



**STRATEGIES TO RETURN
INJURED WORKERS TO
SUSTAINABLE EARNINGS**

**AN INTERNATIONAL LITERATURE REVIEW
JULY 2003**

**Report to the Department of Labour
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PART 1 INTRODUCTION

This literature review is part of the Return to Sustainable Earnings (RTSE) project. The purpose of the RTSE project is to consider the extent to which current policy settings are adequate to assist workers, who are disabled through injury, to return to sustainable earnings. This review informs the project by reporting on strategies used in other jurisdictions to return injured workers to sustainable employment.

The paper:

- provides an overview of the international reports and studies on return to work
- describes interventions to return people to work in a range of jurisdictions
- identifies where possible whether the interventions are effective in achieving their desired outcomes
- considers the effective interventions for relevance to New Zealand policy settings.

Background

An international trend¹ during the past decade, that includes New Zealand, has been an increase in the number of injured people and people with disabilities generally who are receiving compensation or disability benefits, and a consequent decline in labour market participation. Various measures have been taken by countries in an effort to counter this trend.

One of the objectives of the wider RTSE project is to understand how well New Zealand performs, relative to other countries in terms of its efficiency and effectiveness in getting injured people back to labour market participation and economic independence.

There have been studies undertaken comparing the respective countries' workers' compensation schemes, and there have also been attempts to identify the elements of other schemes that may be successful in influencing return to work. However the reintegration of injured workers back into the labour market is a complex process and has been the subject of investigation in a number of disciplines.

This report provides a structure to approach the international literature on return to work, reports on the major research into interventions, and considers the findings as they may apply to the New Zealand setting.

Methodology

The method used to complete this review was a systematic search and analysis of relevant documents. Information was gathered from the LMPG's Information Centre and other LMPG staff.

¹ OECD (2003) **Disability Programmes in Need of Reform**, Policy Brief
www.oecd.org/publications/Pol_brief

Most of the information came from an Internet search and keywords included: Injured Workers; Return to Work Studies; Work Incapacity and Reintegration; Vocational Rehabilitation; Workers' Compensation (arrangements); Work Retention; Occupational Safety and Health.

Major Sites: OECD; ILO; GLADNET (Global Applied Disability Research and Information Network)

Scope of the report

While the target group of this report is injured workers, a number of the interventions designed to return injured workers to sustainable employment described in the literature also apply to the wider group of people receiving disability benefits who have never worked or been out of the workforce for a long time.

Terms used

The goal of the wider RTSE project is “return to sustainable earnings”. The international literature does not use the term “sustainable earnings” and the nearest equivalent that is internationally recognised is “return to work”. Some of the literature distinguishes between the terms “job retention” and “return to work”, where the former refers to employees keeping their job during a period of incapacity and the latter refers to a return to employment after a period without a job. However the distinction is confusing as most often “return to work” refers to both situations, and the distinction is avoided in this paper. The target group for the RTSE project is injured workers in both of these situations, and they can be injured in *and* out of the workplace.

Organisation of the Report

- Part 2 provides an overview of the international literature and presents a structure for looking at the literature on the various aspects of the return to work issue.
- Part 3 presents a brief overview of arrangements operating in selected jurisdictions to compensate and reintegrate injured workers into the workforce.
- Parts 4 to 7 look at the most influential factors in returning injured workers to employment.
- Part 8 describes the findings of a recent six-country study on work incapacity and reintegration.
- Part 9 provides a summary of strategies used in other jurisdictions and considers their relevance to the New Zealand setting.

PART 2 OVERVIEW OF THE LITERATURE

This section describes the literature, and presents a structure for considering the major findings.

A search of the databases revealed few major international studies on return to work policies and programmes. Much of the literature is policy and practice oriented, rather than research based, and describes the policy, legislation, and compensation and benefit arrangements of the respective systems. The studies described below provide a good overview of the main return to work strategies and interventions operating in other jurisdictions:

- *The International Research Project on Job Retention and Return to Work Strategies for Disabled Workers*² (1998) examined the inter-relationships of public and enterprise policies and practices as they affect the retention and return to work of disabled workers in eight countries: Canada, France, Germany, the Netherlands, New Zealand, Sweden, the United Kingdom and the United States. The project was based in the United Kingdom and was initiated and supported by the International Labour Organisation and GLADNET. The project aimed to inform the development of effective, efficient and equitable job retention and return to work strategies for disabled workers.
- In 2001 Bloch and Prins³ reported on a major six-country study on work incapacity and reintegration (the WIR project) undertaken in the mid-1990s under the auspices of the International Social Security Association. The Project drew on data compiled in six longitudinal studies in Denmark, Germany, Israel, the Netherlands, Sweden and the United States. The Project examined a wide range of interventions directed at work incapacity and reintegration used by social security institutions, health care providers and employers in an effort to address the research goals, which were:

Do the various interventions (by social security and health care systems) found in different countries make a difference as to work resumption patterns? If so, what are the best interventions?

Bloch and Prins also undertook a literature search, and organised the literature into four disciplines, described below, which provide a useful way of approaching the vast array of articles identified from the various sources.

- In 2002 Eakin et al⁴ reported on a qualitative study of return to work in small workplaces, particularly its sociological dimensions. The study examined the strategy of Early and Safe Return to Work (ESRTW) currently used in Ontario – an approach that emphasises workplace self-reliance and early return to work before full recovery in modified jobs.

² Thornton P (1998) **International Research Project on Job Retention and Return to Work Strategies for Disabled workers - Key Issues**, International Labour Organisation

³ Bloch F, Prins R (2001) **Who Returns to Work and Why? 6 country study on work incapacity and reintegration**, International Social Security Series, Volume 5, Transaction Publishers, USA,UK

⁴ Eakin J M, Clarke J, MacEachen E (2002) **Return to Work in Small Workplaces: Sociological Perspective on Workplace Experience with Ontario's "Early and Safe" Strategy**, University of Toronto/Institute for Work and Health Study, Canada

- In 2002 Riddell⁵ published a literature review on work preparation and vocational rehabilitation. The review focused mainly on the development of vocational rehabilitation in the United Kingdom, but also considered approaches to vocational rehabilitation drawing on international literature and was therefore a useful source for the section of this report that deals with the topic.

Research disciplines

In addition to these larger studies there is a vast selection of articles on research and empirical studies reported in various journals. Bloch and Prins organised the literature on “work incapacity and reintegration” into four disciplines: clinical studies; economic studies; public policy studies; and sociological studies.

Clinical studies

It is not within the scope of this exercise to cover the multitude of medical interventions that deal with the physical side of impairment and functional limitation. However there are a number of clinical studies undertaken on the interplay between disease, psychological factors and social conditions that may cause individual differences in perceptions and responses to diseases. These studies and studies on workplace-based interventions such as modified work are reported below.

Economic studies

According to Bloch and Prins⁶ the observation of a simultaneous decline in labour force participation and the increase in the number of people entering disability programmes has led economists to enter the area of work incapacity and reintegration.

The assumption with micro-economic models is that a work-incapacitated person can choose between two options: work or transfer income, e.g. disability benefit or compensation. Thus the outcome will depend on the utility derived from each of the two options. The utility derived from the work option may depend on wages, health status, education, age etc. The utility derived from the benefit option may depend on the amount of benefit, health status, attitudes etc.

We may equally apply the micro-economic model to employers, with the various incentives and disincentives operating to influence their participation in the return to work/job retention processes.

The economic costs and benefits of various vocational rehabilitation programmes have also been studied. In economic terms participation in vocational rehabilitation may be said to increase the human capital of the affected person. Other instruments, such as wage subsidies, workplace adaptations, and job placement, may create job opportunities for people with reduced work capacity. Studies on economic incentives and the effects of vocational rehabilitation, where they are available, are reported below.

⁵Riddell S (2002) **Work Preparation and Vocational Rehabilitation: A Literature Review**, Strathclyde Centre for Disability Research, University of Glasgow

⁶Bloch and Prins (2001) op cit, page 33

Public policy studies

Public policy studies consider how the legislative and administrative characteristics of social security schemes affect return to work. Schemes are financed by a variety of methods, including by public (tax) funds, employer contributions, employee contributions, and by private insurance funds. The financial structure provides different economic incentives for those involved, and may affect the way the schemes are used.

This area covers eligibility criteria and benefit (payment) formulae, i.e. how the payment is calculated, duration of payments etc. This aspect overlaps with economic studies. The various conditions may influence whether injured employees stay out of work or return to work. Findings on the organisation of benefit arrangements are presented below.

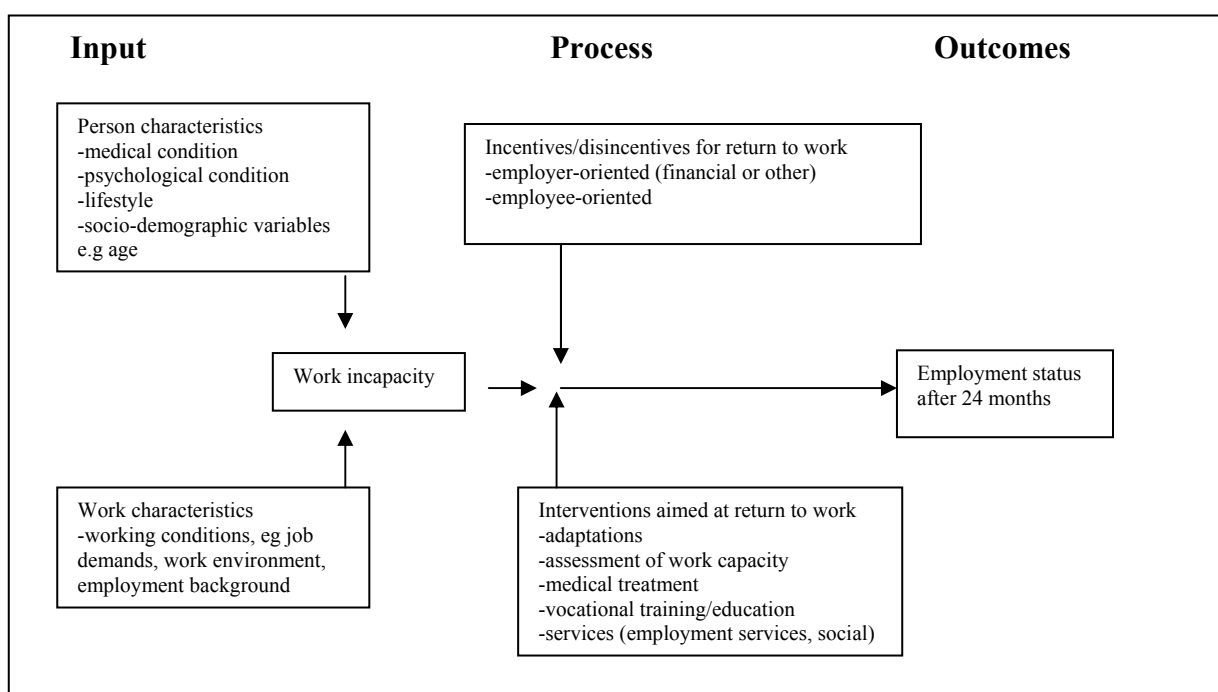
Sociological studies

Sociological studies are concerned with the dimensions of disability and return to work associated with social relations. Bloch and Prins divide the sociological research into micro and macro. The micro approach considers the factors related to the individual, their behaviour, relationships and surroundings as they affect an injured person's capacity to return to work. The macro perspective looks at societal conditions, such as working conditions and unemployment, in order to explain capacity to return to work. Findings on sociological studies are also presented below.

