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SWEDISH SOCIAL
INSURANCE INSPECTORATE

Report 2013:7

Young Adults on
Disability Benefits

A Study of Seven European Countries

isf

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Young Adults on Disability Benefits

A Study of Seven European
Countries

A report from the Swedish Social Insurance Inspectorate

Stockholm 2013

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Contents

Foreword by the Director-General	7
Summary	9
1 Introduction.....	15
1.1 An international phenomenon.....	15
1.2 Aims and questions.....	17
1.3 Method.....	18
1.3.1 Definition and limitations.....	18
1.3.2 Data collection and analysis	20
1.4 Outline	21
Part 1	23
2 Background	25
2.1 International comparisons of disability benefits – obstacles and opportunities.....	25
2.2 Expenses for disability benefits	28
3 Regulations and the development of the proportion of young adults with disability benefits – overview and summary	31
3.1 Summary of regulations on disability benefits	31
3.2 Development of the proportion of young adults on disability benefits 1998–2011	37
4 Disability benefit systems and policy - comparative summary.....	41
4.1 Different disability benefit systems	41
4.2 Disability benefits for prolonged schooling.....	43
4.3 Incentives	44
4.4 Assessment of working capability	49

4.5	Paths to employment.....	53
5	Discussion and conclusions.....	63
Part 2	73
6	Sweden.....	75
6.1	Rules and regulations.....	75
6.2	Case handling process.....	80
6.3	Rehabilitation activities and other related measures.....	81
6.4	Development of young adults on disability benefits and distribution by diagnosis	84
7	Norway.....	87
7.1	Rules and regulations.....	87
7.2	Case handling process.....	93
7.3	Rehabilitation activities and other related measures.....	95
7.4	Development of young adults on disability benefits and distribution by diagnosis.....	100
8	Denmark.....	103
8.1	Rules and regulations.....	103
8.2	Case handling process.....	107
8.3	Rehabilitation activities and other related measures.....	108
8.4	Development of young adults on disability benefits and distribution by diagnosis.....	109
9	Finland	111
9.1	Rules and regulations.....	111
9.2	Case handling process.....	117
9.3	Rehabilitation activities and other related measures.....	119
9.4	Development of young adults on disability benefits and distribution by diagnosis.....	122
10	Iceland.....	125
10.1	Rules and regulations.....	125
10.2	Case handling process.....	131
10.3	Rehabilitation activities and other related measures	133

10.4 Development of young adults on disability benefits and distribution by diagnosis	135
11 The Netherlands	137
11.1 Rules and regulations	137
11.2 Case handling process	145
11.3 Rehabilitation activities and other related measures	148
11.4 Development of young adults on disability benefits and distribution by diagnosis	153
12 United Kingdom.....	155
12.1 Rules and regulations	155
12.2 Case handling process	160
12.3 Rehabilitation activities and other related measures	162
12.4 Development of young adults on disability benefits and distribution by diagnosis	165
References	167
Appendix 1 Interview guides	177
Appendix 2 Methods	181
Appendix 3 Classification systems for diagnoses, functioning, disabilities and health	185
Appendix 4 Statistical distribution by gender	187
Appendix 5 Average annual wage	190

Foreword by the Director-General

The objectives of the Swedish Social Insurance Inspectorate (ISF) are to strengthen compliance with legislation and other statutes and to improve the efficiency of the social insurance system through efficiency analysis and evaluation, and system supervision. System supervision refers to the process of examining whether a supervised entity's internal control system guarantees the accurate and uniform application of legislation and other statutes.

The number of young adults receiving disability benefits due to reduced working capability has doubled in Sweden during the last 15 years and is forecasted to continue to increase in the coming years. In two previous reports (2011:10 and 2012:1), the ISF has analysed hypotheses behind this development and has now also carried out a project aimed at comparing the system and development in Sweden with the equivalents in Denmark, Finland, Iceland, Norway, the Netherlands and the United Kingdom.

The study shows that the Swedish development is not unique in an international perspective. In all countries studied, the proportion of young adults on disability benefits constitutes a few per cent of the population in the age groups concerned. In all of these countries, mental and behavioural disorders is the most common diagnosis group among young adults with disability benefits.

The comparison of the different national systems shows, however, that there are relatively large differences in the rules and regulations, the handling of disability benefits cases and the offered rehabilitation activities and other measures to support young adults on disability benefits to strengthen their working capability. The countries differ in terms of requirements associated with receiving disability benefits, the economic incentives and the work-related nature of the rehabilitation activities offered.

Whilst conclusions about various measures cannot be directly transferred from one country to another, there appears to be a foundation for exchange of experiences and expertise between the studied countries.

This report has been translated from the original Swedish document and will be distributed to the foreign authorities that took part in the collaboration.

The report has been written by Brita Kaltenbrunner Bernitz (Project Manager), Nadja Grees, Marie Jakobsson Randers and Ulla Gerner. Sisko Bergendorff has also contributed to the report.

Stockholm, May 2013

Per Molander

Summary

The Swedish Social Insurance Inspectorate (Inspektionen för socialförsäkringen, ISF) is an independent supervisory agency for the Swedish social insurance system. The objectives of the agency are to strengthen compliance with legislation and other statutes and to improve the efficiency of the social insurance system through system supervision and efficiency analysis and evaluation.

The ISF's work is mainly conducted on a project basis and is commissioned by the Government or initiated autonomously by the agency. This report has been initiated by the ISF.

Background

The number of young adults receiving disability benefits due to reduced working capability has doubled in Sweden during the last 15 years. According to the Swedish Social Insurance Agency's forecasts, the number of young adults with disability benefits will continue to increase in the coming years. However, this is not only a Swedish phenomenon. A similar trend has been observed in other European countries.

Objectives

The ISF has therefore initiated a study to compare the Swedish system and the prevalence of young adults receiving disability benefits with the systems and developments in Denmark, Finland, Iceland, Norway, the Netherlands and the United Kingdom. The study also aims at identifying policies that could contribute to further development of the Swedish system for young adults with disability benefits.

Methods

The study uses a qualitative approach. In addition to a documentary study, interviews have been conducted with representatives of the responsible authorities in the countries being studied. In total 26 individuals were interviewed.

Findings

The study shows that the increasing trend among young adults to claim disability benefits in Sweden is far from unique in a European context. In 2011, just over 2 per cent of the age group, 19–29 years, were receiving disability benefits in Sweden. During the time period studied (1998–2011), the equivalent figure for Iceland and the United Kingdom was nearly 3 per cent and in the Netherlands, the figure fluctuated between 3 and 4 per cent. Norway has had a similar development to Sweden, with a constant increase of young adults with disability benefits, although the ratio has always been higher in Norway than in Sweden. With the 2010 reform of the Norwegian system a new benefit was introduced, which resulted in a rise in the proportion of young adults with disability benefits. In 2011, almost 5 per cent of the age group was receiving a disability benefit. In the countries studied, only Denmark and Finland had a lower proportion of young adults with disability benefits than Sweden. In these countries, about 1.5 per cent of the age group was receiving disability benefits in 2011. The number of males receiving disability benefits was slightly higher than the number of women in Finland, Denmark and the UK. In the Netherlands, Norway and Sweden, the distribution was relatively even between the sexes, although Iceland had a slightly higher number of females with disability benefits.

In all the countries studied, mental and behavioural disorders was the most common diagnostic group among young adults on disability benefits. In Sweden, 76 per cent of all new beneficiaries of disability benefits had a mental health diagnosis in 2011. For the other countries the prevalence ranged between 58 and 80 per cent in the corresponding age group.

ISF's comparison of the national systems shows that there are relatively large differences in terms of regulations, the case handling process and policies to assist young adults with disability benefits in strengthening their working capability. However, it is clear that these countries face similar challenges, as they have a relatively high ratio

of young adults with reduced working capability receiving disability benefits, who often are quite far from the labour market. Subsequently, there could be a great deal to learn from other countries' experiences and knowledge through enhanced exchange and cooperation.

The policies being enacted in the countries studied, that the ISF considers to be of special interest to study and discuss further with regard to the further development of Swedish system for disability benefits for young adults include:

Different requirements for rehabilitation activities and other related measures for different groups

Unlike Sweden, where most activities aimed at strengthening working capability are voluntary for this group, several of the other countries studied have chosen to have different requirements for participation and involvement in rehabilitation activities and other related measures for different groups, depending on the degree of incapability and duration. Individuals with reduced working capability who are assumed to be capable of returning to the labour market in the future are expected to attend and actively participate in various rehabilitation activities, while these activities are optional for those who are generally not assumed to be able to leave the benefit system. This could be a possible model to consider for the Swedish system.

Positive economic incentives

Finland and the Netherlands have introduced positive economic incentives for individuals receiving disability benefits who are actively participating in rehabilitation activities and other related measures. In the Netherlands, individuals claiming disability benefits have a right to keep parts of the income they earn while attending these often work-related activities, apart from their guaranteed disability benefit. In Finland, individuals with disability benefits (from the earnings-related pension scheme) receive a higher benefit rate if they participate in rehabilitation. Further economic incentives in the Swedish system could be considered.

Work-related activities

Countries such as Norway, the Netherlands and the UK have a particularly strong employment policy for individuals with disability benefits who are assumed to be able to strengthen their working capability and thus be integrated into the labour market in the future. The rehabilitation activities and other related measures offered to support these individuals to strengthen their working capability are often work-related activities or supported employment. In the Netherlands, the policy is that all individuals who have the capacity should attend work-related rehabilitation or supported employment. However, there is a wide range of such activities that are tailored to the specific needs of individuals claiming disability benefits. Sweden could offer more work-related activities to a broad group of claimants on disability benefits.

Different levels of compensation for different groups

In some of the countries studied, there are different levels of compensation for individuals receiving disability benefits. This creates a distinction between beneficiaries who have a time-limited benefit and those who have a benefit on a permanent basis. The latter group often receives a higher benefit rate. The rationale is that those who have no or little opportunity to earn a living through gainful employment should be able to live a more financially viable life. This could also be a model to consider for the Swedish system.

Disability benefits for prolonged schooling

In Sweden, young adults attending special schools may claim disability benefits as of July in the year they turn 19. There is no equivalent to the Swedish system of providing disability benefits for prolonged schooling in the countries studied. In the Netherlands, claimants on disability benefits, who attend school or education after the age of 18, are entitled to a certain benefit rate. However, there are differences in the levels of compensation. In Sweden beneficiaries of disability benefits for prolonged schooling are granted a full disability benefit, while beneficiaries who attend school or education only receive 25 per cent of the corresponding compensation in the Netherlands.

As stated in a previous report by the ISF, the design of the Swedish system for disability benefits for prolonged schooling should be further investigated.

Monitoring and evaluation

In Sweden, there is a knowledge gap on a national level about what kind of rehabilitation activities and other measures are offered to young adults with disability benefits, and which types of activities tend to be more successful in supporting these young adults in strengthening their working capability. A similar knowledge gap exists in many European countries. However, there are interesting examples of systematic monitoring and evaluation of activities offered within the social insurance schemes in Norway and Finland.

1 Introduction

1.1 An international phenomenon

In Sweden, young adults between the ages of 19 and 29 with a reduced working capability due to disease or other impairment of the physical or mental performance capacity may have the right to a specific disability benefit for young adults.¹ Over the last 15 years, the number of young adults between the ages of 19 and 29 with disability benefits has doubled in Sweden. According to the Swedish Social Insurance Agency's forecast, this development will continue in coming years. In December 2011, the number of people between the ages of 19 and 29 receiving disability benefits amounted to around 29,500, corresponding to more than 2 per cent of that entire age group in Sweden. The increase in the number of young adults with a long-term or permanent reduction of the working capability is, however, not a typical Swedish phenomenon; an increase can also be seen in several other European countries.²

According to the International Social Security Association (ISSA), the increasing number of individuals with disability benefits is partly explained by changes in the different countries' rules on the requirements for the right to compensation, the interpretation and case handling of various forms of compensation, the prevalence of reduced working and functional capability, as well as a change in application patterns. In Sweden, the significance of deteriorated school results, a changed labour market and the possibility to be granted disability benefits for prolonged schooling have also been discussed as contributory factors to the increase in young adults receiving disability benefits. The design and administration of a disability benefits system can thus produce weaker or stronger

¹ This form of compensation is described in more detail in the chapter on the Swedish system in part 2.

² Försäkringskassan, 2012b; Inspektionen för socialförsäkringen, 2011; OECD, 2009; www.forsakringskassan.se.

incentives to apply for compensation and to enter or return to the labour market. In addition to the social and economic consequences that early entry into the disability benefits system has for the individual, the increasing proportion of young adults in this system entails higher costs for society in general, as these individuals often remain in the disability benefits system for a long time. Moreover, many European countries face the risk of labour shortages in the future, which further underlines the importance of more individuals being given the opportunity to enter the labour market.³

Several organisations and actors, from the UN to various Nordic organisations, are working on an international level with preventive measures and supporting individuals with reduced working capability due to ill health⁴ or disability via both overarching policy initiatives and initiatives directed more to the individual. Under the EU cooperation, the Member States are working actively with these issues from a rights and discrimination perspective, within the labour market and social insurance area, and via legislation and the exchange of research and information. Since 2000, the 'Open Method of Coordination' has been an important platform for the EU countries' joint efforts in the social sector, including social insurance issues. This form of cooperation, often referred to as 'soft law' or 'soft policy', is aimed at coordinating Member States' initiatives and establishing common goals and indicators with which to steer national strategies in the area. The cooperation also promotes mutual learning.

The Organisation for Economic Co-operation and Development (OECD), which is a forum for ideas and the exchange of experiences as well as analyses of areas that affect economic development, periodically conducts comparative analyses of the social insurance sector. The OECD's primary focus, however, is the field of economics, and where the systems and development of disability benefits and underlying factors are studied, this generally concerns the population of working age and not specifically the group of young adults.⁵ The European Foundation for the Improvement of Living and

³ Inspektionen för socialförsäkringen, 2011; www.issa.int.

⁴ WHO defines health as a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity. According to the National Board of Health and Welfare, ill health can be described as shortcomings in one or more of the components of health (physical well-being, mental well-being, social well-being and the absence of disease or infirmity). To simplify, the conception of health has two dimensions; one professionally assessed and one self-assessed (see www.socialstyrelsen.se).

⁵ See e.g., OECD, 2003; OECD, 2007a; OECD, 2009; OECD, 2010.

Working Conditions (Eurofound) has also studied disability benefits among young adults, but the Foundation's studies in the area have a primarily focus on the social inclusion of young adults with reduced working capability on the labour market and not on rehabilitation activities and other related measures within the scope of the national disability benefit systems.⁶

There is a lack of research and benchmark studies⁷ comparing Sweden with other European countries in terms of systems for and the development of disability benefits among young adults and the rehabilitation activities and other related measures offered this group. Also in Sweden, there has for a long time been a lack of knowledge of which rehabilitation activities and other related measures are actually offered to young adults on disability benefits with the purpose of strengthening their working capability or mental and physical performance capacity and thereby facilitate entry into or return to the labour market. In November 2012, the Swedish Social Insurance Agency issued a report that draws further attention to the area, but there is still relatively limited knowledge on which rehabilitation activities and other related measures are more or less successful in contributing to strengthen the working capability of young adults receiving disability benefits.⁸ Benchmarking and comparative international studies contribute to greater knowledge of the Swedish disability benefits system by placing it in a broader perspective. Such studies also provide the opportunity to compare experiences and knowledge, and they promote mutual learning.

1.2 Aims and questions

The aim of this study is to compare the design of the disability benefit systems and the development of the proportion of young adults receiving disability benefits in Sweden with the equivalent system and development in Denmark, Finland, Iceland, Norway, the Netherlands and the United Kingdom. The aim is also to study these countries' efforts to strengthen the working capability of the group in question and thereby facilitate entry into or return to the labour market, as well as to highlight experiences and measures, which from a Swedish perspective may be useful or should be studied more

⁶ Eurofound, 2011; Eurofound, 2012.

⁷ Benchmarking involves studying different parameters and comparing them with one another based on specific criteria.

⁸ Försäkringskassan, 2012d.

in-depth. This report studies the six countries which, together with Sweden, spend the largest proportion of their Gross Domestic Product (GDP) on disability benefits-related expenses in the EU and EEA⁹ (see Chapter 2).¹⁰

The report aims to answer the following questions:

- What are the main characteristics of the benefit systems for young adults with long-term or permanently reduced working capability in Denmark, Finland, Iceland, Norway, the Netherlands, Sweden and the United Kingdom?
- How has the proportion of young adults receiving disability benefits developed over the past ten years in the studied countries?
- What rehabilitation activities and other related measures are available within each country's system for improving the working capability of young adults with disability benefits and thereby facilitate future integration into the labour market?
- Are there any experiences or measures that could be of particular interest for more in-depth study or discussion from a Swedish perspective?

1.3 Method

1.3.1 Definition and limitations

This study looks at benefit systems for young adults with a long-term or permanent reduction of their working capability due to disease or disability. The study does not, however, include compensation systems equivalent to the Swedish sickness benefit, which can be paid out to individuals who for shorter periods are unable to work due to disease.¹¹ As this is a benchmark study with Sweden as the starting point, the definition of young adults with disability benefits is

⁹ The European Economic Area (EEA) is an association agreement between the countries that are members of the EU and Iceland, Liechtenstein and Norway.

¹⁰ The choice of countries for this study was based on the proportion of GDP spent on disability pension-related expenses in each country as there are no comparable European statistics concerning the number of young adults receiving disability benefits.

¹¹ For example, sickness benefit is as a rule granted for a maximum of 365 days within a 15-month period in Sweden.

as much as possible based on the age group entitled to disability benefits for young adults in Sweden; i.e., individuals between the ages of 19 and 29. There are, however, certain differences between the countries studied. Some countries have different disability benefit systems for different groups, whereas others have the same system for the entire population of working age. Each country's system is described in detail in part 2. The different national systems and the statistics for the proportion of young adults with disability benefits are as far as possible presented based on the same structure and composition, but there are some national variations depending on e.g., the structure of the system and access to information and data. This is especially the case for benefits presented under the heading "other benefits and forms of compensation". The descriptions of the different countries' systems are therefore not entirely uniform and discretion is advised when making direct comparisons between the countries. The difficulties with international comparisons are discussed in more detail in Chapter 2.

Several countries have two parallel disability benefit systems; one contributory and one non-contributory. A contributory system entails eligibility requirements for compensation from the system. In general, the requirements relate to the number of years the individual has been paying social insurance contributions. Normally, a contributory system is based on gainful employment. If these requirements are not fulfilled, the individual is not covered by the system. A non-contributory system, on the other hand, gives any insured person the right to a minimum compensation.¹² Both of these systems are examined in the scope of this study. The study does not, however, include private insurances or insurance agreements, as these are normally an optional supplement to the social insurance systems and thereby fall outside of the national systems in the studied countries. Nor does the study cover special rules for self-employed persons.

In terms of rehabilitation activities and other related measures for individuals with disability benefits, the ISF has only studied those activities specifically designed for the group eligible for disability benefits. General initiatives or programmes which are also available to young adults not covered by the disability benefits system (e.g., unemployed people) have therefore not been studied. In addition, the interviews have shown that there are many local initiatives, often pilot projects, aimed at certain groups of young adults with a reduced

¹² This is explained in more detail in Chapter 2.

working capability in the studied countries. These have not been included in this study. Focus instead lies on the rehabilitation activities and other related measures that fall within the scope of the social insurance sector or other related areas, and which are offered to all individuals receiving disability benefits, particularly young adults. The rehabilitation activities and other related measures presented in this report are, however, quite different due to the varying national systems and social insurance administrations' authority and organisation. Finally, the study does not cover rehabilitation or other initiatives offered to young adults with disability benefits by the health and medical services, as these initiatives normally fall outside of the national social insurance system.

1.3.2 Data collection and analysis

This study is primarily based on a qualitative approach. In the initial stage, a document study of the included countries' social insurance coverage for young adults with a long-term or permanent reduction of the working capability was conducted. Interview guidelines were produced with this study as a basis, focusing on social insurance coverage and the rehabilitation activities and other related measures offered in order to strengthen the working capability of young adults who receive disability benefits. The aim was to interview representatives of the ministries and national authorities responsible for social insurance administration in each country. The interviews were divided into three levels, corresponding to the Swedish Ministry of Health and Social Affairs, the Swedish Social Insurance Agency's head office, and administrative officers. Each level had a specific set of interview guidelines (see Appendix 1).

Thereafter the responsible ministries and authorities in the social insurance sector were identified and mapped. Generally, the interviewees were identified via the respective country's representative for the Mutual Information System on Social Protection (MISSOC)¹³ and via direct contact with the ministries and authorities based on the aforementioned mapping exercise. A total of 26 people were interviewed on 16 separate occasions. The interviews were conducted either in Swedish or English. In some cases, small modifications were made to adapt the interviews to the respective country's social insurance system. The goal was to gain as good

¹³ MISSOC is coordinated by the European Commission and contains detailed information on the social insurance systems in the EU and the EEA. See Appendix 2.

representation of the interviewees from the ministries and authorities in question as possible.

The interviews have been analysed based on a 'content analysis'. A more detailed description of the methods used can be found in Appendix 2.

The interviews have also been supplemented with a document study and a review of applicable legislation in the studied countries. During the course of the project, there has been a great emphasis on quality assurance. Representatives for all countries have reviewed the section on each country's disability benefits system, presented in part 2.

Statistics have been obtained for the number of young adults with disability benefits per year since 1998¹⁴, including distribution by age, gender and diagnosis for the last year available. The distribution by diagnosis is based on the diagnosis chapters in International Statistical Classification of Diseases and Related Health Problems (ICD-10) (see Appendix 3). As there are no general international statistics on recipients of disability benefits as a percentage of a certain age group, country-specific statistics have been obtained from the authorities responsible for the social insurance sector in each country. Population statistics per age group have also been obtained in order to calculate the number of recipients of disability benefits as a percentage of each age group. Population statistics have been obtained from authorities equivalent to Statistics Sweden (SCB) in the studied countries, and in some cases from the EU's statistics office, Eurostat.

1.4 Outline

This report is divided into two parts that can be read separately or as a complement to one another. Both parts are intended to answer the report's initial three questions¹⁵, but from different starting points. Part 1 has a comparative starting point in which the development of young adults on disability benefits and the system in Sweden is summarised, compared and discussed in relation to the equivalent

¹⁴ In order to study changes over time, an analysis of the past ten years was planned, but as all countries were able to supply statistics from as early as 1998/1999, data stretching back as far as this has also been included in the study.

¹⁵ Concerning the main characteristics of the benefit systems, the development of the number of recipients of disability benefits, and rehabilitation activities and other related measures offered to improve working capability, and thereby facilitate future integration on the labour market.

development and systems in Denmark, Finland, Iceland, the Netherlands, Norway and the United Kingdom. Part 2 has a descriptive starting point and includes detailed and in-depth descriptions of each country's disability benefits system with a focus on young adults.

Part 1 consists of Chapters 2–5.

Chapter 2 provides a short background to the term 'disability benefits' and the various national systems for disability benefits in the EU and EEA from a comparative perspective. The chapter also reports on expenditure for disability benefits as a percentage of GDP.

Chapter 3 gives an overview and a summary of the rules and regulations pertaining to disability benefits in the studied countries as well as the development of the proportion of young adults receiving disability benefits between 1998 and 2011.

Chapter 4 summarises and compares the studied countries' disability benefit systems, focusing on young adults with disability benefits. Five particularly relevant areas are highlighted: different disability benefit systems, disability benefits for prolonged schooling, incentives, assessment of working capability and paths to employment.

The discussion and conclusions are presented in Chapter 5. The Chapter highlights experiences and measures in Denmark, Finland, Iceland, Norway, the Netherlands and the United Kingdom that may be of particular interest for more in-depth study and discussion in order to further develop the Swedish disability benefits system for young adults. Chapter 5 thus answers the report's fourth and final question¹⁶.

Part 2 consists of Chapters 6–12. Each chapter contains a description of each country's rules and regulations and the case handling process for disability benefits. In addition, the rehabilitation activities and other related measures provided for individuals on disability benefits for the period in which they receive compensation are reported on for each country, with a special focus on young adults. The development over time of the proportion of young adults receiving disability benefits is also presented. For the last year available, distribution by gender and diagnosis is also shown.

¹⁶ Concerning experiences and measures in other countries that could be of particular interest for more in-depth study or discussion from a Swedish perspective.

Part 1

2 Background

2.1 International comparisons of disability benefits – obstacles and opportunities

This study compares the disability benefit systems of seven European countries. A comparison of this nature does, however, entail a number of difficulties, which are presented further down.

First of all, there is a certain ambiguity in the use of relevant terms in different countries and international contexts. There is for example no uniform definition, neither internationally nor on EU level, of the terms *invalidity* and *disability*. The UN Convention on the Rights of Persons with Disabilities uses an open definition of the term 'disability':

“Persons with disabilities include those who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others.”¹⁷

However, it can generally be said that disability benefits are granted to people with reduced working capability due to disease or disability and that this disease or disability must be verifiable by means of a medical certificate. The formal right to disability benefits is normally based on accrued insurance periods or period of residence in a certain country (this is explained in more detail later in the chapter). Concerning the assessment of reduced working capability when granting the right to disability benefits, the OECD states that there is an increasing tendency for these assessments to be based on *ability* rather than *disability*. The OECD also states that the 'medical model'

¹⁷ This convention was adopted on 13 December 2006. It is one of the central conventions on human rights. It does not, however, create any new rights; its purpose is to remove obstacles to persons with disabilities enjoying their human rights. The fundamental principles of the convention are non-discrimination, equal opportunities, autonomy, participation and inclusion. The convention has been signed by Denmark, Finland, Iceland, the Netherlands, Norway, Sweden and the United Kingdom, among other countries.

is now being replaced by the 'social model' which, in addition to medical factors, also takes into consideration the social environment and people's interaction with these. Ill health or disability is then not merely a characteristic of the individual; it is also assessed and set in relation to his or her surroundings.¹⁸ WHO's classification of disability ICF, the International Classification of Functioning, Disability and Health (see Appendix 3), also takes into consideration the social environment and can be defined as a 'biopsychosocial' model.

In reports on compensation systems for people assessed to have a permanent reduction of their working capability, the term *disability pension* is often used. Within the EU cooperation, however, *invalidity benefits* is used as an umbrella term for a number of benefits, including disability pension. The term *disability pension* can be assumed to be partly misleading in comparative studies such as this, as it is looking at benefits that can be granted to people with a long-term or permanent reduction of the working capability. This report therefore uses the term *disability benefits*. However, the description of the studied countries' systems in part 2 will as far as possible be based on the terminology used in each country.

Apart from difficulties with the terminology, the fact that the countries' disability benefit systems vary on so many points entails difficulties from a comparative perspective. As previously discussed to some extent, some countries only have one system with permanent compensation whilst others only offer temporary forms of compensation. Some countries use both in parallel. In other countries, there are special forms of compensation for a period of rehabilitation or for specific groups. In addition to this, compensation systems differ in terms of eligibility requirements, levels of compensation and related principles, benefit levels, age limits, financing principles (taxes or insurance contributions) and administration (state or municipal administration and independent insurance funds). These national differences entail difficulties when conducting international comparisons of social insurance systems, policies and statistics.

¹⁸ World Health Organization, 2002; OECD, 2003.

The EU cooperation and other international bodies have therefore attempted to facilitate international comparisons and cooperation by having common statistics, definitions and classifications of different systems, including disability benefit systems, where possible.

The national systems for disability benefits can be divided into the following two types:

- The first type covers systems in which the level of compensation for disability benefits is independent of insurance contributions or period of residency in the country. However, the person must normally be insured at the time of the disease or the start of the disability which is the basis of the disability benefit claim. These systems tend to fall under the category of 'risk systems', and are reminiscent of the Swedish sickness insurance system in its structure.
- In the other type of system, there is a connection between the level of compensation and the insurance contributions or period of residence. These systems are normally contributory, which means that the level of compensation for disability benefits is determined based on how much or for how long an individual has contributed to the system. This type of system is commonly known as an 'acquired rights system' and is similar in its structure to that of the Swedish old age pension system.

Many countries have a combination of the above systems.

Another way of subdividing the social insurance systems in the EU is the EU's legal distinction of the two systems:

- Type A – the legislation which stipulates that the size of the compensation depends on insurance contributions or the period of residence.
- Type B – the legislation in the area that does not fall under type A.¹⁹

It is therefore important to underline the fact that Swedish disability benefits do not have an *exact* equivalent in the other countries included in this study, and that discretion is advised when drawing conclusions from comparisons of the different national disability benefit systems and statistics.

¹⁹ Regulation (EC) No 883/2004.

Even considering the aforementioned difficulties, it is still possible and also highly relevant to provide an overview and compare different countries' systems for disability benefits. Through international benchmarking studies, such as this, we can gain a better knowledge of the Swedish disability benefit systems, but also – perhaps even more importantly – of experiences and measures in other countries that may be of interest to Sweden, and which may also promote mutual learning and exchanges between countries.

2.2 Expenses for disability benefits

In 2009²⁰, the total expenditure on social protection amounted to 32.1 per cent of GDP in Sweden.²¹ This is one of the highest proportions in the EU and EEA. Only Denmark and France reported a higher percentage; 33.1 and 33.4 per cent of GDP respectively. The Netherlands reported 31.6 per cent, Finland 30.3 per cent, the United Kingdom 29.2 per cent, Norway 26.4 and Iceland 25.4 per cent. The EU average was 29.5 per cent of GDP.²²

Disability benefits (or pension)²³ is part of the social protection systems in Denmark, Finland, Iceland, Norway, the Netherlands, Sweden and the United Kingdom. As mentioned in Chapter 1, these countries spend the highest proportion of GDP on disability benefit-related expenses in the EU and EEA. The total expenditures on disability benefits as a percentage of GDP are presented below.

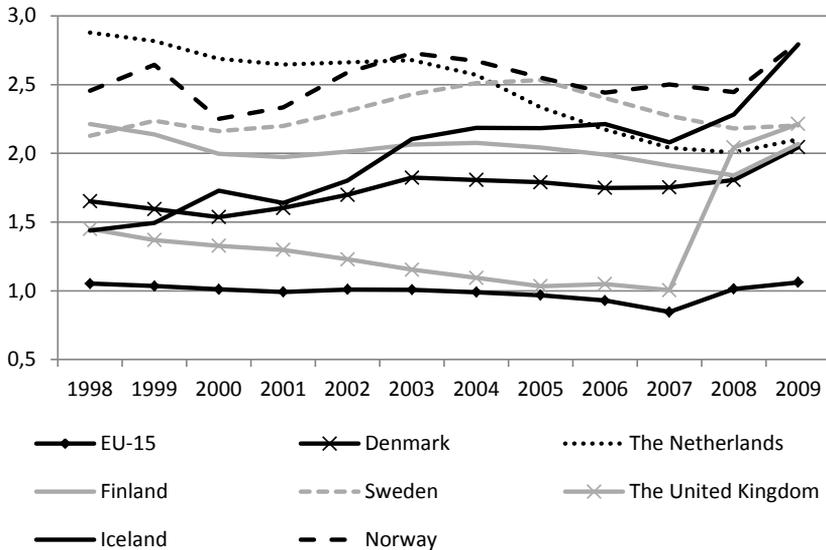
²⁰ Most recent year with comparable European data available (Eurostat).

²¹ Social protection covers cash payments and non-cash benefits for the following social benefits, known as functions: (1) illness/health and medical care, (2) disability, (3) old age, (4) survivors, (5) family/child, (6) unemployment, (7) accommodation, and (8) other social vulnerability. Administrative costs are also factored in the figures for social protection. Each EU Member State and EEA country reports these statistics to Eurostat (SCB, 2012).

²² It is however important to underline that this comparison does not cover tax regulations; these are difficult to calculate as they depend on both the country's level of taxation and the total income of the individual beneficiary. This is important, as some countries tax certain benefits whilst others do not. In Sweden, most benefits are taxable, which may partly explain why Sweden is so high up in the comparative statistics for Europe (SCB, 2012).

²³ Eurostat defines "disability pension" as "periodic payments intended to maintain or support the income of someone below the legal/standard retirement age as established in the reference scheme who suffers from a disability which impairs his or her ability to work or earn beyond a minimum level laid down by legislation" (Eurostat, 2011).

Figure 1. Total expenditures on disability benefits as a percentage of GDP 1998–2009²⁴



Source: Eurostat

In 2009, the total expenditure on disability benefits amounted to around 2.2 per cent of GDP in Sweden, corresponding to more than SEK 68.3 billion. Denmark reported 2.0 per cent, Finland 2.1 per cent, Iceland 2.8 per cent, the Netherlands 2.1 per cent, Norway 2.8 and the United Kingdom 2.2 per cent. The EU-15²⁵ average was 1.1 per cent of GDP. Between 1998 and 2009, the expenditure on disability benefits as a percentage of GDP had increased significantly in Iceland and the United Kingdom, whereas the Netherlands' expenditure had decreased. In other countries, the expenditure remained mostly unchanged.

²⁴ The total expenditures on disability benefits cover cash and non-cash benefits. According to Eurostat, these expenditures cover “benefits that: provide an income to persons below standard retirement age as established in the reference scheme whose ability to work and earn is impaired beyond a minimum level laid down by legislation by a physical or mental disability; provide rehabilitation services specifically required by disabilities; provide goods and services other than medical care to disabled people”. These expenditures do not cover “all medical care specific to disability”; “benefits provided to replace in whole or in part earnings during temporary incapacity to work due to sickness or injury”; “family allowances paid to recipients of disability benefits”; “benefits paid to the surviving dependants of disabled people, such as pensions and funeral expenses”. These are reported under other areas of expenditure (Eurostat, 2008).

²⁵ EU-15 comprises the following countries: Austria, Belgium, Denmark, Finland, France, Greece, Italy, Ireland, Luxembourg, the Netherlands, Portugal, Germany, Spain, Sweden and the United Kingdom.

3 Regulations and the development of the proportion of young adults with disability benefits – overview and summary

This chapter provides an overview and summary of the regulations pertaining to disability benefits in Denmark, Finland, Iceland, the Netherlands, Norway, Sweden and the United Kingdom, as well as the development of the proportion of young adults receiving disability benefits in these countries between 1998 and 2011. This chapter is based on the descriptions of each respective country's system in part 2 of this report.

3.1 Summary of regulations on disability benefits

Regulations and type of benefits

In the two schematic overviews, presented below, it is clear that the studied countries have both similarities and differences. Four of the Nordic countries (Sweden, Norway, Finland and Iceland) have legislation that is similar on many points. These countries have a form of compensation for the entire population, regardless of previous income. This is supplemented by other various kinds of compensation that are determined by time accrued in the systems. In Sweden, disability benefits consist of a guaranteed compensation – which is the same for all insured persons regardless of how long they have worked or resided in the country – and an income-related compensation based on income during a set period. In Norway, the benefit consists of a basic pension for anyone insured and a supplementary pension which is based on pension points accrued whilst in gainful employment. There is also a special supplement for persons with little or no supplementary pension. Finland and Iceland

have two different parallel systems (national and occupational pension systems²⁶) for disability benefits, which complement one another. Denmark is an exception among the Nordic countries, as it only has one form of compensation for disability benefits.²⁷ The equivalent benefit in the United Kingdom consist of a contributory part and an income-related part. The Netherlands has two types of compensation for disability benefits. One is for those who at the time of claiming the benefit are under the age of 30 and unemployed (Wajong). The other is for those who are either employed or unemployed (WIA).

