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Abstract

This report examines the issue of fraud, abuse and misuse of disability benefit programmes in seventeen member countries. While several of the countries view their disability programmes as vulnerable to fraud and abuse, and have taken steps to address this, most do not consider this to be a significant problem, although all are at least potentially at risk. The non-reporting of employment income is the area of greatest concern. Most jurisdictions have identified a need for both prevention and enforcement measures, although they have taken different approaches to these, reflecting the varying degrees of importance they attach to the issue. Misuse of disability programmes is not considered a major problem in any of the countries.

The report also reviews new developments in the administration of disability programmes in the seventeen countries. Many of these changes are in response to rapid programme growth, and two broad themes emerge. The first is the need to control rising costs, with a number of countries taking or contemplating steps to restrict eligibility. The second is the need to encourage beneficiaries with regained capacity to return to work, and to support them through the transition. The range of different return to work support measures currently being tried by member countries suggests that in future there should be lessons to be drawn about what works and what does not in returning beneficiaries to work. Many of the countries have also taken steps to improve adjudication and speed up their decisional processes, with a view to strengthening management and accountability and improving client service.

Background

Responding to concerns about the significant growth across industrialized countries in the number of individuals receiving public income support payments for disability in the last ten to fifteen years, the Technical Commission of the International Social Security Association (ISSA) on Old-age, Invalidity and Survivors' Insurance undertook to examine the administration of disability insurance programmes in selected member countries. The purpose of the study was not only to examine different administration models across the selected countries and to draw conclusions about the effectiveness of various design elements in ensuring quality decisions and controlling costs, but also to look at the interaction between public disability benefit programmes and other elements of the social insurance system. Each of the seventeen members approached responded to a detailed questionnaire on its disability insurance programming, and the responses were drawn on for the report "Administration of disability insurance programmes" by Ilene Zeitzer, presented at the ISSA Conference "Towards sustainable social security systems" held in Limassol, Cyprus in November 2003. The jurisdictions responding to the questionnaire were: Australia, Brazil, Canada, Denmark,

Finland, France, Germany, Israel, the Netherlands, New Zealand, the Philippines, the Province of Quebec, Slovenia, Sweden, Tunisia, the United Kingdom, and the United States.

In the discussion of the paper at the conference, member countries evinced a considerable interest in exploring further some of the issues raised in the Zeitzer report. Two issues in particular were highlighted: the issue of fraud, abuse and misuse of disability insurance programmes and the issue of assisting and encouraging beneficiaries to return to paid employment. It was also noted that a number of the questionnaires had provided information about recent and proposed improvements to their decisional and adjudication processes, but that space constraints in the Zeitzer report had not permitted these to be explored in any depth. It was therefore agreed that a follow-up report should be prepared, drawing on the original questionnaires but also on reports and information provided by member countries.

This report is based on the original questionnaires, but also draws on other information from member countries. The first part of the paper examines the issues of fraud, abuse and misuse, identifying the measures taken in member countries to address these issues, while Part 2 identifies recent and proposed administrative improvements highlighted in the questionnaire responses.

1. Fraud, abuse and misuse of disability programmes

In the context of this report, fraud is defined as illegal efforts to obtain benefits by non-eligible individuals, with potential legal consequences such as fines or imprisonment if they are caught. Abuse refers to individuals whose eligibility is questionable seeking to obtain disability benefits, and to those who no longer qualify for benefits failing to take the appropriate steps to report the change in their eligibility status.

Misuse in the context of this paper is the term used for the inappropriate use of the disability insurance programme as a substitute for other possibly non-existent or more stringently managed social insurance benefits. In this connection, it is important to note that the use of this term is not meant to imply that individuals accessing disability programmes do not have genuine disabilities that may affect their capacity to work. What the questionnaires attempt to ascertain, and this paper to explore, is whether the design of individual disability programmes has either permitted or encouraged individuals with lower levels of disability to withdraw from the labour force in favour of disability benefits. To the extent that this may be perceived to be a problem in any system, the answer may lie more in improved supports to help individuals return to or retain work, than in anti-fraud or – abuse measures. Clearly, for those systems where this substitution is a deliberate element of programme design, it does not constitute misuse.

