

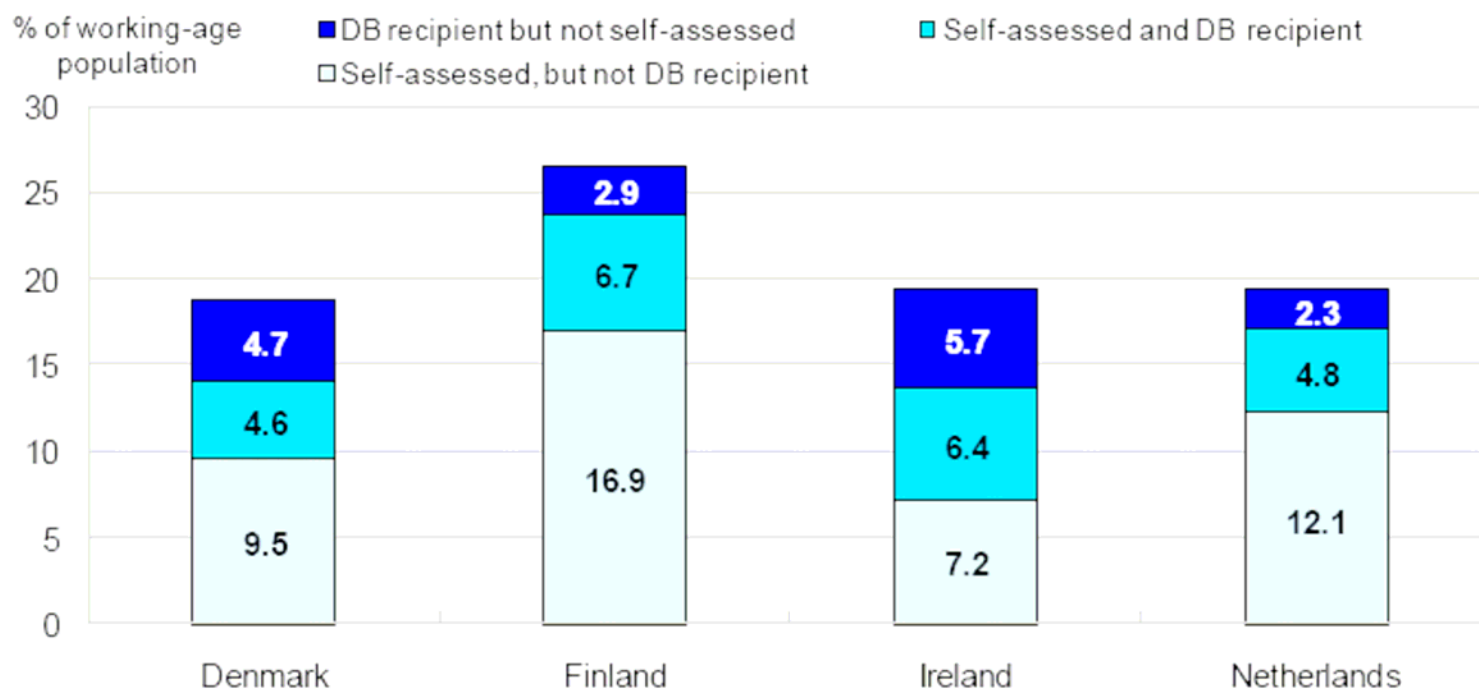
The OECD "Sickness, Disability and Work" –project

Key Development Challenges in Finland

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Overlap between self-assessed and benefit recipient disability, 2005



DB = disability benefits.

Source: EU-SILC 2005, Secretariat's estimates (Denmark, Netherlands); and EU-SILC 2005, national estimates (Finland, Ireland).