Sweden has only a temporary benefit for young adults (between the ages of 19 and 29) receiving disability benefits. On the other hand, young adults have the possibility to receive disability benefits without a time limit (permanent) in Denmark, Finland, Iceland, the Netherlands, Norway and the United Kingdom. However, all of the countries studied also have temporary benefits for individuals with a long-term, but not permanent, reduction of their working capability with active rehabilitation activities and other measures to improve their working capability, and thereby enable them to come closer to entering the labour market. These rehabilitation activities are described in more detail in chapter 4 and in part 2 of the report. An overview of the various benefits in the studied countries is provided below, in table 1.

Eligibility requirements

All countries have two types of eligibility requirements for the right to benefits. One concerns formal requirement of residence, accrued years, etc. The other concerns various requirements pertaining to the reduction of working capability (see table 2).

Levels of compensation

Specifying exact levels of compensation for each country entails certain difficulties. This is because the levels can vary greatly among individuals with disability benefits, and because they are for example dependent of personal conditions, national taxation systems and other supplementary pension systems.²⁸ However, on a general level, the

²⁶ In Finland, the latter system is known as the earnings-related pension system.

²⁷ This only refers to disability pension.

²⁸ This is discussed in more detail in Chapter 4.

following can be said. In Sweden, the lowest level of compensation is full guarantee compensation of a maximum EUR 11,600 per year²⁹ or where appropriate, 64 per cent of an assumed income. In Norway, full basic pension is around EUR 11,100 per year³⁰ (lowest level for single persons). In addition, individuals may be entitled to a supplementary pension or a special supplement for those with little or no supplementary pension. For the temporary benefit in Norway, the lowest level of compensation is around EUR 22,000 per year. In Denmark, there is only one level of compensation. However, the compensation may still vary, depending on other incomes and family situation. Normally, the compensation amounts to around EUR 27,600 per year³¹ for a single person. In Finland, the lowest compensation is around EUR 8,600 per year³² from the national pension system. This is supplemented with any accrued compensation from the earnings-related pension system. In Iceland, the lowest compensation is around EUR 2,400 per year plus various supplements and, where appropriate, supplementary pension. In Finland and Iceland, disability benefits are coordinated between the two different systems (the national and occupational pension systems). In the Netherlands, the compensation for Wajong is calculated at 75 per cent of an age-specific minimum wage, whilst the level of compensation for WIA is determined by previous income up to a ceiling of around EUR 46,900 per year³³. In the United Kingdom, the amount varies depending on the age of the beneficiary and which group they are placed in. For example, a person under the age of 25 in the work-related activity group³⁴ receives around EUR 5,500 per

²⁹ The compensation corresponds to around SEK 101,000 per year; approximately 28 per cent of the average annual wage (SEK 353,148 in 2011) in Sweden. See Appendix 5 for further information.

³⁰ The compensation for the basic pension is NOK 82,122 per year; around 18 per cent of the average annual wage in Norway in 2011 (NOK 456,355). The temporary benefit amounts to a minimum of NOK 164,244 per year; around 36 per cent of the average annual wage in Norway. See Appendix 5 for further information.

³¹ The compensation amounts to DKK 204,900 per year; around 52 per cent of the average annual wage in 2011 (DKK 391,240). See Appendix 5 for further information.

³² The compensation is around 23 per cent of the average annual wage in Finland in 2011 (EUR 38 139). See Appendix 5 for further information.

³³ In 2011, the minimum wage for a 19 year-old was around EUR 8,974 per year, which was approximately 22 per cent of the average annual wage that year (EUR 40,965). The ceiling for WIA is thus over 14 per cent higher than the average annual wage. See Appendix 5 for further information.

³⁴ This group is for people who have a long-term reduction of the working capability, but who are expected to be able to improve their working capability and be able to leave the disability benefits system in the future.

year³⁵. In addition, there are in all countries different types of supplementary benefits and other forms of compensation, such as housing allowance, care allowance, car allowance and child allowance.

Table 1 on page 37 provides an overview of the benefits that individuals with a long-term or permanently reduced working capability may have right to in the countries studied. The overview also shows whether the benefits are temporary or permanent, and the age limits for each benefit.

Table 2 on page 38 shows a comparative summary of the various countries' eligibility requirements for disability benefits. All countries have requirements based on the individual's working capability, but the requirements are formulated in different ways. In all countries, certain formal requirements are also set for the right to disability benefits.

³⁵ This corresponds to around GBP 4,389 per year, which is around 14 per cent of the average annual wage in 2011 (GBP 31,413). See Appendix 5 for further information.

Table 1. Overview – benefits and age group

Sweden	Norway	Denmark	Finland	Iceland	The Netherlands	The United Kingdom
Disability benefit (temporary)	Disability pension (permanent)	Disability pension (permanent)	1. National pension system	1. National pension system	Wajong For unemployed persons (temporary or permanent)	Incomerelated Employment and Support Allowance (ESA) (temporary or permanent)
Age: 19–29 år	Age: 18–67	Age: 18 to retirement age	Disability pension (permanent)	Disability pension (temporary or permanent)	Age: 18–65	Age: 16 to state pension age
Sickness compensation (permanent)	Work assessment allowance (temporary)	Temporary disability benefit, from 1 Jan 2013 (temporary)	Rehabilitation allowance (temporary)	Age: 18–67	WIA for all employed and some unemployed persons (temporary or permanent)	Contributory ESA (temporary or permanent)
Age: 30–64	Age: 18–67	Age: Up to 40	Age: 16–64	Rehabilitation pension (temporary)	Age: Up to the statutory retirement age	Age: 16 to state pension age
			2. Earningsrelated pension system	18–67 år		
			Disability pension (temporary or permanent)	2. Occupational pension system		
			Rehabilitation allowance (temporary)	Disability pension (permanent)		
			Age: 18–62	Age: 16–70		

Table 2. Overview – eligibility requirements for the right to disability benefits

Sweden	Norway	Denmark	Finland	Iceland	The Netherlands	The United Kingdom
<u>Working capability</u>	<u>Working capability</u>	<u>Working capability</u>	<u>Working capability</u>	<u>Working capability</u>	<u>Working capability</u>	<u>Working capability</u>
<u>Disability benefit</u>	<u>Disability pension</u>	<u>Disability pension</u>	<u>Disability pension (National pension system)</u>	<u>Disability pension (National pension system)</u>	Wajong	ESA
Long-term reduction	Permanent reduction by at least 50 % due to disease	Permanent reduction	Permanent reduction due to disease that prevents the individual from working enough to reasonably provide for himself or herself	Long-term or permanent reduction	Permanent or long-term reduction of working capability, full or partial, due to disease	Permanent or long-term reduction
Working capability reduced as a result of disease by at least ¼ and with a predicted duration of at least one year	Working capability reduced to such a degree that the insured person is prevented from gaining or retaining employment	Working capability reduced to such an extent that the insured person cannot provide for himself or herself	Only full reduction of working capability	Working capability reduced due to disease, by at least 75 %	Reduced working capability before the insured person turns 17, or develops a reduced working capability before turning 30	Working capability reduced due to disease, to such a degree that the individual cannot be expected to work at all
Includes disability benefit for prolonged schooling (no assessment of working capability)	<u>Work assessment allowance</u>	Full compensation only ³⁶	Permanent and long-term reduction	Reduced working capability, by at least 50 %	WIA	<u>Formal requirements</u>
<u>Formal requirements</u>	Long-term reduction of working capability by at least 50 %	Resident in DK for 3 years after turning 15	Working capability reduced by 2/5 or 3/5 for at least one year	<u>Rehabilitation pension (National pension system)</u>	Permanent or long-term reduction due to fully or partially reduced working capability	Requires residence in the UK and that the person is not receiving certain other relief payments
The guaranteed compensation is residence-based and requires the individual to reside in SE	<u>Formal requirements</u>	<u>Formal requirements</u>	<u>Rehabilitation allowance (National pension system)</u>	Long-term reduction	WGA reduction by 35-80 %	Income-related ESA: has no income, or income is below a certain amount, and not entitled to contributory ESA
The income-related compensation requires income during a set period	Basic pension: for anyone insured for at least 3 years (as a rule; some exceptions)	Resident in DK for 3 years after turning 15	<u>Rehabilitation allowance (Earnings-related pension system)</u>	<u>Formal requirements</u>	IVA permanent and full (> 80 %) reduction	Contributory ESA: Paid in contributions to the national insurance system
	Supplementary pension is calculated by the number of years with pension points		Long-term reduction of working capability	National pension system: Must have resided in IS for 3 years or have had full working capability and thereafter resided in IS for 6 months	<u>Formal requirements</u>	
	For work assessment allowance, the individual must reside in NO and must have been: 1) insured for 3 years or 2) insured for a minimum of 1 year and be fit for work		<u>Formal requirements</u>	Rehabilitation pension: Same requirements as for national pension	Wajong:	
			National pension system: Must have resided 3 years in FI after turning 16	Occupational pension system:	Must have resided in NL for 1 year minimum	
			Earnings-related pension system: Based on the number of accrued years of pension	Must have paid contributions for at least 2 years	WIA: Employed in NL; must have worked 26 of 36 weeks before becoming incapable of working (general rule)	

³⁶ All possibilities of improving the working capability must have been investigated before disability pension may be granted.

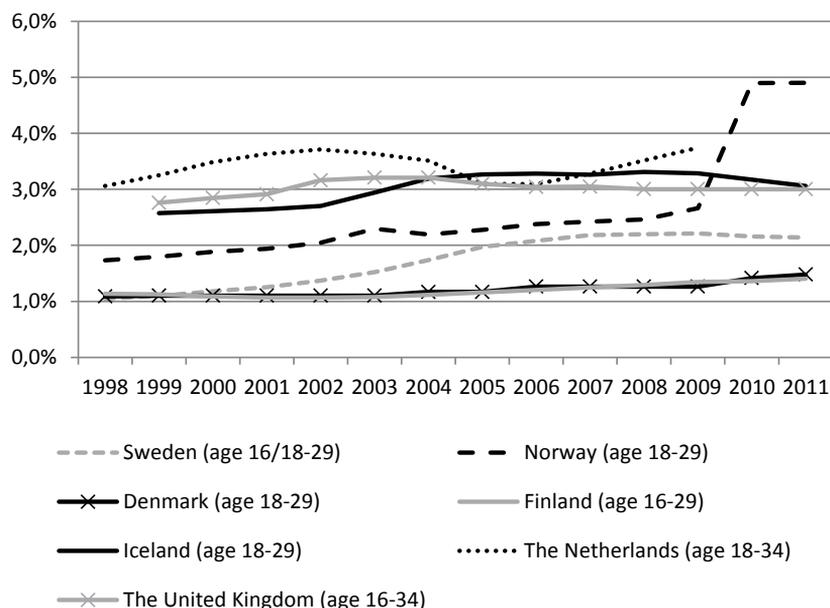
3.2 Development of the proportion of young adults on disability benefits 1998–2011

This section provides an overview of the development of the proportion of young adults on disability benefits in Denmark, Finland, Iceland, Norway, the Netherlands, the United Kingdom and Sweden between 1998 and in most cases up until 2011.

Figure 2 shows the number of young adults receiving disability benefits as a proportion of a specific age group. Within the frames of this study, disability benefits refer to forms of compensation that young adults may be granted for a long-term or permanent reduction of their working capability (see section 1.3). In most countries, this covers several benefits. The development in the number of recipients for specific benefits is presented in the chapter on each country's disability benefits system in part 2 of the report.³⁷

³⁷ It should also be noted that this figure does not in any way reflect the size of the amount (compensation per month) or scope of the compensation (period, part-time/full-time), etc. Further details on this can also be found in part 2 of the report, in the country-specific chapters.

Figure 2. Young adults receiving disability benefits as a proportion of the age group in Denmark, Finland, Iceland, Norway, the Netherlands, Sweden and the United Kingdom³⁸



Source: The Swedish Social Insurance Agency and Statistics Sweden (Sweden), NAV and Statistics Norway (Norway), the National Social Appeals Board and Statistics Denmark (Denmark), the Finnish Centre for Pensions and Statistics Finland (Finland); the Social Insurance Administration (Iceland), Statistics Netherlands and UWV (the Netherlands); the Department for Work and Pensions (the United Kingdom); Eurostat.

For much of the studied period, the Netherlands has been the country with the highest proportion of its young population receiving some form of disability benefit. The proportion has, however, varied over time, and was at its lowest between 2005 and 2006. Thereafter the proportion has increased, and in 2009 it was 3.7 per cent of the total age group.³⁹

³⁸ Wajong is granted from the age of 18. Other systems have no minimum age limit in the Netherlands. The proportions are calculated for individuals from the age of 18 upwards, even though there may be younger individuals receiving WAO, WIA and WAZ. It can, however, be assumed that there were few such individuals, as these are work-related forms of compensation. In Finland, compensation is granted within the national pension system from the age of 16 and within the earnings-related pension system from the age of 18. The proportions have been calculated for individuals aged 16 and up, which results in a slight underestimate of the percentages.

³⁹ The most recent available data from the Netherlands is from 2009.

The United Kingdom and Iceland have also had a relatively high proportion of young recipients of disability benefits. Since 2002/2003, both countries' proportions of young adults with disability benefits have remained at around 3 per cent of the total age group. In Norway, the proportion of young adults on disability benefits has risen from 1.7 per cent in 1998 to 2.7 per cent in 2009. In 2010, the Norwegian system was reformed and a new form of benefit was introduced. This led to a sharp increase in the total number of recipients, rising to 4.9 per cent.⁴⁰ In Sweden, the number of young adults with disability benefits has increased steadily over a long period of time. From amounting to 1 per cent of the entire age group in 1998, it has risen to 2.1 per cent in 2011. However, in relation to the development in other countries, the Swedish proportion of young adults on disability benefits is not distinctive. Over the entire studied period, Denmark and Finland have had the lowest proportions of young individuals claiming disability benefits, even if the proportions have increased over time and are now at approximately 1.5 per cent.

Concerning the gender distribution among young adults on disability benefits, it can be established that there is a higher proportion of men than women with disability benefits throughout the studied period (1998–2011) in Finland, Denmark and the United Kingdom. On the other hand, the gender distribution is relatively even in Norway and Sweden. Iceland reports a somewhat higher proportion of women with disability benefits, and in the Netherlands the proportion of women with disability benefits was higher between 1998 and 2005. Thereafter, the gender distribution is relatively even. Appendix 4 presents a detailed overview of the gender distribution statistics over time.

In all of these countries, mental and behavioural disorders is the most common diagnosis group among young adults with disability benefits.⁴¹ In Sweden, 76 per cent of all new recipients of disability benefits had a mental health diagnosis in 2011. For the other countries studied, individuals with mental and behavioural disorders

⁴⁰ This is explained in the chapter on the Norwegian system in part 2.

⁴¹ Mental and behavioural disorders cover a number of different states of health. ICD's chapter on mental health and behavioural disorders covers the following: (1) organic, including symptomatic, mental disorders, (2) mental and behavioural disorders due to psychoactive substance use, (3) schizophrenia, schizotypal and delusional disorders, (4) mood (affective) disorders, (5) neurotic, stress-related and somatoform disorders, (6) behavioural syndromes associated with physiological disturbances and physical factors, (7) disorders of adult personality and behaviour, (8) mental retardation, (9) disorders of psychological development, (10) behavioural and emotional disorders with onset usually occurring in childhood and adolescence, and (11) unspecified mental disorders (Socialstyrelsen, 2010b).

constituted between 58 and 80 per cent of the entire group of young adults on disability benefits.⁴² The proportion was highest in Denmark (80 per cent) and lowest in the United Kingdom (58 per cent). It is also clear from the statistics for young adults with disability benefits that the prevalence of mental and behavioural disorders is somewhat higher among men than among women in the studied countries.^{43 44}

Finally, it is important to once again underline that discretion is advised when drawing conclusions from comparisons of this nature, as there are fairly large differences between the various countries' different disability benefits' systems in terms of e.g., types of benefit, eligibility requirements and levels of compensation. This is discussed in more detail in Chapter 2.

⁴² This is described in more detail in the country-specific chapters in part 2 of the report.

⁴³ In Denmark, Norway and Sweden, the statistics describes new recipients of disability benefits in 2011. For Iceland, Finland and the Netherlands, statistics comprise the total number of recipients of disability benefits in 2009 and 2011.

⁴⁴ Gender distribution statistics are not available for the United Kingdom.

4 Disability benefit systems and policy - comparative summary

This chapter summarises and compares the studied countries' disability benefit systems, focusing on the group of young adults with disability benefits. Five particularly relevant areas are highlighted here: different disability benefit systems, disability benefits for prolonged schooling, incentives, assessment of working capability and paths to employment. This chapter is based on the descriptions of each country's disability benefits system presented in part 2 of the report.

4.1 Different disability benefit systems

In Sweden, young adults between the ages of 19 and 29 whose working capability is reduced for a period of at least one year may have the right to disability benefits. The aim with this specific benefit for young adults is to provide special support to this age group and to encourage activity without jeopardising their financial security.⁴⁵ The benefit is temporary and the right to benefit is limited to a maximum period of three years (after which the individual may apply for a new period of disability benefits).⁴⁶ This limitation aims to counteract a lock-in effect in the system.

The other studied countries have no direct equivalent to the Swedish system of only granting temporary disability benefits to a certain age group, i.e., young adults between the ages of 19 and 29. However, the Netherlands has a special form of benefit for young adults with a reduced working capability and no form of employment. The benefit is called Wajong. This benefit is not temporary, but in order to have the right to the benefit, individuals must be granted Wajong between

⁴⁵ Prop. 2007/08:136.

⁴⁶ 33 kap. 19 § socialförsäkringsbalken.

the ages of 17 and 30. On 1 January 2013, a new temporary benefit for young adults under the age of 40 was introduced in Denmark.

In the Swedish disability benefit system for young adults, all those on disability benefits receive the same level and form of compensation, irrespective of the scope and duration of the reduction of working capability. In the other studied countries, on the other hand, different forms of compensation are used for disability benefits, depending on the scope and duration of the reduction.⁴⁷ Individuals with a permanent reduction of their working capability, e.g., owing to a congenital disease or disability from an early age, often receive a permanent benefit, whereas those with a long-term, but not permanent, reduction receive a temporary benefit. In general, the latter group is expected to be able to enter or return to the labour market in the long term, and thus leave the disability benefit system.

In several of the countries there are different levels of compensation or supplements to the different benefits. The United Kingdom, for example, has somewhat higher levels of compensation for those with permanent disability benefits. In Norway, people with little or no supplementary pension, such as young adults with disability benefits, can receive a special supplement on top of the basic pension. Several countries also have different supplements for those who receive disability benefits from a young age. In this way, those with little capacity to provide for themselves by means of gainful employment can achieve a better economic situation and living conditions.

Furthermore, there are differences between the countries in terms of eligibility requirements; i.e., the conditions which must be met in order to have the right to disability benefits. Further differences are found in the case handling of disability benefits and rehabilitation activities and other measures offered to individuals on disability benefits. In general, the eligibility requirements for disability benefits – i.e., the requirements for previously undergone treatment, rehabilitation and other activities in order to improve the working capability – are less extensive for temporary benefits than for permanent benefits. The reason behind the requirements for previously undergone initiatives often being lower for the first group is that individuals in this group are expected to try to improve their working capability through treatment, rehabilitation and other initiatives during the time they receive temporary disability benefits;

⁴⁷ This system was introduced in Denmark on 1 January 2013. Previously, disability benefits could only be obtained if the individual had a permanently reduced working capability.

to thereafter be able to approach the labour market. These individuals are also expected to more actively participate in the process and contribute to improving their own working capability e.g., by participating in various rehabilitation activities and other measures. For example, if they do not have a valid reason for not participating in certain activities, there are various consequences or sanctions in several of the studied countries (this is presented in more detail in sections 4.3 and 4.5).

4.2 Disability benefits for prolonged schooling

In Sweden, disability benefits can be granted to a person who due to a disability has not yet completed his or her nine years of compulsory schooling or upper secondary school by the beginning of July in the year in which he or she turns 19. The individual has the right to disability benefits for the time it takes to complete the education. Disability benefits for prolonged schooling is always paid out as full compensation and can be seen as a form of income support during the extended study period. No assessment of working capability is performed. Around 80 per cent of the 19 year-olds who receive disability benefits in Sweden are granted disability benefits for prolonged schooling.⁴⁸ A political discussion is currently ongoing in Sweden, concerning whether support for prolonged schooling should be provided under the study support system instead of the social insurance system. This issue was also highlighted in the report *Brist på brådska – en översyn av aktivitetsersättningen [Lack of urgency – an overview of disability benefits]* in 2008. Part of the background to the ongoing discussion is that the current system appears to increase the long-term dependency on disability benefits, as a majority of those who have received disability benefits for prolonged schooling go over to "regular" disability benefits once they have left school. A large percentage also remain in the system for a long time. In other words, receiving disability benefits at an early stage (for prolonged schooling) seems to entail a risk that the threshold is lowered for continued granting of disability benefits for reduced working capability.⁴⁹

⁴⁸ This is described and discussed in greater detail in ISF's report "Aktivitetsersättning: Från förlängd skolgång till nedsatt arbetsförmåga".

⁴⁹ Inspektionen för socialförsäkringen, 2012a; SOU 2008:102.

Among the countries studied, there is no direct equivalent to the Swedish system of specific disability benefits for prolonged schooling, though several countries offer the possibility of "regular" disability benefits during schooling or other forms of education or training. In the Netherlands, young adults with disability benefits who are attending school or participating in other forms of education or training have the right to a certain amount of compensation in the context of a study programme (this applies to the Wajong benefits). Unlike Sweden, where young adults receiving disability benefits for prolonged schooling get a full compensation of at least SEK 7,490 (around EUR 860) per month (level of compensation for 2011), the compensation for the corresponding group in the Netherlands amounts to around SEK 1,600 (roughly EUR 190) per month.⁵⁰ This compensation is normally supplemented with a student grant. Of the 9,800 individuals granted Wajong in 2010, 34 per cent participated in the study programme. However, as this was the first year in which the new rules and regulations applied, it is difficult to make any direct parallels with or draw conclusions about the influx to the study programme or transferral to the disability benefits system.⁵¹

4.3 Incentives

In all studied countries, social insurances are, just as other forms of insurances, designed to influence people's behaviour, and thereby keeping down overexploitation of the insurance and avoid unnecessarily high costs for society. People's behaviour is influenced by economic incentives, but there are also non-economic incentives, such as various social factors. Incentives can affect the inclination to apply for disability benefits, remain on benefits and participate in rehabilitation activities and other measures intended to improve the working capability. They can also affect the inclination to leave the disability benefits system in order to enter the labour market.⁵² In addition, administrative supervision and monitoring are antidotes to

⁵⁰ This corresponds to 25 per cent of the minimum wage for 19 year-olds (see the chapter on the Dutch system in part 2).

⁵¹ UWV, 2011.

⁵² In welfare states, the economic incentives that affect the choice and standard of living of young adults on disability benefits are complex. Disability benefits and the economic incentives built into the associated regulations cannot be seen as isolated phenomena. In all countries studied, incentives can be affected by other social insurance benefits, benefits outside the social insurance system, and the tax system.

overexploitation. These are often referred to as the social insurance administration's gatekeeper function (see section 4.4). The knowledge that supervision and monitoring are being carried out can also affect people's behaviour and their benefit claims.

The benefit's level of compensation affects the economic incentive to apply to, remain in and leave the benefits system. There are, however, a number of factors that affect the possibility to make a true comparison between the compensation levels in different countries. The amount that the individual recipient of disability benefits actually has to live on is not only affected by the level of compensation, but also by tax regulations in the respective country and which supplementary benefits are provided to this group, both from the social insurance system and other systems. These may for example be supplementary pensions or various forms of private insurance. There are also other differences in the different countries' systems that make it difficult to perform comparisons, such as the fact that in some cases the compensation depends on the income of the individual's spouse or partner, as in Denmark and Norway, or the fact that the amount can be reduced in relation to the size of the income and the spouses' capital income, as in Iceland. It has not been possible in the scope of this study to obtain all information of this type, and it is therefore not possible to draw very far-reaching conclusions from the differences in the level of compensation from one country to the next. If only the level of compensation is taken into consideration, this is lowest in the United Kingdom, which applies flat rates of around EUR 430 per month.⁵³ The United Kingdom's system should therefore have the strongest negative incentive to apply for disability benefits or remain on benefits, and the strongest positive incentive to leave the benefits system. There are, however, a number of supplementary benefits for people on disability benefits in all of the countries studied, including tax reliefs and means-tested support, which weaken these incentives.

One example of an economic incentive that can increase young adult's inclination to apply for disability benefits can be found in Sweden. People aged 18–19 who are still in school due to disability have, as previous mentioned, the right to full disability benefits for prolonged schooling, and receive SEK 7,490 (around EUR 860)⁵⁴ per

⁵³ Employment and Support Allowance: This compensation is not affected by income and amounts to around EUR 420 per month for the work-related activity group and EUR 440 per month for the support group (for people under the age of 25).

⁵⁴ In 2011. The amount is taxed but the rate is low.

month.⁵⁵ This is a substantial income for young people still living with their parents. This can be compared with pupils of the same age going through normal schooling. They receive SEK 1,050 (around EUR 120) per month in student grants for a period of 10 months per year. The relatively high compensation level may be an incentive to apply for disability benefits for prolonged schooling (see section 4.2). However, for those moving out of their parents' house and into their own accommodation, disability benefits will not likely provide the same financial viability, as even with supplementary forms of compensation in the form of housing supplement and disability allowance, it can be difficult to cover accommodation-related expenses and other living costs. For people with a permanent reduction of their working capability, this can lead to life-long financial difficulties and result in a low old age pension.⁵⁶

In the Netherlands too, young adults with disability benefits who are attending school or participating in other forms of education or training have the right to a certain amount of compensation in the context of a study programme (this applies to the Wajong benefits). Unlike Sweden, the Dutch system does not have the same economic incentives built in, as the compensation only corresponds to 25 per cent of the minimum wage in the Netherlands, i.e., EUR 190 (see section 4.2).

Incentives for individuals on disability benefits with a long-term reduction of their working capability to approach or enter the labour market

The economic incentives intended to encourage entry into the labour market are of course most relevant for people on disability benefits with a long-term reduction of their working capability, as they can be assumed to have the potential to improve their working capability in the long term, and thus leave the disability benefits system. The incentives may, however, also apply to those with a permanent reduction of their working capability as the development of new medicines and treatments, as well as new aids, can improve their chances of being capable of work in the future.

⁵⁵ Försäkringskassan, 2007a.

⁵⁶ SOU 2008:102.

Though participation in various rehabilitation activities and other measures whilst receiving disability benefits is in some cases optional (see section 4.5), a number of countries have introduced consequences or sanctions for people who do not have a valid reason to not actively participate in these initiatives (see section 4.5). Disability benefits can be withdrawn completely or partly in Iceland, Norway, the Netherlands and the United Kingdom, as well as in the Finnish disability pension (under the national pension system). This is also possible in Sweden, though it is seldom practiced.

The Netherlands and Finland also have positive incentives built into their disability benefit systems for people participating in rehabilitation activities and other measures whilst receiving benefits. In the Netherlands, the starting point is that anyone on disability benefits who has the ability, is expected to participate in various work-related activities or actual work whilst receiving disability benefits. It is the responsibility of the social insurance administration to help individuals receiving disability benefits to find an appropriate job or a work-related activity. Whilst taking part in these activities, people on disability benefits may retain part of their earnings during the period they work or participate in an equivalent activity. The income they receive is a supplement to the basic compensation that everyone receiving disability benefits is guaranteed in the Netherlands. Another positive incentive has been introduced in Finland, where a person claiming disability benefits receives a supplement of 33 per cent of the benefit amount during rehabilitation. The aim is to promote participation in rehabilitation activities.⁵⁷

Several countries have also introduced the opportunity for people claiming disability benefits to work or study during a trial period without losing their right to the benefit. This is known as dormant benefit. This opportunity is a positive incentive to gain work experience which, if successful, could be the first step in the individual's development towards providing for himself or herself. The period for dormant disability benefits is longest in Denmark (in some cases unlimited) and in Norway (5 years, with the potential for a further 5 years). In Finland, the benefit can be dormant for a period of between 6 months and 5 years under the national pension system and between 3 months and 2 years under the earnings-related pension system. The Netherlands also has this temporary opportunity.

⁵⁷ This applies only to disability pension within the scope of the earnings-related pension system. See Chapter 9.

In Sweden, the right to dormant benefit for work and studies applies for a maximum of 2 years. Sweden has relatively strong incentives for dormant disability benefits whilst working. Individuals who were gainfully employed whilst having dormant disability benefits prior to 2013, were able to retain an untaxed monthly amount corresponding to 25 per cent of the dormant benefit. They were able to receive the untaxed amount for a maximum of 12 months. This period was extended to 24 months from 1 January 2013 with the purpose of further strengthening the incentive to work.^{58 59} In addition, earned income tax credit⁶⁰ constitutes another positive incentive in Sweden. There are, however, threshold effects, because people on disability benefits must work for a certain time each month in order to receive a higher income than if they had remained on benefits.

In all studied countries, full disability benefits can be combined with earned income. In Sweden, the work is limited to a maximum one hour per day and the income to a maximum eighth of the normal full-time annual income⁶¹ (SEK 43,500, approximately EUR 5,100). In Norway, the amount of the benefit is reduced gradually in relation to income. After one year, the recipient has the right to retain an annual income of NOK 82,122 (approximately EUR 11,100). In Finland, beneficiaries may retain income from work – if the income is less than approximately EUR 714 per month (EUR 8,600 per year) – without this having any effect on disability benefits payments. This applies to the national pension system. The Finnish earnings-related pension system includes similar provisions with the possibility to receive income from employment to a maximum 40 per cent of an average income for the 5 calendar years prior to being unable to work. In Denmark, a person may work up to a third of normal working hours and receive a maximum income of DKK 69,800 (around EUR 9,300) per year if single, and DKK 110,600 (around EUR 14,800) per year if living with a partner. In Iceland, people receiving disability benefits are able to work up to full-time, but the compensation is reduced when the income reaches a ceiling of ISK1,315,200 (around EUR 8,100) per year. The compensation is then reduced gradually until the income amounts to ISK 4,148,420

⁵⁸ 36 kap. 15 and 18 §§ socialförsäkringsbalken.

⁵⁹ Försäkringskassan, 2007c.

⁶⁰ The earned income tax credit reduces the tax that must be paid on income from employment and active business activities by up to approximately SEK 1,800 per month (2012), depending on the level of income (see www.skatteverket.se).

⁶¹ The average annual wage was SEK 353,148 (2011), i.e., SEK 29,429 per month. See Appendix 5 for further information.

per year (approximately EUR 25,300). In the United Kingdom, a part-time job of up to 15 hours per week can be combined with a full disability benefit. An income of up to GBP 95 (around EUR 120) per week (approximately EUR 6,200 per year) can be retained. In the Netherlands, disability benefits are reduced when earned income amounts to EUR 1,800 per year or more. The income from employment that can be retained without any effect on full disability benefits payments is thus lowest in the Netherlands, Sweden and the United Kingdom and highest in Iceland and Norway.

4.4 Assessment of working capability

Working capability is a complex concept that is generally based on health and other individual factors, which are then weighed against the nature of work, the labour market and other external factors. Working capability has a physical, a psychological and a social dimension.⁶²

In order to be granted disability benefits in Sweden, the claimant's working capability must be reduced by at least a quarter, with a predicted duration of at least one year. The reduction of the working capability must be a result of disease or other impairment of the physical or mental performance capacity, and is assessed in relation to all jobs throughout the labour market.⁶³ The medical documentation is assessed based on the 'DFA chain' (diagnosis, disability and activity limitation). In this process, the administrative officer, who is responsible for the assessment at the Swedish Social Insurance Agency, can perform a *sassam* investigation⁶⁴ or request the support of a physician specialised in insurance medicine based at the Agency. In uncertain cases, the administrative officer may also request a special physician's certificate or a team investigation. However, in this context it should be noted that the methods of assessing working capability are currently under development in Sweden.⁶⁵

In Finland, Iceland, Norway and Sweden, applications for disability benefits are generally accompanied by a medical certificate. In Finland, Norway and Sweden, it is also possible in obscure cases to

⁶² Ludvigsson, M., et al. (2006).

⁶³ 33 kap. 5, 7 and 10 §§ socialförsäkringsbalken; Prop. 2007/08:136.

⁶⁴ Strukturerad arbetsmetodik för sjukfallsutredning och samordnad rehabilitering [structured work methods for investigating cases of diseases and coordinating rehabilitation].

⁶⁵ Försäkringskassan, 2012c.

perform in-depth working capability assessments. In Denmark and Iceland, all applicants' working capability is assessed based on standardised instruments. In Denmark, the administrative officer at the municipality concerned makes a resource profile describing the working capability of the insured person and what he or she can manage in relation to the labour market. The resource profile is based on twelve different areas. As a rule, it is the administrative officer concerned who takes the initiative to perform an assessment of the working capability when all rehabilitation efforts are considered exhausted. In Iceland, the responsible physician at the social insurance administration assesses the applicant's working capability based on a standardised instrument, the Personal Capability Assessment. It consists of two sub-assessments of the physical and mental capability and health.⁶⁶ In this context, it is also worth noting that the responsible administrative officers in Denmark, Norway and Sweden consult physicians where required, whereas in Finland, physicians are consulted in all cases.

In the United Kingdom and the Netherlands, the entire process for assessing working capability is undertaken by the social insurance administration. Medical certificates are not generally required. In the United Kingdom, the assessment of the applicant's working capability is performed by Atos Healthcare, an enterprise specialised in occupational health care, contracted by the Department for Work and Pensions. The assessment is in general performed based on a standardised instrument; Working Capability Assessment, which consists of two parts – a physical assessment and a psychological, cognitive and intellectual assessment. In the Netherlands, a physician specialised in insurance medicine at the social insurance administration assesses the working capability based on a standardised instrument, the Functional Ability List. However, the assessment of the right to disability benefits is not solely based on reduced working capability. In cases where the claimant is considered to have a certain working capability or potential to strengthen his or her working capability, he or she is also assessed in relation to his or her ability to provide for himself or herself (earning capacity). This is calculated by taking the information on the working capability from the aforementioned assessment and entering it into a computer system in which different types of work are registered. Based on the

⁶⁶ This instrument is only used for the assessment of people applying for invalidity pension and allowance and not those applying for a rehabilitation pension (in the scope of the national pension system).

opportunities open to the individual, the database presents a list of appropriate jobs. The three best paid jobs in this list forms the basis of the assessment of the earning capacity.⁶⁷ There is no equivalent system in the other countries studied.

