the Dutch Cure

Early Intervention Disability Demonstration Projects - - Concepts for Action

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DI-beneficiaries as % of the labor force and DI-expenditures as % of GDP, 1971-2013
Beneficiaries per Thousand Workers: US versus NL
1970-2010
DI-inflow, 1990-2013
Decomposition of the miracle

Entries in 2008 **70% lower** than in 1998

Caused by:
- experience rating in DI –13%
- gatekeeper protocol in SB –22%
- stricter eligibility rules in DI –36%

Total –70%


gatekeeper protocol means:
- firms pay sickness benefits during the 2 year waiting period before DI-entry
- the rights and duties of sick employees and firms during that period are laid down in a protocol that aims at work resumption asap
- firms are penalized when judged negligent
Structure and outcomes of the Dutch DI-system

Loss of earning capacity

Full 80-100%
74%

- No prospect of recovery
  29%
  IVA-benefit

- Recovery possible
  71%
  Working
  11%

Partial 35-80%
26%

- Working
  47%
  First stage: wage related benefit
  Second stage: If sufficiently working: wage supplement, otherwise social minimum based benefit

- Not working
  58%
  Unemployment benefit

0-35%

- Working
  42%

- Not working
  58%
Composition of DI-awards by severity, 2006-2013
Composition of DI-awards by type of worker, 2007-2013

- **2007**: 40% (flexworkers + UI beneficiaries), 60% (regular)
- **2008**: 44% (flexworkers + UI beneficiaries), 56% (regular)
- **2009**: 46% (flexworkers + UI beneficiaries), 54% (regular)
- **2010**: 50% (flexworkers + UI beneficiaries), 50% (regular)
- **2011**: 51% (flexworkers + UI beneficiaries), 49% (regular)
- **2012**: 52% (flexworkers + UI beneficiaries), 48% (regular)
- **2013**: 51% (flexworkers + UI beneficiaries), 49% (regular)
Panel data results: work resumption by regular employees: 2012 versus 2007

- Good self-rated health 2012
- Good self-rated health 2007
- Bad self-rated health 2012
- Bad self-rated health 2007
Panel data results: work resumption by flexworkers: 2012 versus 2007
The success of the Dutch DI Reform lies in:

- early intervention (before DI application) ...
- ... fuelled by strong financial incentives for firms:
  - paying for sickness benefits, rehabilitation, accommodation, job mediation during the first two years of disablement (before DI application)
  - experience rating in financing DI benefits
- DI eligibility rules that make work pay for partially disabled
- stringent standards and strict administration of these standards by the DI program administrators (denial rate is about 45%, and proved robust against cyclical variations in applications). Denied applicants can rely on UI benefits for a limited period. About 10% re-apply later.

Nonetheless,

- the Dutch disability benefit system still acts as a social valve for vulnerable groups, such as contingent workers;
- as always, the system grows in its “soft edges”.