
Pim BELJAARS & Rienk PRINS
USZO / AS/tri
Netherlands
Disability programme reforms and labour market participation in the Netherlands (1990 – 2000)
Principles, measures and outcomes in a decade of combating high disability rates

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Pim Beljaars
USZO
Social security agency
for civil service and education
PO-box 4820
4601 JM Heerlen
the Netherlands
Tel: (+31)45-579 5357
Fax: (+31)45-579 2687
email: p.beljaars@uszo.nl

Rienk Prins
AS/tri
Research & Consultancy group
Stationsweg 26
2312 AV Leiden
the Netherlands
Tel: (+31)71- 512 4903
Fax: (+31)71- 512 5247
email: r.prins@astri.nl

SUMMARY

Rising public expenditures and economic inactivity of increasing numbers of the working population have led to various reforms in the Dutch disability benefit programme. The paper firstly highlights some basic principles of the disability benefit scheme and its organization in the Netherlands. It is indicated that the programme both covers disability due to sickness as well as work related work incapacity. Furthermore it is noted that income compensation due to disability is not considered as a (permanent) pension, but as a benefit which – according to original intentions – should support partial or full re-entry into the labour market.

Subsequently the outcomes of some cross-national comparisons of disability rates are presented. Compared to some other West-European countries the Dutch stock of recipients as well as the incidence of (new) recipients is about twice as high, whereas the outflow from the scheme is more comparable to those in countries with similar schemes. Potential background factors for these differences are indicated, e.g. less ‘entry barriers’ (no minimum qualifying period, or the low minimum degree of disability required (namely 15%). Moreover, benefits are being paid until retirement age (65) and beneficiaries usually receive 100% of last wage during the first two years of work incapacity and disability, thanks to collective labour agreements. For a full understanding it should be realized
that some clients in the Dutch disability benefit programme would, in other countries, be forced to continue working, already be retired, or be entitled to unemployment or social assistance benefit.

After considering the basic policy goals and major features of ten years of revisions and reforms, legal measures have been classified as to the major actor aimed at: employer, employee/insured and social security administration. This overview not only illustrates that the Dutch government did not hesitate to abolish unsuccessful measures that had been implemented a few years before. It also shows that several financial incentives were introduced, initially mainly focussing on the employee/insured, whereas later measures mainly had employers’ policies as a target.

The paper further gives some (interim) conclusions as to the impact of ten years of reforms. Benefit statistics show that the initial decrease in numbers of new recipients has diminished and that the absolute number of beneficiaries is rising again. In the ongoing discussions this tendency is associated with economic growth, low unemployment and growth of the population of insured. Furthermore, some employers reactions towards these changes have been documented. Only 5% opted out of the public scheme, and a small minority (re-) insured the financial risks with private insurers. Moreover despite decreased use of pre-employment medical examinations, personnel selections policies still take health aspects into account.

Benefit recipients had to face a reduction of duration and level of benefits paid. Due to re-examinations more people leave the benefit roles or receive a lower benefit due to a reduced degree of disability. Their participation in the labour force, however, only increased moderately. Many employers have reservations and prejudices regarding the employment of partly or formerly disabled people.

Finally, some consequences of the reforms on the tasks and responsibilities of the social security administrations have been sketched. Performing re-examinations showed to increase the outflow from the scheme but tight budgets for administration costs as well as the introduction of competition elements in social security administration, substantially affected the functioning of these organisations. Recently, social security agencies received more tools to support rehabilitation and work resumption efforts by providing new types of subsidies.

Ongoing developments allow to summarize many observations and experiences with changes in the Dutch disability benefit programme as well as reintegration policies. The paper finally discusses the relevance of early intervention strategies, and the emphasis to be laid on maximal work resumption with the ‘old’ employer. It also considers the role of re-assessments and consequences of social security programme change for old actors (employer, employee, social security agency) and new actors. As the Dutch case showed three ‘new’ parties received or acquired tasks and responsibilities vis-à-vis the prevention of disability and provision of rehabilitation: occupational health services, vocational rehabilitation and job search providers and private insurance companies. Ongoing evaluative studies in due course may produce valuable insights into the ‘in’s and out’s’ of the implementation of fundamental changes in social security programmes.

