

Disability and Social Security in Argentina at the Turn of the Century

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Structure of the presentation



1. Introduction
2. Characteristics of the disability pensions awarded
3. Population at risk
4. Disability rates
5. International comparison
6. Final comments

Social Security in Argentina



Very early development within the region, at the beginning of the XX Century

In 1994 a mixed system was introduced, with the option to assign contributions to a new fully funded scheme with individual capitalization

In 2008 a new reform eliminated the option for individual accounts and established a unified PAYG system

The legal framework for disability pensions remained unchanged

Disability in Argentina (Law 24241- 1993)



Disability pensions : benefit for those members who are physically or intellectually fully incapacitated and who have not attained the age required for regular retirement

Total Incapacity: loss of working capacity $\geq 66\%$

The degree of working incapacity is determined by Medical Commissions using a **Baremo**

The awarded benefit is **temporary** and after 3 years the MC proceed to a new examination and the benefit is:

↓
Cancelled
(Rehabilitation)

↓
Extended for
two more years

↓
Considered
definitive

Temporary disability pensions (TDP)



For the 52 thousand TDP awarded we studied the following variables: age, sex, region, regime, and pathology

Mean age at disability 54: years

82% males

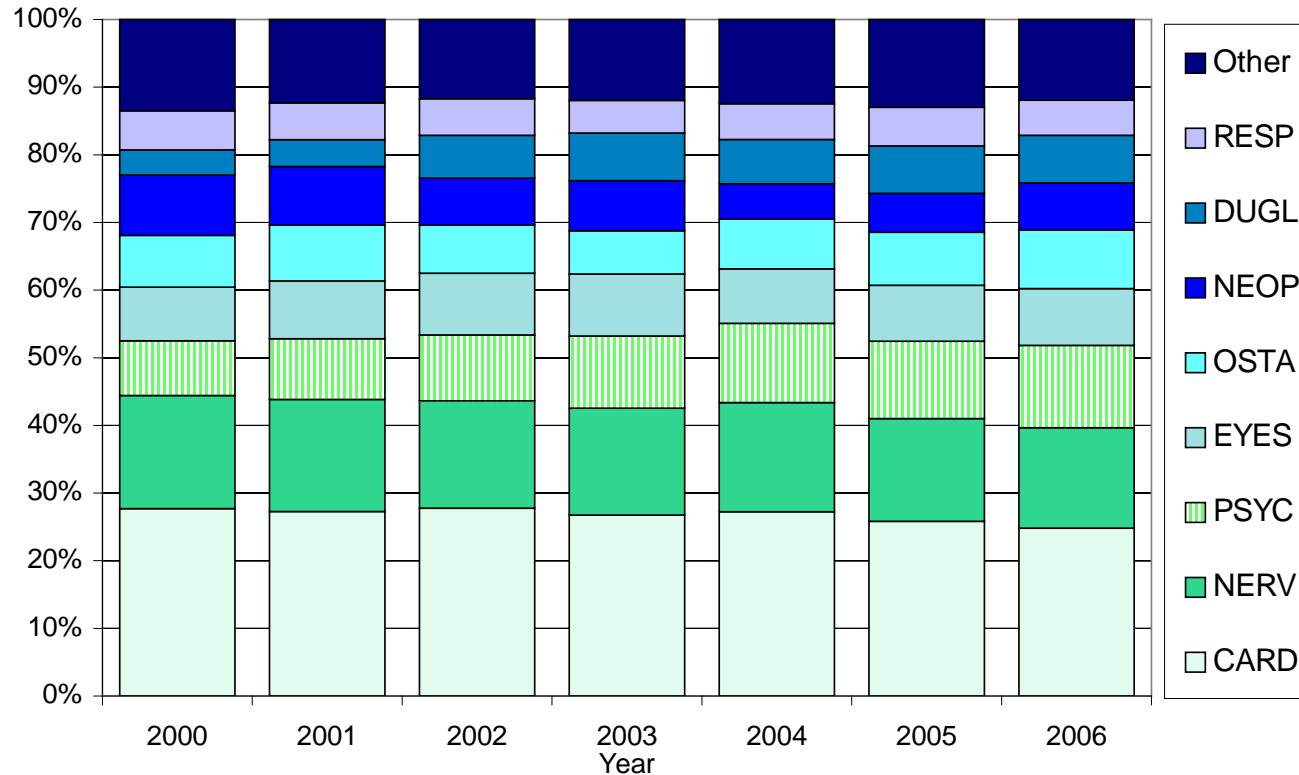
70% in the 'Pampa' region

66% in the Fully Funded Regime

Disability pensions: pathologies



Annual distribution of awarded TDP by pathology
Argentina, 2000-2006



The evolution is relatively stable through time: Cardiovascular 27%; Nervous 16%; Psyche 10%; Eyes and Osteoarticular 8%, and Neoplasms 7%

Population at risk

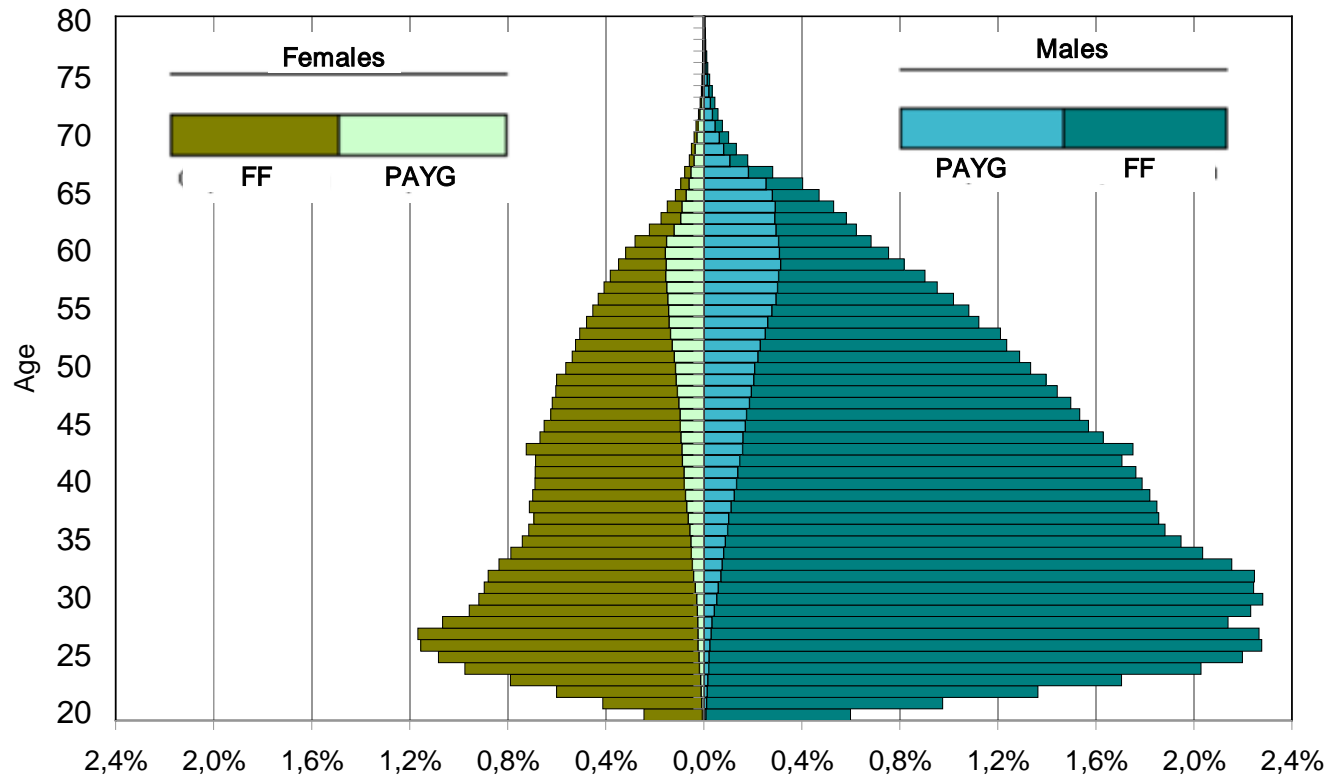


- ü Following criteria used by ILO (1998) to define “active members”, we estimated the population at risk as **members that registered at least one contribution during the year**
- ü Analysis was limited to **population aged 20 to 65**
- ü Between 2000 and 2006 a total of **36 million person-years** at risk
- ü 71% males
- ü 89% in the Fully Funded Regime

