issa INTERNATIONAL SOCIAL SECURITY ASSOCIATION

Social Policy Highlight 22



Return-to-work programmes: Supporting health and employability

Social security is faced with an important change in the nature of disability. Policies must address the increased incidence of claims on grounds of mental health and at the same time support improvements in the health and employability of the inactive working-age population. Vocational rehabilitation and reintegration programmes that help empower individuals have shown themselves to be effective approaches. As one important dimension of this, in many countries growing emphasis is being accorded to return-to-work (RTW) programmes targeted specifically at disability benefit recipients.
In developed economies in particular, where the finances of many social security programmes are challenged by growing health-care and pension costs associated with demographic ageing as well as by high unemployment and disability benefit numbers, RTW measures are expected to help meet demands for improved cost containment and ensure the longer-term financial health of social security systems. This *Highlight* reports on the developing policy shift in favour of greater investment in rehabilitation and reintegration while drawing attention to the challenges and opportunities this brings about for social security organizations.

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High costs and the changing nature of disability benefits

The World Health Organization (WHO) defines disability as an umbrella term, covering impairments, activity limitations, and participation restrictions. The WHO also recognizes that disability is a complex phenomenon, reflecting an interaction between features of a person's body and features of the society in which he or she lives. Ensuring fair and equitable treatment for people with disabilities is increasingly seen as a human rights issue and social security can play a significant role in ensuring objectives are met.

This issue

- Introduces the role of return-to-work (RTW) programmes in the management of disability benefit claims
- Discusses disability-related costs and the likely cost-benefit of RTW programmes
- Suggests that earlier intervention and coordinated action are essential to the success of RTW programmes
- Underlines the employment challenges facing workers with disabilities

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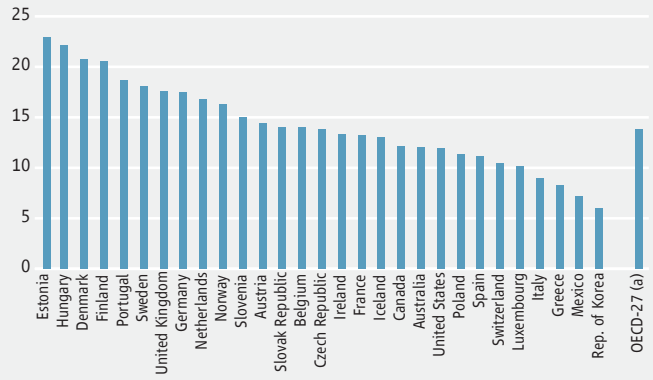
The provision of benefits to people with a disability represents an increasing challenge for social security (see Figure 1). Sickness and disability benefits represent a high proportion of total social security expenditures. According to the OECD (2009), the combined cost of these programmes for OECD countries typically equates to around 2 per cent of GDP, and for some it is closer to 5 per cent of GDP – often higher than the cost of unemployment benefits. On average, disability programmes alone account for around 10 per cent of all public social expenditure in the OECD. Under half of people with a disability are working, and almost one in four live in poverty. Therefore, policies to manage these programmes efficiently and effectively are an important contribution to wider efforts to respond to the financial challenges facing many social security systems and national public budgets.

Figure 1. Self-assessed disability prevalence, as a percentage of the population aged 20-64, late 2000s (selected OECD countries)

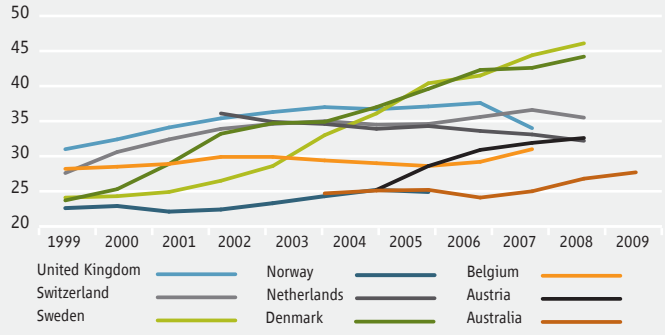


Note: (a) OECD-27 is an unweighted average for 27 countries. Estonia and Slovenia are not included in the OECD average.

