by policy and activity area

**16 Disability policy:** Area of activity Contributions to participation and gender equality: *Assistance allowance and Car support*

**19 Compensation for incapacity for work.** Area of activity Compensation for incapacity for work: *Disability allowance.*

## Cost development for area of activity, SEKm

	2004	2005	2006
Assistance allowance <sup>1</sup>	12 749	14 335	16 084
Car support	246	268	254
<i>Disability allowance</i>	1 205	1 173	1 171
<b>Total insurance costs<sup>2</sup></b>	<b>12 995</b>	<b>14 603</b>	<b>16 338</b>
<b>Total administration costs</b>	<b>133</b>	<b>131</b>	<b>160</b>
<b>Total costs for the area</b>	<b>13 128</b>	<b>14 734</b>	<b>16 498</b>

<sup>1)</sup> The total includes payments for which the municipality is liable. Municipalities meet the costs of the first 20 hours of assistance per person and week. Net cost after payments from the municipalities: SEK 12,823m (2006), SEK 11,089m (2005), SEK 9,661m (2004).

<sup>2)</sup> Disability allowance belongs to the policy area Compensation for incapacity for work and is therefore not included in total costs for the policy area.

**Disability allowance** is granted to persons who have reached the age of 19 but not 65 and who, due to a permanent disability, need assistance from another person in the activities of daily living or have substantial additional expenses. Disability allowance may be granted either because of requirements for assistance or for additional expenses or for a combination of these. The allowance may be granted at 36, 53 or 69 per cent of the price base amount.

**Assistance allowance** is an allowance to pay for personal assistance to a person, who, due to a disability, has a need of personal assistance for his or her basic needs during an average of more than 20 hours a week. The municipality is responsibility for payment for the first 20 hours per week of personal assistance in accordance with assistance allowance. In 2006, the amount paid was SEK 219 per hour. Assistance allowance can be granted up to the age of 65 although the payment can be received after this age.

**Car support 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 is provided in the form of basic allowance, purchase allowance, adaptation allowance and driver training.

## Overall assessment

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The overall result of the policy area is considered to be acceptable.

Försäkringskassan shall, within the framework of the agency's sectoral responsibility, work for increased goal fulfilment of the overall objectives of the policy area of participation and gender equality for persons with disabilities. Work is, for instance, in process to make Försäkringskassan more accessible from a customer and staff perspective. Försäkringskassan has also produced both policies and guidelines in the work with the overarching objectives. In the short term, the possibility of achieving the objectives of disability policy has to some extent been delayed by the reorganisation of the agency, although in the long term the new more uniform organisation provides better conditions for the work of achieving these objectives. This work can be conducted in a more policy focused way and the disability policy objectives will be a more natural part of ongoing activity.

A measure of quality in processing is the time that a customer has to wait to receive a decision in a case. In recent years, the processing times for targeted support for persons with disabilities have decreased and this trend has continued during 2006. The processing times are lowest since the present series of statistics started (1998) for all three benefits in the policy area. The regional spread in processing time has decreased for two of the three benefit reported in the policy area. However, the differences for all benefits in processing time between regions are still considerable which is negative for the overall result.

Personal assistance is regulated by the Assistance Allowance Act (1993:389) (LASS) and the Act on Special Support and Service for Certain Disabled Persons (1993:387). The number of hours of assistance granted through the state assistance allowance differs from region to region. One explanation may be differences between municipalities in the possibility of receiving other measures apart from personal assistance according to LSS, which affects the number of assistance hours granted according to LASS. Another explanation is that the Assistance Allowance Act and the preparatory legal material for the act are unclear as regards how the assessment and calculation of needs is to take place. This has created different interpretations resulting in a lack of uniformity. This pulls down the overall result for the policy area. Försäkringskassan's new organisation creates good prerequisites, however, for increasing uniformity, among other ways by clearer control of processing. In 2006, new guidance and uniform working processes (ENSA) have been produced for all three benefits directed at persons with disabilities.

A further measure of quality is the customers' view of Försäkringskassan. The annual customer survey shows that persons with disabilities<sup>7</sup> gave Försäkringskassan a poorer overall rating than other customer groups. This customer group often has contact with Försäkringskassan and the poor results for reliability and treatment are therefore particularly disturbing. See the section *Case production in Försäkringskassan's operations*.

The costs of the policy area continue to increase. It is above all the insurance costs for assistance allowance that contribute to this increase in costs. The insurance costs for car support and disability allowance are relatively unchanged compared with 2005. The improved processing times, which have partly been made possible by additional resources, have entailed increased administration costs for the policy area.

