

# Sickness, Disability and Work: Breaking the Barriers

Denmark, Finland, Ireland and the Netherlands

*Presentation of the OECD draft review report*

OECD Directorate for Employment, Labour and Social Affairs

[www.oecd.org/els/disability](http://www.oecd.org/els/disability)

## STRUCTURE OF THE PRESENTATION

- What are the key challenges in the four countries?
  - Seven selected key policy issues
- What are countries doing about it?
  - Policy initiatives and good-practice examples in five policy areas
- What remains to be done?
  - Why some initiatives are not delivering, and some others may create new problems

## Summary: The magnitude of the problem

### Main challenges in Denmark, Finland, Ireland and the Netherlands

Selected key policy issues <sup>a</sup>	Denmark	Finland	Ireland	Netherlands
Controlling incapacity-related public spending	+++	+++	+	++++
Raising employment rates for people with health problems	++	++	++++	+++
Tackling lower incomes of households with disabled people	++	+	++++	+
Reducing the inflow into sickness and disability benefits	+++	++++	+++	++
Addressing the increase in mental health conditions	+++	+++	+	++
Raising the outflow from usually permanent disability benefits	+++	+++	++	++
Strengthening cooperation and coordination across institutions	++	+++	+++	++

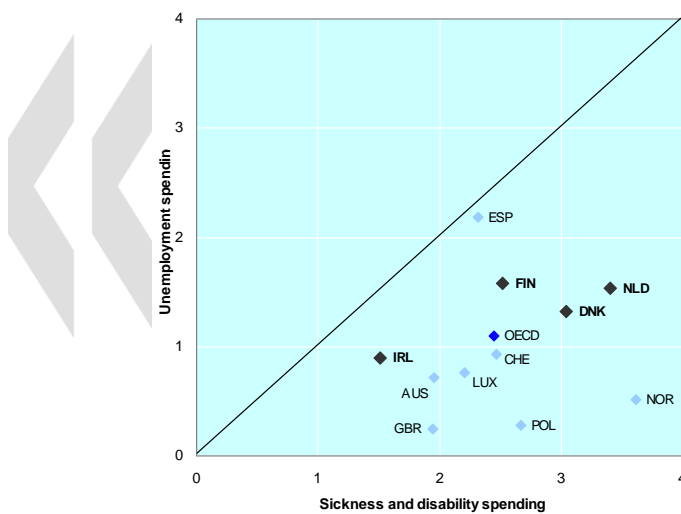
a) The scales should be interpreted as follows:

+ ... minor challenge; ++ ... moderate challenge; +++ ... substantial challenge; and ++++ ... formidable challenge



## (1): Controlling spending

Public cash spending on sickness/disability and unemployment benefits, percentage of GDP, 2005

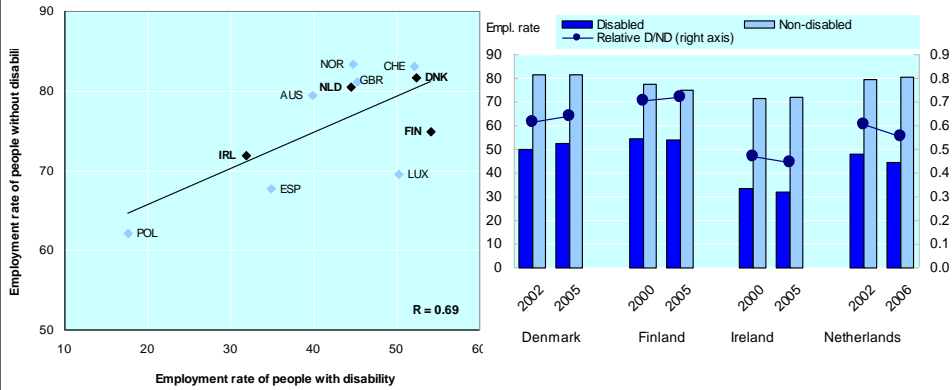


Source: OECD.