Return to Work model

The model below in Table 1 is adapted from Bloch and Prins and captures various return to work factors. Characteristics of the individual at the time of work incapacity correspond to input; incentives and interventions that may affect work resumption correspond to process; employment status at the end of a prescribed period is the outcome. As the arrows indicate Input factors as well as Process factors can influence the outcomes, and in attempting to measure the success of interventions there can be considerable confounding between Input and Process variables. From a policy perspective it is possible to influence both Input and Process variables.

Table 1: Return to Work Model



Interventions and other influential factors

The repertoire of interventions and other factors that influence return to work outcomes tend to fall into four major areas in the literature, although these overlap considerably:

- Employer related incentives/requirements/job retention.
- Work adaptations: interventions involving changing the work environment to enable the injured worker to overcome incapacity.
- Employee related: benefit/compensation incentives; employment conditions; psychosocial characteristics.
- Vocational rehabilitation

Part 3 provides a brief initial overview of the systems in other countries. Parts 4 to 7 look at the practices of the respective countries and relevant studies under the above categories.

PART 3 COUNTRIES IN CONTEXT

A full description of injury compensation and rehabilitation programmes in other countries is not necessary for this review. At any rate it is difficult to keep up to date with the continuous changing and tweaking of systems, especially in those countries with federal and state systems where a number of discrete compensation systems are operating. However the choice of interventions can be influenced by the broad compensation arrangements of countries and it is worth covering these briefly. The countries reported on are Australia, Canada, United States, United Kingdom, the Netherlands, Germany, Denmark, Sweden and France.

In the literature the countries have been clustered into two groups: the predominantly English-speaking countries and the five mainland European nations.⁷ The distinction is based on traditions of more regulated systems in the countries of mainland Europe compared with the less interventionist approaches taken in the Anglophone countries. These differences have influenced approaches to the employment of disabled people. However there appear to be more similarities than differences in the approaches taken in the past few years, and it is evident that the various jurisdictions have been learning from each other and adapting successful interventions to their own systems.

Australia

Australia's major programme for work-related injury is workers' compensation, operating at the state rather than the national level. There are ten distinct major workers' compensation schemes in operation, each with their own legislation: one for each of the six states and two territories plus two federal schemes, providing coverage for public sector employment at the commonwealth level and for the merchant marine. There are also a number of other injury insurance schemes, particularly in the mining industry.

In Australia approaches to rehabilitation have undergone a number of stages with a workplace-centred model emerging from the late 1980s and becoming dominant from the early 1990s. Considerable effort has been directed at return to work issues and the balance between employer and worker obligations. Now there are statutory requirements contained in the respective pieces of legislation for employers to hold jobs open, and take responsibility for oversight of rehabilitation.

Canada

In Canada there is a range of compensation programmes for work-related injury or illness, but workers' compensation is the main programme and, as in Australia, each province and territory has its own legislation. Companies often purchase private health coverage and insurance for their employees against the risk of disability. In Canada there has also been a move towards greater responsibility by employers to hold jobs open and take responsibility for oversight of rehabilitation.

⁷ Thornton (1998) op cit, page 8

Quebec⁸ – an example

The workers' compensation system in Quebec is based on three principles: prevention, through a partnership of workers, employers and others working together to promote a safe and healthy working environment; early return to work through provision of necessary supports and rehabilitation services; and fair and equitable compensation, all delivered in a cost efficient and effective manner.

There are extensive provisions in the legislation dealing with rehabilitation, including a requirement that every disabled worker have a personal rehabilitation plan. The Quebec legislation also contains provisions to encourage early return to work by allowing employers to assign injured workers to temporary or modified work assignments until the worker is able to resume his or her normal job or duties.

United States

In the United States workers who are injured in their jobs may receive benefits through state-administered workers' compensation programmes, starting from the date of injury. Workers' compensation programmes vary from state to state, again with their own legislation, in requirements for coverage, and in the types and amounts of benefits provided. Companies commonly purchase private health coverage and insurance for their employees against the risk of disability. The larger firms operate disability management systems for the handling of claims and accommodation of workers with disabilities.

Private insurance carriers also play an essential role in the administration of the programmes alongside the states' major role.

The United States does not have the same legislated requirements on employers to keep jobs open as Australia and Canada. However, as in all four English-speaking countries, disabled workers are protected by human rights legislation (in the US the Americans with Disabilities Act [ADA] 1990 and the Disability Discrimination Act 1995). The United States compensation systems take responsibility for providing rehabilitation and return to work support.

Oregon⁹ – an example

In Oregon, workers' compensation coverage is mandatory for most employers. The Workers' Compensation Division of the Oregon Department of Consumer and Business Services (DCBS) is responsible for the administration, supervision and enforcement of Oregon's worker compensation laws. Employers may insure their risks through either private insurers, or SAIF (the state system), or by self-insurance (both individual and group self-insurance is permitted). The legislation requires that an injured worker be provided with both physical and vocational rehabilitation. The cost of rehabilitation is covered by insurers and self-insured employers.

⁸ www.labour.gov.bc.ca/rcwcbc/research_papers (1998) **Comparative Review of Workers' Compensation Systems in Select Jurisdictions: Quebec**

⁹ www.labour.gov.bc.ca/rcwcbc/research_papers (1998) **Comparative Review of Workers' Compensation Systems in Select Jurisdictions: Oregon**

United Kingdom and Mainland Europe

In the United Kingdom and countries of mainland Europe workers are insured against work-related injury or illness within the wider social insurance system. Generally speaking, beneficiaries do not receive different services from those who become disabled through other causes, although compensation levels may differ in some countries if the disability is work-related.

United Kingdom¹⁰

The United Kingdom has a large and complex system of benefits for disabled people that includes injured workers. The Statutory Sick Pay (SSP) is payable to employees by their employers for a period of sickness up to 28 weeks, and the Incapacity Benefit is payable to people who have paid in sufficient National Insurance Contributions (NICs) and are incapable of work. For most people, the first 28 weeks of incapacity are assessed against their usual occupation. After that time the test of eligibility is whether someone is incapable of all work. The United Kingdom has been active in recent years in introducing measures to encourage employment and reduce the numbers of people on long-term incapacity benefits. The Disability Discrimination Act 1995 (DDA) places a duty on employers to make reasonable adjustments to accommodate the needs of disabled people. A number of the measures for people with incapacity, especially in the area of vocational rehabilitation, apply also to injured employees.

The Netherlands

In the Netherlands¹¹ the social security agency is responsible for evaluation of work incapacity, initiation of rehabilitation measures and determination of eligibility for a benefit. Injured workers initially receive a sickness benefit and if unable to return to work shift to a longer-term disability benefit. Eligibility decisions for sickness benefits are made more quickly and with less information than for disability benefits. Employers are required to send in a rehabilitation plan after 13 weeks to stimulate rehabilitation. Since 2001 rehabilitation has been outsourced to private rehabilitation providers. Social security agencies act as case manager for people with a disability benefit and decide on the rehabilitation trajectory.¹²

Sweden

In Sweden¹³ workers' compensation or work injuries insurance is integrated with Sweden's comprehensive national insurance system. However work injury insurance is financed separately through contributions from employers, based on a payroll levy, and the self-employed.

¹⁰ Meager N (2002) **Active Labour Market Programmes for People with Disabilities Country Profile: United Kingdom**, Institute for Employment Studies (IES), EIM Business and Policy Research, Zoetermeer

¹¹ Bloch and Prins (2001) op cit pages, 18,19

¹² Zwinkels W (2002) **Active Labour Market Programmes for People with Disabilities Country Profile: The Netherlands**, EIM Business and Policy Research, Zoetermeer

¹³ www.labour.gov.bc.ca/rcwcbc/research_papers (1998) **Comparative Review of Workers' Compensation Systems in Select Jurisdictions: Sweden**

In Sweden¹⁴ labour market policy is based on the principle of universal entitlement to work, and emphasis historically has been on a strong work ethic and full employment. As in all European countries, there have been attempts to stop the trend in growth of benefits during the 1990s. The amount of benefit paid has been reduced and more responsibility has been placed on employers and employees to achieve an early return to work. Employers are required by legislation to report any employee receiving more than four weeks sick leave to the social insurance office, and the employer, employee, and the social insurance office share responsibility for beginning a rehabilitation plan.

Germany

In Germany¹⁵ virtually all workers are covered by social health insurance. Return to work is a strong institutional feature and is supported by various pension funds that invest in rehabilitation as a first resort before payment of pensions. Responsibility for initiation of rehabilitation measures is in the hands of the disability pension agency rather than the employer.

Denmark

In Denmark¹⁶ a recipient of sickness benefits has to be assessed for either treatment, or rehabilitation, or transfer to disability retirement within two months, and every month thereafter. Initiation of rehabilitation measures is the responsibility of the social services department in the municipality.

France

In France¹⁷ the body responsible for encouraging access to employment and ensuring the continued employment of disabled persons, including injured workers, is the AGEFIPH (Association pour la Gestion des Fonds pour l'Integration Professionnelle des Personnes Handicappes). Larger enterprises under the quota-levy system are encouraged to develop integration plans that cover retention, rehabilitation and training, as an alternative to paying the levy. AGEFIPH is responsible for administering the levy fund and works proactively with large businesses. AGEFIPH provides temporary financial support to retain employees who become disabled while practical help is arranged, and also provides diagnostic advice and grants towards adaptations.