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<sup>7</sup> Refers to persons aged between 16 and 75 who had an open case in April 2006 in childcare allowance, disability allowance, assistance allowance or car support for disabled persons at Försäkringskassan.

# Financial old-age policy

## Benefits by area of activity:

**Benefits in old age:** Guarantee pension, housing supplement for pensioners and maintenance support for the elderly

**Payments to survivors:** Adjustment pension, widow's pension, special survivor's pension, and guarantee pension for these benefits

**Old-age pension system alongside the state budget:** Income pension, supplementary pension and premium pension

## Cost development for policy area by area of activity, SEKm

	2004	2005	2006
Benefit in old age	35 306	30 273	29 196
Payments to survivors	15 926	15 856	15 814
Old-age pension system alongside the state budget	163 238	169 149	176 213
<b>Total insurance costs</b>	<b>214 471</b>	<b>215 278</b>	<b>221 223</b>
<b>Total administration costs</b>	<b>1 586</b>	<b>1 507</b>	<b>1 322</b>
<b>Total costs for the area</b>	<b>216 057</b>	<b>216 785</b>	<b>222 545</b>

## 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 insured has qualified. Forty insurance years are required for entitlement to full pension.

**Housing supplement** for pensioners (BTP) can be granted to persons who have full old-age pension, sickness or activity compensation, widow's pension, special survivor's pension, wife supplement or a corresponding benefit according to the legislation of another EU/EEA country. BTP is not granted for old-age pension drawn before the age of 65. The amount of BTP depends on the housing expense and income and wealth that the insured person has.

**Maintenance support for the elderly** can be paid from the month that the insured person attains the age of 65. The support can be paid if after deduction for reasonable housing costs, the income is below that for a reasonable standard of living.

**Adjustment pension** can be paid to a woman or man below the age of 65, who has lived permanently with their deceased husband or wife. Payment of initial adjustment pension has been extended from 10 months to 12 months as from 2005. If there are children aged between 12–18, adjustment pension can be extended for 12 months. However, adjustment pension is always paid until the end of the month in which the youngest child attains the age of 12. The amount of benefit depends on the pension entitlements the deceased person earned for his or her old-age pension. Guarantee pension can be paid for adjustment pension.

**Widow's pension** can be paid to the woman who was married with the deceased at the end of 1989 and at the time of death. The amount of the benefit depends on the pension credits earned by the deceased person. (Pension credits up to and including 1989 for women born in 1945 or earlier). Guarantee pension can be paid for widow's pension to women born in 1944 or earlier.

**Old-age pension** can be paid at the earliest from the date on which the insured person attains the age of 61. The old-age pension consists of income pension, premium pension and guarantee pension. For those born between 1938 and 1953, old-age pension also consists of supplementary pension. This pension is mainly based on the earned income which the insured person has had during his or her life. The old-age pension can be drawn as a 100%, 75%, 50% or 25% benefit.

## Overall assessment

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The overall result for the policy area is assessed as being good. The pension system has continued to work as expected. Pensions and other related benefits are paid to the right person at the right amount and at the right time.

During the year, Försäkringskassan has continued to improve information to pensioners and pension savers. The “Orange envelope” has been further developed and a further step taken towards a design adapted to the target group.

Försäkringskassan and the Tax Agency have developed routines during the year to enable information about the pensionable income and amounts to be provided earlier to the Premium Pension Authority (PPM), with a view to enabling the PPM to purchase fund shares for new pension rights before the end of the year. Given that the pension entitlement reported as earned from and including the Orange envelope for 2007 has also been transferred to premium pension funds, the information to the insured will be simpler and more logical. Likewise, the information in the pension system’s annual report is somewhat simplified and improved by the faster information processing entailing that premium pension funds can be purchased the same year that pension entitlement is established.

Insurance costs for the old-age pension system outside the state budget, income pension and supplementary pension have continued to increase. The good income development in Sweden and the consequently positive indexation explain a large part of the increased costs. The positive development of income and supplementary pension has entailed a reduction in guarantee pension costs. Costs for housing supplement to pensioners are reduced slightly by the positive indexation.

Försäkringskassan’s administration costs for the old-age pension system alongside the state budget have, like every year since 2002, also decreased in 2006. This year’s decrease is partly explained by reduced expenditure for the IT systems. During the period 1999 to 2003, very large investments were made in new IT systems for the pension area. The new IT systems were necessitated by the new rules which came into force in 2003.

