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# A Comparative Analysis of the Portability of Social Security Rights within the European Union. Bulgaria-Germany case study

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## AT A GLANCE/KEY FINDINGS

- **More mobile workers face disproportionate barriers in accessing some unemployment benefits in Germany (ALGII).**
- **There are reportedly high proportions of Bulgarians in Germany not covered by health insurance in either country.**
- **Well-established collaboration between Bulgaria and Germany facilitates successful portability of retirement benefits in both directions.**
- **The absence of formal residency registration or work contracts for mobile Bulgarians acts as a barrier to accessing and portability of family benefits.**
- **Differences in policies and institutions relating to family benefits mean there is inadequate information in both countries to correctly decide entitlement.**

## THE TRANSWEL PROJECT

The TRANSWEL project analyses the regulations, practices and limitations of portability by comparing experiences of post-EU enlargement labour migration between four country pairs: Hungary–Austria, Bulgaria–Germany, Poland–UK and Estonia–Sweden. This research by Professor Anna Amelina, Dr Hristi-

na Markova and Jana Fingarova (Goethe-University of Frankfurt) found that in the case of Bulgaria to Germany migration, there was variation in policies and practices across social benefits, with pensions being least problematic. For unemployment and family benefits, high levels of discretion and lack of regulatory clarity are barriers to portability. More generally, institutional complexity, weak information exchange between authorities, and differing policy approaches between countries are also significant barriers, especially for more mobile migrants who move frequently between the two countries.

## RESEARCH FINDINGS IN CONTEXT

Bulgarian immigration to Germany has been highly dynamic since December 2004. Between 2004 and 2013, the number of Bulgarian nationals in Germany increased by 275% (BAMF 2014). In 2014, the German labour market was opened to workers from Bulgaria: in May 2014, there were 161,656 Bulgarian citizens who had officially registered with the German authorities. By May 2015, their number had risen further to 199,879 (IAB 2015). Germany is a federal state, and its social security system was historically dominated by contributory social insurance, supplemented by means-tested social support and with an insurance-based health system involving multiple healthcare providers. Reforms have introduced market mechanisms in health and pensions, increased conditions and discretion in unemployment benefits, and increased focus on mothers' employment in family benefits.



Bulgaria is characterised by ‘post-communist’ welfare (Cerami and Vanhuysse 2009), dominated by contributory social insurance, with wide coverage but low levels of benefit, including for health and some family benefits, and with a three pillar pension system. According to Eurostat (2015), per capita spending on social protection in Bulgaria is among the lowest in the EU, and levels of benefit are low, while Germany has above average expenditure and levels of benefit.

Overall, German regulations and collaboration between the two countries make the portability of benefits relatively straightforward, particularly for migrants who remain in long term employment in Germany. However, more mobile migrants and those in short term or temporary employment can find it more difficult to access and to transfer entitlements in the areas of unemployment and healthcare. Migrants returning to Bulgaria can face challenges in transferring family benefits due to different approaches to data collection and in establishing entitlement.

Unemployment insurance regulations make access to unemployment assistance highly discretionary. Access to unemployment assistance for migrants has been one of the most controversial policy issues in Germany since the EU enlargement. Between 2011 and 2014, the number of Bulgarians receiving unemployment assistance (ALG II) increased from 9% to 22% of the Bulgarian population in Germany, although the overall number is very low (BAMF 2014). Access to this basic provision for job-seekers is subject to intense scrutiny and high levels of discretion by employment agency decision-makers. Residency requirements and the availability for work conditions can exclude more mobile migrant workers who move frequently between the two countries from accessing this benefit.

The portability of health insurance is highly specified in formal regulations. During the first three months of their stay, Bulgarian migrants may use the European Health Insurance Card (EHIC) in case of medical emergency, and Bulgarian citizens may transfer their Bulgarian health insurance to Germany. Bulgarian citizens with no health insurance coverage in Bulgaria and who stay in Germany for more than three months must buy a health insurance plan from a German private or public health insurance provider, but

the market is complex. Expert interviews emphasised that many mobile Bulgarian citizens do not have health insurance coverage in either country, creating difficulties for Bulgarians in need of healthcare in Germany.

The system that allows the transfer of retirement benefits between Bulgaria and Germany is clear and well-functioning, due to institutionalised pre-enlargement collaboration in Germany and Bulgaria. The German State Pension Insurance has offices with specially trained staff to handle the portability of retirement benefits between Bulgaria and Germany. Following the clear EU portability regulations, contribution periods in different EU countries are credited to claimants’ accounts to ensure that temporary migrants who work on a regular basis are not put at a disadvantage.

Most German family benefits are not portable, but are accessible by mobile EU citizens who live and/or work in Germany. Bulgarian migrants are entitled to receive child benefit in Germany (Kindergeld) for their children if the migrants live, work and/or pay taxes in Germany, even if the children are living in Bulgaria. However, the family benefit regulations are different in each country and the exchange of information between family benefit agencies is not optimal. Some family benefits in Bulgaria are means-tested, but German family benefit offices do not collect data on claimants’ incomes, which can pose difficulties for migrants returning to Bulgaria wanting to prove eligibility for benefits. Differences in definition of ‘family’ leads to difficulties in determining whether individuals are entitled to receive family benefits, and in which country. Other family benefits are not portable because they are linked to a residency or work contract in Germany, making it difficult for mobile and irregularly employed workers to generate entitlement.

## POLICY IMPLICATIONS

The outcome of this research has a number of implications for policy makers:

- More transparent information is needed regarding decision-making for unemployment assistance (ALG II), especially for mobile citizens who have decided to live in Germany.



- New strategies and incentives, potentially the development of a specific type of health insurance scheme, are required to ensure all EU citizens have adequate health insurance while in Germany.
- Strategies to improve alignment of national social security systems would facilitate entitlement, access, and portability procedures between EU countries especially for more mobile migrants.

## METHODOLOGY

The research used an innovative methodology to generate and synthesise diverse data sources for interpretive policy analysis. Each transnational country-pair was treated as a 'case' when assessing the regulatory frameworks of entitlement and portability. A common comparative framework was developed and applied to all country-pair cases. Data generation and analysis involved a) interrogation and analysis of legal frameworks, b) observations and clarifications from key informants on a regular basis, c) in-depth interviews with policy experts and policy makers, and d) integration, contextualisation, explanation of results in each country-pair case, and comparatively. In the Bulgarian-German case, eight in-depth interviews were conducted, covering issues of policy and administration.

## SOURCES

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## INFO AND CONTACT

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