

ISF Report 2013:8

The handling process of housing supplement

Swedish Social Insurance Inspectorate

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Summary

The Swedish Social Insurance Inspectorate (Inspektionen för socialförsäkringen, ISF) is an independent supervisory agency for the Swedish social insurance system. The objectives of the agency are to strengthen compliance with legislation and other statutes, and to improve the efficiency of the social insurance system through system supervision and efficiency analysis and evaluation.

The ISF's work is mainly conducted on a project basis and is commissioned by the Government or initiated autonomously by the agency. This report has been commissioned by the Government.

Background

The purpose of housing supplement is to improve conditions for access to good quality housing. The benefit is aimed at individuals receiving old-age pension and individuals receiving sickness compensation and disability pension. The Swedish Pensions Agency administers housing supplement to those receiving old-age pension and the Swedish Social Insurance Agency is responsible for administering the benefit for those who receive sickness compensation and disability pension.

The regulatory framework for housing supplement changed on 1 November 2012 and housing supplement may now be received until further notice (interim decision). Previously, the general rule was that housing supplement would be granted for one year at a time. In conjunction with the Act's amendment, the Swedish Pensions Agency amended its provisions for the calculation of housing supplement.

Objectives

The ISF has a three-year Government mandate to measure and analyse the quality of how the Swedish Pensions Agency's and the Swedish Social Insurance Agency's administer housing supplement. This report is the second interim report of the Government commission.

The purpose of this audit is to monitor the implementation of the change in law and provision amendments in order to provide a status report of this work. The audit also examines whether the conditions for achieving a high level of quality of how housing supplement is administered have changed as a result of the adoption of the interim decision or as a consequence of the provision amendments.

Methods

In order to monitor the development work, interviews have been conducted at both the agencies. The aim was to gain an overview of the quality and management of the administration and the success of the transition following the interim decision and the implementation of provision amendments.

Findings

The regulatory changes have led to several interpretation difficulties. Pursuant to the amendment involving the interim decision, the rules changed with regard to which year's capital income and asset base would be used as a basis for determining housing supplement. There is room for interpretation, both in terms of when the notification requirement enters into force, and what significance this established point of time has in terms of when the insured party can be considered liable for repayment. One example of an interpretation problem caused by amendments to the provisions is the question of what should be included in the housing cost. The ambiguity in the application of the regulations leads to the risk of inconsistent decisions and, for the insured individuals, the provision amendments may have resulted in negative consequences.

The Swedish Pensions Agency has chosen to automatically convert 135,000 temporary decisions, wherein the old-age pensioners have simple housing and income conditions, to interim decisions.

This automatic conversion cannot be considered to be the original intention of the Government and Parliament when adopting the interim decision. The conversion has meant that most of the interim decisions have been made without quality-enhancing measures. The conversion has also meant that a significant number of pensioners now have interim decisions involving the payment of incorrect amounts.

Controls relating to occupational pensions and taxable income have been introduced and entail significant improvements in detecting errors. Both the Swedish Pensions Agency and the Swedish Social Insurance Agency have become aware of the need to introduce additional controls beyond those already in place, but what the nature and scope of these controls should be is still unclear.

Recommendations/Conclusions

The administration of housing supplement is being impacted by the complexity of this benefit. This complexity means that problems can easily arise in the administration but also that the insured parties may have difficulty understanding the benefit rules and receiving the benefits they are entitled to. A change initiative regarding the benefit therefore places particularly high demands on the agencies in the preparation and implementation of the new rules.

The adoption of the interim decision and amendment to the provisions were primarily intended to simplify the administration and clarify matters for the insured parties. The audit reflects a turbulent period in the change process. It is still too early to comment on whether the objective with the changes will be achieved. The audit, however, shows that there may be a risk of quality problems in the future. There are factors that speak against the possibility of simplicity and efficiency being achieved. To a certain extent, the problems can be assumed to be associated with the transition issues. However, a number of problems may need to be handled by the Government and the agencies.

In order to overcome the identified problems of interpretation, the ISF believes that a clarification is needed with respect to the rules regarding which capital income and asset base will form the basis for the determination of housing supplement.

Furthermore, a clarification of what the term 'household cost' entails is warranted in an Act or provision, which would also increase transparency in relation to the insured parties.

As long as the agencies do not have control over the administration of the established controls, it is understandable that they are not introducing additional controls. It is unfortunate that the work with identifying the need for such controls has not progressed further. It makes it very difficult when attempting to assess the risk that incorrect payments will accumulate to significant sums.

A disadvantage of the interim decision is partly that the notification requirement is burdensome and partly that changes to the housing supplement will, to a large extent, be made on account of checks. The notification requirement means that the beneficiaries are still required to submit many documents, and if the insured parties have not understood their obligation to disclose changes in their income and living conditions and these are subsequently only discovered during checks, they may then be subject to significant reclamation.

The ISF recommends that the Swedish Pensions Agency conducts targeted controls in order to identify cases of incorrect housing supplement which may have arisen in conjunction with the automatic conversion to the interim decision.

To date, the agencies have had difficulty dealing with both the processing of applications and the checks. The agencies have thus far prioritised applications over controls. With the adoption of interim decisions, applications will decrease and resources will be freed up for control procedures. However, if the insured parties fulfil their obligation to report changes that affect the housing supplement, the number of notifications will increase and there is a risk that resources may need to be taken from the management of controls. There is therefore a degree of uncertainty over whether the changes will lead to greater efficiency.