

Social assistance and health: What lessons for improving cost-effectiveness?

Policy conclusions

- Understanding better the various mechanisms leading to social assistance receipt helps to develop more cost-effective social and employment policies.
- Social assistance clients have worse health than the overall population.
- Especially mental health care use among social assistance clients is higher than among the overall population.
- Deterioration in health status can lead to receipt of social assistance through incapacity to work and/or inability to cover medical expenses.
- Activation measures targeted to social assistance clients should acknowledge the potential health obstacles for returning to labour market.
- Register data could be used to identifying and flagging different groups of social assistance clients and target them appropriate measures.

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SOCIAL ASSISTANCE, HEALTH AND EMPLOYMENT

The heterogeneity of social assistance clients and their varying circumstances are not well understood. However, it is essential to analyse the multiple mechanisms that can lead to social assistance dependency. Understanding the mechanisms will tell us more about the policies that should be targeted to social assistance recipients. Different groups can be found among social assistance clients, of which *people with health problems* could be identified as one.¹

On average, social assistance clients have worse health than the overall population. There is a large body of evidence showing that differences in health are closely linked to social status.² Sick people may end up relying on social assistance due to inadequacy of sickness benefits, reduction in work capacity, or medical expenses. Low income may also lead to deterioration in health.³

The strategy of activation may underestimate the potential obstacles faced by some social assistance recipients in participating in the labour market. Indeed, some of them need recourse to this benefit because of poor health and its consequences.⁴ In addition, many recipients accumulate multiple problems, which further highlights the need for a more holistic support rather than just economic aid.

HEALTH OF SOCIAL ASSISTANCE CLIENTS

Few quantitative studies have analysed the use of health care services by social assistance clients. Some previous studies have been based on locally conducted interviews in North America^{5,6} and have found that long-term clients face barriers varying from health issues to family circumstances and substance abuse, which limit their ability to find and maintain employment. For example, 34.9 per cent of the interviewees reported that physical health problems prevented them from working.⁶

Based on Nordic studies based on register data, we know that the health of social assistance clients is considerably worse than that of the overall population. For example, mortality rates of social assistance clients are remarkably higher than for the rest of the population.⁷ A Finnish study (on which this policy brief is partly based on) demonstrated a significant difference in the use of health services by social assistance clients and non-clients (Figure 1). There was a considerable difference in the number of visits especially among younger age groups: those aged between 18 and 24 and receiving social assistance had twice as many visits to a doctor than those not receiving the benefit. In the oldest age group, the difference was much smaller. The use of psychiatric services was especially high among social assistance clients.^{4,8}

Project: Cost-effectiveness of policies aimed at prolonging working careers - the role of health (EU-HEMP)

EU-HEMP is an EU-funded project studying the impact of health in increasing employment rate and labour market participation. This series of policy briefs is produced as part of the project.

The principal objectives of the project are the following:

1) Producing and gathering evidence on the cost-effectiveness of strategies aimed at reintegration of disabled people, people on sickness leave and long-term unemployed people into the labour market and policies aimed at prolonging careers of near-retirement people. In short, we study the role of health in increasing employment.

2) Policy recommendations for the design of more cost-effective social policies will be made based on data analyses, comparative policy analysis and review of best practices.

3) Creation of an international expert network in the field of rehabilitation, reintegration, disability and health policies in connection with labour markets and focusing on the cost-effectiveness of these policies.

Website

The project is funded by the European Commission (agreement no. VS/2014/0174) together with the National Institute for Health and Welfare.