Several countries also lay emphasis on the claimants' self-assessment of their health and working capability when assessing their right to disability benefits. Norway and the United Kingdom, for example, have standardised instruments for obtaining this information.⁶⁸ This approach is likely contributing to placing claimants' needs at the centre, and increasing their participation and perhaps even their understanding of the decisions made about their right to disability benefits. This may be particularly important as several countries use the assessments as a basis for planning and, where necessary, adapting the rehabilitation activities and other measures offered to this group during the time they receive disability benefits.

Gatekeeper function

Though it is the social insurance administration which makes decisions on the right to compensation, physicians, who write medical certificates pertaining to reduced working capability in connection with an application for disability benefits, also fill an important gatekeeper function. This means that measures are taken to ensure that only people with the right to disability benefits receive them. The physicians' gatekeeper function is considered to be particularly prominent in countries like Finland which have well-developed occupational health care. In the Nordic countries, the gatekeeper function is shared between the social insurance administration and physicians, whilst in the Netherlands and the United Kingdom the function is more centralised. In these countries, the entire process of assessing working capability normally takes place in connection with an application being processed within the scope of the social insurance administration. Furthermore, it can be established that the administrative officer in the social insurance administration generally have a greater professional responsibility in countries, such as

⁶⁷ This is explained in greater detail in the chapter on the Dutch system in part 2.

⁶⁸ In Norway, a self-assessment form is used, and in the United Kingdom this information is obtained through the application for disability benefits (ESA50), in addition to an assessment of working capability that often occurs via a personal meeting with the claimant.

Sweden, Norway and Denmark, which often place higher skills requirements on administrative officers from a gatekeeper perspective.⁶⁹

Whilst due to differences in systems and inadequate data⁷⁰, it is difficult to compare and draw conclusions about the gatekeeper function in each country based on statistics for the proportion of rejected cases, a (fragmentary) overview of the available statistics is presented below. In 2011, the Swedish Social Insurance Agency rejected around 17 per cent of applications for disability benefits.⁷¹ In the same year, the corresponding proportion for new applications for disability benefits (disability pension) was approximately 11 per cent in Denmark. In Iceland, the proportion of rejections in 2011 was around 2 per cent for invalidity pension and allowance, and 7 per cent for rehabilitation pension (under the national pension system). In Finland, around 35 per cent of new applications for disability pension (under the national pension system) were rejected in 2011 (for all age groups). In the Netherlands, around 40 per cent of new applications for disability benefits (Wajong) were rejected in 2010. In the United Kingdom, 52 per cent of new applications for disability benefits (Employment and Support Allowance, ESA) were rejected between October 2008 and November 2011, as the applicants were considered fit for work. Norway has published limited statistics on rejections, but between January and September 2012, the rate of rejected applications for disability pension was around 17 per cent.⁷²

⁶⁹ Brage, 2010; Försäkringskassan, 2008b.

⁷⁰ It should be noted in this context that there are no overall international statistics on the proportion of rejected applications for disability benefits. The ISF has therefore requested this information from each country. It was, however, not possible in several cases to assist ISF with the exact information that was requested.

⁷¹ The proportion of rejections has been calculated as the proportion of cases rejected where the individual has applied for a disability benefit. Both cases in which individuals have been granted disability benefits for the first time and cases in which they have been granted disability benefits in direct connection with previous periods have been included in the calculation. Limitations in the material mean that it is not possible to calculate the proportion of rejections for those applying for disability benefits for the first time (this should reasonably be higher than for those applying for disability benefits in direct connection to a previous period).

⁷² Ankestyrelsen, 2012, Interviews, Iceland; KELA 2012; Kennedy, 2012; UWV, 2011; www.nav.no.

4.5 Paths to employment

All studied countries have an expressed work-first principle. The work-first principle means that individuals who can work and to some extent provide for themselves and others shall be given the opportunity to do so. Through this principle, active measures in the form of work, work experience, education or training are prioritised over solely making cash payments. At the same time, this also places demands on the individuals themselves to make use of or improve their working capability.⁷³ Working capability can be improved through more individually tailored measures or through different work environment-related factors, such as various aids and adaptation of the work environment.

This section focuses on how the studied countries work with different rehabilitation activities and other measures to strengthen the working capability of young adults on disability benefits, and thereby facilitate future integration on the labour market and subsequently enable these individuals to leave the disability benefits system. In this section, particular emphasis is placed on rehabilitation activities and other measures for the group of young adults with a long-term reduction of their working capability.

Different requirements on participation in rehabilitation activities and other measures whilst receiving disability benefits

In Sweden, rehabilitation activities and other measures for individuals receiving disability benefits are as a rule optional, regardless of whether the individual has a permanent or long-term reduction of his or her working capability. Beneficiaries have the opportunity to participate in various activities, if they can be assumed to be beneficial for their health.⁷⁴ In contrast to these activities, which are always voluntary, individuals may be obligated to participate in vocational rehabilitation, where medical considerations and other factors allow.⁷⁵ However, this concerns relatively few individuals on disability benefits.⁷⁶

⁷³ Socialförsäkringsutredningen, 2005.

⁷⁴ 33 kap. 21 – 24 §§ socialförsäkringsbalken.

⁷⁵ 30 kap. 7 and 11 § socialförsäkringsbalken.

⁷⁶ See the chapter on the Swedish system in part 2.

Regarding participation in different rehabilitation activities and other measures, countries, such as Norway, the Netherlands and the United Kingdom, have a system that sets different requirements for people with a long-term reduction of their working capability and for those who have a permanent reduction. Different activities for individuals receiving disability benefits are as a rule optional for people with a permanent reduction of their working capability, whilst those with a long-term reduction are expected to actively participate in the process and contribute to improving their own working capability by for example taking part in various rehabilitation activities and other measures. In Norway, for example, individuals with a long-term, but not permanent, reduction of their working capability must take part in various rehabilitation activities and other measures and show that they are working actively to improve their working capability whilst receiving benefits, in order to receive compensation.⁷⁷

The Netherlands and the United Kingdom employ the strategy of various types of financial consequences or sanctions against people on disability benefits, who have a long-term but not a permanent reduction of their working capability, and who do not have a valid reason for not participating in the offered rehabilitation activities and other initiatives whilst receiving compensation. From 1 June 2011 to 30 May 2012, 11,130 sanctions were issued in the United Kingdom in the form of a partial withdrawal of compensation for a limited time period.

Iceland has adopted a different approach to underlining the individual's responsibility and the importance of participation in treatment, rehabilitation and other activities. The rehabilitation plan that forms the basis of the application for temporary disability benefits (rehabilitation pension under the national pension system) must be filled in by the claimant, together with his or her physician or other responsible health care personnel. They have joint responsibility for the formulation and content of the plan. Approval of rehabilitation pension is primarily based on the content and scope of the plan.

⁷⁷ Only for individuals receiving work assessment allowance.

Initiatives for individuals currently receiving disability benefits

The rehabilitation activities and other measures offered to people on disability benefits vary among the countries studied, but in general it can be said that the activities provided under the disability benefits system to beneficiaries with a long-term reduction of their working capability tend to focus on vocational rehabilitation and other work-related activities. In recent years, the disability benefit systems have undergone structural reforms in Norway, the Netherlands and the United Kingdom. The main purpose of these reforms was to further develop the systems in order to better support individuals with reduced working capability in entering the labour market, by means of a more active and systematic policy and management. In Denmark too, a similar reform came into force on 1 January 2013. In the Netherlands and the United Kingdom, the reforms have strengthened relations with labour market partners and other actors, who provide various support programmes and rehabilitation activities to people on disability benefits. These countries have also developed positive and negative economic incentives for individuals receiving disability benefits to approach or enter the labour market.

Below is a brief description of the various rehabilitation activities and other measures, which primarily target individuals with a long-term reduction of the working capability, in Sweden, the Netherlands, the United Kingdom, Norway, Finland, Iceland and Denmark. Each country's rehabilitation activities and other measures are presented in more detail in part 2 of the report.

In Sweden, the responsible administrative officer at the Swedish Social Insurance Agency shall establish an individual return-to-work-plan for each beneficiary, where relevant. This plan shall include any rehabilitation activities and other measures offered to individuals with disability benefits in order to improve the working capability. In general, the plan is established in a joint effort by the administrative officer and the insured person. On an individual level, the Swedish Social Insurance Agency is responsible for coordinating initiatives from various actors involved in the process. According to the Swedish Social Insurance Agency, the most common form of initiatives provided is daily activities⁷⁸, followed by other activities⁷⁹

⁷⁸ Daily activities for people of working age with disabilities who are not gainfully employed or educated shall be provided by the municipality.

⁷⁹ Activities, such as work experience, club activities or sporting activities, should support the development of individuals with disability benefits and have a positive effect on their health and disability.

and vocational rehabilitation⁸⁰. There is, however, a lack of knowledge of how many individuals actually participate in various initiatives in Sweden. According to the Swedish Social Insurance Agency's study from March 2012, 68 per cent of those with a disability benefit in December 2011 participated in some form of initiative.⁸¹ Of these, around 50 per cent participated in daily activities, around 20 per cent in vocational rehabilitation and around 20 per cent in other activities. The Swedish Social Insurance Agency's study from November 2012 provides rather different data. According to this study, around half of all young adults on disability benefits did not participate in any known rehabilitation or activation measure in December 2011.⁸²

The Netherlands have an especially active policy for supporting people on disability benefits in approaching or entering the labour market. The starting point is that anyone on disability benefits who is able to participate in various work-related initiatives or actual work whilst receiving disability benefits, is expected to do so. Around 50 per cent of young individuals on disability benefits are placed in the group that is expected to participate in work-related activities or actual work (the Work Scheme).⁸³ Even in uncertain cases, individuals receiving disability benefits are as a rule initially placed in this scheme; giving them the opportunity to develop their working capability, but also providing the social insurance administration with a tool to investigate and follow their development.⁸⁴ The initiatives under this programme are generally planned and formulated by an employment adviser (job expert), based on the working capability and earning capacity of the individual claiming disability benefits. Administrative officers, physicians specialised in insurance medicine, private actors and prospective employers also participate in this process. The offered initiatives are based on a plan for participation, and there is a broad spectrum of initiatives; from rehabilitation and

⁸⁰ Vocational rehabilitation, e.g., work trials/training or education, are intended to improve the insured person's working capability and thereby enable him or her to come closer to entering the labour market.

⁸¹ This study is based on a review of case files of a random selection of people who have been claiming disability benefits for at least a year. A total 1971 cases were examined. For a more detailed methodological description, see Försäkringskassan 2012a.

⁸² For further information on the methods employed in the study, see Försäkringskassan, 2012d.

⁸³ This only applies to people receiving Wajong.

⁸⁴ An individual's working capability is continuously evaluated and if, following participation in rehabilitation activities and other measures, he or she is assessed to be incapable of improving the working capability, it is possible for him or her to be transferred to the group of people on disability benefits with a permanent reduction of the working capability (the Benefit Scheme).

reintegration for those considered to be further away from entering the labour to education, training and work experience. Individuals who are considered to be closer to entering the labour market are offered various subsidised or adapted jobs. The various 'reintegration programmes' are offered by specific enterprises that are tasked with supporting people on disability benefits for a period of up to 2.5 years. The support shall also continue once the programme, which normally lasts a year, is complete. At this point, the enterprises will primarily support previous participants in the programme in their efforts to enter or remain on the labour market. The enterprises' compensation depends on how well they succeed with this. There are also positive incentives built into the system for the individual recipient of disability benefits, who may retain parts of the income he or she earns whilst employed or involved in other work-related activities, in addition to the basic compensation which anyone receiving disability benefits is guaranteed in the Netherlands (see section 4.3).⁸⁵

In the United Kingdom, individuals on disability benefits who have a long-term reduction of the working capability are placed in a group known as the 'work-related activity group'. Between October 2008 and November 2011 around 69 per cent of those granted disability benefits (Employment and Support Allowance, ESA) (new applicants) were placed in this group. People in this group are encouraged to participate in a series of work-related interviews, together with a personal adviser at the Jobcentre Plus⁸⁶. The interviews are part of an investigative process which is designed to identify the skills of the person on disability benefits and the support required in order to improve his or her working capability and remove any obstacles to employment. Based on these interviews an activity plan is developed, which contains development steps and initiatives designed to help the person claiming disability benefits to come closer to entering the labour market. The most common initiative is the "Work Programme", which offers individually adapted programmes in the field of employment and education. This programme is open to a number of different groups, and is organised by private or volunteer organisations. Providers are free to design the programmes based on individual and local needs and they will be paid primarily for supporting ESA beneficiaries into employment

⁸⁵ UWV, 2011.

⁸⁶ Jobcentre Plus is an employment agency which also works with social insurance administration.

and helping them to stay in employment for up to two years, with higher payment for supporting individuals who are assessed to face particular obstacles to enter the labour market.⁸⁷

In Norway, rehabilitation activities and other measures are placed in one of four categories based on the needs of the insured person: standard initiatives, situation-based initiatives, specially adapted initiatives or adapted duration initiatives. The group of initiatives which is most often appropriate for individuals with a long-term reduction of the working capability is specially adapted initiatives. The offered initiatives are often work-related and cover a broad spectrum, from vocational rehabilitation, work experience, education and training to mentoring and initiatives for individuals with mental and behavioural disorders. By far the most common initiatives in 2011 were education and training, work experience and follow-up^{88, 89}. The initiatives offered should as a rule be based on an activity plan. The plan, which is developed by both the administrative officer and the person claiming disability benefits, shall define goals for the initiatives and the need for rehabilitation activities and other initiatives.

In Finland, applications for temporary disability benefits (rehabilitation allowance) must be accompanied by a care and rehabilitation plan, which specifies the need for medical or vocational rehabilitation. The main activities offered to individuals with a long-term reduction of the working capability under the disability benefits system are vocational rehabilitation (applies to both the national and earnings-related pension systems)⁹⁰, rehabilitative psychotherapy⁹¹ and discretionary rehabilitation.^{92 93} Examples of activities are investigations for the assessment of rehabilitation requirements and options, work experience, education, training and various work environment-related measures. In the Finnish model, efforts are not solely focusing on rehabilitating the persons with reduced working

⁸⁷ Kennedy, 2012.

⁸⁸ This initiative covers motivation, guidance and advice to the insured person, employers and other actors, as well as training in work-related and social skills.

⁸⁹ Det Kongelige Arbejdsdepartement, 2012.

⁹⁰ In 2011, vocational rehabilitation was funded for around 10,100 people between the ages of 16 and 34 under the national pension system (FPA, 2012). In addition, 13 per cent of individuals under the age of 35 underwent rehabilitation under the earnings-related pension system (Pensionsskyddscentralen, 2013).

⁹¹ In 2011, rehabilitative psychotherapy was funded for around 8000 people between the ages of 16 and 34 under the national pension system (FPA, 2012).

⁹² In 2011, discretionary rehabilitation was funded for around 11,300 people between the ages of 16 and 34 under the national pension system (FPA, 2012).

⁹³ Medical rehabilitation is generally provided by the health services.

capability; they are also intended to prevent individuals from becoming unable to work. Rehabilitation is a legal right in the earnings-related pension system.

In Iceland, the rehabilitation activities are based on a rehabilitation plan (for rehabilitation pension under the national pension system), which should be filled in by the applicant, together with his or her physician or other responsible health care personnel. The rehabilitation plan should be based on a holistic perspective, and the rehabilitation may be both medical or vocational. Vocational initiatives are offered by private actors or the municipality. In the occupational pension system, vocational rehabilitation is organised by the Work Rehabilitation Fund (VIRK), whose advisers (administrative officers) normally work within the scope of the Icelandic trade unions.

Temporary disability benefits were introduced in Denmark on 1 January 2013 for people with a long-term reduction of their working capability. This form of compensation applies up to five years at a time. The purpose of the reform is to improve initiatives for young people with reduced working capability with the help of rehabilitation teams on a municipal level. The teams will offer coherent and multidisciplinary support in areas, such as education, social and labour market issues and health.⁹⁴

Successful rehabilitation activities and other measures – follow-up and evaluation

It is particularly important to have an active approach in the work to support young adults with a reduced working capability in approaching or entering the labour market as this group generally finds it more difficult than others to become established on the labour market.

In Sweden, the Swedish Social Insurance Agency has a responsibility to coordinate rehabilitation activities and other measures for young adults on disability benefits and to follow up the return-to-work-plan. The purpose of the follow-up is to at an early stage know whether the activities work as planned or if a revision of the plan is necessary. It is, however, clear from the Swedish Social Insurance Agency's own report that in practice there are shortcomings in the follow-up.

⁹⁴ At the time of writing, there was no access to detailed information on initiatives offered to people receiving temporary disability benefits.

The report describes the follow-up as sporadic, which in turn can result in long periods of inactivity for certain groups of young adults claiming disability benefits. There seems to be a greater risk of inactivity among individuals on disability benefits who have a mental disease and others who do not follow a linear process or development.^{95 96}

The shortcomings in the follow-up noted by the Swedish Social Insurance Agency in its report are in line with what was said in one of ISF's interviews with a representative from the Swedish Social Insurance Agency:

”... there are other ways to follow this up; it's like a measurement, the outflow from insurance of course, and we take a look at this and are able to follow it up, but on the other hand we have no continual follow-up whatsoever of how a certain measure has worked for this person and that person. Which means that we actually know very little about what works and what doesn't work”.

In countries, such as Norway and the United Kingdom, there seems to be a more systematic follow-up of provided rehabilitation activities and other measures. In Norway, the activity plan (see Chapter 7) is mutually binding, and the initiatives offered whilst the individual is receiving disability benefits (work assessment allowance) shall be evaluated at least twice per year. In addition, the insured person must regularly (every fortnight) make contact with his or her local NAV office. The insured person must send a notification card via e-mail or post in order to report on the initiatives or other activities that he or she has participated in during the period. Reporting on the activities they have participated in is also a prerequisite for receiving compensation (with some exceptions). In the United Kingdom, an initial investigative process is carried out which is designed to identify the skills of the person on disability benefits and the support required in order to improve his or her working capability and remove any obstacles to employment. This process constitutes the basis for the development of an activity plan (see Chapter 12). The initial investigation should be evaluated after 13 weeks and may be followed up where required with a more in-depth investigation.

⁹⁵ Försäkringskassan, 2012d.

⁹⁶ The Swedish Social Insurance Agency writes in its report from November 2012 that it needs to further develop its methods for case handling and coordination in order to provide more adequate support in individual cases, and for information and follow-up systems (Försäkringskassan, 2012d).

The working capability is assessed regularly and the assessment period varies between 3 and 18 months.⁹⁷

The Dutch system emphasises the importance of recurring assessments of working capability. The difficulties of assessing the working capability of young adults on disability benefits, who often find themselves in a development phase, are also highlighted. The level of working capability of young adults (i.e., the percentage by which the capability is reduced) is therefore not classified before the age of 27. An assessment of this nature is only conducted for people on disability benefits who fulfil certain criteria.

Finally, it is also important to highlight the fact that current information and statistics on rehabilitation activities and other measures offered to young adults on disability benefits in Sweden are limited. Producing this information would be a natural first step towards studying which activities are offered to young adults on disability benefits, and which activities could successfully support this group in strengthening their working capability, and thereby be able to approach or enter the labour market. A similar problem exists in several of the countries studied, but there are however a number of exceptions. Finland, for example, has detailed statistics of the rehabilitation activities offered under the national pension system and the earnings-related pension system, and also works actively to gather and provide multidisciplinary information and knowledge.

⁹⁷ For those deemed to be incapable of improving their working capability over a longer period, this assessment period can be longer than 18 months.

5 Discussion and conclusions

This final chapter discusses the results of the report. In addition, a number of experiences and measures from the studied countries that ISF considered to be of particular interest for the potential further development of the Swedish system are highlighted.

Proportion of individuals receiving disability benefits on the rise – a European phenomenon

In Sweden, the number of young adults on disability benefits has doubled during the last 15 years, and the Swedish Social Insurance Agency forecasts that this rise will continue in the coming years. The increase in the number of young adults in the disability benefits system has consequences on both an individual and national level. Apart from the social and economic consequences of early entry into disability benefits for the individual, this development also means that the cost for society in general is higher, as these people risk remaining in the disability benefits system for a long period of time.

The Swedish development is, however, not unique in an international perspective. The proportion of young adults on disability benefits is not particularly high in Sweden; it is in fact lower than in many other countries (see figure 2). In 2011, the proportion of young adults on disability benefits constituted a little over 2 per cent of the age group 19–29 in Sweden. The age range of this group differs somewhat from one country to the next, but the group of young adults with disability benefits constituted nearly 3 per cent in Iceland and the United Kingdom during the studied period (1998–2011). In the Netherlands, the corresponding proportion has fluctuated between 3 and 4 per cent. In Norway, the development has been similar to that in Sweden, with a constant increase in the proportion of young adults receiving disability benefits, though the proportion has always been higher in Norway than in Sweden. In 2010, the Norwegian system

was reformed and a new form of benefit was introduced. This meant that the proportion of young adults on disability benefits rose sharply and amounted to nearly 5 per cent of the age group in 2011. Of the studied countries, it is only in Denmark and Finland that the proportion of young adults on disability benefits is lower than in Sweden. In these countries, the proportion amounted to around 1.5 per cent of the age group in 2011. In Finland, Denmark and the United Kingdom, the proportion of men with disability benefits is somewhat higher than that of women. In the Netherlands, Norway and Sweden, the distribution is relatively even between the genders, and in Iceland the number of women on disability benefits is somewhat higher.

In all of these countries, mental and behavioural disorders is the most common diagnosis group among young adults with disability benefits. In Sweden, 76 per cent of all new claimants of disability benefits had a mental health diagnosis in 2011. For the other countries studied, individuals with mental and behavioural disorders constituted between 58 and 80 per cent of the entire group of young adults on disability benefits. The proportion was highest in Denmark (80 per cent) and lowest in the United Kingdom (58 per cent).⁹⁸ It is also clear from the diagnosis statistics for young adults with disability benefits that the prevalence of mental and behavioural disorders is somewhat higher among men than among women in the studied countries.

In summary, it can be said that the general trend in the studied countries over the last 10 – 15 years is that more and more young adults support themselves via disability benefits. The majority of these have some form of mental disease or disorder. However, it is important to point out that discretion is advisable when drawing conclusions from such comparisons, as there are rather large differences between the countries' disability benefit systems in terms of types of benefits, eligibility requirements, levels of compensation, levels of benefits and age groups (this is discussed in more detail in Chapter 2). Despite the differences between the various countries' systems, the statistics show how many people or how large a proportion of the age group have a long-term or permanent reduction

⁹⁸ In Denmark, Norway and Sweden, the statistics include new recipients of disability pensions in 2011. For Iceland, Finland, the Netherlands and the United Kingdom, statistics comprise the total number of recipients of disability benefits in 2009 and 2011.

of their working capability and find themselves in the respective country's social insurance system. This is a very important and interesting comparison in itself.

Possible explanations for the increase in the number of young adults receiving disability benefits

There are a number of possible hypotheses and explanations for the increase in the number of young adults on disability benefits. Some likely factors contributing to the increase in Sweden are presented in ISF's report *Unga med aktivitetsersättning: Den senaste utvecklingen och hypoteser om orsakerna till utvecklingen [Young people on disability benefits: The latest developments and hypotheses on the reasons behind the development.]*⁹⁹. The report discusses the increase in the prevalence of mental and behavioural disorders, changes in diagnoses, deteriorating school results, a changing labour market, the possibility to claim disability benefits for prolonged schooling and changes in norms and attitudes in society. These are factors that should at least be of some relevance also in an international context.

As this study has shown, mental and behavioural disorders is clearly the dominant diagnosis group among those granted disability benefits in the studied countries. According to OECD, there are indications that people with mental diseases remain in the disability benefits system longer than those with other diagnoses. In addition, several Swedish and international studies have shown that the number of young adults with mental diseases is on the rise in Sweden and elsewhere in the EU. The types of diagnoses that have increased the most in Sweden are mood disorders (such as depression), neurotic disorders (such as stress and anxiety disorders), disorders of psychological development (such as Asperger syndrome) and hyperactivity disorders (such as DAMP and ADHD). There are many factors that could explain the increase in mental and behavioural disorders among young adults. It could be a matter of actual changes in young adult's health, but the increase may also fully or partly be a result of other factors, such as changes in the medical profession's diagnosis of patients and the arrival of new diagnoses. The classification of diseases is constantly changing as a result of medical advances and changes in the view of health and disease, among other things. Another factor that seems to be of some importance is individuals' inclination to seek healthcare, which in turn is influenced

⁹⁹ Inspektionen för socialförsäkringen, 2011.

by social norms and attitudes, but also by greater knowledge and awareness. In Sweden, the increase in information and discussions on mental health in the media and in other forums seem to have brought about a certain normalisation and a mitigation of the stigma surrounding mentally ill health.¹⁰⁰

Another important explanatory factor is education. OECD's study of the academic performance of 15 year-olds shows a deterioration in the results of Swedish school children in comparison with other OECD countries. In Sweden, a deterioration of results in school may increase the risk that a pupil will claim disability benefits, either directly via the opportunity to finish studies with disability benefits for prolonged schooling, or in the long term due to difficulties of becoming established on the labour market (see below).¹⁰¹ In its report *Sick on the Job? Myths and Realities about Mental Health and Work*, OECD states that mental diseases are overrepresented in groups with a lower level of education.¹⁰² According to Cornaglia et al. (2012), there is a certain connection between mental disease among young people – their performance and exit from the labour market later in life – and education.

It is also possible that the increasing number of young adults on disability benefits can be partly explained by the difficulties that many people face in entering the labour market. These difficulties may, for example, be a result of the changes that have taken place on the labour market in recent decades. The ongoing transition from a manufacturing industry to a more service-oriented labour market and today's more information and knowledge-oriented society has in many ways been a disadvantage to individuals with disabilities, as they often have a lower level of education compared with the general population. Furthermore, the changes on the labour market and economic savings have led to fewer job opportunities for people with lower qualifications or performance capacity. It is also likely that the changes seen on the Swedish labour market, for example, with more and more temporary positions, may have made the situation more difficult for groups with a weak position on the labour market. On one side, temporary positions can in many cases facilitate entry into the labour market and in the long term lead to permanent employment, but there is a risk that individuals with a weak position on the labour market are overrepresented in temporary employment

¹⁰⁰ Inspektionen för socialförsäkringen, 2011; OECD, 2012.

¹⁰¹ Inspektionen för socialförsäkringen, 2011; Skolverket, 2010.

¹⁰² OECD, 2012.

and among those who remain outside of the labour market. This may in turn have negative effects on health. According to OECD, people with mental diseases tend to be unemployed for a longer term or be further from entering the labour market than people not suffering from mental diseases. The EU average for unemployment for individuals with disabilities (between 20 and 64 years of age) was around 18 per cent in 2009. The corresponding proportion among people without a disability was around 9 per cent.¹⁰³ The proportion should be even higher for young adults with disabilities and diseases, as youth unemployment is generally higher than the rate of unemployment among the gainfully employed population as a whole in the EU.¹⁰⁴

The country-specific development within the school and labour market is not something that has been covered in this study. However, it is likely that many of the issues discussed above concerning Sweden are also relevant for the other countries in the study.

In Sweden, the opportunity to grant disability benefits for prolonged schooling¹⁰⁵ has also been discussed as a contributory factor to the increase in the number of young adults receiving disability benefits.¹⁰⁶ This system seems to increase the influx of people to the disability benefits system, as the medical documentation for individuals previously granted disability benefits for prolonged schooling often are more tenuous than for other applicants. In other words, disability benefits for prolonged schooling appear to lower the threshold when granting a continuation of disability benefits due to reduced working capability. A majority of those who have received disability benefits for prolonged schooling make the transition to disability benefits for reduced working capability. A large percentage remain in the system for a long time.¹⁰⁷ No specific disability benefits system for individuals who continue to study is found in the other studied countries (partly with the exception of the Netherlands). However, it may be so that a relatively large part of the group of individuals who enter the Swedish disability benefits system via

¹⁰³ This figure was somewhat higher for men than for women among those with disabilities. The proportion for men was 18.3 per cent and for women 17.1 per cent (Grammenos, 2011).

¹⁰⁴ Inspektionen för socialförsäkringen, 2011; OECD, 2009; OECD, 2010; Grammenos, 2011; Eurofound, 2013.

¹⁰⁵ In Sweden, disability benefits can be granted for a person who as a result of a disability has not yet completed his or her nine years of compulsory schooling or upper secondary school by the beginning of July in the year in which he or she turns 19. See Chapter 4.2.

¹⁰⁶ Försäkringskassan, 2013.

¹⁰⁷ Inspektionen för socialförsäkringen, 2012a.

prolonged schooling would still be granted disability benefits; i.e., even if the system of granting disability benefits for prolonged schooling did not exist.

Different systems, similar challenges

Based on the comparison of the Swedish disability benefits system with the systems in Denmark, Finland, Iceland, Norway, the Netherlands and the United Kingdom, it can be established that there are relatively large differences between the countries' systems and rehabilitation activities and other measures offered to assist young adults on disability benefits to strengthen their working capability, and thereby come closer to entering the labour market. It is, however, clear that the countries are faced with similar challenges, with a relatively high proportion of young adults on disability benefits, who are often far away from entering the labour market, and that there may therefore be a lot to learn from each other's experiences and knowledge through exchange and cooperation.

According to OECD and Eurofound, many EU and OECD countries lack specific national strategies for the group of young adults with disabilities and ill health; a group which is often rather marginalised and has multifaceted problems, and thus a need for multidisciplinary and comprehensive support. Within the scope of the disability benefits system, OECD and Eurofound propose a number of initiatives which may contribute to better integration of this group on the labour market. They highlight the need to develop and produce various policy instruments and other tools to support this group, such as more detailed assessments of working capability, needs assessments and support. They also underline the need for various economic incentives and requirements in the national disability benefit systems. They point out the importance of giving employers economic incentives for employing individuals from this group and continually working to support them whilst they are in employment. According to OECD, people on disability benefits often need a more active and comprehensive support from the responsible authorities than what is provided in many countries today. There is still a tendency among responsible authorities to focus on the individual's disability rather than his or her capability and potential, which makes

it more difficult for these individual to leave the disability benefits system in the long term. OECD and Eurofound also highlight the need for more extensive and adapted initiatives for people on disability benefits with mental diseases.¹⁰⁸

This is in line with the Swedish Social Insurance Agency's report *Tio år med aktivitetsersättning: En studie av situationen för unga med aktivitetsersättning på grund av nedsatta arbetsförmåga [Ten years of disability benefits: A study of the situation for young people on disability benefits due to reduced working capability.]*¹⁰⁹ The Agency concludes that the Swedish society can do a lot more to assist this group in entering the labour market. According to the report, there is a conflict between security within the context of the disability benefits system and the work-first principle. Many people claiming disability benefits are unsure of their capacity to manage a normal job and perceive that they do not receive the support they need in order to succeed on the labour market. Furthermore, the Swedish Social Insurance Agency believes that public sector employers could take more responsibility than they do today by employing more people with functional impairments.

Within the scope of this study, ISF has identified a number of experiences and measures that it considers to be of special interest to study and discuss further with regard to the further development of Swedish system for disability benefits for young adults. The measures that are especially relevant to highlight are summarised below.

Different requirements for rehabilitation activities and other measures for different groups

Unlike Sweden, where most activities aimed at strengthening working capability are voluntary for this group, several of the other countries studied have chosen to have different requirements for participation and involvement in activities for different groups, depending on the degree of incapability and duration. Individuals with reduced working capability who are assumed to be capable of returning to the labour market in the future are expected to attend and actively participate in various rehabilitation activities, while these activities are optional for those who are generally not assumed to be able to leave the benefit system. This model, in which different requirements are placed on different groups, is something which could also be considered in the work to further develop the Swedish system.

¹⁰⁸ OECD, 2010; OECD, 2012; Eurofound, 2013.

¹⁰⁹ Försäkringskassan, 2013.

Positive economic incentives

Finland and the Netherlands have introduced positive economic incentives for individuals claiming disability benefits who are actively participating in rehabilitation activities and other related measures. In the Netherlands, individuals claiming disability benefits have a right to keep parts of the income they earn while attending these often work-related activities, apart from their guaranteed disability benefit. In Finland, individuals with disability benefits (from the earnings-related pension scheme) receive a supplement of 33 per cent of the benefit amount if they participate in rehabilitation. Further economic incentives in the Swedish system could be considered.

Work-related activities

Countries such as Norway, the Netherlands and the UK have a particularly strong employment policy for individuals with disability benefits who are assumed to be able to strengthen their working capability and thus be integrated into the labour market in the future. The rehabilitation activities and other measures offered to support these individuals to strengthen their working capability are often work-related activities or supported employment. In the Netherlands, the policy is that all individuals who have the capacity should attend work-related activities or supported employment. There is, however, a broad spectrum of such activities that are tailored to the specific needs of individuals claiming disability benefits. This process is generally led by an employment adviser (job expert), but administrative officers, physicians specialised in insurance medicine, private actors and employers are also involved in the planning and formulation of the activities. The Netherlands and the United Kingdom have economic incentives and clearly stated requirements for private actors and employers that offer such activities to people on disability benefits. The Swedish system could also offer more work-related activities to a broad group of young adults on disability benefits.

Different levels of compensation for different groups

In some of the countries studied, there are different benefit rates for individuals claiming disability benefits. This creates a distinction between claimants who have a time-limited benefit and those who have a benefit on a permanent basis. The latter group often receives a

higher benefit rate. The rationale is that those who have no or little opportunity to earn a living through gainful employment should be able to live a more financially viable life. This could also be a model to consider for the Swedish system.

Disability benefits for prolonged schooling

In Sweden, young adults attending special schools may claim disability benefits as of July in the year they turn 19. There is no equivalent to the Swedish system of providing disability benefits for prolonged schooling in the countries studied. In the Netherlands, claimants on disability benefits, who attend school or education after the age of 18, are entitled to a certain benefit rate. However, there are differences in the rates of compensation. In Sweden beneficiaries of disability benefits for prolonged schooling are granted a full disability benefit, while claimants who attend school or education only receive 25 per cent of the corresponding compensation in the Netherlands.

As the ISF stated in its previous report *Aktivitetssättning: Från förlängd skolgång till nedsatt arbetsförmåga [Disability benefits: From prolonged schooling to reduced working capability]*, an overview of the organisation and incentives within the educational system is required. It is also important that the design of the system for disability benefits for prolonged schooling is further investigated and that necessary adjustments are undertaken.¹¹⁰

Monitoring and evaluation

In order to know which initiatives are successful in supporting individuals in getting closer to entering the labour market – both for the individual and on a more overarching systemic plan – it is important to continuously and systematically follow up the rehabilitation activities and other measures offered to the individual beneficiary of disability benefits and document these.