1. DISABILITY: A CONTINUOUS SOCIAL POLICY TOPIC IN THE NETHERLANDS

From the late eighties onwards Dutch public and political discussions have regularly focused on the sickness and disability benefit schemes and the need of reform. Background was the relatively high level of sickness absence in this country and a continuously growing number of people receiving disability benefits. Both the financial consequences and low labour market participation rates have caused a general awareness of the need of change. Cross-national comparisons also indicate that
the Dutch disability scheme showed prevalence rates that almost continuously exceeded those in neighbouring countries (cf. Diagram 1)\(^1\).

In the past decade various stakeholders have proposed an abundance of plans, and a number of substantial reforms of the Dutch social security have been decided by parliament. This paper summarizes the reforms in the disability programme, it describes what is known about their impact and tries to assess some conditions for disability benefit programme reform\(^2\). Therefore we will first outline some major features of the Dutch disability benefit scheme in order to place the developments in this country in a context (Section 2). Subsequently, recent cross-national comparisons will be used to show some remarkable features of inflow, stock and outflow of disability benefit recipients in this country (Section 3). Section 4 is devoted to a diagnosis of the problem and the policy aims which evoked the reforms. Section 5 gives a classification of the reform measures taken over the past ten years. Since the government and social security monitor and evaluate developments in social security, statistics and surveys allow some – interim – conclusions on the implementation and impact of reforms (Section 6). Special attention will be paid to changes in the use of disability benefit programmes and in labour market participation. The final section is devoted to a discussion of disability benefit programme reforms and basic conditions for successful implementation.

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\(^1\) Calculated from various statistical reports from RIZIV, VDR and LISV.

\(^2\) We do not discuss the programme for self employed, but mainly restrict ourselves to the programme for employees.
2. SOME BASIC FEATURES OF THE DUTCH DISABILITY BENEFIT PROGRAMME

Dutch income replacement arrangements for temporary and permanent work incapacity differ in at least four aspects from programmes and administration found in many other West European countries. Even if some of these principles have been changed or reforms are under consideration, they nonetheless affected the Dutch disability programme for a long time.

First, since 1967 no distinction is made anymore in social security between work-related (occupational injury and disease) and non work-related incapacity (illness), neither in entitlement criteria, nor in level and duration of benefits. Both risks are covered by the same schemes: in case of temporary work incapacity (up to one year) by the Sickness Benefits Act (until 1994) and by compulsory wage payment. In case of permanent work incapacity the Disablement Insurance Act covers these risks. ‘Equal treatment and compensation’ of employees, disregarding the cause of work incapacity, is the major rationale for this integration.

Second, the Dutch disability programme does not provide a pension, but a benefit which may be granted as a follow-up compensation for those who do not resume work during the one-year waiting period (in which they receive wage payment or sickness benefit). Moreover, seven classes of disability are discerned which are related to the degree of income loss. Consequently, about a half of those receiving a partial benefit also are involved in gainful employment.

Third, sickness and disability benefit programmes are administered by 5 social security agencies with regional offices (which also provide unemployment benefits). In the past they were governed by representatives of employers’ organizations and trade unions. As will be shown later on during the reforms many responsibilities were changed, the number of agencies reduced and competition has been introduced to improve client orientation and efficiency.
Fourth, the law and operational guidelines originally left ample room for administrators, e.g. to consider the labour market position of the claimant when assessing eligibility. Evaluation procedures reflect a less dominant role of medical expertise: the degree of permanent disablement was assessed for a long time by a multi-disciplinary team consisting of a social security physician, a labour consultant and a legal expert.