## (2): Raising employment

Employment rates of persons with disability and employment relative to people without disability, levels and recent trends

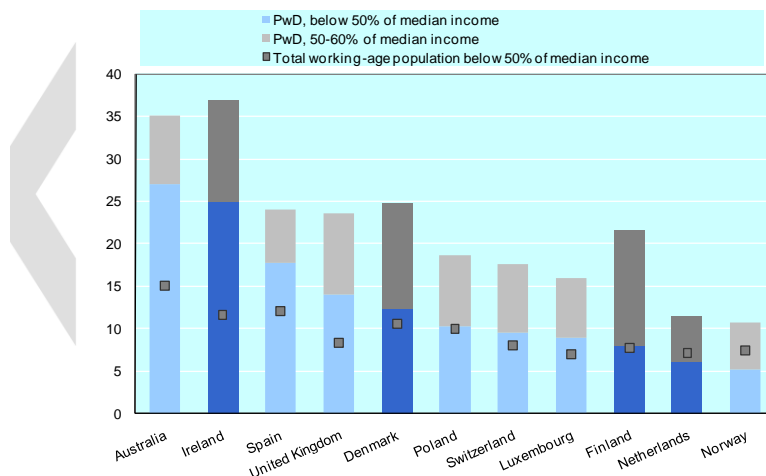


Source: OECD



## (3): Tackling lower incomes

Percentage of persons with incomes below the respective threshold

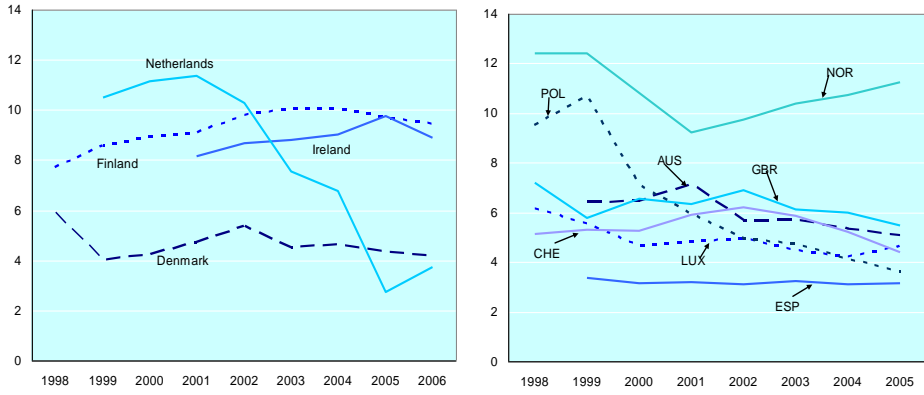


Source: OECD



#### (4): Reducing inflow into sickness and disability

Evolution of disability inflow rate, 1998-2006, per thousands of the working-age population