The issue of fraud was viewed as a problem in only a few of the seventeen countries. Given the design of most disability insurance systems, fraud can result either from deliberate

misrepresentation by the individual of the facts (medical or other) that it is necessary to prove in order to establish or maintain eligibility for benefits, or from fraudulent representations from a medical professional who provides evidence in support of the claim. Only one country, the Philippines, identified any issues relating to outright fraud by the individual, and it has addressed the issue of claimant substitution through the use of digitized identity documents. While not identifying any concerns with claimant substitution, Australia has put in place proof of identity procedures to reduce cases of fraud and abuse. The Philippines also noted an issue with false documents, and has taken steps to verify documents through its medical fieldwork services as well as by verifying the attending physician's name and license number. None of the responding countries identified any issues or concerns with false representations from medical professionals.

Nevertheless, given the design of most countries' screening processes to determine eligibility for benefits, which in most cases are exclusively paper processes, the possibility of fraudulent claims supported by false documents cannot be entirely discounted. In the Canadian programme, this theoretical risk has been identified, but has been assigned a low probability largely because of the onerous and non-specific requirements on the individual to prove medical disability to establish a benefit, and also because there are other social insurance programmes, such as unemployment insurance, which are more easily accessed with fraudulent documents. (Fraud is indeed an identified and addressed issue in the Canadian employment insurance programme.) Similarly, a high level of confidence in the integrity of the medical profession has meant that there is no formal process to verify the identity or credentials of the medical professionals providing information in support of a disability claim.

In other countries it may be that similar circumstances – the availability of more easily accessed social benefits – protect disability insurance schemes to a large extent from outright fraud involving false documents. It should be noted that the one country identifying this as an area of vulnerability – the Philippines – also noted in its response the lack of unemployment benefits. In countries with less comprehensive social insurance systems, a disability benefit programme which exists in the absence of other social benefits can be expected to attract a number of inappropriate and possibly even fraudulent applications.

A more widespread problem among the countries studied was also viewed differently by different countries. The failure to report paid work was seen as fraud by some and as abuse by others, and the programmes' responses reflected this. Disability benefits are in general either needs-related and -tested or provided on the basis of inability to work, and therefore the failure to report income from work is a problem for both types of systems. The problem of recipients of needs-tested disability benefits failing to report income is essentially the same issue as recipients on non-disability needs-tested income support failing to report income affecting their eligibility. However, the incentive to conceal income can be greater with disability income support benefits, since these benefits are often set at a higher level than non-disability benefits. For contributory, non needs-tested disability benefits, continuing eligibility

for support is usually contingent upon a continuing inability to work; in some systems the inability to work must be total to maintain benefits, while in other systems beneficiaries are allowed to retain earnings from part-time work up to a defined level, as an incentive to try to return to paid employment. Again, there is an economic incentive for beneficiaries to conceal work activity and income.

The failure to report paid work was identified as an issue in Australia, Canada, Israel, the Philippines and the Netherlands; in other countries it is likely that the anti-fraud and abuse measures in place act as a significant deterrent to this. In some cases, this paid employment is in the black market or cash economy, often associated with seasonal work, and is very difficult for the programme administration to detect. This likely represents a more conscious effort on the part of beneficiaries to defraud/abuse the benefit system as well as to avoid paying taxes. In other cases, income taxes and social security taxes are paid on the income earned, and there is therefore an official record of this paid employment. In such cases, beneficiaries are either unaware that they are transgressing the rules of the disability benefits programme, or unaware that their work activity can be tracked through other official records, or prepared to take the risk of being caught.