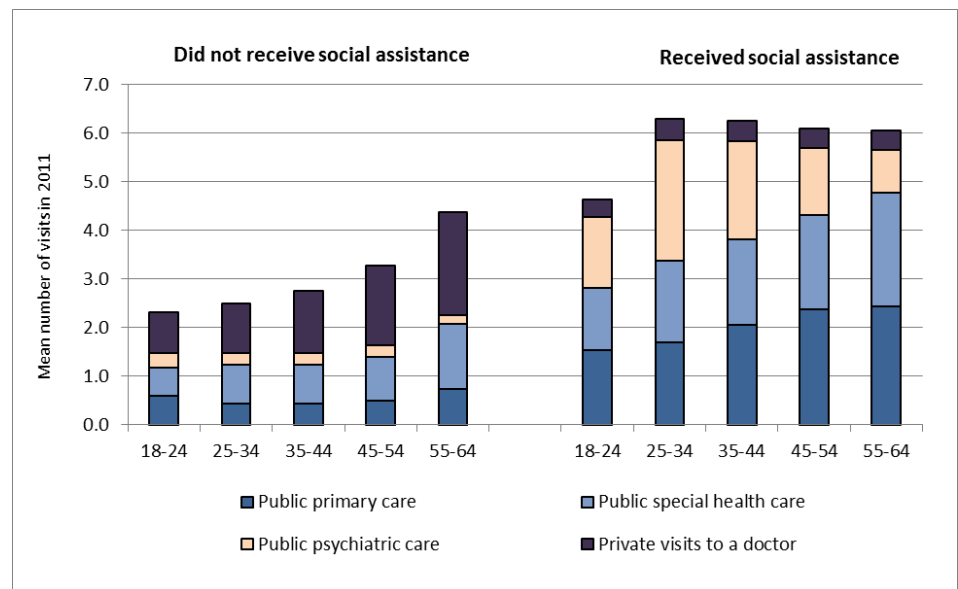


Figure 1. Mean number of visits to health care in 2011 (Helsinki metropolitan region).⁸

A follow-up study⁴ of a cohort of Finnish social assistance recipients also showed that people with more health care visits prior to benefit receipt are being selected to the pool of social assistance clients, which in part explains the greater number of health care visits in a cross-sectional analyses (as in Figure 1). This is in accordance with previous literature that finds that people with poorer health are more likely to become unemployed.⁹

Furthermore, the data showed that there is a clear peak in the use of health care when people first started receiving social assistance. This supports the idea that an increase in the use of health care (proxy for deterioration in health status) is associated with social assistance receipt. Similar evidence has been found elsewhere: a Canadian study showed that a rise in health care use preceded the receipt of social assistance among 49 % of social assistance claimants.¹⁰

MENTAL HEALTH AND SOCIAL ASSISTANCE

The use of psychiatric services seems to be connected to the receipt of social assistance. Over a third of psychiatric patients received social assistance in the metropolitan area of Helsinki, while the overall receipt rate was around 9.6 % among people aged 18-62 (Figure 2). Moreover, 14 % of social assistance clients had used psychiatric services compared to 2 % in the overall population.⁸ This relationship indicates that in fighting exclusion from the labour market or poverty, mental health care services play an important role whether as preventive measure or as improving work capacity.

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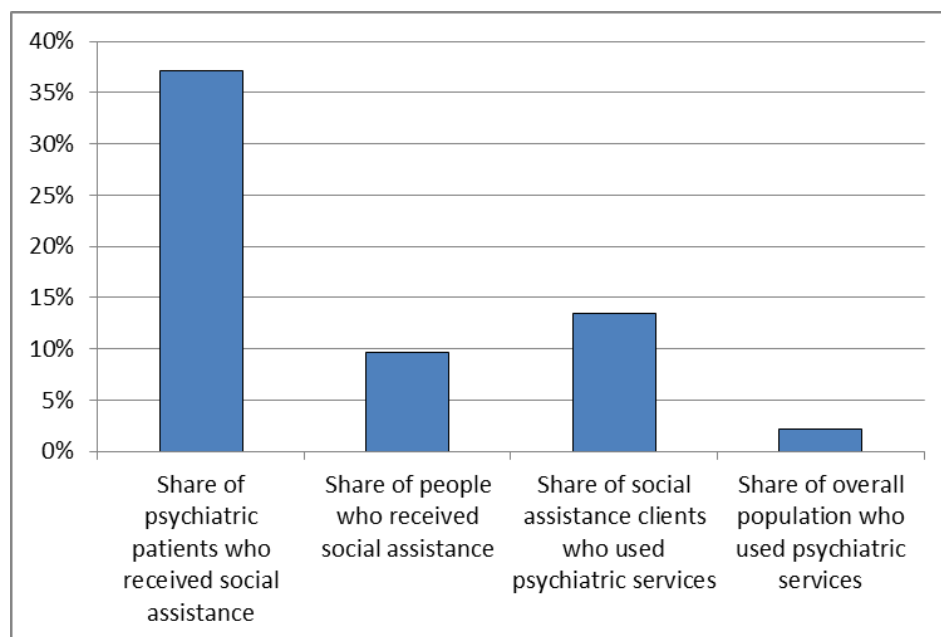