¹⁴ Sim J (1999) **Improving Return-to-Work Strategies in the US Disability Programs, with Analysis of Programme Practices in Germany and Sweden**. Social Security Bulletin, 59, 3, 41-50

¹⁵ Thornton P (1998) **International Research Project on Job Retention and Return to Work Strategies for Disabled workers - Key Issues** International Labour Organisation

¹⁶ Hogelund K, Pederson J G (2002) **Active Labour Market Programmes for People with Disabilities Country Profile: Denmark**, Danish National Institute for Social Research, Zoetermeer

¹⁷ Descolonges P (2002) **Active Labour Market Programmes for People with Disabilities Country Profile: France**, EIM Business and Policy Research, Zoetermeer

PART 4 EMPLOYERS' ROLE, EARLY INTERVENTION, JOB RETENTION

Increased Employer Role

Since the 1980s rehabilitation initiatives have extended in many countries towards a greater workplace focus. In some states and provinces of Australia and Canada explicit responsibilities have been given to employers to manage the return to work process, and to employees to actively participate in return to work programmes.

Australia

In Australia¹⁸ under the Commonwealth's Safety, Rehabilitation and Compensation Act 1988 (SRC Act) the employer is responsible for ensuring that injured employees receive timely rehabilitation assessments and effective rehabilitation programmes. Ultimately the employer has responsibility to find suitable employment for the employee. Employers must have in place a rehabilitation policy, managed rehabilitation programmes, and early intervention and appropriate return to work strategies.

Canada

In Canada¹⁹ there are similar provisions. Although human rights legislation is considered paramount to workers' compensation legislation, an increasing number of provinces have chosen to incorporate within their workers' compensation legislation a provision requiring employers to re-employ and accommodate injured workers.

The details of the reinstatement provisions vary but all require employers to re-employ an injured employee when the worker is able to resume work, either in the position that he or she held at the time of injury, or an equivalent position. Some provinces limit the obligation to re-employ to workers who have been employed with the employer for at least one year.

Ontario - An Example

In Ontario,²⁰ Early and Safe Return to Work (ESRTW) is legislated and underpins the approach of the Workplace Safety and Insurance Board (WSIB) and associated disability management sector. The Workplace Safety and Insurance Act (1998) places a requirement on the employer to re-employ a disabled worker when that worker is ready to return to work. A worker must have been employed for a period of one year for this provision to apply to them. Employers of less than twenty workers are exempt from this requirement.

The approach aims to have injured workers return to work as early as possible after injury, even before full recovery and to have employers accommodate them by providing modified jobs that workers can manage without further injury.

¹⁸ Comcare Australia (2003) **Rehabilitation: Managing Return to Work – better practice guide for senior managers and supervisors**, (Internet article)

¹⁹ Gunderson M, Gildiner A, King A (1998) **International Research Project on Job Retention and Return to Work Strategies for Disabled workers, Study Report Canada**, International Labour Organisation

²⁰ Eakin J M, Clarke J, MacEachen E (2002) **Return to Work in Small Workplaces: Sociological Perspective on Workplace experience with Ontario's "Early and Safe" Strategy**, University of Toronto/Institute for Work and Health Study, Canada

A core feature of ESRTW is self-reliance: workplaces themselves are given primary responsibility for managing return to work, with the WSIB's role being limited to monitoring, mediation and facilitation. Incentives for employers include financial rebates and penalties; for workers they include access to compensation and other support.

United States

In the United States the role of returning injured employees to work is largely in the hands of employers. As employers are responsible for paying medical and indemnity benefits for work-related injury, and as insurance premiums are related to claims, there is an incentive to return the employee to work as soon as possible. The management of the occurrence of injury is now an accepted function of large businesses, prompted by experience rating (described below).

Oregon – an example

In Oregon²¹ the Workers' Compensation Division administers the Reemployment Assistance reserve, a subsequent injury fund that is financed through employer and worker assessments. The fund has two basic programmes: The Employer-at-Injury Programme and the Preferred Worker Programme (described further below). The goals of these programmes are to encourage employers to take a lead in early return to work for injured workers, and to encourage employers to hire or rehire injured workers.

Sweden

In Sweden²² the response to rising costs of sickness and disability benefits has been to shift responsibilities from the state to the workplace and to focus on job retention. Swedish employers have an explicit primary responsibility to rehabilitate their employees and to facilitate their work resumption. Employers are responsible for promoting healthy work environments and making adaptations for individual needs in the workplace.

Netherlands

In the Netherlands strategies to reduce sickness absence rates and costs to the disability benefit system have led to new responsibilities on employers. Penalties on employers for non-compliance have been resisted and strategy has shifted towards financial incentives.

France

In France²³ employers' networks for disability are well developed and employees' associations and disabled peoples' associations are also active providers of services to support job retention and return to work.

²¹ www.labour.gov.bc.ca/rcwcbc/research_papers (1998) **Comparative Review of Workers' Compensation Systems in Select Jurisdictions: Oregon**: page 9

²² Sim (1999) op cit

²³ Thornton P (1998) op cit page 14

Effectiveness of employer/workplace approaches

The role of employers in re-integrating workers back into the workforce has been found to be critical in a number of studies.²⁴ A Canadian study²⁵ reported²⁶ that employers' policies and practices have a great influence on the post-injury employment prospects of workers who sustain disabilities from workplace injuries. They also reported that a 1989-90 Ontario survey of injured workers found that 90 percent of the workers who successfully returned to work following their injuries returned to the employers for whom they were working at the time of their accidents.²⁷ Forty percent of the workers who never worked again after their injuries reported that they had sought re-employment with their pre-injury employers, but were rejected.²⁸

A Canadian report²⁹ has raised the issue that requiring the time-of-accident employer to retain or accommodate the return to work of the injured worker ensures that the employers bear the costs of the injuries. The report states that ensuring that injured workers are able to return to the same employer is important, since empirical evidence³⁰ suggests that the cost of accommodation requirements are otherwise shifted back to workers in form of lower wages if they return to work with a different employer. The report suggests that the emphasis on job retention may be part of a broader strategy of governments to shift to employers more of the costs of conventional government services such as vocational rehabilitation services and transfer payments.

Employer Incentives/ Disincentives

Financial

Employers may receive financial incentives to recruit or retain disabled workers, in the form of wage subsidies, lump sums, premium reductions, and contributions towards workplace modifications.

Wage subsidies

In **Oregon** the Employer-at Injury Programme is an employer-activated programme which is designed to encourage early return to work of an injured worker before claim closure. Benefits offered include a three-month wage subsidy, early return to work bonuses and worksite modification. A second programme, the Preferred Worker Programme (PWP) is for injured workers who cannot return to regular work due to limitations resulting from the injury. They are identified by the department as Preferred Workers (PWs).

²⁴ Kenny, D. T (1998). **Returning to work following workplace injury: Impact of worker and workplace factors.** *Journal of Applied Rehabilitation Counselling*, 29, 1, 13-19.

²⁵ Annable G (2000) **I Want to Go Back to Work: Barriers to the Re-employment of Injured Workers with Significant Disabilities in Manitoba**, Workers with Disabilities Project, Canada

²⁶ Thomason T, Burton J F and Hyatt D (1998) **Disability and the Workplace** in *New Approaches to Disability and the Workplace*, Madison, Wisconsin: Industrial Relations Research

²⁷ Johnson W and Baldwin ML (1993) **Return to work by Ontario workers with permanent partial disabilities:** A Report to the Workers Compensation Board of Ontario, Toronto

²⁸ Butler R J, Johnson W and Baldwin ML (1995) **Managing Work Disability: Why First Return to Work is not a Measure of Success**, *Industrial and Labour Relations Review* 48 (April) 452-469

²⁹ Gunderson M, Gildiner A, King A (1998) **International Research Project on Job Retention and Return to Work Strategies for Disabled Workers**, Study Report Canada, International Labour Organisation

³⁰ Gunderson M and Hyatt D (1996) **Do Injured Workers Pay for reasonable Accommodation?** *Industrial and Labour Relations Review* 1996:50 (October) 92-104

The programme provides premium exemption, claim cost reimbursement, six month wage subsidy, obtained employment purchases (e.g. worker's tools, clothing, moving expenses) and worksite modification. Actual use of the benefits is at the option of the injured workers.

A retrospective study³¹ of these programmes showed that workers placed in light-duty jobs while their claims were still open, the Employer at Injury Programme group, had the best long-term employment patterns after injury. Of the Preferred Worker group, PWs who actually used the programme's benefits were relatively few. However benefit users had re-employment rates that were half again as high as workers who did not use the PWP benefits. For the average Preferred Worker, the wage subsidy was the most important benefit in terms of cost. Worksite modifications and claim cost reimbursements under premium exemption were also significant.

Premium Reduction

In the *Netherlands*³² employers pay a reduced amount for employees' insurance schemes, such as disability insurance, when they recruit or retain a disabled worker. This new policy (2002) replaces the previous flat rate paid to employers to recruit or retain a disabled person, and is considered to be more efficient to administer.

Experience rating

A common incentive to employers to reduce the costs of claims by injured employees is the use of experience rating in its various forms. Experience rating is a financial incentive provided by tying employers' premiums for workers' compensation to their accident records.

Many different forms of experience rating are possible, and there is a distinction between retrospective and prospective programmes.³³ In a prospective plan, each firm pays a personalised rate based on its claims experience over the preceding rating period. In a retrospective plan all firms pay the same rate up front, but receive refunds or surcharges as claims develop over the rating period following the premium year.

Premium adjustment mechanisms also vary. Adjustments may be based on the monetary cost of workplace accidents, on the frequency of claims, or both.

In Germany and Canada firms are classified (as in New Zealand) by industrial sector, depending on how prone they are to occupational injuries, and different contribution rates apply. Canada (Ontario) has a retrospective system with rebates for low claim records. Quebec and British Columbia have prospective programmes.

³¹ Maier M (2001) **Return to Work in the Oregon Workers' Compensation System**, Department of Consumer and Business Services, Research and Analysis Section, Oregon

³² Pennings F (2003) A Critical View of Incentives to help Beneficiaries Back into Work in the Netherlands, Internet article

³³ Infocus (2002) **Insuring the health of our workforce: a look at experience rating programmes** Issue 30a October 2002 Institute for Work and Health publication, Canada

In the United States³⁴ larger firms (which cover 85% of workers) pay a rate adjusted to reflect their actual claims experience, and the very large firms pay a rate based entirely on experience and not related to the industry average.

Experience rating is also operating in the Netherlands³⁵, combining an industry-wide rate with the firm's record of preventing claims on the disability system.

Studies³⁶ on experience rating suggest that it has a positive effect on the frequency of claims, but they have not been able to identify which behaviours, both desirable and undesirable, have combined to produce the effect. Canadian studies that have examined employer responses to experience rating have found that both accident rates and investments in safety improve under experience rating, but that employers are also more likely to appeal claims.

