Fit for Work ?
Securing the Health of the Working-Age Population

SICKNESS, DISABILITY AND WORK: Lessons from across the OECD

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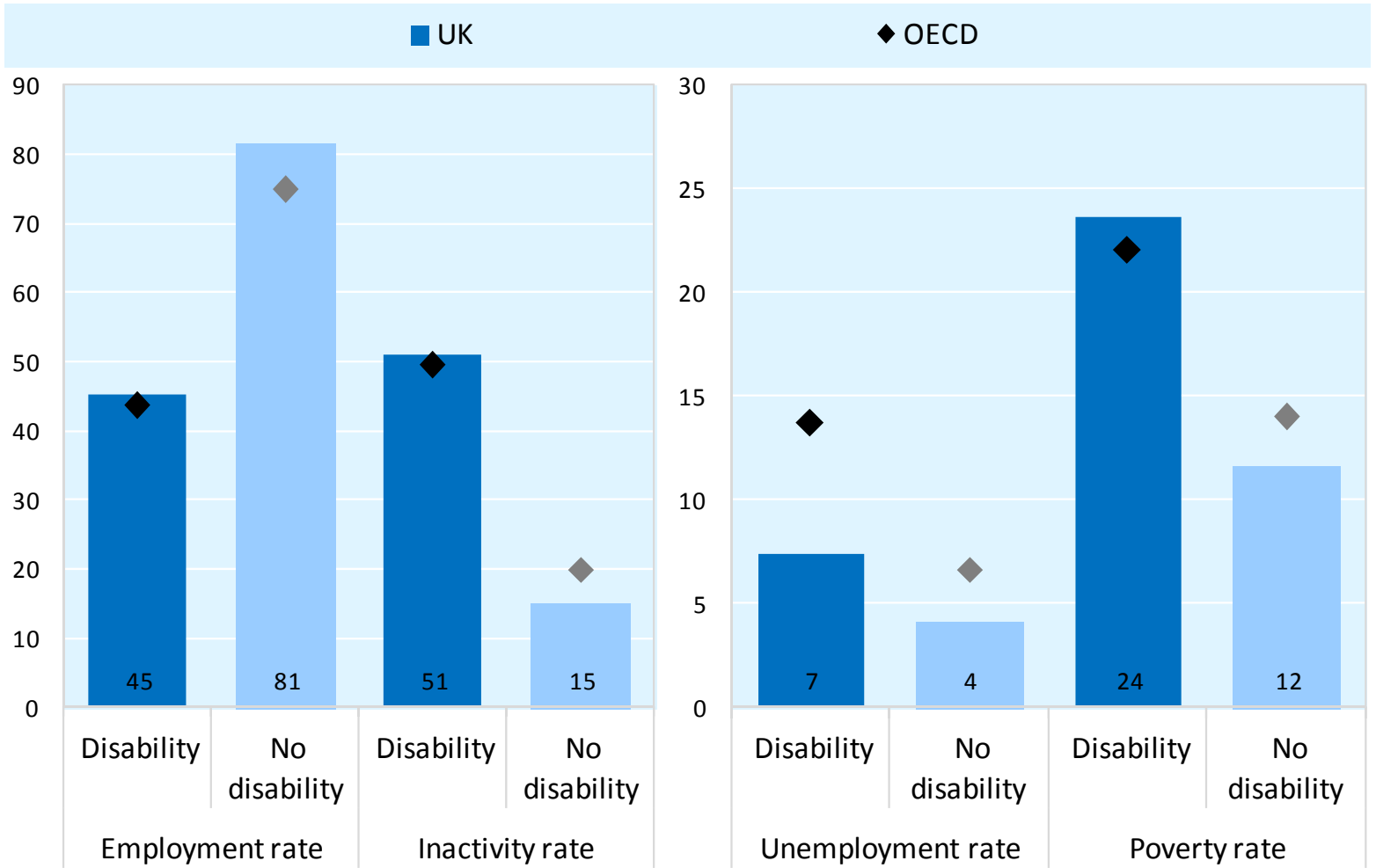
OUTLINE OF THE PRESENTATION