Today, there is insufficient knowledge in Sweden about the initiatives and other support offered, and which initiatives most successfully support young adults on disability benefits in entering the labour market. As is clear from the Swedish Social Insurance Agency's own reports, there are shortcomings in the following up of initiatives offered to this group; something which the Agency is working to rectify. There is a similar problem in a number of the countries studied, but there are interesting examples of following up

¹¹⁰ Inspektionen för socialförsäkringen, 2012a.

and evaluation in some European countries that Sweden and other countries could learn from. At least twice per year, Norway follows up initiatives offered to individuals receiving disability benefits. In addition, the beneficiary must as a rule make contact (every fortnight) with the social insurance administration in order to report on the initiatives or other activities he or she has participated in during this period, which is also a prerequisite for receiving compensation (though certain exceptions exist).

Another country that should be highlighted is Finland, which has detailed statistics on the rehabilitation activities offered, and which is working actively to gather and provide multidisciplinary information and knowledge.

Part 2

6 Sweden

6.1 Rules and regulations

The social insurance coverage for young adults with a long-term reduction of the working capability is part of the sickness insurance system in Sweden. A universal, tax-funded system provides all inhabitants with a basic protection in the form of a guaranteed compensation. There is also an income-related compensation for the gainfully employed part of the population, which is funded by social insurance contributions. These benefits are taxable.

Type of benefit

Sweden makes a distinction between disability benefits (*aktivitetsersättning*), which cover young adults between the ages of 19 and 29 with a reduced working capability that is predicted to last at least one year, and sickness compensation (*sjukersättning*), which covers people over the age of 29 who have a permanent reduction of their working capability. A disability benefit can also be granted to young people whose schooling is prolonged on the grounds of disability.¹¹¹ In 2003, disability benefits for young adults and sickness compensation replaced the previous disability pension, which could be granted indefinitely, and temporary disability pension. Unlike the previous disability pension and temporary disability pension, which constituted part of the pension system, the current disability benefit (for young adults) and sickness compensation are part of the sickness insurance system.

¹¹¹ A discussion is currently under way as to whether disability benefits for prolonged schooling should be provided under the study support system instead of the sickness insurance system. See Chapter 4.

The idea behind introducing a specific benefit for young people up to the age of 29 was to provide special support to this age group and to stimulate further activity by offering different types of rehabilitation activities and other measures that could help to improve the working and functional capability, and thereby support them in approaching the labour market. The temporary nature of the benefit is intended to counteract a lock-in effect in the social insurance system.¹¹²

Age limits

Disability benefits can be granted from July of the year in which the individual turns 19, up until the month before he or she turns 30. For people between the ages of 30 and 64, compensation can be granted indefinitely in the form of sickness compensation. The previous forms of compensation could be granted to persons between the ages of 16 and 64.¹¹³

Eligibility requirements

A disability benefit is a residence-based benefit. According to the Social Insurance Code, a person who is expected to stay in Sweden for longer than one year is considered to reside in Sweden.¹¹⁴

For a person to receive a disability benefit, his or her working capability must have been reduced by at least a quarter, with a predicted duration of at least a year. The reduction of working capability must be a result of disease or other impairment of the physical or mental performance capacity. An assessment of reduced working capability is performed in relation to all jobs throughout the labour market.¹¹⁵ This also includes work that is specially adapted for people with disabilities, e.g., employment with wage subsidies.¹¹⁶

¹¹² Prop. 2000/01:96; Interviews, Sweden.

¹¹³ 33 kap. 16 and 18 §§ socialförsäkringsbalken.

¹¹⁴ 5 kap. 2 – 3 and 9 §§ socialförsäkringsbalken.

¹¹⁵ 33 kap. 5, 7 and 10 §§ socialförsäkringsbalken.

¹¹⁶ Employers who employ a person with reduced working capability, who has been assigned by the Swedish Public Employment Service, can be compensated financially by means of wage subsidies, and in some cases wage subsidies can also be provided for a person with reduced working capability who is already in employment. The purpose of wage subsidies is to help people with reduced working capability to gain or in certain cases retain employment, where the individual's competence and skills are utilised and their reduced working and functional capability is taken into consideration.

Individuals who have not completed their school education due to a disability have the right to disability benefits for the time it takes to finish their education (prolonged schooling). In such cases, the Swedish Social Insurance Agency does not assess the individuals' working capability.¹¹⁷

Compensation period and level of benefits

The disability benefit is always temporary; it is granted for a set period of a maximum three years.¹¹⁸ Once the compensation period has expired, the individual may apply for a new period with disability benefit. The disability benefit can be granted as full (100 per cent), three-quarter (75 per cent), half (50 per cent) or quarter (25 per cent) benefit. Disability benefits for prolonged schooling, however, are always granted as full benefits.¹¹⁹

Level of compensation

The disability benefit may be income-related or granted in the form of guaranteed compensation. A person who has received little or no income is granted guaranteed compensation. The size of the compensation is determined by age and duration of residence in Sweden.¹²⁰ In 2011, full compensation amounted to between SEK 7,490 (around EUR 860) and SEK 8,382 (around EUR 970) per month. Full income-related compensation amounts to 64 per cent of the assumed income; i.e., the income that the Swedish Social Insurance Agency estimates the individual would have received if he or she had continued working.¹²¹ However, income above 7.5 base amounts (SEK 333,000)¹²² (around EUR 38,400) is not included in the calculation.¹²³

¹¹⁷ 33 kap. 5 – 11 and 20 §§ socialförsäkringsbalken.

¹¹⁸ 33 kap. 19 § socialförsäkringsbalken.

¹¹⁹ 33 kap. 9 – 13 §§ socialförsäkringsbalken.

¹²⁰ 35 kap. 2 – 3 §§ socialförsäkringsbalken.

¹²¹ Calculated based on the set period, which is the period of time immediately preceding the year in which the insurance claim was made. The set period is used partly to establish whether the individual has the right to income-related sickness compensation or disability benefit and partly to calculate the size of the assumed income (Försäkringskassan, 2004b).

¹²² In 2011.

¹²³ 34 kap. 7 and 12 §§ socialförsäkringsbalken.

Other

Working whilst receiving disability benefits

A person who receives a full disability benefit may work a maximum of one hour per week and earn no more than one eighth of a normal full-time income.¹²⁴

Dormant benefit

Through a so called dormant benefit, a person who has been granted a disability benefit may work or study for a maximum two years without losing the right to the pension. During this time, no disability benefit is paid out. It is, however, permitted to receive income from employment or study grants. A person working during a period with dormant disability benefit may retain an untaxed monthly amount corresponding to 25 per cent of the dormant compensation, for up to 24 months.¹²⁵

Three-quarter reduction of working capability

For a person receiving a three-quarter disability benefit, special efforts shall be carried out in order to enable him or her to gain employment corresponding to the remaining working capability. Within a period of six months, the Swedish Public Employment Service shall place the insured person on the open labour market, with the help of wage subsidies where necessary. If this is not possible, employment at Samhall AB¹²⁶ shall be offered.¹²⁷

Other benefits and forms of compensation

A person claiming a disability benefit may have the right to supplementary benefits and other forms of compensation, including those listed below.

Housing supplement

A person who receives a disability benefit may be entitled to a housing supplement.¹²⁸ The size of the housing supplement is

¹²⁴ 33 kap. 9 § socialförsäkringsbalken and Riksförsäkringsverkets allmänna råd (2002:17) om sjukersättning och aktivitetsersättning.

¹²⁵ 36 kap. 10 – 18 §§ socialförsäkringsbalken.

¹²⁶ Samhall AB's main task is to create stimulating jobs for people with disabilities. Samhall is owned by the Swedish State and is active in over 250 locations.

¹²⁷ 33 kap. 26 – 28 §§ socialförsäkringsbalken and 1 – 5 §§ förordning 1998:1773 om ersättning vid särskilda insatser för personer med tre fjärdedels sjukersättning eller aktivitetsersättning.

¹²⁸ 101 kap. 3 – 4 §§ socialförsäkringsbalken.

determined by the cost of the accommodation and the insured person's income.¹²⁹

Disability allowance

A person who for a significant period, i.e., at least one year, requires time-consuming help to manage daily life or help to be able to work or study due to a disability may be entitled to a disability allowance. Disability allowance can also be granted to a person who has significant additional expenditure due to a disease or disability.¹³⁰

Assistance Benefit

The Swedish Social Insurance Agency may grant an assistance benefit to a person who requires personal assistance with his or her basic needs for more than 20 hours per week. If the need of assistance is less than 20 hours per week, it is the responsibility of the municipality to provide the assistance.¹³¹

Work aids

An individual or his or her employer may apply to the Swedish Social Insurance Agency for an allowance to purchase or rent work aids to enable the person to return to or continue work despite his or her disability. Adaptation of the workplace or repair of work aids may also be paid for by the Swedish Social Insurance Agency.¹³²

Car allowance

A person who has considerable difficulties moving independently or using public transportation may be granted a car allowance. Car allowance is a form of financial support for purchasing or adapting a car, motorcycle or moped, or acquiring a driving licence.¹³³

¹²⁹ 102 kap. 2, 3 and 21 – 24 §§ socialförsäkringsbalken.

¹³⁰ 50 kap. 4 – 6 §§ socialförsäkringsbalken.

¹³¹ 51 kap. 3 § socialförsäkringsbalken and lagen 1993:387 om stöd och service till vissa funktionshindrade, LSS.

¹³² 30 kap. 5 § socialförsäkringsbalken and also 2 and 6 §§ förordning 1991:1046 om bidrag till arbetshjälpmedel.

¹³³ 52 kap. 2 and 5 §§ socialförsäkringsbalken.

6.2 Case handling process

The Swedish Social Insurance Agency shall investigate, pass decisions on and pay out benefits, allowances and compensation under the social insurance system. The Swedish Social Insurance Agency administers benefits and allowances paid out to families with children, ill people and people with disabilities, including disability benefits. The Government determines the Swedish Social Insurance Agency's goals and guidelines, as well as its allocation of resources. The responsible ministry is the Ministry of Health and Social Affairs.

Applications for disability benefits must be sent to the Swedish Social Insurance Agency.¹³⁴ As a rule, applications must be accompanied by medical documentation describing the insured person's health.¹³⁵ Each case is allocated to an administrative officer who is responsible for obtaining relevant information and preparing the case for a decision.¹³⁶ The medical documentation is assessed based on the 'DFA chain' (diagnosis, disability and activity limitation). In this process, the administrative officer may request the support of a physician specialised in insurance medicine based at the aforementioned Agency. In uncertain cases, the administrative officer may request a special physician's certificate or a team investigation, which is carried out by a physician specialised in insurance medicine. Physiotherapists, psychologists and occupational therapists should also be consulted within the scope of the investigation. This form of in-depth information is, however, only requested in exceptional cases. The administrative officer may also obtain relevant information for the assessment from other authorities, such as the Swedish Public Employment Service and the municipality. If necessary, the Swedish Social Insurance Agency's administrative officer shall have a personal meeting with the insured person in order to assess his or her working capability, e.g. by using the investigative method 'sassam' (acronym for 'structured work methods for investigating cases of disease and coordinating rehabilitation').¹³⁷ The Swedish Social Insurance Agency

¹³⁴ A person receiving sickness benefit or rehabilitation benefit may also be granted a disability benefit on the initiative of the Swedish Social Insurance Agency (i.e., the individual does not need to apply) in accordance with 36 kap. 25 § socialförsäkringsbalken.

¹³⁵ 3 § förordningen (2002:986) om sjukersättning och aktivitetsersättning.

¹³⁶ It is as a rule an administrative officer other than the administrative officer who is assigned to the insured person once he or she has been granted a disability benefit (see below).

¹³⁷ The SASSAM chart has four parts containing individual factors, social environment factors, motivation and summary. The analysis will result in a standpoint or decision on the future handling of the case.

should also investigate the insured person's working and social conditions.

Based on this information, a specially appointed decision-maker will determine whether or not the applicant has the right to a disability benefit due to reduced working capability and, where appropriate, the actual compensation level. In order to achieve a uniform and legally secure process, the Swedish Social Insurance Agency uses established working methods for investigations, decision-making, payments and re-examinations, which are known as 'Ensa-processor'.¹³⁸ As a rule, the right to compensation is not reconsidered during a period for which a disability benefit has been granted.¹³⁹ In this context, however, it should be noted that the methods of assessing working capability are currently under development in Sweden.¹⁴⁰

The insured person may request that the Swedish Social Insurance Agency reconsider a decision and may thereafter appeal the decision to an administrative court.¹⁴¹

6.3 Rehabilitation activities and other related measures

The Swedish Social Insurance Agency is responsible for coordinating rehabilitation activities and other measures on both a structural and individual level. On the structural level, the coordination task is a matter of the Swedish Social Insurance Agency laying the foundations for effective collaboration between different actors in the field of rehabilitation. Other than the Swedish Social Insurance Agency, the main actors are the Swedish Public Employment Service, employers, health services and municipalities. The Swedish Public Employment Service has the primary responsibility for rehabilitation of people who do not have some form of employment (including funding).¹⁴² For employees, the responsibility lies with the employer.¹⁴³ It is also up to the employer to offer occupational healthcare, though it is not obligatory by law. The healthcare sector is responsible for medical care and rehabilitation, and social services (the municipality) are responsible for social rehabilitation.

¹³⁸ Försäkringskassan, 2004b; Interviews, Sweden.

¹³⁹ Interviews, Sweden.

¹⁴⁰ Försäkringskassan, 2012c.

¹⁴¹ 113 kap. 7 and 10 §§ socialförsäkringsbalken.

¹⁴² 30 kap. 8 – 10 §§ socialförsäkringsbalken.

¹⁴³ 30 kap. 6 § socialförsäkringsbalken.

Since 2004 there has also been the possibility of financial coordination (FINSAM) in the scope of coordinating associations, where involved actors agree on common goals, guidelines and organisation of rehabilitation initiatives.^{144 145}

On the individual level, the Swedish Social Insurance Agency shall coordinate rehabilitation activities and other measures between different actors. People who receive a disability benefit are assigned a personal administrative officer. The administrative officer is responsible for drawing up a return-to-work-plan, if relevant in the individual case. This plan shall include any initiatives offered to individuals with a disability benefit in order to improve their working and functional capability. The Swedish Social Insurance Agency has a special responsibility to coordinate the different actors' initiatives and collaborate with e.g., employers, health services, the Swedish Public Employment Service and municipalities whilst the individual receives a disability benefit.¹⁴⁶ The rehabilitation activities and other measures primarily offered to individuals receiving a disability benefit can be put in one of the three following categories (with the exception of medical rehabilitation)¹⁴⁷, which are described below.

Vocational rehabilitation

The Swedish Social Insurance Agency has a general responsibility to assess the individual's needs of vocational rehabilitation and ensure that rehabilitation measures can commence as soon as possible, where medical considerations and other factors allow.¹⁴⁸ A person who does not have a valid reason for not taking part in vocational rehabilitation initiatives may have his or her compensation withdrawn for a certain period or indefinitely.¹⁴⁹

Vocational rehabilitation measures are intended to improve the working capability of the insured person and thereby enable him or

¹⁴⁴Lagen (2003:1210) om finansiell samordning av rehabiliteringsinsatser (the Act (2003:1210) concerning financial coordination of rehabilitation initiatives) came into effect on 1 January 2004. This form of coordination is a voluntary collaboration between the Swedish Social Insurance Agency, the Swedish Public Employment Service, one or more county councils and one or more municipalities which together form a coordinating association. Within the scope of the coordinating association, its actors decide on common goals, guidelines and the organisation of rehabilitation initiatives. The primary target group for financial coordination is individuals in need of coordinating rehabilitation initiatives from several authorities in order to improve their working capability.

¹⁴⁵Johansson et al., 2011.

¹⁴⁶30 kap. 8 – 10 §§ socialförsäkringsbalken.

¹⁴⁷Försäkringskassan, 2004a; Försäkringskassan, 2007b.

¹⁴⁸33 kap. 21 – 24 §§, 30 kap. 11 § and 110 kap. 13 – 14 §§ socialförsäkringsbalken.

¹⁴⁹110 kap. 50 – 54 §§ and 57 – 58 §§ socialförsäkringsbalken.

her to approach the labour market or return to work. Examples of such measures are work trials, training or education. As mentioned above, the Swedish Public Employment Service has the primary responsibility for rehabilitation of people who do not have some form of employment. It is also the Swedish Public Employment Service which carries out the majority of the initiatives. Another main actor carrying out initiatives is the coordinating associations. For employees, responsibility for vocational rehabilitation initiatives lies with the employer.¹⁵⁰

Participation in activities

The Swedish Social Insurance Agency may offer a person granted a disability benefit the opportunity to take part in various activities, which must be adapted according to the needs, wishes and capacity of the insured person. The activities are voluntary, and they are initiated by the insured person or his or her personal administrative officer. The insured person and the administrative officer plan the activities together and produce an activity plan.¹⁵¹ Examples of activities are vocational work experience, club activities, sporting activities or medical habilitation. The activities are designed to support the individual's development and have a positive effect on his or her health or disability, and help to improve the individual's working capability. The administrative officer shall maintain contact with the insured person in connection with an activity, as well as after termination of an activity to follow-up and evaluate the initiative.¹⁵²

Daily activities

Under the Social Services Act (2001:453) and the Act (1993:387) concerning Support and Service for Persons with Certain Disabilities, the municipality must provide daily activities for people of working age with certain disabilities who are not gainfully employed and are not in education.¹⁵³ These activities, which are the most common form of initiative within the scope of disability benefits, are voluntary. According to a study conducted by the National Board of Health and Welfare, these daily activities entail a wide range of

¹⁵⁰ 30 kap. 6 § socialförsäkringsbalken.

¹⁵¹ 33 kap. 21–23 §§ socialförsäkringsbalken.

¹⁵² Försäkringskassan, 2008a; Försäkringskassan, 2007b.

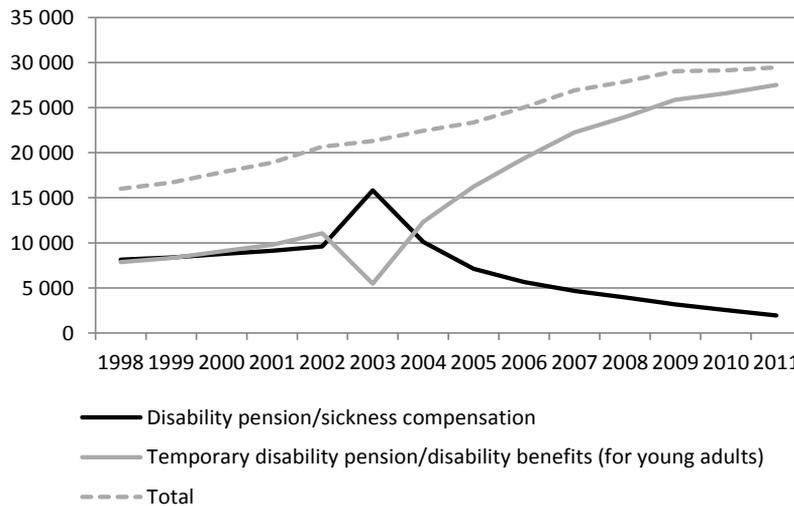
¹⁵³ This act contains provisions on initiatives for special support and service for people with learning disabilities, autism or similar disorders, with significant and permanent intellectual disability following brain damage in adult life caused by external trauma or physical disease, or persons with other permanent physical or mental disability which are clearly not a result of normal ageing, if they are severe enough to cause significant difficulties in daily life and thereby give rise to extensive support or service-related needs.

activities, such as handicraft, activities within the recycling industry, media and computer-related activities, care of livestock, music and painting.¹⁵⁴

According to the Swedish Social Insurance Agency's interim report from 2012, the most common form of rehabilitation activities and other measures is daily activities, followed by activities within the scope of disability benefits and vocational rehabilitation. It is, however, possible to take part in several types of initiatives at the same time.¹⁵⁵

6.4 Development of young adults on disability benefits and distribution by diagnosis

Figure 3. Development of young adults on disability pension/sickness compensation and temporary disability pension/disability benefits (for young adults) in the age group 16/19–29 in Sweden



Source: The Swedish Social Insurance Agency

In 1998, Sweden had around 16,000 people in the age group 16–29 on disability pension or temporary disability pension and the number

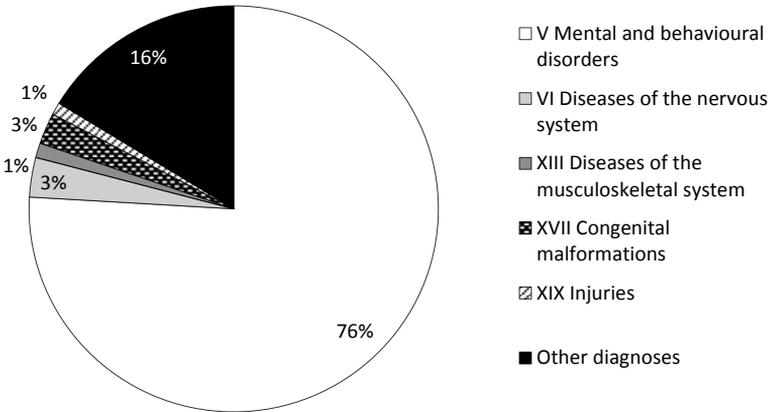
¹⁵⁴ Försäkringskassan, 2012a; Socialstyrelsen, 2008.

¹⁵⁵ Försäkringskassan, 2012a.

has increased steadily since then. The number increased to around 29,500 people in 2011 (for the age group 19–29), which is an increase of around 84 per cent.

As mentioned previously, disability pension and temporary disability pension were replaced by sickness compensation and disability benefits (for young adults) in 2003. People under 30 years of age receiving disability pension or temporary disability pension in December 2002 saw their compensation converted into temporary or permanent sickness compensation in 2003 via a transitional rule. This explains the clear shift in trend in 2003, which is illustrated in figure 3. After 2003, however, the number of beneficiaries of sickness compensation decreased relatively quickly, as individuals on temporary benefits gradually left this form of compensation. They may, however, have been transferred to disability benefits (for young adults) following a new assessment. There are therefore very few individuals between the ages of 19 and 29 today, who still receive sickness compensation. The number of recipients of disability benefits (for young adults) has increased steadily since the introduction of the new benefit.

Figure 4. Distribution by diagnosis¹⁵⁶ among new recipients of disability benefits in the age group 19–29 (per cent) in Sweden in 2011



Source: The Swedish Social Insurance Agency

¹⁵⁶ The distribution by diagnosis is based on ICD-10 (see Appendix 3).

The most common diagnosis among new recipients of disability benefits (in the age group 19–29) in 2011 was mental and behavioural disorders (76 per cent), followed by 'other' diagnoses (16 per cent).¹⁵⁷

In 2011, 53 per cent of all recipients of disability benefits were men, and 47 per cent were women.

¹⁵⁷ For a more detailed distribution by diagnosis, see e.g., ISF's report "Unga med aktivitetsersättning: Den senaste utvecklingen och hypoteser om orsakerna till utvecklingen" [Young people on disability benefits: The latest developments and hypotheses on the reasons behind the development].

7 Norway

7.1 Rules and regulations

In Norway, social insurance coverage for young adults with a long-term or permanent reduction of their working capability is part of the pension and sickness insurance systems. The system is funded by membership fees from workers, self-employed and other members, employer contributions and state funding. The system gives a basic protection in the form of a minimum guaranteed compensation. There is also an income-related compensation which is calculated based on previous income. These benefits are taxable.¹⁵⁸

Type of benefit

Individuals with a permanently reduced working capability may apply for disability pension (*uførepensjon*).¹⁵⁹ Apart from disability pension, the Norwegian system consisted of temporary disability benefit (*tidsbegrenset utførestønad*), rehabilitation benefits with particular focus on rehabilitation to return to work (*attføringspenger*), and other rehabilitation benefits (*rehabiliteringspenger*) until 28 February 2010. These three benefits were thereafter replaced by work assessment allowance (*arbeidsavklaringspenger*).¹⁶⁰ The new benefit is intended for individuals who are in a transitional period and have reduced working capability due to disease, injury or disability, and who are in need of vocational rehabilitation, medical treatment or other measures in order to strengthen their working capability.¹⁶¹

¹⁵⁸ European Commission, 2011d.

¹⁵⁹ Lov 1997-02-28 nr 19: Lov om folketrygd (folketrygdloven) kapittel 12.

¹⁶⁰ Folketrygdloven kapittel 11.

¹⁶¹ Folketrygdloven § 11-5 and 11-6.

The aim of the 2010 reform was to more actively support individuals with reduced working capability in approaching the labour market by means of concrete and more work-related rehabilitation activities and other measures, and through cooperation with labour market partners and other actors. Disability pension will be replaced by a new benefit in 2015 (*uføretrygd*). The new benefit shall constitute 66 per cent of the previous income. At present, disability pension is a form of compensation that requires 40 years (including assumed years) in order to receive a full benefit, and the 20 best years form the basis of the calculation. The calculation for the new benefit will be based on the three best of the last five years.¹⁶²

Age limits

Disability pension and work assessment allowance are granted to individuals between the ages of 18 and 67.¹⁶³ This age limit also applied to the previous forms of benefits 'temporary disability benefit' and 'other rehabilitation benefits'. The corresponding limit for 'rehabilitation benefits with particular focus on rehabilitation to return to work' was 19–67.

Eligibility requirements

The main requirement is that the individual must have been insured in the national insurance system for a minimum of three years prior to the time at which a permanent reduction of working capability developed. There are, however, exceptions for individuals who have been insured by the national insurance system for at least one year prior to the benefit claim and (a) are applying for the benefit on the grounds of reduced working capability before the age of 26, or (b) have been insured in the system after having turned 16, with the exception of a maximum 5 years.¹⁶⁴

¹⁶² Prop. 130 L 2010–2011; Interviews Norway; www.nav.no.

¹⁶³ Folketrygdloven § 11–4 and 12–4.

¹⁶⁴ Folketrygdloven § 12–2.

In order to receive a work assessment allowance, the individual must either have been insured in the national insurance system for at least three years prior to the claim or have been insured for at least one year in the system and must during this year have been physically and mentally capable of carrying out normal income-based work.¹⁶⁵

Insured persons with a permanently reduced capacity to provide for themselves or reduced working capability, by at least 50 per cent¹⁶⁶, due to disease, injury or disability, may be granted a disability pension. Up until 28 February 2010, 'temporary disability benefit' was granted for individuals with reduced working capability if they were deemed to be capable of fully or partially returning to work in the future. In addition, individuals could be granted 'rehabilitation benefits with particular focus on rehabilitation to return to work'¹⁶⁷ and 'rehabilitation benefits' for reduced working capability.

Since 1 March 2010, the Norwegian Labour and Welfare Administration (NAV) may grant work assessment allowance to insured persons who have a reduced working capability by at least 50 per cent due to disease, injury or disability, and require vocational rehabilitation, medical treatment or other measures.¹⁶⁸ It is also possible to receive this benefit during other ongoing labour market measures or related initiatives, as well as during the case handling and follow-up process at NAV, pending or following completion of treatment or other rehabilitation activities. This also applies to students who require treatment in order to be able to continue their studies, but who do not have the right to compensation from the Norwegian State Educational Loan Fund during time with a disease.^{169 170}

¹⁶⁵ Folketrygdloven § 11–2.

¹⁶⁶ A person receiving a disability pension and who increases his or her workload may be granted disability pension down to 20 per cent.

¹⁶⁷ Individuals received the benefit during active treatment or initiatives to improve working capability. Rehabilitation benefits were primarily given to individuals who did not have the right to sickness benefit (sykepenger) or were taken off the benefit.

¹⁶⁸ Folketrygdloven § 11–5 and 6.

¹⁶⁹ Folketrygdloven § 11–1 and 14.

¹⁷⁰ European Commission, 2011d; www.nav.no.

Compensation period and level of benefits

Disability pension is an indefinite form of compensation and may be granted as a partial pension (50 per cent). Thereafter, it is graded in intervals of 5 per cent (up until 100 per cent).¹⁷¹

As a rule, work assessment allowance cannot be paid out for a period longer than four years, but the period can be extended in exceptional cases. Work assessment allowance may be granted as full or partial compensation. Reduced benefits are also a possibility.^{172 173}

Level of compensation

The disability pension consists of three parts: a basic pension for all insured persons, a supplementary pension which is based on pension points earned whilst gainfully employed (minimum three years of pension points earned) and a special supplement.¹⁷⁴ The special supplement is reduced in relation to the supplementary pension. Full basic pension, corresponding to 100 per cent of the basic amount for single people, amounts to NOK 82,122 (around EUR 11,100) per year. For those who are married or cohabiting, the corresponding amount is 85 per cent of this; i.e., NOK 69,804 (around EUR 9,400) per year (1 May 2012). The size of the basic pension is determined by how long the individual has resided in Norway. For maximum compensation, the individual must have lived in the country for 40 years.

The level of compensation for the supplementary pension is determined by the number of years of pension points earned and the income from employment during these years.

A person with little or no supplementary pension, such as young adults on disability benefits, may receive a special supplement. The size of the special supplement depends on marital status and whether the spouse receives a supplementary pension (corresponding to 74–100 per cent of the basic amount).

Special rules apply to individuals who are rendered incapable or working at a young age. A person who before his or her 26th birthday has incurred at least a 50 per cent reduction of the ability to provide for himself or herself as a result of a serious disease, which is

¹⁷¹ Folketrygdloven § 12–6 and 7 and also lagtextkommentar till 12–7.

¹⁷² Folketrygdloven § 11–10, 11–13 and 11–18.

¹⁷³ www.nav.no.

¹⁷⁴ Folketrygdloven § 12–3.

documented, may have the right to pension points (at least 3.5 points per year, normally up to 66 years of age) in order to reach a certain level for the supplementary pension. A person who has continued to work (at least 50 per cent) after turning 26 may also receive these pension points, in which case it must be clearly documented that the conditions for "young person incapable of working" have been met prior to the age of 26 and that the person has claimed disability pension before his or her 36th birthday. The rationale is that young individuals with limited opportunity to provide for themselves should be guaranteed a certain income.¹⁷⁵

Work assessment allowance constitutes 66 per cent of the income base (up to a ceiling of 6 times the basic amount). This corresponds to a maximum income base of NOK 492,732 (around EUR 66,100) (1 May 2012). Beneficiaries of work assessment allowance receive a minimum compensation of at least 2 base amounts, corresponding to NOK 164,244 (around EUR 22,000). A person who has incurred a reduction of his or her working capability before turning 26 has the right to a minimum compensation of 2.44 base amounts.^{176 177}

Other

Working whilst receiving disability pension and work assessment allowance

It is possible to work whilst receiving disability pension and work assessment allowance. However, the compensation is reduced in relation to the respective income and working hours. One year after being granted a disability pension (or having it increased), the insured person has the right to an annual income corresponding to a basic amount (NOK 82,122, or around EUR 11,100) without any consequence for the level of compensation.^{178 179} There is no equivalent rule for work assessment allowance.

¹⁷⁵ European Commission, 2011d; www.nav.no.

¹⁷⁶ Folketrygdloven § 11 – 16.

¹⁷⁷ www.nav.no.

¹⁷⁸ Folketrygdloven § 11 – 18.

¹⁷⁹ www.nav.no.

Dormant disability benefits

Under certain conditions, individuals may retain the right to disability benefits for a maximum of five years in order to undertake work trials. Thereafter, he or she may apply for an additional five years of dormant benefits.^{180 181}

Other benefits and forms of compensation

A person receiving a disability pension or a work assessment allowance may have the right to supplementary benefits and other forms of compensation, including those listed below.

Supplement for spouse

Individuals who provide for a spouse or partner may be entitled to income-tested supplement.^{182 183}

Child allowance

Individuals who are responsible for the maintenance of children under the age of 18 may be entitled to income-tested child allowance.¹⁸⁴ There is also a child allowance for people who receive work assessment allowance.

Basic allowance

The basic allowance covers significant extra expenditure owing to a permanent disease, injury or disability, such as technical aids and transport.¹⁸⁵

Care allowance

A person who requires special care and supervision due to disease, injury or disability may be entitled to a care allowance.¹⁸⁶ This must, however, be a private care provider.

¹⁸⁰ Folketrygdloven § 12 – 12.

¹⁸¹ www.nav.no.

¹⁸² Folketrygdloven § 3 – 24.

¹⁸³ www.nav.no.

¹⁸⁴ Folketrygdloven § 3 – 25.

¹⁸⁵ Folketrygdloven § 6 – 3.

¹⁸⁶ Folketrygdloven § 6 – 4.

Allowance for the improvement of functional capability in working life

A person with a permanent reduction of his or her working capability, and who therefore often has limited opportunity to choose profession or workplace, may receive support in connection with measures which are appropriate and necessary in order for that person to gain or retain suitable work.¹⁸⁷ This may involve support and the hiring of aids, conversion of machines and adaptation of the work environment.

Allowance for the improvement of functional capability in daily life

It is possible to receive an allowance for different measures and other forms of support which facilitate the capacity to function in daily life and receive care at home.¹⁸⁸ This type of allowance may for instance cover support, the hiring of aids and mobility dogs.

Supplementary benefits

Beneficiaries who have increased costs in connection with various rehabilitation activities and other measures within the scope of the work assessment allowance may have the right to various supplements, such as travel costs.¹⁸⁹

7.2 Case handling process

Disability pension, work assessment allowance and other benefits are administrated by NAV. NAV constitutes of the state Labour and Welfare Service, which covers the labour market and social insurance sector, as well as parts of the municipal social services. The Norwegian Labour and Welfare Service is run by the Labour and Welfare Directorate.

The Norwegian welfare system has undergone extensive reorganisation via a merger of the authorities that are responsible for the labour market and social insurance area, and the municipal social services, to form NAV, which was founded in 2006. This reorganisation was intended to provide a more effective, unified and coordinated service to the citizens.

¹⁸⁷ Folketrygdloven § 10 – 5.

¹⁸⁸ Folketrygdloven § 10 – 6.

¹⁸⁹ Folketrygdloven § 11 – 12.

On a regional level, there are 19 NAV regional offices, including NAV working life centres and local offices on a municipal level. The responsible ministry is the Ministry of Labour.¹⁹⁰

An application for a disability pension or a work assessment allowance should be sent to the local NAV office. It should be accompanied by a medical certificate describing the claimant's health, diagnosis/diagnoses and undergone treatments.¹⁹¹ The claimant should also fill in a self-assessment of how he or she can best use his or her knowledge and experience, how and when he or she can gain the desired job or participate in rehabilitation activities or other measures, and what other possibilities are available if he or she cannot gain employment. The administrative officer at the local NAV office is responsible for gathering relevant information and preparing the case. Where required, the administrative officer can consult NAV's advisory physician regarding the medical documentation. A claimant who requires a more extensive assessment has the right to an assessment of working capability which provides an overall picture of the claimant's resources and hindrances. This is based on the claimant's self-assessment and a resource profile developed by NAV, together with the claimant.