Some negative effects have been identified with experience rating.³⁷ Premium costs may be reduced by failing to report or misreporting accidents, forcing workers back to work before they are ready, paying sick employees wages rather than have them receive benefits, or contesting all claims, not only those believed to be illegitimate. Problems also arise with the diversity of employers. Improving experience rating usually means increasing the complexity of plans, so that they become too incomprehensible and unwieldy for small employers. Some compensation boards (Canada) have tried to respond to this need by distributing educational pamphlets that simplify the complex plans of developing simplified programmes specifically for small employers.

Tax deductions

In Canada³⁸ tax relief is provided under the Income Tax Act to employers who retain disabled workers. Modifications to buildings and devices to improve access are immediately deductible at full cost.

Quota-levy systems

In France and Germany, larger enterprises are under a quota-levy system. Put simply, employers must employ a target percentage of recognised disabled workers or pay a levy that is redistributed through a fund, to support the costs to employers of employing disabled people and to finance measures to promote the employment of disabled workers.³⁹ In France AGEFIPH is the body that administers the levy fund. AGEFIPH also helps large businesses with such interventions as temporary financial support to retain employees who become disabled, diagnostic advice and grants towards adaptations.

The concept of employment quotas for disabled people has lost favour in some countries (such as United Kingdom) as attitudes to disability have altered. Quota systems are based on principles of collective obligation towards disabled people. In the English-speaking countries, particularly the United States, these notions of obligation and redistributive

³⁴ Thornton, op cit, page 28

³⁵ Thornton, op cit, page 29

³⁶ Infocus (2002) op cit

³⁷ Infocus (2002) op cit

³⁸ Gunderson M, Gildiner A, King A (1998) International Research Project on Job Retention and Return to Work Strategies for Disabled workers, Study Report Canada, Geneva: International Labour Organisation

³⁹ Thornton, op cit, page 10

justice are contrary to the principles of individual rights and the employer's right to hire. Quota systems have also been found difficult (uneconomic) to administer and enforce.

Shifting the Costs to Employers

Directly shifting the costs to employers is one way to encourage employers to take an active role in returning injured workers to employment and to take measures to prevent occupational injuries. The employer can be required to pay wages for a period of sickness, and this varies from one or two weeks up to a year as in the Netherlands. The Netherlands⁴⁰ first made employers responsible for the first 12 months of sickness in 1996. Benefits were to be paid at 70% of wages and employers were able to insure themselves to cover the risk. There was an immediate reduction in the number of sickness benefit claims, but this positive outcome was offset by employers becoming more selective in recruiting new employees, to avoid potential costs.

New employers

Five *Australian* schemes⁴¹ provide incentives to new employers to take on workers ready to return to work, but unable to do so with former employers. Incentives are of three types:

- exemptions for the new employer, such as if the old injury returns/is exacerbated, or for premiums for a specified period
- financial assistance towards workplace modification and training of the new employee
- either lump sum or wage subsidies to facilitate the first few months in the new job and/or retention bonus for long term placement.

In *Sweden*, employers hiring disabled workers are eligible to receive wage subsidies, but subsidies are not available for already employed persons.

Small businesses

Many of the measures that promote job retention do not apply to firms with less than a set number of employees. With changing employment conditions and growth of small firms the number of excluded people with disabilities is likely to increase.⁴²

A recent study⁴³ explored the Ontario Early and Safe Return to Work (ESRTW) scheme in small workplaces, particularly its sociological dimensions. The study identified elements of ESRTW that can be problematic in small workplaces, and sounded a caution against a one-size fits all approach. For employers there are significant administrative and managerial challenges that can draw them into the disciplinary and medical management of return to work. The compliance requirements can damage their relationship with the injured worker and other employees. Workers can suffer from imputations of fraudulence and "overuse"

⁴⁰ Van Oorschot W and Bott K (2000) **The Battle Against Numbers: Disability Policy in the Netherlands**, Tilburg Institute for Social Security Research, Tilburg University

⁴¹ Accident Compensation Corporation (2002) **Permanent Pensions/Earning Related Supplements, Review of International Schemes** (draft 15 August 2002)

⁴² Thornton (1998) op cit, page 17

⁴³ Eakin et al (2002) op cit

of rights, at a vulnerable time in the recovery process. The findings suggested that the ESRTW strategy might be transferring costs to workers and their families, and to employers. The study suggested that alternative strategies are needed that are tailored to the structural conditions of work and social relations of small enterprises.

Summary

A number of trends have contributed towards greater employer responsibility for job retention and return to work of people disabled in the workplace:

- In the labour market the trend has been to reduce the scope of public policy and increase the autonomy of private enterprise, even in the more interventionist jurisdictions.
- The requirement to accommodate the environment to the disabled person is becoming as much a part of compensation systems as of rights legislation.
- An increasing number of jurisdictions have legislated requirements on employers to take an active role in job retention for injured workers.
- There has been a shift towards making employers more responsible for the costs of injured workers.

Studies have found the role of employers to be critical in re-integrating injured workers back into the workplace.

A range of financial incentives have been employed with varying success and cost to encourage employers to recruit or retain disabled workers, such as wage subsidies, premium reductions, experience rating, tax deductions, quota/levy systems.

Those areas where employer responsibility for return to work is identified as problematic are as follows:

- Small businesses have less capacity to take on responsibilities for managing return to work of injured employees.
- Employees may be actively discouraged from seeking compensation (e.g. where experience rating is dependent on the firm's claims record) and pressed to return to the job too early.
- Employees may **want** to take up work with a different employer.
- There may be selectivity in recruitment to avoid those who pose a financial risk.
- There is a challenge to get workplaces to be self-regulating in the intended way. (In Ontario employers who do not co-operate may be fined).

PART 5 WORKPLACE ADAPTATIONS

Workplace adaptations may take the form of physical modifications, transitional duties, reduced hours, and lighter workloads.

Workplace modifications

Adapting the workplace to deal with disability fits with the model that disability is a result of the interaction between the impairment and the social and physical environment. Measures to reduce barriers in the workplace have tended to be a feature of disability policy aimed at access to the workplace for people with disabilities rather than adaptations for workers already employed who are injured.

For the injured employee workplace adaptations may include technical aids such as a special chair or table, special tools, adapted transport, etc, designed to facilitate work resumption.

These adaptations exist in all of the countries in this review, and are often a requirement of the employer. Usually businesses bear the cost of removing environmental barriers, but these are often subsidised. In the United States a disabled tax credit can be claimed towards the costs of making small businesses accessible to customers and employees with disabilities. In Sweden funding is available for adaptations to the workplace.⁴⁴ In France and Germany substantial funding is provided for employment supports for disabled people. The funds gathered through the quota-levy systems are principal sources of financial and practical support to French and German employers.

Early return to work, transitional duties

Transitional duty is an effective means to return employees to work after injury or illness. Provision of transitional duty may facilitate earlier return to work. It also helps in retaining an experienced workforce, and decreases disability related costs.

In large firms, particularly in the United States, professionals are employed to take care of the occupational and environmental health of employees. The occupational and environmental health nurse plays a major role in developing and maintaining a transitional duty programme.

A study⁴⁵ in the United States explored the efforts of a large corporation to maximise occupational health nursing skills in providing disability management for any employee with a health issue impacting the workplace. The report stated that the plan featured early, aggressive and safe return to work programmes that minimised personal and corporate costs. It looked at development, implementation and evaluation and gave examples of report and evaluation forms used. It noted that following a successful pilot, the programme was implemented throughout the US, resulting in savings of 30 million dollars over a three-year period.

⁴⁴ Thornton P (1998) **International Research Project on Job Retention and Return to Work Strategies for Disabled Workers - Key Issues** International Labour Organisation, page 13

⁴⁵ Boseman J (2001) **Application of a Nurse-based Model in a Large Corporation**, AAOHN Journal April 2001, vol 49, no 4 176-186

Part-time work is discussed further in section 6 on employee-related factors.

Workplace education

One study⁴⁶ reports on the effects of an educational programme for immediate supervisors on employees' back problems. The course was designed to help supervisors deal more effectively with employees returning to work after being treated for back pain. The study reported a positive response by course participants.

Effectiveness of workplace adaptations

A number of studies⁴⁷ have concluded that employer accommodation and workplace reaction/climate to injury can be vital in reintegrating injured workers back into employment. Studies have found that reduced hours, modified equipment and light workloads resulted in more sustainable returns to work, and significantly less work /employment disruption.

Financial incentives for workplace modifications

Experience rating of premiums for workers' compensation provides incentives to return employees to work with appropriate adaptations. It is reported that in the United States that some employers may be reluctant to make accommodations because of the litigious nature of worker's compensation. To do so may be seen as admitting liability. This option may be reduced if experience rating is combined with protection against dismissal, or with obligations to co-operate in returning disabled workers to their original job.⁴⁸

Providing information and assistance to employers

The idea that job accommodation should be the first response to enable a worker to stay in work is comparatively recent. Small firms with no experience of employees with disabilities may remain unsure of possible courses of action. In most countries there is a confusing array of information sources. Employers' organisations are well placed to raise awareness and promote attitudinal change.

In the United Kingdom employers' networks on disability encourage members to learn from one another.

In France employers' organisations have set up teams to inform and raise awareness amongst employers, including advice on modifications in the workplace. In France AGEFIPH funds awareness-raising programmes for management and for occupational health and personnel departments.

In Germany authorities finance training events for workplace representatives, which include topics such as adaptation of workplaces or needs of special groups.⁴⁹

⁴⁶ Linton S J **Manager's role in employees successful return to work following back injury**: Work and Stress; July to Sept 1991, Vol 5, no 3, p189-195, 1991

⁴⁷ Butler et al (1995) op cit p 465 ; Maier M (2000) op cit p 1

⁴⁸ Thornton P (1998) op cit page 46

⁴⁹ Thornton (1998) op cit, page 47

Programmes, which depend on employers to seek out the information, have limited potential. One solution is to have one umbrella organisation responsible for advice, services and funding. In France the French fund AGEFIPH is exceptional in having sole responsibility for funding modifications to the workplace, and in combining technical assistance and funding.⁵⁰

Transportation

The topic of transportation does not feature largely in the literature, but can be a significant factor in determining whether an injured person returns to work. This may take the form of transportation to the workplace by taxi or a commuting service, compensation for using one's own car, a subsidy for buying a car or adapting a car. Bloch and Prins⁵¹ found that transportation was most commonly used in Denmark, Sweden and Israel.

Summary

Workplace adaptations in the form of reduced hours, physical modifications, and lighter workloads have been found to be a significant factor influencing sustainable return to work. There is an identified need for provision of information to employers, particularly of small businesses, on ways to access assistance with job modifications in their various forms, and on ways to deal with injured workers who return to work following treatment.

