

4<sup>th</sup> NORDIC CONFERENCE IN

# WORK & REHABILITATION

REYKJAVÍK, ICELAND, SEPTEMBER 5–7 2016

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## Return to Work – Iceland

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VIRK – Vocational Rehabilitation Fund

# Icelandic Labour Market

- 199.300 individuals are on the Icelandic labour market:
  - 192.100 are working
  - 7.200 are unemployed (3,6%)
- 18.213 individuals are on disability or rehabilitation benefits - i.e. 8,9% of population age 18-66
- Last 20 years the number of individuals on disability or rehabilitation benefits has increased from 5,4% to 8,9% of the population age 18-66
- 90% of Icelandic companies and organizations are very small (< 10 employees)
- Very few companies have specialized staff in VR, or occupational health

Employers and labor unions are responsible for majority of payments to individuals with impaired work capacity the first 1-2 years

Typical process:

Salary from employer  
In general: 3-12 months



Contribution and payments  
from the Unions Sickness Funds  
In general: 6-9 months



Disability or rehabilitation pension  
from Pension Funds and/or from the  
State

Individuals can receive vocational rehabilitation if needed but there are no regulations nor agreements regarding employees' or employers' obligations or actions to ensure RTW as soon as possible

Prerequisite that VR is in place (Rehab. Pension) or finished (Disab. Pension)

# Sickness Absence

- Registration of sickness absence is not available in one place for Iceland
- It has been estimated that the % of sickness absence in the Icelandic labour market is in average about 4-6%
- Act on Working Environment and Health and Safety in the Work Place
- No regulations nor agreements regarding employees' or employers' obligations or actions to ensure RTW as soon as possible
- No regulation regarding the content of the medical certificate
- No obligation for physicians and other health professionals to participate in the RTW process

# Vocational Rehabilitation

- Vocational Rehabilitation Fund (VIRK)
  - Founded by the parties of the labour market
  - Financed by Employers, Pension funds and the State (total 0,25% of the total salary on the labour market)
- Responsible for financing and organizing work rehabilitation in Iceland
- Service for all individuals that cannot participate in the labour market due to result of an illness (physical or mental) or accident
- About 1% of the total labour force is now in the service at VIRK
- Service provided in cooperation with physicians, different organizations within the welfare systems, different service providers, employers and unions.

# VIRK – Vocational Rehabilitation Fund



- VIRK enhances and motivates employers and other parties to facilitate RTW but is not responsible for prevention in the workplace
- Emphasize early intervention in VR
- VR counselors situated all around Iceland
- Interdisciplinary services and variety of different service providers
- Nearly 70% of the individuals that finish the service do participate in the labour market at the end of the service
- It has been estimated that the gain of the VR service is 6,8 times more than the cost of the service in 2015
- If the individual cannot fully participate in the labour market at the end of service -> Workability assessment

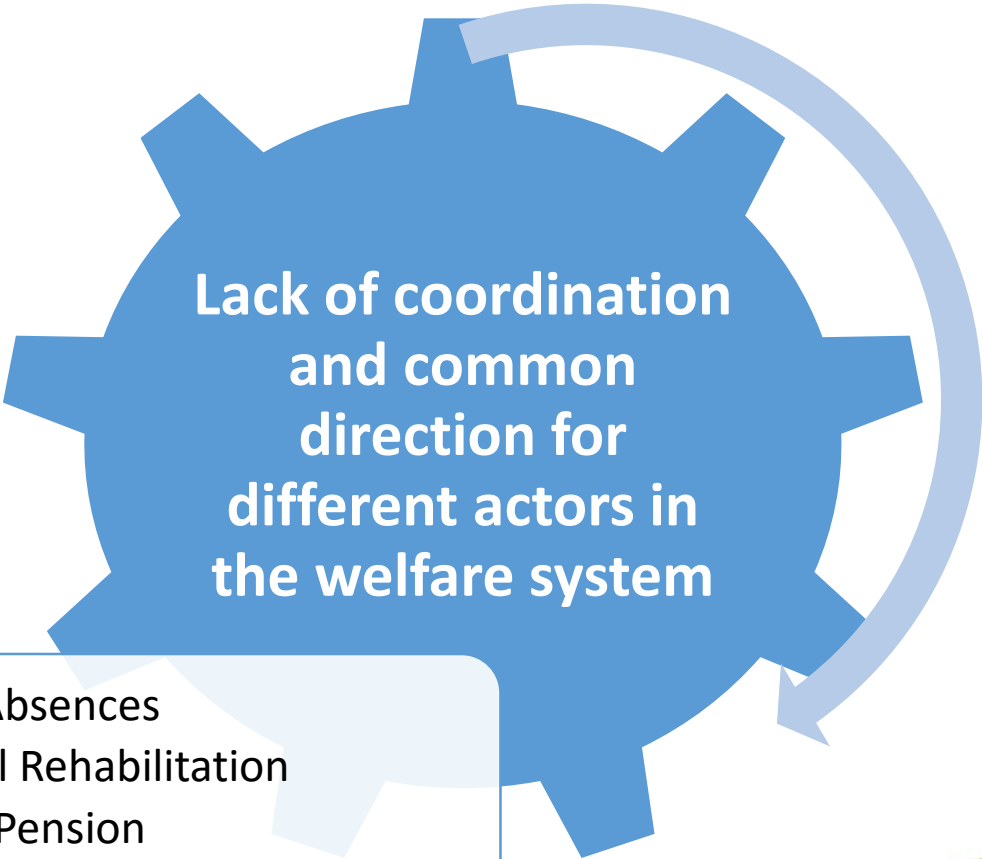
# Disability Pension

- Paid by Pension Funds and/or the State
  - When all other payments that the individual is entitled to are finished
  - When rehabilitation is finished or fully tested
  - Different other prerequisites
- The decision of disability pension from the State is built on an evaluation of disability and not workability
- VIRK's workability assessment is often used as a supporting document in the decision of disability at the Pension Funds
- The disability pension system as a whole has many faults and can easily demotivate individuals from participation in the labour market



# Conclusion

- The system as a whole has several strong elements
- Fragmentation
- Lack of coordination and common vision for the future for different parties in the welfare system regarding RTW



**Lack of coordination and common direction for different actors in the welfare system**

- Sickness Absences
- Vocational Rehabilitation
- Disability Pension
- Health Professionals
- Different institutions within the welfare system