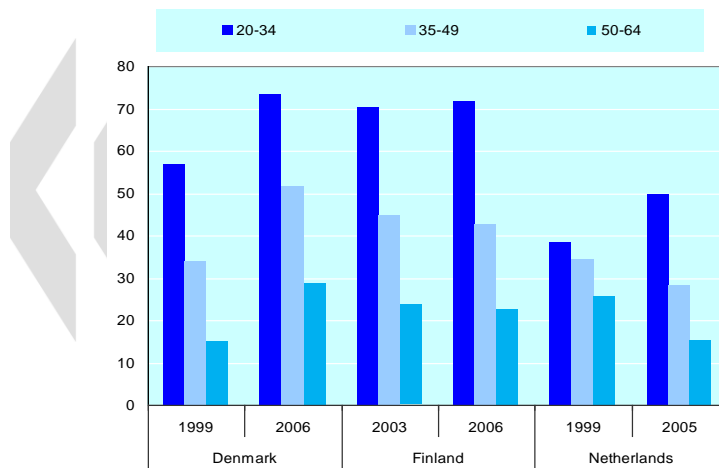


Source: OECD



#### (5): Addressing the increase in mental health conditions

Inflows into disability for mental health reasons, by broad age group

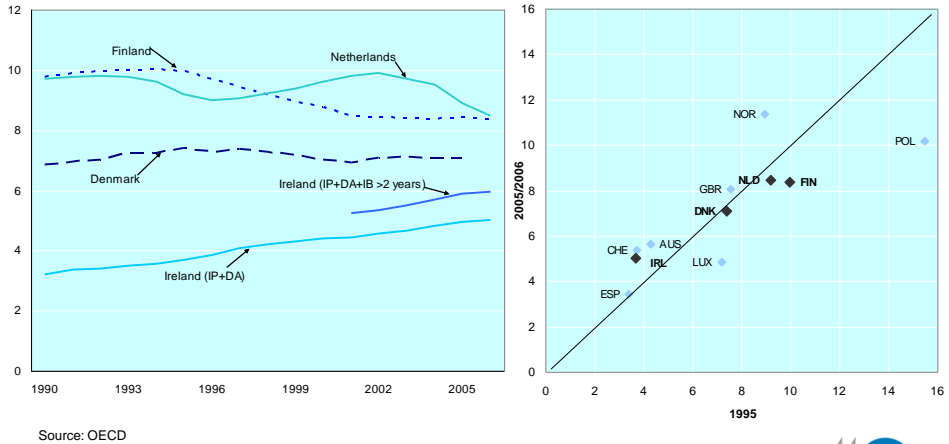


Source: OECD



## (6): Addressing the persistence of benefit recipiency

Disability benefits recipiency since 1990, percentage of the working-age population

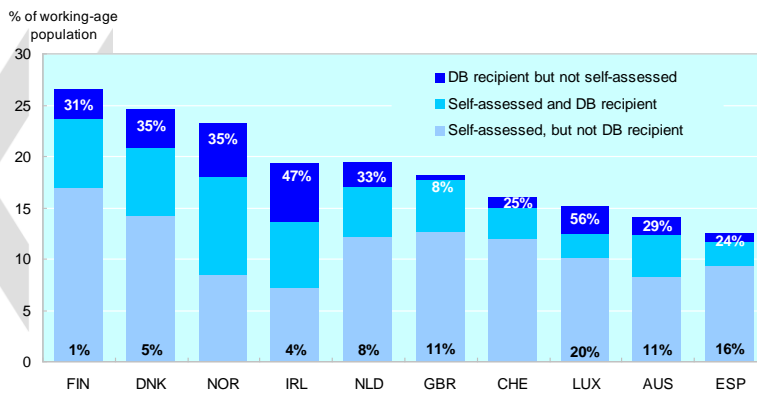


Source: OECD



## (7): Possible inclusion and exclusion errors

Self-assessed disability and benefit receipt: overlap



Source: OECD.

Inclusion error: percentage of those on disability benefit who do not assess themselves as having a disability.  
Exclusion error: percentage of those with self-assessed disability who do not work or receive any benefit.



## Policy initiatives, I: Monitoring sickness absence

- Promoting early identification and regular follow-up
  - NL, DK: guidelines for work resumption with appropriate incentives to perform evaluations (reimbursement rates in DK or extra period of wage-payment in NL)
  - IE: predefined selection criteria of cases for medical review (*Renaissance project*)
  - DK, FI: possibility of gradual return from sickness with partial sick leave
- Decreasing work-related risks
  - DK: strong role of the Working Environment Authority
  - FI, NL: risk assessment and action programme by occupational health services

## Monitoring sickness absence: Remaining challenges and new problems

- How can inequalities in sickness monitoring for temporary workers and workers without a regular employer be prevented (FI, NL)?
- What can be done to improve sickness monitoring and reintegration for those unemployed or on social assistance (DK, FI, IE)?
- Are waiting periods to get from sickness leave to partial work too long (FI)?

