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Subject:	COMMISSION STAFF WORKING DOCUMENT Subsidiarity Grid Accompanying the document Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on digitalising the coordination of social security systems, laying down a framework for the European Social Security Pass (ESSPASS) and amending Regulations (EC) No 883/2004, (EC) No 987/2009 and (EU) 2018/1724

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COMMISSION STAFF WORKING DOCUMENT

Subsidiarity Grid

Accompanying the document

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on digitalising the coordination of social security systems, laying down a framework for the European Social Security Pass (ESSPASS) and amending Regulations (EC) No 883/2004, (EC) No 987/2009 and (EU) 2018/1724

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Subsidiarity Grid

1. Can the Union act? What is the legal basis and competence of the Unions' intended action?
1.1 Which article(s) of the Treaty are used to support the legislative proposal or policy initiative?
The proposal is based on Article 48 TFEU which empowers the Union to adopt measures to coordinate Member States' social security systems in order to facilitate the free movement of workers and ensure the protection of their social security rights across the Union. The proposal establishes a framework for the digitalisation of cross-border social security procedures and exchanges necessary for the implementation and enforcement of the EU social security coordination rules. While Article 48 TFEU applies to employed and self-employed migrant workers and their dependants, Regulation (EC) No 883/2004 (based both on what are now Articles 48 and 352 TFEU) extends social security coordination to inactive citizens moving within the Union. This Article provides a solid legal basis for adopting measures to digitalise cross-border social security procedures to facilitate the access to social security benefits, and fair mobility within the EU.
1.2 Is the Union competence represented by this Treaty article exclusive, shared or supporting in nature?
In the area of social security coordination, the Union's competence is shared between the Union and the Member States pursuant to Article 4 TFEU.
*Subsidiarity does not apply for policy areas where the Union has **exclusive** competence as defined in Article 3 TFEU[1]. It is the specific legal basis which determines whether the proposal falls under the subsidiarity control mechanism. Article 4 TFEU[2] sets out the areas where competence is shared between the Union and the Member States. Article 6 TFEU[3] sets out the areas for which the Unions has competence only to support the actions of the Member States.*
2. Subsidiarity Principle: Why should the EU act?
2.1 Does the proposal fulfil the procedural requirements of Protocol No. 2[4]: - Has there been a wide consultation before proposing the act? - Is there a detailed statement with qualitative and, where possible, quantitative indicators allowing an appraisal of whether the action can best be achieved at Union level?
The proposal was prepared following extensive consultation activities and practical testing, beginning with the ESSPASS pilot phase. The pilot tested the feasibility of digitally issuing, storing, presenting and verifying social security documents across borders, focusing on documents such as the Portable Document A1 and the European Health Insurance Card. They involved national social security authorities, technical experts and other stakeholders and therefore provided early operational evidence on user needs, cross-border verification, interoperability, data protection and the integration of ESSPASS with the European Digital Identity framework. The experience gained

[1] https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:12008E003&from=EN
[2] https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:12008E004&from=EN
[3] https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:12008E006:EN:HTML
[4] https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:12016E/PRO/02&from=EN

through this pilot helped identify both the potential benefits of ESSPASS and the legal, technical and practical conditions necessary for its effective implementation.

The following targeted consultations in the context of the Fair Labour Mobility Package, a call for evidence on ESSPASS (14 January–11 February 2026) alongside a Call for Evidence on the Fair Labour Mobility Package, an open public consultation (22 January to 16 April 2026), validation workshops, surveys, stakeholder interviews and dedicated meetings with Member States, social partners and other relevant stakeholders.