Structure of the population at risk



Distribution of at-risk population by age, sex and regime
Argentina, 2000-2006

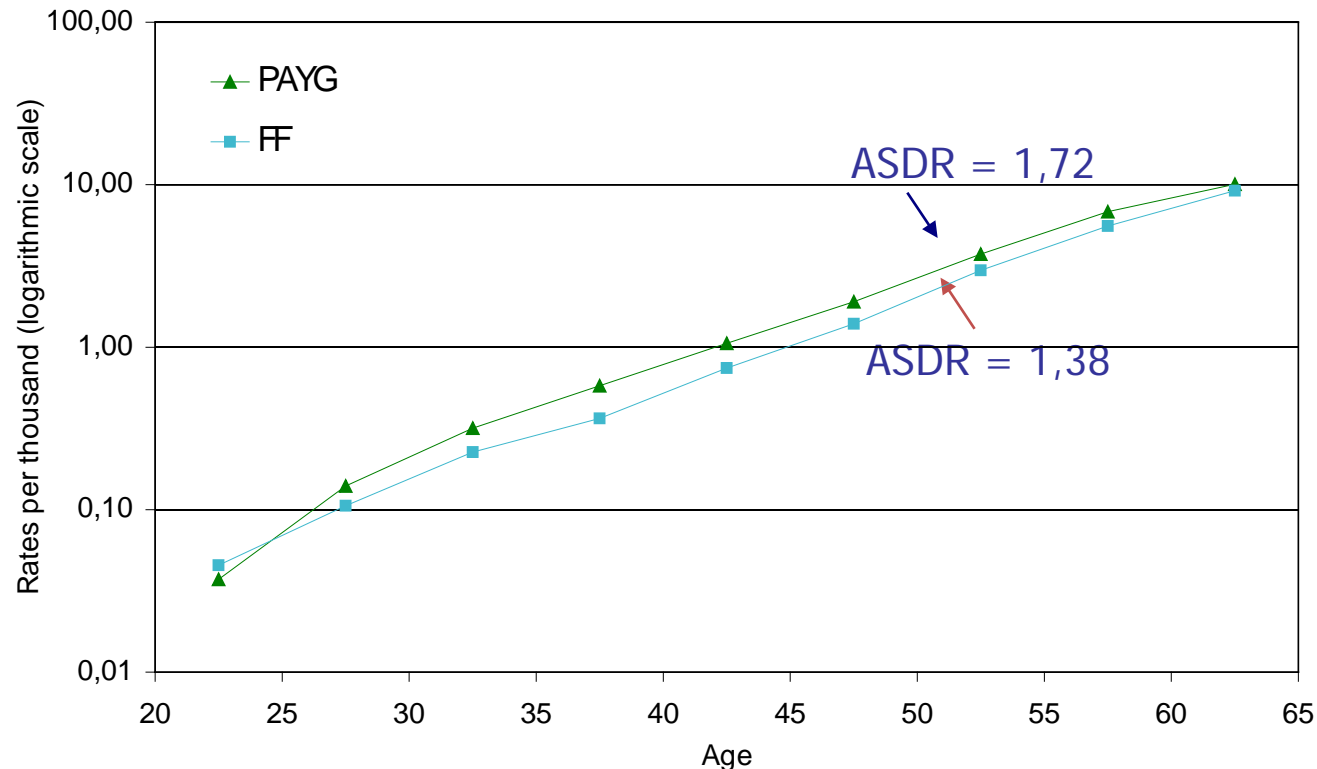


Mean age was 39 years
50 in PAYG and 37 in FF

Disability by age and regime