Source: OECD Sickness and Disability Database, <http://www.oecd.org/document/20/0,3746,en_2649_33933_38887124_1_1_1_1,00.html#data>

However, the nature of disability is also changing. Traditionally, a high number of sickness and disability benefit claims were related to cardiovascular and musculoskeletal problems. An increasing proportion of new disability claims are due to mental health problems, with a growth in new claims in particular from young people and women (see Figure 2). Chronic diseases are another major cause of disability, and an increase in diabetes, cardiovascular diseases, cancer and respiratory illnesses can be observed in all regions of the world.

Figure 2. New disability benefit claims for mental disorders as a share of all new claims (selected OECD countries) (in % of total claims)



Source: OECD Sickness and Disability Database, <http://www.oecd.org/document/20/0,3746,en_2649_33933_38887124_1_1_1_1,00.html#data>

This change in the nature of disability benefits therefore poses new challenges for social security programmes, not least for the design of appropriate and effective rehabilitation and reinsertion programmes.

There is evidence that a contributing factor to the increase in the cost of programmes in the past was the lax application of qualifying conditions for disability benefits, not least as a means to artificially reduce high unemployment rates. It has since proven difficult to reintegrate many of these beneficiaries into the labour force.

Ultimately, high levels of expenditure on disability benefits may threaten the financial sustainability of social security programmes, possibly leading to benefit reductions for those who are most vulnerable. In the long run, addressing this financial challenge may require facilitating, on a case-by-case basis, the introduction of vocational and medical rehabilitation and reintegration policies with the aim of supporting greater workforce participation by individuals with chronic health problems or an assessed disability.

The pace at which social security organizations have moved toward introducing vocational and medical rehabilitation and reintegration policies has varied, often because of the short-term start-up costs related to building RTW capacities or the political challenges of implementing reform. However, the longer-term financial cost to social security systems of not supporting such measures – i.e. higher benefits expenditure and lower contribution revenue – suggests that the use of active labour market-oriented policy measures is likely to increase. No less important is the failure to support the rehabilitation and reintegration of workers – as this may represent a missed opportunity in efforts to meet the growing challenge of skill shortages in certain sectors, especially in countries with ageing populations. Pursuing higher levels of reintegration should also stimulate consumption and produce higher levels of tax revenue, thus making these policy measures attractive from the fiscal, economic as well as the employment perspective.

Key figures on disability

- It is estimated that 15 per cent of the world's population live with a disability.
- Individuals with an assessed disability are more likely to be unemployed than the general population and are at greater risk of living in poverty.
- Around 6 per cent of the working age population receive a disability benefit; a figure that amounts to nearly 10 per cent in some countries.
- From 30 to 50 per cent of all new disability benefit claims in OECD countries are linked to mental health problems.
- On average, developed economies spend more than twice as much on disability and RTW programmes as they do on unemployment benefit programmes.

In addition, there are a number of benefits for the individual arising from a return to work. In their 2006 report for the Department of Work and Pensions in the United Kingdom, Burton and Waddell conclude that work is generally good for physical and mental health and well-being. Not only does work allow individuals to secure adequate economic resources to improve their well-being, it also meets important psychosocial needs and is central to individual identity and social status. Getting work can reverse the adverse health effects of unemployment not only for healthy people of working age but also for people with disabilities.

Developments in disability management

The last two decades have seen significant changes: no longer is it universally accepted that cash benefits for an assessed disability be awarded, with little – or no – expectation that beneficiaries would ever be helped to return to the labour market. Expectations about the roles that disabled people can play in society have evolved too. The tendency now is to focus positively on the remaining assessed capacity of disabled persons to work, rather than to only evaluate the extent of the incapacity.

As a consequence, many social security systems have modernized the design and administration of disability benefit programmes, with an increasing emphasis on a client-centred case-work approach to support the medical and vocational rehabilitation, employability and empowerment of disability beneficiaries.

Today's challenge is to accommodate the increasing number of people with disabilities in the working age population. Return-to-work programmes such as the Malaysian example (see Box) are therefore surfacing with the aim to support individuals with an assessed disability to eventually re-enter the labour market.