Finally, the Dutch scheme also has some technical peculiarities: it lacks a minimum reference period, whereas in most other countries the claimant has to be insured for several months (e.g. Belgium: 4, France: 12) or for several years (Sweden and Denmark: 3, Germany: 5). Furthermore, the minimum degree of disability required for disability benefit payment is 15-25%. In most other countries the access threshold for entering the programme is considerably higher, e.g. 50% (Austria, Denmark, Germany), 66.6% (e.g. Belgium, France), or 100% (Great Britain, Italy). Further, disability benefits are paid until statutory retirement age (65); in many other countries beneficiaries leave the scheme sooner, due to transfer – at an earlier age – to the old age pension programme (e.g. Austria, Belgium, France). Finally, although the income replacement rate, in the case of full disability, has been reduced to 70% of the last wage (with a maximum), collective labour agreements traditionally provide topping of benefits for one or two years.

3. DUTCH DISABILITY RATES IN AN INTERNATIONAL PERSPECTIVE

Diagram 1 is not the only one to indicate a considerable problem for the Netherlands. Cross-national studies are quite consistent in their conclusions: in the Netherlands a considerably larger number of people receive benefits due to disability than in several other countries. Since 1980 over twice as many people have received disability benefits in the Netherlands compared to Belgium and Germany. This difference is both due to the fact that more people enter the benefit scheme and that fewer recipients leave the programme.

<table>
<thead>
<tr>
<th>Country</th>
<th>On disability benefit receipt 1990</th>
<th>On disability benefit receipt 1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>3.3</td>
<td>3.1</td>
</tr>
<tr>
<td>Great Britain</td>
<td>3.4</td>
<td>4.9</td>
</tr>
<tr>
<td>Sweden</td>
<td>3.5</td>
<td>3.9</td>
</tr>
<tr>
<td>Denmark</td>
<td>3.8</td>
<td>4.2</td>
</tr>
<tr>
<td>Belgium</td>
<td>4.2</td>
<td>4.4</td>
</tr>
<tr>
<td>Netherlands</td>
<td>8.9</td>
<td>8.0</td>
</tr>
</tbody>
</table>

Table 1 presents estimates on persons in employment age that receive disability benefits/pensions in six countries. The figures are highly comparable and have been standardized as to age and gender. Both in 1990 and in 1995 the highest percentage of persons receiving full or partial disability benefits is found among those insured in the Netherlands, whereas other countries show – on average – 50% lower rates.

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A recent four country analysis also gives an insight into inflow ('new recipients'), stock ('recipients') and outflow ('completions') in the national disability schemes.

**Table 2 Disability benefit recipients, new recipients and completions by age (1998)**

<table>
<thead>
<tr>
<th>Years</th>
<th>Recipients¹</th>
<th>New recipients²</th>
<th>Completions³</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B  G  S  NL</td>
<td>B  G  S  NL</td>
<td>B  G  S  NL</td>
</tr>
<tr>
<td>&lt;25</td>
<td>3  1  9  4</td>
<td>2  0  2  4</td>
<td>325 118 -392</td>
</tr>
<tr>
<td>25-34</td>
<td>14  7 16 29</td>
<td>4  1  2  12</td>
<td>167  79 -201</td>
</tr>
<tr>
<td>35-44</td>
<td>40 22 42 73</td>
<td>8  4  4  15</td>
<td>106  71 -103</td>
</tr>
<tr>
<td>45-54</td>
<td>96 61 94 184</td>
<td>13 11  8 22</td>
<td>64  79 - 56</td>
</tr>
<tr>
<td>55-64</td>
<td>202 317 240 754</td>
<td>12  29 16 31</td>
<td>153  44 -135</td>
</tr>
<tr>
<td>Total</td>
<td>54 62 76 112</td>
<td>7  8  6  15</td>
<td>115  53 - 110</td>
</tr>
</tbody>
</table>

Legends: 1 per 1.000 insured  
2 per 1.000 insured  
3 per 1.000 recipients

In 1998 the number of disability benefit recipients in the Netherlands was still considerably high in comparison to other countries. Differences are largest if compared to Belgium and Germany. Furthermore, for each age group over 25 the number of recipients in the Netherlands is about two to three times higher than abroad.

