



# Annual report **2012**



CZECH SOCIAL SECURITY ADMINISTRATION

# INTRODUCTION



**prof. JUDr. Vilém Kahoun, Ph.D.**  
Director General of the CSSA

## OPENING MESSAGE FROM THE DIRECTOR GENERAL OF THE CZECH SOCIAL SECURITY ADMINISTRATION

The activities of an organisation are best assessed and evaluated after a time and without undue rush. Only in this way can we acquire the hindsight that allows us to draw on data and initiatives in setting a future course. The year 2012 was a highly dynamic one for the Czech Social Security Administration; I would even say a successful one. The CSSA began the year having dealt with the areas that proved problematic in the past: the time limits for proceedings on pension insurance benefits and objections were observed; the high number of unresolved cases where sums were withheld from pensions for execution reasons was significantly reduced and the overall agenda was stabilised, which was achieved through digitisation and decentralisation down to district branches; and changes were made to the organisational structure leading to optimisation of internal functionalities in management relationships. The Czech Social Security Administration lived up to the obligations emanating from both priority tasks and the legislation.

In all its activities the Czech Social Security Administration endeavoured to be above all an accommodating and client-oriented institution and to function efficiently in order to provide its clients with useful information.

There can be no doubt that communication and openness are the path to success. The Czech Social Security Administration accommodates the needs of its clients and attempts, to the best of its ability, to offer them various channels of communication so that each target audience can select the contact method that suits it best. For clients that prefer to communicate in person or by telephone, there are client centres at the district social security administration branches open every workday, with three specialised call centres at the Czech Social Security Administration head office. Entrepreneurs and employers can make use of electronic communication, for instance submitting forms electronically. For all users there is also up-to-date information available on the CSSA website.

Each of us lives our life uniquely, and thus pension proceedings are also unique for each individual. This is why we have introduced a new premium service at the client centre for the main office of the Czech Social Security Administration. Clients can make an appointment by telephone for personal consultation on pension issues. Those who are at a pre-retirement age can schedule a meeting by telephone to roughly calculate the amount of their old-age pension. The first half-year of this service has shown that there is great

demand for it among clients and we are pleased that the reactions have been positive.

Despite staffing changes at the Ministry of Labour and Social Affairs, short-term changes in the management of the Czech Social Security Administration, a tight budget and overworked staff, the office managed to duly perform all its activities, paying out pensions and sickness insurance benefits on time. In the case of the latter, the pay-outs were in fact much faster than dictated by law. The shortened duration of proceedings under all agendas achieved in 2011 was successfully maintained in 2012. Efforts continued to preserve the high quality of decision-making in all the activities of the Czech Social Security Administration while also shortening the duration of proceedings. The Czech Social Security Administration was highly successful in collecting social security premiums and contributions to the state employment policy. Taking into account the fact that this function is highly influenced by the impact of the ongoing global economic crisis, the fact that the collection rate reached 99% in 2012 is truly impressive. It was gratifying to see that agendas which were problematic in the past, in particular execution, have indeed been stabilised. This is confirmed by the fact that while media reported on the growing number of executions taken out of pension payments, they no longer criticised the Czech Social Security Administration for not managing to process the surge in cases. Employees of the Czech Social Security Administration played their role in preparing the

pension reform, responsibly drawing up positions on the conceptual materials and legislative drafts while also being prepared to provide comprehensive information to clients in connection with the introduction of the second pillar and changes to the third pillar of the pension system.

Public reaction attests to the fact that the Czech Social Security Administration is viewed as an institution that is indispensable and irreplaceable; an office that serves all citizens of the Czech Republic. I take great stock in the fact that my fellow citizens give a positive review to both the activities of the Czech Social Security Administration as a whole and to the amiable and at the same time professional approach of its employees. Of course this in no way implies that the Czech Social Security Administration is letting up this year in its focus on stabilisation, the quality of decision-making and a client-based approach. These tasks remain priorities, naturally at an ever-increasing level of quality. In the near future we wish to offer citizens a client portal that will make it easier and faster to access information.

Much of the credit for what we have managed to accomplish in the past year should go to our employees and their responsible approach to their work. For this I thank them. In conclusion allow me to declare that the Czech Social Security Administration is not resting on its laurels. It is aware that there are still areas where it can improve. I would like to assure our clients that for us they remain in first place.

prof. JUDr. Vilém Kahoun, Ph.D.

# SELECTED KEY DATA FOR 2012



Success rate of collecting insurance premiums		99,04 %
Taxable revenue from insurance premiums		361 745
Expenditure on pension insurance benefits (CZK million)		367 864
Expenditure on sickness insurance benefits (CZK million)		19 377
Clients		8 496 948
of which	insured persons	4 284 307
	communicating employers	269 291
	OSVČ <sup>1)</sup>	994 088
	pensioners in the Czech Republic	2 866 056
	pensioners with non-standard pay-out methods <sup>2)</sup>	77 656
	persons with voluntary pension insurance	5 550
Pensions paid out <sup>3)</sup>		3 573 969
Countries to which the CSSA pays out pensions		75
Pension applications processed		176 902
Personal pension information sheets sent out		105 096
Assessments carried out by the CSSA Medical Assessment Service		433 322
Electronically submitted documents received		7 696 452
CSSA employees		8 827

Note: Data valid as of 31 December 2012.

<sup>1)</sup> OSVČ – self-employed person

<sup>2)</sup> pay-outs to foreign countries and other pay-outs

<sup>3)</sup> number of pensions including pay-outs to social services facilities, treatment centres, prisons, etc.



# PROFILE OF THE CSSA

The Czech Social Security Administration is the largest financial administration institution in the Czech Republic, holding an exceptional position in the Czech state administration with total revenues and expenditures of CZK 761 billion in 2012.

The Czech Social Security Administration handles the affairs of roughly 8.5 million clients, 2.9 million of whom are pensioners. It pays out 3.5 million pensions and 200 000 sickness insurance benefits each month.

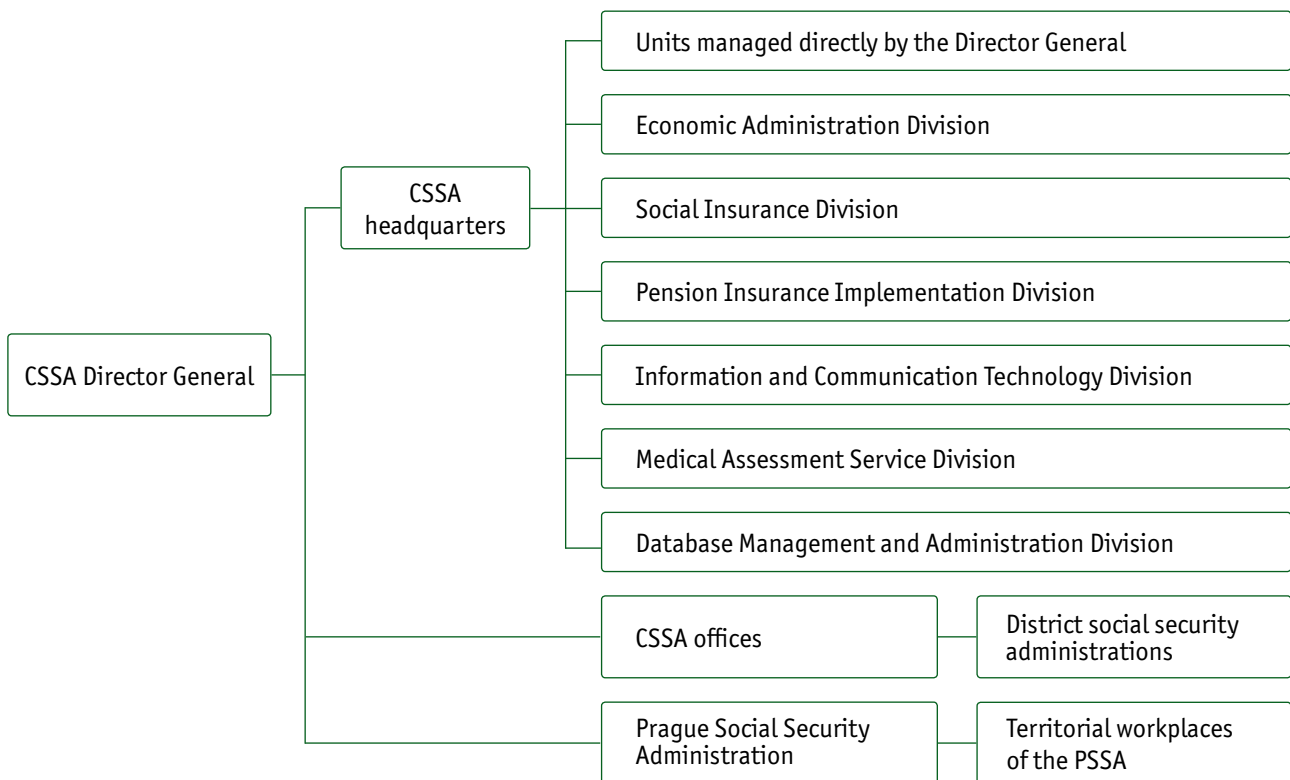
The Czech Social Security Administration provides more than a third of the state budget's revenues through the collection of social security insurance premiums, contributions to the state employment policy and voluntary pension insurance.

