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Influence of the sickness benefit reform on sickness absence

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ABSTRACT

Objectives: To analyse short-term changes in sick-leave use after the implementation of sick-pay cut policy in Estonia on July 1, 2009.
Methods: The study is based on all sick-leave episodes of 20–64-year-old employees registered by the Estonian Health Insurance Fund in 2008 and 2011, which covers 227,981 persons in 2008 and 152,102 persons in 2011. Population- and absentee-level sickness absence measures were used to describe sickness absence. Multiple logistic regression analysis was performed to explore associations between sick-pay cut and sickness absence measures.
Results: The main impact of the reform was that the total number of sick-leave episodes and sick-listed persons decreased by one third. The number of sick leave episodes lasting 4–20 days decreased by half whereas the change in shorter and longer episodes was negligible. Chances of recurrent sick-leave lowered significantly. The mean duration of sick-leave episodes lengthened in a positive correlation with age.
Conclusion: At the population level sickness absence decreased after the sick-pay cut, which was one of the goals of the reform. The sickness absence of absentees with long-lasting illnesses did not change, but people with shorter illnesses adapted their sickness absence behaviour. It indicates that health outcomes of people whose absence has decreased due to policy changes need to be followed.

1. Introduction

Social welfare systems in European countries provide compensation for lost earnings in the case of absence from work because of temporary illness, which has occasionally created fiscal tensions and forced governments to implement measures to reduce the compensation benefits. To prevent early retirement and to boost active labour participation in the post-crisis period, OECD has recommended to improve the design of sickness leave and the disability benefit schemes [1].

In the last decades of the 20th century many Western European countries underwent considerable changes in their sickness absence policies, including the regulations of sickness benefits. Most reforms were boosted by economic crises. The actions taken during these changes were aimed to control expenditures in sickness absence and to shape the sickness absence behaviour of employees, also to increase employers' involvement in reducing sickness absence [2,3].

The recent economic recession in 2009–2010 once again launched sickness absence reforms in many EU member countries, mostly in younger member countries [4–7].

Only a few studies address changes in sickness absence as a consequence of sickness benefit reductions [3,8–11].

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The German studies showed that after the sick-pay reform the number of employees with no absent days increased by 6%; the total number of absent days decreased by 30%; also, there was a decrease in the number and duration of hospitalization episodes [9,10]. The sick-pay reform in Sweden led to a drop in sick-leave episodes by 23% [3]; incidence of absence decreased at least 25%; the number of absent days and people who used sick days decreased as well [8,11,3,12].

The sick-pay cut reforms have influenced the mean duration of sick-leave episodes in different directions [8,9]. Decrease in absent days was found to be larger in workers with shorter absences [9,12] while long-term absences were not influenced by reforms [10,13]. It has been shown that older employees change their sickness absence behaviour less than younger ones [10].

The time series analyses of several Swedish sick-pay reforms in 1963, 1967, 1974, 1987, 1991, 1995, and 1998, which encompassed changes towards both generous sick-pays and stringent sick-pays, showed that after the favourable reforms in 1963, 1967, 1974, and 1998 the number of sick-days increased, and after the stringent reforms in 1987, 1991, and 1995, the number of sick-days decreased [3].

A policy change in sickness absence compensation, called the sickness absence reform, took place in Estonia on 1 July, 2009, and it was one of the government-implemented actions to cope with the economic crisis.

In the preceding years of economic boom since 2003, the sickness absence rate increased from 8.1 days per employee in 2003 to 9.7 days in 2008; the total amount of absent days increased by 25%. The total volume of sickness benefit costs had increased by 15–25% annually, reaching 94 million euros in 2008 and accounted for 12% of the total health insurance expenditure.

As a result of the reform, in 2010 the health-insurance costs of sickness benefits decreased by two thirds to 33 million euros, which accounts for 4.8% of health insurance costs in 2010 and has remained at about 5% till 2015 [14]. This reduction in the costs of the Estonian Health Insurance Fund (EHIF) was achieved by reducing the benefit level from 80% to 70% of the salary and starting the payment from the 9th day of sick leave instead of the 2nd day previously. For employees, the waiting period was extended to the first three days of sickness, and employers paid from day 4 to day 8. Introduction of employer's responsibility to pay the sickness absence compensation at the beginning of sickness absence was aimed to motivate employers to improve working conditions and the environment for lower sickness absenteeism.

In Estonia, sickness-absence compensation is paid from the obligatory and solidarity-based Estonian Health Insurance Fund, which is an independent legal body working under public law. Since 2001 it has been the only organisation which is responsible for covering public health-care services, including sickness benefits. Thirteen per cent of payroll taxes are used for covering solidarity-based health insurance. More than 95% of the population is covered by health insurance, and sickness benefit is provided to all employees with social-taxed income. The same sickness benefit rates apply to all employees on an equal basis irrespective of their contract duration or whether they are employed by private companies or public institutions. All the sick-days whether paid by the employer or EHIF and all the waiting days must be registered on the personal level by the employer in the EHIF database. Since 2014 the employer can supply the employee data to EHIF electronically.

A medical certificate of incapacity for work is always required from the first day of illness.

In parallel to the sickness absence reform there was a redistribution of the social insurance resources. The number of incapacity beneficiaries increased from 67,000 in 2008 to 77,000 in 2010 and continued to rise, reaching 97,000 persons in 2014. The drop in temporary sickness absence and its costs was accompanied by an enormous increase in incapacity benefits. Though the incapacity benefits had showed a rising trend even before the reform, the expenditure doubled from 2008 to 2014.

The aim of this paper is to describe the sickness absence patterns before and after the implementation of sickness benefit cuts and to evaluate the change in sick-leave use after the reform. This should help to define the aspects to be addressed in order to mitigate the potential negative effect of sickness absence policies on the health of vulnerable groups.

2. Materials and methods

2.1. Data

The study was based on two datasets covering all the sick-leave episodes registered in the Estonian Health Insurance Fund (EHIF) in 2008 and 2011. We decided not to use the 2010 data because the changes in the registration procedure of sick-leaves in 2009 were known to give rise to underreporting.

The population of absentees was drawn from the EHIF register and all the 20–64-year-old persons on sick-leave because of their own illness were included in the study. There were in total 227,981 sick-leave users in 2008 and 152,102 sick-leave users in 2011. Each sick-leave episode included information about its starting and ending dates as well as the age and gender of the absentee.

For the working population we used the average number of employees aged 20–64 in each respective year as published by the Statistics Estonia, an agency that collects all the statistics of national importance.

To show the time-trend of sickness absence we used general statistics from EHIF public reports.

2.2. Determination of sickness absence patterns and evaluation of the change in sick-leave use

In order to have an overview of sickness absence at the population and absentee level, we evaluated four outcomes: sick-leave episodes per employee, duration of sick-leave episodes, distribution of sick-leave episodes of different length, and the recurrence of sick-leave episodes. The outcomes were evaluated in the year before the sickness absence policy change and two years later, that is, in 2008 and 2011. According to Hensing [15] sick-leave