Dutch, Swedish and German rates also contain people receiving a partial benefit. Prevalence rates of full disability benefit recipients somewhat change the picture: Belgium (still) 54 disabled per 1.000 insured, Germany: 58, Sweden: 57, the Netherlands: 78. Consequently, the number of people receiving a full disability benefit (per 1000 insured) is at a similar level in the other countries, whereas the Dutch rates exceed by about 38%.

The stock of recipients is affected both by the number of those entering and those leaving the scheme. Rates of new recipients demonstrate that considerably more young people enter the Dutch disability scheme: up to the age of 45 the number of entrants is 2-4 times as high as that in other countries. The ‘age factor’ is also illustrated in the (estimated) average age of new recipients: in the Netherlands: 42 years (males: 45, females: 40), Belgium: 43 (45, 42), Sweden: 50 (50, 49) and in Germany: 52 (53, 51). Figures on the number of people leaving the benefit programme (‘completions’) indicate that the Netherlands shows a pattern which does not deviate from Belgian levels (whereas German rates are considerably lower, due to the high age of those entering the German scheme).

**4. Diagnosis of Problems and Basic Reform Principles**

The first reforms in the Dutch disability benefit programme were introduced in 1987 as a result of severe public and political criticism. These reforms concerned a shift in disability criteria (disregarding the labour market chances of the claimant) and a reduction of the maximum benefit level (from 80% to 70% of the wages). The impact of the latter measure was ‘neutralized’ in collective

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labour agreements: they held on to a topping up of the full disability benefit to 100% for the first year(s) of receipt. These changes did not sufficiently affect the number of disability benefit recipients, so various reforms had to be carried through in the following years. We take the year 1990 as a starting point for our analysis. In that year an agreement was reached between employers’ organizations, trade unions and the government to combat high sickness absence and disability rates.

In 1992 an investigation was conducted by parliament to assess the efficiency and efficacy of the social security system, particularly the sickness and disability programmes. It was concluded that in the eighties the government gave a higher priority to the reduction of unemployment than to the control of social security expenditures. Moreover, the boards of the social security administration, consisting of employers’ and employees’ representatives, had deliberately used the disability scheme as an early retirement provision for employees with reduced health and productivity. Furthermore, the social security agencies showed themselves to be more concerned about correct and timely payment of benefits than about prevention and return to work measures or the growth of expenditures.

After the parliamentary hearings and surveys several bills were sent to the social partners for advice and evoked discussions at great length in consultative bodies and in public debates. With more or less drastic adaptations they were passed and implemented by parliament. These reforms did not only relate to the arrangements and their administration. Basic ideologies and leading principles in social security policy also were revised. They mainly aimed at shifting responsibilities and powers of the six categories of actors involved: employers, employees, social security agencies, occupational health services, providers of rehabilitation and job search services and private insurance companies.

Originally, two principles governed the changes introduced in the disability benefit programme and its administration. The first aim was to restrict expenditures of both the sickness and the disability benefit programmes. Whenever a change did not lead to sufficient cost reductions the aim of this change was stressed as a starting point for new reforms. The measures taken not only concerned the increase of financial incentives to employers, e.g. by introducing self insurance options, experience rating in contributions or penalties. Insured employees also faced financial consequences, e.g. by reducing benefit levels, or making the duration of benefit payment age dependent. Finally, reforms in the operation of the programme were introduced, e.g. by introducing periodical reassessment of beneficiaries.

The second aim of reforms was to prevent withdrawal from the labour market and to increase participation in gainful employment. For many years the income replacement goal of social security had been stressed, whereas prevention and rehabilitation aims had received low priority. The measures taken to strengthen the employment perspective mainly aimed at employers and administrators: reintegration provisions were extended, procedures should be more flexible and efficient, and benefit traps were removed (to stimulate employers to re-employ partly disabled persons).

There was a growing awareness that measures to reach these aims might evoke undesired (side) effects. Efforts to prevent such consequences may be illustrated by the restriction of pre-employment medical examinations. Employers might react to the risk of higher costs due to sickness and disability by applying a stricter selection to new employees. In order to prevent such health focused personnel selection strategies, medical examinations of job applicants were relaxed.

