

## **1. Title of contract**

**Study on the situation of Private Health Insurance (Mandatory or Voluntary)**  
**- (see draft contract VC/2007/0357)**

## **2. Background**

### **a) The PROGRESS programme**

In its Social Agenda (2005-2010), the Union has fixed as its overall strategic goal to promote more and better jobs and to offer equal opportunities for all. The realisation of the Social Agenda relies on a combination of instruments comprising EU legislation, the implementation of open methods of coordination in various policy fields and financial incentives.

In the period up to 2006, two distinct Community programmes supported the open method of coordination in the employment and social inclusion/social protection fields. Two further Community programmes backed up the promotion of gender equality and the non-discrimination principle. In addition, separate interventions addressed the promotion of labour law including health and safety regulations. With a view to greater coherence and simplification in the way Community programmes are delivered, the Commission proposed for the 2007-2013 period that all these separate programmes be integrated into one framework programme, PROGRESS.

The Decision n°1672/2006 establishing a Community programme for employment and social solidarity – PROGRESS was adopted by the European Parliament and the Council on 24 October and published in the Official Journal on 15 November 2006.

PROGRESS overall aim is to financially support the implementation of the objectives of the European Union in the employment and social affairs area, as set out in the Social Agenda, and thereby contribute to the achievement of the Lisbon Growth and Jobs Strategy<sup>1</sup> goals in these fields.

More specifically, PROGRESS will support:

- (1) the implementation of the European Employment Strategy (section 1);
- (2) the implementation of the open method of coordination in the field of social protection and inclusion (section 2);
- (3) the improvement of the working environment and conditions including health and safety at work and reconciling work and family life (section 3);
- (4) the effective implementation of the principle of non-discrimination and promotion of its mainstreaming in all EU policies (section 4);

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<sup>1</sup> On the Growth and Jobs Strategy see: [http://ec.europa.eu/growthandjobs/index\\_en.htm](http://ec.europa.eu/growthandjobs/index_en.htm)

(5) the effective implementation of the principle of gender equality and promotion of its mainstreaming in all EU policies (section 5).

PROGRESS is therefore divided up into five policy sections which are (1) Employment, (2) Social inclusion and social protection, (3) Working conditions, (4) Non-discrimination and (5) Gender Equality.

It aims at supporting the core functions of the European Community towards fulfilling its Treaty-delegated tasks and powers in its respective areas of competence in the employment and social sphere. It will support initiatives aimed at reinforcing the role of the Community in proposing EU strategies; implementing and following-up EU objectives and their translation into national policies; transposing and following-up of the EU legislation's application in a coherent way throughout Europe; promoting the co-operation and co-ordination mechanisms between Member States and cooperating with social partners and organisations that represent civil society.

## **b) Policy background**

The aim of Member States is to maintain or enhance universal access to high quality healthcare in a sustainable manner. Private Health Insurance (PHI) markets in the EU are diverse. Different historical patterns of insurance mechanisms development, variation in the rules and arrangements of statutory healthcare systems and differences in national regulatory regimes result in a wide variation in terms of Private Health Insurance types, levels of expenditure on PHI, levels of population coverage, types of insurers, premium setting mechanisms, selection criteria, policy conditions, benefits provided, premium prices, tax incentives, loss ratios, administrative costs, levels of access, equity implications and impact on free movement and free establishment.

In general, PHI whether Mandatory or Voluntary does not play a significant role in many health systems in the EU, either as a means of funding or as a means of gaining access to healthcare. The role of PHI is however evolving as many EU Member States are devising ways to control the growth of public spending and secure additional resources for their health sectors. Statutory healthcare systems in the EU are characterised by near universal coverage, mandatory participation, comprehensive benefit provision and high levels of public expenditure.

Private health insurance plays a variety of roles which are often determined by the statutory health insurance system and the organisational features of that healthcare system. In 2001, the Commission commissioned a study on Voluntary (Private) Health Insurance: Voluntary Health Insurance in the European Union<sup>2</sup>. This study differentiates between three types of Private or Voluntary Health Insurance (VHI): Substitutive VHI, Complementary VHI and Supplementary VHI.

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<sup>2</sup> [http://ec.europa.eu/employment\\_social/social\\_protection/docs/vhi\\_en.pdf](http://ec.europa.eu/employment_social/social_protection/docs/vhi_en.pdf), Voluntary health insurance in the European Union, Report prepared for the Directorate General for Employment and Social Affairs of the European Commission, 27 February 2002, E. Mossialos and S. Thomson, European Observatory on Health Care Systems and LSE Health & Social Care, London School of Economics and Political Science

In some cases, the introduction of market regulations into national health services lead to a dissociation of the function of production of services from that of financing of care (purchaser-provider split). This is intended to create competition among care providers. By making health funds financially accountable for the health care costs of those they insure, the intention is to encourage these funds to negotiate contracts with providers for a rational delivery of quality care. Many healthcare systems are trying to introduce elements of competition in the management of their healthcare systems. Elements of competition do not solely refer to a purchaser-provider split. Partial privatisation can be promoted within a strong regulatory framework, disallowing a clear-cut purchaser-provider split, for example. The degree, extent and administrative level of the regulatory framework determine the incidence and developmental capacity for PHI in a particular system.

