

**Access to social protection
for workers and
the self-employed:**

Focus on sickness benefits

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Significance of sickness benefits

- Concerns related to moral hazard problems (absenteeism without being sick) inspired some earlier MS reforms of these scheme during the 1990s/2000s.
- A shift in perspective since, towards understanding economic and societal benefits of offering sickness benefits, for example:
 - Reduction in staff turnover and enhancement of worker productivity.
 - Reduction in costs related to work-based accidents and injuries when sick workers continue working.
 - Prevention of poverty among workers.
 - Facilitating proper recovery.

Significance of sickness benefits

- Increased relevance and attention to sickness benefits during the pandemic.
- Policy adaptations during COVID19, including the waiver of waiting periods, slowed down the spread of the virus and supported workers and businesses.
- Divergence in policy attitudes remain among Member States.
- Some MS treat sickness as a random social risk that should be compensated regardless of the working person's contribution record, others treat it as an earned social right.

Overview of trends across EU-27

- Distinction between formal and effective coverage.
- Formal coverage by sickness benefits a significant concern across EU-27.
- Challenges related to formal access for some groups of non-standard employees in 9 MS and for the self-employed in at least 4 MS.
- 366,000 non-standard workers have no access to sickness benefits (6 reporting MS).
- 5.3 million self-employed lack access to sickness benefits (3 reporting MS).
- Qualifying conditions also impede effective coverage in several MS.
- 'Hidden' adequacy related barriers in place in several MS.
- Often compounded by absence of legally prescribed minimal amounts.

Benefit access for employees

- In 2023, sickness benefits not accessible to some categories of non-standard workers in 9 MS (CZ, DK, EL, HU, LV, PL, PT, RO, SI).
- Only accessible on a voluntary basis for other categories of non-standard workers in 5MS (AT, LU, PL, PT and SK).
- Effective coverage: qualifying conditions for accessing the benefit are quite stringent in 10MS (6m+) – BE, BG, CY, RO, ES, SE, PT, HR, MT, IE .
- Particularly challenging qualifying period conditions in HR, MT, and IE.
- Impedes access for workers with shorter contribution records.
- Qualifying period should be observed jointly with the reference wage used for calculating the benefits (and minimal benefit amounts).
- Legislative efforts in IE and CZ to improve access.

Benefit adequacy for employees

- Several instances where the absence of a formal qualifying period is “compensated” by an inadequate assessment base.
- E.g. benefit amount is determined as % of gross earnings / 12 months preceding the temporary incapacity to work.
- In 16 MS, the reference wage used for calculating benefit amount is 6m+.
- Income replacement amounts thus inadequate for those with irregular income or shorter contribution records.
- In 9 MS with qualification periods below 6m, the reference wage period used for benefit calculation is also short (AT, DK, FI, FR, DE, EL, IT, LT, LU).
- Benefit floors can compensate for this. Particularly relevant in HR, PT and SI.
- No waiting periods in most MS or continued payment by employer for several days.
- May reduce adequacy on contracts without continued payment by employer.

Challenges for the self-employed

- The self-employed faced with greater obstacles to accessing sickness benefits than non-standard employees.
- Some categories without formal access to any sickness scheme, even in systems which provide compulsory insurance to the self-employed.
- Low take-up of voluntary sickness insurance is a challenge in some MS.
- Significant challenges in effective coverage for self-employed in some MS.
- They face high qualifying period requirements, or, in instances when these are laxer, they have an inadequate income base for benefit calculation.
- These are even longer than for employees in some MS.

Formal coverage of the self-employed by sickness cash benefits in EU-27

- *Compulsory sickness scheme*: AT, BE, HR, CY, DK, EE, FI, FR, EL, HU LV, LT, LU, MT, PT, RO, SI, SK, ES, SE, and IT for the 'new' self-employed.
- *Voluntary sickness scheme*: BG, CZ, DK, DE (compulsory for artists), IT, NL, PL (compulsory for farmers) and SK; for specific categories of self-employed in AT, EE, ES, SK, LT and LU.
- *No sickness scheme*: IE (except fishermen/women), and some categories of self-employed in IT, DE and EL.

Voluntary sickness schemes

- In MS with voluntary schemes, significant variations in benefit take-up among the self-employed.
- E.g. in BG, 69% opt in, while the estimate for SK is around 43%, substantially higher than in other MS (13% in CZ, 1.4% in NL).
- Participation in voluntary schemes should be proactively encouraged.
- Compulsory sickness benefits with voluntary components offer alternatives for greater flexibility.
- Examples of flexible compulsory benefit design:
 - LU, AT, DK, SE: Automatic coverage for serious illnesses and voluntary choice for short-term sickness.
 - PT: Shorter waiting period and gradually higher compensation for longer illnesses

Effective coverage and adequacy for the self-employed

- In 18 MS, qualifying periods the same for self-employed and employees.
- Like for employees, the amount is calculated as % of the recipient's average monthly gross income over a given period.
- In 11 MS, this period is longer than the required qualifying period (BG, CY, FR, HU, EE, LV, PT, PL, RO, SK, SI).
- In SK and FR, calculation basis for the self-employed substantially longer than for employees (24 months in SK, and 36 months in FR).
- Benefit floors for the self-employed only in SI and a very low one in PT.
- Relevant practices: Hypothetical income levels which guarantee adequate benefits used in LU, FI and SE for those with lower contributions records.

Flat rate benefits as a solution?

- Flat rate benefits can ensure some adequacy for those with low income and short contribution records.
- They offer a social minimum for every recipient, typically not tied to their contributions record.
- They may also be easier to administer, as they don't have to take into account fluctuating incomes of the self-employed.
- Can be combined with variable top-ups or graduated flat rates (e.g. Italy) to address fairness concerns.
- Not all flat rate benefit designs offer inclusivity for those with lower earnings (in MT duration limited by the beneficiary's contribution record).

Supplementary and partial sickness benefits

- Supplementary sickness benefits for caring responsibilities towards a sick child or family member available in 20 MS.
- Relevance of partial sickness benefits grown due to 'long-COVID'.
- Partial sickness benefits also relevant in view of active ageing and activation policies.
- These additional components of sickness schemes offer greater flexibility and support to working persons for balancing working lives with care responsibilities.
- Ensuring non-standard working persons' access to supplementary and partial sickness benefits should also be high on the policy agenda.

Thank you for your attention!

Questions or comments?

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