The third aim of reforms was to reduce costs and improve the quality of administration. After a radical change in the political coalition, and considering the slight impact of the reform process market elements have been introduced. Competition between social security agencies, between occupational health services and – finally – between reintegration service providers should increase
the efficiency of benefit administrations, prevent disability and reintegrate long-term sick and disabled persons.

During the last five years ‘privatization and competition’ have become the leading principles in the organisation of the benefit programmes, the provision of occupational health care and reintegration services. This year, however, the government decided to abolish these principles with respect to the benefit administration: the existing — still competitive — social security agencies will be integrated into one large public executive service, governed by the State. One of the main reasons for relying on public administration is that politicians doubted whether privately run benefit providers would make fair and objective disability evaluations. Whereas in another country disability assessment tasks have recently been outsourced (the United Kingdom), in the Netherlands this element of programme operation is considered critical for success of reforms so that the entire administration will come into the hands of the national government.

5. A HISTORICAL OVERVIEW OF REFORM MEASURES

The previous section was devoted to the policy goals governing reforms. Now we will sketch in greater detail the measures subsequently introduced, by classifying them on the basis of the main actor they focus on. The employers, employees/the insured and the social security agency that operates the scheme are generally considered the major responsible persons or institutions that are the target of reforms. Table 3 gives an overview of major changes in the disability scheme, starting with the first reform (1987).
<table>
<thead>
<tr>
<th>Year</th>
<th>Law</th>
<th>Employer</th>
<th>Employee/Insured</th>
<th>Programme/Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>System Revision (Stelselherziening)</td>
<td></td>
<td></td>
<td>Exclusion of unemployment risk in evaluation of partly disabled claimants</td>
</tr>
<tr>
<td></td>
<td>Reduction of benefit levels (from 80 -&gt; 70% in case of full disability)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td>Act on the Reduction of Disability Benefits (TAV)</td>
<td>1. Bonus/malus: reward for engaging partly disabled, fine if employee becomes disabled</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Sanctions if no cooperation with social security to provide suitable work</td>
<td></td>
<td>1. Social security agencies receive more budget for training of disabled people</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2. In case of training: postponement of disability assessment</td>
</tr>
<tr>
<td>1993</td>
<td>Disablement Benefit Claims Reduction Act (TBA)</td>
<td></td>
<td></td>
<td>1. Evaluation: more emphasis on objective medical criteria</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2. Evaluation in light of generally acceptable work (instead of: former job, education)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>3. Regular reassessment of disability</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4. Re-examination of benefit recipients aged under 50 years</td>
</tr>
<tr>
<td>1996</td>
<td>Act Abolition of ‘Malus’ and Improvement of Reintegration (AMBER)</td>
<td>1. Abolition of fine (cf. 1992, TAV)</td>
<td>Better provisions and benefit guarantees for disabled persons resuming work (including ‘work trial period’)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. More financial provisions for (re-) employment of partly disabled persons</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>Act on Differentiation in Contributions and Market Competition in Disability arrangements (PEMBA)</td>
<td>1. Contributions: depend on number of new disabled (experience rating)</td>
<td></td>
<td>1. Monitoring of employers return to work policies and imposing fines (if employer fails to try and retain the employee)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Option: self-insurance or opting out for first 5 years of disability payment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>Act on Reintegration of Handicapped Persons into the Labour market (REA)</td>
<td>New subsidies, reduced social security contributions in case of re-employment of disabled persons</td>
<td>Increased provisions for return to work and retention of the disabled, experiments with voucher programme</td>
<td>More transparency and flexibility in tools to support employer and employee in reintegration efforts</td>
</tr>
</tbody>
</table>
As Table 3 shows some laws mainly regarded measures focussing on employers (e.g. TAV, 1992, PEMBA, 1998), others mainly focussed on employees/the insured (e.g. Stelselherziening 1987, TBA, 1993), and some regarded both employers and employees/the disabled (e.g. REA). Furthermore, it is obvious that the social security agencies administering the schemes have faced a period of many changes. In all reforms those who carried out the disability programme were confronted with - almost constantly - changing regulations, responsibilities, tasks, guidelines and budgets.

