The current reform of IKA and the reestablishment of Social Insurance credibility in Greece
Reconciling social dilemmas and funding challenges

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Contents of the Presentation

- **Introduction**
  - The Greek Social Security System
  - Key Facts about IKA

- **The Challenges Ahead**
  - Separating pensions and health insurance
  - Ensuring adequate pensions
  - Enhancing compliance
  - Improving management information systems
  - Improving administrative culture
  - New administration and governance model
  - Issues outstanding

- **Conclusions**
The Greek Social Security System

- Problem of economic sustainability
- Low inadequate pensions for the majority of pensioners
- Problem of Fragmentation
Some Key Facts About IKA

- Established in 1934
- Is now the national pension organisation for all salary-based employees
- Until September 2011 IKA was also covering the health insurance of employees
Numbers covered and benefits paid

- IKA insures directly 3.2 million people and indirectly another 2.6 millions
- 15.2 billion € annual revenues
- Movable assets of 3 billion € and 2.5 billion € immovable property
- 10.8 billion € for retirement benefits (2010)
- 4.7 billion € for health expenses (2010)
- 650 million € for social welfare expenses (EKAS),
- Operational costs (including the health and medical personnel's payroll) 950 million €.
The Challenges Ahead
Separating pensions and health insurance

- The most significant breakthrough since IKA was founded
- Establishment of the National Organisation for Health Services (EOPYY)
- Merges together the health care services of more than 9 million insured people of four different social insurance funds (IKA, OAEE, OGA, OPAD)
The Challenges Ahead
Ensuring adequate pensions

- Maintain both adequate pensions and social security benefits, without burdening neither businesses’ competitiveness nor the state budget.
The Challenges Ahead
Enhancing compliance

- Rationalisation of revenues and expenditures
- Contribution evasion estimated to loses of 3.5 billion € per annum
- Confirmed debts of the private sector to IKA amount to 6 billion €
- Settlement arrangements and compulsory measures
- Introduction of the labour coupon for occasionally employed people
- Proposal for a single collection mechanism
- Simplification of reporting and payment procedures
- Downsizing insurance packages from 852 to 70
The Challenges Ahead
Improving management information systems

- Cross-checking data submitted by employers
- Adoption of new inspection standards and tools
- Introduction of risk analysis systems in order to carry out targeted controls upon businesses
- Census of pensioners
The Challenges Ahead
Improving administrative culture

- Complexity of social security legislation and contradictory regulations
- Bureaucracy
- Introduction of provisional pension which is issued within 45 days after submitting the retirement application
- On-line information tools regarding the establishment of retirement benefits’ rights
The Challenges Ahead
New administration and governance model

- Extending IKA’s self-government by abolishing the government’s privilege to appoint as Governors persons of its choice.
- Decentralising jurisdictions and responsibilities and constitution of 13 peripheral administrations
- Downsizing IKA’s branches by eliminating considerably the reasons, which oblige the insured people to visit IKA’s premises
- Developing new alternative methods of service
- Reinstituting the jurisdiction of IKA’s budget approval to its Board.
The Challenges Ahead
Issues outstanding

- Proactive approach towards new risks
- Long term care for the elderly people
- Eradication of administrative abnormalities
- Build trust between IKA and its insured citizens and businesses
Conclusions

- The issues of contribution evasion, uninsured labour, mismanagement, money squandering, fragmentation and institutionalisation of numerous special regulations and exemptions, of bureaucracy and lack of effective government, could be regarded as the hidden assets of IKA.

- There is hope if IKA will address current challenges gazing at the future and at the interests of the new and coming generations.
Ignoranti, quem portum petat, nullus suus ventus est

Seneca

Thank you for your attention!

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