

Reimbursement of sickness pay

Digital handling of more than 5,000 transactions per week generates a cost reduction in the range of 13-25 million €



Client

The National Labour Market Authority is part of the Ministry of Employment. The authority helps to ensure that Denmark has a flexible, dynamic and efficient labour market. Its main goal is to increase the supply of labour, and it therefore has a major focus on getting people into jobs and out of unemployment compensation or Social Security benefits.

Challenges

The Danish municipalities administer the national Social Security system, which includes paying a daily amount to employees who are ill for more than 21 days (or are newly hired) as well as to people on maternity or paternity leave.

Employers often pay the employee's salary as usual during periods of absence and subsequently receive compensation from Social Security.

This system results in a huge number of transactions each year between the municipalities and companies applying for reimbursement of the money paid to their employees.

The budget for the payments is administered by the National Labour Market Authority, which in turn reimburses the municipalities for their outlays.

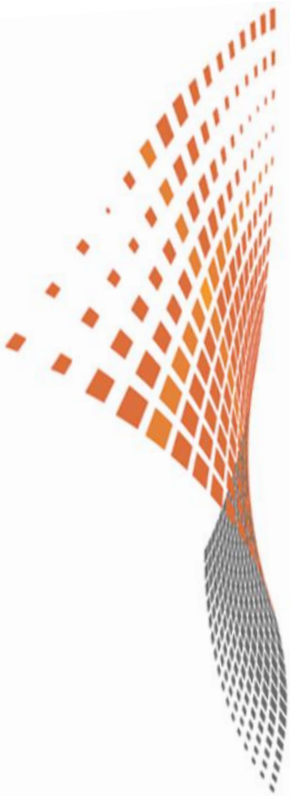
Companies have to apply in order to receive compensation. Under the old system, before sending the application, the company had to secure the employee's signature. This delayed the application process and often resulted in applications not reaching the municipality before the deadline.

Processing the applications put a huge burden on the municipalities. Case workers had to check a lot of data – for example, whether the employee was actually employed by the company – even though this information was already present elsewhere in the public data registry.

Furthermore, the quality of the reported information depended on the employer's ability to fill out complex forms, resulting in errors in up to 50% of all applications.

Solution

The solution was rolled out via Virk.dk. Users are guided to finding the relevant form and filling it out, and information and completeness are validated. Companies no longer need the signature of the sick employee before applying. Instead, the solution sends a notification letter to the employee concerned. When the application has been filled out by the company, the data are sent to the relevant municipality.



The HR department can initiate an application as soon as an employee calls in sick and save it in a case file. Later, it can be submitted or deleted, depending on the course of the illness. Many companies thus use the solution to remember to apply for compensation.

The solution integrates with numerous other systems and government authorities. When it was first released, it was the largest SOA solution in Denmark, based on the number of web service interfaces.

Results

- Each day, the system channels about 5,000 applications for sickness pay reimbursement to the 98 municipalities.
- The public cost reduction is in the range of 13-25 million EURO per year.
- Companies save 30-40% of the time they used to spend on compensation applications.
- The solution paved the way for the rapid proliferation and increased use of digital signatures by companies in Denmark.

Facts

Integrations

- The Central Office of Civil Registration (Det Centrale Personregister or CPR).
- The Central Business Register (Det Centrale Virksomhedsregister or CVR).
- The registry of employer/employee relations for monthly reporting of withholding taxes (MIA).
- The supplier of back office services to municipalities, KMD.
- The 98 municipalities via an e-mail integration with encryption, digital signatures and registration of receipts.
- The issuer of digital signatures, DanID (formerly TDC).
- The Danish Post Office (Post Danmark), which sends notification letters by regular mail as a fallback procedure to municipalities that fail to acknowledge receipt of an encrypted and digitally signed e-mail.
- VAS – a sampling service that analyzes whether the application looks suspicious (based on statistical analysis of the application data, time series, etc.).
- Twelve additional interfaces.

Initialization: March 2006-August 2010.

Operation: KMD.

Uptime: 99.7-99.8%. Users:

More than 15,000 companies.

Transactions: 92,400 per month.

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“The solution has changed working processes in both the public and private sector and has thereby enhanced the conditions for management, quality and economics. The error rate has plummeted from 50% to nearly 0% because of this solution, and today an application takes 5 minutes, compared with the 20 minutes it used to.”

Stated by the jury