The assessment of the working capability has three primary functions: (1) it shall lay the foundations for the development of an activity plan, (2) it shall provide a basis for mapping the need for rehabilitation activities and other measures, and (3) it shall form a part of the assessment of right to benefit and level of compensation. Decisions concerning disability pension or work assessment allowance are made by administrative officers at the administrative unit, i.e., an administrative officer other than the person who initially gathered information on the case. In order to be granted a disability pension, the claimant must have undergone treatment or have attempted to improve his or her working capability through various work-related initiatives or other rehabilitation measures. When assessing the appropriateness of the treatment, the claimant's age, capacity, education, professional background and job opportunities should be taken into account. For the work assessment allowance, treatment, rehabilitation activities and other measures can be undertaken whilst an individual is receiving the benefit.^{192 193}

¹⁹⁰ European Commission, 2011d; SOU 2010:04.

¹⁹¹ These certificates can be issued by any physician, regardless of specialisation.

¹⁹² Folketrygdloven § 12 – 5.

¹⁹³ www.nav.no; Brage, 2010; Proba, 2011; Interviews, Norway.

An individual may request that a decision concerning disability pension or work assessment allowance be reconsidered by NAV. NAV's decision may be appealed to the National Insurance Court.¹⁹⁴

An individual receiving a disability pension or a work assessment allowance will be allocated an administrative officer at NAV, who is responsible for rehabilitation activities and other measures, monitoring and following up, among other things. The initiatives offered within the scope of the work assessment allowance should be regularly followed up (at least twice per year) and they should at least partly be based on the working capability assessment.¹⁹⁵ During the period in which work assessment allowance is paid out, the insured person must regularly (every fortnight) make contact with his or her local NAV office. Contact is maintained by means of the beneficiary sending a notification card via e-mail or post in order to report on the rehabilitation activities or other measures that he or she has participated in during this period. In the notification card, the person confirms whether he or she wishes to continue to be registered with NAV and participate in future activities.¹⁹⁶ Only insured persons who are in contact with NAV every fortnight have the right to compensation payments. However, compensation may still be obtained, if there are reasonable grounds for not submitting a notification card.^{197 198}

7.3 Rehabilitation activities and other related measures

NAV is responsible for rehabilitation activities and other measures for individuals not linked to the labour market and who are granted compensation from the social insurance system due to reduced working capability (no later than 12 weeks after development of disease). The rehabilitation activities and other measures offered within the scope of the work assessment allowance are primarily work-related initiatives.

¹⁹⁴ Folketrygdløven § 21 – 12.

¹⁹⁵ There are no equivalent requirements pertaining to activities for disability pension.

¹⁹⁶ Folketrygdløven §§ 11 – 7 and 11.

¹⁹⁷ In specific cases, NAV is able to exempt insured persons from the obligation to provide a notification. Folketrygdløven § 21 – 3.

¹⁹⁸ www.nav.no; Interviews, Norge.

In order to receive compensation, individuals granted work assessment allowance must take part in various initiatives in order to strengthen their working capability. They must also show that they are working actively to improve their working capability. If the insured person is deemed not to have a valid reason for not actively participating in the initiatives, the work assessment allowance may be withdrawn.¹⁹⁹

These initiatives are administered by NAV in line with regulations, political prioritisations and grant funding. The specific initiatives provided to an individual in order to improve the working capability must be documented in an activity plan²⁰⁰. An activity plan is a description of the initiatives considered to be necessary and appropriate in order to enable the insured person to move from his or her current situation and towards a defined goal. The plan should be developed by the insured person, together with NAV, and be approved and signed by both parties. The activity plan must ensure predictability and continuity for both parties, whilst providing an overview of ongoing rehabilitation activities and other initiatives and NAV's follow-up. The plan must where possible show all initiatives considered necessary and appropriate in order to achieve the goal. Different NAV-funded forms of support must always be included in the plan. However, an activity plan does not in itself give the right to specific initiatives.²⁰¹

As mentioned above, NAV's initiatives generally have some form of work-related component. Though medical rehabilitation is not within NAV's remit, NAV cooperates with the health service and other actors, such as school and care services. There are for example NAV employees who work in hospitals or in close cooperation with the education system, in order to attempt to identify pupils who run the risk of falling outside of the labour market due to reduced working capability, among other things. The possibility of an individual plan also exists for those who need more long-term initiatives provided by the health service, e.g., in the event of a mental disease or disorder. This plan is intended to foster coordination and collaboration between different rehabilitation activities or other initiatives, and actors.^{202 203}

¹⁹⁹ Folketrygdloven §§ 11 – 8, 9 and 11 and also Forskrift om arbeidsrettede tiltak mv. 2008 – 12 – 11. nr 1320, referred to as Forskrift nr 1320.

²⁰⁰ With certain exceptions, this does not apply to beneficiaries placed in the group for standard initiatives (see below).

²⁰¹ Interviews, Norway.

²⁰² Lov om pasient- og brukerrettigheter § 2 – 5.

²⁰³ Interviews, Norway.

NAV provides a broad spectrum of initiatives in order to satisfy the various needs of insured persons. They are divided into four groups of initiatives:

- Standard initiatives are provided for individuals who are expected to achieve the goal of entering work within a relatively short time and primarily via their own efforts and activity.
- Situation-based initiatives are provided for individuals who have difficulties gaining or retaining employment due to an imbalance between qualifications and experience and social requirements.
- Specially adapted initiatives are provided for individuals with a reduced working capability which has been established by NAV's working capability assessment.
- Adapted duration initiatives are provided for individuals with a permanent reduction of their working capability which has been established by NAV's working capability assessment.²⁰⁴

In broad terms, the below initiatives are provided for individuals who should be able to approach the labour market or gain or retain employment.²⁰⁵ Some of these initiatives are provided by NAV, whilst others are provided by private actors, such as employers and enterprises on the open or the sheltered labour market, as well as education institutions. These actors offer initiatives in cooperation with or upon the commission of NAV. The initiatives are funded by NAV.^{206 207}

Supported employment

Supported employment is intended to provide appropriate support in order to integrate people with a reduced working capability into the labour market.

This includes mapping and assessment, help with finding a suitable workplace, support and follow-up at the workplace, support for

²⁰⁴ Proba, 2011.

²⁰⁵ This list does not cover all initiatives offered by NAV as the focus is initiatives for people on disability benefits, rather than unemployed persons. The full list of initiatives can be found on www.nav.no.

²⁰⁶ Forskrift nr 1320.

²⁰⁷ www.nav.no.

learning work-related and social skills, as well as advice and guidance to employers or the person providing the initiative. This initiative may last for up to 3 years.²⁰⁸

Work experience

Through work experience, the insured person has the opportunity for adapted work-related training on the open or sheltered labour market. The intention is to offer the insured person the opportunity to try out the options available to him or her on the labour market. Work experience is also designed to improve the insured person's chances of gaining employment or entering education. This initiative may last for a maximum of 1 year (the initiative may be extended to 2 years for people with reduced working capability).²⁰⁹

Vocational rehabilitation

Vocational rehabilitation is an individually adapted initiative aimed at strengthening the working capability of the insured person. This form of initiative may, for example, cover work trials, education, functional improvement training, social training and lifestyle guidance. The initiative may last for up to 12 weeks.²¹⁰

Mapping

Systematic mapping and assessments are provided for individuals who require support in order to enter the labour market or retain their place there. Another part of this initiative is the assessment of working capability. The initiative may last for up to 12 weeks.²¹¹

Treatment for people with minor mental health problems

Within the scope of this initiative, individuals may be able to receive treatment for minor mental and eventual somatic diseases for up to 18 weeks without having to pay patient fees.²¹²

Aids and adaptation of the work environment

Support can be provided for the adaptation of the physical work environment.²¹³

²⁰⁸ Forskrift nr 1320 § 6 – 1 and 2.

²⁰⁹ Forskrift nr 1320 § 4 – 1 and 2.

²¹⁰ Forskrift nr 1320 § 3 – 1 and 2.

²¹¹ Forskrift nr 1320 § 2 – 1 and 2.

²¹² Forskrift nr 1320 § 13 – 1 and 2.

²¹³ www.nav.no.

Mentor

If the insured person requires extra support in order to take part in certain rehabilitation activities and other initiatives, NAV may appoint a mentor at the workplace or place of study. This initiative may be granted for up to 6 months, but it may in certain cases be extended to a maximum 3 years.²¹⁴

Follow-up

This is a form of support for individuals who need help in entering the labour market or retaining their place there. The initiative is generally for those who require more extensive help and follow-up than NAV can offer. The follow-up includes motivation, guidance and advice to the insured person, employers and other actors, as well as training in work-related and social skills. The initiative may last for up to 6 months, but may in certain cases be extended by an additional 6 months and even up to a maximum of 3 years, where there is a particular need for this.²¹⁵

Training

This initiative should help jobseekers to be sufficiently qualified for job opportunities on the labour market. The initiative may also be offered within the regular education system to people over 26 years of age with reduced working capability, if NAV considers it necessary for the insured person to gain or retain employment. Jobseekers may benefit from this initiative for up to 10 months, whilst individuals over the age of 26 who have a reduced working capability may receive regular education for up to 3 years. The period can be extended.²¹⁶

Other initiatives

Other initiatives cover, for example, wage subsidies which are not subject to a time limit²¹⁷ and adapted duration work on the open or sheltered labour market.²¹⁸

²¹⁴ Forskrift nr 1320 § 5A – 1 and 2.

²¹⁵ Forskrift nr 1320 § 5 – 1 and 2.

²¹⁶ Forskrift nr 1320 § 7 – 1, 2 and 3.

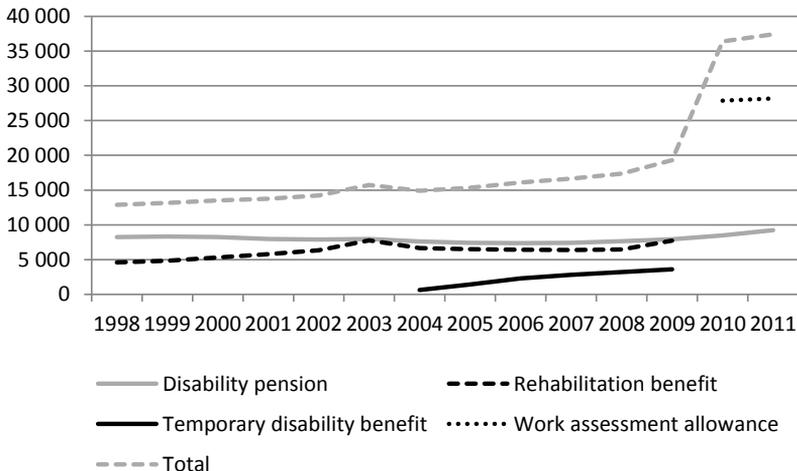
²¹⁷ The employer receives subsidies for wage expenses corresponding to the employee's reduction in productivity.

²¹⁸ Forskrift nr 1320 § 8 and § 9.

NAV has a special adaptation guarantee for beneficiaries who require support and aids in connection with work. Under the guarantee, the insured person has the right to follow-ups, initiatives and necessary aids, which must be provided as soon as possible, as well as follow-ups for both employers and employees.^{219 220}

7.4 Development of young adults on disability benefits and distribution by diagnosis

Figure 5. Development of young adults on disability pension, temporary disability benefit, rehabilitation benefit and work assessment allowance in the age group 18–29 in Norway



Source: NAV

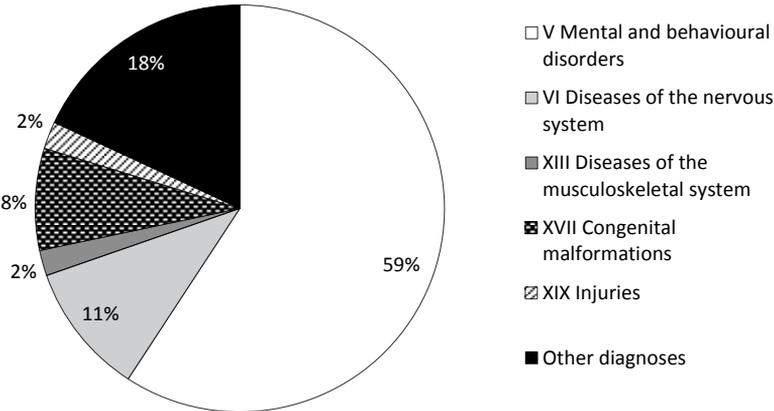
In 1998, around 12,900 people received a disability pension or rehabilitation benefits in Norway. In 2011, about 37,400 people received a disability pension or work assessment allowance. The number of recipients of rehabilitation benefits and temporary disability benefits has increased during the period in which these forms of compensation existed. It should be noted that the number of total recipients of disability benefits rose sharply in 2010 when three benefits ('rehabilitation benefits', 'rehabilitation benefits with particular focus on rehabilitation to return to work' and 'temporary

²¹⁹ Interviews, Norway.

²²⁰ www.nav.no.

disability benefits') were replaced by the work assessment allowance. There are no available statistics for 'rehabilitation benefits with particular focus on rehabilitation to return to work' distributed by age and this form of benefit is therefore not included in the figure above.

Figure 6. Distribution by diagnosis²²¹ among new recipients of disability pension²²² in the age group 18–29 (per cent) in Norway in 2011



Source: NAV

The most common diagnosis among new recipients of disability pension (in the age group 18–29) in 2011 was mental and behavioural disorders (59 per cent), followed by 'other' diagnoses (8 per cent), diseases of the nervous system (11 per cent) and congenital malformations (8 per cent).

In 2011, 55 per cent of all recipients of both disability pension and work assessment allowance were men, and 45 per cent were women.

²²¹ The distribution by diagnosis is based on ICD-10 (see Appendix 3).

²²² Diagnoses for people granted work assessment allowance are not included in the statistics.

8 Denmark

8.1 Rules and regulations

In Denmark, the social insurance coverage for young adults with a permanent reduction of working capability is part of the pension system. A universal and primarily tax-funded system provides all inhabitants with a basic protection. These benefits are taxable.²²³

Type of benefit

The social insurance coverage for people with a permanently reduced working capability consists of a disability pension (*førtidspension*). There were previously four different forms of disability pension, two of which could only be granted for reasons of health, whilst the other two could be granted for both health-related and social factors. But following a reform of the system, effective on 1 January 2003, there is now only one form of disability pension.²²⁴ However, the old system still exists in parallel with the new, for those who have been granted disability pension in accordance with the old rules.²²⁵

Over the past years, a political discussion has been on-going on the subject of reforming the system for disability pension in Denmark. On 30 June 2012, a new reform was adopted in the area; effective as of 1 January 2013. The purpose of the reform is to improve rehabilitation activities and other measures for young people with reduced working capability with the help of rehabilitation teams on a municipal level. The teams will offer coherent and multidisciplinary support in areas, such as education, social and labour market issues and health. In addition, the intention of the new reform is that young adults with reduced working capability shall wherever possible be

²²³ European Commission, 2011a.

²²⁴ Lovbekendtgørelse af lov om social pension nr. 1005 af 19/08/2010 (Pensionsloven).

²²⁵ Lovbekendtgørelse af lov om højste, mellemste, forhøjet og almindelig førtidspension nr. 1006 af 19/08/2010 (LBK 1006).

granted a *temporary disability benefit (ressourceforløb for unge)* for up to five years at a time, instead of a disability pension.²²⁶ According to the ministry's communication, the starting point is that adults under 40 years of age should not receive a disability pension. Insured persons will be guaranteed a minimum level corresponding to 60 per cent of the maximum daily allowance provided in the event of unemployment, disease or other health conditions. However, this does not apply to individuals under the age of 25 living at home with their parents or similar. There should also be opportunities to work whilst receiving this benefit.²²⁷

Age limits

Disability pension can be granted to individuals from the age of 18 up to retirement age (national pension).²²⁸ Prior to the 2003 reform, disability pension could be granted to individuals up to the age of 65.²²⁹

Eligibility requirements

Disability pension is a residence-based benefit. The main rule is that only individuals who have lived in Denmark for 3 years after turning 15 may be granted a disability pension.²³⁰

Disability pension may be granted to people with a permanent reduction of their working capability that is so severe that they are unable to provide for themselves. This assessment includes the possibility for the individual to work and receive wage subsidies. This is known as 'fleksjob'.²³¹ Before disability pension can be granted, all available forms of rehabilitation for improving working capability must have been exhausted.²³²

²²⁶ It is also possible for persons over the age of 40 to receive a temporary disability benefit.

²²⁷ <http://bm.dk>; Interviews, Denmark.

²²⁸ Pensionsloven 16 §.

²²⁹ LBK 1006, 13 §.

²³⁰ Pensionsloven 4 §.

²³¹ A form of state-subsidised work for individuals with at least a 50 per cent reduction of their working capability. The cost is shared between the employer and the municipality.

²³² Pensionsloven 16 § stk. 1 and 2 and also 18 §.

Compensation period and level of benefits

Individuals with a permanently reduced working capability may be granted disability pension for an indefinite period. Since the reform in 2003, disability pension is only provided as a full benefit (100 per cent).²³³

Level of compensation

For individuals granted a disability pension after 1 January 2003, the level of compensation was DKK 17,075 (around EUR 2,300) per month for single persons in 2012. For those who are married or cohabiting, the level of compensation was DKK 14,514 (around EUR 2,000). The level of compensation may be reduced in relation to additional incomes of the insured person, his or her spouse or partner and time the individual has resided outside of Denmark.²³⁴

Other

Working whilst receiving disability pension

It is possible to work up to 33 per cent whilst receiving disability pension. In 2012, a single person was able to earn DKK 69,800 (around EUR 9,300) per year without any effect on his or her compensation, whereas a cohabiting person was able to earn DKK 110,600 (around EUR 14,800).²³⁵

Dormant benefit

The municipality may decide to make the compensation dormant, if there is doubt over whether the insured person is able to work and provide for himself or herself. The insured person may also request that his or her compensation be made dormant. The compensation may be made dormant with or without a time limit.^{236 237}

²³³ Pensionsloven 16 §.

²³⁴ Pensionsloven §§ 2 – 11 and § 49 stk. 1 nr. 10.

²³⁵ www.borger.dk.

²³⁶ Pensionsloven § 43 a.

²³⁷ www.sm.dk.

Other benefits and forms of compensation

Individuals claiming a disability pension may have the right to supplementary benefits and other forms of compensation, including those listed below.

Car allowance

Individuals may receive an allowance from the municipality for the purchase of a car, if necessary in order to gain or retain employment or participate in education. The car allowance may also apply to special adaptations to the car so as to allow the person in question to use it. The allowance is provided in the form of an interest free loan up to a certain amount.^{238 239}

Housing allowance

The municipality can provide support for running housing costs. Housing costs are calculated based on household expenditure, household income and structure.²⁴⁰

Companions

A companion may be granted for up to 15 hours per month.²⁴¹

Equipment

The municipality may grant loans or allowance for equipment, such as hearing aids and wheelchairs.²⁴²

Additional expenses benefit

A person who has additional expenses owing to his or her disability may apply to the municipality for an additional expenses benefit. Additional expenses which may be included are clothes, special dietary needs, hygiene, medicine, special courses and transport. It must be probable that the additional expenses amount to at least DKK 500 (around EUR 65).²⁴³

²³⁸ Bekendtgørelse af lov om social service nr 810 af 19/07/2012 § 114 (Serviceloven).

²³⁹ www.sm.dk.

²⁴⁰ Bekendtgørelse af lov om individuel boligstøtte nr 633 af 14/06/2011.

²⁴¹ www.norden.org.

²⁴² Eurofound, 2012.

²⁴³ Serviceloven 100 §.

8.2 Case handling process

In Denmark the municipalities are responsible for administering disability pension. Denmark has currently 98 municipalities, which are responsible for various social insurance benefits, support and activities aimed at helping individuals to approach the labour market by improving their working and functional capability, among other things. On a national level, the responsible ministries are the Ministry of Social Affairs and Integration and the Ministry of Employment.

An application for disability pension received by the municipality is generally processed by the Employment and Integration Administration and the Social Administration. In certain cases, the application must be accompanied by medical documentation. The most common route is for an administrative officer at the municipality to take the initiative to start a disability pension investigation, once all rehabilitation options are considered exhausted. But first an investigation is made into whether the insured person is able to strengthen his or her working capability by means of activation, rehabilitation, "fleksjob" or other measures, and thereby provide for himself or herself. If this proves unattainable, disability pension is a possible alternative.

The investigation and assessment are performed by an administrative officer in a jobcentre under the Employment and Integration Administration. When assessing working capability, the administrative officer uses a standardised method which covers the following 12 areas: education, labour market experience, interests, social competence, ability to adapt, learning capacity, work-related preferences, performance expectations, work identity, housing and finances, social networks and health. However, not all areas need to be relevant in each case. When assessing the claimant's health, the administrative officer can request assistance of a medical consultant in order to ensure an adequate health assessment. Based on this method, the administrative officer and the insured person work together on developing a resource profile that describes the insured person's working capability and what he or she is capable of in relation to the demands of the labour market.

When the investigation is complete, the insured person is referred to his or her local social centre, disability centre or advice bureau, where decision on a potential disability pension is made.²⁴⁴

The administrative officer's decision may be reassessed after a certain time, at which point it is determined whether or not the insured person's working capability has been increased as a result of e.g., improved health status. In most cases, however, no reassessments are made. It is important to point out that there are local variations in the aforementioned administration process due to the local self-government in Denmark.²⁴⁵

An individual may request that the Employment Complaints Board re-examine a decision or appeal the case to court.^{246 247}

8.3 Rehabilitation activities and other related measures

As disability pension is only granted when an individual is considered to have a permanent reduction of his or her working capability, no systematic rehabilitation activities or other measures are offered in practice in order to strengthen the working capability.²⁴⁸ It should, however, be noted, as mentioned above, that the system is based on the notion that a person who is granted a disability pension has already been thoroughly investigated and has undergone various initiatives such as rehabilitation, 'fleksjob' and work experience before being considered for a disability pension. In other words, disability pension may only be considered if an individual has been unable to strengthen his or her working capability through various rehabilitation activities and other measures. People with a disability pension who wish to work and who are assessed to be capable of doing so to a certain extent may, however, gain employment with wage supplements based on certain conditions, with the help of a jobcentre (within the scope of the municipality's Employment and Integration Administration). The employer receives a wage

²⁴⁴ Brage, 2010; Socialministeriet, 2011; SOU 2008:66; European Commission, 2011a; Interviews, Denmark.

²⁴⁵ Interviews, Denmark.

²⁴⁶ Bekendtgørelse af lov om retssikkerhed og administration på det sociale område nr 930 af 17/09/2012, 60 – 74 §§ (Retssikkerhedsloven).

²⁴⁷ European Commission, 2011a.

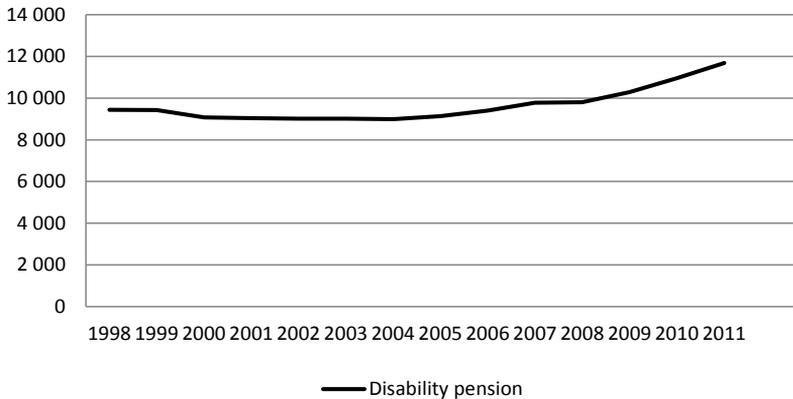
²⁴⁸ The municipality does offer various forms of daily activities (day-care facilities and sheltered employment), though these are not counted as initiatives within the scope of the disability pension in Denmark.

supplement from the municipality, who in turn provides a wage to the person receiving disability pension. The job centre must regularly follow up on positions with wage supplements. People with a reduction of their working capability so severe that they cannot be given a job with wage supplements may gain sheltered employment.²⁴⁹

Finally, it should also be mentioned in this context that a temporary disability benefit (which can be granted for up to five years at a time) for young adults with a long-term reduction of their working capability was introduced on 1 January 2013. The aim of the reform is to improve the rehabilitation activities and other measures for young people with reduced working capability with the help of rehabilitation teams on a municipal level, who will offer cohesive and multidisciplinary support in areas, such as education, social and labour market issues, and health. During the period in which the compensation is paid out, the insured person may take part in e.g., education, social education assistance, work trials or various forms of treatments.²⁵⁰

8.4 Development of young adults on disability benefits and distribution by diagnosis

Figure 7. Development of young adults on disability pension in the age group 18–29 in Denmark

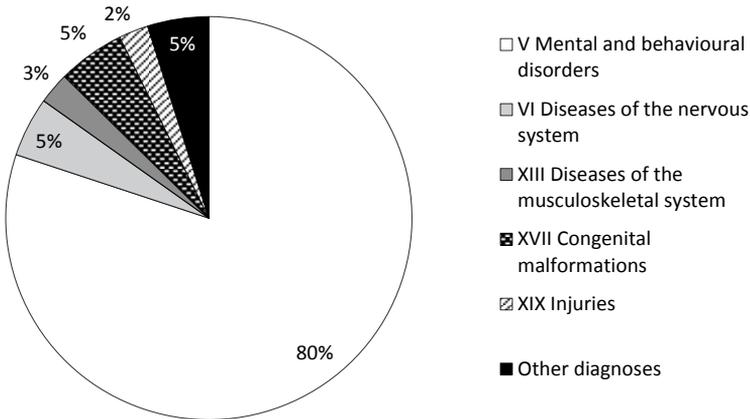


Source: The National Social Appeals Board

²⁴⁹ Københavns kommune, 2011; Interviews, Denmark; www.clh.dk; www.vidensnetvaerket.dk.
²⁵⁰ At the time of writing, there was no access to detailed information on rehabilitation activities and other measures offered to people receiving temporary disability benefits.

In 1998, 9 441 individuals received a disability pension in Denmark. This number remained more or less constant up until 2006 (9,403 individuals). Thereafter, the number has increased by around 24 per cent to 11,679 individuals in 2011.

Figure 8. Distribution by diagnosis²⁵¹ among new recipients of disability pension in the age group 18 – 29 (per cent) in Denmark in 2011



Source: The National Social Appeals Board

The most common diagnosis among new recipients of disability pension (in the age group 18–29) in 2011 was mental and behavioural disorders (80 per cent), followed by diseases of the musculoskeletal system (5 per cent), congenital malformations (5 per cent) and other diagnoses (5 per cent).

In 2011, 57 per cent of all recipients of disability pension were men between the ages of 18 and 29, and 43 per cent were women.

²⁵¹ The distribution by diagnosis is based on ICD-10 (see Appendix 3).

9 Finland

9.1 Rules and regulations

The social insurance coverage for young adults with a long-term or permanent reduction of their working capability is part of the pension system in Finland. There are two statutory pension systems – one residence-based national pension (guaranteed pension), which is tax-funded, and one earnings-related pension, which is based on gainful employment and is funded by social insurance contributions from all gainfully employed persons. These systems complement each other, which means that the national pension decreases as the earnings-related pension increases, and after a certain level of pension, the insured person only receives a pension from the earnings-related pension system. These benefits are taxable.²⁵²

Type of benefit

A person with a permanently reduced working capability may be granted a disability pension (*sjukpension*) under the national pension system.²⁵³ There is also a temporary form of disability pension – rehabilitation allowance (*rehabiliteringsstöd*).²⁵⁴ In the earnings-related pension system, the corresponding types of benefits are also called disability pension (*invalidpension*) and rehabilitation allowance (*rehabiliteringsstöd*).²⁵⁵ Disability pension under both the national pension system and the earnings-related pension system may be granted for an indefinite period if it is unlikely that the insured person will be able to improve his or her working capability.^{256 257}

²⁵² European Commission, 2011b.

²⁵³ Folkpensionslagen (568/2007).

²⁵⁴ 3 kap. 14 § folkpensionslagen.

²⁵⁵ 3 kap. 44 § lag om pension för arbetstagare (395/2006).

²⁵⁶ 3 kap. 14 § folkpensionslagen and 3 kap. 35 § lag om pension för arbetstagare.

²⁵⁷ www.arbetspension.fi; www.kela.fi.

Age limits

Under the national pension system, disability pension and rehabilitation allowance may be granted to individuals between the ages of 16 and 64.²⁵⁸ Under the earnings-related pension system, the corresponding age range is 18–62.²⁵⁹

Eligibility requirements

Disability pension and rehabilitation allowance are residence and income-based benefits under the national pension system. To be eligible for these benefits, individuals must have resided in Finland for 3 years after turning 16, and have an income below a certain ceiling.²⁶⁰

According to the National Pensions Act, a disability pension may be granted to a person who is unable, due to sickness, injury or disability, to provide for himself or herself through work. In addition, people who are blind, disabled or in need of assistance in their daily living due to disease, disability or injury, may have the right to a disability pension even if they are capable of gainful employment,²⁶¹ though the right to a disability pension only comes into play once the maximum payment period for sickness benefit has ended; i.e., 300 working days.²⁶² Young people who have been rendered incapable of working before the age of 15 may be granted a disability pension when they turn 16, without requiring a preceding period of sickness benefit.²⁶³ However, young people under the age of 20 are generally not granted a disability pension before all options for vocational rehabilitation have been examined. They may, however, be granted a disability pension if it is established, following an investigation, that they are unable to participate in vocational rehabilitation or cannot benefit from rehabilitation due to ill health.²⁶⁴

Disability pension and rehabilitation allowance are work-based benefits under the earnings-related pension system.²⁶⁵

²⁵⁸ 3 kap. 12 § folkpensionslagen.

²⁵⁹ www.arbetspension.fi; www.kela.fi.

²⁶⁰ 1 kap. 9 § folkpensionslagen.

²⁶¹ 3 kap. 12 § folkpensionslagen.

²⁶² 3 kap. 15 § första stycket folkpensionslagen and 8 kap. 8 § sjukförsäkringslag (2004/1224).

²⁶³ 3 kap. 15 § tredje stycket folkpensionslagen.

²⁶⁴ 3 kap. 16 § folkpensionslagen.

²⁶⁵ 1 § lag om pension för arbetstagare.

Disability pension may be granted under the earnings-related pension system if the insured person's working capability is reduced by at least two fifths (partial disability pension) or three fifths (disability pension) due to disease, disability or injury for at least one year. When assessing the extent to which an individual's working capability is reduced, his or her earning capacity is taken into account. Other factors taken into consideration are education, previous activities, age, place of residence and other comparable circumstances.²⁶⁶ In general, the insured person receives sickness benefit from the Social Insurance Institution before he or she is able to apply for a disability pension under the earnings-related pension system. If the insured person is considered capable of improving the working capability, he or she may be granted a temporary rehabilitation allowance. In order to receive vocational rehabilitation under the earnings-related pension system, the insured person's income must have amounted to at least EUR 31,492.15 (according to the 2011 level) over the last five years.²⁶⁷

Compensation period and level of benefits

Disability pension under both the national and earnings-related pension systems may be granted for an indefinite period, if it is unlikely that the insured person's working capability can be improved.²⁶⁸ If it is assessed that the insured person's working capability can in fact be improved, a temporary rehabilitation allowance is granted instead.²⁶⁹

Disability pension and rehabilitation allowance can be granted as a full or partial benefit (50 per cent) under the earning-related pension system.²⁷⁰ Disability pension and rehabilitation allowance under the national pension system, on the other hand, can only be granted as a full benefit.²⁷¹

²⁶⁶ 3 kap. 35 § lag om pension för arbetstagare.

²⁶⁷ www.arbetspension.fi; Arbetspension och övrig socialförsäkring 2010.

²⁶⁸ 3 kap. 14 § folkpensionslagen and 4 kap. 44 § lag om pension för arbetstagare.

²⁶⁹ 3 kap. 44 § lag om pension för arbetstagare.

²⁷⁰ 3 kap. 35 § 1 stycket lag om pension för arbetstagare.

²⁷¹ www.arbetspension.fi; Interviews, Finland.

Level of compensation

In the national pension system, the minimum disability pension amounted to around EUR 714 per month (guaranteed pension), in 2012. The level of compensation is the same for the rehabilitation allowance.²⁷²

The size of the disability pension and rehabilitation allowance under the earnings-related pension system is determined by the pension that the insured person has earned as an employee or self-employed. An additional pension component is also added for the time remaining until retirement. This means that the period from when the disability pension is granted up until the person in question has the right to receive old age pension is also included in the calculation. A person who has been granted a disability pension under the earnings-related pension system before the age of 50 will receive a one-time increase of his or her pension, when it has been paid out for five years in a row. The younger the beneficiary was when the disability pension was granted, the higher the one-time increase.^{273 274}

Other

Working whilst receiving disability pension

A person receiving a disability pension under the national pension system may have an income of less than approximately EUR 714 per month without any effect on the disability pension payments. Similarly, a person receiving a disability pension under the earnings-related pension system may have an income of up to 40 per cent of the stabilised average earnings. The stabilised average earnings are generally calculated based on earnings over the five calendar years preceding the reduction of working capability.²⁷⁵

Dormant benefit

If a person wishes to attempt to work whilst receiving a disability pension under the national pension system, the disability pension can be made dormant for between 6 months and 5 years (if his or her health has not changed since the disability pension was granted).²⁷⁶

²⁷² www.kela.fi.

²⁷³ 4 kap. 70, 76 and 81 §§ lag om pension för arbetstagare.

²⁷⁴ www.arbetspension.fi.

²⁷⁵ 3 och 5 §§ lagen om främjande av sjukpensionärers återgång i arbete (1189/2010).

²⁷⁶ 3 kap. 17 § 2 stycket folkpensionslagen.

If a person wishes to attempt to work whilst receiving a disability pension under the earnings-related pension system, the disability pension can be made dormant for between 3 months and 2 years.²⁷⁷

Other benefits and forms of compensation

A person who receives a disability pension or rehabilitation allowance under the national pension system may have the right to supplementary benefits and other forms of compensation, including those listed below. Apart from rehabilitation benefit and rehabilitation increment (see below), there are no equivalent benefits or forms of compensation in the earnings-related pension system.

Rehabilitation benefit (national pension system)

A person who is prevented from working full time due to rehabilitation may be granted a rehabilitation benefit. Rehabilitation benefits can also be paid to employers, if they pay a salary to employees while they are undergoing rehabilitation. People aged 16–19 may receive special rehabilitation benefits for young people. They have the right to rehabilitation benefits if their working and functional capability or opportunities to choose a profession and work are substantially diminished due to disease, disability or injury, and therefore require rehabilitation.^{278 279}

Rehabilitation benefit (earnings-related pension system)

An employee may have the right to a rehabilitation benefit for the calendar months during which he or she is fully or partially prevented from being gainfully employed owing to vocational rehabilitation. The size of the rehabilitation benefit is as large as the combined amount of earnings-related pensions that the employee would have been entitled to, if at the time of claiming the benefit, he or she would have been incapable of working to such an extent that he or she would have been eligible for full disability pension, increased by 33 per cent.²⁸⁰

²⁷⁷ 4 § Lagen om främjande av sjukpensionärers återgång i arbete (738/2009) ändrad genom lagen 1189/2010.