It is also shown that the Dutch government may quite readily repeal a law if it appears to be ineffective. The first step to increase employer awareness and responsibility was the introduction of a bonus-malus principle (1992). This was to impose a fine on the employer if an employee became disabled and had not been provided with suitable work in the firm. Employers' complaints concerned the payment of a fine for cases in which disability had nothing to do with the job. Four years after its implementation the law was repealed due to vehement protests by the employers (and administrative complexities). Since then, similar but more feasible measures have been taken to stimulate the employer to create a situation in which as few employees as possible become disabled.

As regards employees, this Table finally shows that the measures taken initially concerned restrictions in levels and the duration of benefit payments. Later, the measures focused on steps aiming at the prevention of disability claims by providing more and better rehabilitation and employment services and provisions.

6. IMPACT OF REFORMS I: SOME ELEMENTARY FIGURES ON RECIPIENTS

The outcome of several reforms can hardly be identified separately. Available statistics allow an insight into some continuities and trends, such as influx and outflow of the benefit scheme, outcomes of the introduction of re-examinations and the growth of decline in expenditures. Furthermore, surveys (in employers, clients/recipients, administrators) also give some insight into constant and changing aspects of benefit utilization and labour market participation. After presenting some key figures we will discuss some of the findings from these sources in relationship to the main actor involved.

Core figures on the disability benefit programme (WAO) for employees (without civil servants) show:

a. the number of disability benefit recipients was at its top in 1993 (758 800) decreased to 691 800 (1996) and was 744 100 at the end of 1999;

b. the annual number of new recipients was highest in 1991 (103 300), subsequently the numbers decreased to 64 000 (1995) and are rising again (1999: 91 500);

c. the annual number of completions of disability benefit payment rose from 82 000 (1992) to 95 200 (1995) and fluctuated in later years (1999: 72 100).

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6 These figures only regard the original population (employed persons) and does not include figures from the two new benefit schemes for early handicapped and self-employed, or the civil servants who since 1998 are covered by the benefit programme for employees. Source: LISV, Kroniek van de sociale verzekerings, 1999, Amsterdam, 1999.
Summarizing our figures it can be noted: in 1998 the number of recipients per 100 insured was 9.8% (1992: 11.2%). The number of new recipients per 100 insured was 1.8 (1992: 1.6) whereas per 100 recipients 10.3 persons left the benefit scheme (1992: 9.0).

7. IMPACT OF REFORMS II: EMPLOYERS’ POLICIES

The increase of the financial burden of disability, the law on the restriction of pre-employment medical examinations and the introduction of the new Law on Reintegration have evoked various reactions.

Mid 1999 about 5% of the employers indicated to have opted out of the public scheme. For up to 5 years they will themselves pay benefits to employees who have become fully or partly disabled. Furthermore, 18% of the employers ‘bought’ an insurance policy against the risk of severe fluctuations in employers’ contribution rates (which are directly related to the number of employees who were eligible for disability benefits in the previous year). In the category of large firms (> 100 employees) this insurance tendency is almost absent (1%).

In order to prevent a strict health related personnel selection, the application of pre-employment medical examinations had been restricted. Figures from a representative employers survey indicated some effects. Whereas in 1997 about 36% of the employers reported to ask for a medical examination when engaging new personnel, this requirement dropped to 17% after the the new regulations came into force. Last year only 10% of all employers actually made use of medical examinations when selecting new employees. In 1995 and 1996 18% still applied this instrument. This change in personnel selection procedures, however, should be interpreted with some caution: a recent study on personnel selection policies showed a growth in health selection practices, as more employers now ask health related questions during the application interview.

