

## Table of Contents

<b>Executive Summary and Policy Conclusions</b> .....	9
<b>Chapter 1. The Economic Context for Disability Policy</b> .....	21
1.1. The importance of workers with disability to the economy and society .....	23
1.2. Workers with disability face greater barriers in the labour market .....	27
1.3. Trends in disability benefit rates, the business cycle and population ageing.	34
1.4. Conclusion .....	37
Notes .....	40
Bibliography .....	40
Annex 1.A1. Defining and Measuring Disability .....	42
Annex 1.A2. Additional Supporting Evidence .....	45
<b>Chapter 2. Key Trends and Outcomes in Sickness and Disability</b> .....	49
2.1. Insufficient labour market integration of people with disability. ....	50
2.2. Poor financial resources of people with disability .....	53
2.3. High costs of sickness and disability benefit schemes .....	57
2.4. Benefit system dynamics .....	63
2.5. Conclusion .....	68
Notes .....	68
Annex 2.A1. Additional Supporting Evidence .....	69
<b>Chapter 3. The Direction of Recent Disability Policy Reforms</b> .....	77
3.1. Key reform trends across the OECD .....	78
3.2. Policies converge despite continuing differences .....	84
3.3. The effect of policy changes on disability benefit rolls .....	91
3.4. The political economy of reform .....	93
3.5. Conclusion .....	96
Notes .....	96
Bibliography .....	97
Annex 3.A1. OECD Disability Policy Typology: Classification of the Indicator Scores. . .	99
Annex 3.A2. OECD Disability Policy Typology: Country Scores Around 2007. ....	101
<b>Chapter 4. Transforming Disability Benefits into an Employment Instrument</b> .....	103
4.1. From disability assessment to work-capacity assessment. ....	104
4.2. Moving to an activation stance .....	107
4.3. Making work pay: reforming tax and benefit system .....	117
4.4. Conclusion .....	122
Notes .....	123
Bibliography .....	124

Chapter 5. <b>Activating Employers and Medical Professionals</b> . . . . .	125
5.1. Strengthen incentives for employers to keep workers with health problems . . .	126
5.2. Supporting measures to ensure employers can fulfil their responsibilities . .	134
5.3. Stronger employment focus by medical professionals . . . . .	139
5.4. Conclusion . . . . .	142
Notes . . . . .	143
Bibliography . . . . .	143
Chapter 6. <b>Getting the Right Services to the Right People at the Right Time</b> . . . . .	145
6.1. Improving cross-agency co-ordination and co-operation . . . . .	147
6.2. Engaging with clients systematically and in a tailored way. . . . .	153
6.3. Addressing incentives for private service providers . . . . .	161
6.4. Conclusion . . . . .	163
Notes . . . . .	164
Bibliography . . . . .	164

## Tables

1.1. Work-related stress increases with higher work intensity and lower work satisfaction . . . . .	30
1.2. The impact of the business cycle on employment of people with disability is small compared with the effect of disability itself. . . . .	31
2.1. Incapacity-related spending is much higher than unemployment-related spending . . . . .	58
2.2. Probability of receiving a disability benefit after a sickness absence spell varies with personal characteristics. . . . .	65
3.1. Three distinct disability policy models across the OECD . . . . .	88
3.2. What explains changes in disability benefit recipiency rates? . . . . .	92
3.A1.1. OECD disability policy typology: classification of the indicator scores. . . . .	99
3.A2.1. OECD disability policy typology: country scores around 2007 . . . . .	101
4.1. Partial disability benefit regulations vary considerably across OECD countries . . .	109
4.2. More and more countries are providing disability benefits for a temporary period . . . . .	114
5.1. Obligations for the employer are generally weak in regard to vocational rehabilitation . . . . .	128
5.2. Pathways into disability benefit are manifold but sickness is a major precursor everywhere. . . . .	132
6.1. Eligibility criteria for employment supports are very restrictive . . . . .	155

## Figures

1.1. Disability prevalence at working age is high in most OECD countries . . . . .	22
1.2. Social and economic integration of persons with disability is lagging behind . . . .	23
1.3. Higher participation rates for people with disability can help prevent future labour force declines . . . . .	25
1.4. People with disability have significantly lower levels of education. . . . .	27
1.5. The education gap between people with and without disability has increased over cohorts. . . . .	28
1.6. Trends in labour market and working condition indicators are inconclusive. . . . .	29

1.7.	Following the peak of a recession, disability benefit recipiency rates tend to increase . . . . .	33
1.8.	The economic cycle is only one and often not the main factor explaining fluctuations in the disability beneficiary rate . . . . .	35
1.9.	Disability prevalence increases sharply with age which is critical in view of population ageing . . . . .	37
1.10.	Demography explains only some of the change in disability beneficiary trends . .	38
1.A2.1.	Leaving employment leads to higher mental distress . . . . .	46
1.A2.2.	... while finding a job results in improved mental health . . . . .	47
2.1.	Employment rates of people with disability are low and have been falling in many countries. . . . .	51
2.2.	Employment rates of people with mental health conditions are particularly low. .	52
2.3.	When employed, people with disability work part-time more often than others .	52
2.4.	People with disability are twice as likely to be unemployed, even in good times. .	53
2.5.	Incomes of people with disability are relatively low, unless they are highly educated and have a job . . . . .	54
2.6.	People with disability are at greater risk of living in or near poverty . . . . .	56
2.7.	Many non-employed persons with disability are not eligible for or do not receive public benefits in Mediterranean countries and North America . . . . .	57
2.8.	Limited disability-related resources go to employment and rehabilitation programmes. . . . .	59
2.9.	Disability benefit recipiency rates are high and still increasing in many countries. . . . .	60
2.10.	Disability benefit rolls have evolved differently across the OECD, reflecting policy choices. . . . .	61
2.11.	More and more inflows into disability benefit because of mental health conditions. . . . .	62
2.12.	Sickness absence rates are correlated with disability beneficiary rates . . . . .	63
2.13.	Previous sickness benefit spells increase the probability of a disability benefit claim . . . . .	64
2.14.	Declines in sickness absence usually precede a decline in disability benefit claims . . . . .	66
2.15.	Some countries have recently managed to reduce inflows into disability benefits . . . . .	66
2.16.	People almost never leave a longer-term disability benefit for employment . . . . .	67
2.A1.1.	Falling trend in spending on disability benefits in the late 1990s but a slight rise lately . . . . .	07
2.A1.2.	Levels and trends in disability benefit recipiency rates are dominated by 50-64 year-olds. . . . .	72
2.A1.3.	In some countries, women are now receiving disability benefits more often than men . . . . .	73
2.A1.4.	There are large variations in the age pattern of disability benefit inflows across countries . . . . .	74
3.1.	Large variation in disability policy orientation across the OECD . . . . .	86
3.2.	Disability policy is changing fast in many OECD countries . . . . .	87
3.3.	Disability policy is converging in the same direction . . . . .	90

4.1. In many OECD countries, more than one in two applicants for a disability benefit are rejected. ....	113
4.2. Net replacement rates are often high, especially for previous low-wage earners .	119
4.3. Disability benefits are above social assistance but comparable with unemployment benefits. ....	120
4.4. Taking up work does not always pay, but country differences are large .....	122