

Sickness, Disability and Work: Breaking the Barriers

SWEDEN: WILL THE RECENT REFORMS MAKE IT?

Presentation of the OECD review report

OECD Directorate for Employment, Labour and Social Affairs

www.oecd.org/els/disability

OECD VIEW IN A NUTSHELL

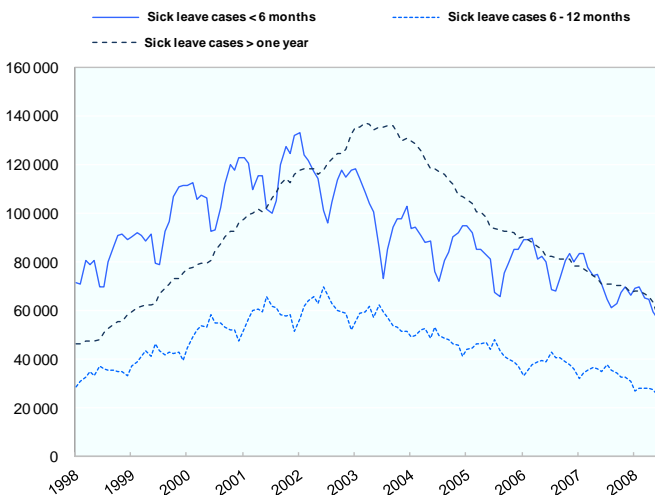
- Sweden's ongoing reforms are comprehensive and in the right direction
- Outcomes appear to start improving recently
- The main challenges will be
 - Good implementation of a reform which by some is seen as a radical departure from the current system
 - Further adjustments to make sure all actors have the right incentives to do what they need to do
 - Doing the right thing in the current economic downturn

STRUCTURE OF THE PRESENTATION

- Where does Sweden stand?
 - Key sickness and disability outcomes
- What has been done?
 - Recent reforms by the new Government
- What more needs to be done?
 - Recommendations to improve the rehabilitation chain
- Looking a few years ahead

Recent sickness absence trends look promising ...

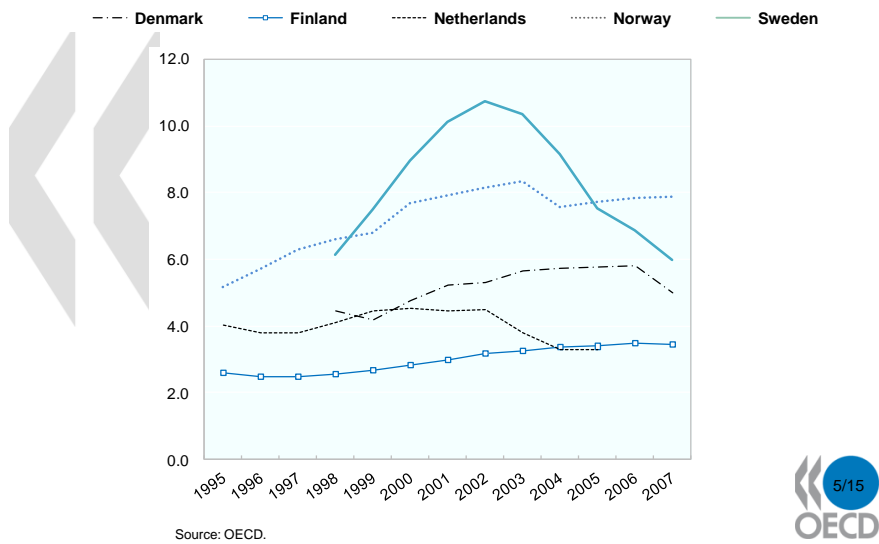
Total sick-leave cases, monthly numbers, 1998-2008



Source: OECD.

