Workers, disability and benefit dependency

Reforms and experiences in some West-European countries

Dr. Rienk Prins,

AStri Research & Consultancy Group,

Leiden, the Netherlands
Outline of presentation

- OECD: Breaking the barriers

- Two approaches/examples:
  - Inclusive labour: Norway
  - Change of responsibilities: Netherlands

- Outlook
OECD: Basic developments

- Activating soc. security: restricted access to schemes:
  - Unemployment, Social assistance
  - Early retirement

- Technological changes → less employment opportunities for:
  - Low-skilled workers
  - Workers with health restrictions
OECD: Disability benefits

- Spending on disability benefits:
  - Average OECD: 2% of GDP
  - 4-5% (Netherlands, Norway, Sweden)

- Benefit dependency (working age):
  - Average OECD: 6%
  - 10-12% (Finland, Netherlands, Norway, Sweden)
OECD: Rising disability benefit recipiency

Disability benefit recipients in per cent of the population aged 20-64 in 15 OECD countries, early 1980s and 2007/2008

Source: OECD (Sickness, Disability and Work review)
OECD: Many older workers on disability benefit

Disability benefit recipients aged 50-64 in per cent of the population aged 50-64 in 24 OECD countries, 1990 and 2007

Source: OECD (Sickness, Disability and Work review)
Reforms

Focus on employed PWD (in selected EU countries)

In general: 2 aims

- Reduction of public expenditures (Sickness, Disability)
- Response to labour market deficits:
  - Keep more persons in employment ...
  - ... and social services/health care: financially sustainable
Mix of measures

- Early intervention in pre-disability stage: sickness absence
- Increase employer/employee responsibilities
- “De-medicalization” / Focus on (remaining) capacities
- Employment older workers
More inclusive working life

- NOR: Tripartite agreements (since 2001)

- Focus: “change early exit culture”:
  - Reduce sickness absence rates and disability payments
  - Increase retirement age
  - Ensure better use of senior employee’s competences at the work place
More inclusive working life

- Actions at company level:
  - Draw age profile
  - Audit skills and competencies
  - Life long learning for older workers
  - Leisure days for workers aged 62+
  - Experimenting with working time
  - Rewards for extension of working after 65
Some outcomes (Nor)

- Firms with inclusive labour progr.:
  - Less spells long term sickness absence
  - Significant lower disability benefit inflow

- Labour participation seniors:
  - No changes (2003: 68.6%; 2010: 68.6)

- Promising perspectives:
  - Older UNemployed
Early Intervention (NL)

- Early Intervention: Netherlands
  - Change of responsibilities and incentives
  - Reduced role social security
  - Support from (private) providers

- Outcomes:
  - Sickness absence: 5.3% (2002) → 4.2% (2004)
  - Disability inflow: 100 000 (2000) → 40 000 (2010)
  - But: Growth in young PWD
NL: Improved Gate Keeper

- **Day1:**
  - Employee reports sick with employer
  - Employer informs Occ. Health Service

- **Week 6:**
  - Occ. Physician makes “Problem Analysis”

- **Week 8:**
  - Employer & Employee: Return to Work Plan

- **Every ... wks**
  - Regular contact Employer - Employee

- **Week 42**
  - Employer informs social security agency
NL: Improved Gate Keeper

- **Month 12:**
  - Employer and employee evaluate progress and adapt plan if needed

- **Month 21:**
  - Employer and employee make RTW report
  - With disability benefit claim → Soc. Security

- **Month 23:**
  - Soc. Security agency evaluates RTW efforts before starting disability claim process
Evaluations (NL)

- **Employers:**
  - More aware of costs
  - More interest in personnel policy, working conditions

- **Employees:**
  - More aware of active role in recovery and work resumption
  - More aware of financial risks of long term incapacity
  - More part time back to work, temporary adaptation of job

- **Impact on employment of PWD?**
  - Positive: persons with reduced health stay in employment
  - No impact on job seekers with disabilities
Outlook: Challenges

- Ageing: vitality, workability
- Growth chronic diseases in population
- No clear borders between private and work background of disabilities
- Trends: Rising:
  - Numbers of young PWD
  - Employees with mental health problems
  - Persons with multiple problems