Private health insurance can help governments pursue performance goals (efficiency, effectiveness) for their health systems. However, it can also put them at risk. The effect depends, in part on the role of private health insurance, in terms of market size and function with respect to public systems. Private health insurance can be credited with adding resources into health systems and making them more patient-centred. The development of private health insurance has however, also created significant challenges in terms of equity and cost containment, which in turn, explains the development of Risk-adjustment mechanisms and the strong regulation of the sector. Indeed, shifting the sources of funding for health care services from the public to the private sector does not necessarily translate into lower costs. Additionally, private insurers or providers are not always able to freely compete in terms of prices or quality of services. This is due to higher associated administrative costs for private insurers in comparison to public entities as well as the regulatory environment which can demand some form of risk equalisation which effectively hinders competitive market adjustments.

### 3. Subject of the contract

The purpose of this contract will be to provide the Commission with information input in the form of a report that can help the Commission and EU Member States engage in policy discussion on the future trends in private health insurance markets, as well as their degree of incidence and coverage. An analysis of possible outcomes and limitations of PHI markets on the accessibility, quality and long-term sustainability of healthcare systems is to be provided after the presentation of the incidence, coverage and particularities of the various existing private health insurance markets (Mandatory or Voluntary).

The OECD Health Project on Private Health Insurance<sup>3</sup> refers to four types of PHI: **Primary PHI**, **Duplicate PHI**, **Complementary PHI** and **Supplementary PHI**. Within Primary PHI coverage, the Report differentiates between **Principal** and **Substitute Primary PHI**. In the Netherlands, Germany and for minor population groups in Belgium, Spain and Austria, PHI has a Primary role in providing health insurance for those lacking public health insurance coverage, either because individuals are not entitled to statutory publicly financed health insurance coverage (Principal PHI), or because they have chosen to, and are allowed to opt out of the

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<sup>3</sup> The OECD Health Project, Private Health Insurance in OECD countries (2004), OECD

statutory health insurance scheme (Substitute PHI). PHI in those cases is a source of primary coverage for population groups without access to public health cover.

Duplicate PHI provides an alternative private coverage for the same sets of services to people already covered by statutory social health insurance schemes. Duplicate PHI is common in countries where there is a separation between publicly funded and privately funded providers, such as Ireland. Duplicate PHI is commonly found in countries where eligibility to public schemes is based on residency (NHS based systems) rather than professional affiliation. Differentiated statutory coverage according to professional groups usually leads to the development of Primary PHI, be it Principal or Substitute.

Most EU countries require co-payments or some forms of cost sharing for services provided under the public schemes. Complementary PHI provides some form of reimbursement to patients for the required cost sharing or the services that are not covered by the public schemes (or for which reimbursement rates are below the market prices). The market size of Complementary PHI is related to the scale and extent of cost sharing. Complementary PHI is found in most countries that have introduced cost sharing such as Ireland, Denmark, Germany, Sweden, Italy, Luxembourg and France. The latter has a significant Complementary PHI market, which was extended to the majority of the population after the introduction of a public subsidisation scheme for the Complementary PHI purchase by low-income groups.

Supplementary PHI is typically provided to cover for additional health services not included in the statutory public health schemes. The range of covered services depends on the list of services excluded from the public insurance scheme and on the insurers' definition of 'health benefits'. Supplementary PHI finances goods and services excluded from public coverage such as luxury care, optical and dental care, long-term care, pharmaceuticals, rehabilitation, alternative medicine and/or superior hotel and amenity hospital services (even when the medical component of the service is covered by the public schemes).

The terminology used by the OECD does not reflect the terminology used either in the LSE study on Voluntary Health Insurance or the EU Non-Life Insurance Directives. Setting definitional issues aside, the demarcation between public and private health insurance is in some cases blurred and not straightforward. Indeed, health insurance schemes differ "in the degree of cross –subsidisation (across time, risks and income groups) inherent in the scheme, the ownership and management of the scheme, the level of compulsion in participation, and the sources of funding."<sup>4</sup>

Despite the varying possible definitions, the study should use similar terminology to the one used in the OECD Health Project and clearly identify which schemes it will cover, the national prerogatives that determine the type of PHI markets and the reasons behind the inclusion of those schemes or not.

More specifically, the purpose of this contract can be broken down in three main steps which can correspond to three chapters of the report:

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<sup>4</sup> The OECD Health Project, Private Health Insurance in OECD countries (2004), OECD

- The first step consists in providing an extensive overview of existing private health insurance markets as well as an analysis of the role and nature of PHI (Primary, Duplicate, Complementary and Supplementary PHI) markets in the EU. It will provide an overview of the various PHI market structures, conduct and performances. When addressing PHI markets, particular attention should be placed on the PHI functions which ensure effective access to all, including the most disadvantaged/high risk social groups (universality and solidarity PHI functions). The primary aim of the study is to update the findings and policy conclusions presented in the 2002 Report (cf. footnote 2) and extend them to the new Member States. This part will comprise the mapping out of existing policies in each country. This step of the analysis should lead to the identification of common or diverse approaches across Member States allowing a cross-country comparison. This step should cover all 27 EU Member States and the members of the European Economic Area (EEA). This step should also provide similar information on the private health insurance market in the U.S.
- The second step will address the impact of EU competition rules and regulations for an Internal Market in Non-life insurance products on the development and establishment of PHI markets and cross-border health services provision. The aim is to assess the degree to which the application of EU competition and Internal Market rules are and will be impacting on the provision of PHI and the possibilities and/or limitations for insurance organisations (legal entities) in expanding their activities in line with national prerogatives and concerns regarding their universality and solidarity functions. An important issue at stake in the provision of cross-border and within-border health insurance services is the degree, if any, of portability or transferability of rights, benefits and entitlements among insurance providers. Additionally, where PHI providers are in direct competition with the social or public health insurance schemes, the insured are not necessarily allowed to switch providers and when switching from one PHI provider to the other the portability of acquired rights and benefits is not always guaranteed. In this case, competitive market adjustments may be prevented. On one hand, the PHI providers have to provide similar benefits and coverage to the Social health insurance schemes and on the other there is no guarantee of portability amongst PHI providers (this is a major concern where not-for profit and for-profit PHI providers compete in a developed primary PHI market). Competitive market adjustments are prevented, in many cases, due to the desire to maintain some solidarity and universality functions in the organisation and provision of PHI and through regulation (which can be found to be in breach of competition and Internal Market rules). This step shall address the impact of EU competition rules and regulations for an Internal Market in the field of Non-life insurance, on the development and establishment of PHI markets and the possible tradeoffs observed with regard to their universality and solidarity functions when assigned. The analysis should be based on the European Court of Justices' jurisprudence and interpretation of the applicability of competition rules in the area of PHI. Several elements need to be highlighted reflecting in each case the national legal environment which determines the applicability or non-applicability of EU competition rules. Questions such as the role of mutual organisations, the nature of the affiliation (obligatory or voluntary), the nature of the service provided (economic or non-economic), the degree to which the