The Czech Social Security Administration also has a medical assessment service which assesses degrees of disability that impact a citizen's capacity to work for the purposes of pension insurance. This service furthermore draws up assessments for the provision of non-insurance benefits and other social security systems and performs health assessments for the purposes

of sickness insurance. It also checks the assessment of temporary incapacity for work made by physicians.

The Czech Social Security Administration carries out the international agenda pursuant to Regulations of the European Parliament and of the Council (EC) No. 883/2004 and 987/2009 and international treaties on social security, specifically in terms of pension and sickness insurance, cash benefits in the case of workplace injuries and occupational diseases covered under pension and sickness insurance, and determines legislation applicable. The CSSA carries out this international agenda for the countries of the EU, EEA, Switzerland and other countries with which the Czech Republic has concluded a treaty on social security. The Czech Social Security Administration is the liaison body for the entire Czech Republic in the field of pension and sickness insurance and in determining what legislation is applicable.

The Czech Social Security Administration's long-standing credo has been to be a modern, swift and client-driven institution that carries out the defined priority tasks.



# PRIORITIES IN 2012



## **In 2012 the activities of the CSSA focused on fulfilling four fundamental priority tasks:**

- a client-oriented approach
- the quality of decision-making
- the execution agenda
- stabilisation of the CSSA

The CSSA fulfilled these tasks or continues to apply them. The priority tasks for 2012 were also incorporated into the goals for the individual units and bodies.

### **Client-oriented approach**

A client-oriented approach is applied across the whole spectrum of activities performed by the CSSA, but it was particularly implemented over the course of the year in the direct provision of information to clients at branches and the three specialised call centres, which were open every workday year-round. An important instrument for supporting the work of client centres is digitisation and centralisation of agendas. This process continued in 2012 with the development of new central systems, some of which were installed and utilised at the client centres over the course of the year. Not only does this guarantee clients fast access to information, but also assures the quality of services provided. The professional knowledge of CSSA employees was steadily expanded and special attention was given to the introduction of retirement savings (the second pillar) and modified supplementary pension savings (the third pillar) so that the CSSA would be prepared in time for related questions from the general public.

At the client centre for pension insurance at the Prague head office, CSSA introduced the possibility for clients to make a specific appointment by telephone to deal with particularly complicated cases or in order to obtain a rough estimate of their pension. Besides expanding services for citizens, attention was also given to employees. The CSSA informed them about the advantages of electronic communication, which is more flexible, quicker, simpler and more cost-effective.

A client-oriented approach has become a permanent component of the work of all CSSA employees and the CSSA also worked to be accommodating to clients when dealing with their complaints and other submissions.

### **Quality of decision-making**

The CSSA monitored the quality of decision-making and introduced activities that positively influenced this quality and also made it possible to reduce the time needed to issue a decision. This primarily meant further streamlining the decision-making process on benefits awarded by the CSSA and making use of improved programme support. The control system set up last year helped to maintain the high quality of decision-making achieved in the previous period. Also influencing the result achieved were regular audits checking the control and management mechanisms, the conformity of the working procedures with the legislation and internal directives, and that the administrative time limits were being met.

### **Execution agenda**

The goal of this priority task was to procedurally manage the sharp growth in cases where sums are withheld from pensions due to execution proceedings. For this reason, activities related to performing execution deductions from pensions were downloaded to the territorial units of the CSSA, with this decentralisation process wrapping up at the start of 2012. The use of electronic records, which had previously been absent, contributed significantly to kick-starting a trend of gradually reducing the number of long-term unresolved cases (older than three months), which were dealt with in May 2012. By mid-2012 the situation in the execution agenda had been stabilised and by the end of the year, new submissions were dealt with as they came in. It can thus be stated that this priority task was completed. Nevertheless, the CSSA continues to monitor the increase in the number of pensions affected by execution deductions and the number of submissions in this area.

### **Stabilisation of the CSSA**

The CSSA provided for the performance of all activities under its jurisdiction by endeavouring to best make use of the material, financial and labour resources at its disposal in the given time. Its attention was primarily focused on maintaining the high efficiency of insurance premium collection, as well as creating the conditions





for an optimal ratio between the speed of introducing one-time legislative changes and the costs associated with implementing them. The CSSA is capable of maintaining its operating costs at a level of 1.6 % of its overall income and the success of insurance premium collection at 99 %, which is a highly respectable result in line with the key efficiency indicators and in light of the ongoing global economic crisis, the increasing number of debtors, insolvency proceedings and last but not least the reduction in the solvency of payers.

This priority task also came to include the area of the Medical Assessment Service (MAS), with the CSSA specifically working to reduce the overall number of unresolved assessment requests. Operative measures were adopted to this end. A standard number of processed assessments and checks of temporary incapacity to work per medical location per year was set, as was a time limit for drawing up assessments for medical examinations for determining disability and for cases of objections proceedings. During the year the situation was stabilised so that in the second half of the year the time limit for drawing up an assessment was met in most cases, including cooperation from the examining physician.

In terms of pension insurance benefits, in 2012 the average duration of proceedings for old-age pensions was reduced by 17 days, for disability pensions by 40 days and for survivors' pensions by 8 days compared to 2011. The process was thoroughly supervised and in the fourth quarter of the monitored year, only 1.3 % of old-age pension applications were processed after the time limit. The key performance indicators (KPIs) set down for 2012, which dealt with the speed of decision-making, were met for most types of pension.

The area of objections proceedings was stable over the course of the year and the administrative time limits were observed. The average length of proceedings ranged between 26 and 30 days for cases where no health assessment was performed and 53 and 65 days for decisions that required a health assessment. The key performance indicators laid down for 2012 for objections proceedings were met. Decisions on sickness insurance benefits were made within the stipulated time limits. In 2012 nearly 2.4 million benefits were processed. Of all sickness insurance benefits, 99.96 % were processed within the time limit of 30 days and 91.79 % within the time limit of 10 days. Compared to 2011 the number of benefits processed within the 10-day time limit increased by 5.54 %. Methodological

measures adopted at the beginning of 2012 had a significant impact on the quality of decision-making on sickness insurance benefits.

### **Preparations for fundamental legislative changes affecting social security**

In 2012 the CSSA worked with the Ministry of Labour and Social Affairs (MoLSA) in drafting legislation on pension insurance and legislation related to implementing pension insurance, also commenting on fundamental conceptual materials concerning pension reform. It also adopted positions on the various component proposals for changes to the pension regulations. Specifically, the CSSA actively took part above all in preparing Act No. 399/2012 Coll., on amendment of Acts in relation to the adoption of the Act on Retirement Savings Premiums; Act No. 403/2012 Coll., which amended the Act on Pension Insurance in relation to the drawing of benefits from supplementary pension savings; draft changes to the legal treatment of social security in connection with the preparations for a Single Collection Point; and changes to the legal treatment enshrining the topping up of pensions for beneficiaries of Czech and Slovak old-age pensions who acquired their period of insurance before the breaking-up of the Czechoslovak Federal Republic and where the sum of their pensions from both successor states is even lower than if they were to be receiving only a Czech pension during the federal period. CSSA representatives were present at negotiations concerning preparation and implementation of bilateral treaties on social security.

The main theme of 2012 for the CSSA was preparing for the pension reform. The CSSA adopted measures related to the introduction of pension savings, including a crisis scenario in case the new legislation on premium collection was not adopted, so as to be ready to act according to the valid legislation in collecting premiums starting in January 2013 and to perform the necessary exchange of data with the Central Register of Contracts. The implementation of pension reform required the CSSA and the MoLSA to work together, for instance in drawing up positions on the conceptual materials and draft legislation, making sure the call centres and client centres were prepared, cooperating in preparing a special electronic education course and providing support for the promotional campaign. In connection with preparations for pension reform, CSSA employees were trained to acquire the professional knowledge required.

