

GOING DUTCH?

DISABILITY REFORMS IN THE NETHERLANDS

Please learn from us, don't copy us.

AMERICAN ENTREPRISE INSTITUTE 2008

Aart de Geus, DSG OECD

THE CASE FOR CHANGE

- Disability act (WAO, 1967) was discussed and revised since 1982 without substantial result
- 2002: 1 out of 7 “disabled”, “mentally ill”
- Government Balkenende (Center-Right) got a mandate to make structural reforms
- Role Social Partners was key (advice, support)

STRUCTURAL REFORMS

10 legislative programs

- Early Retirement premiums excluded from tax support
- New Pension Act to facilitate solid pensions (finance, communication)
- New Life Course Plan: tax support for savings for work-life-balance
- New Child Care Act: shift to private market with tax support for parents
- New Social Assistance Act: financial responsibility for local communities
- Reduction Unemployment Benefit reduction from 7,5 years to 38 months
- New Working Time Act focuses on responsibility Social Partners
- New Health and Safety at Work Act focuses on EU level + deregulation
- Administrative burden program realized 25% cost reduction
- NEW DISABILITY ACT: WAO BECOMES WIA (information campaign)

DISABILITY REFORM: the content

- New medical guidelines
- 2 years: employer (70%) – employee (30%)
- -35%: responsibility employer
- 35 – 80%: semi unemployment scheme
- 80+ temporary: semi unemployment scheme
- 80+ permanent: disability pension
- Experience rating, private insurance companies
- Review disabled under 50 years (45)

DISABILITY REFORM: the process

- 2002: advice Social Economic Council
- 2004: package deal with Social Partners
- Independent monitoring
- Selling a culture shift
- Sharing the gains
- Invest in the future of the losers

DISABILITY REFORM: the result

- Final result will be a reduction of 50% (7% labor force)
- New claimants dropped from 100,000 in 2002 to 25,000 in 2006
- Review reduced claims with around 40%
- No significant shift to other social security schemes
- Disability Pensions from 70% back to 75%
- Annex reforms: Health and Safety, Unemployment, Early Retirement
- Remaining problems: Young Disabled without employer
- Remaining problems: How to deal with career burnouts

Could US learn from Netherlands?

- Medicare coverage is a threshold to re-enter
- Social Programs cannot balance financial incentives

- Sickness Management Guidelines
- Reassessment for economic + social reasons
- Going Dutch: Employer + Employee