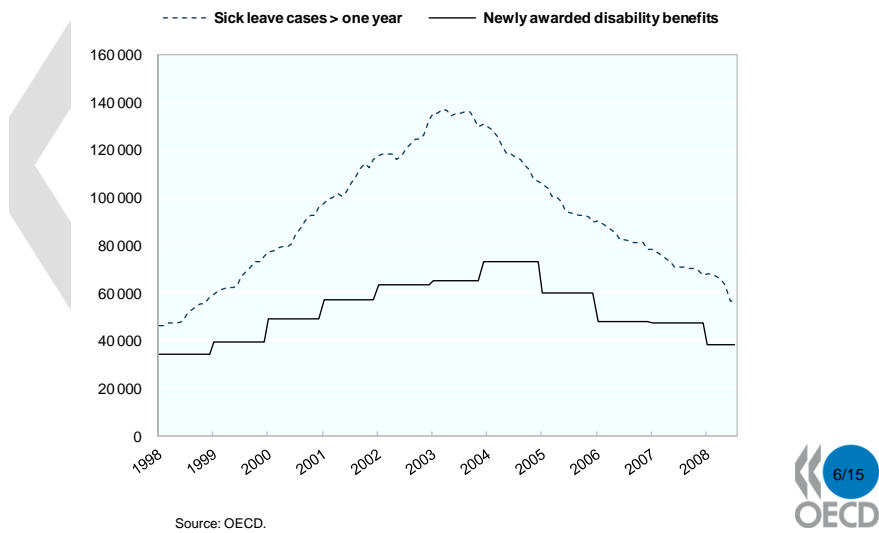
... but sickness absence continues to be very high

Work days lost due to sickness absence in % of total work days, 1995-2007



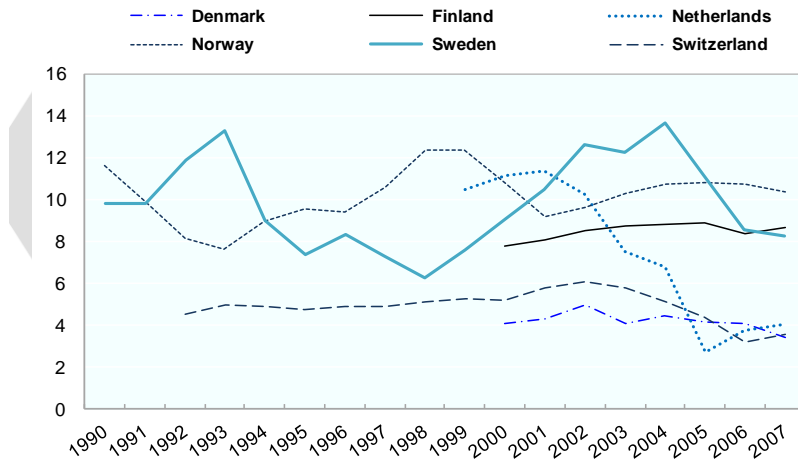
Disability benefit awards follow the sickness trend ...

Sick-leave cases over one year and new disability benefit awards, 1998-2008



... but are still among the highest across the OECD

New disability benefit awards per 1000 of the population aged 20-64, 1990-2007

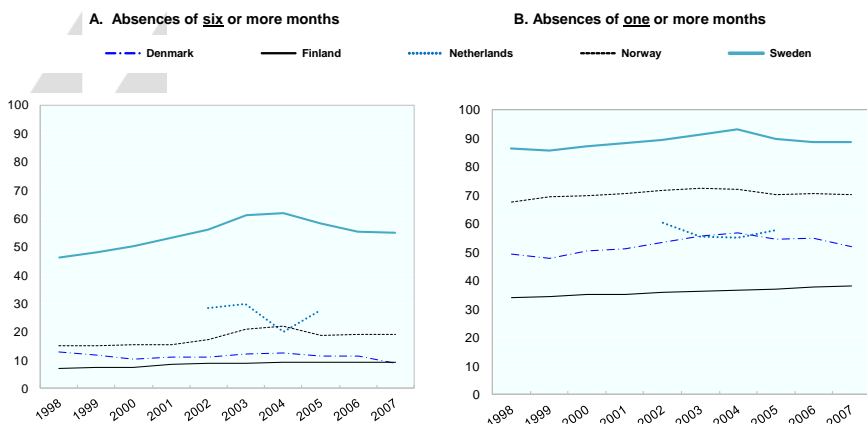


Source: OECD.



Problem #1: Very high shares of long-term absence

Long-term absence spells in % of all absence spells, 1998-2007



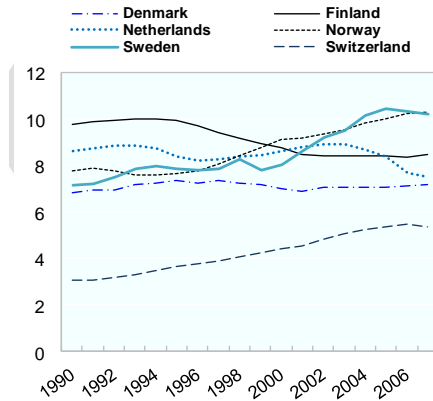
Source: OECD.