# PRINCIPAL ACTIVITIES



## COLLECTING SOCIAL SECURITY INSURANCE PREMIUMS

The collection of social insurance premiums and contributions to the state employment policy is one of the key activities of the CSSA and it thereby contributes one third of the income of the state budget. The total amount collected in 2012

(sickness and pension insurance premiums and contributions to the state employment policy) totalled CZK 362 097. The collection success rate in 2012 reached 99.04 %, even under the conditions of the ongoing economic crisis.

### Development of overall success rate of collecting premiums and accessories (CZK million)

Year	Prescribed	Write-off of unrecoverable receivables	Prescribed insurance adjusted for write-off of unrecoverable receivables	Collected	Collection success rate (%)	Collection success rate adjusted for write-off of unrecoverable receivables (%)
2008	374 803	1 341	376 144	375 368	100,2	99,8
2009	343 261	-10	343 251	337 758	98,4	98,4
2010	346 688	877	347 565	346 101	99,8	99,6
2011	359 345	-215	359 130	357 919	99,6	99,7
<b>2012</b>	<b>365 615</b>	<b>234</b>	<b>365 849</b>	<b>362 097</b>	<b>99,0</b>	<b>99,0</b>

*Note: Collection means taxable and non-taxable revenues from insurance contributions including accessories, i.e. penalties and fines. Revenue from other CSSA activities is not included.*

## RECEIVABLES FROM SOCIAL SECURITY INSURANCE PREMIUMS

As of 31 December 2012, the CSSA recorded receivables against insurance payers totalling CZK 62.526 billion. Of this amount, owed premiums made up 56.6 %

and owed penalties 40 %, receivables being paid in instalments just under 3 % and owed fines were overall negligible at 0.24 %.

## COLLECTION AND LEGAL ENFORCEMENT OF RECEIVABLES FROM PREMIUMS

As a result of the ongoing economic recession, payment of owed premiums and penalties in instalments was permitted to a greater extent in 2012. District social security administrations (DSSAs) performed the collection and legal enforcement of receivables along with execution costs in accordance with the Tax Code (Act No. 280/2009 Coll.). To this end they made use of all available legal forms of administrative execution and the judicial enforcement of decisions. CSSA receivables were also registered and claimed in insolvency proceedings in accordance with the Insolvency Act

(Act No. 182/2006 Coll.). DSSAs implemented a total of 211 632 decision enforcements, which is 108.58 % of the amount of titles passed into collections. In the year in question a total of 194 917 enforceable titles were passed into collections, representing an increase of 6 348 decisions. A total of 142 740 enforceable titles were collected in administrative execution, 73.23 % of the total amount. In 2012 the number of receivables collected in administrative execution rose by 8.35 % and receivables of over CZK 3.2 billion were extracted, representing 51.51 % of the total amount collected





in that period. Thanks to a thorough approach, the CSSA collected an amount 16.12 % higher than in 2011 during a time of ongoing economic crisis. In the year in question the execution costs paid reached CZK 21.5 million (in 2011 this amount was CZK 11.8 million). DSSAs submitted 68 892 proposals for court-ordered enforcement of a decision, which represents 35.35 % of the enforceable titles. Receivables for nearly CZK 1 billion were collected in this manner, which represents 19.38 % of the total amount collected in this period. In connection with the amendment of the Civil Procedure Code (Act No. 99/1963), as of 1 January 2013 it will no longer be possible to use a judicial enforcement of a decision in collecting receivables from social security insurance premiums and penalties and the court will pass receivables along to court executors. For this reason it was necessary to limit the use of this form of collection, particularly in the last quarter of 2012, and administrative execution was accented instead.

A total of 2 638 receivables were claimed in insolvency proceedings, 38.34 % more than in 2011, with 1 087 receivables being dealt with in bankruptcy proceedings.

The number of receivables dealt with through debt relief also increased. In 2012, 399 insolvency proceedings were completed with a paid amount of not quite CZK 69 million, i.e. 4.24 % of the total volume of claimed receivables. This fact is a result of the ongoing economic crisis.

The number of receivables collected under Regulation of the European Parliament and of the Council (EC) No. 883/2004 and Regulation of the European Parliament and of the Council (EC) No. 987/2009 since 1 May 2010, when they entered into force, has risen relatively rapidly. The rules for cooperation between members of the European Union and potentially also other states are set up with regard for the fact that no form of electronic communication yet exists. In 2012 the CSSA received 62 debt collection requests from EU member states. Two debts have been paid completely, two have been paid in part, 14 are being dealt with by the competent DSSA, and 38 requests were returned due to failure to meet the conditions laid down in the abovementioned regulations, or due to insufficient assets or for another reason preventing the debt from being collected.

#### Structure of receivables as of 31 December 2012 (CZK million)\*)

Payers		Receivables					Share of total (%)
		for premiums	for penalties	for fines	other	total	
Deregistered payers	Self-employed - pension insurance	4 215	1 827	52	0	6 094	9,75
	Employers	15 000	17 066	65	0	32 131	51,39
	<b>Total</b>	<b>19 215</b>	<b>18 892</b>	<b>117</b>	<b>0</b>	<b>38 225</b>	<b>61,13</b>
Non-deregistered payers	Self-employed - pension insurance	7 724	2 090	19	0	9 833	15,73
	Employers	8 462	4 135	11	0	12 608	20,16
	<b>Total</b>	<b>16 186</b>	<b>6 225</b>	<b>31</b>	<b>0</b>	<b>22 442</b>	<b>35,89</b>
Instalments	Self-employed - pension insurance	0	0	0	471	471	0,75
	Employers	0	0	0	1 389	1 389	2,22
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 859</b>	<b>1 859</b>	<b>2,98</b>
Total	Self-employed - pension insurance	11 939	3 917	71	471	16 398	26,23
	Employers	23 462	21 200	76	1 389	46 128	73,78
	<b>Total</b>	<b>35 402</b>	<b>25 117</b>	<b>148</b>	<b>1 859</b>	<b>62 526</b>	<b>100,00</b>
Share of total (%)		56,62	40,17	0,24	2,97	100,00	xxx

Note: Individual items are mathematically rounded to the nearest CZK million, which is why the totals may not match the simple sum of the displayed (already rounded) data.

\*) Includes receivables for social security premiums, including penalties and fines, accumulated since 1993.

## INSPECTION OF FULFILMENT OF SOCIAL SECURITY OBLIGATIONS

The objective of inspections, which are among one of the most important functions of the CSSA, is generally to determine whether employers have set the proper assessment base and premium calculation and are keeping the pension insurance records properly. Sickness insurance inspections focused primarily on whether the assessment bases were properly set for the given period, but also looked at the fulfilment of notification obligations, proper assessment of participation in sickness insurance and submission of accurate data for the calculation of sickness insurance benefits. Employees in particular generally view the inspections positively, as they tend to resolve all the problematic issues and the employees can then be sure that everything is in order and that they are fulfilling their obligations in accordance with the legislation.

In the 2012 calendar year the CSSA carried out 115 398 inspections of employers. Besides planned inspections, this total includes 23 555 unplanned inspections, mostly due to the winding up of the entities being inspected (20 724 were 'liquidation' inspections).

Based on the findings of inspections, 5 388 payment orders were issued with premiums owed and penalties of CZK 49.543 million. Inspected entities were issued 1 050 fines for failure to fulfil obligations, totalling CZK 3.221 million. In order to rectify detected shortcomings, 1 101 corrective measures were issued to 908 inspected entities, of which 256 concerned sickness insurance and insurance premiums and 845 pension insurance.

Inspection activities also included inspections with an international element, in particular the proper applicability of EU legislation, or of bilateral agreements governing the relations between the Czech Republic and countries that are not members of the European Union.

Cooperation continued in 2012 between individual DSSAs and the competent district labour inspectorates in carrying out coordinated inspections. During the period from January to December 2012, 5 940 such inspections were launched. 3 624 were completed and 33 payment orders were issued for a total owed amount of over CZK 2 million.