The need for structural reform

- Respond to population ageing
- Reduce inflow into sickness and disability
- Increase outflow from disability benefits / disability pensions
- Address sectoral labour shortages
- Tackle exclusion and utilise labour sources
- Control public spending
- Maintain economic growth



The impact of the economic downturn

- Unemployment will go up, employment will fall
- Labour shortages less urgent in the short term

But

- Labour market exclusion for health reasons
- Need for long-term structural reform remains

Danger

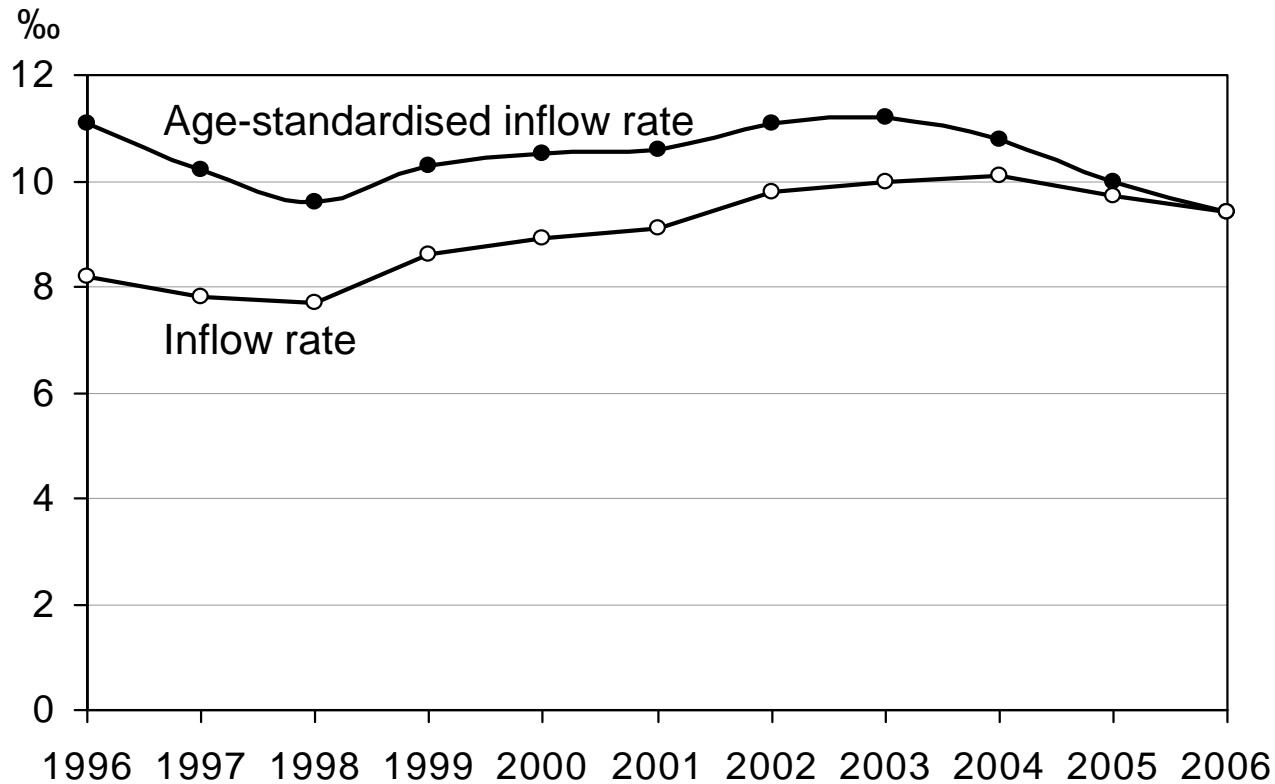
- Use of disability schemes to cushion job losses



How does Finland compare?