insurance fund is organised along core functions of solidarity (non-personalisation of risk, no risk selection and mutual risk pooling) and general interest and the applicability or exclusion from EU competition rules should be the main focus of this step. This step will deal with a maximum of 15 EU Member States, to be proposed by the research team in the offer; these could be changed in agreement with the Commission services.

- The third step shall analyse the impact of setting up of a private market for health insurance on social protection systems in both systemic (organisation and structure of PHI markets) and financial terms. The analysis should provide existing information on this impact whether it is positive (increased competition and access) or limiting (no actual impact on cost containment and efficiency, resulting cream-skimming and risk selection). This chapter will consist of a more detailed analysis of social, health and long-term care policies of interest to the study. Due attention should be paid to the three dimensions established as common principles in the framework of the Open Method of Coordination namely access for all, quality and long-term sustainability from a public policy point of view. This should include issues of care coordination, restructuring care activities in view of achieving performance-related goals (introduction of a market for PHI), the impact of PHI markets on services accessibility (especially for those at risk-of-poverty and the most vulnerable groups of the population in each Member State), its impact on the quality of care and services provided, and the possible trade-offs between the promotion of the sustainability of social protection systems in the framework of publicly funded services and the incidence of a private market in the area of health insurance (particularly the problem of information asymmetry, premium setting, tax exemptions, changes in the funding ratios...). A typical feature of insurance markets, and particularly health insurance, is risk-selection. Risk-selection can be problematic from a social protection point of view, for both small group (elderly, chronically ill) and systemic levels (high risk and low income persons). This has clear implications in terms of PHI accessibility and for the solidarity functions associated with health insurance. The analysis of policies should pay specific attention to the role of social protection systems and how they impact on/ are associated to these policies. Leading questions should be: Does the development of a Private Health Insurance market undermine the sustainability and promotion of adequate social protection systems? Does the establishment of a PHI market encourage or undermine a comprehensive approach to the different policy priorities identified at the national (restructuring and cost-containment issues) and European levels (for example access for all, high quality and long-term sustainability)? This step should cover in maximum, the same 15 EU Member States analysed in step 2, to be proposed by the research team in the offer; these could be changed in agreement with the Commission services.

This study will be used by the Commission to prepare an in-depth discussion under the health and long-term care strand of the Open Method of Coordination. The Social Protection Committee will review the results and use these to draw policy conclusions on how social protection systems can be enhanced or undermined by the introduction of private health insurance (Mandatory and Voluntary).

#### 4. Tasks to be carried out by the contractor

The investigation should use as a departing point the existing academic/research work and reports by international organisations (OECD, WHO). The primary aim of the study is to update the findings and policy conclusions presented in the 2002 Report, prepared for the Directorate General for Employment and Social Affairs of the European Commission: Voluntary health insurance in the European Union<sup>5</sup> and expand them to the new Member States. Due to the definitional issues explained above, the difficulty in data gathering and degree of comparability amongst private health insurance schemes, the research team should engage in data gathering on the ground. The researchers may have to engage in visits to the countries included in the chosen sample and exchange of data with the relevant authorities (statistical offices, trade associations...) and stakeholders.

- The first step of the analysis should lead to the identification of common or diverse approaches across Member States allowing a cross-country comparison. A table (or similar comparison tool) for all countries and all policies chosen in the analysis could be produced to summarise this part of the analysis thus allowing for a synthetic and comparative view across Member States. The first step will cover the 27 EU Member States, the members of the European Economic Area (EEA) and the US for comparative purposes.
- The second step of the research should make use of existing EU legislation, academic/research work, reports by international organisations (OECD, WHO) and the European Court of Justices' jurisprudence. Due attention should be paid to the legal dimension, the definitional problems associated with the ECJ jurisprudence and the linkages between the transposition of relevant Directives and the ongoing debate regarding social services of general interest (whether PHI is considered part of those or not). The second and third step will not cover all the Member States covered in step 1. Steps 2 and 3 will provide an in-depth analysis of a maximum of 15 EU Member States. The selection of the Member States should take into account the size, the time of accession to the EU (i.e. both old and new EU Member States), the geographical location and the organisational specificities of the Member States' social, health and long-term care services and systems. The tenderer will propose the countries in the tender. This list of selected countries and their PHI schemes and specificities for in-depth analysis, will be agreed with the Commission services and, if needed, adjusted during the first meeting following the signature of the contract.
- The third step in the study should provide appropriate statistical information, where available, showing policy trends but also relating policies to outcomes, thus providing a basis for evidence-based policy-making. Policies need to be analysed not only in line with how they impact on health status today but also