### Social security inspections of employers

Region	Number of inspections	Payment assessments issued				Fines imposed	
		Number	Amount (CZK thousand)			Number	Amount (CZK thousand)
			Premiums owed	Penalties	Total premiums + penalties		
South Bohemia	6 489	332	2 872	653	3 525	12	45
South Moravia	12 865	548	3 122	752	3 874	48	179
Karlovy Vary	3 178	147	1 594	286	1 880	64	132
Hradec Králové	5 653	284	1 988	276	2 264	193	424
Liberec	4 213	238	755	145	900	132	395
Moravia-Silesia	11 243	577	2 453	518	2 971	26	88
Olomouc	6 465	259	2 238	360	2 598	85	382
Pardubice	5 091	189	1 392	245	1 637	231	654
Plzeň	5 653	256	1 728	334	2 062	38	169
Prague	23 688	937	13 787	3 044	16 831	0	0
Central Bohemia	12 573	625	4 319	1 305	5 624	17	52
Ústí nad Labem	7 814	406	1 729	1 211	2 940	125	356
Vysočina	4 298	206	959	132	1 091	15	48
Zlín	6 175	384	1 101	245	1 346	64	297
<b>Total</b>	<b>115 398</b>	<b>5 388</b>	<b>40 037</b>	<b>9 506</b>	<b>49 543</b>	<b>1 050</b>	<b>3 221</b>

## PENSION INSURANCE

The CSSA is responsible for deciding on pension insurance benefits, i.e. old-age pensions, disability pensions of all degrees, widowers', widows' and orphans' pensions, and on benefits under the 'compensation acts' (extra payments or contributions towards a pension) that are paid out with pensions as part thereof. Decisions on entitlements, amounts and pay-out of pension insurance benefits comprise decisions according to the national legislation, the 'coordination regulations' and

international treaties on social security. The duration of proceedings, or the time needed to completely deal with an application for pension benefits, in 2012 totalled an average of 36 days for old-age pensions, 70 days for disability pensions and 30 days for survivors' pensions. In comparison with 2011 the duration of proceedings was markedly reduced in accordance with the priority task, by 17 days for old-age pensions and by 40 days for disability pensions.

### Development of the duration of proceedings on pension insurance benefits processed pursuant to national legislation (in days)

State for the period	Old-age pensions	Disability pensions			Survivors' pensions			Total
		1st degree	2nd degree	3rd degree	widowers'	widows'	orphans'	
2010	72	126	126	119	40	38	61	80
2011	53	111	113	108	37	36	49	59
2012	36	70	72	69	29	29	35	42

In 2012 the CSSA recorded 183 721 new pension applications and approximately 320 000 other applications and submissions. As expected, the number of new applications dropped, as an enormous number of applications, primarily for early retirement pensions, were submitted by citizens in 2011 in reaction to new legislation. In contrast, the number of other applications and submissions received rose in 2012. Nearly 73 000 applications were in reaction to legislation in effect since 2010 allowing clients to request, starting 1 January 2012, that their pension be increased for the period during which they performed gainful activity while collecting an old-age pension if this period lasted at least two years without interruption. These recalculation requests were dealt with continually over the course of 2012. Other activities involved in pension proceedings took place at DSSAs: drawing up requests for changes to the amount of a disability pension, for repeated awarding/freeing up of a widows' or orphans' pension, for stopping payment/freeing up/adjusting an old-age pension, drawing up objections against a CSSA decision and deciding on the duration and scope of care for a child of up to 4 years (completed by 30 June 2007),

for a child with a long-term serious disability, for an infirm person (up to 31 December 2006) or for a person dependent on the care of another.

The pension agenda comprising an international element also accounted for a significant share in the decision-making process on pension insurance benefits. This agenda continues to develop, with new social security treaties being signed. Nevertheless this agenda was stabilised in 2012 and the duration of proceedings shortened, predominantly through increased staffing at the expense of domestic agendas. In 2012 a total of 15 258 applications for a pension benefit with an international element were delivered to the CSSA, and 86 716 client submissions concerning international pension proceedings were dealt with. The overall duration of proceedings on requests with an international element was significantly cut back in 2012 compared to 2011, by 27 days to 161. The situation around pensions with a Slovak element remained tense, partially due to the repeated demands of clients for the resolution of an issue that has not yet been addressed legislatively (topping-up of Slovak pensions).

### Development of the number of pension applications filed as of 31 December

Number of new pension applications	2008	2009	2010	2011	2012
Domestic regulations	237 622	254 357	208 584	244 770	168 463
International element	13 744	15 995	15 693	18 033	15 258
Total	251 396	270 352	224 277	262 803	183 721

Pension insurance benefits are also paid out by the CSSA under pension proceedings. Pensions in the Czech Republic are paid out in two basic ways according to the clients' requirements – in cash through Czech Post or by bank transfer through the Czech National Bank. The CSSA also provides for payments to social services facilities, psychiatric treatment centres and prisons, should the client be located in one of these institutions. A total of 1 395 479 pay-outs had been recorded through Czech Post's pension service as of 31 December 2012.

This method of payment has been falling off steadily in recent years. In contrast, the number of non-cash transfers grows every year. As of 31 December 2012, 1 402 715 non-cash transfers had been recorded, overtaking the number of cash pay-outs for the first time in history. The number of monthly pension pay-outs to clients in the Czech Republic has shown a growing trend, with the CSSA reporting a total of 3 493 544 pay-outs in the main pension registry as of 31 December 2012. In 2012 the CSSA paid out 75 157 pensions to 75 countries.

#### Number of pensioners and pensions as of 31 December

Year		2008	2009	2010	2011	2012
Number of pensioners		2 754 011	2 790 391	2 819 093	2 873 004	2 866 056
of which	women	1 687 546	1 700 961	1 710 947	1 733 924	1 725 329
	men	1 066 465	1 089 430	1 108 146	1 139 080	1 140 727
Number of pensions paid out		3 383 046	3 418 876	3 446 767	3 501 402	3 493 544
of which	old-age	2 066 005	2 108 368	2 260 032	2 340 147	2 341 220
	disability <sup>*)</sup>	588 745	585 944	466 329	445 033	438 509
	survivors'	728 296	724 564	720 406	716 222	713 815

Note: Number of pensions and pensions paid out are for the Czech Republic, i.e. not including pay-outs abroad and pay-outs to social services and correctional facilities, treatment centres, etc.

<sup>\*)</sup> Until 2009: full and partial disability pensions; from 2010: disability pensions for 1st, 2nd and 3rd degree disability.

#### Average amount of old-age pension as of 31 December (CZK)

Year	2008	2009	2010	2011	2012
Women	8 784	9 133	9 189	9 584	9 782
Men	10 715	11 175	11 240	11 700	11 948
<b>Total</b>	<b>9 638</b>	<b>10 045</b>	<b>10 123</b>	<b>10 552</b>	<b>10 778</b>

Note: Amount only for old-age pension without any other concurrent pension, e.g. widows' pension.

#### Development of pay-outs to foreign countries as of 31 December

Year	2008	2009	2010	2011	2012
Pay-outs abroad	50 361	54 584	59 548	66 689	75 157

#### Ten countries to which the CSSA paid out the most pensions in 2012

Country	Slovakia	Germany	Poland	Canada	Switzerland	USA	Austria	Bulgaria	Australia	Greece
Number of pensioners	23 024	15 794	13 310	3 408	3 160	2 470	2 414	1 963	1 876	1 859

As the body that pays out pensions, the CSSA is obliged to withhold sums from pensions in cases where the enforcement of a decision was ordered by a court, in administrative proceedings, by an execution order issued by a court executor, or in bankruptcy or insolvency proceedings. In recent years pension proceedings have also included the agenda of execution deductions from pension insurance benefits, which is characterised by a trend of growth. Thanks to the displacement of part of the execution agenda, the permanent involvement of a greater number of employees and intense efforts, the overall number of unresolved cases has been reduced by 52 793 to 11 384. As of 31 December 2012 the CSSA had paid out a total of 67 614 pensions with an execution deduction; in 2011 this number was 60 874. In total the CSSA has on record nearly 220 000 cases where an issue with the execution agenda has been or is still

being dealt with. The trend continues to grow whereby there is an increasing number of submissions delivered to the CSSA in connection with the execution agenda or other items to be processed, such as the maturation of the deadline for paying a receivable. Over the course of 2012 a total of 863 536 submissions were delivered to the CSSA, which is a rise of 85 853 submissions compared to 2011. A total of 1 070 621 submissions were dealt with in 2012. The provision of information to executors and other authorised persons also makes up a significant part of the execution agenda. In 2010 an agreement was concluded with the Chamber of Executors on the electronic exchange of data in order to significantly reduce the administrative burden on the CSSA in dealing with requests for cooperation from court executors. In 2012, 789 000 submissions were received this way, while in 2011 it had been 661 000.

