

Disability income replacement and Sickness Benefits in Canada, Denmark, Sweden and the UK



This is a description of the approach to Disability and Sickness Benefits in four OECD countries:

- **Canada:** there are multiple different sources of disability income replacement benefits. The federal government provide the Canadian Pension Plan Disability benefit, the largest federal disability insurance scheme, and the Quebec Pension Plan Disability benefit. There is also the Employment Insurance Sickness benefit, which is a payment of 'last resort' for temporary illness lasting up to 15 weeks. Conditionality is placed on sickness benefits around amount worked in the previous year and income loss associated with disability/illness. There are also two tax measures related to disability; the Disability Tax Credit and the Registered Disability Savings Plan. Three schemes are under provincial jurisdiction; social assistance disability benefit, worker's compensation benefit and employment-based long-term disability plans.
- **Denmark:** sickness benefits are generally available for 22 weeks in a 9-month period, and are either paid to the employer to subsidise a period of illness if the worker is entitled to their full salary, or is otherwise paid directly to the worker. Responsibility for payments in the first 30 days is with the employer, and there is conditionality based on hours worked in previous 6 months. Reforms to sickness benefits introduced vocational rehabilitation after 5 months. The disability pension is for those who permanently cannot work, and is not contribution based. Reforms, made in 2013, have made the disability pension essentially unavailable for people under 40, and further reforms in 2014 meant if return to work is determined as possible, then assessment by a rehabilitation team is done.
- **Sweden:** sickness benefit is paid for the first 14 days of absence by the employer, after which a worker can apply for sick leave benefit for up to 2.5 years if they unable to work for a quarter or more of their regular hours, and receive approximately 80% of their salary. The disability pension is for people over 30, while the Activity benefit is a similar benefit for people under 30 limited to 3 years. Reform introduced the 'rehabilitation chain' (2008) for people on sickness benefit to reduce the movement onto the long-term disability pension
- **UK:** Statutory Sick pay is a base rate sickness benefit paid by the employer for 28 weeks. The main disability income replacement benefit is Employment Support Allowance (ESA). Introduced in 2008 to replace the Incapacity Benefit, ESA is a two-tiered benefit where claimants are either assessed as never being able to work, or to be able to work again, in which case benefits are conditional on participating in work-related activity. The introduction of ESA also included the introduction of the Work Capacity Assessment, a stricter functional assessment of eligibility. Other reforms since have reduced the adequacy of ESA (2017).