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<sup>5</sup> [http://ec.europa.eu/employment\\_social/social\\_protection/docs/vhi\\_en.pdf](http://ec.europa.eu/employment_social/social_protection/docs/vhi_en.pdf), Voluntary health insurance in the European Union, Report prepared for the Directorate General for Employment and Social Affairs of the European Commission, 27 February 2002, E. Mossialos and S. Thomson, European Observatory on Health Care Systems and LSE Health & Social Care, London School of Economics and Political Science

in the future. The analysis in this part should refer to the effectiveness of interventions in relation to the three common objectives identified under the Open Method of Coordination for health and long-term care. If acknowledged, particular policies that could form the background for a successful best practice exchange between Member States should be highlighted. The in-depth analysis of the situation will be carried out for a maximum of 15 EU Member States. The selection of the Member States should take into account the size, the time of its accession to the EU (i.e. both old and new EU Member States), the geographical location and the organisational specificities of the Member States' social, health and long-term care services and systems. The tenderer will propose the countries in the tender. This list of selected countries and their PHI schemes and specificities for in-depth analysis, will be agreed with the Commission services and, if needed, adjusted during the first meeting following the signature of the contract.

The PROGRESS Programme aims at promoting gender mainstreaming in all its five policy sections and commissioned or supported activities. Consequently, the Contractor will take the necessary steps to ensure that, its proposed team and/or staff respects the gender balance at all levels. It will also pay due attention when appropriate to the gender dimension of the service he is asked to deliver as detailed in the description of tasks.

Equally, needs of disabled people shall be duly acknowledged and met while executing the requested service. This will in particular entail that where the Contractor organises training sessions, conference, issues publications or develops dedicated websites, people with disabilities have equal access to the facilities or the services provided.

Finally, the Contracting Authority encourages the Contractor to promote equal employment opportunities for all its staff and team. This entails that the Contractor shall foster an appropriate mix of people, whatever their ethnic origin, religions, age, and ability.

The Contractor will be required to detail in its activity report accompanying the request for the final instalment the steps and achievements it made towards meeting these contractual provisions.

## **5. Participation**

Please note that:

- The competition is open to any physical person or legal entity coming within the scope of the Treaties and any other physical person or legal entity from a third country which has concluded with the Communities a specific agreement in the area of public contracts, under the conditions provided for in that agreement.
- Where the Multilateral Agreement on Public Contracts concluded within the framework of the WTO applies, the contracts are also open to nationals of States that have ratified this Agreement, under the conditions provided for therein. It should be noted that research and development services, which



come under category 8 of Annex II-A of Directive 2004/18/CE, are not covered by this Agreement.

- In practice, the participation of applicants from third countries that have concluded a bilateral or multilateral agreement with the Communities in the area of public contracts must be allowed, under the conditions provided for in that agreement. Bids submitted by applicants from third countries that have not concluded such an agreement may be accepted, but may also be rejected.

## **6. Professional qualifications required**

See Annex IV of the draft contract.

## **7. Time scheduling and reporting**

See Article I.2. of the contract.

**The contract will last 14 months from the official start of the contract which will be the date of signature of the contract by the second party.**

**Additional requirements** (specific deadlines for the performance of tasks):  
The following reporting requirements are expected:

- An inception report in English consisting of a draft work programme and detailing the country coverage and explaining the choice of countries to be used in the analysis and the planned scope of social, health and long-term care services studied and the study team for the kick-off meeting to be determined bilaterally after the signature of the contract;
- An interim report in English containing a first draft of step 1 and ongoing work in steps 2 and 3 as identified in section 3 "Subject of the contract" above, within five (5) months after the official start of the contract;
- A first draft of the final report in English containing a first draft of the three steps and some preliminary conclusions and policy implications as described in section 3 "Subject of the contract" above, within eleven (11) months after the official start of the contract;
- The complete draft of the final report of the study in English, taking into account comments made by the Commission services on the first draft of the final report, within twelve (12) months after the official start of the contract;
- The study should then be finalised taking into account final remarks by the Commission services and the revised complete final report in English should be delivered within fourteen (14) months after the official start of the contract. The final report in English is to be coupled with a) an executive summary of maximum two (2) pages in English, b) a more substantial summary of ten (10) pages in English and c) a Methodology note in English (e.g. literature reviewed, interviews carried out, databases used...).

The study team should be available for three (3) working meetings with the Commission services corresponding to the delivery of the above reports:

- the kick-off meeting to be determined bilaterally after the signature of the contract to discuss the inception report regarding the draft working program and the country and PHI scheme coverage;
- Five (5) months after the official start of the contract in order to discuss the interim report consisting of a first draft of step 1 and ongoing work in steps 2 and 3;
- Eleven (11) months after the official start of the contract to discuss the draft of the final report consisting of a draft of steps 1, 2 and 3 and some preliminary conclusions and policy implications.

*The study team should be available for two (2) oral presentations of the final report at meetings to be determined by the Commission services including: a) a meeting twelve (12) months after the official start of the contract to present the complete draft of the final report of the study to the Commission services and b) a presentation of the final report during the in-depth discussion on this topic to take place under a Social Protection Committee meeting in Brussels and to be organised/determined by the Commission and EU Member States.*

Each reporting presentation should include:

- a progress report on the work programme detailing the outline and timetable for the further work needed;
- an update on the methodology (literature reviewed, interviews carried and planned, databases used).