⁵⁰Thornton (1998) op cit page 48

⁵¹Bloch F, Prins R (2001) **Who Returns to Work and Why? 6 country study on work incapacity and reintegration**, International Social Security Series, Volume 5, Transaction Publishers, USA, UK page 151

PART 6 EMPLOYEE-RELATED FACTORS

Introduction

There are a diverse range of employee-related factors which influence return to work of injured workers. These include: benefit and compensation programmes; wage subsidies; psychosocial factors, disciplinary actions; labour market conditions; and the role of labour unions.

Benefit and Compensation Programmes

The design of the benefit or compensation programme is an important factor in determining whether injured workers return to employment and how early. Determinants include: the level of benefit; rules for granting benefits; options to combine work with benefit; opportunities to obtain or retain benefits during rehabilitation; using benefits for transition back to work.⁵²

Level of benefit

The level of benefit or compensation can influence an injured worker's speed of return to work. In a number of countries injured employees' benefit or compensation is based on a percentage of their pre-injury earnings. They therefore receive less income than they would if they were in employment.

Australian schemes operate upon wage loss principles for the calculation of loss of earning entitlement, although there are significant variants between them in respect to duration, and the capacity for it to be capitalised in the form of lump sum redemption payments.

Two-thirds of schemes specify an upper limit on payments and/or supplementary payments. In Australia caps vary from 90% of the average weekly wage plus allowances (New South Wales) to 150% of the average weekly wage (\$1236.15 in 2003) for Commonwealth employees.

Canadian schemes have a cap based on a percentage of the province's average ranging from 92% in Alberta to 133.72% in British Columbia.

In the United States, the schemes vary. Some are based on the worker's average net earnings, and some on average gross earnings, some using time loss/wage replacement, and some a percentage of the state average wage. In many places claimants do not pay the various taxes, union dues, or retirement contributions while receiving workers' compensation.

European schemes have sickness (injury) benefit programmes covering the first period of incapacity, and these may be superseded by disability benefits for long-term incapacity. Sickness benefits may last up to one year or even longer. They are determined as a percentage of wage replacement and range from 70% in the Netherlands (supplemented from other sources) to 100% in Denmark (with a ceiling that usually excludes full replacement).

⁵² Thornton (1998) op cit, page 26.

As a disincentive to remaining on a benefit some countries use a sliding scale that decreases the amount of benefit over time. Sweden⁵³ uses a sliding scale, beginning with 80% of the gross wage for the first year, and reducing to 70% from day 366.

Another approach is to restrict the time a person may spend on a benefit. In the United States in some workers' compensation systems there is a time limit for earnings-related compensation. Claimants must then move to the Federal Disability Insurance benefit or state welfare. Conversely, in the United Kingdom the higher rate of Incapacity Benefit is only paid from week 29.

Rules for granting benefits

In several countries there is a reported⁵⁴ shift towards stricter regulation and application, that is, the degree of disability has to be higher, or rehabilitation measures have to be tried before granting compensation. The United States' definition of disability is of full and complete disablement, whereas other countries recognise lesser degrees of impairment. Those countries that recognise degree of impairment award partial benefits based on degree.⁵⁵

Return to work with partial benefits

In most countries it is possible to return to the job part-time and combine earnings with income from compensation, sickness/disability benefits, or other employment-related reparation.

Thornton⁵⁶ reports that in the United States most workers' compensation programmes provide partial benefits for individuals who return to work at reduced capacity, and private schemes are increasingly providing for partial benefits. More progressive plans provide a return to work benefit as an incentive to return to work at the critical early stages. These provide full benefits, regardless of partial earnings, as long as they do not exceed the pre-disability level of earnings.

In the United Kingdom the disabled person's tax credit is payable through the wage packet rather than as a benefit payment.

In Sweden, the sickness benefit scheme allows for partial payment of employer-paid sick pay as well as the sickness benefit.

In Denmark⁵⁷ the municipalities are responsible for the provision of wage-subsidised employment for people with permanently reduced work capacity. The *skaane* job scheme enables disability beneficiaries to work in a job on special conditions, while the *flex* job scheme covers people with permanently reduced work ability who are not receiving a disability benefit.

⁵³ Bloch and Prins (2001) op cit, pages 14,15

⁵⁴ Thornton (1998) op cit, page 29

⁵⁵ Sim (1999) op cit

⁵⁶ Thornton (1998) op cit, page 30

⁵⁷ Hogelund K, Pederson J G (2002) **Active Labour Market Programmes for People with Disabilities Country profile: Denmark** Danish National Institute for Social Research, Zoetermeer

Benefits for rehabilitation and training⁵⁸

In Germany the statutory accident insurance gives priority to rehabilitation services in line with the principle of “rehabilitation before pension”, starting with medical treatment and followed by occupational rehabilitation.

In Ontario workers with partial disabilities may receive total benefits if they co-operate with rehabilitative efforts.

In Sweden a special rehabilitation benefit is payable in place of sickness benefit.

In France compensation that is paid during vocational training is boosted to equal the minimum wage of the relevant profession.

Effectiveness Studies

As might be expected, financial incentives to return to work or lower benefits relative to post-injury income have been demonstrated to increase the speed of return to work.⁵⁹ This appears to be particularly strong for people with severe impairments.⁶⁰ This suggests there are benefits in scheme policies designed to increase return-to-work income.

While lengthy spells out of work following injury can contribute to difficulties in re-employment, some research data indicates that there may be a link between longer periods of rehabilitation before returning to work and decreasing chances of multiple claims. Butler et al⁶¹ found clear evidence that compensation with high wage replacement rates is a disincentive to return to work quickly. However they also found evidence that claimants who are being paid such rates are less likely to have multiple absences from work following their return to work. They hypothesised that this may be because longer initial absences result in more complete recovery.

Role of Labour Unions⁶²

Collective agreements in the workplace have been an important vehicle for advancing policy for the employment of injured workers. In France the law encourages enterprise level agreements to formulate and implement plans for the recruitment and retention of disabled workers. However the role of trade union membership has been falling over the past decade. Collective bargaining is dominant in the countries of mainland Europe, where a high percentage of employees are covered. Coverage is also high in Canada, but only one in ten are covered in the United States.

⁵⁸ Thornton (1998) op cit, pages 31,32

⁵⁹ Johnson W G, Baldwin M L, Butler R J (1998) **Back Pain and Work Disability: The Need for a New Paradigm**. *Industrial Relations*, Vol 37 no 1. January 1998; Meyer B D, Viscusi W K, Durbin D L, **Workers' Compensation and Injury Duration: Evidence From a Natural Experiment**, *The American Economic Review*, June 1995, Vol 85, no 3.

⁶⁰ Curington, W P (1993) **Compensation for Permanent Impairment and the Duration of Work Absence: evidence from four natural experiments**, *The Journal of Human Resources*, XXIX 3, 1993

⁶¹ Butler, Richard J; William G Johnson and Marjorie L Baldwin (1995) "**Managing work disability: why first return to work is not a measure of success**" in *Industrial and Labour Relations Review* vol 48 no 3 (April 1995): p 466

⁶² Thornton (1998) op cit

Psychosocial characteristics

There are a number of sociological studies on psychosocial factors such as work ethics, job satisfaction, social support, adaptation to workless situation, and their influence on likelihood of return to work.

Aarts and De Jong⁶³ in a study of 2,534 workers incapacitated by low back pain diagnosis found that persons who are relatively strongly oriented towards work as measured by job satisfaction and work ethics have a high probability of work resumption.

Bloch and Prins⁶⁴ concluded that individual characteristics seemed to be more influential than interventions in determining whether an injured worker returned to employment. (Bloch and Prins main findings are described below in Part 8.)

In a clinical study⁶⁵ it was found that duration of work disability was associated with psychosocial job factors independent of injury severity and physical workload. The impact of these risk factors changed significantly over the course of the disability.

Contact between employer/workplace and employee

Maintaining contact between the workplace and the injured employee is deemed important during the recovery period.⁶⁶ Case management is used in both English-speaking and European countries by private insurance companies and employers that are involved in rehabilitation efforts. The topic of case management is addressed further in Part 7 of this report.

An article by Brines and Salazar⁶⁷ describes the findings from the case management evaluation on the return to work experience of workers who sustained catastrophic injuries, or who had secondary conditions or complications following the injury occurrence. Among the factors determined to affect the return to work experience were structural factors (i.e., psychosocial variables including job satisfaction and relationship with employer and co-workers, financial pressures, and system issues such as securing benefits) and process factors (i.e., interaction with service providers and with the workers' compensation system).

⁶³ Aarts L J M, De Jong P R (1992) **Economic Aspects of Disability Behaviour** Elsevier Science Publishers, B V Amsterdam, Holland

⁶⁴ Bloch F, Prins R (2001) **Who Returns to Work and Why? 6 country study on work incapacity and reintegration**, International Social Security Series, Volume 5, Transaction Publishers, USA, UK

⁶⁵ Krause N, Dasinger LK Deegan LJ Rudolph L Brand RJ (2001) **Psychosocial job factors and return to work after compensated low back injury: a disability phase-specific analysis**, American Journal of Industrial Medicine, 2001 Oct: 40 (4) 374-92

⁶⁶ Sim (1999) op cit

⁶⁷ Brines J, Salazar M K (1999) **Return to Work experience of injured workers in a case management programme** AAOHN (American Association of Occupational Health Nurses) Journal 1999 August; 47(8): 365-72

Working and labour market conditions

Economic and industry changes or restructuring have clear effects on employment of people with injuries. The level of unemployment, either generally or in a particular sector, or prospects of re-employment can influence length of time off work for injured people. Fortin and Lanoie⁶⁸, in a study on substitution between unemployment insurance and workers' compensation, found that in industries where the level of unemployment is high, time out of work after injury is longer. They argued that in such circumstances, where many injured workers expect to be unemployed and receive unemployment benefits after recovery, there are stronger incentives to get longer recovery periods compensated by workers' compensation. They further argued that such workers may have an incentive to use fewer resources in preventing accidents, and may also have incentives to claim for injuries that occur off the job. It may also be that increases in the patterns of work, such as increases in non-standard employment relative to full time permanent work (e.g. contracting out, casualisation, changes to work schedules) could have a similar effect.

Self-employment

Riddell⁶⁹ reports on a project in the United Kingdom, called Business Ability, that is dedicated to developing self-employment as an option for disabled people. Business Ability provides the following services:

- Home visits.
- Initial assessments on suitability of self-employment option.
- Benefits advice and routeway options.
- Help, where appropriate, to Access to Work grants.
- Access to ongoing business training and marketing opportunities.
- Access to free computers through fast track application
- Financial assistance through bursaries and preferential rate loans.
- Ongoing business mentor support.