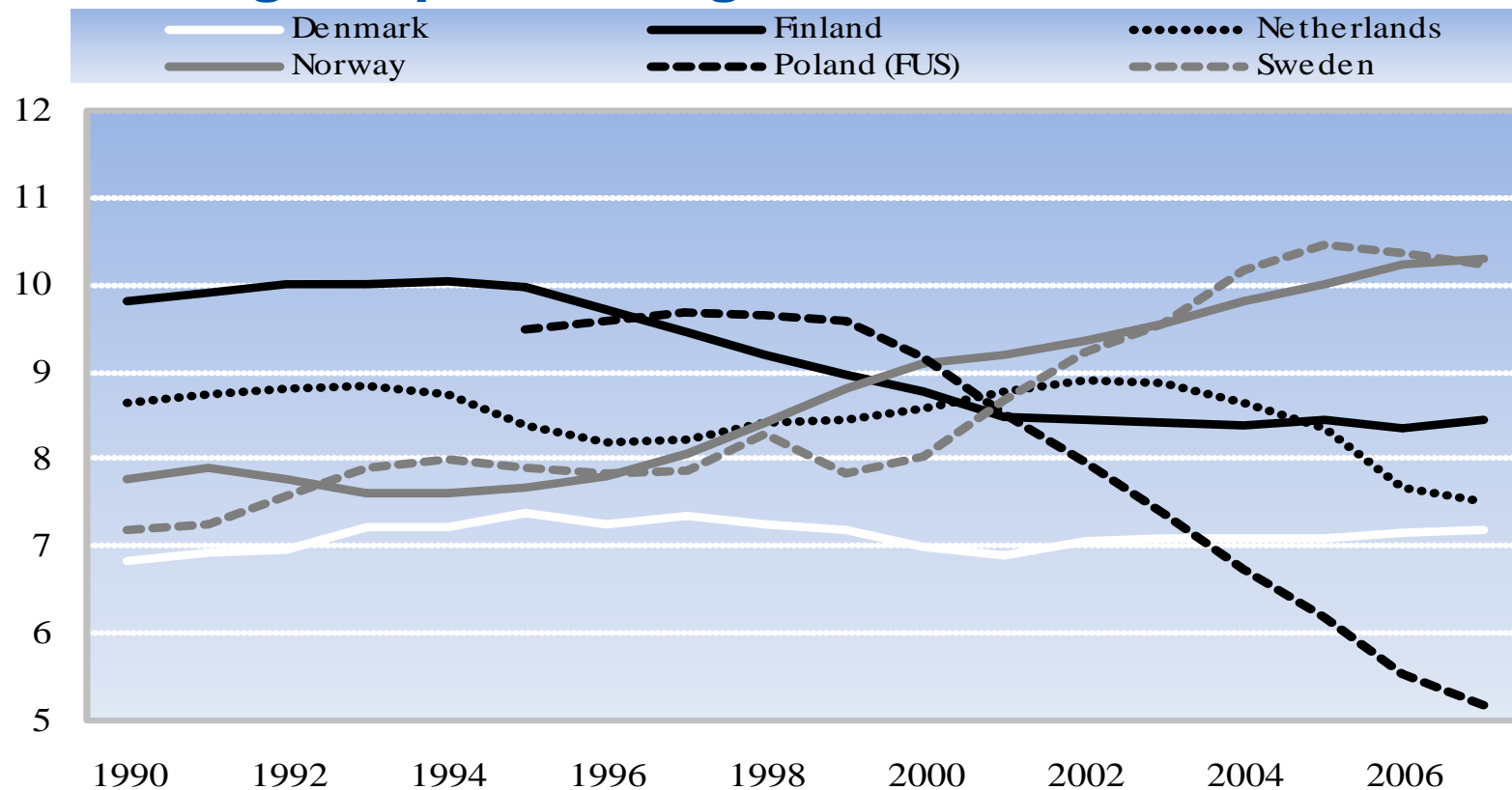


Disability pension inflow rate in the earnings-related pension scheme in 1996-2006