The final study should be in English accompanied by summaries in English and approved by the Commission services. It should be in a web-friendly format and publishable format.

In accordance with the General conditions, the Contractor is under the obligation to acknowledge that the present service is delivered on behalf of the support of the Community in all documents and media produced, in particular final delivered outputs, related reports, brochures, press releases, videos, software, etc, including at conferences or seminars, as follows:

The seven-year Programme targets all stakeholders who can help shape the development of appropriate and effective employment and social legislation and policies, across the EU-27, EFTA and EU candidate and pre-candidate countries.

The Programme has six general objectives. These are:

- (1) to improve the knowledge and understanding of the situation prevailing in the Member States (and in other participating countries) through analysis, evaluation and close monitoring of policies;
- (2) to support the development of statistical tools and methods and common indicators, where appropriate broken down by gender and age group, in the areas covered by the programme;

- (3) to support and monitor the implementation of Community law, where applicable, and policy objectives in the Member States, and assess their effectiveness and impact;
- (4) to promote networking, mutual learning, identification and dissemination of good practice and innovative approaches at EU level;
- (5) to enhance the awareness of the stakeholders and the general public about the EU policies and objectives pursued under each of the policy sections;
- (6) to boost the capacity of key EU networks to promote, support and further develop EU policies and objectives, where applicable.

For more information see:

[http://ec.europa.eu/employment\\_social/progress/index\\_en.html](http://ec.europa.eu/employment_social/progress/index_en.html)

The present Call for tenders is issued in the context of the implementation of the 2007 annual plan of work which is consultable at:  
[http://ec.europa.eu/employment\\_social/progress/docs\\_en.html](http://ec.europa.eu/employment_social/progress/docs_en.html)

For publications it is also necessary to include the following reference: "The information contained in this publication does not necessarily reflect the position or opinion of the European Commission"

This publication is supported by the European Community Programme for Employment and Social Solidarity (2007-2013). This programme was established to financially support the implementation of the objectives of the European Union in the employment and social affairs area, as set out in the Social Agenda, and thereby contribute to the achievement of the Lisbon Strategy goals in these fields.

With regard to publication and any communication plan linked to the present service, the Contractor will insert the European Union logo, and if any another logo developed for the employment and social solidarity fields, and mention the European Commission as the Contracting Authority in every publication or related material developed under the present service contract.

## **8. Payments and standard contract**

See Articles I.3, I.4, II.4 and II.5 of the draft contract.

Payments will be made according to the following schedule:

### **Interim payment**

Requests for interim payment by the contractor shall be admissible if accompanied by:

- the draft of the interim report within five (5) months after the official start of the contract;
- the relevant invoices,
- statements of reimbursable expenses in accordance with Article II.7 of the contract,

provided the report has been approved by the Commission.

The Commission shall have 45 days from receipt to approve or reject the report, and the Contractor shall have 30 days in which to submit additional information or a new report.

Within 30 days of the date on which the report is approved by the Commission, an interim payment corresponding to the relevant invoices, up to maximum 50% of the total amount referred to in Article I.3.1 of the contract, shall be made.

#### **Payment of the balance**

The request for payment of the balance of the Contractor shall be admissible if accompanied by:

- the final report within fourteen (14) months after the official start of the contract;
- the relevant invoices,
- statements of reimbursable expenses in accordance with Article II.7 of the contract,

provided the report has been approved by the Commission.

The Commission shall have 45 days from receipt to approve or reject the report, and the Contractor shall have 30 days in which to submit additional information or a new report.

Within 30 days of the date on which the report is approved by the Commission, payment of the balance of the total amount referred to in Article I.3.1 of the contract shall be made.

**In drawing up the bid, the tenderer should take into account the provisions of the standard contract comprising the "General terms and conditions applicable to service contracts".**

## **9. Prices**

Under the terms of Articles 3 and 4 of the Protocol on the Privileges and Immunities of the European Communities, the latter are exempt from all charges, taxes and duties, including value added tax; such charges may not therefore be included in the calculation of the price quoted. The amount of VAT is to be indicated separately.

The price must be stated in EUR(€), net of VAT (using, where appropriate, the conversion rates published in the C series of the Official Journal of the European Union on the day when the invitation to tender was issued), and broken down according to the model in Annex III included in the attached standard contract.

**The format given in Annex III "Breakdown of prices" of the attached blank, draft contract MUST be followed and include:**

#### ***Part A: Professional fees and direct costs***

- fees, expressed as the number of person-days multiplied by the unit price per working day for each expert proposed. The unit price should cover the experts'

fees and administrative expenditure, but not the reimbursable expenses referred to below;

- daily subsistence allowances and travel expenses (other than local transport costs) of the contractor and his staff or other people involved in the work for participation in:
  - the two (2) oral presentations of the final report planned in Brussels including:
    - a) a meeting twelve (12) months after the official start of the contract to present the complete draft of the final report of the study to the Commission services and
    - b) a presentation of the final report during the in-depth discussion on this topic to take place under a Social Protection Committee meeting in Brussels and to be organised/determined by the Commission and EU Member States
  - the three (3) working meetings planned in Brussels corresponding to the delivery of the inception, interim and draft final reports.
- any translation expenses;
- other direct costs (to be specified), if applicable, by the tenderer;

### ***Part B: Reimbursable expenses***

- daily subsistence allowances<sup>6</sup> and travel expenses (other than local transport costs)<sup>7</sup> of the contractor and his staff or other people involved in the work for additional requested meetings by the Commission not stated in point 7 and covering expenditure incurred by experts on short-term trips outside their normal place of work.

