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(Acts whose publication is obligatory)

**COUNCIL REGULATION (EC) No 2166/1999  
of 8 October 1999**

**laying down detailed rules for the implementation of Regulation (EC) No 2494/95 as regards minimum standards for the treatment of products in the health, education and social protection sectors in the Harmonised Index of Consumer Prices**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Regulation (EC) No 2494/95 of 23 October 1995 concerning harmonised indices of consumer prices <sup>(1)</sup>, and in particular Articles 4 and 5(3) thereof,

Having regard to the proposal from the Commission,

After consulting the European Central Bank <sup>(2)</sup>,

Whereas:

- (1) by virtue of Article 5(1)(b) of Regulation (EC) No 2494/95, each Member State is required to produce a Harmonised Index of Consumer Prices (HICP) starting with the index for January 1997;
- (2) Commission Regulation (EC) No 1749/96 <sup>(3)</sup> defines the coverage of the HICP as those goods and services which are included in household final monetary consumption expenditure; goods and services in the health, education and social protection sectors are part of the coverage of the HICP; household final monetary consumption covers the expenditure incurred by individuals living in institutional households and should be grouped in accordance with the COICOP/HICP categories as laid down in Commission Regulation (EC) No 2214/96 <sup>(4)</sup>;
- (3) by virtue of Commission Regulation (EC) No 1749/96, in particular Article 3 and Annex Ia thereof, extended coverage in the health, education and social protection sectors should be implemented in December 1999 and take effect with the index for January 2000, whereby the methodological details of inclusion should be specified

in accordance with the procedure laid down in Article 14 of the framework Regulation (EC) No 2494/95, the timetable of inclusion for hospital services and social protection services provided within the home, retirement homes and residences for the disabled should be specified in accordance with the same procedure;

- (4) there is considerable scope for procedural differences in the treatment of goods and services in the health, education and social protection sectors in the HICP; a harmonised methodology for such goods and services is necessary to ensure that the resulting HICPs meet the comparability requirements as laid down in Article 4 of Regulation (EC) No 2494/95;
- (5) the treatment of goods and services in the health, education and social protection sectors is consistent with the definitions laid down in the European System of Accounts (ESA) 1995 set out in Council Regulation (EC) No 2223/96 <sup>(5)</sup>;
- (6) the Statistical Programme Committee (SPC) has not delivered an opinion within the time limit set by its chairman; in this case, following the procedure laid down in Article 14(2) of Regulation (EC) No 2494/95, the Commission has to, without delay, submit to the Council a proposal relating to the measures to be taken,

HAS ADOPTED THIS REGULATION:

*Article 1*

**Aim**

The aim of this Regulation is to set minimum standards for the treatment of goods and services in the health, education and

<sup>(1)</sup> OJ L 257, 27.10.1995, p. 1.

<sup>(2)</sup> Opinion delivered on 24 August 1999.

<sup>(3)</sup> OJ L 229, 10.9.1996, p. 3. Regulation as amended by Council Regulations (EC) No 1687/98 (OJ L 214, 31.7.1998, p. 12) and (EC) No 1688/98 (OJ L 214, 31.7.1998, p. 23).

<sup>(4)</sup> OJ L 296, 21.11.1996, p. 8. Regulation as last amended by Regulation (EC) No 1749/1999 (OJ L 214, 13.8.1999, p. 1).

<sup>(5)</sup> OJ L 310, 30.11.1996, p. 1. Regulation as amended by Regulation (EC) No 448/98 (OJ L 58, 27.2.1998, p. 1).

social protection sectors in the Harmonised Indices of Consumer Prices, hereafter referred to as HICPs, in order to ensure that they are reliable and relevant and meet the comparability requirements as laid down in Article 4 of Regulation (EC) No 2494/95.

#### Article 2

##### Definition

1. Reimbursements refer to payments to households by government units, social security administrations or non-profit institutions serving households (NPISHs), that are made as direct consequences of purchases of individually specified goods and services, initially paid for by households.

2. Payments of claims to households by insurance companies do not constitute reimbursements.

3. Other payments or rebates to households by government units, social security administrations or NPISHs in the form of assistance to reduce household expenditure, such as housing allowances to tenants or payments due to sickness, disability, the care of elderly relatives or scholarships to students, are considered as social benefits in cash. They are treated as income transfers to households and do not constitute reimbursements.

#### Article 3

##### Coverage

1. Goods and services in the health, education and social protection sectors on which household final monetary consumption expenditure is incurred shall be covered in the HICP and grouped in accordance with the COICOP/HICP categories as laid down in Commission Regulation (EC) No 2214/96.

2. All providers of goods and services in the health, education and social protection sectors, such as government and private institutions, NPISHs or private self-employed persons, shall be covered in the HICP independently of their status. This excludes individuals or groups of individuals as producers of goods and non-financial services exclusively for own final use.

