Interview: Vesela Karaivanova – Deputy Governor, National Social Security Institution (NSSI), Bulgaria



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Vesela Karaivanova, deputy governor at the Bulgarian National Social Security Institute (NSSI), provides a fascinating insight into how the country's health insurance development has evolved post-communism and the latest movements in one of the fastest improving health services in Europe.

Can you briefly introduce to our international audience the cornerstones that define the Social Security System in Bulgaria?

There are several different social system models: capital covering social ensuring system, and cost covering solidarity system – however, some nations obviously use a mixture of different systems. In 2000, under a World Bank project Bulgaria introduced a new insurance system that was based on three principle pillars. The first was governmental social insurance on the principle of solidarity. The second is social insurance based on the capital funded system that is obligatory for all persons born after 31st of December 1959. The third pillar is an additional voluntary social insurance.

In terms of policy making, state insurance is implemented by the Ministry for Labour and Social Policy. The National Social Security Institute is a public entity that manages the budget of social insurance, award and payment of benefits according to the governmental policy in the field. The institution also administers all data and relevant information for the beneficiaries. All EU countries and indeed those outside the bloc comply with the standards of the International Labour

Organisation in regards to age risk, disability, unemployment risk, sickness and maternity, labour injuries and occupational disease risk and loss of spouse cover. The National Social Security Institute administers most of these risks, except health insurance that is under the auspices of National Health Insurance Fund and the family benefits that are provided by the Social Assistance Agency.

In terms of financing, social insurance contributions are paid by the insured persons and their employers. Since 1st January 2006, the collection function in the NSSI was transferred to the National Revenue Agency who collects all the contributions in regards to the defined risks plus standard health insurance. We pay old age pensions disability pensions and pensions not associated with employment. The resources for the third group of pensions come not from insurance contributions but from the state budget.

The objective of social insurance is to cover all individuals but in order to do so we have had to divide the population in to various groups. The first group is those in full or part time employment or those who can obtain civil work. This group contributes towards all kinds of risks including accidents and occupational diseases. The contributions are divided: 60 percent comes from the employer and 40 percent comes from the employee. The state also contributes to tackle any shortages in the system and to address the needs of the large number of retired citizens in Bulgaria. All over Europe the population age is increasing and therefore the number of citizens living under social security is also increasing. The second group includes those who are freelancing or self-employed who pay obligatory social contributions only for pension risk and health insurance and can pay voluntary additional contribution for sickness and maternity cash benefits.

The main mission of the National Social Security Institution in Bulgaria is to promote the development of the Bulgarian social security model in a changing social environment. Having said that, what are the main challenges to the Bulgarian social security model? What concrete initiatives are the NSSI putting in place in order to overcome them?

We are an institution that pays pensions and benefits. We are not allowed to introduce a strategy to counter all challenges that face the aging population and all its needs. To carry out such analysis would be an extension of our function which does not allow us to influence birth rates or make improvements in the healthcare system. Thinking well into the future (usually 40 to 50 years) we can issue recommendations to the government. For example, we can recommend increasing contributions or to potentially increase the retirement age. Bulgaria is also affected by the number of people who should be contributing to our system but are not fulfilling this duty. However, all

these issues and potential solutions are based on other institutions' findings because we cannot undertake such initiatives.

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We cannot provide policies for either the Ministry for Health or those running the economy. We are only the administrator of the policies drafted from these institutions. Our objective is to appropriately spend public resources in compliance with the policies set out by the relevant authorities. We deal with award and payment of benefits, prevent the unnecessary loss of funds and supply the public with confidence that the state's social insurance budget is being managed responsibly. There is also the need to monitor citizen's insurance records electronically. Every citizen can access his personal data records using a personal ID code. This code allows individuals to access their personal records not only at national level, but also when moving within EU, as for instance if an employee goes to Spain on a business trip, his/her social insurance status can still be identified very easily. The code helps us to provide 70 different electronic services for insured persons and their employers that make easier the access to social security administration and save their time.

We recently celebrated our 20th anniversary with the announcement that NSSI provides all these electronic services and works for 3.3 million insured people.

In 2015, the NSSI stated a strategic plan for the period 2015-2017 that aims to improve the Social Security System. Can you tell us a bit more on the four major priorities the strategic plan has identified? (Increase user satisfaction of the services provided by the institute, modernisation of the institutional capacity, implementation of prevention practices and position NSSI as a reliable partner nationally and internationally).

The plan will result in the reduction of administrative burdens and increased public confidence in the insurance service. We hope particularly young people will understand why they need to contribute as it is vital for their future needs. The promotion of our services is crucial to the success of our work as is customer satisfaction. It was governmental policy to increase both the number of individuals covered by social insurance and the capacities we offer. The promotion of these policies refers also to the persons moving in EU through a series of consultancy days. This is a good strategy because we are speaking directly with the residents and have printed material with useful information and their rights and obligations that they can take away with them. Many who work abroad do not realise their legal requirements in regards to social insurance. We have strong relationships with our counterparts in Germany, Greece and the Czech Republic. Later in

September there will be bilateral German-Bulgarian consultations in Burgas.

Thus, the ID code is the best way of providing access of the insured persons to social security information and services and to control if the individual and his or her employer is contributing to the social security system. In recent years, we have achieved recognition for our efficiency in terms of e-services from the international community.

We are pursuing our strategic goal to be reliable international partner by membership in the biggest international organisation in the field of social security, like the International Social Security Association and the European Social Insurance Platform. Next to this, NSSI is a competent authority in the implementation of the EU Regulations for coordination and 13 bilateral agreements for social security.

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In 2015, the Bulgarian Government launched the Health Management Program 2020. In fact, one of the five underpinnings that compose such national health strategic guideline targets is the implementation of prevention practices, which is highly aligned with one of your strategic focuses at the NSSI. Having said that, how is the NSSI supporting the government in this regard?

Naturally our best contacts are the personal ones we have created over the years but certainly dialogue has become easier with many conversations simply taking place over the telephone. In regards to government healthcare policy, having complete electronic files would solve many issues even though the digitalization of the system is just one part of our healthcare development. We have started issuing and exchange of medical certificates electronically. Between our institute and the Ministry for Health there are two expert groups operating; one of which is conducting reforms in disability expertise. The other group is a new organization that protects public resources from false sick leave, fake disability claims and various other falsities.

Next to this, NSSI provide a specific prevention and rehabilitation program in cooperation with medical institutions. The program is implemented since 2000 sharing know how of the German experts in social security. Once per year every insured person in active age can receive prophetic treatment in appropriate medical institution for a 10-day period. This way we have reduced the costs of covering disease and disability.

We are currently at the stage where we are analysing different residential groups receiving disability allowances. We want to know precisely if the figures show that disability allowances increase in localised areas with higher unemployment. We are also specifically focusing on children between the ages 0-16 to see if their diseases are transported from family members or are these diseases formulated from the environment.

What are the main objectives that you would like to accomplish in the forthcoming years?

I want the system to provide increasingly comprehensive cover. I want to decrease the number of days in which citizens receive sickness benefits and focus our efforts on other areas. I want to see fewer occupational accidents with improved working conditions across the country. Through our combined efforts, I want to decrease the number of disabled individuals who are desperate for help. I want to see young persons who are responsible for social security today in order to have secure features tomorrow.

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