Figure 2. Connection between the use of psychiatric services and social assistance (Helsinki metropolitan region, people aged 18-62, 2011) ⁸

SOCIAL ASSISTANCE AND COST-EFFECTIVENESS

Evaluating the cost-effectiveness of social assistance schemes can be difficult or almost impossible taking into consideration their function as a last-resort social protection with the aim of maintaining dignified living standards. However, it could be argued that social assistance use can reflect the holes and failures in other sectors of the welfare state and labour market. More generally, cost-effectiveness of social assistance could be assessed from four perspectives:

- 1) the adequacy of social assistance,
- 2) the appropriate targeting of social assistance and its take-up,
- 3) the incentives linked to social assistance, and
- 4) the relationship between social assistance and other social protection and policy measures.

The motivation to study health status and health care use of social assistance clients can help evaluating the last of these four points. Such analysis can produce new information on the work capacity of social assistance recipients and how well different activation measures can work in getting them back to the labour market. For some individuals, it could turn out, the objective of paid work and welfare independence is unrealistic considering their health-related problems. On the other hand, it might be useful to consider whether people with ill-health should be covered by other schemes of the social protection system and why this is not always so. The trends in social assistance receipt can reveal many things about the functioning and adequacy of the rest of the social protection, labour market and services.

CONCLUSIONS AND RECOMMENDATIONS

The findings of previous studies¹ illustrate that we should treat social assistance clients as a heterogeneous group. As discussed above, there is a group of beneficiaries that face considerable health challenges. The heavy-users of health care should probably be targeted with a different kind of aid for living independently than, for example, young long-term unemployed or single-mothers with economic strain.

In most places, there is room for an improved co-operation between social workers and the health care sector. As a first measure, we would need to identify better different groups among social assistance recipients and tailor measures to suit their needs, whether health-related or other. Health care registers should be adjusted to serve this objective.

The prevalence of health problems among social assistance clients also indicates that there should be careful planning in the use of activation measures. For the sake of cost-effectiveness, they should be targeted to those who are most likely to benefit from them – for some, health care benefits may be more efficient in guaranteeing successful transition from welfare to work. Furthermore, the health care system and education of health professionals should be developed in such a way that they are able to offer people at-risk-of-poverty more comprehensive assistance.

In addition to possible obstacles in accessing health care in the first place, the modern welfare states are not always able to cushion against the financial difficulties created by sickness. One could ask if the inadequate level of disability pension or other primary benefits in the case of illness should be addressed such that their level does not lead people to unnecessarily traverse heavy bureaucracy and even the stigma of applying for social assistance.

For the development of public health and social policy this policy brief pinpoints three clear challenges that should be addressed:

- 1) the availability and adequacy of benefits for those faced with illness,
- 2) the activation policies cannot be the basis of all social work activities and measures targeted to social assistance clients, and
- 3) more emphasis should be put on the health care and monitoring of health status of long-term social assistance clients.

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