The consultations demonstrated broad support for further digitalisation of social security coordination and for the ESSPASS initiative as a means to simplify cross-border procedures, reduce administrative burdens and fraud, and facilitate access to social security rights. This conclusion is supported by a wide-ranging evidence-gathering exercise, including two surveys that received 87 responses from 32 countries, 97 stakeholder interviews, two validation workshops involving respectively 62 and 44 participants, and dedicated exchanges with Member States, social partners, national authorities, healthcare providers, enforcement authorities, technical experts and participants in the ESSPASS pilots. The public consultation and calls for evidence reinforced these findings: 93% of respondents to the public consultation supported a standardised solution for the digitalisation of portable documents and the European Health Insurance Card.

Stakeholders (including trade unions, employers and public authorities) also emphasised the importance of effective enforcement, interoperability, real-time verification, the availability of alternative solutions for persons unable or unwilling to use digital tools, and robust data protection and security safeguards.

The impact assessment contains a dedicated section on the legal basis and the principle of subsidiarity, setting out qualitative and quantitative evidence demonstrating the scale of the expected benefits of a common Union solution. Under the preferred option, verification times are expected to fall from the current 5–16 minutes for a Portable Document A1 and 2–5 minutes for an EHIC to only a few seconds for documents stored in an EUDI Wallet and approximately one minute for enhanced physical documents. Over a 12-year period, the resulting savings are estimated at EUR 24–72 million for verifiers, EUR 21–64 million for businesses in relation to Portable Document A1 procedures, and EUR 23–69 million for healthcare providers in relation to EHIC verification. Enhanced document security could also generate savings from reduced fraud of up to EUR 157 million for the Portable Document A1 and EUR 120 million for the EHIC. These benefits depend on documents being issued and verified on the basis of common rules and technical requirements across all Member States and could therefore not be achieved to the same extent through uncoordinated national action.

The explanatory memorandum likewise includes a specific justification of the proposal's compliance with the principle of subsidiarity.

2.2 Does the explanatory memorandum (and any impact assessment) accompanying the Commission's proposal contain an adequate justification regarding the conformity with the principle of subsidiarity?

The explanatory memorandum and the impact assessment accompanying the Commission's proposal contain a detailed justification regarding compliance with the principle of subsidiarity and address this issue in the context of the policy options analysed.

The free movement of people and freedom to provide services are fundamental freedoms of the European Union. To fully benefit from these freedoms, individuals and businesses must rely on efficient public services, including when accessing social security benefits or sending employees to work abroad. Ensuring seamless cross-border verification of social security rights and insurance status requires coordinated action, as Member States cannot overcome these challenges alone. Digital solutions implemented by a single Member State will not ensure cross-border interoperability and recognition and verification of social security documents.

An action at the EU level will improve proof and verification of social security rights and insurance status, thus the access to benefits and healthcare, establishing a more supporting environment for workers who are relocating or considering relocation within the EU. Given the cross-border nature of the existing problems, effective solutions are best pursued at the EU level, rather than through individual or regional efforts by Member States. Action at the EU level will benefit mobile individuals by making their social security rights more transparent and accessible, reducing fraudulent and exploitative practices. It will assist businesses operating cross-border by reducing unnecessary administrative difficulties and complexities, while supporting national authorities by simplifying processes and strengthening cross-border cooperation. This will enhance legal certainty, the understanding and implementation of rules, facilitate their enforcement while fostering trust in the EU's social security coordination framework and Europe's single market.

The impact assessment also concludes that Union action would maximise the benefits of existing Union investments and ensure coherence with other digital initiatives, including the Single Digital Gateway Regulation, the Once-Only Technical System, the European Digital Identity framework, the Interoperable Europe Act, the Electronic Exchange of Social Security Information and the European Health Data Space. In the absence of Union action, national approaches would likely result in fragmented and incompatible solutions that would be more costly and difficult to reverse at a later stage.

2.3 Based on the answers to the questions below, can the objectives of the proposed action be achieved sufficiently by the Member States acting alone (necessity for EU action)?

The problems addressed by the proposal are cross-border in nature and affect all Member States. Their underlying causes are largely common across the Union and stem from the continued reliance on paper-based procedures, limited interoperability and insufficient standardisation of document formats and verification methods.