**The total price = Part A + Part B and ought not to exceed 200.000 € in total.**

## **10. Groupings of economic operators or consortia**

Tenders can be submitted by groupings of service providers/suppliers who will not be required to adopt a particular legal form prior to the contract being awarded, but the consortium selected may be required to assume a given legal form when it has been awarded the contract if this change is necessary for proper performance of the contract<sup>8</sup>. However, a grouping of economic operators must nominate one party to be responsible for the receipt and processing of payments for members of the grouping, for managing the service administration, and for coordination. The documents

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<sup>6</sup> Agreed per diem rates are to be used for each Member State (see Annex III.2.2.1 of the draft contract).

<sup>7</sup> Travel expenses will be accepted, where appropriate, on the basis of the shortest itinerary.

- travel by air shall be accepted up to the maximum cost of an economy class ticket at the time of the reservation;

- travel by boat or rail shall be accepted up to the maximum cost of a first class ticket;

- travel by car shall be accepted at the rate of one first class rail ticket for the same journey and on the same day;

- travel outside Community territory shall be accepted under the general conditions stated above provided the Commission has given its prior written agreement.

<sup>8</sup> These entities can take the form of an entity with or without legal personality but offering sufficient protection of the Commission's contractual interests (depending on the Member State concerned, this may be, for example, a consortium or a temporary association).

The contract has to be signed by all members of the group, or by one of the members, which has been duly authorised by the other members of the grouping (a power of attorney or sufficient authorisation is to be attached to the contract), when the tenderers have not formed a legal entity.

required and listed in the following points 11 and 12 must be supplied by every member of the grouping.

Each member of the grouping assumes a joint and several liability towards the Commission.

## **11. Exclusion criteria and supporting documents**

1) Bidders must provide a declaration on their honour, duly signed and dated, that they are not in one of the situation referred to in Articles 93 and 94 a) of the Financial Regulation. (see Annex II)

### **Governed by**

*Article 93 of the Financial Regulations:*

1. Applicants or tenderers shall be excluded if:

a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;

b) they have been convicted of an offence concerning their professional conduct by a judgement which has the force of res judicata;

c) they have been guilty of grave professional misconduct proven by any means which the contracting authority can justify;

d) they have not fulfilled their obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed;

e) they have been the subject of a judgement which has the force of res judicata for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Communities' financial interests;

f) following another procurement procedure or grant award procedure financed by the Community budget, they have been declared to be in serious breach of contract for failure to comply with their contractual obligations.

*Article 94:*

Contracts may not be awarded to candidates or tenderers who, during the procurement procedure:

a) are subject to a conflict of interest;

2) The tenderer to whom the contract is to be awarded shall provide, within a time limit defined by the contracting authority and preceding the signature of the contract,

the evidence referred to in Article 134 of the implementing Rules, confirming the declaration referred to in point 1 above.

#### *Article 134 of the Implementation Arrangements – Supporting documents*

*The contracting authority shall accept, as satisfactory evidence that the candidate or tenderer is not in one of the situations described in points (a), (b) or (e) of Article 93 of the Financial Regulations, production of a recent extract from the judicial record or, failing that, a recent equivalent document issued by a judicial or administrative authority in the country of origin or provenance showing that these requirements are met.*

*The contracting authority shall accept, as satisfactory evidence that the candidate or tenderer is not in the situation described in point (d) of Article 93 of the Financial Regulations, a recent certificate issued by the competent authority of the State concerned.*

*Where no such document or certificate is issued in the country concerned, it may be replaced by a sworn or, failing that, a solemn statement made by the interested party before a judicial or administrative authority, a notary or a qualified professional body in his country of origin or provenance.*

*Depending on the national legislation of the country in which the tenderer or applicant is established, the documents referred to in paragraphs 1 and 2 above shall relate to legal entities and/or physical persons, including, where considered necessary by the awarding authority, company directors or any person with powers of representation, decision-making or control in relation to the tenderer.*

**See Annex I (which may be used as a checklist) for the supporting documents accepted by the European Commission to be provided by applicants, tenderers or tenderers to who the contract will be awarded.**

3) The contracting authority may waive the obligation of a candidate or tenderer to submit the documentary evidence referred to in Article 134 of the Implementing Rules, if such evidence has already been submitted to it for the purposes of another procurement procedure launched by DG EMPL and provided that the issuing date of the documents does not exceed one year and that they are still valid.

In such a case, the candidate or tenderer shall declare on his honour that the documentary evidence has already been provided in a previous procurement procedure and confirm that no changes in his situation have occurred.

## **12. Selection criteria**

The selection of offers will be carried out in accordance with the following criteria:

a) **Economic and financial capacity** to carry out the tasks set out in the tender specifications must be demonstrated as follows:

- the tenderer (or consortium) must provide proof of turnover in the last financial year at least equivalent to 100 % of the proposed price of the contract;

- presentation of accounts –balance sheet and profit and loss account for the past two years. They have to be certified by an external audit where it is required by the legislation of the country where the tenderer is established;
- regular accounts for the quarter preceding that in which the contract notice of the tender was published if the full accounts for the previous financial year are not yet available;

Please note that in the case of tenders from consortia, the above mentioned documents must be provided by each member of the consortium.

