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ESIP factsheet on the state of play and costs of the RINA handover

Executive summary

The EESSI is intended to allow digital exchanges of information between all social security institutions of 32 countries, in the framework of social security coordination regulations 883/2204 and 987/2009 (de facto all European social security institutions). The EESSI data model contains all processes defined in these Regulations and all social security (and health) data covered by these regulations. The decision-maker on strategic EESSI issues is the Administrative Commission for the Coordination of Social Security Systems, while Member States and European Commission are EESSI project stakeholders. The **Reference Implementation for a National Application (RINA) software is a crucial element of this infrastructure allowing for the correct communication between national contact points and the central EESSI service node** and has been developed by the European Commission since the beginning of the EESSI project in 2009. The commitment of the European Commission to the corrective and evolving maintenance activity relating to the development, testing, versioning, and release of the RINA was formally embodied into the EESSI Term of Collaboration, Annex II - System Agreements, concluded between the Member States and the European Commission.

However, the **European Commission's sudden and unilateral decision in January 2020 to hand over the development and maintenance of RINA to Member States by June 2021 is likely to have a deep financial and operational impact on social security institutions** themselves and has the potential to jeopardise citizens' rights. The RINA Handover is planned even though further improvement of the EESSI is needed. In some sectors (pensions, benefits in kind reimbursement) many countries are not yet in production and most of the countries involved have warned the Commission about the risks.

The **European Commission proposed four scenarios for the RINA-Handover**, which notably did not include any possibility for the status quo to be maintained. Instead, the European Commission has been **pursuing scenario 2, which foresees a centralised joint procurement procedure with willing countries having to select a common contractor to further develop and maintain RINA.**

Yet **not all countries nor social security institutions are able to take part in the joint procurement**, due to the specificities of their national IT infrastructure or their limited financial capacities. In addition, **the projected costs of this handover calculated by the European Commission are underestimated** according to our members' own assessments. Despite being made aware of the concerns of stakeholders and social security experts, the European Commission presses on with the handover, within a particularly constrained timeframe and with an unclear cost model.

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ESIP and its members recommend **reconsidering the timeframe of the handover and further assessing the implications of this decision**. Ideally, the European Commission should continue to **provide access to EESSI by offering a basic access software using the “RINA as a service” approach**. In any case, since the European Commission withdraws from its responsibilities laid down in the EESSI Terms of Collaboration, the RINA Handover needs to be carried out in broad consensus with all other stakeholders – i.e. based on the mutual agreement reached in the Project Governance bodies (particularly the Administrative Commission).

The EESSI: structure and state of play

The principle for the Electronic Exchange of Social Security Information (EESSI) was set out in the social security coordination Regulations 883/2004 and 987/2009 and developed on a technical level jointly by European Commission representatives and national experts gathered in the Administrative Commission for the coordination of social security systems and its Technical Commission.

The EESSI is an IT system intended to allow social security institutions in 32 countries¹ to exchange information more efficiently and securely. In practice, the project involves a central service node developed by the European Commission, and national access points hosted by the participating countries. The countries must connect the relevant national institutions via the access points to the central solution, either with their own national application or the Reference Implementation for a National Application (RINA) software. To ensure a smooth access to EESSI, countries and their institutions had to change their national databases and adapt their national processes. **The RINA software was developed by the European Commission with the purpose of supporting those countries that did not have the resources to develop their own national application and it is today used by a majority of participating institutions.**

Via the EESSI, participating institutions are able to exchange structured electronic documents (SEDs), replacing paper forms in the framework of business use cases (BUCs), defining common rules to exchange information for each practical situation, for example, a claim for an old-age pension introduced by a mobile worker who has worked in several countries or the posting of workers. Incorporation of the complex EESSI Data Model (SEDs and BUCs) into RINA ensures that institutions uniformly follow all rules derived from the coordination Regulations. In fact, **the workflow engine of RINA provides for a conformity benchmark of how the process rules should be handled by national applications. By removing RINA from central development, this unifying element towards EESSI implementations on national level of Member States will be undermined.**

¹ The 27 EU Member States, the UK, Iceland, Lichtenstein, Norway and Switzerland

The **development of the EESSI has been ongoing for many years, starting in 2009**, and it **faced several hurdles** due to the sheer complexity of this IT project. A major issue emerged after the first five years of development when it appeared that the first concept to be delivered by the European Commission would not function properly, leading also to a freezing of the national IT developments happening in parallel.

After a break in the development, **the central solution of the EESSI was eventually delivered by the European Commission in July 2017** and it was to be approved by Member States. While the conditional approval highlighted a list of issues that needed to be resolved, Member States considered it necessary to press on with national developments, with a commitment by the European Commission to tackle the outstanding issues and finalize the documentation in the meantime.