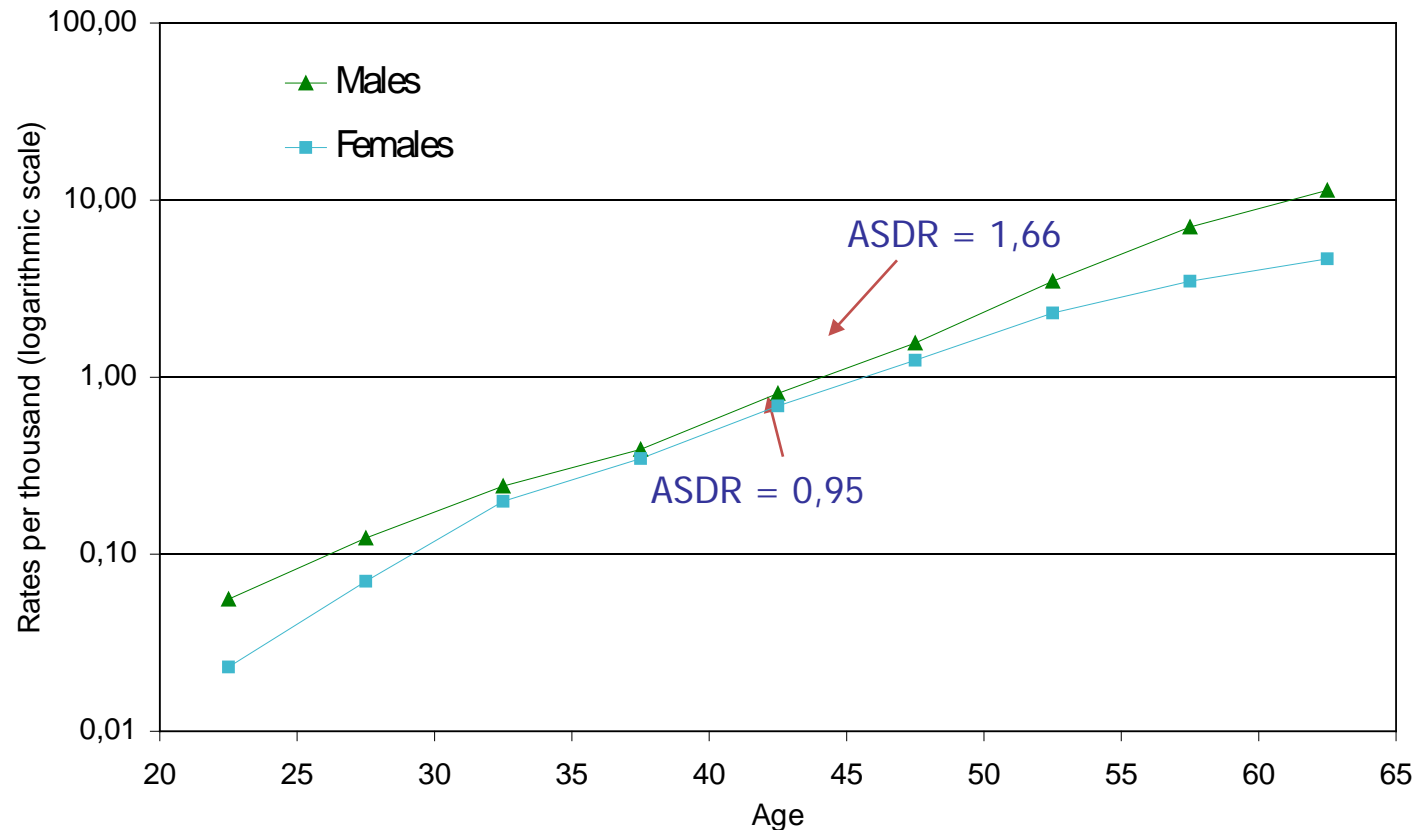
Disability rates by age and regime
Argentina, 2000-2006



GDR in PAYG was 300% higher than in FF, due to age composition!
ASDR 24% higher, partly due to lower level of appeals