Riddell reports that at the end of year 1 the survival rate of businesses set up was 95 percent (56 out of 59). In terms of benefits saved the cost of helping each person to set up in business was reported as likely to be recouped within 8 months.

Riddell reports that in other countries self-employment is more likely (than in the UK) to be seen as a viable option by disabled people. In the United States, people with work disabilities are twice as likely to be self-employed as the rest of the population.

⁶⁸ Fortin B, Lanoie P (1992) **Substitution between unemployment insurance and workers' compensation: an analysis applied to the risk of workplace accidents**, *Journal of Public Economics* 49 (1992) 287-312: p288

⁶⁹ Riddell S (2002) **Work Preparation and Vocational Rehabilitation: A Literature Review**, Strathclyde centre for Disability Research, University of Glasgow

Disciplinary Actions and Labour Relationships

Warning of dismissal may accelerate work resumption if the employee does not wish to lose his/her job. Bloch and Prins⁷⁰ found that dismissal due to work incapacity was forbidden in the Netherlands and restricted in Sweden, especially in large companies, for a certain period of time. In Denmark, however, employees may be dismissed 120 days after onset of work incapacity and there is reportedly no protection against dismissal in the United States. However in the United States the human rights legislation protects disabled workers against dismissal. There are also business incentives for the employer to return the injured employee to work as soon as possible.

In Australia⁷¹ employers in most states are required to keep a position open for an injured employee, usually for 12 months, but ranging from 6 months (Queensland) to indefinitely (South Australia for employer with 10 or more employees).

In France an injured employee has protection against dismissal for the duration of the absence from work and when found fully fit will return to the job. Otherwise the employer must reassign the person to another job.

Information Needs

An Australian study⁷² on the information needs of injured persons identified the need for accurate, concise and well-ordered information on a range of issues relating to injury, compensation and rehabilitation.

Summary

There are a number of diverse employee-related factors that can be managed to influence return to work outcomes. These include: benefit and compensation programmes; wage subsidies; psycho-social factors, including case management and contact with employer and workplace; disciplinary actions; the role of labour unions; and labour market conditions.

The design of the benefit or compensation programme is an important factor in determining whether injured workers return to employment and how early. Determinants include: the level of benefit; rules for granting benefits; options to combine work with benefit; opportunities to obtain or retain benefits during rehabilitation; using benefits for transition back to work. Some countries use a sliding scale as an incentive to claimants to return to work, i.e., the compensation/benefit level decreases over time.

Psychosocial factors are deemed important in the literature, such as work ethics, job satisfaction, social support, and contact with the employer/workplace. Case management integrates a range of interventions and is used by private insurance companies and employers in the rehabilitation effort.

⁷⁰ op cit, page 156

⁷¹ Heads of Workplace Safety and Compensation Authorities (2002) Comparison of Workers' Compensation Arrangements in Australia and New Zealand.

⁷² Faulks I, Cooper G, Injuries Australia (1999) **Managing the Injured Worker**, Paper presented at the Workers' Compensation and Injury Management Conference, Sydney, Institute of International Research

Bloch and Prins⁷³ concluded that individual characteristics seemed to be more influential than interventions in determining whether an injured employee returned to work.

⁷³ Bloch and Prins (2001) op cit

PART 7 VOCATIONAL REHABILITATION AND EMPLOYMENT SUPPORT SERVICES

Vocational rehabilitation

Vocational rehabilitation (VR) in this context refers to a broad variety of personal support measures with an explicit common goal: the resumption of vocational activity. These include assessments of work capacity, education, job training, and wage subsidies.

There is a vast array of international literature⁷⁴ on vocational rehabilitation, which covers such topics as:

- How the client group for VR services should be defined.
- Whether services should be targeted on those with the best chance of finding work or those who have never worked, whose need for assistance may be greatest.
- The purpose of VR within the wider context of employment; whether its goal should be to promote social inclusion, or whether it should focus on the development of human capital amongst those able to find sustainable employment.
- Where the locus of responsibility should lie - health, education, employment, economic development, social security, or community care, or whether there should be joined-up approaches to disability, employment and benefits policy.
- Who should be responsible for funding – the disabled individual, the employer, the State, or voluntary organisations.
- Whether participation should be voluntary or mandatory.
- Which actors should have prime responsibility for the management of national and individual rehabilitation plans – professional rehabilitation workers, employers or people with disabilities.
- Which services and components work best.

In most countries there are a wide range of policies and programmes to enable people to prepare for return to work, and usually no national unified policy or single body responsible for rehabilitation.

The main rehabilitation provision for injured workers is generally built into the workers' compensation programmes (United States, Australia, Canada, and France) or the social insurance programme (Sweden, Denmark, the Netherlands, and Germany). In the United Kingdom the social security department which pays for industrial compensation does not have responsibility for rehabilitation.

⁷⁴ Riddell (2002) op cit, page 2

Most of the rehabilitation services themselves are provided by agencies external to government and workers' compensation agencies. Public policy changes over the past ten years have led to withdrawal of government provision and greater contracting out of rehabilitation services.

*Australia*⁷⁵

In Australia a distinction emerged during the 1980s between services geared towards work-related injury (state-centred but under compulsory insurance work cover) and those dealing with non work-related injury or illness. In the 1970s training for vocational rehabilitation counsellors and post-graduate courses were developed in a number of universities. Undergraduate programmes have also emerged and many employees of community-based rehabilitation services and the Workcover VR programme for people with work-related injuries hold these qualifications. New quality assurance standards state that people delivering VR services must have relevant skills and competencies.

*United States*⁷⁶

In the United States injured workers are eligible for vocational rehabilitation under all State workers' compensation programmes. VR services are either administered by a state workers' compensation or public VR agency, or financed by private sector insurance carriers or self-insured employers. Training of VR practitioners is well developed in the US. Evaluation standards and performance indicators are applied to the State VR services and community-based rehabilitation programmes.

In the United States⁷⁷, the GAO (General Accounting Office) suggests that the SSA (Social Security Administration) should assist the applicant with access to rehabilitation as early as possible using the following practices:

- address return to work goals from the beginning of an emerging disability
- provide return to work services at the earliest appropriate time
- maintain communication with workers who are hospitalised or recovering at home.

Oregon – an example

In Oregon⁷⁸ the legislation requires that an injured worker be provided with both physical and vocational rehabilitation. The cost of rehabilitation is covered by insurers and self-insured employers. Workers who are not fit or able to return to any employment that pays at least 80% of their pre-injury wage are eligible for evaluation, direct employment assistance and vocational training or retraining. These services must be provided by the insurer. A worker enrolled and actively engaged in an approved training plan is entitled to temporary total disability benefits, adjusted for any earnings. Eligibility for rehabilitation ends 120 days after the claim is closed, longer if the worker was eligible for training. Training is limited to 16 months in most cases.

⁷⁵ Riddell (2002) op cit, page 9

⁷⁶ Thornton (1998) op cit, page 15

⁷⁷ Sim (1999) op cit, page 5

⁷⁸ www.labour.gov.bc.ca/rcwcbc/research_papers (1998) **Comparative Review of Workers' Compensation Systems in Select Jurisdictions: Oregon**, page 12

Canada

Injured workers in Canada have both income and rehabilitation benefits administered by the Workers' Compensation Board, under the appropriate Act of the Ministry of Labour, in the province where they work.

Ontario – an example

As stated above, the legislation in Ontario requires ongoing contact between an employer and an injured worker. A labour market re-entry plan must be developed for workers who are unable to return to work with their pre-injury employer to help them re-enter the workforce.

*United Kingdom*⁷⁹

In the United Kingdom PACTs (Placement, Assessment and Counselling Teams) of the Employment Service manage the Work Preparation programme for disabled workers and jobseekers. The programme is delivered by local training agencies in the private and voluntary sectors. The Employment Service uses a fixed programme fee-pricing model for the programme.

Sweden

In Sweden⁸⁰ the emphasis has been to give employers and employees more responsibility to achieve quicker return to work. This policy is practical because 75% of employees either work for large companies with on-site doctors and physio-therapists or for a company with an affiliation with a medical centre. The employer's physician monitors cases from the beginning of an illness or injury, and is therefore strategically placed to initiate any needed early intervention. Employers are now required to help create a rehabilitation plan for the employee eight weeks into the illness or injury.

In Sweden⁸¹ the national social security system provides extensive rehabilitation benefits. Rehabilitation refers to all that has to be done to enable a person to resume working after an illness or injury. The social insurance office is responsible for co-ordinating the various services, programmes and benefits that are necessary to aid in a person's rehabilitation. Regional and local social insurance offices do not have their own rehabilitation personnel or facilities, but engage the services of various medical, vocational and other professionals in the field.

Denmark

In Denmark⁸² municipalities administer the vocational rehabilitation scheme, which covers all citizens. It provides cash benefits and in-kind services that aim at work retention/reintegration of people with reduced work capacity. Eligibility is dependent on the claimant having reduced work capacity, and the assessment that vocational

⁷⁹ Riddell, op cit pages 5, 14

⁸⁰ Sim op cit, page 5

⁸¹ www.labour.gov.bc.ca/rcwcbc/research_papers (1998) **Comparative Review of Workers' Compensation Systems in Select Jurisdictions: Sweden**

⁸² Hogelund K, Pederson J G (2002) **Active Labour Market Programmes for People with Disabilities Country profile: Denmark** Danish National Institute for Social Research, Zoetermeer

rehabilitation will increase the chance of work retention/ reintegration and thus increase the claimants chance to support him/herself.

Germany

In Germany⁸³ injured workers are referred for rehabilitation by adjudicators of the sickness benefit system. There is a relatively smooth transition from medical to vocational rehabilitation, but a comparatively lengthy process, which tends to look to retraining for a different occupation rather than focusing on a return to the original job.

Rehabilitation Models

Generally responsibilities for initiating the process, planning rehabilitation, and putting in place the services required appears to be distributed across the employers and compensation and insurance agencies. Thornton⁸⁴ has identified three main models operating internationally:

- 1 The employer is responsible for monitoring sickness absence, planning for rehabilitation and putting in the necessary workplace supports, while the social insurance agency purchases external rehabilitation.
- 2 The employer takes the initial steps to identify a need for rehabilitation and contacts the case manager of the insurance agency or compensation authority who takes responsibility for care planning and service co-ordination.
- 3 The employer notifies the compensation authority of the absence; the latter contacts the absent worker to assess need for vocational rehabilitation and provides or co-ordinates services.