Problem #2: Lots of people on disability benefit

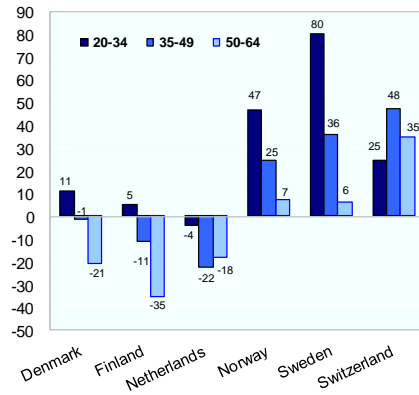
Disability benefit recipients per 1000 of the population aged 20-64, 1990-2007

A. Beneficiary rate age 20-64, 1990-2007



Source: OECD.

B. Change 1995-2007 by broad age group in %



WHAT HAS BEEN DONE?

- Reforms of the Public Employment Service (PES) and the Social Insurance Agency (SIA)
- Rehabilitation chain to avoid long-term absence
 - New responsibilities for individuals
 - New responsibilities for general practitioners
- Incentives to move off disability benefit
- Shift in the political economy of reform



WHAT MORE NEEDS TO BE DONE?

(1) Better identification of work capacity

- Early sickness certificate validity checks (second medical opinion) by the SIA
- Rehabilitation advice and support to employers and employees as early as possible
- Good triage system to ensure swift and adequate transfers of clients, e.g. from the SIA to the PES
- Intense PES-SIA cooperation (along the FAROS model) after 180 days of absence

WHAT MORE NEEDS TO BE DONE?

(2) Better incentives for medical authorities

- Report and sanction non-compliance of general practitioners with the new sick-listing guidelines
- Further improve and refine the guidelines
- Medical rehabilitation agreements
- Occupational health service agreements
- Sickness benefit co-payments for county councils

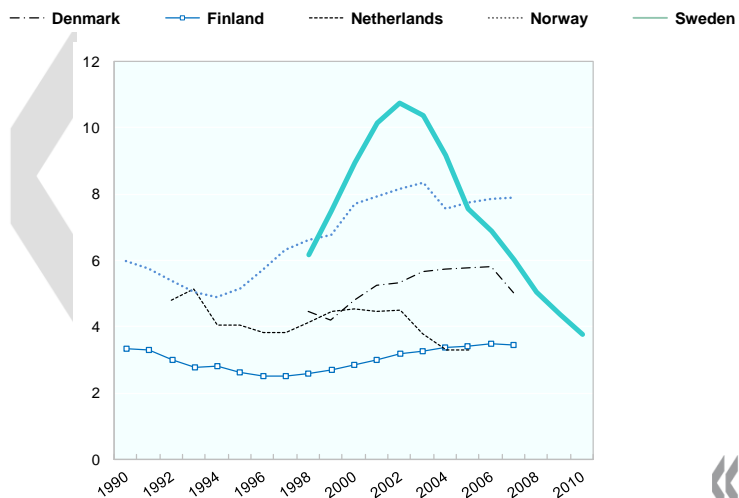
WHAT MORE NEEDS TO BE DONE?

(3) Better incentives for employers

- Operational standards for assessing employers' efforts in rehabilitation and work reintegration
- Incentives to expand or create "employer circles"
- Incentives for hiring the long-term sick
- Sickness benefit co-payments by employers
- Premiums to the workers' compensation scheme that vary by sector and employer experience


Will sickness absence indeed continue to fall as projected?

Work days lost due to sickness absence (%), MSHA projection for 2008-2010 based on SIA assumptions and OECD methodology



Source: OECD and MSHA/SIA for 2008-2010.

LOOKING A FEW YEARS AHEAD

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- Economic downturn and future unemployment
 - Sickness absence in the crisis, and afterwards
 - Longer-term impact on disability benefit awards
 - Recent increase in recipients aged 20-34
 - Recent increase in recipients with mental ill-health
 - Conclusion: Close monitoring is needed