The decision to introduce a uniform working process (ENSA) for old-age pension was made during the year. This is expected to reduce the administration costs by around SEK 100 million in full effect from 2008 in comparison with the costs for 2005.

Försäkringskassan has on behalf of Statskontoret<sup>8</sup> described the administrative processing of old-age pension and how the administration costs for the old-age pension system are calculated. From this report, it can be noted that the administration costs are considered to have peaked at their highest level in 2002 at SEK 861 million. Substantial cost reductions have subsequently taken place and are expected to take place in the future. According to the documentation, Försäkringskassan has provided to the Pension Administration Commission. Försäkringskassan’s costs for the old-age pension system alongside the state budget in 2015 are expected to be reduced to SEK 453 million per year. At this time, the large IT investments will be wholly depreciated.

## Policy area in the community

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A relatively extensive discussion primarily on the size of the future national pensions has also taken place during 2006. This discussion was occasioned both by factual circumstances and by the commercial actors’ interest in maintaining and creating demand for various savings products. The factual circumstances are primarily occasioned by the increasing average lifetime and the reformed life-income based system’s requirement for many – usually at least 40 years with income to reach a public pension on the level of that of the previous system. The negative effect of the increasing average lifetime on the level of the national pension, should, according to the logic of the reformed system, preferably lead to a higher retirement age. For this to happen, changes in rules in the social insurance system outside the income-based old-age pension system may need to be considered.

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<sup>8</sup> The Swedish Agency for Administrative Development has been instructed by the government to review administration costs in the old-age pension system Government Decision S2006/ 3796/ SF.

## The financial position of the old-age pension system<sup>9</sup>

According to the pension system's annual account in 2005, the balance figure for 2007 is 1.0044. The balance figure refers to the relationship between the system's assets and liabilities on 31 December 2005. Assets total SEK 6,490 billion and exceed liabilities by SEK 28 billion. Assets increased during 2005 by over SEK 237 billion while liabilities increased by SEK 217 billion. Accordingly, the pension system showed a profit of SEK 19 billion in 2005. Current forecasts for the income index show that the indexation of pensions for 2007/2008 will very probably be positive in real terms even if balancing, contrary to expectations, comes into play at the year-end. (See information text on the balance figure).

### Changes in the balance figure over the years

Position 31/12	2001	2002	2003	2004	2005
Balance figure, years	2003	2004	2005	2006	2007
Total assets	5 611	5 789	6 042	6 253	6 490
Pension liability	5 432	5 729	5 984	6 244	6 461
Surplus	179	60	58	9	28
Balance figure	1.03	1.0105	1.0097	1.0014	1.0044

The balance figure shows the relationship between the system's assets and liabilities. The assets consist of the value of the flow of contributions and the capital of the national pension insurance (AP) fund. The liabilities consist of the total of pension assets (pension balances and the value of ATP points) and the value of the pension obligation being paid.

When the value of the balance figure is greater than 1.0000, the assets exceed the liabilities. If the balance figure is less than 1, liabilities are greater than assets. Automatic balancing comes into play in these situations. This means that the "interest rate" in the pension system is adjusted downwards to the rate that makes the pension liability not exceed the assets. For the individual, this means that the pension balance or pension do not increase at the same rate as they would have done, had balancing not come into play. If the balance figure is larger than one, after balancing had come into play, the surplus is used to increase the "interest rate" so that the indexation is restored at the rate permitted by the system's financial position.

## Compensation in old-age policy area

### Work the way to a good pension

Försäkringskassan shall report the financial standard for 2006 for women and men born abroad who have attained the age of 65 compared with the corresponding standard for women and men born in Sweden. The financial standard depends in many cases also on other sources of income than national pension. This entails a considerably more complex collection of data. To facilitate reporting, Försäkringskassan has, after consultation with the Ministry of Health and Social Welfare, decided to study only national pension as a source of income.

#### Average national pension in December 2005.

	Born in Sweden	Born abroad	Difference SEK	Difference per cent
Man	12500 <sup>10</sup>	11600	900	8
Woman	9900	9700	200	2