While Member States may digitalise their own procedures, they cannot establish on their own common standards and interoperable solutions ensuring the mutual recognition and cross-border verification of social security documents. Separate national approaches would likely lead to fragmented and incompatible systems, duplication of efforts and higher costs for individuals, businesses and public authorities.

(a) Are there significant/appreciable transnational/cross-border aspects to the problems being tackled? Have these been quantified?

The proposal addresses problems that are inherently cross-border as it aims to facilitate the application and enforcement of EU social security coordination rules for persons moving across

borders, including workers, jobseekers, students, pensioners, posted workers and travellers requiring healthcare. The difficulties concern the request, issuance and verification of social security coordination documents used between Member States as well as the secure exchange of information between individuals, businesses and national authorities. Reliance on paper-based procedures, limited interoperability and the absence of common verification mechanisms create obstacles to the exercise of free movement, increase administrative burdens and expose cross-border situations to fraud and error.

In 2024 around 5,5 million portable documents A1 certificates were issued attesting the social security position of a person in a cross-border situation and around 256 million European Health insurance cards were in circulation providing evidence of entitlement to urgent medical care during a temporary stay in another Member State.
The results of the open public consultation further confirmed the scale and cross-border nature of these problems. Overall, 78% of respondents considered that the current procedures create difficulties and delays in accessing social security rights across borders, 76% identified additional administrative burdens for national authorities, healthcare providers and labour inspectorates, and 69% reported administrative burdens for businesses. Among healthcare providers, labour inspectorates and national authorities, 50% reported difficulties in verifying the social security rights and insurance status of individuals from other Member States. Furthermore, 93% of respondents supported the introduction of a standardised EU digital solution for issuing and verifying social security coordination documents, demonstrating broad recognition that common Union action is needed to address these cross-border challenges.

(b) Would national action or the absence of the EU level action conflict with core objectives of the Treaty[5] or significantly damage the interests of other Member States?

The initiative supports the effective exercise of free movement which is a fundamental freedom and core objective of the single market. If Member States acted separately or if there were no EU action, individuals and businesses moving across borders would continue to face delays, burdensome paper procedures, verification difficulties and uneven enforcement. This would undermine the effective operation of EU social security coordination rules and could negatively affect persons, businesses and authorities in other Member States that depend on reliable and interoperable cross-border exchanges.

(c) To what extent do Member States have the ability or possibility to enact appropriate measures?

Member States can develop national digital tools and manage their own social security systems, but they cannot on their own create a uniform EU-wide framework guaranteeing interoperable, secure and mutually recognised cross-border exchanges for all Member States. The proposal explicitly seeks to establish common EU rules for an ESSPASS framework, support the Electronic Exchange of Social Security Information (EESSI) system and support other cross-border data exchanges between competent institutions to better prevent and combat cross-border social security fraud. This proposal is necessary to attain these objectives which cannot be sufficiently achieved individually by Member States.

(d) How does the problem and its causes (e.g. negative externalities, spill-over effects) vary across the national, regional and local levels of the EU?