Thornton suggests that with these different approaches the balance of advantage between the employer and the employee may alter. If the employer has total responsibility for managing the return to work and also bears the costs of the claims, rehabilitation of the employee may take second place to minimising the costs of sickness absence or the effect on productivity. Pressure on the injured worker to return to the job too early is thought to occur in some worker's compensation schemes. Thornton reports that employers and insurers in the United States tend to calculate the costs and benefits in deciding whether to invest in rehabilitating an employee, and favour younger and more productive workers.

Effectiveness of Vocational Rehabilitation

Most of the literature on vocational rehabilitation is addressing the wider group of people with disabilities, rather than injured employees.

Bloch and Prins⁸⁵ reviewed a number of studies from Sweden and the United States that considered the effect of vocational rehabilitation on work resumption. In a Swedish study⁸⁶ of 60,000 persons who were work incapacitated for 60 days or more Bergendorff found that the effect of vocational rehabilitation was significantly above average among work

⁸³ Sim (1999) op cit, page 4

⁸⁴ Thornton (1998) op cit, page 35

⁸⁵ Bloch and Prins (2001) op cit, pages 36, 37

⁸⁶ Bergendorff S et al (1997) quoted in Bloch and Prins page 36

incapacitated persons with a back pain diagnosis. Overall however vocational rehabilitation had a negative effect. The same finding was also made in another Swedish study by Heshmati and Engstrom.⁸⁷ However a contradictory finding was made in a United States study by Hennessey and Muller⁸⁸ (1995). The study covered 4,400 persons who were entitled to disability benefit in 1980-81 and who were re-interviewed in 1992. The study suggested that vocational rehabilitation significantly increased the tendency to return to work.

A more recent Swedish study⁸⁹ investigated whether the large investments in vocational rehabilitation made in Sweden during the 1990s had improved the level of return to work for young employees and to study the factors predicting return to work. It was found that employees with musculo-skeletal disorders were more likely to return to work during periods of intensive vocational rehabilitation. No increase in the level of return to work was apparent if all disorders were considered.

In the United States Majumder et al studied data from 148,188 clients who took part in a US State-Federation Rehabilitation programme. They found that the programme varied in its effectiveness, but that generally the programme “fared well in the difficult mission of assisting severely disabled individuals to achieve competitive employment outcomes”.⁹⁰

An Oregon study found that injured workers who completed their vocational plans had more sustainable returns to work than those that did not, although the relative number of completers was rather low.⁹¹

There are very few studies that assess the relative effectiveness of different interventions using clinical trial methodology. There is evidence that VR services for people with back pain and mental health problems work best when clinicians work alongside employment service staff.⁹²

⁸⁷ Heshmati A and Engstrom L G (1999) **Estimating Effects of Vocational Rehabilitation Programmes in Sweden**, quoted in Bloch and Prins, page 36

⁸⁸ Hennessey J C, Muller S L M (1995) **The Effect of Vocational Rehabilitation and Working Incentives on Helping Disabled-Worker Beneficiary Back to Work**. Social Security Bulletin Vol 58, no 1, 1995

⁸⁹ Ahlgren C Hammarstrom A **Has increased focus on vocational rehabilitation led to an increase in young employees’ return to work after work-related disorders?** A Scandinavian Journal of Public Health, 1999 Sep; 27(3): 220-7

⁹⁰ Majumder R K, Walls R T, Fullmer S T, Misra S (1997) **“What Works”** in F E Mentz et al, *Lessons for Improving Employment for People with Disabilities* from Vocational Rehabilitation research, University of Wisconsin-Stout, page 280

⁹¹ Maier M (2000) **Return to work in the Oregon Workers' Compensation System**, Department of Consumer and Business Services, Research and Analysis Section, Oregon: p 4

⁹² Riddell S (2002) **Work Preparation and Vocational Rehabilitation: A Literature Review**, Strathclyde centre for Disability Research, University of Glasgow, page 54

Case Management

A major goal of case management programmes is the worker's timely return to work. A case manager may undertake some or all of the following functions:

- Assessment of needs
- One on one support, advice, advocacy
- Medical rehabilitation
- Purchasing services and co-ordinating delivery
- Employment assistance
- Arranging workplace adaptations

Examples of Case Management and Evaluations

The United Kingdom piloted the New Deal for Disabled People (NDDP) Personal Adviser Service, where instead of having potentially different case managers, each case was managed by the same Personal Adviser. Riddell reported⁹³ that an evaluation of the NDDP pilots indicated that individuals enjoyed ongoing contact with one person (the Personal Adviser) who knew their particular case.

In the United States⁹⁴ Project Network (1992-1995) used four distinctive models of case management, which reflected the different backgrounds and locations of personnel, and the level of intensity of support offered. Evaluators found that participants' earnings increased initially, but by the end of year 3 the increase in average earnings was modest, and insufficient to lift participants above the poverty line. Evaluators were unable to comment on the effectiveness of the different models because differences in outcomes were confounded by population diversity, availability of resources, the local economy, and staff skills.

Corden and Thornton⁹⁵ (2001) reported on six evaluations of programmes using a case management approach in the United Kingdom, United States, Canada, Australia and Austria. They found that there was general support for case management approaches. They found that there were few strong indicators of the kind of person for whom the service worked best.

There was also a lack of strong evidence about which factors contributed to positive outcomes for clients. Services reviewed were funded by block grants based on inputs and processes, or outcome funding based on results for clients. Outcome-funded models should provide value for money if there is a good match between payment levels and services required, adequate monitoring of provider activity and proper quality assessment. Few

⁹³ Riddell (2002) op cit page 22

⁹⁴ Riddell (2002) op cit, page 23

⁹⁵ Corden A, Thornton P (2001) **Employment Programmes for Disabled People: lessons from research evaluations**, Department of Work and Pensions In-House Report 90, Social Research Branch, Department for Work, London

evaluations included a full cost-benefit analysis. Traditional assumptions that VR services bring savings were challenged by the findings of the US programme that found an overall loss for taxpayers.

Hard and Soft Outcomes

In many countries there is debate about which outcomes should be measured to assess the effectiveness of VR programmes. Actual employment is a hard outcome, whereas enrolment in training, education, etc are soft outcomes. The United States and Australia are placing greater emphasis on the attainment of competitive employment, and funding is directed towards agencies that are most successful in placing people in jobs. In the United Kingdom job broker services also use a system of outcome-related funding. However results-based funding relies on the maintenance of data on individuals over time and systems need to be in place to do this.⁹⁶

Community-based programme

Lipscomb and Moon⁹⁷ reported a recent evaluation of a community-based programme designed to facilitate access to care and return to work for injured workers in a rural medically underserved area in upstate New York. Providers were recruited to provide easily accessible care and were oriented to concepts of transitional duty and rapid return to work as medically appropriate; companies were recruited with the agreement to provide transitional work for injured employees. Registered nurses, hired by the local hospital, served as case co-ordinators.

Over 3000 injured workers received care through the programme in the first 56 months, with a decline in the number of transitional days over time. The number of days that the cases remained open steadily declined, and the number of return to work cases increased.

Client-led approaches (voucher, ticket to work)

Riddell⁹⁸ reports on moves in a number of countries to take the funding for VR away from VR agencies and give it to the individual consumers to purchase the services they need. The reasons for doing so are: to encourage competition between providers; cut down on bureaucracy; and empower the consumer. The schemes vary in the extent to which they select those who are permitted to hold their own VR budget.

In the Netherlands the Dutch Reintegration Voucher pilot project was introduced in 1998 and evaluated by Prins and Bosselaar⁹⁹ in 2001. People who applied for a tailor-made voucher providing the highest level of support were obliged to submit an action plan for returning to work, called a reintegration plan. Because of the low number of applicants and of those completing the programme, it was not possible to draw conclusions as to whether voucher clients had a better chance of obtaining and keeping employment than others did.

⁹⁶ Riddell op cit, page 25

⁹⁷ Lipscomb H J, Moon S D (2002) **Evaluation of the North Country on the Job Network: A Model of Facilitated Care for Injured Workers in Rural Upstate New York** Journal of Occupational and Environmental Medicine, March 2002 vol 44, no 3 246-257

⁹⁸ Riddell (2002) op cit, page 23

⁹⁹ Prins R, Bosselaar H (2001) **Return to Work of Disabled People: the Dutch Re-integration Voucher**, Leiden: AS/tri Research and Consultancy Group

In the US the “ticket to work” programme was being phased in from 2001. Those eligible are all people in receipt of a disability benefit except those whose impairments are expected to improve. Payment to providers is assessed as a percentage of the benefits that the client would have received had they not been in employment. Voucher users assign their tickets to an employment network of their choice. An individual plan must be developed and implemented by the provider in partnership with the beneficiary. Social as well as work supports may be purchased. Evaluation of the programme is not yet available.

One-Stop Shops

In the United States¹⁰⁰ One Stop Shops are being set up, where all unemployed people can go to receive assessments, help with job search, and access to a range of other services.

Summary

Most of the literature on vocational rehabilitation encompasses the wider group of people with disabilities, which includes injured employees.

Effectiveness studies of vocational rehabilitation have been contradictory. There is some confusion about which outcomes to measure to assess effectiveness. The United States and Australia are placing greater emphasis on the attainment of competitive employment (hard outcomes) and funding regimes are geared to reward agencies that are most successful in placing people in jobs. In the United Kingdom and the Netherlands attempts to move to outcome based funding have been unsuccessful because of inadequate management information systems.

As rehabilitation is something of a catchall phrase it is necessary to treat the findings of effectiveness studies with some caution. Studies have indicated that the effectiveness of vocational rehabilitation may depend on the nature of the injury, e.g. people with musculo-skeletal injuries, such as back pain, may benefit more from rehabilitation than others. There is inconclusive evidence about the effectiveness of case management and client-centred (vouchers) approaches, mainly because of the lack of availability of reliable and accessible longitudinal data. The Dutch pilot described by Prins and Bosselaar encountered difficulties because outcome data were unreliable. In general there is a dearth of data on the relative long-term effectiveness of VR programmes and services.

¹⁰⁰ Riddell (2002) op cit, page 25

PART 8 FINDINGS OF THE SIX-COUNTRY STUDY¹⁰¹

In 2001 Bloch and Prins reported on a major six-country study on work incapacity and reintegration undertaken in the mid-1990s under the auspices of the International Social Security Association. The core question of Bloch and Prins' project was whether interventions aimed at promoting return to work were effective. The project drew on data compiled in six longitudinal studies in Denmark, Germany, Israel, the Netherlands, Sweden and the United States. It examined a wide range of interventions directed at work incapacity and reintegration that are used by social security institutions, health care providers, and employers.

The subjects of the study were workers incapacitated by low back disorders, the medical criterion chosen because of its high prevalence among social security benefit recipients. The subjects were observed over a period of two years to monitor interventions and their outcomes for each subject.