The approaches of the respondent countries to the issue reflect their views of both the nature of the problem and its potential severity. The United States, for example, has an active anti-fraud stance, with a zero-tolerance policy for fraud and abuse. The Social Security Administration Anti-Fraud Committee oversees the coordination and implementation of a comprehensive strategy to eliminate fraud in all its benefits, not just disability benefits. It characterizes its response as an "aggressive anti-fraud programme", under which it vigorously prosecutes individuals or groups damaging the integrity of its programmes and changes its programmes, systems and operations to respond to identified weaknesses. As part of this strategy, it also aims to maintain public confidence in the integrity of its programmes by eliminating wasteful administrative practices. As a result, the United States does not identify either fraud or abuse as an issue. This zero-tolerance approach to fraud and abuse is widely known, and significantly raises the risks of non-compliance and failure to report income for disability beneficiaries.

The Netherlands has also made combating abuse/fraud an integral part of government policy, and has focused some effort on this since the early 1990s. The disability benefit programme has its own enforcement policy, and the recently installed (2002) Directorate of Enforcement is responsible for issues relating to fraud and abuse both in the payment of benefits and the collection of contributions. The emphasis in the Netherlands is on promoting voluntary compliance as much as possible. Their philosophy of the "sequence in enforcement: prevention – verification – investigation – settlement" leads the programme to give priority to prevention. However, there is a recognition that this must be complemented by a visible enforcement mechanism, with consequences such as fines for fraud or abuse, or it will not be factored into decisions about behaviour by current and potential beneficiaries.

Some countries appear to take a more tolerant attitude to failure to report income by beneficiaries, and the issue is viewed at least in part as one of lack of understanding of programme rules. Consistent with this view, several countries preferred to label the problem as one of misuse rather than fraud. In such systems, the risks to the beneficiary of this behaviour tend to be lower than in countries with a more explicit and aggressive anti-fraud policy. In the Canadian system for example, the beneficiary is usually only required to repay the benefits in question, which are identified in the first instance as overpayments rather than fraudulently obtained benefits, and no fines can be levied. Although cases can be referred for prosecution for fraud, this is not common.

A number of countries have measures in place aimed at active prevention of abuse. These fall generally into two categories, and many countries have measures in both areas. The first is communications and public information about the programme, provided to health care professionals, social insurance providers and current and potential beneficiaries. The Netherlands, Australia, the United Kingdom and Finland all report such activities, which are intended to educate professionals and the public about the programme's function and eligibility requirements, to change public attitudes about the acceptability of abuse, and to inform the public about the consequences of fraud and non-compliance. The United Kingdom, for example, undertook a national publicity campaign aimed at changing public attitudes to social benefits fraud, and Australia recently ran a campaign with a similar aim called "Support the system that supports you".

Many of the countries surveyed had also identified the need for preventive measures around the initial screening process to discourage abuse by ensuring appropriate initial decisions. As a result, a number of countries have measures aimed at the programme administrators themselves, taking the form of specific training, quality control and internal control activities. Israel, Brazil, Sweden, the United Kingdom, the Philippines, Australia, and Canada and Finland all have such measures integral to their systems. Australia, for example, has a wide range of controls, procedures and systems to identify fraud/abuse quickly, including data matching programmes, risk profiling and entitlement reviews. Canada also routinely matches client lists against income tax data and employment insurance record of earnings information. Brazil has taken steps to modernize information systems and train medical adjudicators, in addition to auditing accounts. Sweden cites its efforts to improve investigations before the original decision on entitlement to a benefit is taken, while Finland notes its training of personnel as a measure to address the issue. In the United Kingdom, more rigorous checking of evidence supplied by claimants in support of benefit claims has been put in place. In the United Kingdom, more rigorous checking of evidence supplied by claimants in support of benefit claims has been put in place.

In Sweden the administration installed a programme aimed at controlling for fraud, abuse and misuse within the social insurance system as a whole some years ago. The results so far show that fraud is rare in the disability insurance as well as in the sickness benefit insurance. As for

the sickness insurance, an ongoing control shows that the sickness benefits are used by a substantial number of individuals as an income support system in situations where the working life and the work place seem to be unsatisfying.