[5] https://europa.eu/european-union/about-eu/eu-in-brief_en

The impact assessment demonstrated that the underlying problem is widespread and stems from fragmentation, reliance on paper-based procedures and limitations in exchanges between individuals and administrations in cross-border situations. While administrative arrangements and proof and verification tools may differ across Member States, the need for secure, standardised and interoperable cross-border exchanges of social security coordination information is common throughout the Union. The proposal is designed to address these structural cross-border problems while fully respecting the sovereignty of Member States to organise and administer their national social security systems
(e) Is the problem widespread across the EU or limited to a few Member States?
The impact assessment has shown that the problem is widespread across the EU. The proposal applies to persons falling within the scope of Regulation (EC) No 883/2004 and to all branches of social security listed in Article 3(1) of that Regulation. The impact assessment presents the issue as affecting the functioning of free movement and social security coordination across the Union as a whole and not as a problem limited to a small number of Member States.
(f) Are Member States overstretched in achieving the objectives of the planned measure?
To address the cross-border digitalisation of social security documents, the EU has already supported pilot projects on ESSPASS in Member States, focusing on the European Health Insurance Card and portable document A1. These pilots demonstrated that the core components of the European Digital Identity framework can be used for the digitalisation of procedures related to both documents, including issuance and cross-border verification, and produced concrete technical outputs such as user journeys, prototype solutions and a first draft rulebook. The initiative is designed to support a smooth transition from the ESSPASS pilot phase to full-scale implementation, while building on existing EU digital infrastructure and enhancing cross-border data exchanges between institutions. The available evidence indicates that the proposed rollout is proportionate: it is expected to generate significant savings through faster cross-border verification for authorities, businesses and healthcare actors. The impact assessment also reports positive pilot results and broader stakeholder evidence on current inefficiencies, supporting the policy relevance of the initiative.
(g) How do the views/preferred courses of action of national, regional and local authorities differ across the EU?
The consultation results indicate broad support across stakeholder groups, including national public authorities for further digitalisation of social security coordination and for the ESSPASS initiative. Public authorities generally agreed on the need to simplify cross-border procedures, strengthen interoperability, introduce secure real-time verification mechanisms and improve the implementation and enforcement of the Union social security coordination rules. There is broad support for using the European Digital Identity Wallet as the primary digital solution, while ensuring the availability of alternative solutions for persons unable or unwilling to use digital tools. Although some stakeholders expressed concerns regarding implementation costs, digital inclusion and data protection and security, these related primarily to the design and implementation of the initiative rather than to the need for action at Union level. No significant differences emerged in the preferred course of action across the public authorities that participated in the consultation.

2.4 Based on the answer to the questions below, can the objectives of the proposed action be better achieved at Union level by reason of scale or effects of that action (EU added value)?
The objectives can be better achieved at Union level by reason of their scale and effects. The problems identified are cross-border and stem from fragmentation between national systems, and affect free movement, access to social security rights, enforcement and the functioning of the internal market. EU action offers clear added value through common standards, interoperability for the different steps going from the request, issuance and verification of social security coordination documents. It will also support better cooperation and information exchanges between national institutions while leaving Member States fully responsible for the substance of their national social security systems.
(a) Are there clear benefits from EU level action?
There are clear benefits from action at Union level as the proposal would establish common rules and procedures for the request, issuance, presentation and verification of social security documents used in cross-border situations. This would make it easier for individuals and businesses to request such documents through accessible digital procedures, irrespective of the Member State in which they are located, thereby reducing administrative burden and facilitating the exercise of free movement rights. Union action would also ensure faster access to social security documents through common digital solutions and common binding deadlines for their issuance across all Member States and set up a common legal basis for all proportionate and necessary exchanges of information between competent institutions. By enabling the secure delivery of documents in the European Digital Identity Wallet, individuals and businesses would be able to receive and use them swiftly when needed in another Member State. Furthermore, the proposal would introduce common and secure verification mechanisms across the Union, allowing competent institutions, labour inspectorates, healthcare providers and other authorised entities to verify the authenticity, integrity and validity of social security documents in a reliable and efficient manner. This would strengthen mutual trust between Member States, facilitate the recognition of documents across borders, reduce fraud, forgery and errors and make it easier for individuals to prove their social security rights when moving, travelling or working within the Union.
(b) Are there economies of scale? Can the objectives be met more efficiently at EU level (larger benefits per unit cost)? Will the functioning of the internal market be improved?
The documents indicate that a common EU framework would be more efficient than separate national solutions. Current fragmentation forces businesses and citizens to navigate different procedures and systems, creating unnecessary administrative burden and legal uncertainty. Businesses in particular face overlapping requirements and delays for example receiving the relevant social security coordination documents which can prevent workers from starting assignments on time and hinder cross-border service provision. A Union-level approach allows common procedures, functional specifications and technical standards to be developed for secure exchanges or access to data avoiding duplication and incompatibility between national systems. The proposal also explicitly foresees synergies and interoperability with other Union initiatives including the Once-only Technical System, European business wallets, IMI and e-Health initiatives. The impact assessment identifies significant efficiency gains from faster verification. Under the modelled options, verification could be reduced to around one minute or even to almost real time in many cases, generating substantial savings compared with current practices. A coordinated EU