²⁷⁸ 3 kap. 17 – 20 §§ lag om Folkpensionsanstaltens rehabiliteringsförmåner och rehabiliteringspenningsförmåner (566/2005).

²⁷⁹ www.kela.fi.

²⁸⁰ 3 kap. 28 § lag om pension för arbetstagare.

Rehabilitation increment (earnings-related pension system)

A person who receives a disability pension may have the right to rehabilitation increment whilst he or she is taking part in vocational rehabilitation. The rehabilitation increment constitutes of 33 per cent of the disability pension.²⁸¹

Child support supplement

Individuals with a disability pension under the national pension system who has children under the age of 16 living at home may be granted a child support supplement.²⁸²

Housing allowance for pensioners

Individuals on disability pension who have a low income may qualify for a housing allowance. The size of the housing allowance is determined by their rent and related charges, the net income and wealth of the insured persons and their spouses.²⁸³

Care allowance for pensioners

Care allowance is intended to support pensioners who are ill or have a disability, live at home or in some form of care institution, and require care and service or have specific costs due to their disease or disability (there are three different levels). Care allowance can be paid out to pensioners whose functional capability has deteriorated due to disease or injury for a period of at least one year. In addition, the disease or injury must be such that the individual is in need of assistance or supervision, or has special costs.²⁸⁴

Disability allowance for adults

Disability allowance for adults are intended for individuals between the ages of 16 and 64 with a reduced working capability. The allowance is intended to support them in their daily lives, in working life and in their studies (there are three different levels).²⁸⁵

²⁸¹ 3 kap. 30 § lag om pension för arbetstagare.

²⁸² 10 kap. 51 § folkpensionslagen.

²⁸³ Lagen om bostadsbidrag för pensionstagare (571/2007).

²⁸⁴ 1 and 9 §§ lag om handikappförmåner (570/2007).

²⁸⁵ 1, 8 and 10 §§ lag om handikappförmåner (570/2007).

9.2 Case handling process

The national pension system is administered by the Social Insurance Institution of Finland (KELA). The earnings-related pension is administered by pension insurance companies, pension funds, pension foundations and, within the public sector, by Keva. The umbrella term for these actors is 'earnings-related pension providers'. The Finnish Centre for Pensions is the coordinating body for the earnings-related pension system in Finland. The responsible ministry is the Ministry of Social Affairs and Health.

Applications for disability pension and rehabilitation allowance under the national pension system and the earnings-related pension system are common to KELA and the earnings-related pension providers.²⁸⁶ The claim should be sent to KELA, and is in due course forwarded to the respective earnings-related pension provider (if applicable). KELA and the earnings-related pension providers inform one another about applications they receive, as they endeavour to handle cases concerning insured persons who potentially have the right to compensation from both systems simultaneously. Applications are made on a joint application form, but the insured person still has to send two separate applications as he or she may qualify for compensation from both systems. Applications should be accompanied by a medical certificate (medical certificate B²⁸⁷), which must include an assessment of the insured person's working capability. Additionally, applications for rehabilitation allowance must include a care or rehabilitation plan. The rehabilitation is divided into medical and vocational rehabilitation. KELA is responsible for the latter, whilst medical rehabilitation is generally provided by the health service.²⁸⁸

When a claim has been received by KELA, an administrative officer is assigned to the case. The institution processes all claims for disability pension at the head office's health department. Claims from individuals under the age of 30 are processed by a specific group of administrative officers at the head office.²⁸⁹ The case handling of disability pension has been centralised in order to avoid regional

²⁸⁶ Rehabilitation initiatives for individuals with reduced working capability owing to a traffic-related injury or accident, as well as work-related disease, do not fall under the social insurance scheme and should be arranged by the responsible insurance companies.

²⁸⁷ The certificate contains the following three parts: information on diseases, care and rehabilitation, and the assessment of working capability.

²⁸⁸ Interviews, Finland.

²⁸⁹ This is a voluntary system; it is not regulated by law.

variations. Each administrative officer prepares the case, which is then forwarded to KELA's various expert physicians, based on the primary diagnosis, who will then issue an opinion. As a rule, the expert physician will base his or her assessment of the working capability on the medical documentation, including the care or rehabilitation plan, accompanying the claim. However, the physician may refer the claimant for a medical examination of his or her functional and working capability (Personal Capability Assessment, PCA) or a more extensive multidisciplinary assessment. Thereafter, the documentation is sent to the respective administrative officer for a decision. If the claimant is deemed to have the right to a certain amount of compensation from the earnings-based pension system, the respective administrative officers contact one another in order to attempt to reach a unanimous decision. If they do not come to a unanimous decision, the expert physician at KELA and at the respective earnings-related pension provider will attempt to come to an agreement based on the medical documentation. If the physicians are unable to come to an agreement, the chief medical officers shall attempt to find a joint solution. It is only in a few cases per year that a unanimous decision is not reached.²⁹⁰

In the event a disability pension or rehabilitation allowance is approved, the decision is sent to the claimant from one of KELA's local offices, whereas rejections are sent from the institution's head office. Notifications on decisions to reject a claim generally contain more comprehensive information on the background to the decision.²⁹¹

The insured person may request a reassessment from KELA or appeal its decision to the Social Security Appeal Board and the Insurance Court.

Applications for disability pension or rehabilitation allowance under the earnings-related pension system are sent by KELA to the respective earnings-related pension provider. As mentioned above, the application must be accompanied by a medical certificate and, where appropriate, a care and rehabilitation plan. Even if all physicians can issue a medical certificate in Finland, applications pertaining to the earnings-related pension system are often accompanied by certificates from the occupational healthcare, as Finland has a well-developed occupational health system.

²⁹⁰ Interviews, Finland.

²⁹¹ Interviews, Finland.

Applications should also be accompanied by an opinion on the applicant's working capability issued by his or her employer. Earnings-related pension providers often work in close cooperation with employers and have regular contact with them. Information can also be obtained from the Finnish Centre for Pensions. After having obtained the relevant information, one of the earnings-related pension provider's administrative officer sends the medical documentation to an expert physician, who then issue an opinion. Based on this information, the administrative officer or consultant makes a decision on the individual case in accordance with the established practices of the respective earnings-related pension provider. It is important to underline that there may be local variations in the case handling process of different earnings-related pension providers.²⁹²

An individual may request a reassessment from the earnings-based pension provider or appeal the provider's decision to the Earnings-based Pension Appeal Board and the Insurance Court.

9.3 Rehabilitation activities and other related measures

Rehabilitation activities and other measures under the national pension system

KELA offers various forms of rehabilitation in order to strengthen the working and functional capability of people claiming disability pension and rehabilitation allowance under the national pension system. The rehabilitation initiatives can be divided into four different areas: vocational rehabilitation, medical rehabilitation for the severely disabled, rehabilitative psychotherapy and discretionary rehabilitation (see below). Rehabilitation under the national pension system is offered by various rehabilitation providers and other professional actors appointed and funded by KELA. The rehabilitation activities are voluntary as a rule, but in cases where the insured person does not have a valid reason for not participating in vocational rehabilitation, the rehabilitation allowance may be withdrawn. Disability pension, on the other hand, can only be

²⁹² Interviews, Finland.

withdrawn if the insured person's working capability is improved to the extent that he or she can enter or return to the labour market.^{293 294}

Vocational rehabilitation

Vocational rehabilitation is designed for individuals of working age and is intended to improve working capability and thereby facilitate entry or return to the labour market. Examples of initiatives offered in the context of this form of rehabilitation are: investigations for the assessment of rehabilitation requirements and options, work trials and education on a trial basis, education²⁹⁵, training with the purpose of maintaining or improving working capability, adaptation of the workplace, altered working hours and work aids. Enterprises may also apply for an allowance with which to acquire various work aids (business subsidies).²⁹⁶

Medical rehabilitation for the severely disabled

Medical rehabilitation is intended for individuals who have reduced working capability, and who receive disability and care allowance (an increased or the maximum amount). Rehabilitation is intended to support these individuals in managing daily life, and to improve their working and functional capability. This form of rehabilitation can only be offered if a rehabilitation plan has been drawn up in consultation with a physician.²⁹⁷

Rehabilitative psychotherapy

Rehabilitative psychotherapy is intended for individuals between the ages of 16 and 67 whose studying or working capability are reduced due to mental disease and who have been treated for at least 3 months.²⁹⁸ This rehabilitation is based on an individual rehabilitation plan which includes an opinion issued by a physician specialised in psychiatry.²⁹⁹

²⁹³ Folkpensionslagen 568/2007.

²⁹⁴ FPA, 2012; Niemelä and Salminen, 2006; Interviews, Finland.

²⁹⁵ Education covers general education at e.g., upper secondary school or folk high-school, basic vocational training, vocational education and training, vocational retraining and further education.

²⁹⁶ FPA, 2012; www.kela.fi.

²⁹⁷ FPA, 2012.

²⁹⁸ Compensation for rehabilitative psychotherapy is paid out for a maximum 80 times per year or 200 times per three-year period.

²⁹⁹ FPA, 2012.

Discretionary rehabilitation

Discretionary rehabilitation is organised within the scope of the annually allocated funds from the national budget. This form of rehabilitation may for example include individual rehabilitation courses, adjustment training, vocationally orientated medical rehabilitation (ASLAK), psychotherapy, neuropsychological rehabilitation and work-related aids.³⁰⁰

Rehabilitation activities and other measures under the earnings-related pension system

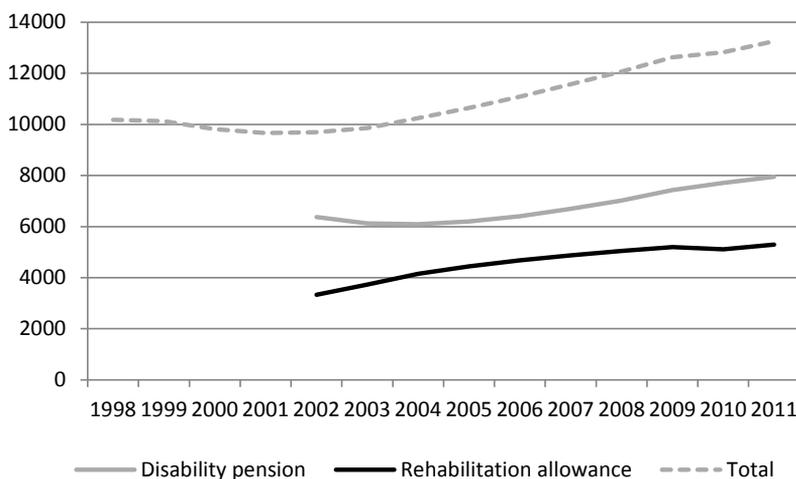
Rehabilitation activities are offered to individuals who receive a disability pension or a rehabilitation allowance. However, focus is generally given to rehabilitation activities, and especially vocational rehabilitation, for individuals with rehabilitation allowance and follow up of these activities. Vocational rehabilitation activities offered include advisory services, work trials and training in the workplace, vocational education and work aids. Such initiatives may last for up to 4 years. The rehabilitation activities are voluntary, but those with rehabilitation allowance may have their allowance withdrawn at the next assessment if they do not participate in the rehabilitation initiatives offered. It should also be mentioned in this context that rehabilitation is a legal right in the earnings-related pension system, and that it also aims to prevent working incapability.³⁰¹

³⁰⁰ FPA, 2012; www.kela.fi.

³⁰¹ Johansson et al., 2011; Interviews, Finland.

9.4 Development of young adults on disability benefits and distribution by diagnosis

Figure 9. Development of young adults on disability pension and rehabilitation allowance (under the national and earnings-related pension systems) in the age group 16–29 in Finland

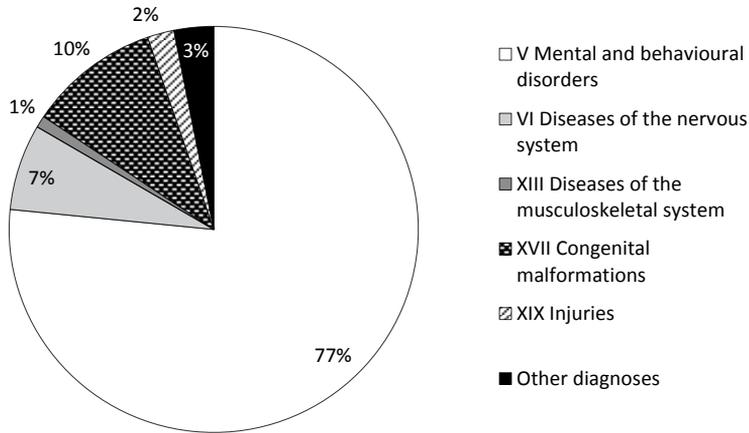


Source: The Finnish Centre for Pensions

In 1998, around 10,200 individuals in the age group 16–29 received disability pension and rehabilitation allowance (under the national and earnings-related pension systems) in Finland.³⁰² The number of young adults receiving a disability pension or a rehabilitation allowance has increased steadily since 2002, and in 2011 the number was around 13,300 individuals. This is an increase of more than 37 per cent.

³⁰² The Finnish statistics are not available distributed by these different forms of compensation prior to 2002.

Figure 10. Distribution by diagnosis³⁰³ among the total number of recipients of disability pension and rehabilitation allowance in the age group 16–29 (per cent) in Finland, 2011



Source: The Finnish Centre for Pensions

The most common diagnosis among recipients of disability pension and rehabilitation allowance (in the age group 16–29) in 2011 was mental and behavioural disorders (77 per cent), followed by congenital malformations (10 per cent) and diseases of the musculoskeletal system (7 per cent).

In 2011, 56 per cent of all recipients of disability pension and rehabilitation allowance between the ages of 16 and 29 were men, and 44 per cent were women.

³⁰³ The distribution by diagnosis is based on ICD-10 (see Appendix 3).

10 Iceland

10.1 Rules and regulations

The social insurance coverage for young adults with a long-term or permanent reduction of their working capability is part of the pension system in Iceland. This system consists of two parallel systems: the public pension system and the occupational pension system. The public pension system runs concurrently with the occupational pension system, which means that the public pension is reduced as the occupational pension increases. After a certain level, the insured person is covered entirely by the occupational pension system. The public pension system is financed from the state budget, by social insurance contributions, paid by the employer and self-employed, and through taxation. The occupational pension system is administrated by different occupational pension funds. Salaried workers and the self-employed are also obliged to pay a contribution to their obligatory occupational pension funds of at least 12 per cent of their gross salary. Normally 8 per cent is paid by the employer and 4 per cent by the employee. These are minimum levels and collective agreements between the parties of the labour market can sometimes result in higher contributions. Disability benefits and benefits during rehabilitation are taxable benefits.³⁰⁴

Type of benefit

Individuals with a reduced working capability may claim invalidity pension (*örorkulífeyrir*), invalidity allowance (*örorkustyrkur*) or a rehabilitation pension (*endurhæfingarlífeyrir*) under the public pension system. Invalidity pension, which is a guaranteed pension, may comprise of the following components: basic pension, age-related pension supplement, and pension supplement.

³⁰⁴ Europeiska Kommissionen, 2011.

The age-related pension supplement is intended to support people who have claimed invalidity pension from a young age and have therefore in most cases only a limited pension from the occupational pension system. Individuals whose working capability is reduced by 50–74 per cent and who otherwise meet the requirements for invalidity pension, can apply for invalidity allowance. This can also be granted to people who work full-time but who are burdened with significant extra costs as a result of ill health or disability.³⁰⁵ There is also a possibility for individuals with invalidity or rehabilitation pension who have children under the age of 18 to receive a child supplement.^{306 307} Individuals whose working capability is reduced for an indeterminable period and who are expected to undergo rehabilitation, may be granted a rehabilitation pension.³⁰⁸ These individuals can also be granted an age-related pension supplement and a pension supplement.^{309 310}

Individuals who are insured within the framework of the occupational pension system (*lögbundnir lífeyrissjóðir*) may be granted invalidity pension from the occupational pension funds due to reduced working capability.³¹¹

Age limits

Within the framework of the public pension system, people aged 18 to 67 may be granted an invalidity pension or a rehabilitation pension. The age qualification for invalidity allowance is 18–61 (from the age of 62, invalidity allowance is changed to a basic pension without a supplement).³¹² Invalidity pension from the occupational pension

³⁰⁵ Art. 16 – 19 Social Security Act (100/2007).

³⁰⁶ The child supplement is regulated in Art. 19 of the Social Security Act (100/2007).

³⁰⁷ In this context it should be mentioned that if the insured person's working capability is reduced by less than 50 per cent (but is at least 10 per cent) as a result of an employment or work-related accident, invalidity benefits can be approved in the form of a one-time payment equivalent to the pension that would have been paid to the person for a certain number of years. This compensation is assessed and paid by Sjúkratryggingar Íslands (Iceland's health insurance system) and thereby has no direct link to the invalidity pension system.

³⁰⁸ Art. 7 Social Assistance Act (99/2007).

³⁰⁹ Art. 21 – 22 Social Security Act (100/2007).

³¹⁰ Europeiska Kommissionen, 2011.

³¹¹ Act on Mandatory Insurance of Pension Rights and on Activities of Pension Funds 129/1997).

³¹² Art. 18 – 19 Social Security Act (100/2007).

system may be granted to all insured employees, employers and self-employed between the ages of 16 and 70.³¹³

Eligibility requirements

Inactivity pension in the public pension system is based on periods of residence in Iceland. In order to receive inactivity pension, an individual needs to have been a resident in Iceland for at least three years (directly prior to application) or have had a full working capability when becoming a resident and thereafter resided in Iceland for at least 6 months. Inactivity pension can only be granted if the annual income is below a certain level (see below).

In order to be entitled to inactivity pension, the individual needs to have a documented reduction in working capability of at least 75 per cent as a result of a medically established disease or disability. Individuals whose working capability is reduced by 50–74 per cent and who otherwise satisfy the requirements for inactivity pension, can apply for inactivity allowance.³¹⁴ Furthermore, individuals whose working capability is reduced for an indeterminable period and who take part in rehabilitation programme, may be granted a rehabilitation pension from the public pension system. The same residential and income rules that apply for inactivity pension also applies for rehabilitation pension.³¹⁵

In order for an individual to be granted inactivity pension from the occupational pension system, he or she needs to be a member of and have paid fees to a pension fund for at least two years, and have a reduced working capability of at least 50 per cent.³¹⁶

Before receiving inactivity pension or benefits during rehabilitation, an insured person who has been active on the labour market usually receives sick pay or sickness benefit. Sickness benefit is administered by the Icelandic health insurance or within the framework of the trade unions' sickness fund. In the latter case, the level and period of compensation depends on the employment terms and salary agreement in question.³¹⁷

³¹³ Art. 1 Act on Mandatory Insurance of Pension Rights and on Activities of Pension Funds (129/1997).

³¹⁴ Art. 18–19 Social Security Act (100/2007).

³¹⁵ Art. 7 Social Assistance Act (99/2007).

³¹⁶ Art. 1 Act on Mandatory Insurance of Pension Rights and on Activities of Pension Funds (129/1997).

³¹⁷ Icelandic Confederation of Labour, 2010; Interviews, Iceland.

Compensation period and level of benefits

Invalidity pension can be granted on an indefinite basis for serious and permanent conditions of ill health and disability or as a fixed-term benefit (usually 1–5 years depending on working capability and individual circumstances). People who have resided in Iceland with legal domicile for a minimum of 40 years between the ages of 18 and 67 are entitled to a full invalidity pension (40/40). For shorter periods, invalidity pension is calculated according to period of residence. The same rules apply for invalidity allowance and rehabilitation pension.

Invalidity pension and rehabilitation pension can only be granted as a full compensation. Invalidity allowance can be granted, however, to individuals whose working capability is reduced by at least 50 per cent. Invalidity allowance is disbursed either as a fixed-term or permanent compensation. Rehabilitation pension is a fixed-term benefit that is disbursed for up to 18 months and can be extended for an additional 18 months.^{318 319}

Invalidity pension from the occupational pension system is determined on the basis of accumulated rights from the system (pension points) and reduction in working capability, though the reduction must be at least 50 per cent.³²⁰

Level of compensation

The size of the invalidity pension is determined by working capability and period of residence (minimum 3 years – maximum 40 years, number of years up to the age of 67 are taken into account). The spouse's taxable income (with the exception of capital income which is regarded as a joint income) does not affect the level of compensation.

The invalidity pension is ISK 393,300 (around EUR 2,400) per year. The amount is reduced as the annual income exceeds ISK 2,575,220 (around EUR 15,700) and is removed entirely when the annual income exceeds ISK 4,148,420 (around EUR 25,300). Capital income up to ISK 98 640 (around EUR 600) is not included in the calculation of the compensation level.

³¹⁸ Art. 7 Social Assistance Act (99/2007).

³¹⁹ Europeiska Kommissionen, 2011; Interviews, Iceland.

³²⁰ Europeiska Kommissionen, 2011.

Age-related pension supplement is maximum ISK 393,300 (around EUR 2,400) and minimum ISK 9,504 (around EUR 60) per year, depending on the age when working incapability (with a reduction of at least 75 per cent) was determined. The supplement is reduced or removed according to the same rules as for the above pension.

The pension supplement is maximum ISK 1,259,484 (around EUR 7,700) per year. The supplement is reduced as the annual income exceeds a certain amount and is removed entirely when the annual income exceeds ISK 3,672,827 (around EUR 22,400). Compensation from the occupational pension system is not normally taken into account when calculating the compensation level; only when it exceeds ISK 328,800 (around EUR 2,000). Furthermore, annual incomes from work up to ISK 1,315,200 (around EUR 8,100) are not included in the calculation of the compensation level. Capital income up to ISK 98 640 (around EUR 600) is not included in the calculation of the compensation level.

For invalidity pensioners living alone the maximum amount is ISK 203,005 (around EUR 1,200) per month. For co-habitants the equivalent compensation level is ISK 174,946 per month (around EUR 1,100). The same compensation level also applies to the rehabilitation pension.³²¹

Invalidity allowance: full amount is ISK 290,760 (around EUR 1,800) per year for individuals between 18 and 61 years of age. The amount is reduced according to the same principle as described above.

Invalidity pension from the occupational pension system is based on the reduction in working capability and earned pension points. Invalidity pension from the occupational pension system is calculated in accordance with the statutes for each individual pension fund.³²²

Other

Working whilst receiving invalidity pension

An individual who receives invalidity pension has the possibility of working up to full-time, but the compensation level is reduced when the income reaches a certain ceiling, ISK 1,315,200 (around EUR 8,100) per year. It is then reduced gradually until the income reaches ISK 4,148,420 per year (around EUR 25,300).

³²¹ Interviews, Iceland.

³²² Europeiska Kommissionen, 2011.

Invalidity pension from the occupational pension system and capital income can also affect the size of the rate.³²³

Dormant benefit

It is not possible have a dormant benefit.³²⁴

Other benefits and forms of compensation

Individuals who receive invalidity and rehabilitation pension may have the right to supplementary benefits and other forms of compensation, including those listed below.

Child pension

Child pension can be paid out to children under the age of 18 if their parent(s) receive(s) an invalidity pension or rehabilitation pension.³²⁵ Children of parents with invalidity pension aged 18 – 20 years may have the right to a child pension while attending school or vocational training.³²⁶

Allowance for spouse and home care

Invalidity pensioners could have the right to an allowance for their spouse (up to 80% of the basic pension and pension supplement) and for home care.³²⁷

Household supplement

A single person who receives a pension supplement and lives in his/her own residence may have the right to a household supplement.³²⁸

Car allowance

Individuals who receive invalidity pension may have the right to a supplement in connection with the purchase of and/or operation of a car.³²⁹

³²³ Interviews, Iceland.

³²⁴ Interviews, Iceland.

³²⁵ Art. 20 of the Social Security Act (100/2007) and paragraph 3, Art. 7 Social Assistance Act (99/2007).

³²⁶ Art. 3 Social Assistance Act (99/2007).

³²⁷ Art. 5 Social Assistance Act (99/2007).

³²⁸ Art. 8 Social Assistance Act (99/2007).

³²⁹ Art. 10 Social Assistance Act (99/2007).

Allowance for substantial pharmaceutical and health care costs

Individuals with substantial pharmaceutical and health care costs and who are insured within the health insurance framework could receive an allowance or full compensation for these expenses.³³⁰

Other relevant benefits which are not specific to individuals with invalidity pension or rehabilitation pension include allowance for single parents.³³¹

10.2 Case handling process

The national public pension system is administered by the authority responsible for social insurance administration, the Icelandic Social Insurance Administration (Tryggingastofnun), under the supervision of the Icelandic Ministry of Welfare. The occupational pension system is administered by individual pension funds and is regulated by the Ministry of Finance.³³²

Within the framework of the public pension system, an application for invalidity pension or rehabilitation pension is sent to Tryggingastofnun. Applications for invalidity pension must be accompanied by a medical certificate and the applicant must also fill out a self-assessment (questionnaire regarding disability and appraisal of their own health problem, working capability and income) and specify their income. Applications for rehabilitation pension must be accompanied by a medical certificate and a rehabilitation plan designed to strengthen the individual's working capability. After the Tryggingastofnun has received the application, the case is processed by an administrative officer. Each week a team consisting of an administrative officer and a physician meet to discuss and assess the more complex applications. For individuals who apply for invalidity pension, the responsible physician at Tryggingastofnun assesses the applicant's working capability using a standardised instrument, the Personal Capability Assessment, and thereby evaluates his or her right to invalidity pension or invalidity allowance.³³³

³³⁰ Art. 11 Social Assistance Act (99/2007).

³³¹ Art. 2 Social Assistance Act (99/2007).

³³² Europeiska Kommissionen, 2011.

³³³ This assessment model is currently under review, with the purpose of giving more focus on working capability and vocational rehabilitation and thereby increasing the chances of people with disabilities to gain employment (Council of Europe, 2012).

The instrument consists of two parts:

- In part one, 14 functions are assessed. These are the individual's capacity to sit, stand, walk, walk up and down stairs, bend over and kneel, lift and carry, reach for objects, as well as dexterity, incontinence, faculty of speech, hearing, sight and level of awareness. At least 15 points are necessary to reach a reduction of 75 per cent.
- In part two, the individual's mental health is examined, with focus on the individual's capability to complete tasks and other daily activities, handle pressure and interact with other people. This part consists of 25 questions, each of which can give 1 or 2 points. The threshold for the upper level of disability is 10 points.

For parts one and two combined, the threshold for the upper level of disability is 6 points in each part of the assessment.³³⁴

Normally the applicant undergoes a separate examination to get a better overview of his or her working capability. Decisions regarding invalidity pension are commonly not reviewed during the granted benefit period.

Individuals who are expected to be able to benefit from rehabilitation could qualify for rehabilitation pension. The applicant's right to rehabilitation pension is based on the rehabilitation plan which is sent in jointly by the applicant and the health official responsible for rehabilitation to Tryggingastofnun. It is up to the applicant and the responsible physician to jointly establish who should be responsible for the rehabilitation plan and what it should entail. It could, for example, be the responsible physician, a physiotherapist, occupational therapist or a psychologist. If the responsible administrative officer at Tryggingastofnun assesses the rehabilitation plan to be adequate, rehabilitation pension is granted (often for 1 – 6 months at a time). If the administrative officer deems the plan to be insufficient or inadequate the application is rejected. With every new application for a rehabilitation pension, the administrative officer evaluates completed rehabilitation activities and other measures and assesses how well the planned activities are based on and strengthen the previous activities' working capability enhancement goal.

³³⁴ Europeiska Kommissionen, 2011; Konráðsdóttir, 2011; Interviews, Iceland.

Tryggingastofnun is also responsible for checking that the rehabilitation plan is followed and it will stop the payment of the benefit if it is not followed.^{335 336}

The insured person can request the decision to be reviewed by the Tryggingastofnun and appeal against its decision to an independent Social Security Ruling Committee.³³⁷

As mentioned previously, the occupational pension system is administrated by individual pension funds, and applications for invalidity pension from the occupational pension system must be sent to the respective pension fund. Iceland has 33 (31 fully active) pension funds in total. More detailed regulations concerning invalidity pension, e.g. assessment of reduced working capability, calculation of benefit rate and its size and the conditions are specified in each pension fund's statutes.³³⁸

10.3 Rehabilitation activities and other related measures

Rehabilitaion activities and other measures within the framework of the public pension system are intended mainly for individuals who receive a rehabilitation pension.³³⁹

During the rehabilitation pension period, the insured person shall undergo rehabilitation to strengthen his or her working capability. This rehabilitation should be based on a rehabilitation plan (see Section 10.2). The rehabilitation plan can vary significantly depending on the insured person's health and working capability, but it must be based on a holistic perspective and the rehabilitation can be both medical and vocational. The medical rehabilitation is primarily carried out by the health service.^{340 341}

³³⁵ Social Security Act (100/2007); Social Assistance Act (99/2007).

³³⁶ Interviews, Iceland.

³³⁷ Interviews, Iceland.

³³⁸ Act on Mandatory Insurance of Pension Rights and on Activities of Pension Funds (129/1997).

³³⁹ Tryggingastofnun does not work with rehabilitation activities and other measures for people on invalidity pension, though initiatives for this group do exist on a municipal level.

³⁴⁰ Social Assistance Act (99/2007).

³⁴¹ Interviews, Iceland.

There are a number of private actors in Iceland involved in rehabilitation, which offer rehabilitation programmes for groups as well as individually tailored programmes. In the scope of these programmes, the participants are offered various courses or education and other activities.

Treatments such as physiotherapy and counselling are also offered. Work trials may also be possible. In addition, the municipalities offer various rehabilitation programmes.³⁴²

The labour market partners and the trade union associations in particular, have played a key role in the development of occupational rehabilitation programmes within the framework of the occupational pension system. In this system, occupational rehabilitation is arranged by the Work Rehabilitation Fund (VIRK) which was founded in 2008. VIRK helps individuals with reduced working capability to return to work by planning and providing rehabilitation and other preventative health initiatives – often in close collaboration with employers – and by paying for initiatives which are not financed by public funding. These initiatives are voluntary and their focus is on early measures, i.e. during periods of sick pay or sickness benefit. Rehabilitation normally begins with a systematic assessment of the working capability, which is evaluated once the rehabilitation programme is completed. VIRK's advisors (administrative officers) often work within the framework of the Icelandic trade unions.³⁴³ VIRK is financed both by the state and private enterprises, which pay 0.13% of employee salaries to VIRK. A new Act No. 60/2012 on Vocational Rehabilitation and the Operation of Vocational Rehabilitation Funds entered into force 1 October 2012.³⁴⁴

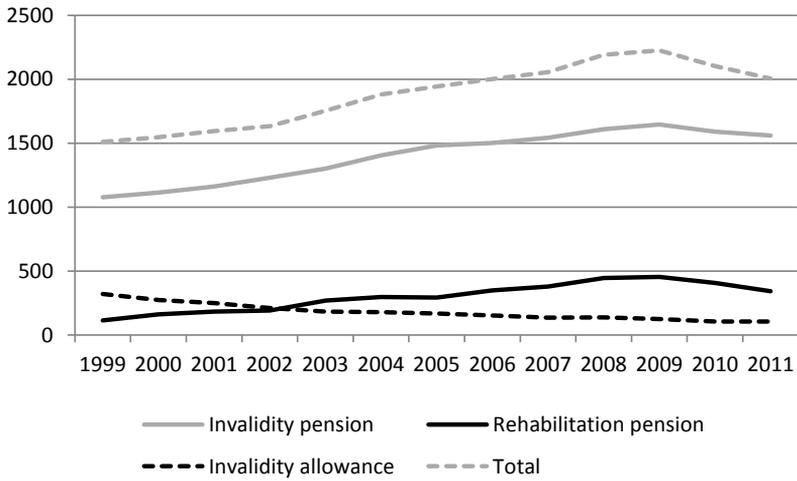
³⁴² Interviews, Iceland.

³⁴³ Around 86% of salaried workers in Iceland are members of a trade union association.

³⁴⁴ Interviews, Iceland; Konráðsdóttir, 2011; Ólafsson, 2011; VIRK, 2011.

10.4 Development of young adults on disability benefits and distribution by diagnosis

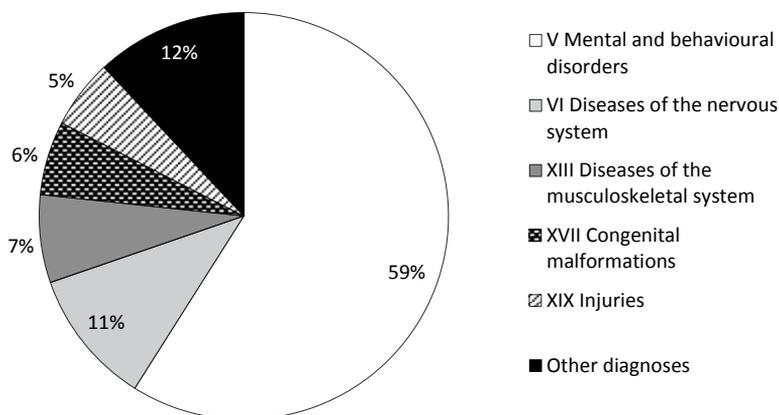
Figure 11. Development of young adults on invalidity pension, invalidity allowance and rehabilitation pension in the age group 18 – 29 (national pension system only) in Iceland



Source: Tryggingastofnun

The total number of recipients of invalidity pension, rehabilitation pension and invalidity allowance under the national pension system amounted to around 1,500 people in 1999. The number increased steadily thereafter up until 2009, when it reached over 2,200 individuals, after which the total number of recipients has decreased somewhat. In 2011 the total was around 2,000 people. The development for invalidity and rehabilitation pension has been similar over the years comprised by the study, though relatively few claim rehabilitation pension. The number of recipients of invalidity allowance is also relatively low and has decreased during the studied period.

Figure 12. Distribution by diagnosis³⁴⁵ among the total number of recipients of invalidity pension, invalidity allowance and rehabilitation pension in the age group 18 – 29 (per cent) in Iceland, 2011



Source: Tryggingastofnun

The most common diagnosis among all recipients of invalidity pension, invalidity allowance and rehabilitation pension in 2011 in the age group in question was mental and behavioural disorders (59 per cent), followed by 'other' diagnoses (12 per cent), diseases of the nervous system (11 per cent), diseases of the musculoskeletal system (7 per cent), congenital malformations (6 per cent) and injuries (5 per cent).

In 2011, 49 per cent of all recipients of invalidity pension, invalidity allowance and rehabilitation allowance in the age group 18 – 29 were men, and 51 per cent were women.