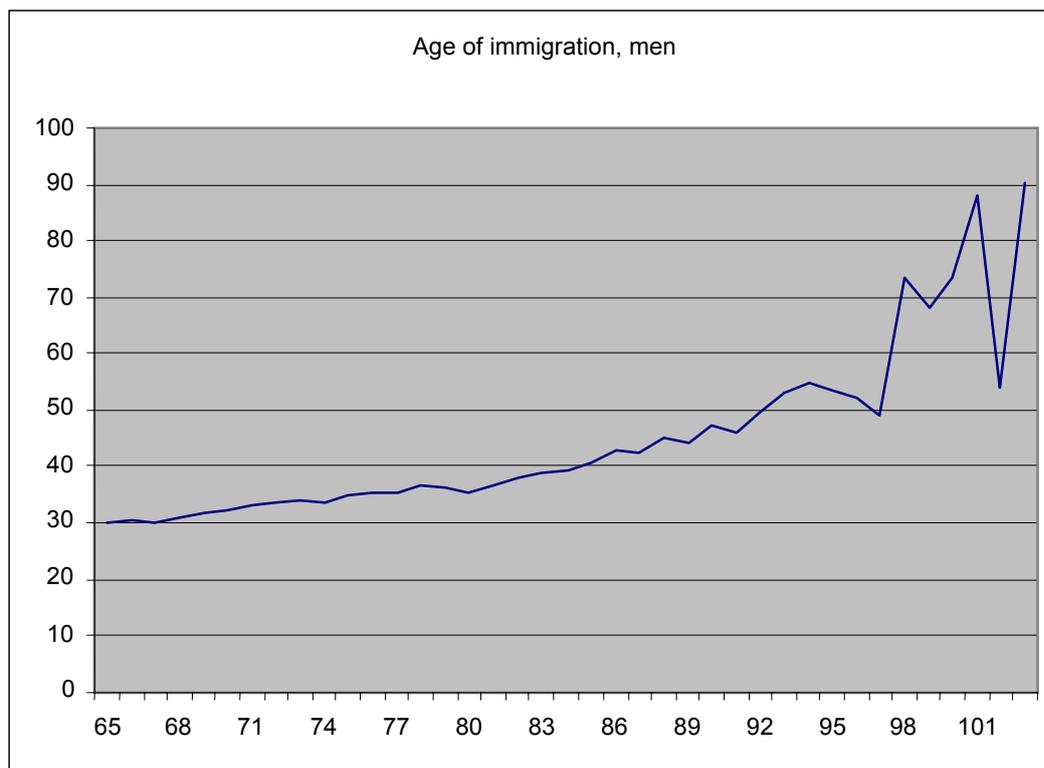
<sup>9</sup> In the appropriation directions, Försäkringskassan was instructed to report key statistics in its annual report which show how the balance figure is affected by different factors. This report has been sent separately to the Government (dnr 7358-2007).

<sup>10</sup> The amounts are rounded off to the nearest hundred kronor.

The national pension includes income-based pension, guarantee pension, widow’s pension, housing supplement and maintenance support for the elderly. The difference is largest between men born in Sweden and abroad. The average amounts have been calculated by dividing the total payments by the number of persons receiving payment. Accordingly, persons are included who have earned pension in Sweden for a few years, which reduces the average amounts.