solution therefore supports the internal market by making free movement and cross-border service provision more predictable, faster and more secure.

(c) What are the benefits in replacing different national policies and rules with a more homogenous policy approach?

A more homogeneous Union approach would address the shortcomings arising from divergent national practices in the request, issuance and verification of social security coordination documents. The evidence shows significant differences across Member States in the digitalisation of procedures, the speed of document issuance and the availability of online services while individuals and businesses continue to encounter difficulties when presenting and verifying social security documents across borders.

Replacing fragmented national approaches with a common Union framework would improve legal certainty by establishing common rules, procedures and technical standards applicable across all Member States. It would strengthen mutual trust by enabling competent institutions, healthcare providers and other authorised entities to verify the authenticity and validity of social security documents in a secure, reliable and consistent manner. It would also reinforce the implementation and enforcement of the Union social security coordination rules by reducing opportunities for fraud, forgery and error through secure, real-time verification mechanisms.

Finally, a common approach would improve the user experience by providing individuals and businesses with simpler and more accessible procedures to request, receive and present social security coordination documents across the Union. The Electronic Exchange of Social Security Information (EESSI) supports exchanges between competent institutions, while ESSPASS provides a common framework enabling individuals to securely access, present and share their social security credentials directly with authorised third parties, thereby addressing a gap that fragmented national solutions cannot resolve consistently across the Union.

(d) Do the benefits of EU-level action outweigh the loss of competence of the Member States and the local and regional authorities (beyond the costs and benefits of acting at national, regional and local levels)?

The benefits of action at Union level outweigh the limited impact on Member States' competences. The proposal does not harmonise national social security systems or affect Member States' competence to determine the organisation, financing or substance of their social security schemes. It is limited to establishing a common framework for the digitalisation of cross-border procedures and data exchanges necessary for the effective implementation and enforcement of the Union social security coordination rules.

By contrast, the proposal is expected to deliver significant benefits for individuals, businesses and national authorities. These include simpler and more accessible procedures for requesting social security coordination documents, faster issuance through binding deadlines, more secure and reliable cross-border verification, reduced administrative burdens, improved enforcement, enhanced fraud prevention and easier access to social security rights and healthcare across the Union. By building on existing Union digital infrastructures and initiatives, the proposal also maximises previous investments and avoids unnecessary duplication of effort.

The impact assessment identifies both the costs and benefits of the proposal. While implementation and maintenance costs will arise, particularly for national administrations, these are expected to be outweighed by the long-term benefits, including increased efficiency, reduced fraud, lower administrative burdens and improved legal certainty. Overall, the proposal strikes an appropriate balance between respecting Member States' competences and achieving the objectives that cannot be sufficiently attained through national action alone.

(e) Will there be improved legal clarity for those having to implement the legislation?

The proposal would improve legal clarity by establishing a common legal framework governing the digital aspects of social security coordination including common procedures, technical specifications and governance arrangements for the request, issuance, exchange and verification of social security coordination documents. It would also introduce binding deadlines for the exchanges within the EESSI system and the issuance of social security documents, thereby providing greater predictability for individuals, businesses and competent authorities.

The proposal would further facilitate consistent implementation across the Union through common implementing acts and a dedicated governance framework supporting cooperation between Member States, the development of technical specifications and the exchange of best practices. This would reduce the legal and operational uncertainties currently resulting from divergent national approaches, limited interoperability and fragmented verification procedures, thereby ensuring a more uniform and effective application of the Union social security coordination rules.