This opened a two-year transition phase to connect to the EESSI and start exchanges by 3 July 2019². The first exchanges already took place in 2019. However, due to the complexity of the project, **the official start of exchanges had to be postponed by one year, with a few countries planning to be ready only in 2021 or 2022**³.

RINA handover: a unilateral decision with important consequences

In January 2020, the European Commission took the unilateral decision to stop the development and maintenance of RINA and hand it over to Member States by June 2021.

This decision was not foreseen when the development of the EESSI started, and stakeholders were not consulted before the European Commission took this decision, although it constitutes a breach of the EESSI Terms of Collaboration (System Agreements between the Member States and the Commission) and of the EESSI Governance rules. This decision comes at a crucial phase of implementation of the EESSI and **leaves many Member States and social security institutions in a difficult situation, since they have been developing their national contact points on the assumption that the RINA would continue to be developed and maintained by the European Commission**. This is particularly true for smaller social security institutions who are handling only a limited amount of business use cases and will have to bear a disproportionate cost if they want to continue to be able to process electronic document via the EESSI after the handover. In addition, in the context of the COVID-19 pandemic, this decision puts a further strain on the operational and financial capacities of national social security institutions, disregarding the fact that national priorities are at this time focused on anti-pandemic measures.

Possible scenarios and costs: much to be determined

Following this decision, four scenarios for the RINA handover were prepared by the European Commission, with an estimate of one-off and yearly costs for Member States for each.

² In accordance with articles 4 and 95 of Implementing Regulation 987/2009 and AC decisions E5 and E7

³ See intervention of Joost Korte in the EMPL Committee meeting on 15 June 2020

Notably, none of the scenarios foresees any involvement of the European Commission beyond the set date of the handover.

RINA handover: foreseen scenarios and associated costs

Scenario 1 involves a **fully decentralised model** with each Member State taking over RINA independently, with some possible cooperation between them. As this scenario doesn't involve pooling of resources, it is the most expensive for Member States, **estimated at over 3 million euros in yearly cost and around 120 000 euros of one-off costs.**

Under **scenario 3**, the maintenance and development of RINA is also **decentralised** to national teams, **but some pooling of resources would be achieved under a common framework** developed via a joint public procurement. This scenario would **incur one-off costs of around 100 000 euros and yearly costs of around 3 million euros per Member State.**

The European Commission also foresaw two scenarios with some level of centralisation. Under **scenario 4**, Member States collaborate via **the creation of an open-source community** to manage the development and maintenance of RINA or some of its components, with one Member State or a group of Member States appointed as community moderator. For this scenario, the European Commission foresees **one-off costs of around 110 000 euros and yearly costs of 998 000 euros.**

Finally, under **scenario 2**, the development and maintenance of the RINA application would be handed over to a **contractor selected by all participating countries via a joint public procurement.** This is the baseline scenario that the European Commission used to compare the other scenarios as it is considered the cheapest option. The European Commission estimates this scenario at **only 28 000 euros of one-off costs and around 240 000 euros of yearly costs per Member State.** This calculation assumes that **15 Member States are taking part in the joint procurement effort.**

At the moment of writing, **social security institutions from 19 countries have expressed a potential interest in taking part in a joint procurement agreement** to launch a call for tender on the basis of scenario 2. Of those 19 countries, **only 9 so far have confirmed their interest in taking part and 5 countries have started to take steps towards developing the joint procurement agreement** as part of a dedicated Working Party. This lack of commitment is **a result of the uncertainties**, as well as **legal and financial risks** involved in this Scenario.

Indeed, for some Member States and institutions, a centralised scenario is not preferable due to the specificities of their national IT framework and security standards or national data

privacy law, among other concerns. The necessary development of software to create an interface between national social security IT systems and components of RINA is equally or more costly in some cases than the use of a centralised solution. This could lead to a fragmentation and varying levels of development of the EESSI project. In turn, this risks jeopardising its functioning in the future, at the detriment of the rights of mobile persons in the EU and EEA.

In addition, the **timeline for the finalisation of the joint procurement agreement and the tendering process as proposed by the European Commission is unreasonably short, considering that the deadline for the Handover is set for mid-2021.**

The **cost model of the fees for the institutions willing to join the joint procurement agreement remain to be determined**, showing that the final costs of the handover could vary widely from the Commission's first estimates. **Some ESIP members have already evaluated costs of the handover which are significantly higher than the Commission's own estimate.** For example, the German accidents at work insurance DGUV estimated that the cost for them to continue using the RINA after the handover to Member States will be of 400 000 euros per year.

In addition, **the costs of the handover must be added on top of the significant investments already made** by all institutions involved in the development of the EESSI.