Disability by age and sex

Disability rates by age and sex
Argentina, 2000-2006

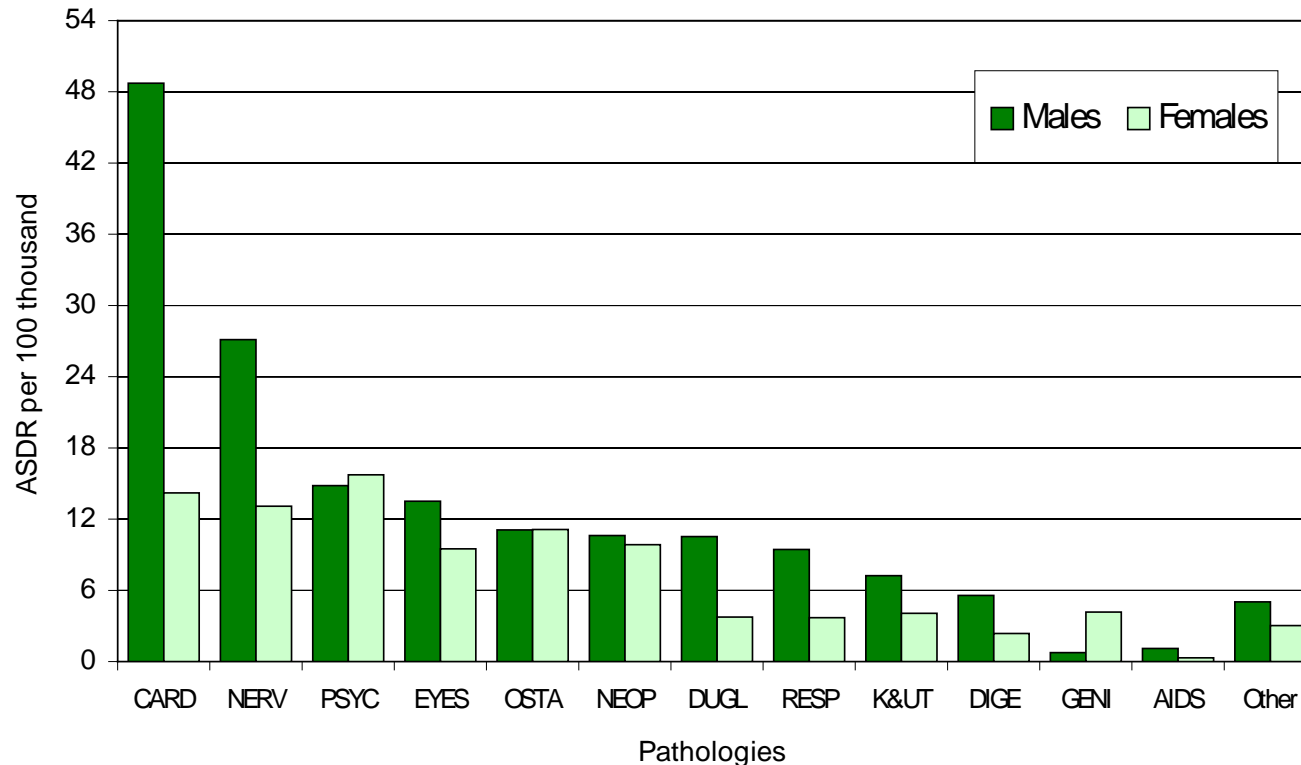


GDR was 83% higher for males than for females (ASDR 74% higher)