3. In accordance with COICOP/HICP, Education (Division 10) includes education services only. If an all-inclusive price is charged for education services in combination with educational materials or education support services, its components shall be separated and allocated to the COICOP/HICP classes concerned. Where such an all-inclusive price cannot be separated into the prices of the components concerned, the all-inclusive price shall be allocated to COICOP/HICP Division 10.

4. Borderline cases between education services at the pre-primary level and child-minding social protection facilities, such as wet-nurses, crèches and play-schools, shall be allocated

to COICOP/HICP Division 10 if the child's age of entry is not less than three years and the activities consist of organised instruction in a school-type environment designed to bridge the gap between the home and school atmosphere. If, on the other hand, the main objective is not a pedagogical one, but to provide child-minding assistance and support, the service concerned should be allocated to COICOP/HICP class 12.4.0.

5. Where hospitals, in addition to basic services as defined in COICOP/HICP 06.3, make other goods or services available to in-patients on a separate charge basis, the latter shall not be allocated to class 06.3.0, but to the COICOP/HICP classes concerned.

#### Article 4

##### Prices

1. The HICP sub-indices concerned shall be calculated using a formula which is consistent with the Laspeyres-type formula used for other sub-indices. They should reflect the price change on the basis of the changed expenditure of maintaining the consumption pattern of households and the composition of the consumer population in the base or reference period.

2. (a) The purchaser prices of goods and services in the health, education and social protection sectors to be used in the HICP shall be the amounts to be paid by consumers net of reimbursements.

(b) Changes in purchaser prices which reflect changes in the rules determining them shall be shown as price changes in the HICP.

(c) Where purchaser prices are index-linked, changes resulting from changes in the index shall be shown as price changes in the HICP.

(d) Changes in the purchaser prices resulting from changes in purchasers' incomes shall be shown as price changes in the HICP.

3. Where quality changes, prices should be treated according to the rules applied in the context of specification changes, and in particular those regarding quality adjustment pursuant to Article 5 of Commission Regulation (EC) No 1749/96.

4. Where goods or services, in the health, education and social protection sectors, have been made available to consumers free of charge and subsequently an actual price is charged, the change from zero to an actual price, and vice versa, shall be reflected in the HICP.

5. Where goods or services in the health, education and social protection sectors, jointly provided with other goods and services, have been made available to consumers free of charge and subsequently are charged for on a separate basis, the change shall be reflected in the HICP.

6. Where relevant, the procedure provided for in Article 5 of Commission Regulation (EC) No 2646/98<sup>(1)</sup> concerning tariffs shall apply *mutatis mutandis*.

(<sup>1</sup>) OJ L 335, 10.12.1998, p. 30.

*Article 5***Basic information**

The basic information shall be all purchaser prices of goods and services in the health, education and social protection sectors and their components, together with weightings which reflect the level, the timing and the structure of the consumption of such goods or services, according to the price-determining socioeconomic characteristics.

*Article 6***Data sources**

1. The HICP sub-indices concerned shall be computed by the Member States from basic information as defined in Article 5.
2. The statistical units, such as government agencies, social security administrations or NPISHs, called upon by the Member States to cooperate in the collection or provision of basic information are obliged to give honest and complete information at the time it is requested and allow the organisations and institutions responsible for compiling official statistics, on request, to obtain information at the level of detail necessary to evaluate compliance with the comparability requirements and the quality of the HICP sub-indices.

*Article 7***Comparability**

HICPs constructed following the procedures described in Articles 4 and 5 of this Regulation or following other procedures which do not result in an index which differs systematically by more than one tenth of one percentage point on average over one year against the previous year from an index compiled following those procedures, shall be deemed comparable.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Luxembourg, 8 October 1999.

*Article 8***Quality control**

1. Member States shall provide the Commission (Eurostat) with information on the procedures developed for the treatment of goods and services in the health, education and social protection sectors where these procedures differ from those specified in Articles 4 and 5 of this Regulation, before such procedures are used.
2. Member States shall provide the Commission (Eurostat), on request, with sufficient information to assess the operation of the procedures laid down in Articles 4 and 5 of this Regulation. The result of this assessment shall be included in the reports to be submitted by the Commission to the Council as provided for in Article 2 of Council Regulation (EC) No 1687/98 and in Article 2 of Council Regulation (EC) No 1688/98.

*Article 9***Implementation**

The provisions of this Regulation shall be implemented by the Member States in December 1999 and shall take effect with the index for January 2000, apart from the following, which shall be implemented in December 2000 and shall take effect with the index for January 2001:

- (a) hospital services (COICOP/HICP 06.3);
- (b) social protection services provided within the home, such as home cleaning, meals, transport for the disabled (part of COICOP/HICP 12.4.0);
- (c) retirement homes, residences for the disabled (part of COICOP/HICP 12.4.0).

*Article 10***Entry into force**

This Regulation shall enter into force on the twentieth day following its publication in the *Official Journal of the European Communities*.

For the Council  
The President  
S. NIINISTÖ

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