Based on information gathered from the national research teams, 26 vocational and other non-medical interventions, incentives and disincentives were identified and classified into five categories:

- training and education (general, vocational)
- work accommodations (adaptations in workplace, transportation, working hours)
- motivators (wage subsidies, negative sanctions)
- assessment of work capacity/incapacity (including rehabilitation inquiry)
- services (job search, daily care of children).

Findings¹⁰²

The proportion of subjects who resumed work with their previous employer, rather than a new employer, was highly divergent across countries, and appeared to be related to the level of job protection provided by each of the participating countries. There appeared to be a relationship between work resumption and the type of occupation, as the rate of work resumption was generally greater for those occupations that involve fewer physical demands. However there was no evidence of an inclination to change occupation in order to go back to work.

There was no clear pattern of any non-medical intervention being utilised effectively across country cohorts, except workplace adaptations. In five of the six countries, a high percentage of resumers received workplace adaptations. However it was not known how critical the adaptations were and how many non-resumers would have returned to work if a particular adaptation had been provided.

¹⁰¹ Bloch F, Prins R (2001) **Who Returns to Work and Why? 6 country study on work incapacity and reintegration**, International Social Security Series, Volume 5, Transaction Publishers, USA, UK

¹⁰² op cit, page 211,212

An observation¹⁰³ that stood out was the insignificance of demographic characteristics. Across country cohorts the systems did not discriminate between lower and higher education, low and high income, or men and women. The only demographic characteristic that mattered in all cohorts was age. Not surprisingly older workers had less of a chance of returning to work. A second observation was that health and self-perceived work ability were obviously important. Work ability as perceived at an early stage of work disability was predictive of return to work in the long run. It was suggested that return to work might well be a self-fulfilling prophecy, to some extent, where perceived work ability might be an indicator of motivation and values. Another observation was that job characteristics generally do what they are expected to do. The greater the physical demands of the job, the smaller the chance of returning to the job. This was especially the case in the first year; in the second year job characteristics lost much of their importance for job resumption. The final observation was that data from the national studies provided significant information about the predictive value of specific individual and work-related characteristics.

Bloch and Prins concluded that the effectiveness of interventions was hard to prove, and that baseline characteristics that were present already at the starting point seemed to be more influential than interventions. This held for the effect of both medical interventions and vocational and other non-medical interventions. Four factors appeared to be especially important. Higher perceived work ability and lower pain intensity at the outset were important predictors of return to work, while advancing age and greater physical job demands operated against work resumption.

¹⁰³ Bloch and Prins, op cit, pages 250-255

PART 9 SUMMARY AND RECOMMENDATIONS FOR FURTHER ACTION

Introduction

As stated at the outset, this report is part of the Return to Sustainable Earnings Project. The term sustainable earnings is not used in this capacity in international literature, therefore the literature reviewed focused on the topic of “return to work”.

This review set out to report on strategies used in other jurisdictions to return injured workers to sustainable employment.

The general finding was that there have been very few major research projects undertaken on successful return to work interventions, and only one that has attempted a cross-country comparison.

The literature falls generally into four disciplines; clinical studies; economic studies; public policy studies; and sociological studies.

Most of the return to work studies fall into the clinical category, and of these most are of medical interventions, which are not the focus of this search. However those clinical studies with a psychosocial orientation have been reported where appropriate.

There are a few larger reviews of cross-country practices in this area and from these the factors influencing return to work have fallen into four main groupings: employer and workplace-related; workplace adaptations; employee-related; vocational rehabilitation. These groupings are not mutually exclusive. Nor do these groupings adequately take care of external factors such as the labour market and the institutional arrangements of different countries for social insurance, both of which can influence employment outcomes of injured workers. Labour market factors have been addressed in the text under employee-related factors. Regarding institutional arrangements, international studies¹⁰⁴ have underlined the importance of joined-up approaches to disability, employment and benefit policy.

Experts¹⁰⁵ have also cautioned that any consideration of borrowing practices from other countries needs to take into account the unique economic, social and political elements of each country. Although some countries may appear to be more successful than others in their return to work strategies, practices that are effective in one country may not necessarily work well in another. With these caveats in mind the main findings are presented below, and suggestions made about areas that may reward further investigation.

Employer and workplace related factors

In most countries greater employer responsibility for job retention is now viewed as the sustainable approach. Also, it meets the dual requirements of being the better solution for the individual as well as less costly to the state. Employers may receive financial incentives to recruit or retain disabled workers, in the form of wage subsidies, lump sums, premium reductions, and contributions towards workplace modifications.

¹⁰⁴ Riddell, op cit, page 2

¹⁰⁵ Sim, op cit, page 4

Experience rating appears to be used increasingly to influence employers to retain workers who become disabled, both in mandatory and in private systems.

Some problems have been identified with regard to increased employer responsibility for return to work:

- If requirements on employers to retain jobs are too stringent they may be more selective in recruitment to avoid those employees who pose a risk.
- Employees may be actively discouraged from seeking compensation (e.g. where experience rating is dependent on the firm's claims record) and pressed to return to the job too early.
- Small businesses have less capacity for managing return to work processes for injured employees.
- There is a challenge to get workplaces to be self-regulating in the intended way.

Application to New Zealand

In New Zealand, as elsewhere, the Accident Compensation Corporation (ACC) uses early intervention strategies to gain the co-operation of the employer at the outset, to ensure that a return to work is not delayed. The Partnership Programme is a self-management option for larger companies who take on the responsibility of managing their own workplace injuries. The programme encourages a partnership between employers and employees to create a safer workplace. Employers pay a discounted levy for managing their own work-related injury programme. Another programme that applies to all employers is the Workplace Safety Management Practices programme, which rewards employers who invest in workplace health and safety by offering discounts on their ACC Workplace Cover levy.

It may be useful to further explore:

- The most appropriate incentives and interventions to encourage employers to retain injured workers in the New Zealand setting, with particular consideration to the small business environment.
- the adequacy of current practices for disseminating information to employers, especially small businesses, on return to work strategies for injured employees.

Workplace adaptations

Studies have found that workplace adaptations in the form of physical modifications, transitional duties, reduced hours, and lighter workloads are a major factor contributing to sustainable return to work and significantly less work/employment disruption. There is an identified need for better provision of information to employers and employees, particularly in small businesses, on ways to access assistance with job modifications in their various forms and on ways to deal with return to work following treatment.

Application to New Zealand

In New Zealand, as elsewhere workplace accommodations are made by employers, and modification grants can be and are used to support job retention. However, employers' knowledge of the available resources is likely to be poor.¹⁰⁶ It may be useful to explore further:

- the adequacy of information dissemination to employers on workplace adaptations generally, and the assistance available with workplace modifications.

Employee-related factors

A number of diverse employee-related factors were found to influence return to work outcomes. These include: benefit and compensation programmes with their various incentives and disincentives to return to work; psychosocial characteristics, including the level of contact with employer and workplace during the recovery period; labour market conditions; disciplinary actions; and information needs.

Benefit and compensation programmes

The design of the benefit or compensation programme is influential in determining whether injured workers return to employment and how early. Determinants include: the level of benefit; rules for granting benefits; options to combine work with benefit; opportunities to obtain or retain benefits during rehabilitation; using benefits for transition back to work.¹⁰⁷ The findings suggest there are benefits in scheme policies designed to increase return-to-work income. Some countries use a sliding scale as an incentive to claimants to return to work, i.e. the compensation/benefit level decreases over time.

Application to New Zealand

In New Zealand a majority of injured persons (90 percent) retain their jobs and are compensated for medical claims only. Weekly compensation is provided for those who are forced to exit the workplace and is abated once they are assessed as being able to partially return to work. It is questionable whether the abatement regime creates financial incentives to return to work. No further financial assistance is available from ACC once the individual is assessed as being able to work more than 30 hours per week. Assistance would need to be sought from the Ministry of Social Development. Effective practice in this area in other countries would be worth pursuing further as part of the RTSE project. It may be worth investigating further a "top-up" to pre-injury level.

Psychosocial characteristics

Bloch and Prins¹⁰⁸ concluded that individual characteristics seemed to be more influential than interventions in determining whether an injured employee returned to work. Maintaining contact between the workplace and the injured employee is deemed important during the recovery period.

¹⁰⁶ Pernice R Lunt N (1998) **International Research Project on Job Retention and Return to Work Strategies for Disabled workers – Study Report New Zealand**, International Labour Organisation

¹⁰⁷ Thornton (1998) op cit, page 26.

¹⁰⁸ Bloch and Prins, op cit

Vocational rehabilitation

Vocational rehabilitation is something of a catchall phrase, therefore it is necessary to treat the effectiveness studies with some caution. This may be the reason that there have been contradictory findings, with some finding it effective and some not. Some studies have indicated that the effectiveness of vocational rehabilitation may depend on the nature of the injury, e.g. people with musculo-skeletal injuries, such as back pain, may benefit more from rehabilitation than others.

There is inconclusive evidence about the effectiveness of case management and client-centred (vouchers) approaches, mainly because of the lack of availability of reliable and accessible longitudinal data.

Application to New Zealand

ACC provides vocational rehabilitation for people whose impairment is a result of personal injury caused by accident. ACC focuses on employment support, early intervention strategies and rehabilitation for the injured person. Case managers work together with employers, rehabilitation service providers and medical practitioners.

Further investigation of the use of hard (actual employment) and soft (enrolment in training, education, etc) outcomes to measure the success of vocational rehabilitation programmes has some merit. In rural areas, community based programmes for facilitating access to care and return to work, might be helpful to improve return to work outcomes for rural workers. Although the one-stop shop is possibly difficult to achieve given the very different roles and focus of the Ministry of Social Development and ACC, enhanced links and improved co-ordination between the agencies might prove beneficial.

Recommendations for Next Steps

This is a broad sweep of the main elements of the literature available of the topic of return to work. While being aware that the New Zealand environment is different from those in other international countries, it would be useful to follow up some of the specific policy areas identified as worth investigating further, such as:

- employer role in job retention and improving return to work outcomes
- investigating small business capacity for managing return to work processes for injured workers
- information dissemination to employers, with particular focus on small business
- adequacy of the workplace adaptation assistance provided and improved understanding of employers uptake of the assistance, particularly their information needs
- improved understanding of the barriers to work for injured workers and how these barriers may be reduced, with a particular emphasis on information and psychosocial characteristics
- outcomes for assessing the effectiveness of vocational rehabilitation

- improved understanding of community needs, especially in rural areas.

There is also a need for further research and evaluation to assess what interventions in New Zealand are associated with good labour market outcomes for injured workers.

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