

SICKNESS, DISABILITY AND WORK: IMPROVING OPPORTUNITIES IN NORWAY, POLAND AND SWITZERLAND

Thematic review on sickness and disability policies in selected OECD countries (round 1)

Discussion of the draft report and some general policy issues, 21 June 2006, Oslo

Agenda of the seminar and issues for discussion

9:00	Opening Statements by Norwegian host and OECD Director
9:15	Introduction of the draft review report by the review team
9:45	<p>First reaction from the three participating countries</p> <ul style="list-style-type: none"> ▪ General reaction to the OECD draft report ▪ Main causes of increasing exclusion and outflow from the labour market due to health problems, long-term sickness and disability ▪ Main current strategies to address this problem, and latest results
10:30	Coffee
11:00	<p>Panel Session: Is it policies or institutions that matter?</p> <p><u>The issues</u></p> <p>Many OECD countries are confronted with disappointing outcomes of their sickness-, rehabilitation and disability policy systems, with too many people on health-related benefits and too few disabled people in employment. The reasons for policy failure are manifold and include imperfect policy regulations, inadequate implementation of good policies, insufficient governance of the service and benefit granting institutions, the lack of coherence across different systems and the absence of cooperation between different actors. For instance, local institutions often have few incentives to focus on difficult and time-consuming cases and instead tend to grant a benefit. Similarly, institutions at different government levels may have incentives to shift people in need of help to another institution, with those people ending up on disability benefit in the long run.</p> <p>Norway, Poland and Switzerland are no exception in this regard. In all three countries, there is a mismatch between decision-making and financial responsibility. Decisions to grant a benefit or to offer an employment measure are being taken at the regional or sometimes even local levels, while disability benefits and most other programmes are financed from national government sources. Norway is addressing this mismatch and the lack of cooperation across institutions through a merger of its main players, the PES and the Social Insurance Administration. In Switzerland, problems are tackled through improved governance of cantonal actors, broadened responsibilities of the Disability Insurance (DI) and improved inter-institutional cooperation of the DI with other public and private actors. In Poland, responsibilities were increasingly devolved to the regional and local levels, following administrative reform. Governance rules and the channels of cooperation have yet to be adapted to this decentralisation.</p>

	<p><u>Key questions for the discussion</u></p> <p><i>What is the role of the social insurance vis-à-vis the labour market authorities e.g. in terms of assessing eligibility and offering integration programmes?</i></p> <p><i>Is a one-stop-shop philosophy needed and, if so, how can it be achieved?</i></p> <p><i>How can coordination and cooperation across institutions, between local and national authorities and between public institutions and private organisations be improved?</i></p> <p><i>In general, what are the good and bad practices that emerge from available evidence?</i></p>
12:30	Lunch
13.30	<p>Session One: Raising the effectiveness of vocational rehabilitation and training</p> <p><u>The issues</u></p> <p>Vocational rehabilitation and training (VRT) is a key instrument to reduce the inflow into long-term health-related benefits and also to raise the outflow from these benefits into employment. However, too little is known about the impact of VRT for different groups of the population, the best timing of VRT intervention, proper ways to attract people potentially in need of support to participating in such measures and the way VRT interacts with other employment-oriented measures, health and medical measures, educational measures and benefit schemes. Close cooperation with medical treatment and medical rehabilitation, education and personal motivation seem to be important factors of the success of VRT.</p> <p>The design of VRT programmes differs markedly across OECD countries. Norway is probably the country which spends most on VRT in the entire OECD, yet the inflow into disability benefits is also the highest. Switzerland, like Norway, has a strong VRT system with compulsory elements in it, but actual use and spending is much lower, largely reflecting restrictive access to these programmes. This is related to the fact that VRT is run by the Disability Insurance in Switzerland unlike in Norway where it is managed by the Public Employment Service (PES). For Poland, VRT is a relatively new concept and take-up is almost nil. This is related to supply-side constraints, as few suitable programmes are being offered by the PES. In addition, the voluntary nature of this programme and the unfavourable overall labour market situation implies that few people are interested in participating.</p> <p><u>Key questions for the discussion</u></p> <p><i>What is the best time for provision of VRT? How to coordinate vocational measures with medical treatment and rehabilitation and with the education system?</i></p> <p><i>How to design medical and vocational assessment so as to ensure that those with work capacity are not permanently excluded from the labour market?</i></p> <p><i>How can motivation be stimulated and take-up of vocational measures be raised?</i></p> <p><i>Should participation be voluntary or compulsory, and how to target different groups?</i></p> <p><i>How to involve individuals and employers?</i></p> <p><i>What are good practices for following-up and evaluating VRT programmes?</i></p>

15:00	Coffee
15.30	<p>Session Two: Reforming benefit systems towards better reintegration</p> <p><u>The issues</u></p> <p>Sickness-, rehabilitation- and disability policy systems in most OECD countries have seen significant expansion of their employment-related elements during the past 15 years. Income-replacement benefit systems, on the other hand, have often seen much less change. This weakens the impact of the new reintegration focus substantially. Sickness and disability benefit systems' resilience to change is partly explained by their character as entitlements for people who have been struck by life, in turn explaining the hesitation to introduce work tests for these benefits. More generally, however, too little is known about the optimal setup of a benefit system that encourages work while providing income security.</p> <p>This explains why sickness-, rehabilitation- and disability benefit systems differ strikingly across the OECD, with some countries, for instance, putting a strong focus on partial benefits while others are either limiting the use of such benefits or have never introduced them. Similarly, in some countries disability benefits are linked with old-age benefits, in others with sickness benefit and in still others they form an independent benefit strand. Differences of this kind are also found in the three countries under review. For instance, Norway and Switzerland have an elaborate partial benefit grid in their systems, while Poland grants a partial benefit to those who are unable to continue working in their own occupation. In Poland, almost all benefits are granted temporarily, while the opposite holds for both Switzerland and Norway, which has recently introduced a special temporary disability benefit with a slightly different benefit formula. Earnings allowed in addition to a disability benefit are highest in Poland and lowest in Norway.</p> <p><u>Key questions for the discussion</u></p> <p><i>How to improve work incentives for those on benefits so as to raise outflow into employment? To what extent should it be possible to combine labour income with benefit receipt?</i></p> <p><i>Are temporary and/or partial benefits the solution to the problem, or do they merely lower the entry threshold? Are wage subsidies an effective tool?</i></p> <p><i>To what extent should the financing of sickness and disability benefits be experience-rated, thereby making employers pay for sick leave and health conditions at the workplace?</i></p> <p><i>How to adjust benefit systems in response to old-age pension reform?</i></p>
17:00	Closing statements on the key policy messages from the seminar by the OECD Director and representatives from Norway, Poland and Switzerland
17:20	End of the seminar