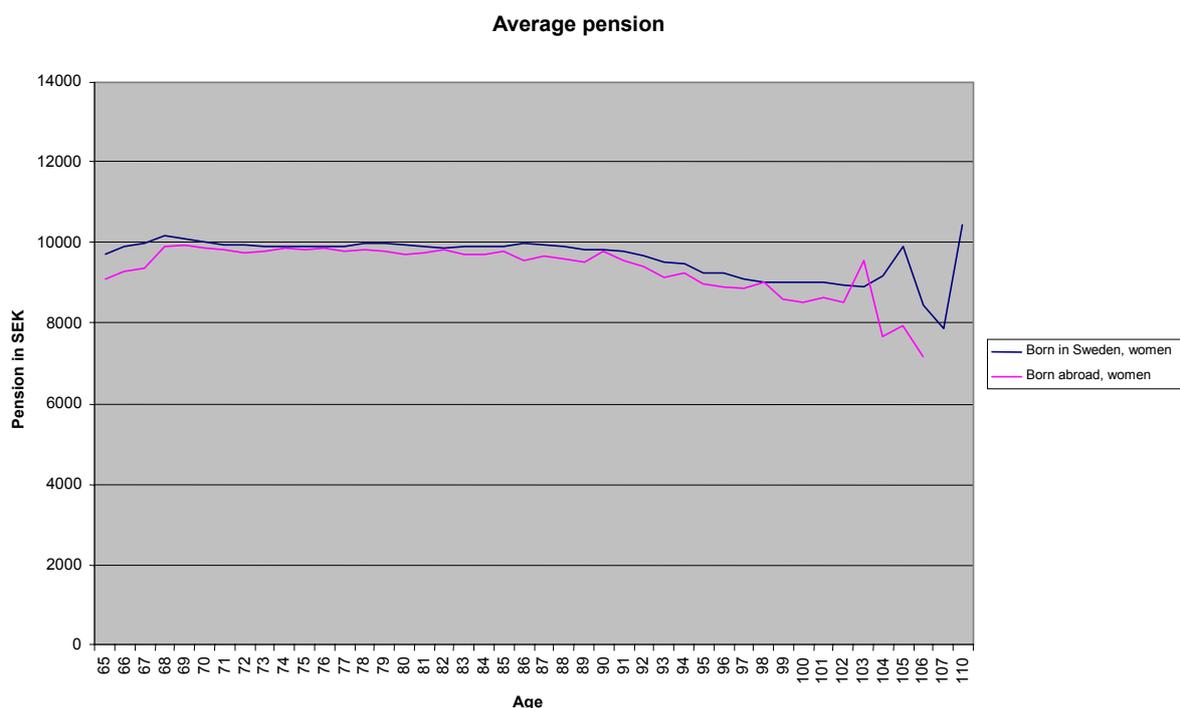


If different age cohorts are compared, it is evident that the difference between the pensions of men born in Sweden and abroad will be less and less for every age cohort that is compared<sup>11</sup> (see figure). One explanation may be the extensive immigration of labour in the 1950s and 1960s.



<sup>11</sup> One reason why the curves fluctuate so strongly in the high ages is that there are so few observations.

According to Statistics Sweden's report *Immigration and emigration in the post-war period* (Nilsson, 2004), it was possible already in 1970 to observe that employment for men born abroad was lower than for those born in Sweden. "Reference is often made to the period of labour immigration without specifying which period is meant. This period largely only lasted for two decades, the 1950s and the 1960s", according to Nilsson. The average immigration age for a man who is now 65, was 30 (see diagram). This means that the average 65-year-old immigrated to Sweden around 1970 when it started to be difficult for immigrants to obtain work, which in turn affected their pension. The pensioners born abroad who are now around 85 years old, came, however, to a large extent to Sweden in the 1960s and thus had quite different opportunities to obtain work and a good pension. Furthermore, the phased introduction of the new pension system can be an explanation for the difference between those born in Sweden and abroad increasing the larger the portion of the pension which comes from the new system. Life income is important in the new system and the fewer the number of years in Sweden the lower the pension. The rules of the previous supplementary pension system (ATP system) were more generous in many cases in this respect.



For women, the income differences are small for all age cohorts (see figure). This is explained by, among other things, the fact that participation in the workforce among women who are older today has been low both among women born in Sweden and abroad.

With a finer geographic division, it is evident that pension levels also vary among the group of those born abroad, and as expected the variation is greatest among men.

Country of birth	Men
Sweden	12500
EU15 outside Nordic area	12300
North America	12100
Nordic area except Sweden	12000
Oceania	11700
Rest of Europe	11300
Asia except Middle East	10100
Africa south of Sahara	10000
South America	9300
Rest of world <sup>12</sup>	9100

<sup>12</sup> The rest of the world includes persons who are being investigated, stateless, countries that have ceased to exist or unknown origin.

MENA<sup>13</sup>

9000

Pensioners from the EU receive the highest pension. Their pension is SEK 12,300 while pensioners from the MENA countries receive SEK 3,300 less, which is 27 per cent lower than the EU pensioners. If one compares men and women, it is again the EU pensioners who receive the highest pension, SEK 9,900, and the pensioners from “The rest of the world”, who receive the lowest pension of SEK 8,700, which is a difference of 12 per cent. The study shows in summary that the pension is affected directly by what has happened during the person’s working years. If the person has not had access to work or has been excluded from the labour market, the possibilities of obtaining a high pension are minimal. Those who started their working life later in life or who have not had well-paid jobs combined with a short working life, for instance, those who came as immigrants as adults, are overrepresented in this category.

<b>Country of birth</b>	<b>Women</b>
Sweden	9900
EU15 except Nordic area	9900
Rest of Europe	9800
North America	9800
Nordic area except Sweden	9700
Africa south of the Sahara	9300
South America	9200
MENA	9200
Asia except Middle East	8900
Oceania	8900
Rest of the world	8700

<sup>13</sup> Algeria, Bahrain, Egypt, United Arab Emirate, Gaza, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, West Bank and Yemen.

# FÖRSÄKRINGSKASSAN'S OPERATIONS

## Overall assessment

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### Easy, fast, correct – with increased pace

During the year, Försäkringskassan has achieved very good results for certain parts of the overall objectives for the administration of social insurance. However, results have not been at the level hoped for by the agency for other parts. Goal fulfilment has improved as regards the objective of good personal policy. More information is contained in *Försäkringskassan's staff*.