## Policy initiatives, II: Curbing inflow of DB recipients

- Strengthening the assessment process
  - IE, NL: own doctors and occupational experts ensure independence and work-focus of assessments
  - DK: portal ([Jobindsats.dk](http://Jobindsats.dk)) to compare outcomes by job centres in order to strengthen monitoring and benchmarking
- Turning employers into gatekeepers
  - FI, NL: employers are financially responsible for inflows through experience-rating of disability benefits
  - NL: reintegration of workers with health problems in other companies through gatekeeper networks



## Curbing inflow of DB recipients: Remaining challenges and new problems

- Should GPs have a less important role in disability assessment and how (DK, FI, IE)?
- What is the best approach to encourage labour market participation and early return to work for young people and those with mental health problems?
- What is the appropriate balance between increasing employers' responsibilities without creating disincentives for hiring (insider-outsider issues)?



### **Policy initiatives, III: Facilitating transition into employment**

- Providing financial incentives to employers
  - DK, FI: wage-subsidies to employers, including for jobs under special terms (*flex-jobs*)
  - FI: subsidies to social enterprises: profit-making companies with 30% of personnel being PwD or long-term unemployed
- Improving assistance from employment services
  - DK: job centres offer mainstreamed services but have special disability advisors
  - IE: FÁS training services are strongly linked to employers' demand

### **Curbing inflow of DB recipients: Remaining challenges and new problems**

- What determines the take-up of wage subsidies: “too popular” in DK vs. low enrolment in Ireland?
- Are social enterprises another form of sheltered employment?
- Are transitory solutions becoming permanent ones (people on waiting list or on wage-subsidies)?

## Policy initiatives, IV: Increasing work incentives for persons with disability

- Making benefit systems more employment-friendly
  - NL: disability benefit as a wage supplement for those who use at least half of their remaining work capacity
  - IE: disregards of earnings up to ~ half average wage for disability allowance recipients
  - FI, IE: in-work benefits
- Using elements complementary to benefits
  - FI: specific tax credits and tax allowances for persons with disability
  - IE, DK: Cost-of-disability allowances to compensate for disability status, independent of work status



## Increasing work incentives for persons with disability: Remaining challenges and new problems

- How to tackle low take-up?
  - earnings disregards (Disability Allowance IE)
  - time-limited in-work benefits (Back-To-Work-Allowance IE)
- Are amounts too low to impact on behaviour?
  - tax credits (FI)
- Are costs of cost-of-disability allowance schemes sustainable if this measure is individually tailored?
- Interaction with other benefits and taxation
  - effectiveness of wage supplement depends on earnings level (NL)
  - Loss of secondary benefits (IE)



## Policy initiatives, V: Improving efficiency of institutions

- Creating incentives for institutions
  - DK: differentiated cost repayment for municipalities
  - FI: cost sharing with municipalities
- Improving inter-agency co-operation
  - IE: sectoral plans and protocols
  - DK: round-tables
- Increase client-orientation: “one-stop shops”
  - DK: municipal job centres
  - FI: labour force service centres (LAFOS)
  - NL: shared premises



## Improving efficiency of institutions: Remaining challenges and new problems

- How to ensure equal access of persons with disability to one-stop shops?
  - target group of LAFOS (FI)
  - separation of benefit from employment service function (DK)
- How to cope with persisting system fragmentation?
  - The case of rehabilitation services (FI, IE)
- Can we go further with incentives for local actors?
  - Further differentiating re-imburement rates (DK)
  - Further responsibilities for municipalities (NL)



## THE THREE SEMINAR THEMES

- Municipal power and local policy implementation
  - Advantages and disadvantages of strong local involvement
  - Incentives and monitoring
  - Integration of social and employment services
- Prevention, early intervention and systematic engagement
  - The role of employers
  - Cost-effectiveness of preventive policies
- Labour demand
  - How can labour demand for persons with reduced work capacity be stimulated?
  - With ageing and migration, is there a growing need for “secondary” labour markets?



## THANK YOU ...

- ...for your attention;
- ...for your cooperation during the project, which made it possible to produce this draft;
- ...for your contributions to this seminar;
- ...for sending written comments over the next weeks.

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