- Part 1: Lessons from across the OECD
  - Evidence: UK outcomes in OECD perspective
  - Policy challenges: UK reforms in OECD perspective
  - Conclusions from *Sickness, Disability and Work*
- Part 2: Mental ill-health – the unresolved issue
  - Limited evidence
  - Mental Health and Work challenges
  - Conclusions on *Mental Health and Work*

Low employment, but high inactivity and unemployment and, consequently, high poverty

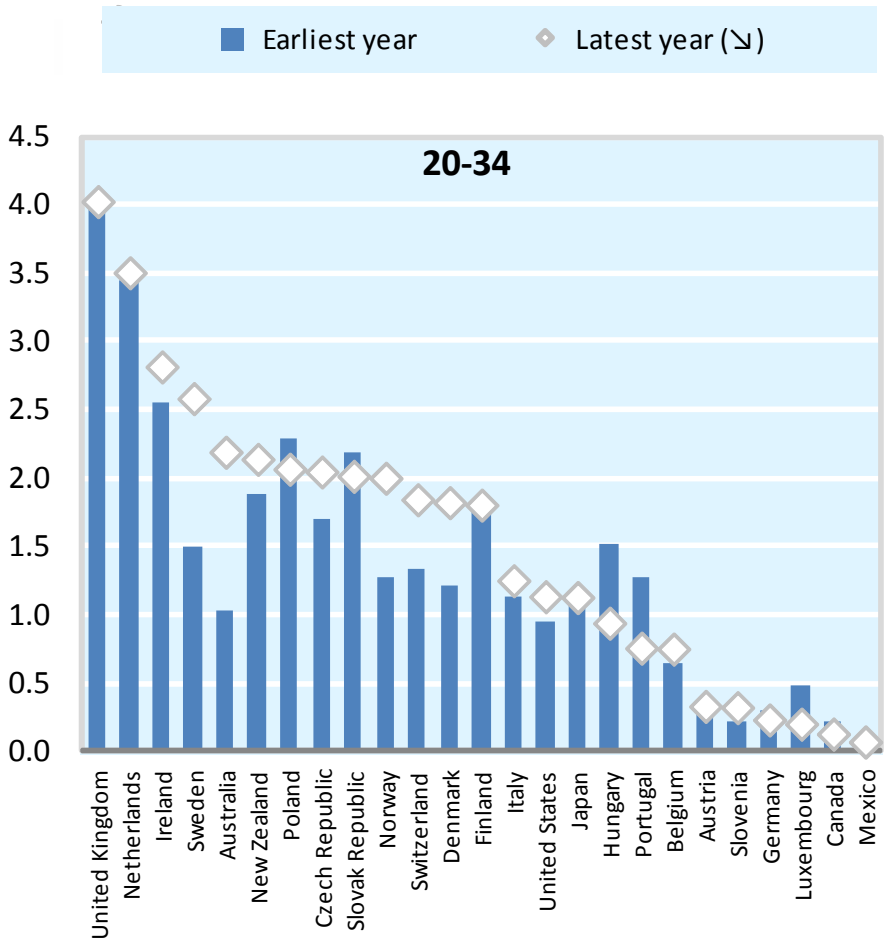
Key labour market indicators by disability status, around 2007 (before the recent economic downturn), UK and OECD averages (percentages)