All in all, the administration has not developed sufficiently positively in relation to the objectives of confidence, legal safety, efficiency and quality. The rate of development is insufficient in relation to a number of the objectives in Försäkringskassan's change plan. The agency is therefore now increasing the pace of the work of change. An operational strategy has been adopted with the objective of making Försäkringskassan a modern agency with faster decisions and increased service. The guiding words for the future operations are to be simply, quickly and correctly. This is how customers are to view the agency.

### Much faster processing for increased total quality

Simply, quickly and correctly can also serve as catchwords for the quality concept as a whole. By the total quality of operations is meant that processing of cases takes place without unnecessary delay (quickly), that insurance is applied in a correct way (correctly) and that the contacts between the agency and the insured person are also otherwise carried out in a way that is adapted to the needs of the individual. The latter includes a lot of the catchword Simply, such as easily understandable information and high availability in the telephone customer service and via Internet.

As regards the quality concept as a whole, it is faster processing which is undoubtedly the foremost result during the year. Processing times have decreased for most types of case and for many of them, including SFN cases, processing is the fastest ever during the period for which statistics have existed. Sickness benefit and temporary parental benefit are processed more quickly than for a very long time but it is more difficult to make exact comparisons. The spread of processing times is also decreasing. Fewer individuals have to wait too long for decisions or payment and the differences between regions for largely the same benefits have also decreased. From these aspects, processing is thus more uniform than last year. The sharp improvements as regards processing times indicate improved total quality. To be able to assess the development of total quality, other quality aspects need to be incorporated, however.

As regards legal safety, which is also part of the quality concept, the development of results is not completely clear. The proportion of cases with sufficient documentation remains at approximately the same level as before. The number of cases that are appealed and changed in the county courts has also increased this year. The reason is probably the stricter application in the area of ill health. However, the question of how this is to be interpreted from a legal safety perspective is complex and it is still the case that a very small proportion of the total number of decisions made by Försäkringskassan are changed.

Försäkringskassan's increased measures against crime have led to an increase in the number of persons reported for and sentenced for social insurance fraud. This should provide a preventive effect on people's behaviour so that the number of individuals who make incorrect use of social insurance will diminish.

Customers' rating of Försäkringskassan has deteriorated slightly, at least at an overall level. The questions which receive the lowest rating relate to simplicity and availability. These are key questions

in the new operational strategy and an area for improvement for the agency. Försäkringskassan receives high ratings for treatment and a number of questions which can be related to the legal safety aspect, such as the ability to comply with laws and rules and that customers are treated fairly. The confidence of the public is largely unchanged compared with last year. However, results have improved in some questions. More people consider that Försäkringskassan pays compensation to the right persons and that abuse of benefits is counteracted. From a study made by Statistics Sweden on behalf of Försäkringskassan, it is evident that confidence in the insurance has improved in the slightly longer term. In this study 2006 has been compared with 2003.

All in all, quality has improved sharply as regards the guide word “quickly” while development is difficult to assess as regards the guide word “correctly”. A small deterioration in result can be noted as regards customers’ rating of Försäkringskassan. The sharp improvements as regards processing times indicate an improved total quality but this only applies provided that development of the other quality aspects is not considered as having been too negative.

### **Scarcely increased efficiency with reduced productivity**

Försäkringskassan’s definition of the concept efficiency is that the processing time shall be of high quality and that this shall be achieved in a cost-efficient way. Fulfilment of objectives is assessed on the basis of a weighted assessment of the various quality measures, and productivity development as an indicator of cost effectiveness.

Försäkringskassan’s overall productivity has decreased by five per cent compared with last year. The main explanation for this negative development is that, despite the increased administration costs in the field of ill health, the number of cases of sickness has decreased. The productivity decrease means that it is hardly worth claiming that efficiency has increased this year. To be able to claim increased effectiveness despite deterioration in productivity, a strong and clearer improvement of total quality would have been needed, and this is not the case as shown above.