Relatively new is the Law on Reintegration. One year after its implementation about 45% of the employers said to be ‘superficially’ or ‘well’ informed about this new set of regulation on return to work measures and provisions. But one year after its implementation only 8% of the employers have made use of one of the provisions provided by the law. Employment of persons with disabilities further showed to have a positive effect on the employers knowledge and attitude. It may be concluded that health related selection processes have not been reduced substantially, and rehabilitation and reintegration provisions still are under-utilized.

8. IMPACT OF REFORMS III: INSURED, DISABLED PERSONS AND LABOUR MARKET

For employees and person on disability benefit the present situation differs in several aspects from the situation some years ago. The level of income replacement in case of disability is, after an initial period, less favourable as benefits levels are lower than in the initial stage of disability.

Furthermore, it can be noted that the labour market participation of (partly) disabled people still is very low, and measures to increase return to employment show low success rates. From those receiving a full or partial disability benefit only 22% have a job. Moreover, 30% of the partly disabled who do not work think that if they had the opportunity they could work for at least some hours a day. The goal set by the government that 5% of the work force should consist of persons with disabilities now also include figures for civil servants, self employed and early handicapped persons.


disabilities has not been fulfilled yet. Preliminary outcomes of new strategies to increase return to the labour market show limited success rates: in an ongoing experiment with vouchers for disabled persons (to 'buy' their rehabilitation measures or to start self-employment) various implementation problems restrict the success of this new provision.\footnote{11} A specific measure regarded the 'stock' of disability benefit recipients: those aged under 50 had to be re—examined in the light of the new disability criteria. The outcomes of re-examinations in the period 1994 – 1997 showed that for 28% of the beneficiaries re-examined the disability benefit has been reduced or stopped. The aim that this reduction also would increase the number of persons that started working or that increased their number of working hours was only partly fulfilled.\footnote{12}

Finally it can be noted that the increase of prevention at the work place seems to have increased. Employees surveys showed that since the introduction of compulsory provision of Occupational Health Services the interest of employers in improving working conditions has increased.

9. IMPACT OF REFORMS IV: SOCIAL SECURITY ADMINISTRATIONS

In present regulations the benefit agency should make a re-examination at one year and at five years after entering the benefit arrangement. The social security agency for civil service and education has evaluated the effect of these re-examinations over 1999. In the re-examination after one year 24% of the beneficiaries faced a decrease in degree of disability (and benefit); for 7% the disability class was to be increased. First outcomes from the 'fifth year evaluations' showed less change: only for 10% and 6% the class of disability decreased and increased, respectively. Apart from these fixed term re-examinations there is also a possibility for the agency and for the beneficiary himself to ask for a re-evaluation. In 1999 this led to an increased disability benefit for 36% and a decreased benefit for 15% of the cases.

Re-examination is just one new element that was introduced in the work of the benefit providing agencies. A considerable number of new and strict guidelines have been added, directed at uniformity and objectivity in the application of disability standards. Alas, a lack of professionals (social security physicians, vocational experts) who have to assess the claims puts pressure on the assessment as regards time and quality. Furthermore, uncertainties about reforms in the transition from private organizations to a public service also have had a negative influence on the quality.

Apart from disability assessments social security agencies would like to spend more time and budget on monitoring the implementation of reintegration activities by employers. Also a meeting with the occupational physician and employer of an insured for early exploration of work resumption opportunities could be useful to prevent disability. In this way it is believed the 'large flow' of money (benefits paid) could be reduced when the 'minor flow' of money (budget administration costs) could be used. For a long time these preventive measures were financially frustrated since there was a strong political pressure to limit implementation costs. As the number of disabled has recently increased more money has indeed been made available for this end.

