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Early Intervention and
Disability Insurance:
Experience from a Field
Experiment

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Summary

In this paper the effects of early interventions by the Swedish Social Insurance Administration (SIA) are studied. The aim of these interventions is primarily to assess individuals' work capacity and possibilities for vocational rehabilitation. The first intervention, denoted SASSAM, screens the working capacity of the individual and the need for vocational rehabilitation. The second, AM, is a formalized meeting between the individual who has been reported sick, the SIA, and the employer where the possibility to return to alternative work tasks is discussed and appropriate vocational rehabilitation measures are decided upon. In the analysis we make use of a large (almost 14,000 individuals) randomized field experiment conducted in 2007 by the SIA and the Institute for Labour Market Policy Analysis (IFAU). The randomization was performed on the inflow of sick absent individuals. Individuals assigned to be treated were given priority to receive two types of interventions during a six-week period. The individuals of the control group were not given priority in these activities during the six weeks, but were offered the same activities after the six weeks. The implication of the evaluation design is that the probability of being subject to early intervention is higher in the treatment (prioritized) group, compared with the control group.

Although intuitive and theoretically motivated, the efficacy of early intervention in spells of sickness absence hinges on the existence of efficient rehabilitation methods or from the effect of the screening and monitoring of providing rehabilitation. The empirical literature offers no strong support for reduced sickness absence from different vocational rehabilitations. However, by now there is some evidence of reduced sickness absence from monitoring and time limits in the sickness insurance why potentially early intervention could reduce the length of sickness absence.

In the paper, the effects of the occurrence of i) sickness benefits, ii) unemployment and iii) disability benefits at the end of each month for up to 15 months after the experiment are studied. Our main findings are that individuals given priority to early interventions are more sick absent and have a higher probability of receiving disability benefits. Since both effects are stronger for individuals that are unemployed (compared with employed), the negative results are likely to be due to the difficulties in screening those in need of rehabilitation measures from those with low costs of sickness absence (or low incentives to resume from work absence). Many unemployed have economic incentives to be reported sick rather than unemployed.

The main policy lesson learned from this study is that if the interest is in reducing the inflow of disability benefits for individuals with a capacity to work, the screening and monitoring of eligibility for disability benefits should be taken in isolation from the process of assessing individuals' needs for vocational rehabilitation.