While the questionnaire did not seek to quantify the problem of fraud and abuse in respondent countries, some information on this was provided. In the United Kingdom, national and regional measurement exercises known as Benefit Reviews are undertaken periodically in order to identify the magnitude of losses from fraud/abuse. The results of the most recent national review, in 1996, of the Disability Living Allowance indicated that the losses are in the order of 1.5 per cent, while the 2000 review of the Incapacity Benefit estimated the losses at 0.5 per cent of claims. While low in percentage terms these nevertheless represent significant leakages from the system.

The questionnaire also sought to identify the extent of misuse of disability benefit programmes as a substitute for early retirement or unemployment insurance benefits, or in the absence of other more appropriate social insurance benefits. A further question asked if this was a deliberate attempt to regulate the labour market, if the answer to the first question was positive. This should not be confused with the automatic conversion of a disability benefit to a retirement benefit, which occurs in many countries at a fixed age, usually 65. (In this respect, France is unusual in that their disability pension converts to an old age pension at age 60.) In their responses to these questions, few members identified this misuse of their disability programme as an issue.

Finland, the Netherlands and Sweden all noted that misuse of disability benefits, as defined in this paper, had been a problem in the past. In the case of Finland, it had apparently been an issue up to about ten years ago. In the past in the Netherlands, employers and unions had extensive influence in the organization and administration of social security, including the disability benefit. Because of the relative generosity of the programme and the characteristics of its administration (unions and employer associations were responsible for the administration and monitoring of social insurance), individuals and corporations began to change their behaviour in response. Both had a shared interest in easy entrance to social benefits. This led over time to the disability benefit developing into an instrument for early retirement and labour market policy, contrary to its original intentions, and beneficiary levels climbed sharply. Consequently, a number of programme changes have been introduced over time with the explicit aim of addressing this problem.

In Sweden, between 1972 and 1992 the legislation contained a provision entitling those over 60 to a "free ticket" to a disability pension when employment benefits had expired, without any health test. This led to the same mechanism of anticipation or institutional reflexivity among employers as seen in the Netherlands. In agreement with local trade unions, employers increasingly resorted to this option (making older workers redundant to receive employment

benefits, with them later transferring to disability benefits), in order to release workers. In response, this provision was abolished in 1992.

Although some jurisdictions have already addressed this problem, the use of disability programmes as a substitute for early retirement continues in other countries. In Australia, individuals aged 55 and over have local labour market conditions taken into account in assessing the possibility of employment or retraining. As a result, it is easier for those aged 55 and over to obtain a benefit. A similar situation exists in the Province of Quebec, which only requires an applicant aged 60-65 to be unable to perform his or her own job to qualify for benefits. (In this the Quebec programme differs from the companion Canada Pension Plan disability programme, which covers all regions of Canada except Quebec; the Canada Pension Plan has the same requirements for all applicants regardless of age.) Germany also identified a problem with the use of their disability benefit programme as a substitute for early retirement or employment benefits. In the Philippines, as noted earlier, the problem is perceived to result from the lack of other social benefits, with individuals seeking to obtain disability benefits in the absence of other more appropriate forms of social security.

Although the past design of disability programmes in some of the countries surveyed suggests that the misuse of the programme as a substitute for other social benefits was widely seen at the time as an appropriate use, none of the respondents currently identifying such issues considers that this is the result of a deliberate policy. In each case it appears to result from some aspect of programme design, such as Quebec and Australia giving more lenient treatment to older applicants. Of interest is that neither jurisdiction appears to be satisfied with this aspect of its programme design: Quebec has indicated that this provision is currently under review, and Australia proposed to eliminate this differential treatment of older applicants in a package of reforms put forward in 2002, but not yet implemented.