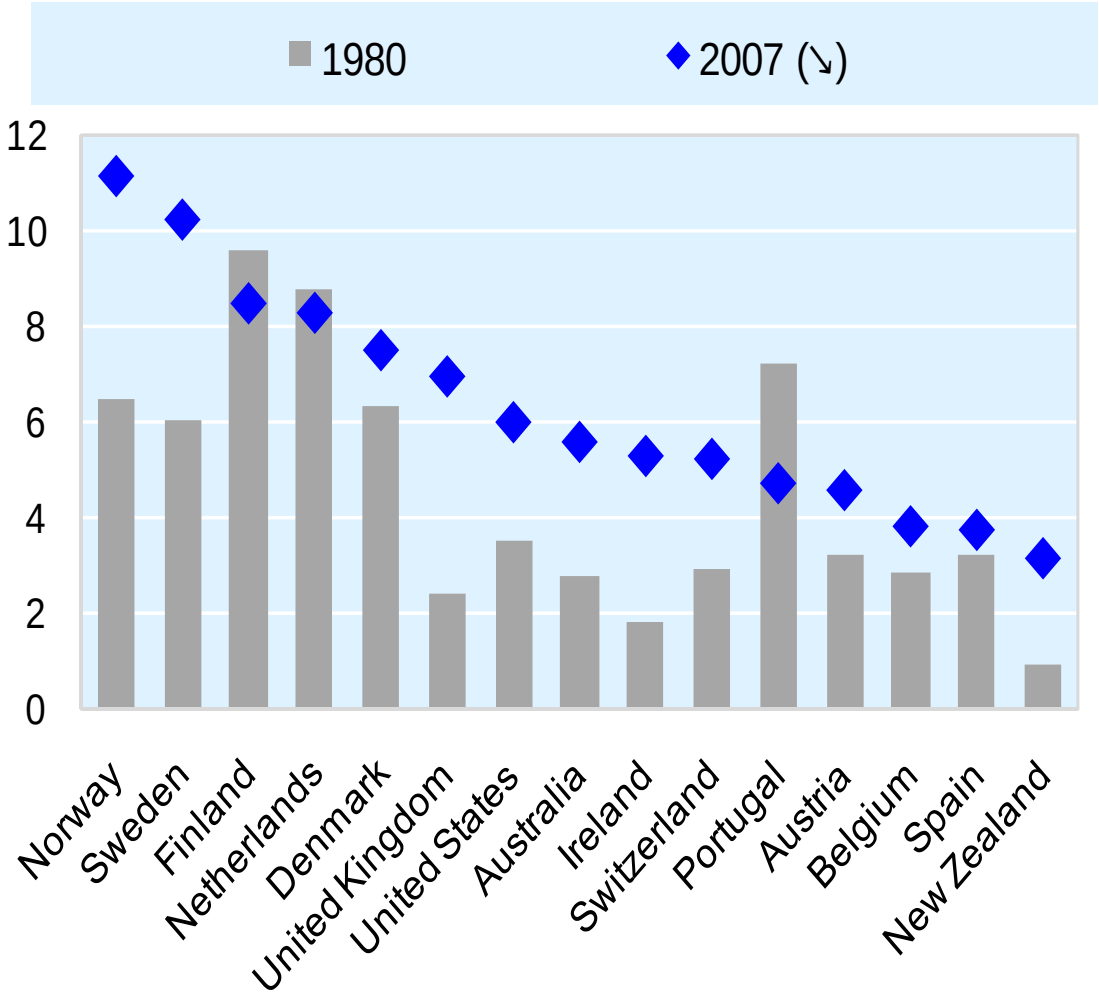


Source: OECD (Sickness, Disability and Work review)

High and rapidly increasing disability benefit recipiency, in UK especially among young adults