### **A number of measures for improved efficiency**

Försäkringskassan is working continuously to improve the effectiveness of operations. Since the new agency was established, the work of change has been carried out to achieve the agency’s objectives of becoming an agency which

- Is of top class and has the full confidence of the public for service, treatment and efficiency
- Makes an active contribution to there being fewer people on sick leave and more at work
- Is one of the country’s most developing workplaces with very low sick leave

The integrated agency created by the establishment of Försäkringskassan provides considerable opportunities for creating an efficient and legally safe activity of high quality. During this year, the work of change with its various measures has, among other things, meant that SEK 300 million could be distributed to specially prioritised areas. The change work to date is described in more detail in a special report submitted to the government in connection with the annual report. This section contains some examples of measures that have contributed, or will contribute, to increased goal fulfilment as regards the government’s objectives for legal safety, efficiency and high quality. A number of examples had not been possible or would be considerably more difficult to carry out in the old organisation with 21 autonomous insurance offices and the National Social Insurance Board.

The most successful area during the year has undoubtedly been the processing times where the results have been improved on a broad front. A key factor underlying the successes is an increasingly strong production control where regions have been given “individual performance targets” where consideration has been given, among other things, to the regions’ results in the initial situation. The regions have an individually adapted plan which states which results should be achieved month by month in order for the annual target to be achieved. Counties which cannot cope with complying with the plan submit a discrepancy report with an action plan for how the objective can be achieved. During the year, special result teams were established, consisting of people from the head office to assist regions that had fallen behind in terms of results. This produced the desired effect through these

companies improving their results. The introduction of uniform working processes described below has contributed to the faster processing.

In the customer survey, the two allegations where Försäkringskassan received the lowest ratings were “Forms are easy to complete” and “It is easy to contact Försäkringskassan by phone”. In both these cases, improvement measures have already been undertaken in the form of fewer and simplified forms and the decision to strengthen the telephone customer services and concentrate activity on four places in the country compared with today’s 35.

Försäkringskassan has undertaken a number of measures for a more uniform and legally safe application of the insurance.

For instance, work on uniform work processes has continued (ENSA). These have now been introduced for around 80 per cent of activity.

The concentration of cases is another way of increasing the prospects for a more uniform and correct application in the most complex and less frequent types of cases. During 2006, concentrations of this kind have been introduced for the following areas:

- Family allowances for conscripts (Östersund)
- Car support for the disabled (Västervik)
- EU treatment (Gotland)
- State claims (Östersund)

Furthermore, Försäkringskassan has adopted an action plan for human rights in social insurance which shall be an active protection against discrimination throughout the whole of social insurance. Försäkringskassan shall endeavour for all children and adults, regardless of sex, ethnic background and religious affiliation or sexual preference, to be treated professionally and receive service and support on the basis of their prerequisites and needs. Read more about the action plan in the section “Human rights in social insurance”.

## **The international arena**

The international work of Försäkringskassan covers the areas Application of EC legislation, conventions and export of services. In the field of EU collaboration, Försäkringskassan’s task includes producing guidelines and monitoring application of the joint coordination rules for social insurance. The agency participates in the work of a number of EU commissions, committees and working groups to support the Government Offices. Furthermore, the agency is the liaison body and takes part in collaboration both with other countries’ liaison bodies and international organisations. Försäkringskassan receives a large number of international visits and informs about Swedish social insurance in other countries.

## **Export of services**

According to its directives, Försäkringskassan can engage in export of services for payment. During the year, Försäkringskassan has concluded a project in Latvia. The agency has also started a project in Bulgaria. Both these project are known as twinning projects which are financed by the EU. The intention of the project is to increase the knowledge of the new members on the co-ordination rules for social insurance in the EU. This commitment is for mutual benefit, for Sweden through contacts being created for the role as liaison body and for the recipient country in its preparation for application of EC legislation.

Export of service, SEK			Amount SEK thousand		
Project	Costs	Income	Net profit for the year	Adjustment deficit of previous year's surplus	UB
Wages	1 154 124	0	-1 154 124	526	-628
Twinning project Lithuania Sida	374 795	1 827 105	1 452 310		1452
Service export Latvia 2	216 589	276 139	59 550		59
Twinning project, Latvia	144 396		-144 396		-144
Export of services, Bulgaria no. 2	15 046	57 600	42 554		43
Sida seminari Pension building	33 859	204 279	170 420		170
<b>Total</b>	<b>1 938 809</b>	<b>2 365 123</b>	<b>426 314</b>	<b>526</b>	<b>952</b>

### International interest organisations

Försäkringskassan participates actively in the international social insurance organisation, International Social Security Association (ISSA), an international interest organisation for the world's social insurance authorities. The agency is also represented in a UN body engaged in research on social development, the United Nations Research Institute for Social Development (UNRISD), and in the European Healthcare Fraud and Corruption Network.