**b) Technical capacity:**

- A list of the main works carried out by the tenderer in relation to the subject of this call over the past five years. In the case of tenders from consortia, this must be provided by each member of the consortium.
- Solid experience of analysis in the field concerned as attested by the CVs
- The tenderer should demonstrate:
  - Experience in the field of social, health and long-term care services research in several EU Member States;
  - A mix of health policy, social policy, economic, statistical and legal expertise;
  - Project management experience, especially regarding the proposed project leader;
  - Language skills sufficient to execute the tasks efficiently. These should include the working languages of the Commission (English, German, French) but also languages that allow the tenderer to cover linguistically at least 15 EU Member States (see country coverage as in section 3 "Subject of the contract"). The tenderer should ensure that the project contains a provision for translation if this is considered necessary by the contractor.
- In the case of tenders from consortia: clear identification of the co-ordinator of the work who will also be responsible for signing the contract, and written confirmation from each member of the consortium that they would be ready and willing to participate in the project, and describing their role.

### **13. Award criteria**

The contract will be awarded to the bid offering the best price/quality ratio, taking account of the following criteria:

**Quality of the tender:** understanding of the context and nature of the project and the tasks to be carried out. The tenderer should provide detailed information on the subject matter and previous related research, identify the most relevant research questions and characterise the work to be done

- Formal presentation and written quality of the tender (5%)
- Context of the study: the tenderer should demonstrate understanding of the topic and its background (10%)
- Nature of the tasks to be carried out and results to be achieved: the tenderer should demonstrate understanding of the conceptual approach to be used by clearly identifying the issues to be addressed, the methodology to be used and the results to be achieved (15%)



**Quality of the methodology proposed:** the methodology and work strategy proposed will be the basis for the evaluation of this point

- Methodology proposed: the tenderer should describe how the analysis will be carried out, i.e., the various steps envisaged, the documentary efforts undertaken, the required data collection and research, the methodological approach. A proposed approach and outline of the report will provide a basis for evaluation. (30%)
- Data quality and accessibility or availability: the tenderer should clearly explain how he/she will carry out original research, describe the information to be used, its quality, accessibility or availability and specify which information the tenderer can access directly or has at his/her disposal (15%)
- Strategy to carry out the tasks: the tenderer should explain how the different parts of the analysis and research will be integrated and fit in the overall conceptual approach. (15%)
- Organisation of work: the tenderer should explain how the team of experts will be organised and co-ordinated as well as the working methods within the team and the appropriate Commission Services. The coherence of the workplan and calendar would be an element for evaluating this criterion. (10%)

Please note that the contract will not be awarded to any bid that receives less than 70% in the award criteria. The points total will then be divided by the price, with the highest-scoring bid being chosen.

## **14. Content and presentation of bids**

### **14.1. Content of bids**

The tenderer must provide all the information and documents necessary to enable the Commission to conduct an appraisal of the offer on the basis of the selection criteria and the award criteria (see points 12 and 13 above) and taking account of the exclusion criteria listed in point 11 above.

Tenders must be presented in three parts:

a) **a first part:** containing all administrative information including:

- Date of bid for the provision of services;
- Name of tenderer, full address, telephone and fax numbers and e-mail address;
- Legal entity form duly completed<sup>9</sup>;
- Legal status;
- Indication of the tenderer's headquarter or domicile (presented with the supporting evidence normally acceptable under its own law);
- Date of establishment or registration;
- Name and quality of the Contractor's legal representative (i.e. the person duly authorised to act legally on behalf of the Contractor in relation to third parties);
- VAT number or proof of exemption;

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<sup>9</sup> Form available from [http://europa.eu.int/comm/budget/execution/legal\\_entities\\_fr.htm](http://europa.eu.int/comm/budget/execution/legal_entities_fr.htm)

- Social security number;
- Certified copies or certificates as required under point 11 "Exclusion criteria and supporting documents";
- Details of the tendering organisation's structure.

b) **a second part:** concerning the technical content of the bid and including:

- A description of the intended organisation and management of the services and tasks to be carried out;
- A detailed description of the planned approach and methodology to be used;
- A work-plan, indicative timetable and detailed description of the services to be provided;
- If not already covered elsewhere, the tenderer must supply specific information covering each of the award criteria listed in point 13;
- Description of relevant professional experience with emphasis on the specific fields covered by the invitation to tender;
- Detailed curriculum vitae and classification (see Annex IV 'CVs and classification of experts' of the attached blank draft contract) of key project team members.

c) **a third part:** comprising the financial part of the tender and including:

- Full details of the proposed price presented as described in point 9 above and following the format of Annex III of the attached blank draft contract;
- A "Financial identification" form, duly completed, signed and stamped by the bank<sup>10</sup>;
- Balance sheets and results for the past 2 accounting years;
- The accounting situation for the quarter previous to that in which the notice is published if the results of the past financial year are not yet available;
- Overall turnover for the past accounting.

#### 14.2. *Presentation of bids*

Bids must be submitted in triplicate (i.e. one original and two copies).

- They must include all the information required above.
- They must be clear and concise.
- They must be signed by the legal representative. **Unsigned bids will be rejected.**
- They must be submitted in accordance with the specific requirements of the invitation to tender, within the deadlines laid down.

#### 15. **Validity of tenders**

Tenders must be valid up to 6 months after submission.