Disability benefit recipients in % of working-age population, age 20-34 & 20-64

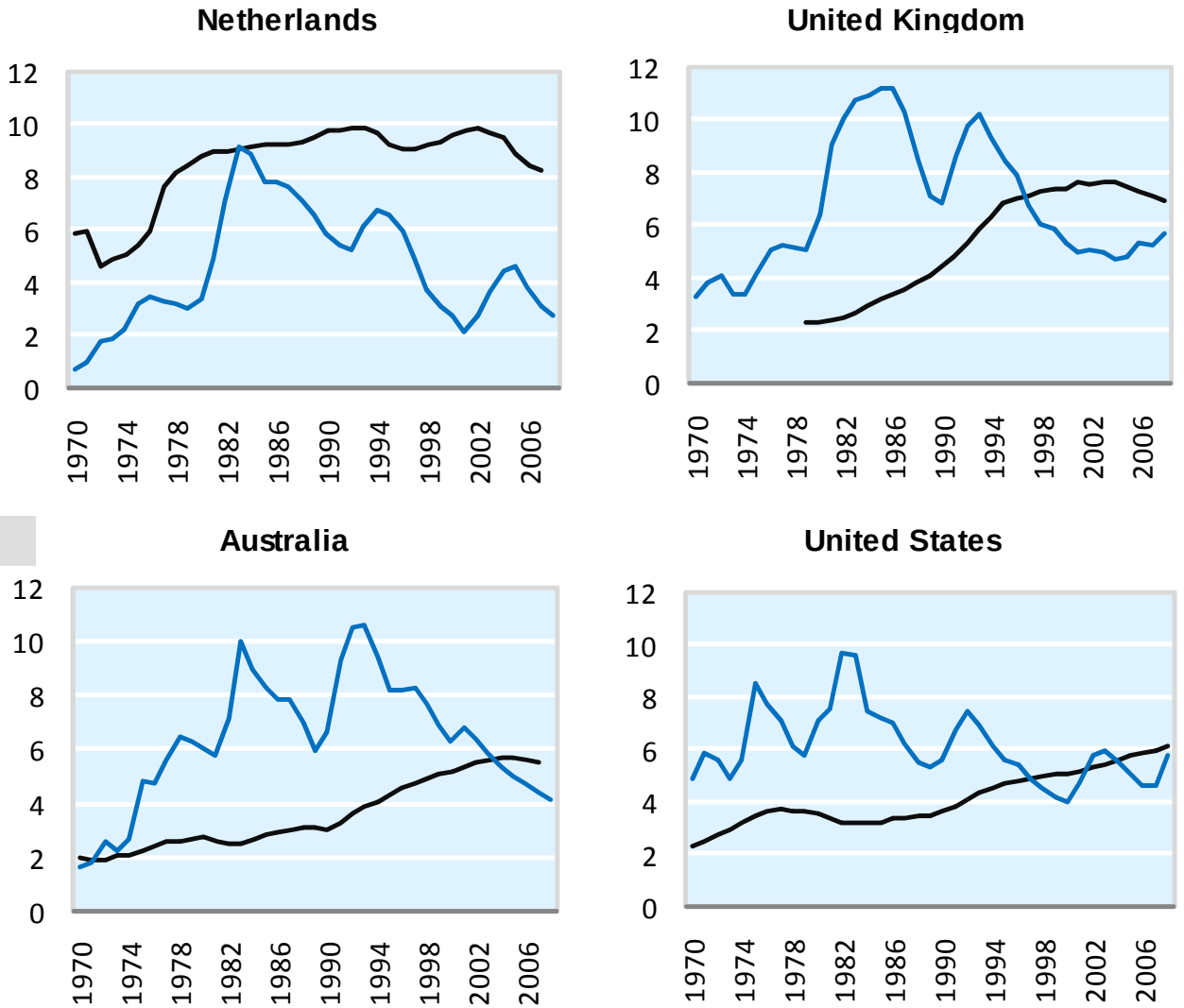




Source: OECD (Sickness, Disability and Work review)

“Medicalisation” of labour market problems

Unemployment rate (blue line) and disability benefit recipiency rate (black line), 1970-2008 (pre-crisis), four selected OECD countries



Source: OECD (Sickness, Disability and Work review)

REFORMS OF OTHER SOCIAL SYSTEMS

- Activation agenda for other working-age benefits, especially unemployment but also social assistance
  - Significant drop in long-term unemployment
- Comprehensive pension reforms aimed at raising the average age at retirement
  - Phasing-out of early retirement schemes

⇒ **Result**: disability benefit has become the main working-age benefit in most OECD countries

Impact of crisis? Yet to be seen. Further shift likely.

HAVE COUNTRIES REACTED?

- A lot has been done in the past two decades
- Recently, the depth of reform has increased and the direction changed in a few countries
- The difficult political economy of reform explains what has, or has not, been done

⇒ **OECD conclusion**: policies and institutions in place are often still not good enough to change the situation

Crisis responses? Policymakers have learned from past.