2. New developments concerning the administration of disability programmes

Many of the member countries taking part in this study have recently introduced changes to their disability pension systems. These range from administrative and process changes through to fundamental changes to programme objectives and design. Other members have contemplated such changes, and have undertaken or are in the process of conducting broad reviews of their programmes, often with public consultation. In most cases these changes have come about as a result of concerns about programme efficiency and effectiveness, and in response to the social and economic costs associated with rising caseloads. There are two broad themes running through many of the recent changes: tightening eligibility criteria, especially for partial benefits, and providing greater incentives and support to encourage individuals to work rather than to stay on benefits. In addition, many jurisdictions are taking steps to improve their adjudication and decision processes.

The administrative improvements introduced cover all aspects of the adjudication process, focusing on human resources, on processes and on tools. In the first category, Brazil has implemented new training for its doctors in the work of adjudication, and Canada has taken similar steps to improve training for its adjudicators. The expectation is that this will result in higher quality and more consistent decisions, preventing unnecessary appeals but also preventing ineligible recipients from being put on benefits. Brazil has also identified an issue which undoubtedly affects many countries: that of an aging workforce, since the average age of its adjudicators is 56 and many are expected to retire within the next five years. In response, it is actively recruiting new Social Security Medical Adjudicators. The Philippines has taken similar measures, accrediting a greater number of physicians and institutions, to respond to personnel concerns.

The potential of technology as a tool to improve processing of disability applications as well as to minimize fraud and abuse has also attracted attention. The United States is well advanced in this area. Following a service delivery assessment of its processes, it has developed a new electronic business process for its disability programmes, the accelerated electronic disability system, or AeDIB. When fully implemented, this will be a paperless process. The initial application will arrive either in electronic form or in paper form to be scanned into an electronic client file. Medical reports and other documents will also be received in electronic form and the information transferred automatically into the electronic client file (or converted to electronic files, if received as paper documents). The expectation is that the new system will enable all claims processing components to electronically share information, exchange data, and manage and control workloads, resulting in faster and better decisions. At the present time, three states are involved in the piloting of AeDIB, with plans for early expansion.

Other countries such as Canada are also actively investigating the potential for on-line applications and electronic files and processing. In Canada, one of the drivers for this is the desire to speed up application processing and to improve client service. Significant delays occur in application processing while waiting for health information, and the electronic transfer of medical information through secure channels is seen as a possible solution. Even where a comprehensive electronic process is not being contemplated, some members have identified the potential of electronic technology to address problems in more focused areas. The Philippines, for example, is developing applications systems including imaging, to prevent and minimize fraud.

A number of countries have taken other steps to improve their adjudication processes and their support to clients, particularly in returning beneficiaries to paid employment. In 2001, Australia introduced a package of measures, Australians Working Together, to maximize the participation levels of all Australians, including persons with disabilities. This was an integrated package, with increased funding for education, training and rehabilitation. A new assessment regime subsequently introduced aims at a better assessment of work capacity. New

Zealand has undertaken a series of pilots on different approaches to dealing with the continuing rise in expenditures on disability-related assistance. The pilots are designed to test the results of providing support and assistance to groups not currently well served by existing services, with a view to assisting people into paid competitive employment and reducing dependence on disability benefits. While changes have not yet been introduced, Finland is considering new quality assurance procedures and measures to improve transparency of the decision process.

The need for accurate information and statistics, not only for programme administration but also to support evidence-based policy decisions about any changes to programmes, is widely recognized. Many systems have strong statistics-gathering capacities within their programme administration, while others are looking to strengthen theirs. The Philippines is modifying its application programmes in order to generate better statistics on disability; this is expected to enable streamlining and also to identify possible errors in procedure. New Zealand has undertaken a comprehensive study to gain a better understanding of the reasons for the increase in Sickness and Invalids Benefit numbers and costs.

While the principal motivation for changes to administrative processes appears to be to improve efficiency and to reduce costs, some countries have also identified a need to improve client service in specific areas. Canada is rethinking its application process with a view to making this less burdensome for applicants, while Israel has recently made it easier for denied claimants and for those receiving partial benefits to resubmit their claims. This client focus is consistent with the desire to improve efficiency and effectiveness, since many of the measures to improve client service are expected to result in faster processing times. In addition, since none of the administrative changes undertaken or contemplated are aimed in any way at restricting access to benefits for those with bona fide entitlement, there is every reason to ensure responsiveness to client needs.