\footnote{12} LISV, Onderzoek naar de effecten van de eenmalige herbeoordelingsoperatie AAW/WAO 1994-1997, Amsterdam, december 1999.
10. SOME INTERIM CONCLUSIONS

From the comparisons presented above it appears that the Netherlands have relatively more disabled people than other countries and that implementation of new policies still are ongoing. The Dutch scheme – which does not provide a pension but a benefit - shows to have comparatively less entry barriers (no minimum qualifying period, low minimum degree of disability required). Moreover, until some years ago, receipt of a - relatively favourable - benefit was a almost permanent status, due to the lack of re-examinations. For a long time the disability arrangement has been used as a implicitly accepted alternative to unemployment or social assistance benefit. Consequently, when comparing disability rates cross-nationally it should be realized that the Dutch scheme comprises categories of recipients, which in other countries would have an unemployment status.

A vast amount of measures has been taken to restrict the influx and to encourage the outflow, though, so far, with limited success. Moreover it should be noted that other changes in society, or labour market (e.g. low unemployment rates, increasing lack of qualified personnel) also affect the outcomes of changes. The numbers of people seeking access to the disability benefit scheme are rising again, which mainly can be explained by economic growth, reduced unemployment rates, growing labour force and, consequently, an increase of the population of insured.

Whereas the research programmes to evaluate the implementation and impact of reforms still are ongoing - on an interim basis – we draw some conclusions. We will focus on measures related to social security agencies, although other actors also will be considered.

First, prevention of disability (claims) requires early intervention by qualified staff in the pre-disability stage (e.g. the sickness benefit payment period). In the Netherlands at the moment vocational experts are not called in to initiate and monitor work resumption, until the disability claim evaluation is at hand (after about one year of work incapacity). The first year of work incapacity has been ‘medicalized’ and occupational health services often lack expertise and budget for reintegration services. A first step to stimulate and facilitate early intervention has been made by allowing social security agencies to provide subsidies for (partial) reimbursement of costs of back training and stress prevention training programmes, which may be provided after three months of work incapacity.

Second, options for work resumption at the ‘old’ employer should be exhausted. In the Netherlands of all partly disabled people who return to work 80% resume work with their former employer. This especially concerns resumption of work in small companies. Here the social ties between the employer and the employee who has become disabled seem to be strongest.

Third, no reintegration without training. Leaving the benefit roles is not the same as re-employment. Moderate work resumption rates in those leaving the disability benefit scheme (after re-examination) illustrate that (former) recipients often have poor labour market characteristics. Without additional measures they have scant opportunities of returning to work, due to low schooling levels, relatively poor health, a high age and a long period of disablement and unemployment. Training is the core measure to prevent that leaving the disability benefit roles only means a change of ‘lable’, when clients subsequently have to rely on unemployment or social assistance benefits.

Fourth, disability not automatically is a permanent status. In those systems where disability is not considered (and treated) as a pension ground, at the moment of first disability assessment the medical and functional condition of the claimant is not always stable yet. Provision of temporary disability benefits and re-assessment can be used to stimulate recovery and job search behaviour, and to re-evaluate the disability level at an appropriate moment, when there is a situation of medical stability. This may imply that the claimant also faces variation in benefit levels.
Finally, some underestimated aspects of social security programme change also could be noted in the Netherlands. For instance, social security agencies will need information, commitment, motivation, expertise, staff, tools and budget to implement the new regulations. When time and funds are lacking to adapt these conditions in-built sources of failure are created. Furthermore, actors which receive new tasks and responsibilities may not be able to fulfill them, due to conditions set by counteracting policy aims. E.g. the safety and health service had to take the place of the social security agency in order to counsel employers and employees to retain employment and to prevent entering the disability arrangement. This has not been done sufficiently yet, since these services are too often focussed on working conditions and their medical aspects, and too little on reintegration. Moreover “strangling contracts” between employer and occupational health service, induced through the competition between occupational health care providers, have been accepted by these services. These market elements restricted the development and provision of rehabilitation expertise and services.

Dutch experiences so far showed that the introduction of many reforms in a short period often require additional legislation and regulation (including the risk of abolishment of a relatively fresh law), e.g. adaptation of subsidy rules, development of accreditation procedures or new supervision structures. Despite the complexity of identifying the impact and consequences of a multitude of reforms, it is to be expected that ongoing social policy studies will continue to contribute to a better insight into the impact and conditions of programme and organizational reforms.