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PRESS RELEASE

Better understanding the upward trend in the number of disability insurance claimants (Article for the September 2017 Economic Review)

At the end of 2016, the national institute for health and disability insurance (RIZIV/INAMI) recorded more than 390 000 people regarded as disabled workers in Belgium, including roughly 366 000 with private sector employee status and around 24 500 self-employed. That is the equivalent of more than 5 % of the population aged between 15 and 64 years.

The number of disabled workers within the population depends on different factors. It is basically a stock that goes up with entries into disability and goes down with exits (people going back to work, taking retirement, death). There is also an increasing monotonic relationship between the incidence of disability and age.

The number of people on invalidity benefits has been constantly rising for the last twenty years. Basing the analysis on data for private sector employees only, the article endeavours to break down this increase between, on the one hand, the proportion mainly attributable to population ageing and changes in the rate of activity and, on the other hand, the residual part that cannot be attributed to such factors. A distinction is made between men and women because the rise in women's labour force participation as well as the alignment of their statutory retirement age has had a strong impact on this increase.

The simple approach used in this article is to simulate the number of disability insurance claimants by adjusting one parameter (e.g. the age structure of the population) while keeping the others constant. By then comparing the increase in the number of disabled workers obtained from the simulation with the observed growth in invalidity beneficiaries, the impact of the parameter for this process is measured.

The simulations show that, over the period analysed, population ageing and the rise in labour force participation together explain the increase in the number of disabled workers among men and more than 86% of the increase among women. However, these initial simulations do not take account of the change in average health status, which has continued to improve over the last few decades.

When adjusting historical invalidity rates for this latter factor, too, a bit more than 10% of the rise in the number of male invalidity benefit claimants and 19% of the increase in female claimants would appear to remain unexplained over the period from 1993 to 2016. It thus seems that a small part of the growth in disabled workers is due to the invalidity insurance becoming relatively more attractive or to other unobserved factors. This unexplained part could be attributable either to more flexibility in granting invalidity status than before, or, more probably, to the fact that the average impairments of people requesting such recognition has changed.

In Belgium, as in other countries, there is an obvious shift in the reasons for entry into invalidity insurance towards diseases of the musculoskeletal system and mental health problems. The aggregate statistics for Belgium do not show any particular trend as regards the age of new entrants, however.

As has been observed in the Netherlands in particular, there seems to be a "communicating vessels effect" between the various early retirement schemes. Invalidity does not officially come under one of these schemes, but our findings are compatible with the idea that a small part of the increase in invalidity could be explained in this way.

The federal government has taken a series of measures targeting better sickness prevention and a swifter return to work through tighter controls, with a view to limiting entries into disability insurance. New reintegration trajectories aimed at faster vocational rehabilitation of workers on sick leave have been in force since December 2016. Consequently, it is not yet possible to draw any conclusions. The regional governments have also taken similar measures for job-seekers on sick leave. Experience abroad has shown that policies of this kind can actually work.

Disability insurance, just like unemployment insurance and social security in general, needs to be designed to balance the protection it provides with the distortions that it causes in terms of labour market participation. The measures taken to ensure faster labour market reintegration of people on sick leave can simultaneously improve the well-being of the individuals affected and reduce the budgetary costs, thereby reinforcing the efficiency of the system.