**Development of the pay-out of pensions with execution deductions as of 31 December**

Year	2008	2009	2010	2011	2012
Pensions with execution deductions	40 718	46 121	51 184	60 874	67 614

Objections have been a recourse against decisions on pensions since 1 January 2010. In practice this means that if people do not agree with a decision of the CSSA concerning a pension, they may submit written objections against it. Over the whole of 2012, people submitted 15 000 objections to the CSSA (similar numbers in 2011 and 2010). In the majority of cases they did not agree with a medical assessment, which accounted for 64 % of the total number of objections. The second most frequent reason for submitting an objection was disagreement with the assessment of the insurance period – 13 % of objections submitted. The CSSA rules on objections in a shorter period than demanded by the law – the average duration of objections proceedings in cases where there was no medical assessment was 27 days and for cases with a medical assessment the number hovered around 59 days. Having completed objections proceedings is a prerequisite for submitting a potential court action.

With the introduction of objections proceedings for decisions on pension insurance benefits, the number of actions against CSSA decisions was reduced. In 2012 only 2 057 such actions were filed. In the same period, 1 059 of all outstanding disputes were settled (i.e. both meritorial disputes and disputes on benefits conditioned on a long-term unfavourable state of health). Of this amount, 932 cases ended successfully for the CSSA, while the remaining 127 went against the CSSA, i.e. either with their decision being overturned or with a submission at the request of the court. The CSSA was thus successful in 88 % of disputes and unsuccessful in 12 %, which represents an improvement on 2011, when the CSSA was successful in 74 % of cases and unsuccessful in the other 26 %. The success rate of the CSSA roughly corresponds to the average in previous years; for example in 2010 it reached 83 % success. The CSSA filed a total of nine appeals, which in most cases are still being decided on by the Supreme Administrative Court.





**SICKNESS INSURANCE**

In 2012, much as in the previous year, the activities of the CSSA and DSSAs was primarily focused on meeting the legal time limits for processing sickness insurance benefits. A total of 99.96 % of sickness insurance benefits was processed within this time limit. The percentage of benefits processed within 10 days increased to 91.79 %, while in 2011 this number was 86.25 %. The percentage of sickness insurance benefits processed after the deadline was on average a mere 0.04 %, with this rate steadily dropping over the course of the year. In 2012 an average of 3 700 deductions per month were made from sickness insurance benefits due

to ordered executions. The overall annual number of such deductions (44 020) exceeded the number made in the previous year by 20 %. The growth in the number of deductions from sickness insurance benefits as a result of ordered executions has meant a marked increase in the labour required to process benefits; nevertheless the DSSAs managed to maintain the standard regime of processing benefits without increasing the number of systemised positions. Aside from benefits with execution deductions, DSSAs also process deductions from benefits under forced insolvency, which represents a further burden on the DSSA workforce.

**Duration of sickness insurance proceedings**

Period	Total number of processed benefits	Of which			
		within 10 days	11 – 30 days	total up to 30 days	over 30 days
		%	%	%	%
2010 <sup>1)</sup>	2 019 854	91,11	8,33	99,44	0,56
2011	2 542 386	86,25	13,47	99,72	0,28
2012	2 371 285	91,79	8,17	99,96	0,04

Note: <sup>1)</sup> For 2010, data are only given for the period from April to December, as the relevant statistical data about the time it took to process the benefits are not available for the period before that.

Nearly 2.4 million sickness insurance benefits were processed in 2012. Of those, 64.28 % comprised sickness insurance benefits, 22.92 % cash maternity benefits and 12.73 % attendance allowances, while

compensatory benefits in pregnancy and maternity comprised only an insignificant amount (0.07 %). In comparison with 2011, when more than 2.5 million benefits were processed, in 2012 there were 170 000 fewer, representing a drop of nearly 7 %.

**Number of sickness insurance benefits processed as of 31 December 2012**

Indicator		Number
Total number of benefits processed		2 371 285
of which	sickness insurance	1 524 226
	CMB	543 462
	attendance allowance	301 860
	CBPM	1 737

Note: CMB – cash maternity benefits; CBPM – compensatory benefits in pregnancy and maternity



The number of completed cases of temporary incapacity for work fell year-on-year by more than 9 % to 1 213 133. A similar drop-off was recorded in all regions of the Czech Republic. Temporary incapacity for work was caused most frequently by respiratory illnesses – 399 053 cases. While the values fell year-on-year for the number of completed cases and the total number of days missed, the average duration of a single case grew slightly between 2011 and 2012. On average a single case lasted 45.3 days, nearly half a day longer than in 2011. Women tended to be absent longer – on average 47.23 days compared to 43.15 days for men. Staff responsible for checking that insured persons on sickness leave

complied with the treatment regimen performed a total of 151 410 inspections in 2012, roughly the same number as in 2011. In comparison with 2010 there were 34 241 fewer inspections, the reasons for this however being the reduced number of total cases and changes in methodology. Violation of the regimen was confirmed in more than 12 % of the total number of cases where there was a suspicion that the treatment conditions were being violated. Based on these verified violations, 2 977 administrative decisions were issued curtailing or revoking sickness benefits on the grounds of breach of the regimen for those on temporary sickness leave.

**Indicators of temporary incapacity for work and inspections of compliance with the regimen for those on temporary sickness leave for 2012**

Indicator	Number
Completed cases of temporary incapacity for work	1 213 133
Days missed	54 901 565
Average duration of 1 case	45,26
Cases terminated by DSSA decision	668
Breach of treatment regimen	4 159
Inspections of compliance	151 410
Sanctions applied <sup>*)</sup>	2 977

<sup>\*)</sup> Number of decisions issued on the curtailing or revoking of sickness benefits.

**MEDICAL ASSESSMENT SERVICE**

In 2012 the CSSA’s Medical Assessment Service (MAS) concentrated primarily on fulfilling tasks related to restructuring, which consisted of shifting the management of first instance physicians from being directly under the CSSA to being under the DSSAs, and to implementing the social reform. MAS also tackled the task of meeting the administrative time limits for drawing up assessments in the first and second instance.

With the adoption of the social reform acts, the MAS started to proceed according to the new method of providing benefits to persons with disabilities (mobility contribution and contribution for special aid, disability ID card). The social reform meant the introduction of a new method for assessing one’s medical condition: specifically, the degree of dependency began to be assessed for the purpose of the care contribution according to the ability to manage ten basic life needs. With the implementation of the new legal treatment, a new methodology was drawn up in cooperation with the MoLSA and the Czech Labour Office for assessing the medical condition of persons with disabilities and training in the new assessment methods was provided

for the assessment physicians. In 2012 the CSSA MAS drew up a total of 433 322 assessments for the purposes of providing benefits and social security services conditioned on a long-term unfavourable state of health. For benefits provided by the CSSA, 188 567 assessments were drawn up; 244 755 were for other social security bodies. Among its main activities was the assessment of disability (163 898 assessments) at ascertaining or check-up medical examinations. Assessment physicians performed a total of 163 659 medical assessment check-ups, 56 261 more than in 2011 (107 398). On the basis of these checks of temporary incapacity the assessment physicians drew up 668 assessments for the DSSA to issue a decision ending the temporary incapacity to work, 188 more than in 2011 (480 assessments). The MAS drew up 1 647 reviews of assessment records as part of its methodological and oversight activities (771 more than in 2011). In addition to planned checks, a further 1 656 reviews of assessment records were carried out for an expert opinion on the basis of a submission from citizens and institutions, for example the MoLSA, public defender of rights, etc. On the basis of these, 107 extraordinary medical examination checks were performed.