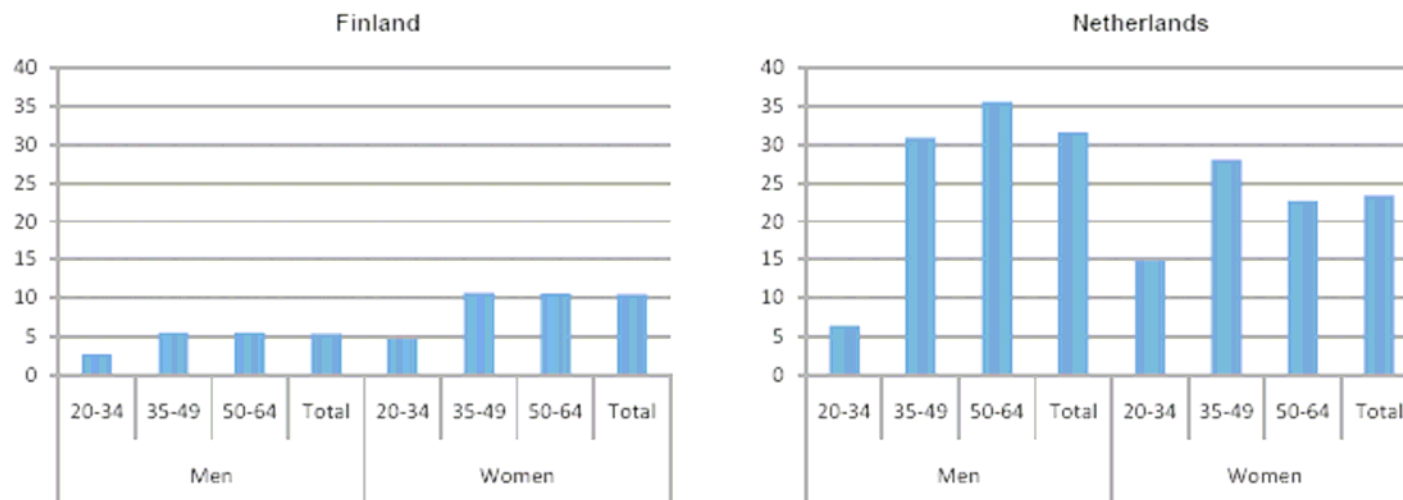


Yearly evolution of disability recipiency rates for selected countries, 1990-2007

Percentage of persons aged 20-64



Partial benefits as a share of total disability benefit recipients by age and gender, 1999 and 2006^a

