Too many workers leave the labour market through sickness and disability benefits, says OECD

Norway, Poland and Switzerland should do more to reduce the number of people claiming sickness benefits and help more disabled people to get jobs, according to a new OECD report.

Sickness, Disability and Work: Breaking the Barriers analyses the sickness and disability policies in Norway, Poland and Switzerland and proposes steps the governments should take to cut the number of people claiming these benefits and help them back into the labour market.

Government spending on sickness and disability accounted for 2.4% of GDP across OECD countries in 2004, nearly double the spending on unemployment benefits, which accounted for 1.3% of GDP in the same year. Spending on sickness and disability in Norway, Poland and Switzerland exceeds the OECD average, representing between 3% and 5% of GDP, while unemployment benefit spending is below the OECD average in all three countries.

A key challenge is helping sick and disabled people find work or keep their job. Most people who start claiming disability benefits will not work again, but many want to work and could work if given the right training and support. Helping persons with health problems or disability to work will improve their integration into society as well as their incomes. In the long term, such a policy will raise the prospect of higher overall economic output of a country, thereby helping to meet the challenge of ageing populations.

Each country faces different problems. In Norway, generous sickness benefits, the low cost for employers of having workers on sick leave and the lack of checks of general practitioners’ medical assessments are creating very high rates of sickness absence. This is worrying because the longer people are on sickness benefit, the higher the likelihood of a transfer into disability benefit. In Switzerland, private sickness benefit insurers dealing with sick people do not take enough into account the long-term cost for public insurance of putting people, especially those with mental health problems, on disability benefit. And in Poland, little help is given to disabled people to find work which contributes to their exceptionally low employment rate.

What should be done? Firstly, work incentives need to be improved everywhere to encourage people on benefits who can work to find jobs. Secondly, to reduce the number of people moving onto disability benefits, better sickness absence monitoring is needed. Thirdly, the vocational rehabilitation system should be improved. In Switzerland and Poland, this should include opening up the criteria for eligibility so that more people can benefit and in Norway more efforts should be devoted to employment-oriented measures to help people get back to work more quickly.
Fourthly, all three countries should also open up support programmes to the large and growing number of people whose disability benefit application has been rejected and who usually have great difficulties returning to the labour market. Finally, co-operation between all the involved parties should be strengthened, including between the social insurance institution and the public employment service and between medical and vocational rehabilitation authorities.

All three countries have taken steps in the right direction in recent years, the report notes. They have broadened their rehabilitation and employment policies. They have also started to modify their benefit systems, with a view to making access tighter, placing a stronger focus on early action and temporary entitlements and strengthening re-employment incentives. These reforms are likely to improve existing activation and integration policies, but the report shows that all three countries need to do much more in order to achieve their stated objectives.

See the country notes on Norway, Poland and Switzerland for details about the OECD’s policy recommendations (reports available on the web site).

Journalists can obtain a copy of Sickness, Disability and Work: Breaking the Barriers – Norway, Poland and Switzerland by contacting the OECD’s Media Relation’s Division (mailto:news.contact@oecd.org; tel. +331 4524 9700). For further information, please contact one of the authors in OECD’s Directorate of Employment, Labour and Social Affairs: Christopher Prinz (mailto:Christopher.prinz@oecd.org; tel: +331 4524 9483), Patrik Andersson (mailto:patrik.andersson@oecd.org; tel.+ 331 4524 8851) and Michael Förster (mailto:michael.forster@oecd.org; tel. +331 4524 9280).

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