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The administrative
efficiency of the
Swedish Social
Insurance Agency and
the Swedish Pensions
Agency from 2003 to
2010

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Summary

Introduction and objective

The Swedish Social Insurance Inspectorate (ISF) continuously monitors the efficiency of the administration of the Swedish social security system. This study focuses on the administrative efficiency of the Swedish Social Insurance Agency (henceforth the Social Insurance Agency) and the Swedish Pensions Agency (henceforth the Pensions Agency) from 2003 to the present. Until 2009, the public old-age pension scheme and other associated benefits were jointly administered by the Social Insurance Agency and the Premium Pension Agency. In 2010, the administration of the old-age pension scheme and associated benefits was taken over by a new agency, the Pensions Agency. The aim of establishing the Pensions Agency was to achieve a more efficient and collective administrative approach. This ISF study aims to examine the impact of the new Pensions Agency on the administrative efficiency.

An efficient administrative management is characterised by a high quality output at a low cost, and could be studied by looking at the case handling process in the agencies responsible for the social security system. High quality output could, for example, be characterised by the extent of correct decisions and the timeframe for disbursements of social security benefits.

Results

The ISF study shows that the efficiency of the social security administration as a whole, meaning the Social Insurance Agency and the Pensions Agency combined, has decreased since the Pensions Agency took over the administrative responsibility for the old-age pension scheme and associated benefits in 2010. However, given the short time that the Agency has been fully operational, this

development could probably be explained by short-term disturbances due to the administrative reorganisation.

The operational productivity has declined, which means that the cost per performance has increased. However, the cost increase is linked to the circumstances surrounding the reorganisation of the social security administration. The costs began to increase the year before the Pensions Agency was established (2009), which was due to the Social Insurance Agency and the Premium Pensions Agency allocating additional resources in preparation for the coming reorganisation. Subsequently, the reduced productivity in 2009 and 2010 is attributed to the reorganisation rather than impaired efficiency in the case handling process. Such a short-term decrease was to be expected after a reorganisation of this magnitude. In addition, there are some one-time costs associated with the establishment of a new agency.

The Pensions Agency has also had some problems with the processing time for the case handling of benefits, such as housing supplements for pensioners. This could partly be explained by the fact that the Agency took over a substantial number of unprocessed cases from the Social Insurance Agency. The new Agency was therefore from the start in a difficult production mode for some operations.

For the above reasons, it is too early to make a fair assessment of whether the objective of increased efficiency and lower costs, preceding the establishment of the Pensions Agency, has been fulfilled.

Another objective was to improve the publicly available information on pensions. The work on improving the information on pensions is of course a long-term process, which makes it difficult to make a comprehensive assessment after one year. The Pensions Agency's own survey shows that pension savers' self-rated knowledge of the pension scheme has increased. However, it is uncertain whether this means that factual knowledge has increased or whether there is any correlation with actions taken by the Pensions Agency.

The fact that the Social Insurance Agency has also experienced a decline in productivity is, however, more difficult to explain. There are probably some adjustment problems linked to the recent reorganisation as it may take some time for the head office and other operational units to adjust to the new situation. However, this probably does not fully explain the decline in productivity. The Social

Insurance Agency has improved its processing times for the case handling of benefits, such as housing supplements, housing allowance and maintenance support. This had been done by increasing resources allocated to the case handling of these benefits. The increased resources for this aim explain parts of the decline in productivity.

In general, a problematic aspect of analysing administrative efficiency with regards to case handling is the lack of reliable methods to assess the perhaps most basic quality indicator, namely that the correct decisions have been taken when granting or declining a specific social security benefit. This also applies to this study. One indicator that could be used with caution is the number of appeals made to the Administrative Court and the proportion of cases overruled by the Court.

In 2010, the number of appeals to the Administrative Courts rose for both the Pensions Agency and the Social Insurance Agency. While the number of appeals has increased, the proportion of cases overruled by the Administrative Courts has somewhat diminished after the administrative reorganisation in 2010. Overall, it is difficult to draw any conclusions on whether the number of incorrect decisions in the case handling process has increased or decreased. Due to long case handling processes in the Pensions Agency and Social Insurance Agency as well as the Administrative Court, few individual cases have been determined.