³⁴⁵ The distribution by diagnosis is based on ICD-10 (see Appendix 3).

11 The Netherlands

11.1 Rules and regulations

Disability benefits for young adults with a long-term or permanently reduced working capability are part of the social insurance system in the Netherlands. The social insurance system is financed partly with fees paid by employees, employers and self-employed individuals and partly with tax revenues. There are two parallel systems – one national insurance system that covers the entire population and one system for employees. The national insurance system covers insurance for old age, support for surviving relatives and insurance for health and medical care, special costs and family benefits. The employee insurance system covers insurance for sickness benefits, disability and unemployment. The benefits presented below are subject to taxation.³⁴⁶

Type of benefit

Wajong

Individuals who have a reduced working capability due to disease or disability may be entitled to disability benefits in accordance with the Disablement Assistance Act for Handicapped Young Persons (Wet werk en arbeidsondersteuning jonggehandicapten), the so called new Wajong Act. This type of benefit is commonly referred to as *Wajong*. The new Wajong Act came into force in January 2010, replacing the Work-Disability Provision for Young Disabled Act (Wet arbeidsongeschiktheidsvoorziening jonggehandicapten), referred to as the old Wajong Act.³⁴⁷

³⁴⁶ European Commission, 2011c.

³⁴⁷ Eurofound, 2011; www.uvw.nl.

Wajong consists of three schemes:

- A Benefit Scheme providing a minimum income for those who are assessed to have no working capability or prospect of developing such capability.
- A Work Scheme providing work-related support and activities for individuals who are assessed to have some form of working capability or prospect of developing such capability.
- A Study Scheme providing a study allowance for young adults who are in school, while receiving Wajong, or enrolled in a study programme after the age of 18.³⁴⁸

The aim behind the changes in the Wajong Act was to increase the labour participation of young adults with reduced working capability, focusing on ability rather than reduced working capability.

The above-mentioned schemes were introduced to better support individuals in different groups, and to enhance incentives to approach the labour market and to work. Furthermore, the new act removed the six levels for work incapability that were previously used to assess eligibility, and the assessment of work incapability has also changed (see below).³⁴⁹

WIA

Employees who have a reduced working capability due to disease or disability may be entitled to disability benefits under the Labour Capacity Act (*Werk en Inkomen naar Arbeidsvermogen, WIA*). This benefit is commonly referred to as *WIA*. *WIA* came into force on 1 January 2006. Prior to 2006, disability benefits for employees were regulated by the Disablement Insurance Act (*Wet op de arbeidsongeschiktheidsverzekering, WAO*). The *WAO* Scheme continues to exist in parallel for individuals who were granted *WAO* under the old scheme.³⁵⁰

³⁴⁸ UWV, 2011.

³⁴⁹ Interviews, Netherlands.

³⁵⁰ OECD, 2007b.

The WIA consists of two schemes:

- The Return to Work Scheme for Partially Disabled (Regeling Werkhervatting Gedeeltelijk Arbeidsgeschikten, WGA Scheme) provides support for individuals with partially reduced working capability. The emphasis is on rehabilitation and activation.
- The Income Provision Scheme for People Fully Occupationally Disabled (Regeling Inkomensvoorziening Volledig Arbeidsongeschikten, IVA Scheme) provides income support for individuals who have a permanently and fully reduced working capability.

Before the new WIA legislation came into force, several measures had already been taken to limit the number of workers entering the disability schemes. An important measure is the introduction of a waiting period of 104 weeks. Furthermore, the new legislation introduced a higher minimum level of work incapability (35 per cent) in comparison with the previous WAO Act which had a minimum level of 15 per cent. WIA has three types of benefit levels (wage-related, wage supplement and a follow-up), which are dependent on the level of working capability and the level of employment. In the WAO Scheme, benefit levels and rights were not dependent on the beneficiary's level of employment.^{351 352}

Age limits

Wajong

Wajong covers individuals aged between 18 and 65 who have had a reduced working capability before the age of 17 or have developed a reduced working capability between the ages of 17 and 30 and were students for at least six months in the year prior to developing a reduced working capability.³⁵³

³⁵¹ Pennings, 2011; OECD, 2007b.

³⁵² Self-employed individuals are not covered by the above-mentioned schemes and therefore have to take out a private insurance. Prior to 1 August 2004, self-employed individuals were insured under the Self-employed Persons Disablement Benefits Act (Wet arbeidsongeschiktheidsverzekering zelfstandigen, WAZ). The WAZ Scheme continues to exist in parallel for individuals who were granted WAZ under the old scheme.

³⁵³ Art. 3:2 Wajong Act.

WIA

WIA covers individuals in employment, individuals receiving unemployment benefits and home workers under the legal retirement age.

Eligibility requirements

Wajong

A person who is partially or completely incapable of working due to disease or disability may claim a Wajong benefit.³⁵⁴ To obtain a Wajong benefit, the individual must be a resident of the Netherlands for at least one year. He or she must also meet the age requirements, i.e. must be incapable of working when reaching the age of 17 or become incapable of working after this date (but before his or her 30th birthday) and must have been a student for at least six months in the year prior to developing a reduced working incapability.

WIA

The eligibility requirement is that the individual is employed in the Netherlands and has worked for 26 weeks out of the last 36 weeks before he or she became incapable of working due to disease or disability.³⁵⁵ WIA covers employees in a broadly defined group that also includes individuals receiving unemployment benefit.³⁵⁶

Individuals may be eligible for the WGA Scheme if they have a working incapability of between 35 and 80 per cent, or above 80 per cent in cases where their working incapability is assessed not to be permanent. Individuals who are assessed to have a permanently and fully reduced working capability above 80 per cent may be eligible for IVA.^{357 358}

³⁵⁴ Art. 1:2, 1:3 and 3:1 – 3 Wajong Act.

³⁵⁵ Art. 4 WIA Act.

³⁵⁶ Pennings, 2011.

³⁵⁷ Art. 4 WIA Act.

³⁵⁸ Pennings, 2011.

Compensation period and level of benefits

Wajong

Wajong may be granted after 52 weeks of reduced working capability until further notice (until the age of 65).³⁵⁹ During the qualification period, the individual can receive sickness benefit or work with an income of less than 75 per cent of the previous income. There are no benefit levels (see below).

WIA

WIA may be granted after a waiting period of 104 weeks. During these 104 weeks, employers are held responsible for sickness benefits, rehabilitation and other efforts known as reintegration efforts for all employees unable to work due to disease or disability. The duration of the wage-related WGA Scheme is 3–38 months, after which a follow-up benefit or wage supplement can be granted until the legal retirement age.³⁶⁰ In cases where an employee has a permanently reduced working capability of 80 per cent or higher, he or she may qualify for the IVA Scheme until the legal retirement age.³⁶¹

Level of compensation

Wajong

As mentioned above, Wajong is divided into three different schemes, i.e. a Benefit Scheme, a Work Scheme and a Study Scheme.

Individuals with permanently and fully reduced working capability (commonly falling under the Benefit Scheme) receive a compensation of 75 per cent of the statutory minimum wage, which varies with age. In 2011, the minimum wage (in EUR per month) was:

Individuals aged 23 years and above: EUR 1,424

Individuals aged 22 years: EUR 1,210.75

Individuals aged 21 years: EUR 1,032.70

Individuals aged 20 years: EUR 876

Individuals aged 19 years: EUR 747.80

Individuals aged 18 years: EUR 648.10

³⁵⁹ Art. 2.11 and Art. 3.3 Wajong Act.

³⁶⁰ Art. 59 WIA Act.

³⁶¹ Pennings, 2011.

For individuals with limited³⁶², but not assessed as having permanently reduced working capability (commonly falling under the Work Scheme), the Wajong benefit shall be combined with work-related earnings (see below).

- Until the age of 27 years, individuals receive disability benefits that supplement labour earnings by up to 100 per cent of the minimum wage for young persons. This means that as labour earnings increase, the benefit rate decreases. Individuals who work and earn less than the statutory minimum wage for young persons, but more than 20 per cent of the statutory minimum wage, have a right to keep a half of every euro they earn. They may thus receive more than the basic benefit that all individuals receiving Wajong are guaranteed in the Netherlands.³⁶³
- After the age of 27 years, individuals who receive disability benefits and who are assessed to have reached their earnings potential after having participated in the Wajong Scheme for seven years or worked in the same job for five years, but do not earn the statutory minimum wage, receive a supplement to enable them to earn the full statutory minimum wage.

Young adults who study or are still at school after the age of 18 years (in the Study Scheme) do not receive a full benefit. They receive 25 per cent of the statutory minimum wage. These students also have the right to study allowances.³⁶⁴

WIA

WIA (both WGA and IVA Schemes) is determined by the employee's previous salary up to a ceiling of EUR 186 per working day for 21 days per month.

³⁶² Since the new Wajong Act came into force in 2010, there have been no different benefit levels for limited working capability.

³⁶³ UWV, 2011.

³⁶⁴ Art. 1:4, 2:43–44 Wajong Act.

WGA Scheme

Wage-related benefit

An individual falling under the WGA Scheme and who does not work receives 75 per cent of his or her last salary during the first two months and thereafter 70 per cent of the salary. Individuals falling under this scheme and who partially work receive 75 per cent of the difference between the last salary and their new salary, on top of their full salary during the first two months.³⁶⁵

Wage supplement benefit

When the above wage-related benefit comes to an end, individuals who partially work may be entitled to a WGA supplement benefit, on condition that the beneficiary earns an income of at least half of his or her residual earning capacity. Then there are two possibilities:

- If the beneficiary has an income that amounts to 100 per cent or more of the earning capacity, the relevant wage supplement is equivalent to 70 per cent of the difference between the maximum daily wage and his or her salary. If the eligibility criteria are fulfilled, the wage supplement is paid until the legal retirement age.
- If the beneficiary has an income of between 50 per cent and 100 per cent of the earning capacity, the supplement benefit amounts to 70 per cent of the difference between the WIA monthly pay (the maximum daily wage) and the earning capacity.

Follow-up benefit

If a person's income is below 50 per cent of his or her remaining earning capacity, he or she may be eligible for the follow-up benefit, which is a minimum flat-rate benefit. The WGA follow-up benefit is, in the case of full working incapability, 70 per cent of the statutory minimum wage. In the case of partial working incapability, the compensation level is dependent on the level of incapability. For the follow-up benefit, there are five different classes with corresponding benefit rates.³⁶⁶

³⁶⁵ Art. 60–61 WIA Act.

³⁶⁶ Art. 60–61 WIA Act.

IVA Scheme

The compensation level for individuals falling under the IVA Scheme is 75 per cent of their last salary. The benefit is paid for a maximum period of five years, after which the claim is reassessed. The benefit is paid until the beneficiary reaches the legal retirement age.^{367 368}

Other

Working whilst receiving Wajong or WIA

It is possible to receive Wajong and WIA while working and earning a maximum of EUR 150 per month. If an individual earns more, his or her compensation level may be reduced.³⁶⁹

Dormant benefit

It is possible to have a temporarily dormant benefit during time with WIA and Wajong, e.g. to try to work outside the benefit schemes.³⁷⁰

Other benefits and forms of compensation

Individuals receiving Wajong or WIA may have the right to supplementary benefits and other forms of compensation, including those listed below.

Supplementary income benefit

In cases where the benefit and the beneficiary's family's combined income is below the subsistence level, he or she may be entitled to supplementary income support.³⁷¹

Living allowance

In cases where the beneficiary's income and benefit are under a certain ceiling, it may be possible to claim a living allowance. The amount depends on age, rent, marital status and dependent children.³⁷²

³⁶⁷ Pennings, 2011.

³⁶⁸ Art. 43 and 51 WIA Act.

³⁶⁹ www.uvw.nl.

³⁷⁰ Interviews, Netherlands.

³⁷¹ SZV, 2011.

³⁷² www.toeslagen.nl.

Medical care

There is a possibility of financial support for medical costs, depending on age, health and medical care.³⁷³

Childcare

UWV may arrange subsidised childcare for individuals receiving a benefit from the insurance scheme for employees.³⁷⁴

Work aids

Beneficiaries may have a right to work aids, such as audio-visual facilities and hearing aids, but also to other workplace initiatives.³⁷⁵

Transport facilities

UWV can pay transport facilities, such as a taxi or car hire, for individuals with reduced working capability and who cannot get to work on their own or by public transport. There is also a possibility of having the individual's own car modified.

11.2 Case handling process

The Institute for Employee Benefit Schemes (Uitvoeringsinstituut Werknemers Verzekeringen, UWV) is an autonomous administrative authority, commissioned by the Ministry of Social Affairs and Employment, to implement and administer the insurance scheme for employees, and provide labour market and data services. As mentioned above, the employment insurance scheme includes disability benefits under the Wajong Act and the WIA Act.³⁷⁶

Applications for disability benefits are submitted to the UWV department for social medical issues – UWV SMZ³⁷⁷. An application consists of two parts or phases, a general and a medical part. The general part consists of general information about the applicant, including name, age, education, work experience and the reason for applying for the benefit, but also relevant medical information. Once the applicant is assessed to meet the criteria for the general part by a team supporter, the application process moves on to the second phase – the medical part. During this phase, the applicant meets with a

³⁷³ www.rijksoverheid.nl.

³⁷⁴ Interviews, Netherlands.

³⁷⁵ UWV, 2011.

³⁷⁶ www.uwv.nl.

³⁷⁷ Sociaal medische zaken (social and medical affairs).

physician specialised in insurance medicine at the UWV (SMZ). The physician assesses and documents the applicant's medical condition and working capability in accordance with a standardised list – the Functional Ability List (Functionele Mogelijkhedenlijst). The assessment includes the following areas: (1) personal functioning, (2) social functioning, (3) adjustment to physical environment, (4) dynamic movement, (5) static movement, and (6) how many hours the applicant should be able to work, and whether he or she is able to work during night shifts and/or irregular hours. Each area is divided into different kinds of activities and functions, which are differently graded, based on the applicant's working capability. If the insurance physician is uncertain about the health status of the applicant, he or she may request additional medical information or a specific medical assessment. The findings from the physician's interview with the applicant are then presented in a report to the occupational assessor at the same department at UWV (SMZ). The occupational assessor meets with the applicant and assesses how that person's working capability may affect his or her earning capacity. This information forms the basis of the assessor's preliminary report. The assessor then meets with the physician, and together they decide whether the applicant is entitled to a benefit. If this is the case, the occupational assessor makes a mandatory participation plan in which he or she draws up an introductory profile of the claimant. This report is then conveyed to a job expert at the Public Employment Service at the UWV. The information in this plan will enable the latter to make further plans for the claimant's rehabilitation and integration into the labour market.³⁷⁸

In cases when it is assessed that the applicant will not be able to work at all and thus has no earning capacity, the occupational assessor still receives the report made by the physician. He or she writes a small report and sends it back to an administrative officer. Thereafter, the claimant normally receives a benefit under the Benefit Scheme (for Wajong) or IVA Scheme (for WIA). The procedure is similar for applications for the Study Scheme.³⁷⁹

Eligibility for Wajong or WIA is normally assessed on the basis of earning capacity. The calculation of the loss or reduction of earning capacity is made by putting the information based on the Functional Ability List into a computer system, CBBS (Claim Beoordelings- en Borgingssysteem). The system is used to standardise the assessment

³⁷⁸ Interviews, Netherlands; Pennings, 2011; SOU, 2008:66.

³⁷⁹ Interviews, Netherlands.

procedure, which contains information about the Dutch labour market, and more specifically a list of jobs, including salary, and physical and psychological requirements for each job. The individual's earning capacity is determined by taking three different job types from the CBBS that the individual is assessed to manage based on the above criteria. In each type there should be at least three jobs, in total nine jobs. The salary of the middle position of the three best paid jobs is used to determine the level of the individual's earning capacity. Thereafter, the formal decision on eligibility is taken and agreed between the occupational assessor and the physician, including which group within the Wajong and WIA schemes the claimant should be placed in.³⁸⁰

Applicants may ask UWV to review its decision and may thereafter appeal UWV's decision to the Administrative Law Department of the Court.^{381 382}

Wajong – Work Scheme

For beneficiaries of Wajong who are placed in the Work Scheme, an initial participation plan is developed by the occupational assessor at UWV (SMZ), largely based on the first held interview with the claimant (see above), the personal information collected and the assessed working capability. The plan is conveyed to the job expert at the UWV Public Employment Service, who is responsible for drawing up the second part of the participation plan. The participation plan specifies the possibilities, rights, obligations and prospects for work. It also provides guidance as to which activities and work may be appropriate during the benefit period. The beneficiary must agree to the plan to receive his or her benefit. These plans are monitored, and, if needed, reassessed by the job expert. Individuals in the Work Scheme are hence expected to participate in work-related and other activities, to work or to search for a job during their time with Wajong. Some manage to find a job without support, whereas others may be assisted by the Public Employment Service at UWV. This service is mainly focused on individuals on disability benefits who are at a great distance from the labour market, and it tries to bring together supply and demand by cooperating with labour market parties, such as municipalities and temporary employment agencies. Under the new Wajong Act, young adults are obligated to accept an

³⁸⁰ UWV, 2011; Pennings, 2011; SOU 2008:66; Interviews, Netherlands.

³⁸¹ Pennings, 2011.

³⁸² www.rechtspraak.nl.

offer of work within the framework of the Work Scheme if the work is in line with their abilities. Refusal of an offer of work or failure to cooperate during an on-going initiative could result in cuts or termination of the benefit.³⁸³

Beneficiaries' eligibility to benefits is regularly monitored and reassessed. For instance, it is possible to move between different schemes while receiving Wajong. As young adults are believed to develop during time with Wajong, the final assessment of the working capability takes place at the age of 27 for those who are in the Work Scheme and fulfil certain conditions.

WIA

As mentioned above, within the frames of WIA, employers are responsible for the vocational rehabilitation and other initiatives of reintegration of their employees during the first 104 weeks of disease or disability before these individuals are transferred to UWV. However, if the UWV considers that employers have not taken sufficient actions in relation to vocational rehabilitation, the employers continue to be responsible for paying the employees' salaries for an additional 12 months. Once a person is transferred to UWV, the same case handling process applies for individuals under the WGA Scheme (WIA) as for the Work Scheme (Wajong). See above.

11.3 Rehabilitation activities and other related measures

The main aim of the activities provided for beneficiaries of Wajong and WIA is to strengthen their working capability and thereby promote rehabilitation and entry or reintegration back to the labour market. An important component in this process is promoting a better school-to-work transition and work-oriented education. The main activities offered to the beneficiaries are listed below.

Support while studying at school

Individuals placed in the Study Scheme (for Wajong) receive a benefit for continuing to study, and hence improve their future qualifications for work. For those individuals who study at special

³⁸³ Interviews, Netherlands; www.uwl.nl; UWV, 2011.

schools, there is a joint goal and agreement to provide an education which is more oriented towards the labour market. The actors involved in this process include the schools, UWV, municipalities, employers and labour organisations.³⁸⁴

Social activation

There are special programmes focusing on social activation for those who are assessed to be further away from the labour market than individuals placed in the work-related activities (see below). The programmes focus on participation in society by learning to interact and work with others as well as keeping a daily rhythm. An example of such programmes is Roots, where beneficiaries work 3.5 days a week making boxes or decorating T-shirts. These programmes are normally provided by various organisations paid by UWV. The maximum duration for this programme is two years.³⁸⁵

Work-related activities

Individuals who are placed in the Work Scheme (for Wajong) or WGA Scheme (for WIA) may be offered various types of supporting activities, work or other assistance. These activities are presented below.

These activities are normally set out in a participation plan, which is developed by a job expert at UWV, based on collected personal information and an interview with the beneficiary (see above). The participation plan specifies the possibilities, rights, obligations and prospects for work, and the plan functions as a guide for different initiatives while receiving benefits. It is also possible to develop an individual reintegration plan (IRO), which beneficiaries draw up themselves. The reintegration plan sets out and plans the reintegration process, for example work placement or education, and specifies where the reintegration efforts should take place. This process must be in agreement with UWV, and UWV is responsible for making the formal arrangements. Individuals in the so-called IRO plan have a personal budget for their own rehabilitation and reintegration into the labour market. Six out of ten reintegration packages granted in 2010 were of the IRO type.³⁸⁶

³⁸⁴ Eurofound, 2011; Interviews, Netherlands.

³⁸⁵ Interviews, Netherlands; UWV, 2011.

³⁸⁶ Eurofound, 2011; UWV, 2011.

Programmes for rehabilitation and reintegration

These programmes are commonly provided by private enterprises specialising in support for individuals with reduced working capability in their efforts to strengthen their capability. The programmes can, for instance, provide support for vocational training, job coaching and education. There are also special programmes combining education and vocational training to help individuals develop professional skills to become, for instance, a cook, head waiter or bartender. These enterprises provide support for beneficiaries for up to 2.5 years, although a programme takes on average one year. Thereafter, the enterprises support the former programme participants so as to allow them to remain on the labour market. In cases where these individuals exit the labour market within the above-mentioned 2.5 years, the enterprise is again responsible for guiding them back to the labour market. UWV pays these enterprises on the basis of the success of the programme, e.g. to succeed, an individual must have and keep a job for at least six months.³⁸⁷

The UWV also has the possibility of making direct agreements with employers that employ individuals with reduced working capability. Many enterprises offer these opportunities in the Netherlands, such as the supermarket chain Albert Heijn and the retail chain IKEA.

Trial work

There is a possibility of having a trial work placement for six months while receiving Wajong or WIA. This placement is unpaid, but the beneficiary continues to receive his or her Wajong or WIA benefit. However, a condition is that the employer intends to employ the individual after the trial placement.³⁸⁸

Job carving

Another activity offered within Wajong and WIA is job carving. Job carving is the act of analysing work tasks in a certain job or enterprise and identifying specific tasks that may be adjusted to the specific needs of individuals receiving Wajong and WIA. Job carving is a method commonly used for individuals in “supported employment”. Supported employment is a method for vocational rehabilitation which in short means that individuals receive supervisory support and other support at their workplace (normally on the open labour market).

³⁸⁷ Eurofound, 2011; UWV, 2011; Interviews, Netherlands.

³⁸⁸ Eurofound, 2011.

Sheltered employment

The municipalities are responsible for sheltered employment with the aim of creating suitable work opportunities for individuals with reduced working capability who are not able to work without adjustments to their work environment or tasks. Officially, these individuals work for the municipality, but their work can take place outside the premises of the municipality. For instance, there is a possibility of performing supervised work in an “ordinary” workplace. In these cases, the municipalities provide the employers with a subsidy to compensate for lower productivity and to cover costs for vocational integration and supervision in the workplace. However, it should be noted in this context that the general policy in the Netherlands is to move away from sheltered employment for young adults and instead promote regular work for individuals with reduced working capability by improving the school-to-work transition and focusing on these individuals’ capabilities rather than limitations, but also by improving support for employers.³⁸⁹

Offer of work

Individuals who are assessed to have earning capacity, but do not manage to find a paid job with an employer, with or without the assistance of UWV, may receive a job offer from UWV. However, this possibility has hitherto been used to a very small degree because of the relatively short time period since the new Wajong Act came into force.³⁹⁰

Work-related provisions

Work-related provisions can be provided for individuals who find work as an employee or as self-employed, for someone who starts to study or who starts work on a trial basis. Types of provisions include individual transportable facilities, e.g. computers for visually impaired individuals or special kinds of desks and transport facilities but also various other aids and personal coaching in the workplace.³⁹¹

Support during employment

Employees who receive a benefit under the Wajong or WIA Acts and their employers may request additional support in the form of a job coach, wage dispensation, premium discounts and other types of

³⁸⁹ Eurofound, 2011; OECD, 2007b.

³⁹⁰ UWV, 2011.

³⁹¹ Interviews, Netherlands.

support. The focus is on supporting employers by providing financial incentives as well as a “no-risk policy”. For instance, in cases where an individual is on sick leave, sickness benefits are covered by UWV rather than the employer.³⁹²

Individuals unable to perform duties without systematic assistance and who have a contract with an employer for at least six months and earn at least 35 per cent of the minimum wage may be eligible for a job coach. A job coach provides extra support and guidance at the workplace, for example in structuring work tasks, establishing and following a work routine, and developing further social skills.³⁹³

Wage dispensation means that employers can pay a lower salary than the statutory minimum wage if a beneficiary performs less than a colleague with full working capability. Each application for wage dispensation is valid for five years. This only applies for Wajong.³⁹⁴

Premium discount means that employers who employ beneficiaries for a time period of three years may claim a discount on e.g. unemployment premiums to be paid.³⁹⁵

³⁹² UWV, 2011.

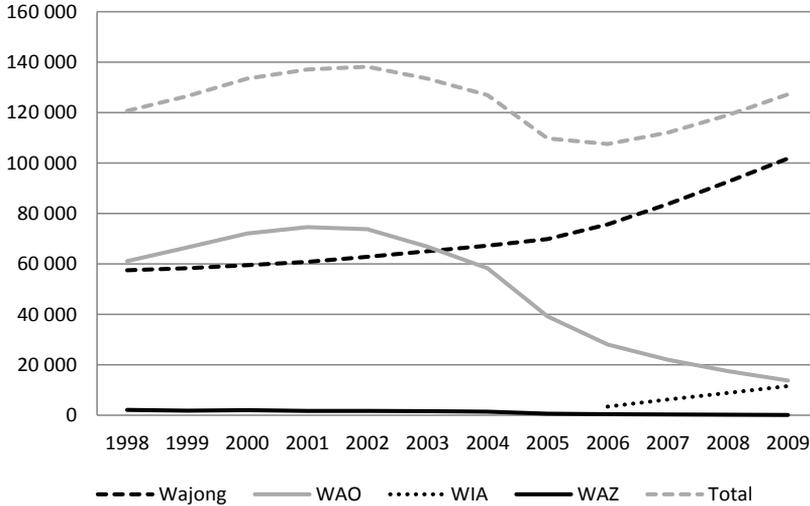
³⁹³ UWV, 2011; Interviews, Netherlands.

³⁹⁴ UWV, 2011.

³⁹⁵ Interviews, Netherlands; UWV, 2011.

11.4 Development of young adults on disability benefits and distribution by diagnosis

Figure 13. Development of young adults on Wajong, WAO, WIA and WAZ in the age group 18 – 34³⁹⁶ in the Netherlands

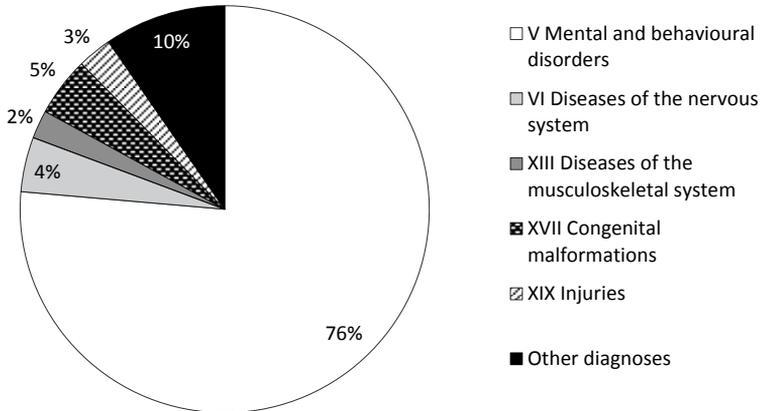


Source: UWV and Statistics Netherlands

The number of recipients of Wajong has increased steadily during the studied period. WIA has also increased since this form of benefit was introduced in 2006, whereas the number of WAO recipients has varied over time. However, the decrease that has occurred over the last few years is due to the fact that the benefit is no longer granted. During the total studied period, WAZ has rarely been claimed by individuals in the studied age group. In 2009, approximately 127,000 young individuals in the Netherlands had some form of disability benefit.

³⁹⁶ Wajong is granted from the age of 18. Other benefit systems have no minimum age limit.

Figure 14. Distribution by diagnosis³⁹⁷ among the total number of recipients of Wajong, WAO and WIA in the age group 18 – 34 (per cent) in the Netherlands in 2009



The most common diagnosis among recipients of Wajong, WAO and WIA (in the age group 18 – 34) in 2009 was mental and behavioural disorders (76 per cent), followed by 'other' diagnoses (10 per cent) and congenital malformations (5 per cent).

In 2009, 52 per cent of all recipients of Wajong, WAO and WIA were men between the ages of 18 and 34, and 48 per cent were women.

³⁹⁷ The distribution by diagnosis is based on ICD-10 (see Appendix 3).

12 United Kingdom

12.1 Rules and regulations

The UK has a universal social insurance scheme for young adults with a long-term or permanent reduction of their working capability. The British scheme includes: (1) the National Insurance Scheme (NIS), which provides, amongst other payments, cash benefits for disability and disease (the system is based on national insurance contributions), (2) the National Health Service (NHS), (3) child benefit and child tax credit schemes, (4) non-contributory benefits for certain categories of disabled persons or carers; and (5) other statutory payments when a child is born or placed for adoption. Non-contributory benefits are financed from general taxation, whereas contributory benefits are funded by the National Insurance Fund. The National Insurance Fund is financed by compulsory contributions paid by most employees and employers. Some benefits, such as contributory Employment and Support Allowance (ESA) (see below) are regarded as taxable income.³⁹⁸

Type of benefit

Employment and Support Allowance (ESA) provides financial help to people of working age who are unable to work due to disease or disability.³⁹⁹ ESA replaced Incapacity Benefit, Severe Disability Allowance and Income Support and was paid on the grounds of incapacity to new claimants from 27 October 2008 and onwards. There are two different types of ESA: contributory ESA and income-related ESA. Thus ESA is both a contributory and a non-contributory benefit, and an individual may qualify for either contributory ESA or income-related (non-contributory) ESA, or both.

³⁹⁸ European Commission, 2011e.

³⁹⁹ The Employment and Support Allowance Regulations (ESA Regs) 2008 (SI 2008/794) reg. 19.

ESA is part of a broader set of reforms introduced as part of the movement from a passive to a more active welfare system, and as a result of the welfare reform Green Paper, *A New Deal for Welfare: Empowering People to Work*. The new benefit, ESA, was developed to be more aligned with the Jobseeker's Allowance, placing greater emphasis on the assessment of an individual's functional capabilities and capability to work; providing support to move beneficiaries with health conditions towards employment; and paying a level of compensation equal to the Jobseeker's Allowance. In 2013, the government launches additional changes to the welfare system through the introduction of a Universal Credit Scheme (the scheme will be phased in from 2013 to 2017). This integrated credit scheme will merge out-of-work benefits with in-work support into one single streamlined payment, with additional elements for children, disability, housing and caring. The reform aims to provide more comprehensive and effective support for individuals looking for work or on low incomes. Universal Credit will replace a number of income-related benefits, including income-related ESA. It is also hoped that the new scheme will improve work incentives, and cut back on fraud and error as well as administration costs.⁴⁰⁰

Age limits

Individuals aged at least 16 years old and under state pension age may claim ESA.⁴⁰¹

Eligibility requirements

To satisfy the basic conditions for ESA, a person must have habitual residence in the UK and not be entitled to Income Support or Jobseeker's Allowance (and not be a member of a couple who are entitled to a joint-claim Jobseeker's Allowance).⁴⁰² In addition to these basic conditions, an individual must meet further conditions to be entitled to contributory or income-related ESA. To be entitled to contributory ESA an individual must meet the contribution conditions for the National Insurance Scheme, including having made contributions in the relevant income tax years and the years in which

⁴⁰⁰ Barnes et al., 2010a; Barnes et al., 2010b; Spicker, 2011; Department for Work and Pensions, 2010.

⁴⁰¹ Welfare Reform Act 2007, p. 1(3) (b, c).

⁴⁰² Welfare Reform Act 2007, p. 1 (3); 2 p. 1 (6); Jobseekers Act 1995, p. 1 (2B).

the contributions must have been paid or credited.⁴⁰³ As of April 2012, the UK has abolished the youth provision, allowing certain young people (under the age of 25) to qualify for contributory ESA without having to pay national insurance contributions. Individuals who are not entitled to contributory ESA may claim income-related ESA. An individual is entitled to income-related ESA if he or she has no income or an income under a certain amount, has no capital or capital under a certain amount, is not entitled to State Pension Credits, or have a partner who is entitled to certain benefits (income-related ESA, State Pension Credit, income support and job support allowance (IB), is not in remunerative work or have a partner in remunerative work or in education.⁴⁰⁴ This does not apply if the individual is entitled to Disability Living Allowance (see below).

In addition, beneficiaries must have a limited capability for work. The limitation must be such that it is not reasonable to require the claimant to work.⁴⁰⁵ An individual may claim ESA if (1) he or she has a disease or disability that limits his or her capability to work – this applies regardless of employment status e.g. whether he or she is employed, self-employed or unemployed – and (2) is not entitled to sickness benefit.⁴⁰⁶

Compensation period and level of benefits

Individuals who qualify for ESA are placed in one of two different groups: (1) the work-related activity group or (2) the support group. Those individuals who are assessed to be able to strengthen their working capability and to enter or return to the labour market are placed in the work-related activity group, whereas those individuals who are found to have a permanent reduction in working capability are placed in the support group. There is no maximum period for ESA claims.⁴⁰⁷ Individuals may receive ESA as long as the working capability assessment threshold is met (review frequency is determined by the Jobcentre Plus). However, as of 1 May 2012, the time period that individuals in the work-related activity group can receive contributory ESA is limited to 365 days.⁴⁰⁸

⁴⁰³ Welfare Reform Act 2007, p. 1 (2)(a) and Schedule 1, part 1. See also Welfare Reform Act 2012, pp. 50 and 51.

⁴⁰⁴ Welfare Reform Act 2007, p. 1(2)(b) and Schedule 1, part 2, para. 6 (1).

⁴⁰⁵ Welfare Reform Act 2007, p. 1.

⁴⁰⁶ OECD, 2007; Spicker, 2011; Department for Work and Pensions, 2008.

⁴⁰⁷ Welfare Reform Act 2007, pp. 13 and 15 (Changed in the Welfare Reform Act 2009 p. 10).

⁴⁰⁸ Welfare Reform Act 2012, p. 51 (4)(a).

However, there is no limit for those in the support group, or on entitlement to income-related ESA.⁴⁰⁹

To be eligible for ESA, an individual should have a limited capability for work. This means that his or her capability for work is limited by their physical or mental condition and that it is therefore not reasonable to require him or her to work.⁴¹⁰ In other words, there are no different benefit levels.⁴¹¹

Level of compensation

The basic rate of ESA is GBP 56.25 per week (approximately EUR 70) for those under the age of 25 and GBP 71.00 per week (approximately EUR 90) for those aged 25 or over (1 April 2012). On top of that, individuals allocated to the work-related activity group receive GBP 28.15 per week (approximately EUR 35) and individuals allocated to the support group receive GBP 34.05 per week (approximately EUR 40) (1 April 2012).⁴¹²

Other

Working whilst receiving ESA

It is possible to receive ESA while doing part-time work, which is known as permitted work. There are various forms of permitted work, but generally the beneficiary may only work less than 16 hours a week and earn up to GBP 95.00 per week (approximately EUR 120).⁴¹³

Other benefits and forms of compensation

Beneficiaries of ESA may be entitled to supplementary benefits and other forms of compensation, including those listed below.