Recent trends show that policy measures in some countries, such as the Netherlands and Sweden, have gone a step further, with the focus placed more broadly on reducing the incidence and duration of sickness-related absences. This is because between 50 and 90 per cent of those who receive sickness benefits in OECD countries end up receiving longer-term disability benefits.

Country experience shows that reintegration into the labour market is possible but that success varies considerably by country. Employment rates of people with disabilities are on average around 40 per cent lower than for the rest of the population and unemployment rates are typically double.

It is widely recognized that to be more effective social security systems must intervene at the earliest stage possible: the longer a person is away from work, the harder it is to reintegrate them and the higher the probability that the person will become a recipient of long-term benefits.

Another factor supporting earlier intervention is the increasing incidence of non-communicable diseases, which lead typically to longer-term absence from work.

Malaysia's RTW programme

Since its launch in 2007, the RTW programme of Malaysia's Social Security Organization (SOCSO) has assisted insured members suffering from employment-related injuries and those claiming an invalidity pension to return to employment using a disability case management approach. The programme covers treatment, rehabilitation, orthotics and prosthetics, workplace modifications, vocational retraining and job placements. Out of 4,256 workers that participated in the programme up to 2010, around three quarters were able to return to work, with the remainder either seeking employment or still part of a rehabilitation programme. Although SOCSO continues to operate on a claims-management basis, it intends to move fully to a disability case-management system, which also covers prevention, rehabilitation and compensation issues in order to better focus on inclusion and integration.
SOCSO developed their system in collaboration with the German Social Accident Insurance (DGUV) and the International Disability Management Standards Council.

Further, assessing the residual work capacity of an individual is no longer determined on the basis of a medical decision alone, but involves a more holistic assessment of the individual's employment qualifications and social situation. Such a holistic approach demands that social security systems develop the institutional capacities and professional competencies to intervene on different levels in support of individuals.

Preventing disability: Intervention at three levels

The objective of the first level of intervention is to prevent a person from being injured and consequently having to leave the workforce in the first place by means of systematic safety and health management, based on a risk assessment of the working environment. Insurance against occupational accidents and diseases may positively influence the workplace by setting up an incentive system for employers, providing and promoting prevention advice to workers, and conducting inspections with a view to reducing the risk of accidents or ill health. Tailored programmes may be developed for particularly vulnerable groups, such as young or senior workers, or those at risk of long-term unemployment and exclusion.

At the second level, interventions focused on risk groups and individuals can also be used, including health promotion, regular health screening, skills development and job training. Collaboration between different branches of social security, in particular health insurance, insurance against occupational accidents and diseases and employment services have been shown to be particularly beneficial.

At the third level, if a worker has become unemployed, injured, sick or disabled, proactive measures in support of health and employability may be applied, based on systematic RTW programmes, again involving the above-mentioned branches of social security as key players.

From know-how to show-how: Reinforcing return-to-work actions

Where appropriate, these measures aim to support reinsertion and help prevent a longer-term absence from the labour market. The main elements of disability management are generally effective case management, education of supervisors, workplace accommodation, and an early return to work with appropriate supports. However, this third level remains relatively underdeveloped in many countries. Most countries spend no more than 0.1 to 0.2 per cent of GDP on rehabilitation measures.

Organizations that have established disability management programmes have improved the rates of return to work. Their success is based on various factors:

- The challenge to successfully treat, rehabilitate and bring a worker back to work demands a high degree of cooperation and partnership among all stakeholders. Stakeholders may include the worker, his or her employer, the social partners and social security organizations (e.g. those responsible for health insurance, old age/invalidity pensions, unemployment insurance and insurance against occupational accidents and diseases).
- In this partnership, early intervention is the key to success, but only as long as all actors involved in improving the health and employability of the sick, injured, disabled or unemployed person work together in a coherent and integrated manner. These institutional and administrative challenges have led some countries (e.g. Norway and the United Kingdom) to create a new "one-stop-shop" agency to cater to the diverse needs of beneficiaries.
- Coverage under RTW programmes can be increased if the common barrier of having to apply to take part in such a programme is removed.
- Other key ingredients for success include the identification of tailored rehabilitation measures, individual assessments and offers of support to aid reintegration into the workplace. Trained case managers and RTW managers that help beneficiaries set their own targets and objectives with respect to their partial work capacity are also important. Some countries like Germany, the Netherlands and Norway have adopted time-limited disability benefit programmes to increase employment for disabled and younger disabled people in particular (Mitra, 2009).