In addition to the administrative measures outlined above, a number of countries have embarked upon comprehensive and fundamental reviews of their disability programmes, encompassing both the purpose and structure of programmes and their administration. The United Kingdom Government published in 2002 a Green Paper "Pathways to work: Helping people into employment" outlining the main changes that the government wishes to pilot and seeking public feedback. As the title suggests, the emphasis is on promoting the transition from incapacity benefits to paid employment. Key elements of the proposal are providing a better framework of supports to assist beneficiaries to return to work, offering improved and visible financial incentives for those attempting to return to work, and providing better support for those with health problems on long-term unemployment, to prevent them having to turn to incapacity benefits. Seven pilot projects have now been set up to test these proposals.

The United Kingdom is not the only country to undertake such a review. The Netherlands, which has experienced very high caseloads over recent decades, has taken a number of steps over the years to tackle this problem. Major changes in 1993 to restrict eligibility and shift increased responsibility to employers and employees have not had the full effect desired, and two further proposals are under consideration. The first of these would expand the period during which the employer is responsible for wage replacement benefits from one year to two years, and the second involves developing a new system for the Employee Benefits Act with sharply curtailed eligibility for benefits. There would no longer be any coverage for partial benefits, which would become the responsibility of employers and employees.

The United States has also undertaken a comprehensive review of its two public disability benefit programmes (one contributory and the other needs-tested), and has reached certain conclusions about the need for reforms. Because there is no universal public health care programme in the United States, and because obtaining a disability benefit is one gateway to publicly funded health care, there is a strong incentive for applicants to try to qualify for a disability benefit even if they have some level of work capacity, to receive assistance with medical bills. Recognizing this perverse incentive, the United States is contemplating changes which could offer certain applicants early access to health care for a limited period, if they agree to a diversion from the lengthier process of seeking the income support benefit. Other proposed changes would strengthen adjudication decision-making and streamline the appeals system.

In addition to the administrative changes in Australia referred to above, the government in 2002 announced changes to the Disability Support Pension to limit access to the programme and to encourage individuals to return to or to stay in work. Most significant among these was the proposal to restrict eligibility to those with a very restricted work capacity, defined as less than 15 hours a week, rather than the current 30 hours a week. Other changes would have required those aged 55 and over to meet the same eligibility criteria as all other applicants, with local labour market conditions no longer being taken into account. To complement these and other changes, a significant incremental investment in employment, rehabilitation, training and pre-vocational assistance was to be provided to support those affected. Because of opposition to the proposed changes and concerns that the package did not address the systemic and attitudinal barriers to employment of persons with disabilities, to date the proposals have not successfully progressed through the Australian Parliament. In 2003, the Australian Government ran consultations on the future structure of income support for persons of working age, including those with disabilities. Based on those submissions and consultations, the government plans to develop more options for reform. Further community consultation will be undertaken as part of this process.

Under its legislation, the Quebec Pension Plan, which includes its contributory disability benefits programme, conducts regular public consultations. In 2003, the Quebec Government launched the current round of consultations with the release of a consultation paper,

"Adapting the Pension Plan to Quebec's new realities". The paper outlines a series of possible changes aimed at improving the financial sustainability of the Plan, including changes to remove the more lenient treatment of workers aged 60-65 under the disability programme.

Recent changes in Sweden to the disability insurance scheme are more fundamental, and represent the last step in a reform of the old age pension scheme, which started in 1999. In January 2003, disability benefits and temporary disability benefits were moved from the public pension scheme to the public sickness insurance scheme, and the benefits redefined. Individuals under 30 years of age no longer receive a disability benefit, but instead can be awarded an "activity benefit" for up to three years. This provides economic security with the aim of facilitating entry or re-entry into the labour market. The benefit is also available to young people whose school attendance is prolonged because of a disability. Individuals over 30 can obtain a sickness benefit or a temporary sickness benefit, rather than a disability pension, with the benefit amount based on actual income loss rather than related to pension credits, as in the former system.