Beneficiaries entitled to income-related ESA may also be eligible for additional benefits for disability, age or caring responsibilities. There are different rates for singles and couples.

⁴⁰⁹ Department for Work and Pensions, 2011a.

⁴¹⁰ ESA Regs 2008, reg. 19.

⁴¹¹ www.missoc.org.

⁴¹² www.missoc.org.

⁴¹³ ESA Regs. 2008, reg. 45.

Council Tax Benefit

Individuals receiving income-related ESA may be entitled to reduced council tax.⁴¹⁴

Disability Living Allowance (DLA)

Individuals who have a long-term disease or disability and are below 65 years of age may be entitled to Disability Living Allowance (DLA). DLA is based on a flat rate and is paid out regardless of income.⁴¹⁵ As of April 2013, DLA is replaced by a Personal Independence Payment (PIP) for people of working age (people aged 16 – 64). Personal Independence Payment is based on an assessment of individual needs necessary to everyday life. Information regarding these needs will be gathered from the individual, as well as from healthcare professionals and other professional groups.^{416 417}

Housing allowance

Individuals with low income may claim benefits for housing costs (income-related ESA).^{418 419}

War Disablement Pension

This pension is granted to individuals with a reduced working capability due to disability or ill health incurred while working in the armed forces.

Working Tax Credit

Individuals with income-related and contributory ESA and who work more than 16 hours a week may be entitled to working tax credit if their income is under a certain ceiling.⁴²⁰

⁴¹⁴ Housing Benefit and Council Tax Benefit (Miscellaneous Amendments) Regulations 2010 (SI 2449/2010).

⁴¹⁵ The Social Security Regulations, 2011 No. 2426.

⁴¹⁶ Draft in the Parliament on 13 December 2012, Social Security (Personal Independence Payment) Regulations 2013.

⁴¹⁷ Spicker, 2011; Interviews/study visit United Kingdom.

⁴¹⁸ Housing Benefit and Council Tax Benefit (Miscellaneous Amendments) Regulations 2010 (SI 2449/2010).

⁴¹⁹ www.nhs.uk.

⁴²⁰ The Working Tax Credit, Regulations 2005, regs. 9.

12.2 Case handling process

The Department for Work and Pensions is responsible for the social insurance area on a national level. The Department delivers customer services through its four operational organisations: (1) the Pension Service, (2) Disability and Carers Service, (3) Jobcentre Plus, and (4) Child Maintenance.

The Employment and Support Allowance (ESA) is managed by the Jobcentre Plus. Some financial support to individuals with reduced working capability due to disability may also be provided by the Disability and Carers Service.⁴²¹

ESA consists of two phases: the assessment phase and the main phase. The assessment of an individual's claim should be made within 13 weeks (during which time ESA is paid at the same basic rate as the Jobseeker's Allowance).⁴²² To claim ESA, a person must complete a self-assessment questionnaire (ESA50), which is usually accompanied by a medical certificate. The claim is sent to Atos healthcare, which is an occupational health service provider contracted by the Department for Work and Pensions. Under new ESA claims, for those whose condition is likely to qualify them for the support group, healthcare professionals will, where possible, base their assessment on the available paper-based evidence. Only when there is insufficient evidence to make a recommendation will the healthcare professionals suggest that the claimant attends a face-to-face examination and assessment (the so called Work Capability Assessment). The assessment is intended to objectively evaluate a person's working capability so that appropriate support can be provided to help individuals who have a long-term or permanent reduction of their working capability. As such, the assessment focuses on the effects of a person's condition on his or her working capability rather than the health condition itself. Each assessment is based on two themes. One theme is a physical assessment and the second is a mental, cognitive and intellectual assessment.

The physical assessment include examining unaided standing and sitting, reaching, picking up and moving or transferring by the use of the upper body and arms, manual dexterity, making oneself

⁴²¹ www.dwp.gov.uk.

⁴²² ESA Regs. 2008, regs. 4 and 6; Welfare Reform Act 2007, p. 24 (2)(a).

understood, understanding communication, navigating and maintaining safety, continence and consciousness during waking moments.

The mental, cognitive and intellectual assessment include: learning tasks, awareness of everyday hazards, initiating and completing personal action, coping with change, getting about, coping with social engagements, and behaving appropriately with other people.

Each theme has a set of questions on that specific area or activity, which are assigned a certain score.⁴²³ The assessment has two components:

- A limited capability for work, which is an assessment to help determine benefit entitlement, based on the extent to which a claimant’s health condition or disability affects his or her capability for work.
- A limited capability for work-related activity, which is an assessment to determine whether the claimant has a permanent reduction and can be placed into the support group.⁴²⁴

The assessment of working capability, together with the self-assessment questionnaire on health and other relevant information, constitutes the basis for the decision on eligibility to ESA. It is the responsibility of the decision makers at Jobcentre Plus to gather and review all ESA applications and to make a decision on eligibility. Claimants must be notified in writing.⁴²⁵

An individual may ask the Jobcentre Plus to review its decision and thereafter may appeal against the decision in court (Her Majesty’s Courts and Tribunal Service).

The main phase of ESA starts from week 14, provided that the individual’s claim was granted. ESA beneficiaries are placed in one of two groups: (1) the work-related activity group or (2) the support group. Those individuals who are assessed to be able to strengthen their working capability and to enter or return to the labour market in the future are placed in the first group, whereas those individuals who are found to have a permanent reduction in working capability are placed in the second group.

⁴²³ ESA Regs. 2008, Schedule 2 and 3.

⁴²⁴ Welfare Act 2007, pp. 13 and 15 (Amended in the Welfare Reform Act 2009 p. 10).

⁴²⁵ Adams et al., 2012; Barnes et al., 2010a; Barnes et al., 2010b; Department for Work and Pensions, 2011a; Interviews/study visits United Kingdom; Kennedy, 2012.

Beneficiaries of ESA have their working capability tested at regular intervals to ensure that the benefit continues to be paid out correctly. The assessment frequency is determined by healthcare professionals who assess working capability based on the individual's health or possibility to strengthen his or her working capability over a period of 3 – 8 months. Where the healthcare professionals assess that the person's condition is unlikely to change significantly in the longer term, the time frame for the investigation is normally longer, usually around two years.⁴²⁶

12.3 Rehabilitation activities and other related measures

Rehabilitation activities and other measures are offered to individuals in the work-related activity group and in the support group. Unlike the first group, individuals in the support group are not expected to participate in various work-related or work-orientation activities, but they have the possibility to participate on a voluntarily basis.

Beneficiaries in the work-related activity group are invited to attend a series of work-focused interviews conducted by a personal adviser at the Jobcentre Plus. The overall aim of the interviews is to assist the individual in entering or returning to the labour market. The initial investigation process focuses on identifying the person's skills and areas of support needed to strengthen his or her working capability and overcome any barriers to work that may exist. The purpose of these interviews is to draw up an action plan with clear steps assisting the individual on disability benefits to move towards the labour market. The personal adviser can refer ESA beneficiaries to a range of initiatives. These are not mandatory, but individuals who lack valid reasons not to attend may have parts of their benefits withheld.⁴²⁷ The initial investigation should be reviewed at 13 weeks and may be followed up with a more detailed in-depth investigation to establish the beneficiary's working capability.⁴²⁸

⁴²⁶ Department for Work and Pensions, 2011a.

⁴²⁷ According to the Department for Work and Pension, approximately 11,130 ESA beneficiaries were subject to sanctions between 1 June 2011 och 30 May 2012.

⁴²⁸ Adams et al., 2012; Barnes et al., 2010a; Bellis et al., 2011.

Work Programme

The Work Programme is perhaps the most common initiative for ESA beneficiaries. This programme, introduced in the UK in June 2011, offers personally tailored programmes in areas such as employment and training. In contrast to previous programmes that had often been designed for specific groups, the Work Programme is a single programme for a range of groups, including individuals with reduced working or functional capability due to a health condition or disability. However, participants receiving different benefits have access to the programme at different times and the programme also places different demands on participation. Some will be required to attend, and others will be able to volunteer, following an agreement with their Jobcentre Plus adviser. Those in the work-related activity group are automatically included in the programme if they are believed to be able to strengthen their working capability within six months. The programmes are delivered through a mixture of private and voluntary sector organisations. Providers are free to design the programmes based on individual and local needs and they will be paid primarily for supporting ESA beneficiaries into employment and helping them to stay in employment for up to two years, with higher payment for supporting individuals who are assessed to face particular obstacles to enter the labour market. From April 2012 the new Youth Contract provides financial incentives for employers who recruit 18 – 24 year old clients from the Work Programme. In addition, each local Jobcentre Plus has a specialist disability employer adviser who works with individuals with reduced working and functional capability.⁴²⁹

Work Choice

Work Choice is a more specialised employment programme. It supports people with disabilities and long-term health issues who face particular difficulties in finding and keeping work. Work Choice was launched in October 2010, replacing programmes such as WORKSTEP, Work Preparation and the Job Introduction Scheme. Work Choice consists of three different modules: (1) work entry support, (2) short to medium term in-work support and (3) longer-term in work support. In addition, support is also provided to

⁴²⁹ Department for Work and Pensions, 2011b; Department for Work and Pensions: Quarterly Official Statistics Bulletin, 2012b; Jobcentre Plus, 2012.

employers. As of July 2012, the government provides employer subsidies for young disabled people finding work through Work Choice.⁴³⁰

Other programmes and activities

Other programmes include Access to Work, Residential Training Colleges and Remploy.

Through Access to Work, employers and employees can obtain advice and support for extra costs which may arise at the workplace due to a certain health condition or disability.

Residential training for disabled adults is a programme that helps long-term unemployed disabled individuals to secure and maintain jobs, and it is commonly provided when there are no suitable alternative programmes available locally.

Remploy provides specialist employment services for disabled people and those experiencing complex barriers to work. Remploy initiatives include education and rehabilitation to help individuals prepare for, gain and remain in sustainable employment.

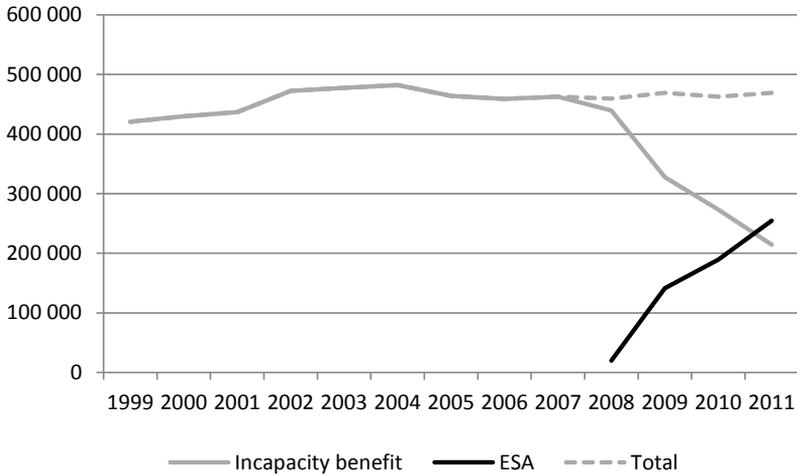
In addition, Jobcentre Plus can provide a range of other support measures. The 'Jobcentre Plus offer' includes referrals to enterprises that provide skills development, apprenticeships and other support measures. Each local office also has a flexible support fund at its disposal, allowing it to fund additional initiatives or activities when the 'Jobcentre Plus offer' is not sufficient in supporting certain individuals to enter or return to the labour market.⁴³¹

⁴³⁰ Department for Work and Pensions, 2012a.

⁴³¹ Department for Work and Pensions: Quarterly official statistics bulletin, Department for Work and Pensions, 2011c; Sayce, 2011.

12.4 Development of young adults on disability benefits and distribution by diagnosis

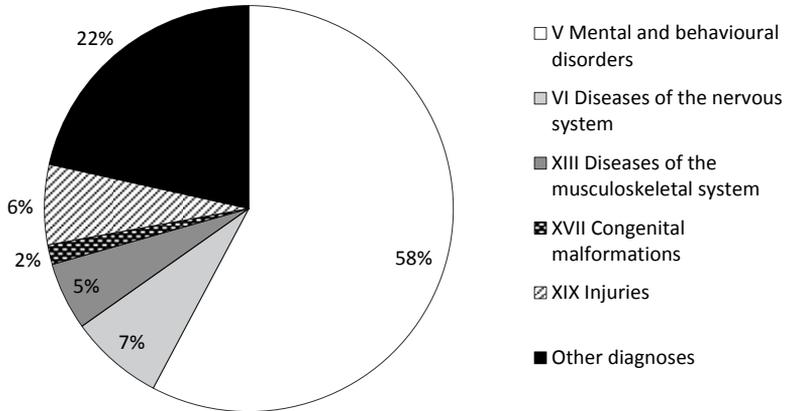
Figure 15. Development of young adults on ESA and Incapacity Benefit in the age group 16 – 34 in the United Kingdom



Source: Department for Work and Pensions

From 1999 to 2007, the development of Incapacity Benefit claims and the total number were the same, since this was the only form of benefit available until 2008. Since ESA was introduced in 2008, the number of beneficiaries has increased sharply while the number of Incapacity Benefit beneficiaries has been markedly reduced. The total number of recipients has been relatively stable over the studied years. In 2011, the total number of recipients amounted to almost 470,000.

Figure 16. Distribution by diagnosis⁴³² among the total number of recipients of ESA and Incapacity Benefit in the age group 16 – 34 (per cent) in the United Kingdom in 2011



Source: Department for Work and Pensions

The most common diagnosis among recipients of ESA (in the age group 16 – 34) in 2011 was mental and behavioural disorders (58 per cent), followed by 'other' diagnoses (22 per cent), diseases of the nervous system (7 per cent), injuries (6 per cent) and congenital malformations (5 per cent).

In 2011, 56 per cent of all recipients of ESA and Incapacity Benefit were men between the ages of 16 and 34, and 44 per cent were women.

⁴³² The distribution by diagnosis is based on ICD-10 (see Appendix 3).

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Appendix 1 Interview guides

Questions for the equivalent of the Swedish Ministry of Health and Social Affairs (interview guide 1)

Have you recently (during the last ten years) implemented any changes in your system for disability benefits/pension for young adults (up to the age of 30 years), or do you have any plans to make changes to the current system?

If yes, what changes have been implemented or planned to be implemented, and when and why?

What are the overall national policy goals for young adults receiving disability benefits/pension?

Do you have activities available to strengthen the functional and working capability of young adults receiving disability benefits/pension, e.g. vocational rehabilitation, medical rehabilitation/care or other activities?

Which individuals (with disability benefits/pension) are offered activities in order to strengthen their functional and working capability? Are there prioritised groups?

Who finances these activities?

What are the incentives for this group (young adults receiving disability benefits/pension) to enter or return to the labor market?

Do you have a view and/or experience (positive or negative) of the activities offered to young adults (receiving disability benefits/pension) in order to strengthen their functional and working capability?

Are there any statistics on activities offered to young adults (with disability benefits/pension) in order to strengthen their functional and working capability; that is, how many have been offered different activities and what kind of activities?

Are there any conducted studies or evaluations regarding the results of activities offered to this group; that is, if the activities have achieved the aims set out?

Is there anything further that you would like to highlight, discuss or correct?

Questions for the equivalent of the Swedish Social Insurance Agency's head office (interview guide 2)

We have recently sent you a summary of your system for disability benefits/pensions, with a focus on young adults, by e-mail. Have we summarized the system correctly, or do you have anything to add or correct?

Are there additional or complementing systems and/or forms of benefits that may be relevant for young adults receiving disability benefits/pension?

How common are rejections on applications for disability benefits/pension?

Do you have activities available to strengthen the functional and working capability of young adults receiving disability benefits/pension, e.g. vocational rehabilitation, medical rehabilitation/care or other activities?

Is it necessary for young adults receiving disability benefits/pension to specifically apply for activities aiming to strengthen their functional and working capability?

Which individuals are offered these activities? Are there prioritised groups?

Is it a requirement for young adults receiving disability benefits/pension to participate in activities aiming to strengthen their functional and working capability, or is participation based on voluntary participation?

If so, are there individuals who are exempted from this requirement?

If so, under what conditions? Do you have sanctions for individuals who do not attend these activities?

What operators provide activities for the group in question?

Who finances these activities?

Do you follow up/evaluate completed activities and in that case, how and by whom?

Do you have a view and/or or experience (positive or negative) of activities offered to young adults (receiving disability benefits/pension) in order to strengthen their functional and working capability?

What are the incentives for this group (young adults receiving disability benefits/pension) to enter or return to the labor market?

Are there any statistics on activities offered to young adults (with disability benefits/pension) in order to strengthen their functional and working capability; that is, how many have been offered different activities and what kind of activities?

Are there any conducted studies or evaluations regarding the results of activities offered to this group; that is, if the activities have achieved the aims set out?

Is there anything further that you would like to highlight, discuss or correct?

Administrative officer level (interview guide 3)

Could you describe how the case handling process of young adults receiving disability benefits/pension works in practice, including medical assessment, the assessment of functional and working capability, other assessments, decisions and possible review of eligibility?

Are young adults with disability benefits/pension offered a personal administrative officer?

How would you describe the role and responsibilities of an administrative officer?

Can a negative decision on eligibility for disability benefits be reviewed and/or appealed in court?

Do you have activities available to strengthen the functional and working capability of young adults receiving disability benefits/pension, e.g. vocational rehabilitation, medical rehabilitation/care or other activities?

Is it necessary for young adults receiving disability benefits/pension to specifically apply for activities aiming to strengthen their functional and working capability?

Which individuals are offered these activities? Are there prioritised groups?

Is it a requirement for young adults receiving disability benefits/pension to participate in activities aiming to strengthen their functional and working capability, or is participation based on voluntary participation?

If so, are there individuals who are exempted from this requirement?

If so, under what conditions? Do you have sanctions for individuals who do not attend these activities?

What operators provide activities for the group in question?

Do you follow up/evaluate completed activities and in that case, how and by whom?

Do you have a view and/or or experience (positive or negative) of activities offered to young adults (receiving disability benefits/pension) in order to strengthen their functional and working capability?

What are the incentives for this group (young adults receiving disability benefits/pension) to enter or return to the labor market?

Is there anything further that you would like to highlight, discuss or correct?

Appendix 2 Methods

This Appendix provides a more detailed description of the study's methodological approach.

Identifying interviewees

ISF has endeavoured to gain as strategic and broad selection of interviewees as possible from the countries included in this study.

In the initial stages, the responsible ministries and national authorities in the area of social insurance were identified and mapped. Thereafter contact was made with the respective country's representative for the Mutual Information System on Social Protection (MISSOC)⁴³³ in order to request their assistance in identifying appropriate interviewees. MISSOC is coordinated by the European Commission (DG for Employment, Social Affairs and Inclusion) and contains detailed, comparable and updated information on the social insurance systems in the EU and the EEA. The representatives of a number of countries assisted ISF by identifying relevant interviewees and mediating contact. Where it was not possible to establish contact via MISSOC, direct contact was made with the responsible ministries and national authorities in the area of social insurance. In one case, ISF also enlisted the help of an external expert in order to make contact with relevant authorities in a specific country. In Sweden, on the other hand, direct contact was made with the Ministry of Health and Social Affairs and the Swedish Social Insurance Agency.

⁴³³ Each country appoints representatives from the ministries or authorities responsible for the social insurance system and it is within their remit to regularly update information provided by MISSOC.

Conducting the interviews

A total of 26 people were interviewed on 16 separate occasions with representatives from the equivalent to the Swedish Ministry of Health and Social Affairs and the Swedish Social Insurance Agency (on both head office and administrative officer level). The interviews were based on three different interview guides designed for the different levels (see Appendix 1) and conducted in Swedish or English. The interviews were based on a semi-structured approach. This flexible method gives the interviewer a certain leeway to adapt the interview – provided the themes and questions of the interview guide are adhered to – based on context and the interviewee's answers, and to ask follow-up questions which do not necessarily fall within the scope of the interview guide.⁴³⁴

The interviews were primarily conducted in each country, but as it was not possible to coordinate all interviews within the limited time frame, in two cases the interviews were conducted via telephone. In some cases, small modifications were made to adapt the interview format to the respective country's social insurance system. On a few occasions, several representatives from different authorities or levels attended the interview. In these cases, the interviewer had to combine two different interview guides (for questions to the equivalent of the Swedish Social Insurance Agency's head office and administrative officer level). In addition, the United Kingdom's responsible authority, the Department for Work and Pensions, was unable to offer individual interviews. Instead, a seminar was organised for ISF's representatives, with focus on young people adults on disability benefits.

Representatives from the following ministries, authorities and pension insurance funds were interviewed:

Denmark

- Ministry of Social Affairs and Integration
- Copenhagen Municipality

Finland

- Ministry of Social Affairs and Health
- Social Insurance Institution of Finland
- Finnish Centre for Pensions

⁴³⁴ Luton, 2010.

- VARMA

Iceland

- Ministry of Welfare
- The Social Insurance Administration

Norway

- Ministry of Labour
- Norwegian Labour and Welfare Administration

Netherlands

- Ministry of Social Affairs and Employment
- Institute for Employee Benefit Schemes

Sweden

- Ministry of Health and Social Affairs
- The Swedish Social Insurance Agency

The United Kingdom (study visit)

- Department for Work and Pensions

Where possible, two interviewers were present at each interview. One led the interview whilst the other had more of a supervisory function, i.e., checking that all questions were raised and answered, asking follow-up questions where necessary and making notes.

The interviews were recorded and have been transcribed by external word-processing and secretarial services. The transcriptions have been sent to the interviewees for approval and they have also been given the opportunity to make changes to the transcriptions. Where the review of the transcriptions revealed that not all questions were fully answered, the interviewees were contacted for additional questions or to clarify any uncertainties.

Analysis

The interview material has been analysed by three analysts and researchers. The analysis is based on content analysis. A content analysis can be described as "a systematic examination of text (field notes) by identifying, grouping themes and coding, classifying and developing categories".⁴³⁵ The process is also known as "units of

⁴³⁵ Pope and Mays, 1995.

meaning” or ”units of analysis”. This primarily comparative process was based on the questions in the interview guides. The analysis has been limited to the actual content of the interviews.⁴³⁶

This qualitative approach has facilitated a more in-depth analysis of the interview material, but as with all qualitative studies, there is a certain degree of subjectivity and a risk of bias due to three factors: (1) the selection of interviewees, (2) the interviewer's ability to control the information that arises during an interview – especially under relatively flexible forms of interviews, such semi-structured interviews – and (3) the analysis.⁴³⁷ These risks are perhaps even more pronounced when carrying out a comparative analysis of various systems and approaches in several countries. It is therefore important to make a special effort to avoid an ethnocentric perspective⁴³⁸ in comparisons such as this. However, ISF believes that the results of this study are reliable, as they are based on a strategic selection and a clear and consistent methodological approach. In addition, there has been a focus on quality assurance throughout the project, as comparative studies of a number of different countries' often complex social insurance systems may increase the risk of misunderstanding and misinterpretation. The summaries of each country's disability benefit systems (presented in part 2) have therefore been sent to the interviewees in each country for review and comments. Representatives from all countries have reviewed the summaries. In several cases, these were also reviewed by external experts who were consulted by the interviewees or our contact persons in the given country.

⁴³⁶ Luton, 2010.

⁴³⁷ Green and Thorogood, 2004; Kvale, 1997.

⁴³⁸ Ethnocentrism means that one is judging another culture or society solely by the values and standards of one's own culture or society.

Appendix 3 Classification systems for diagnoses, functioning, disabilities and health

Classification systems for various diagnoses

The International Statistical Classification of Diseases and Related Health Problems (ICD) is the WHO's classification system for various diagnoses. The most recent version of ICD, ICD-10, covers the following diagnosis chapters:

1. Certain infectious and parasitic diseases
2. Neoplasms
3. Diseases of the blood and blood-forming organs and certain disorders involving the immune mechanism
4. Endocrine, nutritional and metabolic diseases
5. Mental and behavioural disorders
6. Diseases of the nervous system
7. Diseases of the eye and adnexa
8. Diseases of the ear and mastoid process
9. Diseases of the circulatory system
10. Diseases of the respiratory system
11. Diseases of the digestive system
12. Diseases of the skin and subcutaneous tissue
13. Diseases of the musculoskeletal system and connective tissue
14. Diseases of the genitourinary system
15. Pregnancy, childbirth and the puerperium

16. Certain conditions originating in the perinatal period
17. Congenital malformations, deformations and chromosomal abnormalities
18. Symptoms, signs and abnormal clinical and laboratory findings, not elsewhere classified
19. Injury, poisoning and certain other consequences of external causes
20. External causes of morbidity and mortality
21. Factors influencing health status and contact with health services
22. Codes for special purposes⁴³⁹

Classification systems for diagnoses, functioning, disabilities and health

The overarching goal of the International Classification of Functioning, Disability and Health (ICF) is to offer a common and standardised language and a structure with which to describe health and health-related conditions.

In the scope of ICF, the WHO defines health components and certain health-related components of wellbeing (such as education and work), which are described from bodily, personal and social perspectives through three basic categories. These categories are bodily functions and structure, activities and participation, and environmental factors. In other words, ICF is a tool for assessing the entire life situation an individual finds himself or herself in, how various life activities work and how active the individual is in society. ICF can be seen as a complement to the International Statistical Classification of Diseases and Related Health Problems.⁴⁴⁰

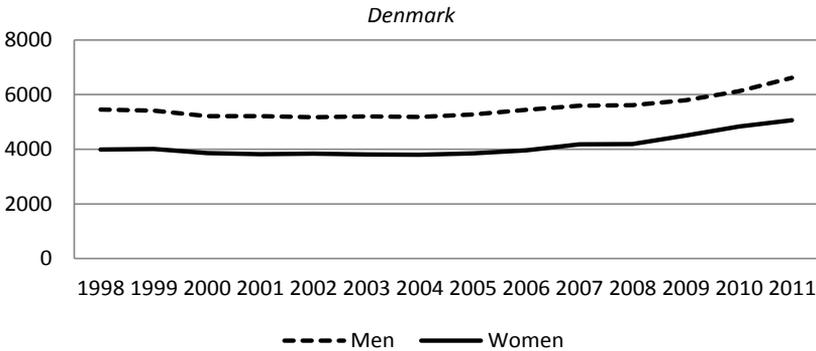
⁴³⁹ Socialstyrelsen, 2010b.

⁴⁴⁰ Socialstyrelsen, 2010a.

Appendix 4 Statistical distribution by gender

This Appendix presents the statistical distribution of young adults on disability benefits by gender in Denmark, Finland, Iceland, Norway, the Netherlands, Sweden and the United Kingdom from 1998 and in most cases up until 2011.⁴⁴¹

Figure 17. Young adults on disability benefits, distributed by gender – Denmark



⁴⁴¹ The statistics have been obtained from the Swedish Social Insurance Agency and Statistics Sweden (Sweden), NAV and Statistics Norway (Norway), the National Social Appeals Board and Statistics Denmark (Denmark), the Finnish Centre for Pensions and Statistics Finland (Finland); the Social Insurance Administration (Iceland), Statistics Netherlands and UWV (the Netherlands); the Department for Work and Pensions (the United Kingdom); Eurostat.

Figure 18. Young adults on disability benefits, distributed by gender – Finland

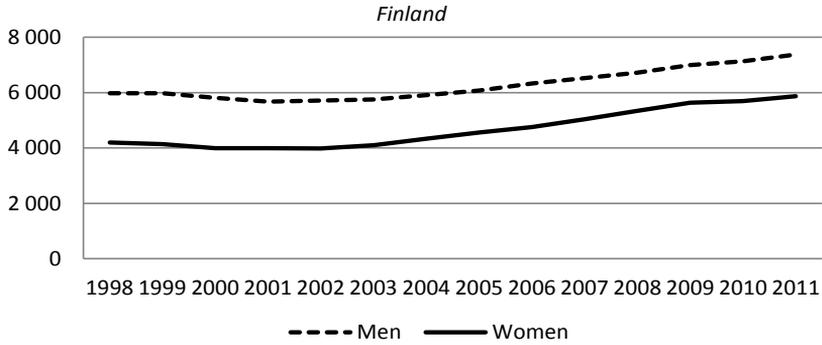


Figure 19. Young adults on disability benefits, distributed by gender – Iceland

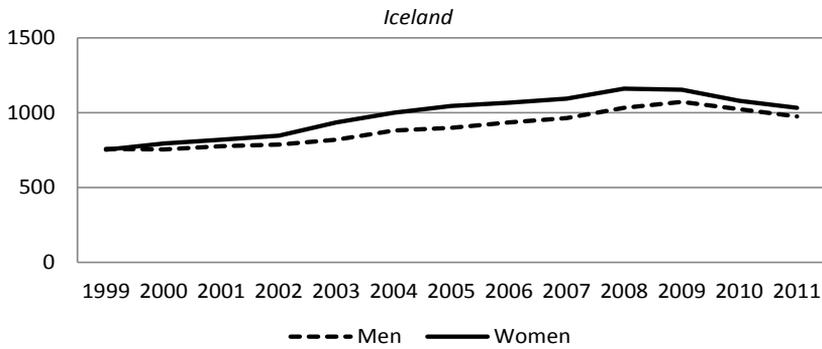


Figure 20. Young adults on disability benefits, distributed by gender – the Netherlands

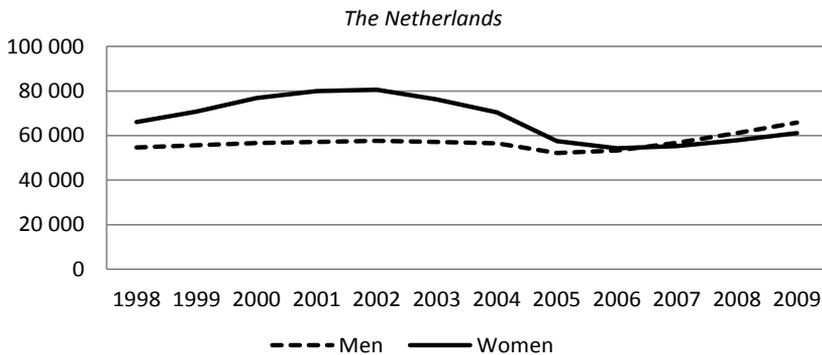


Figure 21. Young adults on disability benefits, distributed by gender – Norway

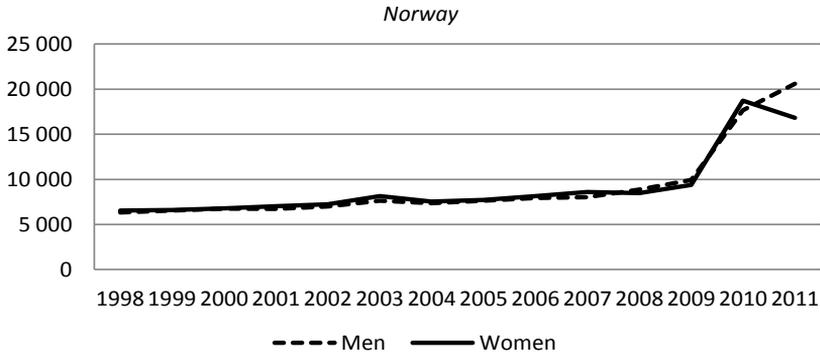


Figure 22. Young adults on disability benefits, distributed by gender – Sweden

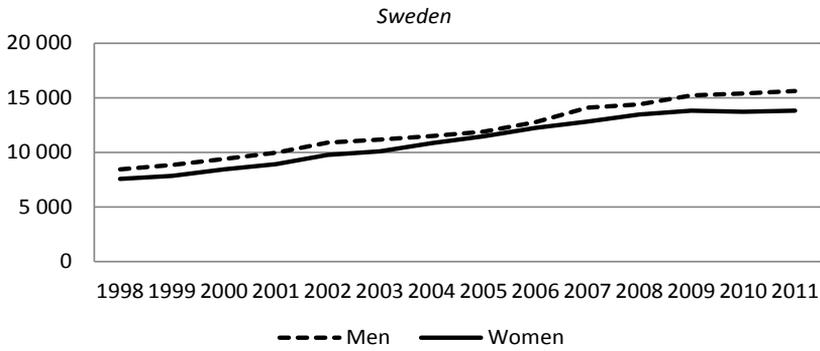
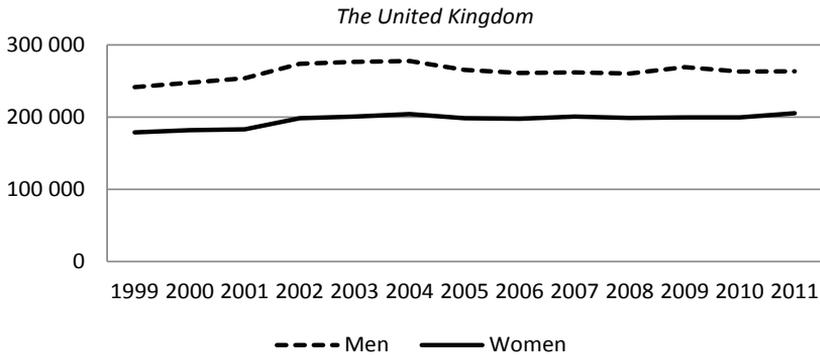


Figure 23. Young adults on disability benefits, distributed by gender – the United Kingdom



Appendix 5 Average annual wage

The table below shows the average annual wages⁴⁴² in Denmark, Finland, the Netherlands, Norway, the United Kingdom and Sweden between 2000 and 2011. This data is not available for Iceland.

Table 3. Average annual wage

	<i>Denmark (DKK)</i>	<i>Finland (EUR)</i>	<i>The Netherlands (EUR)</i>	<i>Norway (NOK)</i>	<i>The United Kingdom (GBP)</i>	<i>Sweden (SEK)</i>
<i>2000</i>	274 323	25 946	30 421	273 588	22 332	250 735
<i>2001</i>	281 053	27 197	31 936	286 466	23 448	257 748
<i>2002</i>	292 709	27 849	33 004	301 511	24 102	263 961
<i>2003</i>	303 422	28 838	34 041	319 756	24 976	271 302
<i>2004</i>	316 219	29 900	34 911	334 105	25 756	281 571
<i>2005</i>	326 623	30 921	35 543	346 939	26 303	290 181
<i>2006</i>	338 698	31 958	36 395	366 598	27 438	300 414
<i>2007</i>	347 936	33 199	37 773	386 795	28 798	314 367
<i>2008</i>	361 631	34 434	38 943	407 682	29 385	327 585
<i>2009</i>	376 147	35 558	39 920	421 493	30 081	337 255
<i>2010</i>	383 659	36 824	40 397	437 329	30 906	342 737
<i>2011</i>	391 240	38 139	40 965	456 355	31 413	353 148

Source: OECD, 2011.

⁴⁴² Current prices in NCU (National currency units).



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