Through the rehabilitation process, "dis-ability" is changed into "re-ability" to work. For the person itself, this might entail acquiring new qualifications to seek a new job; for the employer it might mean providing a disability-friendly working environment.

The benefits of RTW programmes

The benefits of RTW programmes are multiple. In addition to facilitating the rehabilitation process and bringing the beneficiary back to work, a further stated objective of many RTW programmes is to promote increased individual self-empowerment (often underpinned by anti-discrimination legislation) while reducing or eliminating the negative effects of long-term dependency.

Outflow from disability benefits

- Currently the outflow from disability benefit is around or even below 1 per cent of those receiving benefits.
- Countries adopting active rehabilitation and RTW policies have achieved higher outflow rates. In the Netherlands, a full review of entitlements of all recipients under age 45 over the past few years has led to an increase in outflow rates rise to as much as 5 per cent. Sweden has also achieved increases in outflow rates.
- Outflow data for Sweden suggest that around one-third of those who leave disability benefit move into work, one in four into unemployment and one in six onto either another benefit or into full-time education.

Employers that participate in RTW programmes can help control the cost of benefits paid while retaining valuable qualified employees. During the RTW process, employers and case workers should work together to more fully understand and anticipate difficulties that may be encountered in the workplace by beneficiaries during the period of transition back to work.

Social security organizations also gain: they fulfil their mandate of providing necessary social protection, including helping persons of working age to reintegrate, and better control the allocation of benefit payments under work injury schemes, early retirement or invalidity pensions, and health insurance.

RTW on the rise

Globally, as populations get older and shortages of skilled workers in certain sectors emerge, keeping older workers – including those with a disability – in productive activity for longer may become essential to support national economic growth. In this regard, the leitmotif of "rehabilitation before retirement" or "work before pensions" will become increasingly important. In many developing countries where the disabled are seldom covered adequately by social security protection and where "retirement" may not be an option, efforts are focused more on facilitating self-employment.

Conclusions

The trend toward making greater use of RTW programmes looks set to be reinforced as structural challenges related to demographic ageing, labour market imbalances incl. skills shortage and an increasing financial burden on employers, social security systems and governments are evolving. At the same time, an increasing number of persons are at risk of social exclusion and poverty due to long-term unemployment, sickness and disability, with a dramatic increase in mental health problems especially among young people.

Faced with such complex challenges, major reforms are introducing a radical conceptual shift as they promote capacity instead of incapacity and work over pension. The beneficial impact of work on the health and well-being of people has finally been recognised and is leading to a much better understanding of its importance even if a person is faced with temporary or permanent reductions in work capacity due to illness, injury or disability.

While the importance of early intervention is evident, there are still many barriers to overcome as regards attitudes amongst employers, the medical profession and social security institutions. New collaborative structures have to be established between the different actors, and medical and vocational rehabilitation capacities have to be built, based on systematic case or disability management methodologies. The important roles of building public awareness and shaping new, positive attitudes in society have to be coupled with incentives and support, in particular for employers.

Based on its vision of dynamic social security, the International Social Security Association and its global membership are focusing on proactive and preventive social security measures, especially those promoting employability and health, such as RTW. To further promote good practice in the design and delivery of RTW programmes, the ISSA is working in close collaboration with member organizations and partners such as Rehabilitation International (RI) and the International Disability Management Standards Council (IDMSC), and is in the process of developing RTW guidelines for social security organizations.

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The **International Social Security Association (ISSA)** is the world's leading international organization bringing together national social security administrations and agencies. The ISSA provides information, research, expert advice and platforms for members to build and promote dynamic social security systems and policy worldwide.

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