K7.2 Assessing work capacity and measuring the size of the disabled population

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The appraisal of work capacity depends on objective and subjective factors, which may also be related to the institutional environment, thus it is impossible to determine the number of people with reduced work capacity (disabilities) unequivocally.

In *household surveys* it is usually the self-declaration of respondents that determine who has reduced work capacity. However, a clear division between fully and partly reduced work capacity is impossible to establish: it differs from one person and culture to another and it also changes over time as to which category one assigns a condition (*Kreider–Pepper,* 2007). The way of formulating the question may also influence the answer: precisely what and how much detail has to be provided in the answer or if there is a reference given compared to which respondents have to evaluate their condition. For example according to *Kapteyn et al* (2007), when responding to general questions, the proportion of the disabled within the total population is higher in the Netherlands than in the United States but the difference is considerably smaller if respondents have to assess themselves in relation to particular conditions.

It is also of significance whether respondents receive a benefit based on their condition: recipients tend to exaggerate their condition in order to justify their entitlement to the benefit. Consequently, entitlement conditions may also affect self-assessment on reduced work capacity (*Banks et al*, 2004).

Finally, some studies report that people not in employment are more likely to assess themselves as having a long-term illness, in this way providing an explanation for the lack of a job – this is termed justification bias (*Black et al,* 2017).

Administrative databases usually only provide information either on the work capacity assessed when granting entitlement or on the type of benefit granted. Both data are subject to regulations, therefore changes in the regulations may cause a break in time series statistics on people with disabilities.

Due to the above factors, even the results of surveys using identical approaches or administrative data can only be compared to a limited degree across countries. Cultural differences and dissimilarities between disability benefits may cause differences in both data sources, which distort comparison. Cross-country differences in the prevalence of reduced work capacity may of course be due to intrinsic reasons as well: better healthcare and stricter occupational safety regulations may reduce the risks of disability, while better integration and rehabilitation policies can help improve work capacity even for those with serious health impairment.

The importance of the assessment method is well illustrated by the two best known European harmonised household surveys, which also assess reduced work capacity: the Labour Force Survey (LFS) of 2011 of the European Union and the annual EU–SILC. The former asks about health problems that limit *work capacity*, whereas the latter asks more generally about being limited in their *everyday activities* by a permanent health problem. Statistics based on SILC present the population with reduced work capacity as larger and also report their employment rate higher, since it also includes those restricted by their health condition in everyday activities but not constrained in their job (*Geiger et al,* 2017).

In Hungary, one of the requirements of entitlement to disability benefits, allowances linked to employment (for example social contribution tax allowance) and exemption from paying the rehabilitation contribution is an official appraisal issued by a rehabilitation committee (currently the departments of rehabilitation and medical examiners of local government offices). Since 1 January 2012 one has been entitled to disability benefits if their health status is of 60 per cent or below according to the complex appraisal of a rehabilitation committee.[1] Health status is determined by the reha-

1 For the official definition of reduced work capacity see Act CXCI of 2011 on the Benefits for Disabled Persons and on the Amendment of Certain Other Acts.

bilitation committee, which includes at least two medical examiners, at least one rehabilitation expert and at least one social welfare expert, in this way in addition to medical considerations they also take into account to what extent the health status is compatible with the former job and qualifications of the claimant and their chances of employment rehabilitation. Another requirement of receiving disability and rehabilitation benefits is sufficient length of service.[2]

In terms of the rehabilitation contribution a person is considered disabled (i.e. with reduced work capacity) if their state of health is of 60 per cent or below, based on the complex appraisal of the rehabilitation committee,[3] or if they receive a non-insured benefit, disability allowance or the personal annuity of the blind.

Measuring the level of employment in the disabled population is complicated by the lack of publicly accessible data on the number of people qualifying as such on the basis of an official appraisal. The Hungarian State Treasury publishes data on the number of recipients of invalidity allowance and rehabilitation benefit. However, there is no data available about the current number of disabled workers who are not granted a benefit due to the lack of sufficient length of service or because of wages higher than the upper limit. In addition, there may be those who would qualify as disabled based on their health but who do not apply for the complex appraisal. This might be because someone receives another allowance, for example parental leave benefit or is in employment and would not be entitled to disability benefits due to the wage limit and he or she is not aware of the labour market advantages of being qualified as a worker with reduced work capacity. Another reason may be the wish to avoid possible stigmatisation resulting from reduced work capacity or if (perceived) discrimination against disabled workers is stronger than the labour market advantages arising from the status. Data from the Labour Force Survey of the Central Statistical Office indicate that about 50–65 per cent of working age disabled people receive some kind of disability benefit.

2 Between 2008 and 2011, regulations determined the extent of health impairment instead of the remaining state of health and defined reduced work capacity as a minimum of 40 per cent health damage. Preceding 2008, the indicator was the reduction in work capacity and a reduced work capacity status entailed a minimum of 50 per cent reduction in work capacity.

3 Or their health damage is over 40 per cent based on an expert opinion, opinion of a competent medical authority, official certificate issued when the certification procedure was in effect (if their health damage was assessed during 2008–2011); or the reduction in their work capacity is of 50–100 per cent and was assessed during the effectiveness of the related expert opinion (if their health damage was assessed during 2008–2011).

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