Conclusions

Fraud and abuse of disability benefit programmes exist to some extent in most respondent countries, although they are not viewed as a major problem. Misuse of disability benefits is less of an issue; it has occurred in the past in several countries, but steps have been taken to correct it. To the extent that there is a widespread problem, it is the non-reporting of employment income, which occurs in virtually every country. A number of factors appear to contribute to this, including, in some countries, limited reviews of on-going eligibility for those receiving benefits, and a softer approach to enforcement. Both the extent to which the non-reporting of employment income is viewed as a problem and the steps taken to address this vary considerably among respondent countries.

Programme design in many countries reflects a common theme: the need for prevention in the form of public education (both about programme requirements and the consequences of non-compliance) and in the form of quality control of initial decisions on eligibility. Similarly, there is a general consensus on the need for visible enforcement mechanisms, with known consequences for those who defraud or abuse the system. Several countries which did not consider fraud or abuse as problems had vigorous enforcement mechanisms, which increase the risks for individuals seeking to abuse/defraud the system, and likely act as a deterrent. However, a high level of enforcement activity may not be necessary or appropriate for every system: visibility of enforcement/penalties may be the key element.

The structure and administration of disability benefits in a number of countries - with higher benefit levels, fewer obligations placed on recipients and with more lenient eligibility rules for older workers than non disability-related benefits - create perverse incentives for some individuals to try to establish their eligibility for benefits. Not only does this place additional

demands on programme resources, it also reduces the supply of labour at a time when many industrialized countries are facing prospective labour shortages. Programmes which by their design induce individuals to seek to identify themselves as disabled can send negative societal messages about the desirability of full participation and the obligation to work. Tax- or contribution-funded disability programmes can also reduce demands on employers to make accommodations for disabled workers. In the design of disability benefits, and especially in any future reforms to existing systems, issues of perverse incentive and moral hazard should be taken into account.

The fact that many of the countries participating in this study have recent or planned changes to the administration of their disability programmes demonstrates that how best to design and deliver such programmes are not questions easily answered. There are two main themes underlying most of the changes in programme design identified by the member countries: limiting the number of individuals on benefits and encouraging/supporting beneficiaries to return to work. In many jurisdictions, sharply rising caseloads have led to government review and public debate. Benefit levels and eligibility criteria have come under recent scrutiny, driven primarily by concerns about rising costs. Several countries with partial benefits are re-examining these, while none of the countries without partial benefits indicated any interest in moving in this direction. A number of countries are considering or have introduced tightened eligibility criteria to limit programme growth. At the same time, a number of countries have identified concerns with individuals or groups who are not well served by their current programmes. Perhaps the most innovative changes are those being introduced in Sweden, which has effectively removed persons under age 30 from the disability programme, providing for them through other mechanisms meant to foster labour force attachment.

Many countries have coupled other changes with measures to support return to work. This reflects a widespread concern that disability benefits tend to become permanent pensions, regardless of programme intent, which is neither in the best interests of beneficiaries nor of society. Few programmes, however, have seen much success in returning beneficiaries to gainful employment. Measures being tested include transitional income protection and earned income tax supplementation, and a range of individually tailored support services. While it may be too soon to assess the effectiveness of many of these measures, experience with them in individual countries should provide some broader lessons for other jurisdictions.

In addition to changes in programme design, a number of countries have also made or plan to make significant changes in programme delivery. These are intended primarily to speed processing of applications, ensuring that eligible individuals get put on benefits in a timely and cost-effective manner. Some jurisdictions are examining the potential of electronic processing to speed up their handling of applications, but most still rely on paper-based processes.

For all the countries in this report, it remains a challenge to balance the needs of persons with disabilities for income security with dignity, with the need to run a well-managed programme which limits the opportunities for fraud and abuse and does not promote dependency among those with the potential to return to work.