For instance, the German pension scheme for liberal professions ABV has already spent in excess of 1.4 Million € for the implementation of EESSI, considering only costs for IT infrastructure, development of internal software to connect members to RINA and other "physical costs". Furthermore, ABV incurs yearly fixed costs for the maintenance of its IT infrastructure of about 160.000€, to which is added an estimated 75.000€ in personnel costs (case handling, training, legal compliance, etc...) for a total of 235.000€ yearly. Costs for the development and maintenance of a new RINA software would have to be added to the already incurred fixed costs and would certainly increase also the yearly maintenance costs. It should also be noted that, once EESSI is fully functioning, ABV is expected to handle only a few hundred SEDs per year. Therefore, the cost per SED would already be unreasonably high (over 1000€ per SED) and difficult to justify from a budgetary perspective.

Numerous other institutions from various Member States find themselves in the same situation, in particular those who operate specialised social security schemes for particular professions or branches and whose volume of EESSI data exchange is therefore limited. These small institutions can hardly be expected to pay for or develop on their own a sophisticated software like RINA to arrange for an execution of just handful cases per year.

When the EESSI project was established, **RINA was meant to address particularly the needs of small institutions as a baseline EESSI application provided free of charge by the Commission.** This was one of the cornerstones of the very EESSI architecture and as such was incorporated into the EESSI Terms of Collaboration.

Concerns raised and European Commission response

In the face of these challenges, several stakeholders, both Member States and social security institutions involved in the EESSI development have alerted the European Commission of the risks its decision would create for the EESSI project. RINA Handover became one of the main topics discussed in the Administrative and Technical Commissions where the majority of Member States already highlighted the risks and remarked that no risk assessment was elaborated by the European Commission before their decision. The European Social Insurance Platform (ESIP) published a statement on the topic, at the initiative of its members who shared common concerns following the European Commission's decision.

The European Commission's reply reiterated its intention to press on with the handover, highlighting that it didn't have a legal requirement to implement the RINA application and that its development was too complex to manage at EU level. While the development of RINA as such is not mentioned in the text of the regulations, Articles 78 and 79 of Regulation (EC) No 883/2004 make reference to the potential role of the European Commission in supporting and funding the project of electronic data exchange in the field of social security. **It is clear that RINA is a crucial element of the EESSI project and should receive all the necessary support by the Commission.**

The European Commission seems to have given some leeway on the deadline for the handover, acknowledging that if necessary, based on sufficient evidence, it could consider a short extension of the support beyond the original deadline, without committing to a specific timeframe. Up to now, the Commission has refused to take into consideration the issues and risks that have been highlighted by Member States and institutions, these include the necessity to solve open issues in EESSI (e.g. bulk message exchange (reimbursement) process or changes in sub-processes) the status of EESSI – still not in full production with all processes, the lack of capacity of Member States, the impact of Covid-19, national procedures, the lack of clarity regarding the future governance of the project, security, change-management, the implementation of a service-desk and conformity tests.

In the meantime, the European Commission presented an EESSI analysis elaborated by DG DIGIT with 10 crucial recommendations for EESSI improvements, some of them to be implemented in RINA by the Member States in the future. This analysis underscores once again that a lot of work still needs to be done at every level, from the European Commission to Member States and Institutions, and that the EESSI project is far from being fully functional. Forcing a fundamental change in a crucial element of the whole project (RINA) would not seem appropriate at this time. Furthermore, the capacity of the Member States are limited and the solution championed by the European Commission would increase costs at national level.

In view of the challenges and uncertainties underlined, ESIP considers that the **deadline for the handover should be reconsidered**, and a proposal for an extension of the handover period to a more feasible timeline should be made. In addition, ESIP calls for an **impact assessment to be carried out**, to evaluate the consequences of the handover in terms of costs and IT infrastructure, taking also into account the constraints on national capacities



due to the COVID-19 pandemic. Finally, it is important to take into account the **needs of smaller institutions**, that do not have the financial and organisational capacity to deal with the handover on their own, and **offer a viable solution, such as continuing to provide a basic “RINA as a service” application.**

About the European Social Insurance Platform (ESIP)

The European Social Insurance Platform (ESIP) represents **50 national statutory social insurance organisations** in **17 EU Member States, the UK and Switzerland**, active in the field of **health insurance, pensions, occupational disease and accident insurance, disability and rehabilitation, family benefits and unemployment insurance**. The aims of ESIP and its members are to preserve high profile social security for Europe, to reinforce solidarity-based social insurance systems and to maintain European social protection quality. ESIP builds strategic alliances for developing common positions to influence the European debate and is a consultation forum for the European institutions and other multinational bodies active in the field of social security.