# Annual report – financial sections

## FÖRSÄKRINGSKASSAN

### INCOME STATEMENT (SEK m)

Period 1 January-31 December	2006	2005
<b>Operating income</b>		
Income from appropriations	8 395	7 503
Income from charges and other payments	880	1 002
Income from contributions	117	72
Financial income	12	5
<b>Total</b>	<b>9 404</b>	<b>8 582</b>
<b>Operating expenses</b>		
Staff costs	-6 747	-6 002
Accommodation costs	-731	-724
Other operating costs	-1 283	-1 267
Financial costs	-44	-41
Depreciations and writedowns	-561	-542
<b>Summa</b>	<b>-9 366</b>	<b>-8 576</b>
<b>Result of operations</b>	<b>38</b>	<b>6</b>
<b>Tax collection</b>		
<i>Income</i>		
Income from charges etc. not utilised by the authority	31	363
Social security contributions	359 063	341 285
General pension contribution	75 098	74 762
National old age pension contribution	30 394	30 091
Taxes	5 807	5 671
	<b>470 393</b>	<b>452 172</b>
<i>Less</i>		
Revenue contributed to the central government budget from tax collection	-260 897	-249 699
Paid into National Pension Insurance (AP) Fund	-183 262	-178 668
Transfer to premium pension system	-26 033	-23 805
	<b>-470 192</b>	<b>-452 172</b>
<b>Balance, revenue</b>	<b>201</b>	<b>0</b>
<b>Transfers</b>		
<i>Income</i>		
Funds received from the central government budget	242 481	239 165
Received from agencies	11 822	11 572
Other funds received for financing of allowances	4 888	5 380
Funds received from National Pension Insurance (AP) Fund	176 160	169 091
Financial income	76	114
Financial expenses	-36	-11
	<b>435 391</b>	<b>425 311</b>
<b>Transfers to/utilisation of reserves, etc.</b>	<b>26</b>	<b>-32</b>
<i>Costs</i>		
Policy area		
13 Health and medical care policy	-3 592	-3 340
16 Disability policy	-16 338	-14 603
19 Benefit in case of incapacity to work	-117 238	-119 531
20 Financial old age policy	-45 010	-46 129
Old age pension system outside of the national budget	-176 213	-169 149
21 Financial family policy	-65 495	-61 022
Other benefits	-11 816	-11 586
	<b>-435 702</b>	<b>-425 360</b>
<b>Balance, transfers</b>	<b>-285</b>	<b>-81</b>
<b>Change in capital for the year</b>	<b>-46</b>	<b>-75</b>

**FÖRSÄKRINGSKASSAN****BALANCE SHEET (SEKm)****The period 1 January to 31 December****2006****2005****ASSETS****Intangible fixed assets**

Expenses for development of IT systems brought forward

1 384

1 506

Rights and other intangible assets

62

47

1 4461 553**Tangible fixed assets**

Improvement of non-owned property

31

39

Machinery, equipment, installations, etc.

300

346

331385**Financial fixed assets**

Other long-term receivables

6

12

**Inventories, etc.**

Inventories

2

2

**Receivables**

Accounts receivable

9

5

Receivables from other agencies

389

410

Other receivables

3 120

3 006

3 5183 421**Cut-off items**

Prepaid expenses

204

234

Accrued contribution income

29

14

Other accrued income

192

202

425450**Settlement with Government**

Settlement with Government

7 008

7 165

**Short-term investments**

Bonds and other securities

1 514

1 529

**Cash at bank and in hand**

Balance in interest account at Nat. Debt Office

523

510

Cash, PlusGiro and bank

27

30

550540**TOTAL ASSETS****14 800****15 057**

**CAPITAL AND LIABILITIES****Agency capital**

State	0	0
Donations	6	6
Change in capital brought forward	733	807
Change in capital according to income statement	<u>-46</u>	<u>-75</u>
	693	738

**Funds**

Funds	1 017	1 010
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**Provisions**

Provisions for pensions and similar commitments	122	141
Provision for voluntary pension insurance	593	626
Provision for interest on recourse claims	<u>14</u>	<u>187</u>
	729	954

**Liabilities, etc.**

Loans from National Debt Office	1 774	1 936
Liabilities to other agencies	246	210
Accounts payable	660	587
Other liabilities	<u>8 395</u>	<u>8 348</u>
	11 075	11 081

**Cut-off items**

Accrued expenses	1 276	1 259
Unutilised contributions	9	14
Other prepaid income	<u>1</u>	<u>1</u>
	1 286	1 274

**TOTAL CAPITAL AND LIABILITIES****14 800****15 057****Contingent liabilities**

Other contingent liabilities	30	30
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