

INCAPACITY FOR WORK DUE TO DISEASE OR INJURY IN THE FIRST HALF OF 2011

The trend in the incapacity for work due to disease or injury in the Czech Republic has been significantly affected by changes to relevant acts regulating the sickness insurance (effective on 1 January of the given year, in most cases). Since 1 January 2009 the sickness insurance has been regulated by the **Act No. 187/2006 Sb. on the sickness insurance**, as amended by following regulations. **Fees for the sickness insurance** are defined by the Act No. 589/1992 Sb. on insurance fees for the social security and on the contribution to the State Employment Policy, as amended. Since 2010 there have been changes carried out to the sickness insurance adopted with the aim to reduce the State Budget deficit.

In the first half of 2011 the trend in the incapacity for work was influenced mostly by changes to amounts of statutory sick pay, start of the statutory sick pay providing, and amounts of sickness insurance benefits:

- **Amounts of statutory sick pay**

Since 2010 levels of the percentage rate of statutory sick pay based on duration of the temporary incapacity for work (hereinafter as "the TIW") or ordered quarantine. For the year 2010 there was a uniform rate for the determination of daily amount of statutory sick pay valid at the amount of 60% of the daily measuring basis. This rate has been still valid for 2011 without any time limitation.

Concerning financial aid in maternity then the percentage rate of the daily amount of this allowance, which was 70% of the daily measuring basis as at 31 December 2010, has not been changed since 1 January 2011. The percentage rate for the determination of the daily amount of care allowance has also not been changed and there is still 60% of the daily measuring basis and one is entitled to the care allowance drawing since the first day of the care needed.

- **Beginning of statutory sick pay providing**

According to Sections 192 and 194 of the Labour Code, it was valid for 2010 that for the period of the first 14 calendar days of the incapacity for work the employee is provided with wage (salary) or reward refund, which shall be provided by the employer. The employee is entitled to wage refund for working days of the incapacity for work beginning on the fourth working day (starting on the first day in the case of quarantine).

In case of the TIW (or quarantine) occurred till the end of 2010, statutory sick pay shall be paid under condition according to the Act on the sickness insurance in wording effective till 31 December 2010 (i.e. starting on the fifteenth calendar day of the TIW duration).

If the TIW has occurred after 1 January 2011 statutory sick pay has been provided since the twenty-fourth calendar day of the TIW duration.

This measure is limited to the period of three years, i.e. till the end of 2013.

- **Amounts of sickness insurance benefits**

Amounts of sickness insurance benefits are calculated by means of the daily measuring basis, which is modified (reduced) using three reduction limits, levels of which are announced by the Ministry of Labour and Social Affairs of the CR by a notice in the Collection of Laws of the CR. On 1 January 2011 the reduction limits depending on the trend in the average wage amount were changed, which have affected a moderate increase in benefits as well (1st RL from the amount of CZK 791 to the amount of CZK 825, 2nd RL from the amount of CZK 1 186 to the amount of CZK 1 237, 3rd RL from the amount of CZK 2 371 to the amount of CZK 2 474). As at 1 January 2001 the benefit payers were obliged to recalculate automatically the amounts of the benefit for the sickness-insured persons, including the benefits which were provided prior 1 January 2011 and still have been paid.

- **Self-employed persons**

The sickness insurance of self-employed persons (hereinafter as "the SEPs") as well as the sickness insurance of foreign employees has remained voluntary. Since 1 January 2011 the rate of the sickness insurance fee for the SEPs and foreign employees has been increased from 1.4% to 2.3%. Therefore the minimum insurance fee of this sickness insurance is CZK 92 (i.e. 2.3% of the minimum monthly basis of CZK 4 000).

Since 1 January 2011 the SEPs are entitled to drawing of sickness insurance benefits starting on the twenty-second day of the TIW duration.

Another principal change for 2011 to the sickness-insured SEPs is that under conditions their own-account economic activities are side jobs (because they have been granted old-age pension, for instance) and simultaneously the given person has underwritten sickness insurance scheme voluntarily, his/her performance of the own-account economic activity has been changed to the main job since 1 January 2011. Therefore this SEP is obliged to pay deposits to the pension insurance at the minimum amount, at least, or at the amount depending on his/her amount of the tax basis attained in the previous calendar year.

Since 1 January 2011 conditions for entitlement for the sickness insurance benefit payment for the SEPs were unified. The entitlement is born always when the SEP participation in the sickness insurance lasted for the period of three calendar months before the social event occurred. The option of a retroactive application to the sickness insurance, within eight days since the own-account economic activity has been launched and the entitlement to the payments of sickness insurance benefits since the first day of the participation in the sickness insurance under condition the application has been submitted within eight days since the activity was started, was cancelled.

Since 1 January 2011 the deposit fees to the pension insurance and to the sickness insurance are interconnected. The monthly basis determined by the payment of the sickness insurance fee may not be higher than the monthly measuring basis, of which the deposit fee for the pension insurance in this month has been, or should be, reimbursed.

