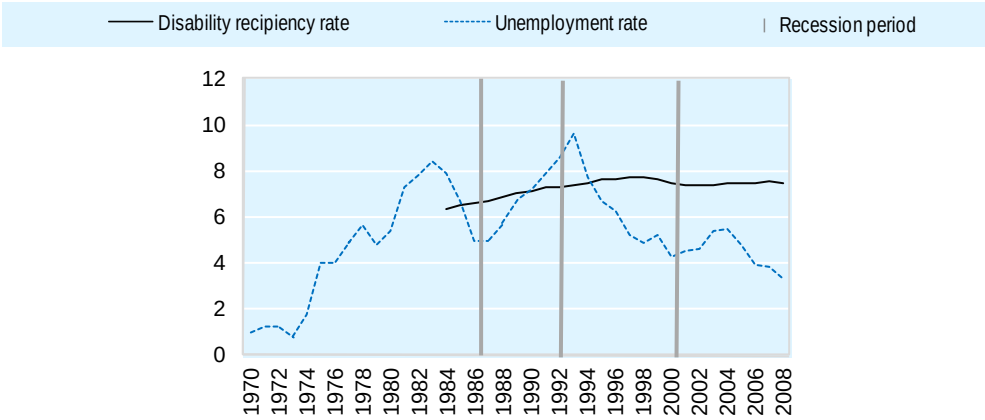
OECD (2010) – SICKNESS, DISABILITY AND WORK: BREAKING THE BARRIERS

DENMARK

KEY FINDINGS

- In Denmark, in the 1980s the number of people receiving disability benefit was roughly similar to that on unemployment benefit. After 1993, unemployment fell quickly while the number of people on disability benefits remained unchanged; in 2008, the latter was twice as high as the number of unemployed (Figure 1).

Figure 1. **Long-run trends in unemployment and disability recipiency rates in Denmark, 1970-2008 (percentages)**



- For decades, the number of people of working age in Denmark who receive disability benefit has been above the OECD average; in 2008, 7.2% compared to 5.7% (Figure 2).
- In the past decade, the age structure of those receiving a disability benefit changed drastically: the number of older people aged 50-64 fell, while the number of prime-aged adults (20-49) increased.
- Public spending on sickness and disability makes up 3.1% of Denmark's total GDP, compared to an OECD average of 1.9%.
- The unemployment rate for people with chronic health problems or disability at the end of 2007 was around half that of the OECD average, 7.6% compared to 13.7%. But it was twice Denmark's unemployment rate for people without health problems (Figure 3).
- Around a quarter of people with health problems or disability live in poverty: 24.8% compared to an OECD average of 22%. This is much higher than the figure for the general population.

POLICY CHALLENGES

1. **Address the problems of young adults with mental disability**. Not only is the beneficiary population getting younger, but the structure of this population is also changing: Three in four benefit grants for people in the 20-34 age group are for mental health reasons.

- Improve work incentives and targeted supports for this group, in exchange for tighter participation requirements, and reassess entitlements regularly.
- Promote partial return to work for people with mental health problems.

2. **Better support municipal policy implementation**. Municipal authorities are the key player in Danish social and labour market policy. However, some of the current responsibility structure is not conducive to optimal outcomes and calls for more power for the municipalities to make the system fully functional and consistent.

- Provide local job centres with adequate resources e.g. for competence enhancement of caseworkers.
- Give local job centres more responsibility in regard to medical decisions (including e.g. early involvement of municipal doctors and regular control of general practitioners' decisions).
- Strengthen cross-municipal good-practice benchmarking, sharing and learning.

3. **Improve cooperation of municipalities with other actors**. Policy effectiveness at the municipal level would be increased through better cooperation of municipal agencies with employers. Such cooperation will be needed to combat the high level and recent increase in long-term sickness absence.