Assessments performed by the MAS by type			
Type of assessment	Assessments performed	Share in %	
Ascertaining disability examinations	51 490	11,88	
Control disability examinations	99 802	23,03	
Change of degree of disability	12 606	2,91	
Assessment of degree of infirmity	46	0,01	
Assessment of children for pension insurance	206	0,05	
Extension of pay-out of sickness insurance benefits	15 023	3,47	
Medically disadvantaged person	1 899	0,44	
State social support	1 047	0,24	
Assessments for special benefits	12 472	2,88	
Other assessments for social care (2011)	1 481	0,34	
Mobility contribution	37 400	8,63	
Contribution for medical aid - movement disability	2 011	0,46	
Contribution for medical aid - sight disability	1 064	0,25	
Contribution for medical aid - hearing disability	429	0,10	
Contribution for medical aid - purchase of a motor vehicle	6 521	1,50	
Proceedings on loan of a medical aid	344	0,08	
Disability ID card	23 917	5,52	
Assessment of degree of dependency	156 170	36,04	
Objections proceedings	9 394	2,17	
<b>Total</b>	<b>433 322</b>	<b>100,0</b>	
of which for	CSSA	188 567	43,52
	other entities	244 755	56,48

# COMPENSATION PURSUANT TO SPECIAL REGULATIONS



In terms of compensation, the CSSA continued in the implementation of Act No. 357/2005 Coll. and Government Order No. 622/2004 Coll., particularly in connection with the pension requests now filed by persons who were damaged by totalitarian regimes. For the first time, the CSSA had to decide on requests for an adjusted pension under Act No. 262/2011 Coll., on the participants in anti-communist opposition and resistance. Pursuant to Act No. 217/1994 Coll., one-off cash sums are provided to certain victims of Nazi persecution. In 2012 a one-off cash amount was paid out to one such person in the amount of CZK 50 000. Under Act No. 39/2000 Coll., one-off cash sums are paid out to members of Czechoslovak foreign armies and Allied armies from the years 1939 to 1945. In 2012 no such pay-out was made. Under Act No. 261/2001 Coll. one-off cash sums are paid out to participants in the national struggle for liberation, to political prisoners and to persons imprisoned in military work camps for racial or religious reasons. In 2012 one-off cash sums were paid out to 76 such persons for a sum total of CZK 0.9 million. Under Act No. 172/2002 Coll. one-off cash sums are provided to persons taken away to the USSR or to camps the USSR set up in other countries. No such payment was made in 2012. Under Government Order No. 622/2004 Coll., an extra payment is provided on

top of pension to mitigate certain wrongs caused by the communist regime in the social sphere. In December 2012 this extra payment on top of pension benefits was paid out in 6 029 cases, with the total amount paid out in 2012 totalling CZK 154 million. Under Act No. 357/2005 Coll. participants in the national resistance for the establishment and liberation of Czechoslovakia and some of their survivors receive an award; a special extra payment on top of pension is provided to certain persons; and a one-off cash sum is provided to certain participants in the national struggle for liberation in the years 1939 to 1945. In December 2012 this extra payment pursuant to Act No. 357/2005 Coll. was paid out in 10 294 cases and the special contribution on top of pension in 19 440 cases. For the whole of 2012 a total of CZK 671 million was paid out under this extra payment on top of pension and the special contribution. In 2012 no pay-out of the one-off cash sum pursuant to Act No. 357/2005 Coll. was made. Under Act No. 108/2009 Coll., on a one-off cash sum replacing the extra payment on top of pension and special contribution to pension and amending certain acts, the one-off cash sum was paid out to 15 persons in 2012 for a total amount of CZK 2.8 million. Pension adjustment pursuant to Act No. 262/2011 Coll. was performed in 20 cases in 2012, with 43 such requests rejected.



# DATA BASE ADMINISTRATION



The data base administers the material from insured persons that is a component of most decision-making activities of the CSSA. It also provides for updating the database of information on the various participants of insurance which all the centralised agendas under the CSSA make use of in their activities. The data base influences the due application of social insurance. The CSSA gradually introduced a functioning system for collecting, checking and processing data. This created the current data base, the 'core records' and the register of insurance relationships. These databases are the central source of data for the processes of dispensing social insurance and, along with other registers, fulfil the role of a registry of insurees and employees.

As part of the preparations for hooking the core records into the Information System of Basic Registers, at the start of the year the data on persons in the

core records were compared with the records in the Information System of the Register of Inhabitants. The insuree database was expanded to include 1 581 389 new records on persons under 15 years of age that had not yet been on record. A total of 2 785 864 documents were digitised, of which 1 946 000 were pension insurance records. Furthermore 368 159 valid electronic submissions were received containing 3 537 416 electronic forms for pension insurance records.

In 2012, information from the register of insured persons was most frequently obligatorily provided to courts, court executors, the Police of the Czech Republic and other public administration authorities, e.g. customs authorities, financial authorities, municipal authorities, etc. The vast majority of these submissions were carried out as data reports sent through the data mailbox information system.





# PUBLIC RELATIONS



The CSSA focuses its activities on expanding its services for clients, providing quality information and increasing the efficiency of the process of dispensing social security. The primary channels by which the CSSA communicated with the public were its client centres and specialised call centres. It dealt with tens of thousands of information requests. During the year, the CSSA sent out 105 096 client-requested informative personal pension insurance records, which contain an overview of the periods of insurance and base assessments. Citizens may request that such a record be sent out once a year. The CSSA also applied the strategy of a client-oriented approach in dealing with complaints, taking care to be accommodating and active in providing information and resolving complaints with professional erudition.

A client-oriented approach was also applied in written communication with clients and in responses to their inquiries. Efforts were made to explain both pension issues and questions concerning sickness insurance and insurance premiums in a manner that was professional yet comprehensible. In connection with the pension reform, increased attention was devoted to informing clients in a timely and comprehensive manner on the planned legislative changes. The information provided also included the newly introduced retirement savings, its impact on the state pension system and changes in supplementary pension savings. Also at the forefront of public and media interest were 'pre-pensions'. At the end of 2012, CSSA employees completed a training session focused on providing information on the pension so they could acquire the expert knowledge required.

Starting 15 May 2012, a new service was introduced at the pension insurance client centre at the Prague head office, specifically the possibility of making an appointment for a personal consultation on more complicated pension insurance cases or for a rough calculation of old-age pension. A special appointment phone line was set up for clients for this new service. The fact that the line was constantly busy and the consultation appointments were full a month in advance attested to the exceptional interest clients displayed in this service, which is provided above and beyond the

legal obligations of the CSSA. From the launch of the service until the end of 2012 it had been used by 965 clients. The pension insurance client centre dealt with 40 457 clients over the course of the year.

Three specialised CSSA call centres provide the public with fast access to information and quick responses to inquiries. The CSSA pension insurance call centre processed a total of 189 399 telephone requests from clients in 2012. The call centre began taking questions on the pension reform starting in December 2012. The call centre for sickness insurance provided 43 716 consultations and resolved more than half of them immediately by providing the required information. A total of 11 063 clients who needed to deal with problems concerning electronic submissions used the services of the e-Submission technical assistance call centre last year.

Information materials issued by the CSSA over the course of the year stemmed from the need to provide the public with up-to-date information from the field of social security. This included the following publications in 2012, each published with a print run of 50 000 copies - "Manual for the Future Pensioner", "Manual for the Self-Employed", and "Guide to Pension Insurance Benefits". The CSSA Annual Report for 2011 and the Pension Insurance Statistical Yearbook for 2011 were issued electronically, with the latter also receiving a limited print run of 160 copies so it could be available to the public at regional libraries in the Czech Republic. In 2012 the CSSA also published the specialist monthly National Insurance, which had a monthly average print run of 8 500 copies. Readers could also browse the content of the magazine issues and the full text of certain important articles on the CSSA website. Over the whole year, more than 150 main articles came out in the magazine on subjects such as social security, the Medical Assessment Service, health insurance, labour law, employment and personal development. Several dozen authors more or less regularly contributed to the magazine, most frequently employees of the CSSA and the MoLSA. An important medium for providing information from the CSSA is the regularly updated website, which is accessed on average 4 300 times a day.



## INTERNATIONAL RELATIONS

One of the established and highly popular ways to get the required information and advice concerning pension matters in the Czech Republic and Germany is consultation days. International consultation days take place over the course of the year, alternating between the Czech Republic and Germany. They are organised regularly by the CSSA and the German pension authority Deutsche Rentenversicherung (DRV). The twelfth Czech-German consultation days event took place in March in the German city of Stuttgart, with the thirteenth event following in Domažlice in November.

A CSSA delegation led by Director General Vilém Kahoun met in Vienna in March 2012 with the Austrian Workers' Compensation Board (AUVA). The Czech delegation acquainted itself with the Austrian injury insurance system and with how it is organised and run. In June 2012 the CSSA Director General signed a "Memorandum on Cooperation between Both Institutions" with the Director General of the Slovakian Social Insurance Agency, thereby extending the previous "Agreement on Cooperation between Both Institutions" by a further two-year period.

In November 2012, talks were held in Prague between the CSSA and Slovakia's Social Insurance Agency (SIA) on the issue of information support in performing the pension agenda at CSSA. The talks took place at the request of the Slovaks, who expressed an interest in consultations in connection with their plans to build a new information system for the pension agenda. Talks were also held with German pension insurance

authorities in Prague, dealing with the collection of receivables and offsets. The focus was mainly on the exchange of information, discussing procedures for cooperation and clearing up the interpretation of several provisions of the coordination regulations. In connection with preparations for Croatia's entry into the EU, negotiations also took place with representatives of that country.

