

Sickness and disability: The role of the employer in The Netherlands

Introduction for OECD seminar

- **Marco van Dal**
- **Ministry of Social Affairs and Employment**
- **The Netherlands**
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Focus on

- **Responsibility of employers**
- **Financial incentives for employers**
- **Starting point 2002**
- **3 major policy measures**

Starting point 2002

- ***Dutch civil code:*** mandatory wage payment for the employer for 1 year in case of sickness
- ***Sickness benefits act (ZW):*** 'safety net' for employees who do not or no longer have an employer
- ***Disability act (WAO):*** after 1 year of sickness one may be entitled for a disability benefit

3 major policy measures:

- **2002: gatekeeper improvement act**
- **2004: enduring mandatory wage-payment act**
- **2006: new disability act**

April 2002; gatekeeper improvement act

- Highlights rights and obligations for the employer and employee during sickness
- Social insurance implementing body (UWV) decides whether employer and employee did do sufficient efforts to reintegrate
- If not:
 - mandatory wage payment prolonged, or
 - reduction of disability benefit

January 2004; enduring wage payment act

- **Mandatory wage payment has been prolonged to 2 years**
- **Necessary steps have been spread out over 2 years**
- **Possibility for employers to insure the risk of wage-payment**

January 2006: new disability act (WIA) I

- **Stipulates financial incentives for employees and employers**
- **Distinction between partly and fully permanently disabled**
- **Fully and permanently disabled: benefit 75% of last income till age of 65**
- **Finance: flat public contributions**

January 2006: new disability act (WIA) II

- **Partly disabled (at least 35% loss of earning capacity):**
 - **First: benefit 70% of difference between old income and remaining income**
 - **Secondly: minimum benefit for people who don't work (enough) and income related benefit for those who (partly) work**
- **Finance of partly disabled scheme by employers**
- **They can choose between:**
 - **Public insurance**
 - **Private insurance**
 - **Bear own risk**

Meanwhile:

- **2002: new structure for public employment service and social insurance implementing body**
- **Starting october 2004: re-assessment of existing disabled (300.000) till age of 45**

Ideology and success

Ideology

- Make the problem visible
- More responsibility for *individual* employer and employee
- More financial incentives for *individual* employer and employee

Success

- Policy measures are based on:
 - Advise by special committee of experts
 - Advisory board of social partners
 - Trust between social partners and government
- Involvement of all parties with implementation of Gatekeeper act

Results:

Inflow in disability:

2000: 100.000

2006: 20.000 (3.000 fully disabled and 17.000 partly disabled)

Volume:

2002: 790.000

2006: 640.000

Remaining topics:

Temporary workers

- 1/3 of inflow in disability is from temporary workers and unemployed
- These people are disabled and unemployed

Young disabled

- Special benefit scheme (Wajong)
- Inflow and volume is rising