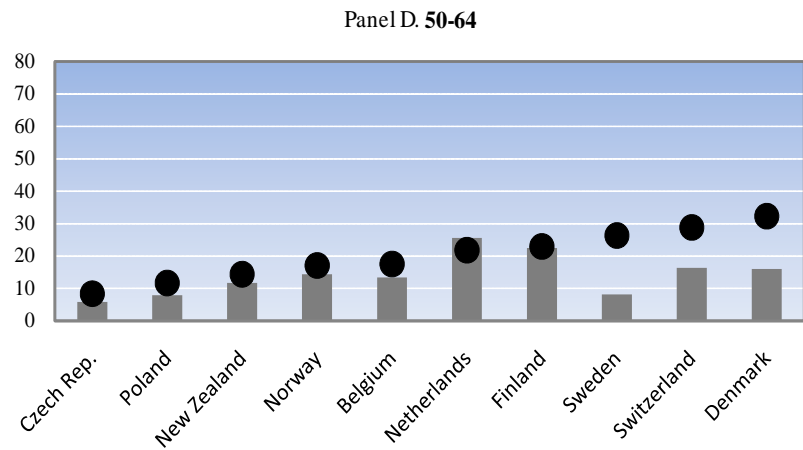
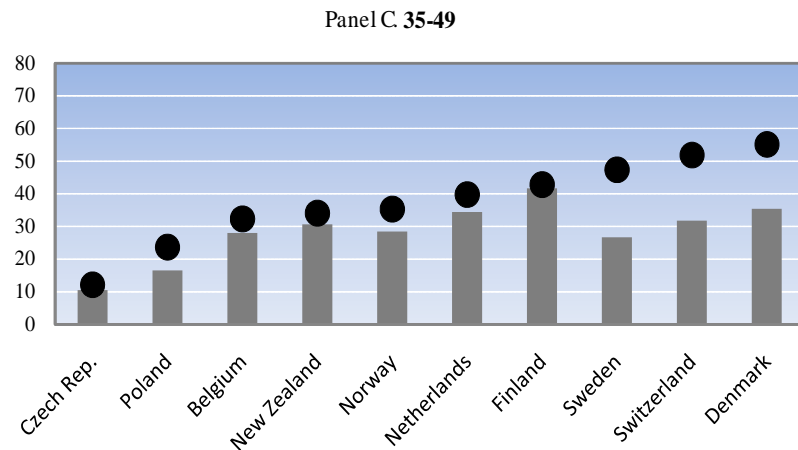
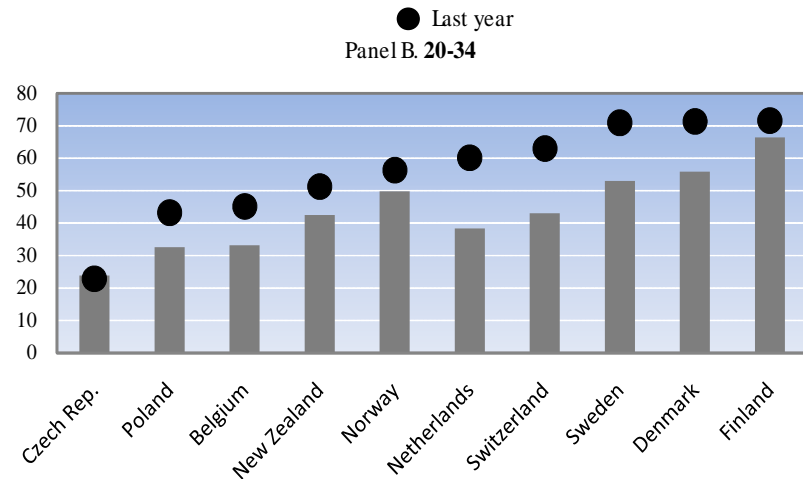
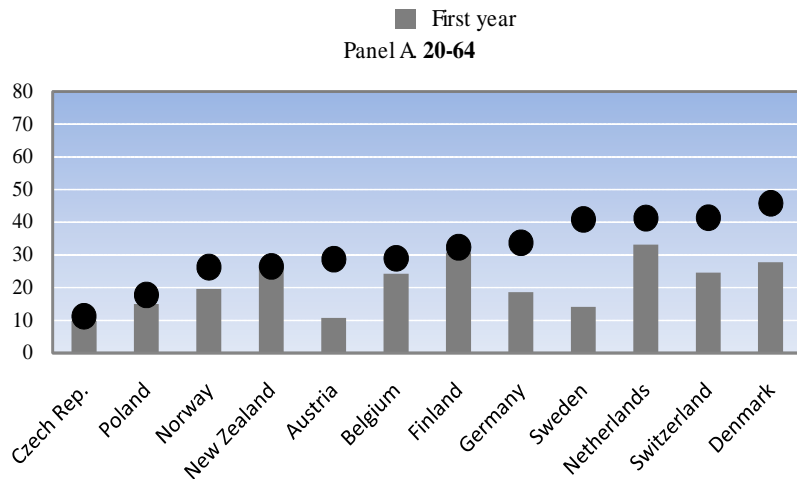


a) Data for Finland refer to earnings-related benefits only. Data for the Netherlands exclude recipients of the new WIA scheme.

Source: ETK for Finland and UWV for the Netherlands.