In terms of activities associated with the preparation and implementation of bilateral treaties, CSSA representatives took part in several sets of talks over the course of the year, for example negotiations on the preparation of treaties with Albania, Azerbaijan, Belarus, Tunisia and Bosnia and Herzegovina. Discussions on treaties with specific countries were at varying phases -- some were only starting (Albania), with the jurisdiction of the future treaty being outlined, while at others the specific wording or provisions dealing with pension calculation were debated (Tunisia, Azerbaijan). CSSA representatives were also present at discussions on the social security treaty between the Czech Republic and Moldavia that entered into force on 10 October 2012.

The CSSA actively took part in the work of the EU Administrative Commission for the Coordination of Social Security Systems and its Technical Commission, and was active in the working bodies created by the Administrative Commission in order to prepare and implement the international electronic exchange of data between social security institutions in EU member states.

# ECONOMIC MANAGEMENT AND EMPLOYEES



From the start of the year the CSSA continued with implementing strict austerity measures, once again placing emphasis on consolidating and revising contracts in order to lower prices and save money. Up until September 2012, 61 % of the 2011 budget was available for financing operating costs. Starting in October however, the budget for these expenditures was bolstered and thus it was possible to finance operations through to the end of the year. In 2012 the CSSA's revenue totalled CZK 362.361 billion and total expenditures CZK 398.443 billion. The budget for 2012 set the CSSA's total revenue at CZK 374.715 billion. Taxable revenue for 2012 was set at CZK 374.115 billion, of which pension insurance premiums

made up CZK 332.547 billion and sickness insurance premiums and contributions to the state employment policy CZK 41.568 billion. The actual revenues for insurance contributions and the contribution to the state employment policy were CZK 361.745 billion, 96.69 % of the budgeted amount. Within these revenues, pension insurance premiums made up CZK 323.176 billion and sickness insurance premiums and contributions to the state employment policy CZK 38.569 billion. Non-taxable revenues for 2012 were set at CZK 600 million. The actual non-taxable revenues totalled CZK 593 million (of that CZK 301 million was voluntary premiums), meeting 98.8 % of the budgeted amount.

## Expenditure on pension insurance benefits as of 31 December (CZK million) <sup>\*)</sup>

Year	2008	2009	2010	2011	2012
Old-age pensions	222 105	243 636	265 985	284 614	295 140
Full disability pensions	42 446	44 380	xxx	xxx	xxx
Partial disability pensions	14 952	16 609	xxx	xxx	xxx
Disability pensions for 3rd degree disability	xxx	xxx	30 870	29 504	28 067
Disability pensions for 2nd degree disability	xxx	xxx	4 295	5 116	5 250
Disability pensions for 1st degree disability	xxx	xxx	12 516	12 831	12 159
Widows' pensions	20 871	21 576	21 018	21 483	21 463
Widowers' pensions	2 096	2 249	2 263	2 385	2 443
Orphans' pensions	3 066	3 254	3 214	3 301	3 341
<b>Total</b>	<b>305 536</b>	<b>331 705</b>	<b>340 162</b>	<b>359 234</b>	<b>367 864</b>

Note: Expenditure for individual items have been rounded to the nearest CZK million, which is why the total may not match the simple sum of the numbers.

<sup>\*)</sup> Pensions include the deposit from December of the previous year and not the deposit for January of the next year.



**Expenditure on sickness insurance benefits as of 31 December (CZK million)**

Year	2008	2009	2010	2011	2012
Sickness insurance	24 769	18 215	14 944	13 354	11 465
Attendance allowance	811	729	431	640	682
CMB	6 297	7 084	7 410	7 506	7 224
CBPM	4	5	4	6	7
<b>Total</b>	<b>31 882</b>	<b>26 033</b>	<b>22 789</b>	<b>21 505</b>	<b>19 377</b>

Note: Expenditure for individual items have been rounded to the nearest CZK million, which is why the total may not match the simple sum of the numbers. CMB – cash maternity benefits; CBPM – compensatory benefits in pregnancy and maternity

**OPERATIONS AND MANAGEMENT OF ASSETS**

The implementation of strict austerity measures was also felt in the financing of operations. Material expenditures including independently streamed items and projects co-financed by the EU were set at CZK 1.3 billion; of this amount projects co-financed by the EU totalled CZK 28 million. Originally the amount set for financing net material expenditures was 61 % of the funding the CSSA drew in 2011. With regard for the scope of agendas the CSSA must provide for, the final material expenditure budget was increased and as of 31 December 2012 it totalled CZK 2.1 billion, of which CZK 45 million was allocated for projects co-financed by the EU. The CSSA drew nearly the whole increased budget to finance operations up till the end of the year. The dominant portion of the material expenditures went to postal services - CZK 468 million.

Following budget measures applied over the course of the year, the final breakdown of funding for salaries and other payments for work performed reached a total of CZK 2.391 billion, of which salaries made up CZK 2.364 billion and other payments for work performed CZK 27 million. A total of CZK 2.259 billion was drawn for salaries and other payments for work performed, of which CZK 2.240 went to salaries and CZK 19 million to other work payments. Deductions for social security premiums and contributions to the state employment policy totalled CZK 564 million. CZK 203 million was paid in obligatory health insurance. The average actual monthly salary calculated for the

number of employees totalled CZK 21 581, thus falling by CZK 82 compared to 2011.

Implementation of the programme “Development and Renewal of the Material and Technical Base of the Czech Social Security Administration 2011–2015” continued for the second year, with investments into information and communication technology totalling CZK 175 million, reproduction of the CSSA material and technical base CZK 20 million and investments made through the Integrated Operational System CZK 123 million. For most investments, project documentation was prepared and tendering procedures for contractors were held. These included, for example, the construction of a new administrative building in Jeseník for state organisational units under the MoLSA, the renovation of CSSA buildings in Trutnov, Brno, Jihlava and Ostrava, the building of an archive for the workplace in České Budějovice, and completion of elevator renovations at the DSSA in Zlín. The renovation and insulation of the façade of the DSSA in Ústí nad Orlicí is being realised by the CSSA through the Operational Programme Environment, which focuses on energy savings, with co-financing from the EU Cohesion Fund. As of 31 December 2012 the CSSA had fixed tangible assets worth a total of nearly CZK 8.4 billion and fixed intangible assets of just under CZK 2 billion. All assets were used exclusively to provide for the execution of state administration.

Operating expenditures		
Item		Expenditures (CZK millions)
Financing for reproduction of assets		318
Administrative expenditures total		5 160
of which	wages and other staff costs	2 259
	insurance, cultural and social needs fund and reimbursements	805
	material expenditures	2 096
	of which territorial workplaces	399
<b>operating expenditures total</b>		<b>5 478</b>

## EMPLOYEES

A specific feature of the employee structure at the CSSA is the high proportion of women, who made up 88.58 % of the total number of employees in 2012. This fact is reflected in the nearly 7 % rate of adjusted work hours or part-time positions due to caring for minors, as well as in the engagement of replacements on fixed-term employment contracts for employees on maternity and parental leave. From the perspective of qualifications, the largest category of employees

is that with a completed secondary school education (66.74 %). Considering the specification of the work performed and the categorisation of salary levels, it is desirable that this structure be maintained. The largest group of employees fall into the age group from 51 to 60 years (28 %) and the group from 41 to 50 years (26.6 %). The age structure of CSSA employees has remained more or less unchanged in recent years.

Structure of employees by education and sex		
Education	Total	Share in %
Primary	123	1,4
Apprenticed	466	5,3
Full secondary vocational	5 891	66,7
Post-secondary vocational	194	2,2
University	2 153	24,4
<b>Total</b>	<b>8 827</b>	<b>100,00</b>

The CSSA places long-term emphasis on the education and professional development of its employees, which is a prerequisite for continuing to improve the services provided to clients. The basis for this process is internal training programmes focused on developing key competencies in individual groups of employees. Electronic courses also continued to play an important role in 2012. In light of the fact that the CSSA devotes increased attention to the security awareness of its employees, since 2012 the compulsory entry training has included an electronic course entitled "Information Security and Protection of Personal Data". The offer of specialised electronic courses has been expanded to

include a course entitled "Execution Deductions", which focuses on clearing up the basic terms from the execution agenda and outlining the procedures for processing execution cases at the CSSA. Language training focused on deepening knowledge of specialised social security terminology. Specialised courses focusing on deepening knowledge in selected legal areas (administrative, civil, commercial, labour, criminal, European and international social security law) and managerial skills are organised for CSSA employees in conjunction with the Law Faculty of Charles University in Prague; the Law Faculty of Palacký University in Olomouc; and, as of this year, also with the University of Economics, Prague.