3. Proportionality: How the EU should act

3.1 Does the explanatory memorandum (and any impact assessment) accompanying the Commission's proposal contain an adequate justification regarding the proportionality of the proposal and a statement allowing appraisal of the compliance of the proposal with the principle of proportionality?

The explanatory memorandum and the impact assessment provide a justification demonstrating that the proposal complies with the principle of proportionality. The proposal is limited to those aspects necessary to facilitate the digital implementation and enforcement of the Union social security coordination rules in cross-border situations. It does not harmonise national social security systems or affect Member States' competence to determine the organisation, financing or substance of their social security schemes.

The proposal establishes a common framework for the digital request, issuance, exchange and cross-border verification of social security coordination documents, ensuring interoperability and mutual recognition while leaving the substantive rules on social security coordination unchanged. It also builds, to the greatest extent possible, on existing Union digital infrastructures and initiatives, notably the European Digital Identity framework, thereby avoiding unnecessary duplication of systems and reducing implementation costs. As recognised in the impact assessment, the deployment of the European Digital Identity Wallet forms part of the baseline scenario, as Member States are already required to make EUDI Wallets available under existing Union legislation. Consequently, the proposal relies on existing investments and follows a cost-effective approach that minimises additional administrative and financial burdens while achieving its objectives.

3.2 Based on the answers to the questions below and information available from any impact assessment, the explanatory memorandum or other sources, is the proposed action an appropriate way to achieve the intended objectives?

The proposal aims to strengthen digitalisation of cross-border social security coordination, focusing exclusively on areas where EU action delivers clear added value over national efforts without altering Member States' competence over their social security systems or harmonising national rules. It establishes interoperable digital procedures, common technical standards, and governance frameworks, enabling secure cross-border exchange, verification, and issuance of social security

documents. While the initiative entails one-off implementation and recurring maintenance costs for national administrations, these are justified by long-term gains: reduced administrative burdens, stronger fraud prevention, faster procedures, and improved access to rights for mobile citizens and businesses.

(a) Is the initiative limited to those aspects that Member States cannot achieve satisfactorily on their own, and where the Union can do better?

The initiative is limited to those aspects that Member States cannot achieve satisfactorily acting alone and where action at Union level provides clear added value. It addresses only the digital aspects necessary for the effective implementation and enforcement of the Union social security coordination rules in cross-border situations, without harmonising national social security systems or affecting Member States' competence to determine the organisation, financing or substance of their social security schemes.

Member States cannot individually ensure interoperable digital procedures, common verification mechanisms or the mutual recognition of social security coordination documents across the Union. Independent national digitalisation initiatives would risk further fragmentation, divergent technical standards and uneven recognition of digital credentials, thereby undermining legal certainty and the effective application of the Union social security coordination rules.

The proposal therefore confines Union intervention to those elements requiring common action, namely the establishment of interoperable digital procedures, common technical standards and governance arrangements necessary to ensure the secure request, issuance, exchange and cross-border verification of social security coordination documents.

(b) Is the form of Union action (choice of instrument) justified, as simple as possible, and coherent with the satisfactory achievement of, and ensuring compliance with the objectives pursued (e.g. choice between regulation, (framework) directive, recommendation, or alternative regulatory methods such as co-legislation, etc.)?

A Regulation is the most appropriate and proportionate legal instrument to achieve the objectives of the proposal. Given the cross-border nature of social security coordination and the need to establish common digital procedures, technical specifications and governance arrangements, the proposal requires uniform application across all Member States. A directly applicable Regulation ensures legal certainty, avoids regulatory fragmentation and provides a consistent framework for the request, issuance, exchange and cross-border verification of social security coordination documents.