Share of mental health problems as a percentage of total inflows by age 2000-2007



Employment rates of people with disabilities

- Finland 54 %
- Denmark 52%
- Luxembourg & Switzerland 50 %
- Norway & UK 45 %

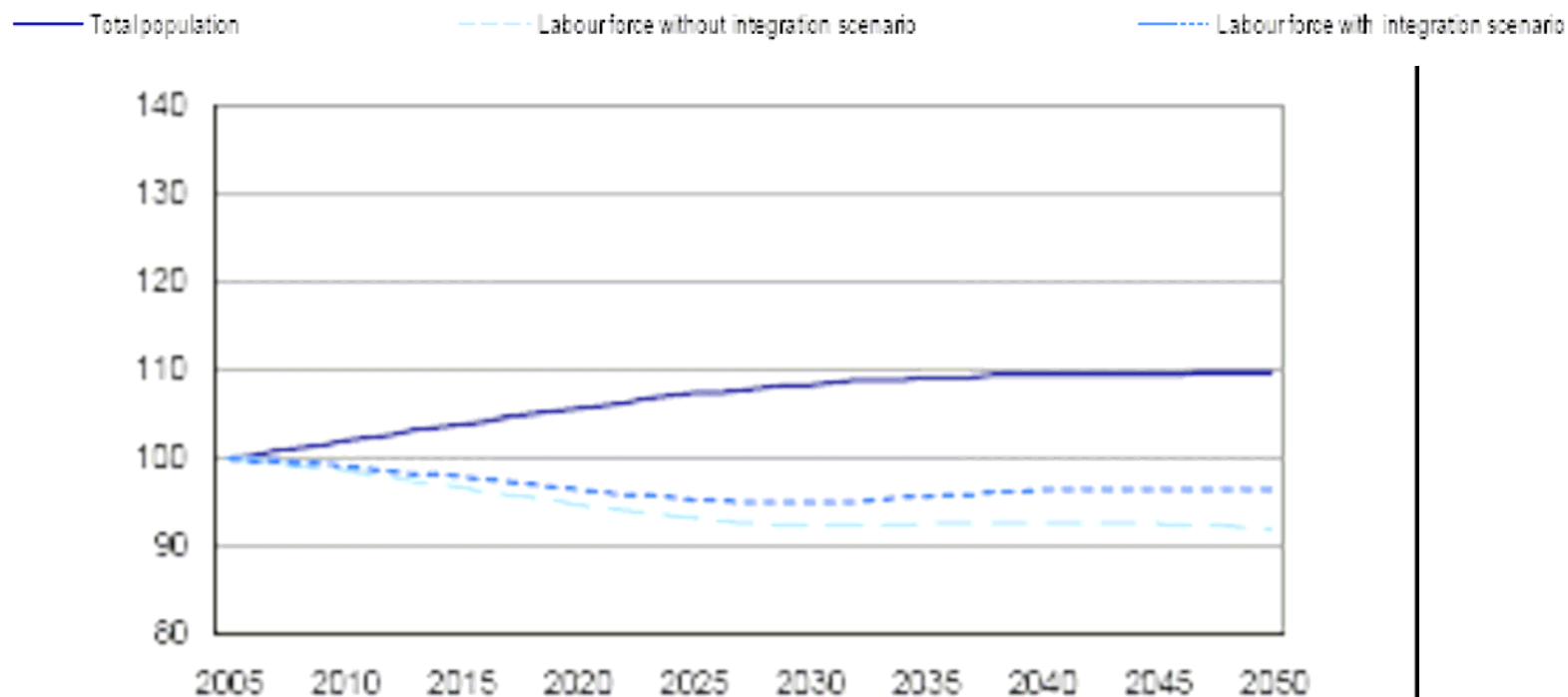


Outflows from disability benefits as a share of all disability recipients (%)

2006	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	Total
Total	6.0	4.2	3.0	2.2	1.5	1.0	0.7	0.2	0.0	0.5
Men	6.1	4.1	2.9	2.1	1.3	0.9	0.6	0.2	0.0	0.4
Women	5.9	4.5	3.1	2.3	1.8	1.1	0.8	0.3	0.0	0.5



Projected population and labour force 2005-2050 (2005 = 100), labour force under pure demographic and policy reform scenario^a