# INFORMATION AND COMMUNICATION TECHNOLOGY



In the field of information and communication technology (ICT), further development of the CSSA information system was directed with an emphasis on maximising the cost-effectiveness of expended resources. As a result, the CSSA ICT Development Strategy through to 2015 was updated and a Target ICT Architecture through to 2015 was drawn up in accordance with audit recommendations, for example applying the conclusions of measures and conceptual outlines of the MoLSA, CSSA management, strategies focused on making the whole ICT field more efficient, including operations, and the conditions for realising important plans in the social sphere. The primary orientation of the planned CSSA integrated information system (CSSA IIS) was retained and it remains focused on providing automated support for implementation of CSSA processes and the application of modern technologies in its activities. In 2012 the tasks that are vital for performing the activities of the CSSA were successfully provided for, despite the fact that it had to reassess information and communication technology projects with regard for the changing resort strategies, which meant that implementation and drawing of funding for these projects were delayed.

Activities focused on strengthening and modernising the whole central computer system using newer and more powerful technology were realised in 2012 with the goal of having the whole information system operate reliably and securely. A significant portion of the existing workstations were replaced with more powerful ones, the data bank and application servers were strengthened, software licences were secured under the new licensing policy, and the preconditions were established for the move to a new model of securing application support in accordance with the requirements of the Public Procurement Act using open proceedings so that framework agreements could be

concluded with suppliers of application equipment and programs. An integral part of this was the adjustment of programming support in connection with legislative changes, primarily to the Act on Retirement Savings, and the reliable operation thereof. The process of centralising social security agendas continued and new central systems were created to allow for faster and higher quality work with data. In connection with the launch of the basic registers in July 2012, a new system was created for communication between the CSSA integrated information system and the Information System of Basic Registers (ISBR). On the basis of the published catalogue of ISBR services, a communication component with its own database and user interface was created. This also includes a user interface for online access to the ISBR due to the fact that, in light of the scope of the agendas and the architecture of the CSSA information system, the variant of direct access to the ISBR by individual agendas could not be realised.

Over the course of 2012, only the necessary application support for electronic communication with clients was secured, primarily the receipt of complaints and the sending of information that the CSSA is legally obliged to provide. Attention was paid to the operation and development of existing interfaces to facilitate the activities of the CSSA. In direct relation to clients this applies primarily to the CSSA Public Interface for Electronic Submissions, called the 'VREP channel', which is the main communication channel by which the CSSA receives e-Submissions. VREP fully replaced the Public Sector Portal (PSP), which has definitively ceased operating its transaction section. In 2012 a specialised data mailbox was opened for receiving e-Submissions in the form of data strings, and it internally passes through a special interface to the central system for automated processing.

## Number of submissions received by type of interface in 2012

<b>Total e-Forms received</b>	<b>7 696 452</b>
of which forms received from PSP	350 592
forms received from ISDS	522
forms received from VREP	5 806 068
forms received from DSSA	15 103
forms received from a medium	2 085
forms received from VZT	1 522 082
Total refused e-Forms	3 437 210
<b>Total e-Forms processed</b>	<b>11 133 662</b>



# DEVELOPMENT PROJECTS



Also contributing in part to the fulfilment of strategic objectives and priority tasks was the realisation of projects co-financed from EU structural funds, specifically the Operational Programme Human Resources and Employment (OP LZZ) and the Integrated Operational Programme (IOP). Over the course of 2012 these projects were re-evaluated so as to comply with the strategy of the MoLSA.

## The following five projects ran under the Operational Programme Human Resources and Employment:

- Establishment of processes of information extraction for creation and consolidation of basic records of beneficiaries of insurance and their individual accounts further to the basic registers of public administration - 1st part (Project No. 156 - Part 1) - the project is above all to speed up the process of assessing the medical condition of citizens in connection with the implemented digitisation of data.
  - Establishment of processes of information extraction for creation and consolidation of basic records of beneficiaries of insurance and their individual accounts further to the basic registers of public administration - 1st part (Project No. 156 - Part 2) - insuree accounts are to be consolidated as part of the project; a Register of Automatically Updated Accounts is also to be created.
  - Realization of Necessary Steps to Support the International Component in the CSSA's Pension Agenda (Project No. 59/28) - the objective was to make the pension benefit proceedings process more efficient by automating it and adapting the system to the valid Czech and EU legislation. The project was wrapped up on 31 December 2012.
  - Monitoring System Design and Implementation (Project No. 59/29) - the aim of the project is to draw up an analysis of the current state of information and communication technologies at the CSSA and to use this to develop a comprehensive system for supervising the operating applications and hardware infrastructure.
- Project management office of The Czech Social Security Administration (Project No. 59/42) - the benefit of this project is that it will set up a project environment that will be sustainable and which will continue to develop.

## The following projects continued under the Integrated Operational Programme:

- Electronic filing and dispatch office of CSSZ in data relation to Dokument management system (Project No. 157) - over the course of 2012 the electronic file service was implemented at 83 territorial units of the CSSA; in particular these services were a paper submissions office and mailing office, the sending and receiving of messages from data mailboxes and electronic submissions. A single register of documents was introduced. During the year, operations became routine and as of 30 November 2012 the electronic file service was being used at 83 territorial units of the CSSA.
- Information and Communication Interface to provide information to CSSZ Clients (Project No. 159) - the created interface allows for direct communication with clients (on-line provision of services) and other authorised persons.

Aside from the above development projects, the CSSA also played a significant role in a project where the beneficiary is the MoLSA: Building Czech Access Points into the European Electronic Exchange of Social Security Information ("EESSI") (Project No. 154). The goal of this project is to build fully functional access points at the CSSA and the MoLSA providing access to the data of insured persons in the EU that would also ensure the requisite interoperability with other foreign authorities within the EESSI.

The CSSA also took part in four international projects paid for by direct EU grants. The CSSA was the leading partner and grant beneficiary or one of the partners. These projects were focused on increasing the CSSA's capacities and on international cooperation in coordinating the social security systems of EU member states.



# CONTACTS

Website: [www.cssz.cz](http://www.cssz.cz)

CSSA **call centres** are open every working day and provide information regarding

**Pension insurance:** +420 257 062 860

Monday	8:00 - 17:00
Tuesday	8:00 - 15:30
Wednesday	8:00 - 17:00
Thursday	8:00 - 15:30
Friday	8:00 - 14:00

**Sickness insurance:** +420 840 406 040

Monday	8:00 - 17:00
Tuesday	8:00 - 14:30
Wednesday	8:00 - 17:00
Thursday	8:00 - 14:30
Friday	8:00 - 14:00

**Technical assistance for e - Submissions:** +420 585 708 290

Monday	8:00 - 17:00
Tuesday	8:00 - 15:00
Wednesday	8:00 - 17:00
Thursday	8:00 - 15:00
Friday	8:00 - 14:00

Requests for a personal pension insurance information sheet (containing an overview of insurance periods and assessment bases) can be sent by post to: ČSSZ – odbor správy údajové základny, Křížová 25, 225 08 Praha 5, Czech Republic, stating your birth number, name and surname, maiden name and mailing address, or electronically via the electronic submissions office (only with an electronic signature) or data mailbox.

## CSSA branches

For information on social security, clients may contact their district social security administration, which are open to the public every working day with the following minimum business hours:

Monday	8:00 - 17:00
Tuesday	8:00 - 14:00
Wednesday	8:00 - 17:00
Thursday	8:00 - 14:00
Friday	8:00 - 13:00

Exact business hours and contact details for branches are available on the website at [www.cssz.cz/cz/kontakty](http://www.cssz.cz/cz/kontakty).

**The pension insurance client centre** at the CSSA head office provides information about pension insurance and the course of pension proceedings every working day.

Monday	8:00 - 17:00
Tuesday	8:00 - 14:30
Wednesday	8:00 - 17:00
Thursday	8:00 - 14:30
Friday	8:00 - 14:00

The client centre at the head office in Prague can arrange personal consultations regarding more complicated pension insurance cases or provide informative old-age pension calculations. Appointments can be arranged by calling +420 257 062 869 on workdays from 8:00 to 12:00.





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