Disability by pathology and sex



Age standardized disability rates by pathology and sex
Argentina 2000-2006

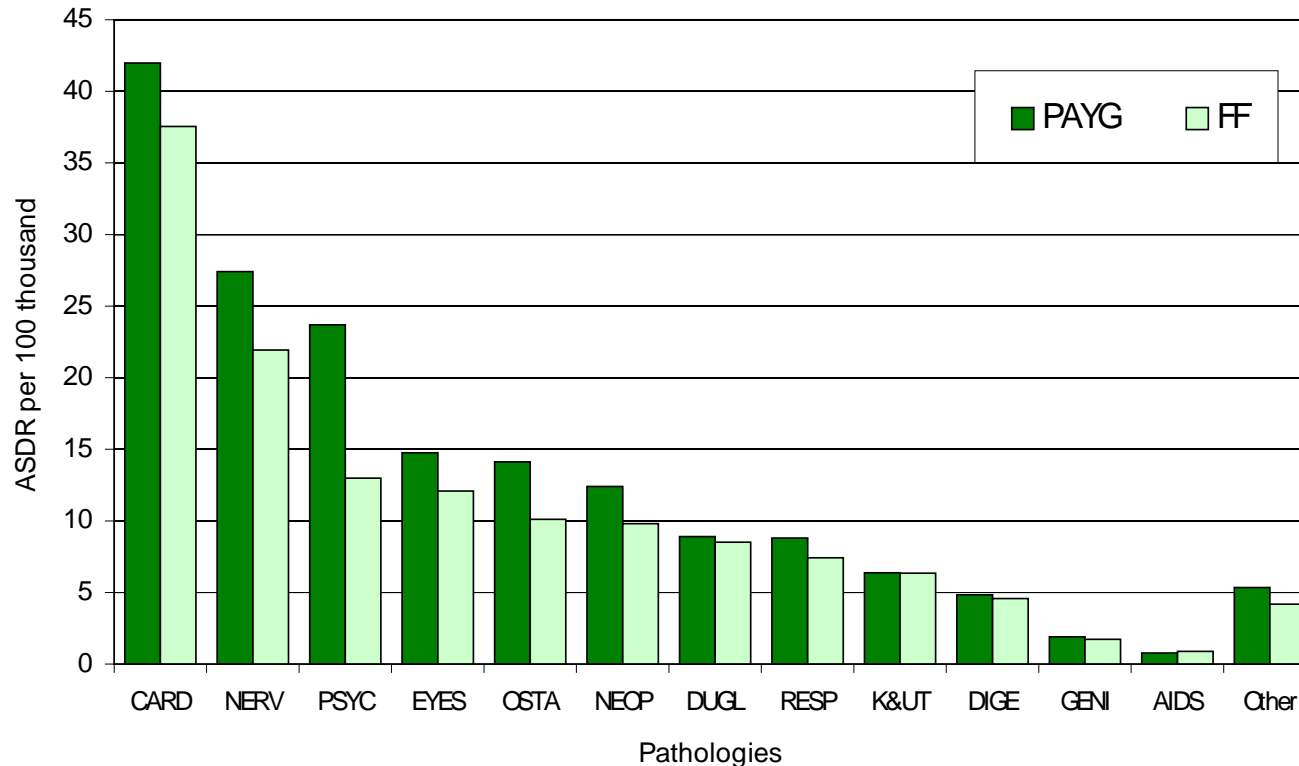


- ASDR for males are higher (mostly) than for females (74%)
- “Cardiovascular” is responsible for 49% of the total difference

Disability by pathology and regime



Age standardized disability rates by pathology and regime
Argentina 2000-2006



- ASDR are higher in PAYG (except for AIDS) than in FF (24%)
- “Psyche” is responsible for 32% of the total difference

International comparison



Comparisons should be cautious since there are different definitions of disability (partial or total, permanent or temporary) and risks are also affected by different levels of selectivity of the exposed population