Policy recommendations for Finland



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The client's Situation	Responsible Institution	Measures/tasks	Cooperating institution	Income security during rehabilitation
Incapacity or threat of incapacity for work: because of accident at work / work-related disease or traffic accident	Accident and motor liability insurance institutions/ Insurance Rehabilitation Association	Rehabilitation examinations, work and training trials, vocational education, specific training in the workplace, financial support for self-employment etc.	Occupational health care, Education, Public employment services, Rehabilitation service-providers etc.	<i>According to the benefits of the responsible institution</i>
Incapacity or threat of incapacity for work: because of disease, defect or disability (sufficient work history)	Authorised pension providers	<i>Mainly the same as above</i>	<i>Mainly the same as above</i>	<i>According to the benefits of the responsible institution</i>
Incapacity or threat of incapacity for work: because of disease, defect or disability (insufficient work history)	The Social Insurance Institution	<i>Mainly the same as above</i>	<i>Mainly the same as above</i> Local rehabilitation cooperation groups, Social sector	<i>According to the benefits of the responsible institution</i>
Young disabled persons entering working life	The Social Insurance Institution	Vocational education, expensive technical aids for vocational training and work	Vocational training and guidance institutions, special education, Social sector etc	<i>Rehabilitation allowance</i>
Unemployed/ job-seekers with disabilities	Public employment services (PES)	Employment services, vocational guidance, work and training trials, vocational labour training, labour market measures, etc.	Social and Health care, Occupational health care, Local rehabilitation cooperation groups, Education etc.	<i>According to the benefits of the responsible institution</i>



Simplify the fragmented vocational rehabilitation system

- Raise the accountability of actors
 - Single entry point into the system
 - Management by one authority from beginning to end
- Improve cooperation of rehabilitation authorities
 - Earlier and ongoing information exchange
 - Avoid that PES involvement is coming too late
- Introduce a mutual responsibilities framework
 - currently existing right to vocational rehabilitation for the individual should be matched by corresponding participation requirements



Increase the focus of the PES on people with disabilities

- Ease the access to mainstream PES measures
 - Focus on underrepresented groups
 - Provide the necessary resources to PES
- Strengthen the labour force service centres (LAFOS)
 - Involve KELA as an equal partner
 - Identify the most appropriate operation method
- Promote the use of wage subsidies
 - Can the impact be increased by higher take-up?



Avoid disability as an early retirement substitute

- Modernise work capacity assessments
 - Less focus on medical aspects
 - No own-occupation assessment any longer
- Align labour market flexibility and benefit system
 - Partial benefit irrespective of job availability
 - Is partial sickness allowance flexible enough?
- Make work pay
 - Gradual phase out of (full and partial) disability benefit



Consolidate employer responsibilities

- Expand occupational health services
 - Universal OHS coverage, including for the jobless
- Strengthen the experience-rating system
 - Counterbalance resulting hiring disincentives
- Improve sickness management
 - No reimbursement of sick pay without Kela notification, and no retrospective reimbursement for employers
 - Gear unemployed who are sick towards an early intervention process



- Reforms in overall social security
 - Committee for reforming social protection (SATA Committee)
 - disability pensions
 - consolidate the extensive employer responsibilities
- Securing labour market integration of all those who would wish to work / enhance outflow from disability benefits / disability pensions
 - coherent service provision / joint services / easy to access / one stop services
 - securing the access into PES
 - integrating PES and vocational rehabilitation
- Development the transitional labour market
 - promoting employability: combining wage subsidies and skill management (e.g. labour market training)
 - job coaching
- Establishing OHS for unemployed



Some potential strengths of the Finnish system

- Well-developed occupational health services
- Experience-rated premiums to benefit system
- Possibility of gradual return from sick leave
- Targeted wage subsidies for employers
- Tax credits/allowances for people with disabilities
- Cooperation of municipalities and PES (LAFOS)
- Subsidies to social enterprises



Thank you for your patience



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