POLICY LESSON #1:
Improved financial incentives

- Strengthening financial incentives for employers
  - e.g. experience-rated premiums for sickness, work injury and disability benefits; hiring incentives
- Making work pay for individuals
  - e.g. compensation for earnings loss or wage supplement; better phase-out; benefit suspension
- Addressing incentives for authorities and providers
  - e.g. outcome-focus to improve quality and efficiency; performance targets, benchmarking, direct incentives

POLICY LESSON #2:
Stronger responsibilities and activation

- Strengthening individual responsibilities
  - e.g. cooperation requirements, training obligation, regular interviews; reassessment and reapplication
- Enforcing prevention and monitoring responsibilities
  - e.g. absence monitoring and systematic follow-up; occupational health service; rehabilitation plan
- Engaging with clients more systematically & earlier
  - e.g. easy access to information and employment supports; early identification and intervention if needed

POLICY LESSON #3:
Better assessment and system structures

- Assessing capacity not incapacity
  - e.g. work capacity assessment; different treatment of those with partial capacity; assess the unemployed
- Enabling employers, doctors and benefit authorities
  - e.g. targeted employer support; absence duration guidelines for doctors; special medical services
- Improving cross-agency cooperation
  - e.g. reciprocal information exchange; cross-funding; bringing together or merging of institutions

CONCLUSION #1

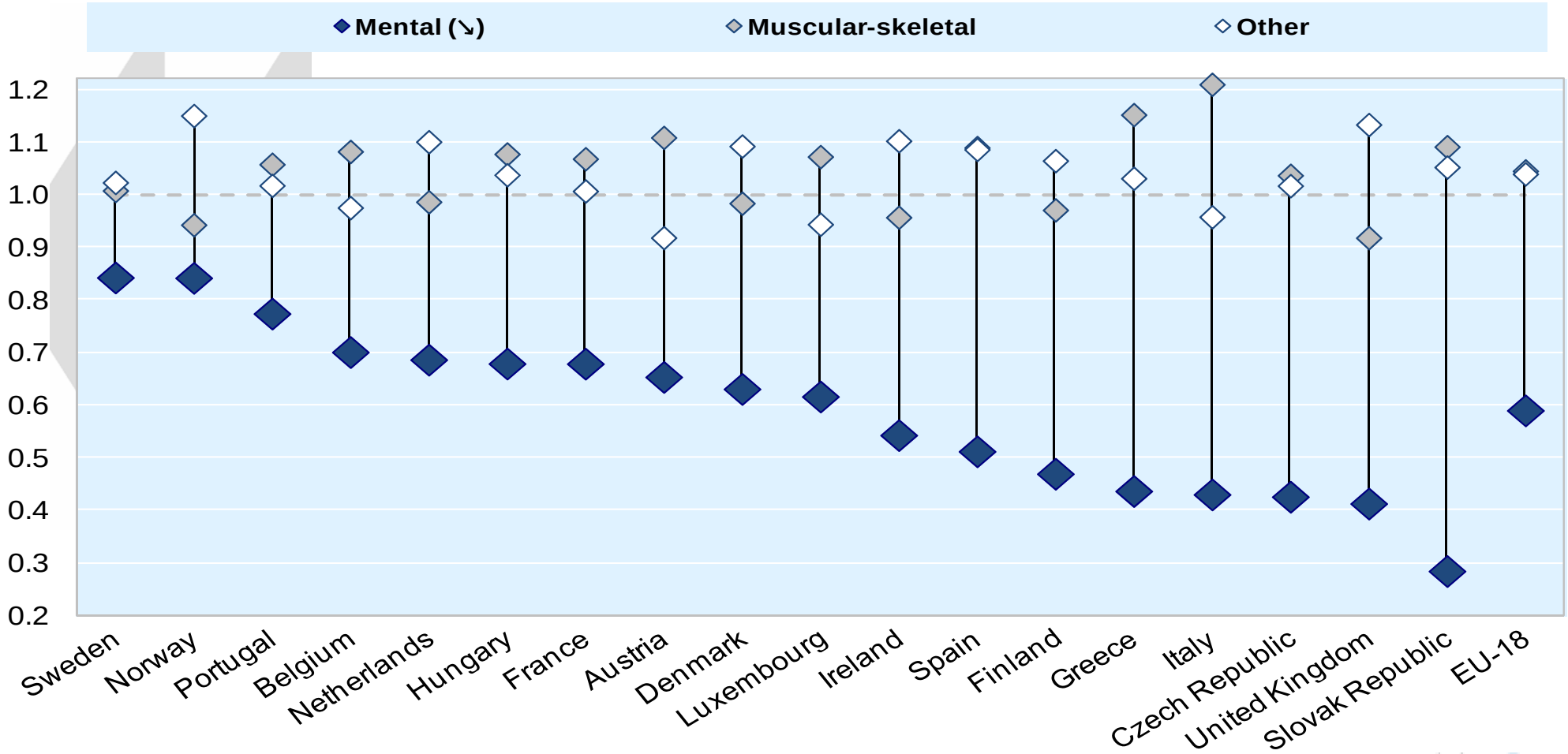
- Policy is behind the disability problem and policy reorientation is needed to solve it
- Changing the mindset of all actors is essential, and collaboration of government, social partners and civil society in implementing change
- Reform involves critical policy choices
- Responses to the crisis and structural reform are not in contradiction