Figure 2. **Disability benefit recipiency rates in 2008, Denmark in comparison with 30 other OECD countries, plus OECD average (percentages)**

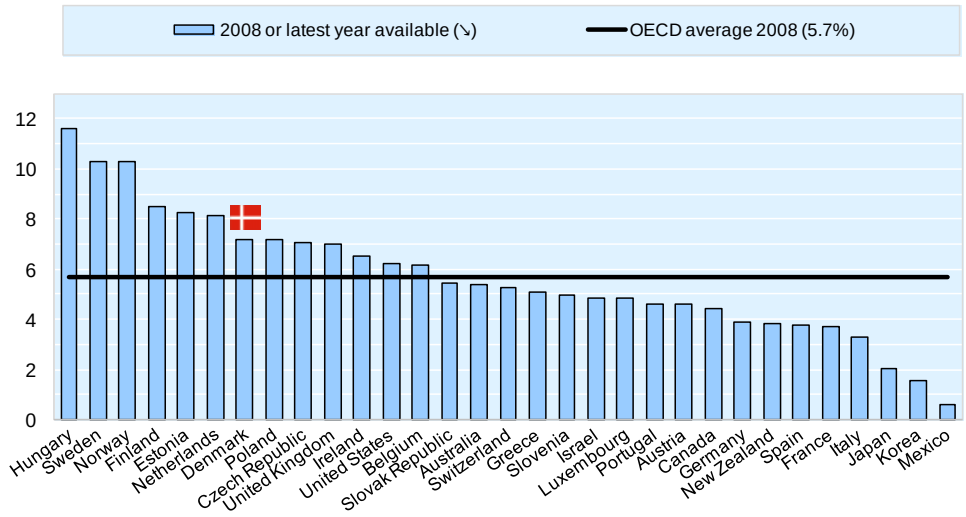
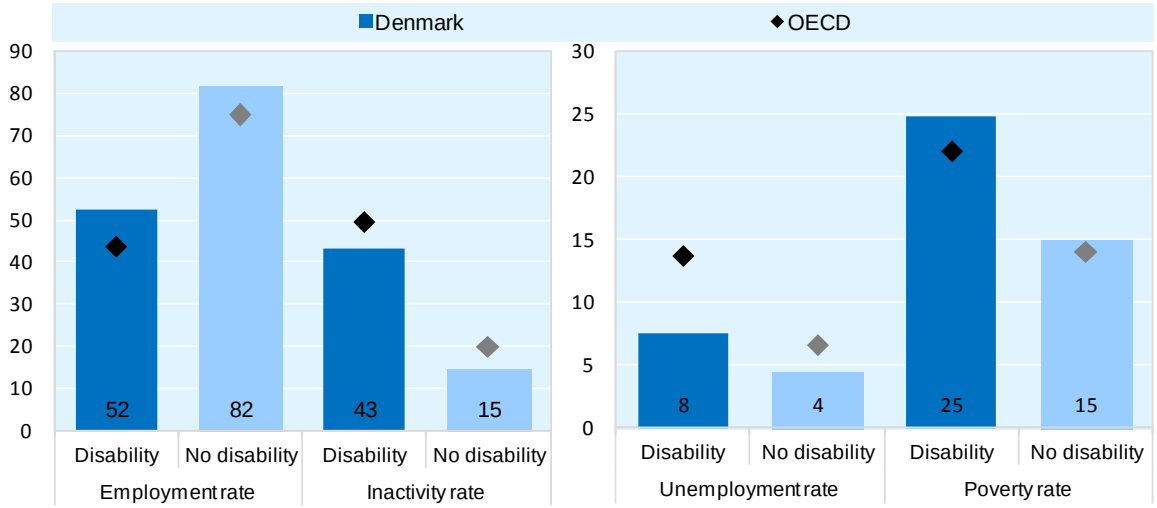


Figure 3. **Selected key labour market indicators by disability status, around 2007 i.e. before the recent economic downturn, Denmark and OECD averages (percentages)**



(www.oecd.org/els/disability)