The choice of instrument is also consistent with the existing legal framework on social security coordination, as the proposal complements the Union Regulations on social security coordination by establishing a dedicated legal framework governing their digital implementation and enforcement. A directive would leave Member States discretion in transposition, potentially resulting in divergent approaches to digital procedures, interoperability, verification mechanisms and governance, thereby undermining the objectives of the proposal. It would also be inconsistent with the existing regulatory framework governing social security coordination at EU level. A non-binding instrument would not provide the legal certainty or uniform implementation necessary to ensure the effective functioning of the common digital framework.

The proposal is limited to those measures necessary to ensure the effective and uniform digital implementation of the Union social security coordination rules while leaving Member States fully responsible for the organisation, financing and substance of their national social security systems.
(c) Does the Union action leave as much scope for national decision as possible while achieving satisfactorily the objectives set? (e.g. is it possible to limit the European action to minimum standards or use a less stringent policy instrument or approach?)
The proposal leaves as much scope for national decision-making as possible while ensuring the effective implementation and enforcement of the Union social security coordination rules in cross-border situations. It does not harmonise the organisation, financing or substantive design of national social security systems, nor does it affect Member States' responsibility for determining entitlements or administering social security benefits under the existing coordination framework. The proposal limits Union action to establishing the common digital framework necessary to ensure interoperability, mutual recognition and secure cross-border exchanges of social security coordination documents. Within that framework, Member States retain flexibility in the practical organisation and implementation of their national digital systems. The impact assessment also recognises that implementation choices at national level, including governance arrangements and verification models, remain important determinants of implementation costs. The proposal therefore strikes an appropriate balance between establishing common rules where necessary to achieve the objectives of the initiative and preserving Member States' discretion over the organisation and operation of their national systems.
(d) Does the initiative create financial or administrative cost for the Union, national governments, regional or local authorities, economic operators or citizens? Are these costs commensurate with the objective to be achieved?
The proposal entails one-off implementation and recurrent maintenance costs, primarily for national public administrations, social security institutions, labour inspectorates and healthcare providers. However, the impact assessment concludes that these costs are proportionate to the objectives pursued and are expected to be outweighed by the long-term benefits resulting from the initiative. The proposal is expected to reduce administrative burdens and recurring costs associated with paper-based procedures, manual verification, delays in issuing and verifying social security coordination documents and fraud. It is also expected to improve the efficiency of cross-border procedures, facilitate access to social security rights and healthcare, strengthen enforcement and provide greater legal certainty for individuals, businesses and competent authorities. The impact assessment further notes that costs will vary depending on Member States' existing digital infrastructure and their choices concerning technical architecture, integration with national systems and the sequencing of deployment. This flexibility allows Member States to build on existing solutions and phase implementation in a cost-efficient manner. It also clarifies that major investments related to the European Digital Identity Wallet are part of the baseline scenario and therefore do not constitute additional costs attributable to the proposal. Overall, the expected costs are considered commensurate with the objectives pursued and are balanced by significant long-term economic, administrative and societal benefits.
(e) While respecting the Union law, have special circumstances applying in individual Member States been taken into account?

The proposal takes into account the different administrative structures, levels of digital maturity and implementation capacities across Member States. It does not prescribe the organisation of national administrations or require the harmonisation of national implementation models. Instead, it establishes only those common rules, technical specifications and common governance arrangements that are necessary to ensure the effective and interoperable application of the Union social security coordination rules in cross-border situations.

The impact assessment recognises that implementation costs and practical arrangements may vary depending on national governance choices, including the organisation of verification systems and the existing level of digitalisation. The proposal therefore provides sufficient flexibility for Member States to organise implementation in a manner best suited to their national circumstances, while ensuring that the essential elements required for secure cross-border exchanges, mutual recognition and interoperability are applied uniformly throughout the Union. In addition, the governance, monitoring and reporting arrangements support the progressive implementation, ensures that the framework remains flexible and can adapt quickly and efficiently to practical experience, technological developments and evolving needs, thereby ensuring that it remains fit for the future.