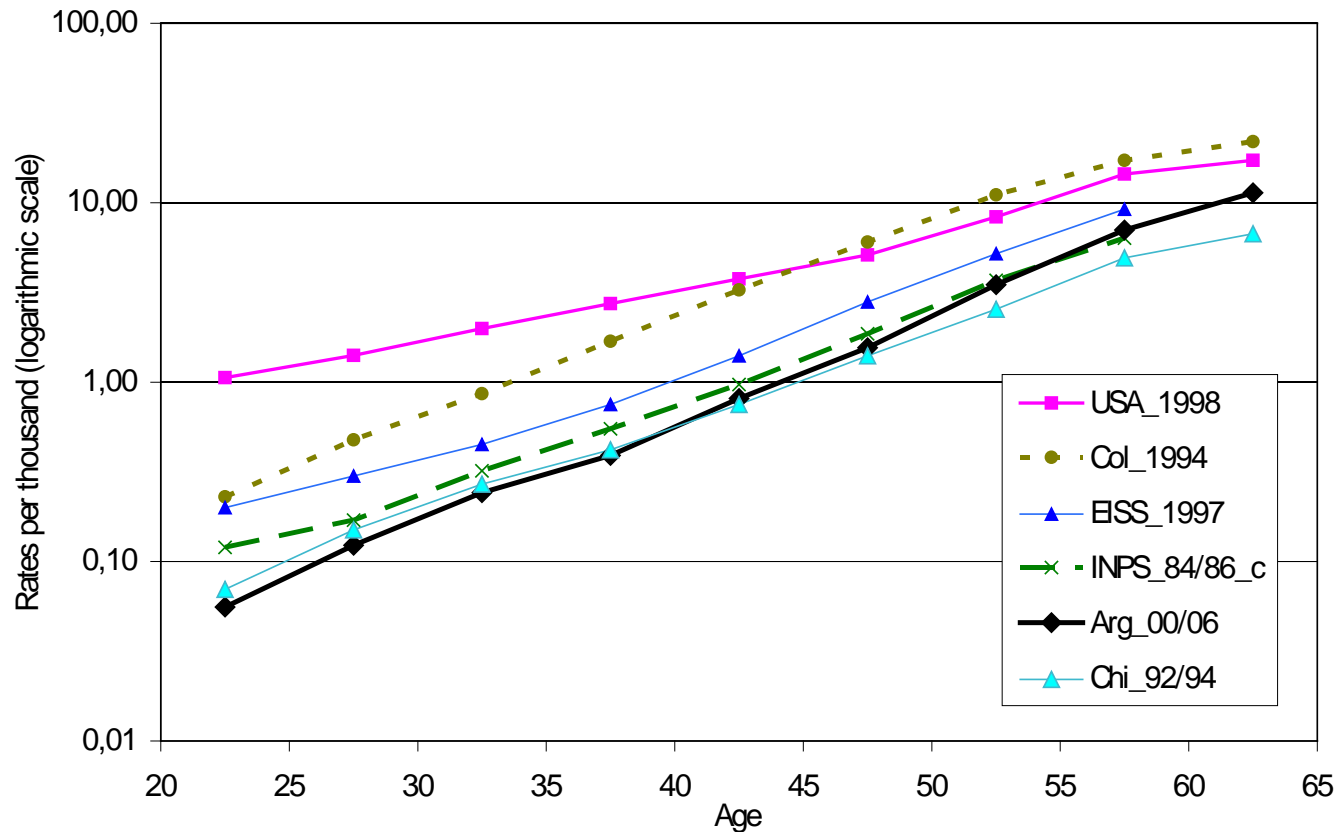
Selected experiences / Tables available

- **Col_1994**, adopted by SBC (Colombia)
- **EISS_1997**, adopted by CNSF (Mexico)
- **INPS_84/86**, prepared by INPS (commercial employees, Italy)
- **CHI_92/94**, prepared by Angulo et al (Chile)
- **USA_1998**, prepared by Zayatz (United States - OASDI)

