

# Well-designed social protection systems can improve the lives of people and reduce health inequalities

## The issue

### Economic resources are generated through paid work and the social protection systems of the welfare state.

The latter not only includes social insurance, welfare payments and income transfers, but also health and welfare services. When social protection systems are well designed, they sustain health and well-being by reducing the economic consequences of illness or unemployment. Research shows that social protection is particularly beneficial for those with lower levels of education and smaller incomes. Well-designed unemployment benefits are important for the health of both employed and unemployed people<sup>1,2</sup>.

Health inequalities continue to persist in the EU and they result in a large number of avoidable cases of poor health and premature death every year. The unequal distribution of resources and living conditions across the life course is a key driver of these health inequalities. The ways societies are organised, in particular the degree to which they support people who have fewer resources to rely upon, are extremely important in determining the extent of health inequalities<sup>3</sup>. The DRIVERS project has increased knowledge about how and why social protection is related to health inequalities<sup>2, 4-6</sup>.

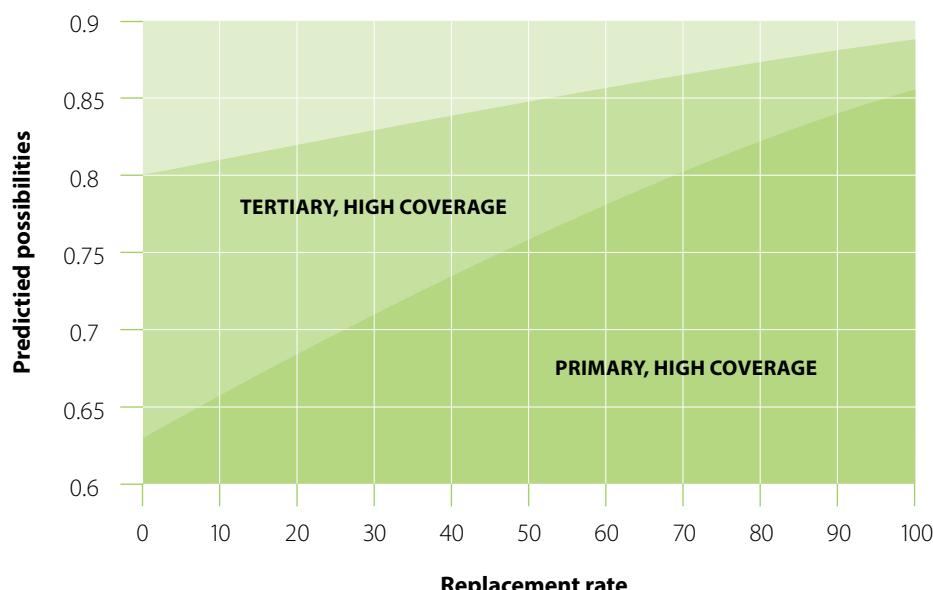
## Solutions

### What aspects of social protection are essential for protecting health?

Higher levels of social spending are generally linked to better health and smaller inequalities<sup>7</sup>, but research from DRIVERS goes further and suggests how to prioritise spending. At least in terms of unemployment insurance, the results show that the coverage rate (the proportion of those in the labour market covered by the

insurance) is crucial: the higher the coverage rate, the lower the risk that those with low education experience deteriorating health<sup>4</sup>. Once more than 90% of the workforce is covered, a higher replacement rate (the level of benefits received) becomes strongly associated with better health, particularly among lower educated people. This is not the case when coverage rates are below 90%<sup>2</sup>. ▶

**Figure: Predicted probabilities of having good health for respondents with primary and tertiary education in countries with high coverage along values of unemployment replacement rates<sup>2</sup>.**



### This means that:

- 1** Countries with low coverage rates should strive to increase them to full or almost full (90% or higher) coverage;
- 2** Countries should strive to increase replacement rates once an almost full coverage rate is attained.

However, social protection consists of more than just unemployment insurance and there is a need to protect against different kinds of risks through, for instance, cash transfer programmes and high-quality welfare services. Particular attention needs to be paid to those at risk of being marginalised. One way of doing this is to increase minimum

income benefits<sup>5</sup>. Another is to ensure that meaningful active labour market policies are in place to support people back into the labour market<sup>6</sup>. Provision of adequate benefits and access to the labour market are key features of well-designed social protection systems.

Finally, case studies carried out as part of DRIVERS suggested additional features of social protection that need attention. These include: 1) Enabling people to access and obtain their rights and entitlements, 2) Providing integrated support to help individuals with complex needs, 3) Providing front line staff with the means necessary to treat their clients appropriately<sup>9</sup>.

## Opportunities to take action

Social protection is mainly a national competence. However, spending and effectiveness are now closely assessed as part of EU fiscal surveillance mechanisms, and as a result there are increased opportunities for taking action at the European level:

- Europe 2020, the European Union's ten-year growth and jobs strategy, which was agreed by all member states in 2010, states that "*Benefit systems should focus on ensuring income security during transitions and reducing poverty*" and one of its headline goals is to reduce poverty<sup>10</sup>.
- The new Commissioner for Employment & Social Affairs, Marianne Thyssen, promised "*to ensure that the European Semester treats employment and social issues on an equal footing with macroeconomic issues*"<sup>11</sup>. The Social Protection Committee and others should ensure that the social scoreboard of indicators is taken fully into account when monitoring social conditions and when preparing Country Specific Recommendations<sup>12</sup>. Moreover, and as indicated by the research carried out by DRIVERS, universality of social protection and equity concerns need to be taken into account in the Semester Process.

- The Social Investment Package calls for the development of adequate minimum income schemes complemented by high-quality services. This follows from the Active Inclusion Recommendation, which underlined the crucial role of adequate income support as the first pillar of an integrated approach to poverty reduction.
- Debate on an EU-wide unemployment insurance 'automatic stabiliser' to improve economic union is on-going<sup>13</sup>; if implemented, it could be designed with a view to help reduce health inequalities.
- National signatories of the International Labour Conference Social Protection Floors Recommendation (2012 No. 202) should proceed to implement relevant reforms to ensure adequate social protection<sup>14</sup>.
- Horizon2020-funded activities should make data available on institutional arrangements, social expenditure and a range of individual living conditions across European countries. Activities should concentrate on equity and focus in particular on countries where the need for action is acute but the evidence base weak.

## References

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- 10** See [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm).
- 11** See [http://ec.europa.eu/rapid/press-release\\_SPEECH-14-2000\\_en.htm](http://ec.europa.eu/rapid/press-release_SPEECH-14-2000_en.htm).
- 12** See [http://ec.europa.eu/rapid/press-release\\_MEMO-13-837\\_en.htm](http://ec.europa.eu/rapid/press-release_MEMO-13-837_en.htm) & [http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm).
- 13** See for example presentations prepared for a recent event exploring the issue: <http://ec.europa.eu/social/main.jsp?catId=88&langId=en&eventSId=992&moreDocuments=yes&tableName=events&typeId=92>.
- 14** See for instance <http://www.social-protection.org/gimi/gess>ShowTheme.action?th.themeld=1321>.
- 15** See DRIVERS website at: <http://health-gradient.eu/>.