THE MAIN REMAINING CHALLENGE: Mental ill-health and mental disability

- Challenges
  - Measurement is difficult and comparative data very scarce
  - Mental ill-health is diverse (severe=>common=>sub-threshold)
  - Mental ill-health is often fluctuating, and not a static condition
  - Prevalence of mental ill-health is very high, anyone at different times can be affected, but under-reporting is huge
    - Mental illness is often hidden, unrecognized and not disclosed
- **Consequence**: Policy solutions have to address problems that are widespread and not completely observable

Mental ill-health is a major obstacle for employment

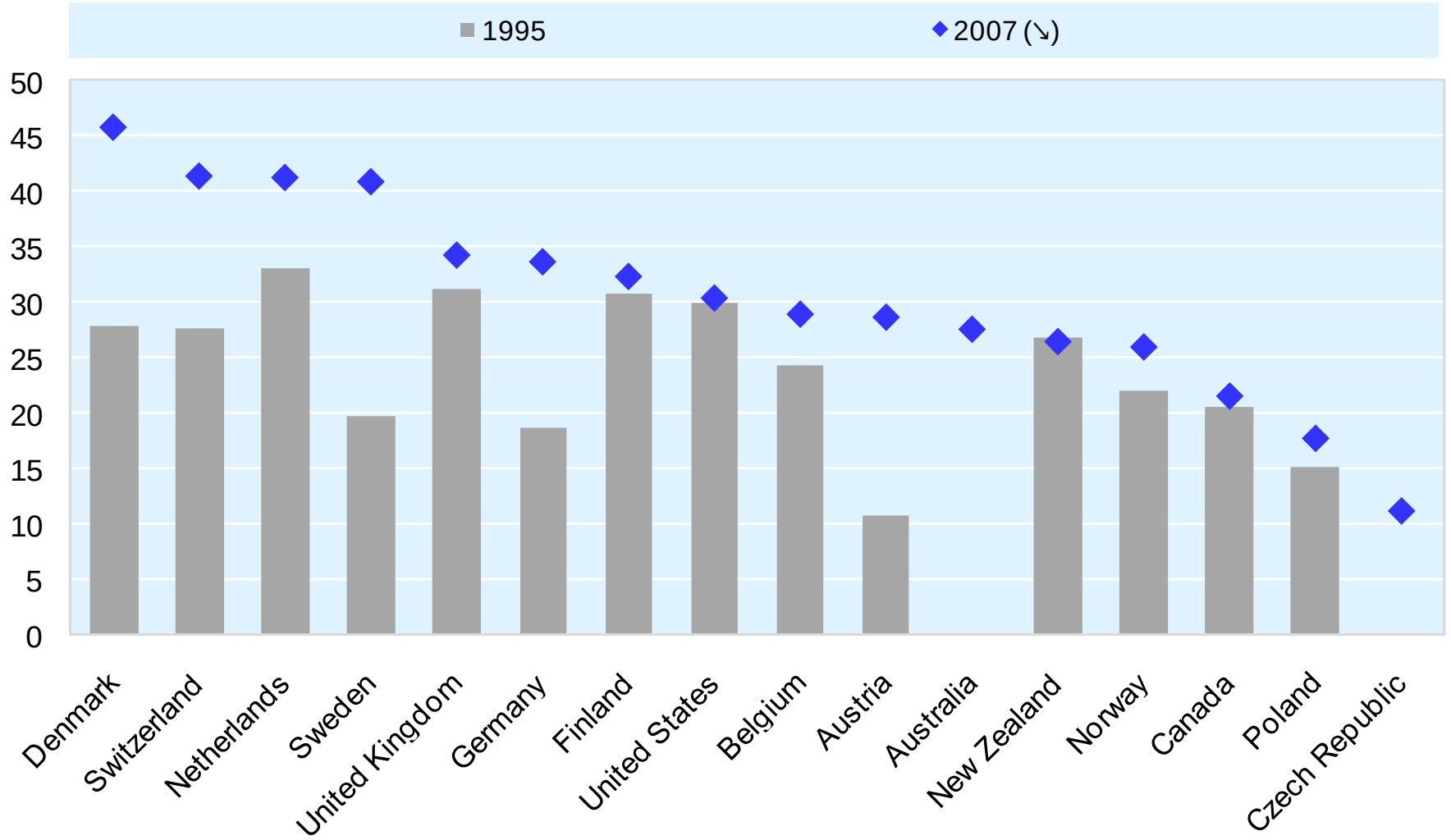
Employment rates by health condition as a ratio of the employment rate of all people with disability, 2002