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<sup>10</sup> Form available from [http://europa.eu.int/comm/budget/execution/tiers\\_fr.htm](http://europa.eu.int/comm/budget/execution/tiers_fr.htm)

**Annex I: Articles 93 & 94 of the Financial Regulation (see point 12- Exclusion Criteria);**

**Annex II: Declaration on honour regarding art. 93 and 94 a) of the Financial Regulation.**

**Annex I**

Exclusion criteria (Article 93(1) FR)	Supporting documents to be provided by applicants, tenderers or bidders	
	Procurement (Article 93(2) FR; Article 134 IR)	
<p><b>1. Exclusion from a procurement procedure, Article 93(1) FR :</b> « Candidates or tenderers shall be excluded from participation in a procurement procedure if:</p> <p><b>1.1. (subparagraph a)</b> <i>they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations<sup>11</sup>;</i></p> <p><b>1.2. (subparagraph b)</b> <i>they have been convicted of an offence concerning their professional conduct by a judgment which has the force of res judicata<sup>12</sup>;</i></p>	<p>Recent extract from the judicial record or recent equivalent document issued by a judicial or administrative authority in the country of origin or provenance or Where no such certificate is issued in the country concerned : sworn or, failing that, a solemn statement made by the interested party before a judicial or administrative authority, a notary or a qualified professional body in his country of origin or provenance</p> <p>Cf. supporting documents for Article 93(1)(a) FR above</p>	

<sup>11</sup> See also Article 134(3) IR : Depending on the national legislation of the country in which the tenderer or candidate is established, the documents referred to in paragraphs 1 and 2 shall relate to legal persons including, where considered necessary by the contracting authority, company directors or any person with powers of representation, decision-making or control in relation to the candidate or tenderer.

<sup>12</sup> Cf. footnote n° 1.

Exclusion criteria (Article 93(1) FR)	Supporting documents to be provided by applicants, tenderers or bidders	
	Procurement (Article 93(2) FR; Article 134 IR)	
<b>1.3. (subparagraph c)</b> <i>they have been guilty of grave professional misconduct proven by any means which the contracting authority can justify;</i>	Declaration by the candidate or tenderer that he is not in the situation described	
<b>1.4. (subparagraph d)</b> <i>they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed<sup>13</sup>;</i>	Recent certificate issued by the competent authority of the State concerned confirming that the candidate is not in the situation described  or  Where no such certificate is issued in the country concerned : sworn or, failing that, a solemn statement made by the interested party before a judicial or administrative authority, a notary or a qualified professional body in his country of origin or provenance	
<b>1.5. (subparagraph e)</b> <i>they have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Communities' financial interests<sup>14</sup>;</i>	Cf. supporting documents for Article 93(1)(a) FR above	
<b>1.6. (subparagraph f)</b> <i>following another procurement procedure or grant award procedure financed by the Community budget, they have been declared to be in serious breach of contract for failure to comply with their contractual obligations. »</i>	Declaration by the candidate or tenderer that he is not in the situation described	

<sup>13</sup> Cf. footnote n° 1.

<sup>14</sup> Cf. footnote n° 1.

Exclusion criteria (Article 94 FR)	Supporting documents to be provided by applicants, tenderers or bidders	
	Procurement	Grants
<b>2. Exclusion from a procurement or grant award procedure Article 94 FR :</b> « <i>Contracts may not be awarded to candidates or tenderers who, during the procurement procedure:</i>		
<b>2.1. (subparagraph a)</b> <i>Are subject to a conflict of interest;</i>	Statement by the applicant, tenderer or bidder confirming the absence of conflict of interests, to be submitted with the application, bid or proposal	
<b>2.2. (subparagraph b)</b> <i>are guilty of misrepresentation in supplying the information required by the contracting authority as a condition of participation in the contract procedure or fail to supply this information»<sup>15</sup>.</i>	No specific supporting documents to be supplied by the applicant, tenderer or bidder  It is the responsibility of the authorising officer, represented by the evaluation committee, to check that the information submitted is complete <sup>16</sup> and to identify any misrepresentation	

<sup>15</sup>

Cf. Article 146(3) of the FR Implementing Rules: « ...the evaluation committee may ask candidates or tenderers to supply additional material or to clarify the supporting documents submitted in connection with the exclusion and selection criteria, within a specified time-limit. » and Article 178(2) of the FR Implementing Rules: « The evaluation committee may ask an applicant to provide additional proof or to clarify the supporting documents establishing financial and operational capacity, within a specified time-limit. »

<sup>16</sup>

Cf. footnote n°1



## **Annex II**

### **DECLARATION ON HONOUR**

I, the undersigned, Mrs./Mr....., in the capacity of.....(*indicate your job title*),  
certify that the.....(*indicate company name*)

#### **Article 93**

- a) *is not bankrupt or being wound up,  
does not have their affairs administered by the courts,  
has not entered into an arrangement with creditors, has not suspended business  
activities, is not the subject of proceedings concerning those matters,  
or is not in any analogous situation arising from a similar procedure provided for  
in national legislation or regulations;*
- b) *has not been convicted of an offence concerning their professional conduct by a  
judgment which has the force of res judicata;*
- c) *has not been guilty of grave professional misconduct proven by any means which  
the contracting authority can justify;*
- d) *has fulfilled obligations relating to the payment of social security contributions or  
the payment of taxes in accordance with the legal provisions of the country in  
which they are established or with those of the country of the contracting authority  
or those of the country where the contract is to be performed*
- e) *has not been the subject of a judgment which has the force of res judicata for fraud,  
corruption, involvement in a criminal organisation or any other illegal activity  
detrimental to the Communities' financial interests;*
- f) *following another procurement procedure or grant award procedure financed by  
the Community budget, has not been declared to be in serious breach of contract for  
failure to comply with their contractual obligations. »*

#### **Article 94**

- a) *is not subject to a conflict of interest;*

Date:.....

Signature: .....

Name :.....

Job title :.....