Disability rates by age for males



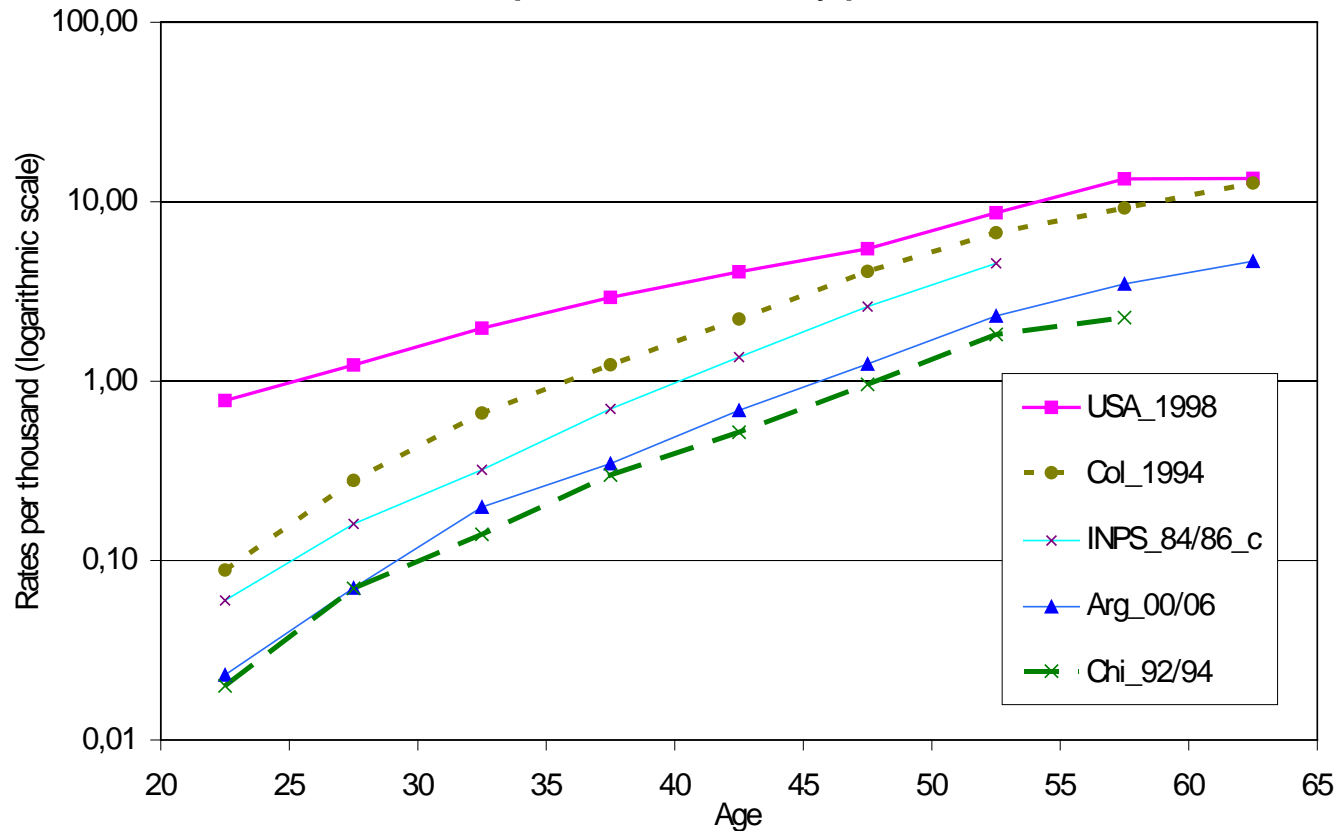
Internacional comparison of disability patterns - Males



Disability rates by age for females



Internacional comparison of disability patterns - Females



Argentina and international patterns



Disability	Males			Females		
	alpha	beta	R ²	alpha	beta	R ²
Arg_00/06	0,00	1,00	100,0%	0,00	1,00	100,0%
EISS_1997	-0,69	1,20	99,2%			
USA_1998	-2,76	1,84	99,4%	-3,02	1,77	98,7%
Col_1994	-1,35	1,12	99,0%	-1,22	1,08	99,9%
INPS_84/86	-0,22	1,16	99,5%	-0,70	1,04	99,4%
Chi_92/94	0,13	1,16	99,9%	0,29	1,05	99,6%

Note: Coefficients correspond to a linear regression of disability rates by age (ln), with Arg_00/06 as dependent variable.

International comparison: main findings



- ✓ Disability rates for both, males and females, are lower in Argentina than in other countries (except for CHI_92/94), although patterns tend to be similar
- ✓ Possible reasons: selected exposure (only formal employees) and strict requisites (lack of rehabilitation)
- ✓ CHI_92/94 is specially close, although slightly lower than Argentina
- ✓ USA_1998, Col_1994 and EISS_1997 are much higher at early ages, reducing the relative gap at older ages
- ✓ The growth of age-specific disability rates (the slope) is higher in Argentina than in the other experiences

Summary



- ∅ ASDR for males is 74% higher than for females
 - “Cardiovascular” is responsible for 49% of the difference
- ∅ ASDR in PAYG is 24% higher than in FF regime
 - Lower appeals and 32% of the difference due to “Psyche”
- ∅ ASDR in Northeast is 62% higher than in Patagonia
 - Significant regional differences
- ∅ Disability rates in Argentina are lower than in developed countries and slightly higher than those estimated for Chile
- ∅ Disability rates by age in Argentina grow with a similar pattern and a slightly higher slope than other international experiences

Final comments



- ✓ The present paper is a novel contribution to studies on disability and social security in Argentina and in less developed countries
- ✓ Future lines of research might consider topics such as:
 - Financial impact of disability in FF regimes
 - Financial impact of disability on PAYG fiscal balance
 - Disability trends at times of crisis or economic depression
 - Impact on long term actuarial projections

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**Questions and comments are
welcome**

Gracias! (Thank you!)