Source: OECD (Sickness, Disability and Work review)

Benefit claims increasingly because of mental disability

Proportion of inflows into disability benefit due to mental health conditions in 16 OECD countries, 1995 and 2007/08



Source: OECD (Sickness, Disability and Work review)

MENTAL HEALTH AND WORK (1): Health System Issues

- There are effective clinical treatments available for most mental disorders
  - Combination of medication and therapy
- Under-utilisation of treatment is considerable
  - Even among new disability beneficiaries, the majority has never received any treatment for their condition
- Clinical treatment reducing symptoms does not automatically translate into better employment
- Under-treatment is likely to contribute to the under-utilisation of other services

MENTAL HEALTH AND WORK (2): Youth and Education System Issues

- Critical period – up to 50% of mental disorders have their onset during adolescence
  - Large time gap between onset and recognition
- Vulnerable youths not yet recognised are a particularly critical group
  - Combination of violence, mental health and substance abuse problems => behavioural problems
- School is a key location for protection of mental health and for teaching/fostering coping abilities
  - School drop-out rates as early warning sign

MENTAL HEALTH AND WORK (3): Benefit Systems and Employment Services

- *True* numbers of disability benefit claims caused by mental illness are even much larger
  - People with secondary mental illness or mental health problems expressed through physical symptoms
- Fluctuating nature of mental illness and frequent co-morbidity pose particular problems
  - Especially for (re)assessment instruments
- Systems and supports were not designed and do not work well for mental illness
  - Take-up of vocational services is particularly low

MENTAL HEALTH AND WORK (4): Workplace and Employer Issues

- Labour markets and working conditions have changed considerably, greater job insecurity
  - Contributing to increased workplace stress
- Mental health problems create employer costs
  - Absences, lost productivity (presenteeism), benefits
- Fear and uncertainty make employers reluctant to hire or retain workers with mental illness
- Legislation on workplace accommodation has pros and cons (hiring-retention dilemma)

CONCLUSIONS #2

- Work is generally good for mental health
- Most people with mental ill-health/mental disorders want to work and can work with the right support
- Employment is the best way to fight poverty

⇒ An obvious “win-win-win” situation

⇒ Positive role of employment in mental health needs to be reflected in all policies

For further details and OECD publications:

www.oecd.org/els/disability

OECD PUBLICATIONS AND ACTIVITIES

- Mental Health and Work project
  - Expert Meeting 2010: see www.oecd.org/els/disability
- Sickness, Disability and Work: Breaking the Barriers (Series)
  - A Synthesis of Findings Across OECD Countries, OECD, 24 November 2010.
  - Canada: Time for structural reform, OECD, 2010.
  - High-Level Policy Forum: see www.oecd.org/els/disability/stockholmforum
  - Sweden: Will the recent reforms make it?, OECD, 2009.
  - Volume 3: Denmark, Finland, Ireland and the Netherlands, OECD, 2008.
  - Volume 2: Australia, Luxembourg, Spain and the United Kingdom, OECD, 2007.
  - Volume 1: Norway, Poland and Switzerland, OECD, 2006.
- Transforming Disability into Ability, OECD, 2003