



Extract from the report to the  
Public Accounts Committee on  
the effort made to help people  
on sick leave return to work

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## I. Introduction and conclusion

1. This report is about the effort made by the Danish local authorities to help people on sick leave return to work. Sickness benefit is a temporary payment made by the local authorities to persons who are unable to work owing to their health condition. One of the main purposes of the Danish Consolidated Sickness Benefits Act is to help people recover and return to the labour market.

2. The local authorities make the payments to the individuals on sick leave and the municipal job centres have responsibility for helping people on sick leave return to work. The Ministry of Employment has supreme authority in the area and the Agency for Labour Market and Recruitment has the overall responsibility for helping people on sickness benefits. This agency replaced the Labour Market Agency and the Agency for Labour Retention and International Recruitment on 1 January 2014. Up till then, the Labour Market Agency was responsible for helping recipients of sickness benefits.

The Agency for Labour Market and Recruitment includes four employment regions, whose task it is to share knowledge with the job centres and support and follow up on the results and effects of the work they do. Several actors need to cooperate to help people on sick leave return to the labour market, i.e. caseworkers, employers, the health sector, unemployment benefits offices and trade unions.

3. The examination was initiated by Rigsrevisionen in August 2013 in light of the substantial amounts that are allocated to financing sickness benefits and the fact that sickness benefits affect the income of many citizens. Total public expenditure for sickness benefits amounted to DKK 14.2 billion in 2012. DKK 5.6 billion of this amount was funded by the government. To this amount should be added public expenditure of DKK 570 million for activation of recipients of sickness benefits. Rigsrevisionen has, cf. the Auditor General's Act, access to review municipal policy areas – which include sickness benefits – where expenditure is refunded by the government.

4. On 18 December 2013, the Danish government entered an agreement on a reform of the sickness benefit system with the Liberal Party, The Danish People's Party, the Conservative Party and the Liberal Alliance. The purpose of the reform was to improve the quality of the sickness benefit effort and to ensure that the local authorities intervene earlier in the process and establish contact with key parties. The reform agreement followed a report on sickness benefits submitted by a cross-departmental committee in February 2013. It appeared from the report that the local authorities often intervene too late in the process and that the contact between the local authorities and the employers is very limited or non-existent. As a consequence, people on sick leave risk losing their jobs and becoming long-term dependent on public benefits.

*In this report, the **sickness benefit effort** refers to the effort made by the local authorities in the area, which includes follow up on the citizens' health condition, measures to bring the recipients of sickness benefits closer to employment, and involvement of relevant actors to help persons on sick leave retain their jobs.*

*The **employment regions** are commissioned by the government to follow up on the effect of the efforts made by the job centres.*

5. The purpose of this report is to examine whether the Ministry of Employment and the job centres ensure that people receiving sickness benefits return to work as soon as they are fit to do so. The report answers the following questions:

- Have the job centres organised the management of the area with focus on effectiveness and in a manner that ensures early intervention?
- Is the cooperation between the job centres, the respective employers and the health sector satisfactory?
- Is the effectiveness of the initiatives launched to help people on sick leave return to work followed up by the Ministry of Employment and the Agency for Labour Market and Recruitment?

### MAIN CONCLUSION

Rigsrevisionen's examination showed that for the past 10 years, the Ministry of Employment has been engaged in developing bills and action plans aiming to ensure that people receiving sickness benefits can return to work. Initiatives taken by the ministry include a more active approach to people on sick leave and development of instruments for the job centres including statements of partial fitness for work notes and trainee positions. Yet, Rigsrevisionen finds that there are considerable challenges in the sickness benefits area and the Ministry of Employment and the Agency for Labour Market and Recruitment should therefore endeavour to provide a better framework for the cooperation between the job centres, employers and the health care sector. The most recent agreement on sickness benefits from December 2013 includes various initiatives aiming to strengthen this cooperation.

Many of those who are on sick leave manage to return to work on their own, but individuals that are facing prolonged illness risk losing their jobs while they are on sick leave and becoming long-term dependent on public benefits. Rigsrevisionen's review of cases from five municipalities showed that in more than half of the cases, the employer dismissed the employee during the sickness benefits period. Rigsrevisionen's examination showed that early intervention was a challenge for some municipalities. Rigsrevisionen therefore recommends that the Agency for Labour Market and Recruitment should – to a greater extent than today – underpin the effort made by the job centres to help people on sick leave retain their jobs. Developing initiatives that promote early intervention can contribute to achievement of this objective.

It is not satisfactory that the job centres in many of the municipalities do not follow up on the extent to which people on sick leave return to work. Rigsrevisionen recommends that the Agency for Labour Market and Recruitment should support the job centres in their efforts to follow up on the effect of measures offered to recipients of sickness benefits, including whether the active approach helps bringing them closer to employment. The agency could, for instance, make relevant data available to the job centres.

Rigsrevisionen has established that in approximately one third of the cases reviewed, the job centres were in contact with the employers. It is not always relevant for the job centres to be in contact with the employers, for instance, contact is unnecessary if the persons on sick leave have already lost their jobs. Still, Rigsrevisionen's review of cases and interviews with the job centres indicate that the job centres can strengthen their contact with the employers.

Rigsrevisionen's examination showed that the job centres are generally satisfied with the cooperation with the general practitioners in cases concerning sickness benefits, and many of the municipalities have established joint local fora with the general practitioners. However, the examination also showed that the medical assessments are often delayed. Rigsrevisionen's review of cases showed that 44 per cent of the medical certificates were forwarded to the job centres after the agreed deadline. Among other, the medical assessments provide the basis for determining whether the recipient of sickness benefits will be able to return to work. Rigsrevisionen finds it important that the local authorities strengthen their cooperation with the individual general practitioners to ensure that the medical examinations and documentation are not delaying the processing of sickness benefit claims. The Agency for Labour Market and Recruitment should also to a greater extent take steps to support cooperation with the general practitioners; for instance, by insisting on enhancing the health forms to ensure that they underpin efforts made to help people on sick leave return to work.

The Ministry of Employment and the Agency for Labour Market and Recruitment follow up on the effectiveness of initiatives launched within the sickness benefit area. For instance, the employment regions monitor the development in number of citizens on sickness benefits as well as the duration of sickness benefit periods. The agency has also evaluated and analysed amendments to acts made in 2005 and 2008 and followed up on how the job centres have used the various instruments that are available to them in the area. Apart from monitoring the length of sickness benefit periods, which indirectly reflect the effectiveness of efforts made in the area, none of the employment regions follow up, regularly, on whether people on sickness benefits return to work as a result of the measures implemented by the job centres.