It is necessary to mention, furthermore, that the change to the Act No. 187/2006 Sb. on the sickness insurance has brought also methodological differences to reporting of the statutory sick pay drawing compared to the currently established practise. This was also reflected in the data collecting and processing at the Czech Social Security Administration.

Trends in basic indicators of the statistical survey by means of the questionnaire ‘Nem Úr 1-02’ for the first half of 2011 are given here below:

The **average number of sickness-insured persons** in the first half of 2011 was 4 181.1 thousand persons, which is by almost 58 thousand less than in the first half of 2010 (4 233.7 thous. persons).

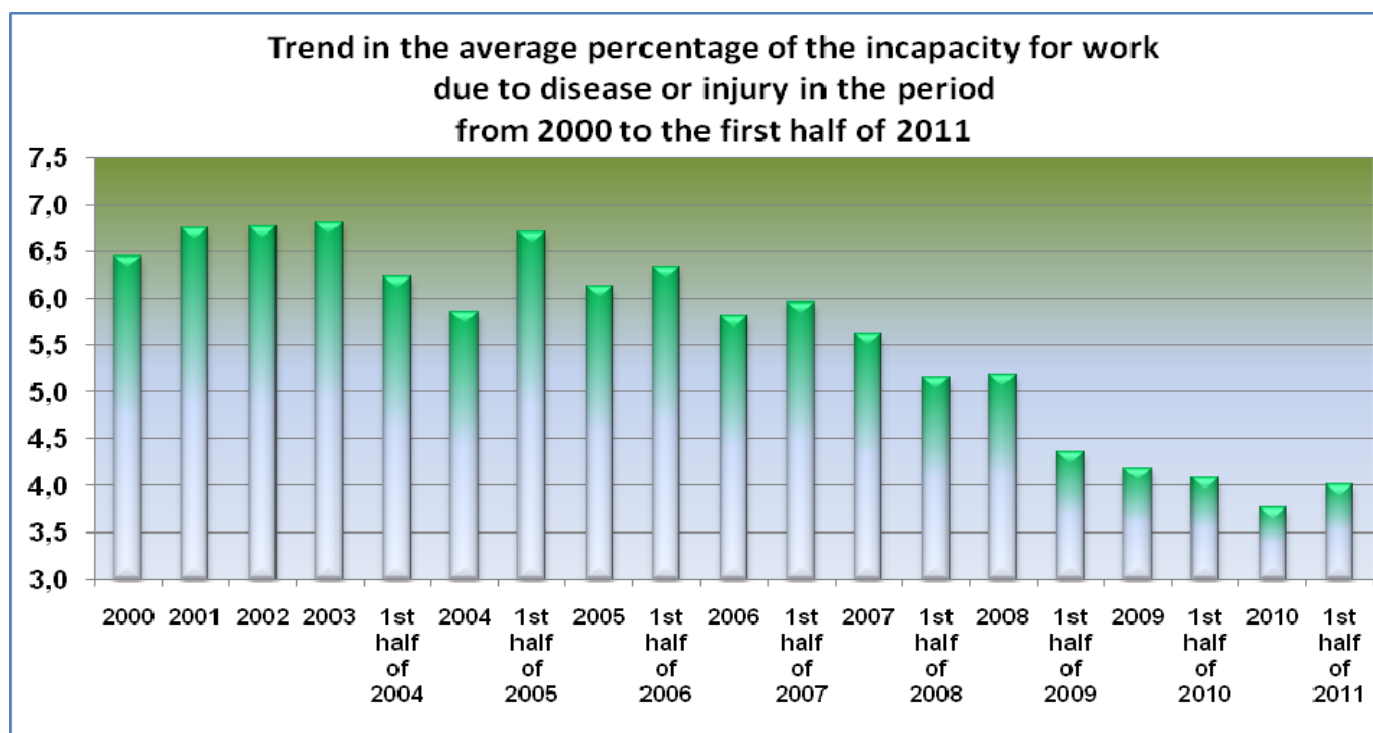
The number of **newly notified cases of the incapacity for work** in total increased from 702.8 thousand to 710.5 thousand, year-on-year, (i.e. almost by 1.1%).

When **calculated per 100 sickness-insured persons** the year-on-year increase in new cases of the incapacity for work due to disease or injury was 0.39 percentage points (p.p.), from 16.60 cases in the first half of 2010 up to 16.99 cases in the first half of 2011.

The **average duration of one case of the incapacity for work** decreased year-on-year from 44.57 days in the first half of 2010 to 42.77 days in the first half of 2011, (i.e. by almost two days).

In the first half of 2011 the **average percentage of the incapacity for work** slightly dropped year-on-year from 4.087 to 4.015, (i.e. by 0.072 p.p).

In the first half of 2011 in the Czech Republic 167 887 sickness-insured persons were missing at work every day due to the incapacity for work due to disease or injury, which was almost by 5 156 sickness-insured persons less compared to their number in the first half of 2010.



The average percentage of the incapacity for work was increasing till 2003 when it reached its maximum at 6.814%. That means in practise that, on average, nearly 7 employees/sickness-insured persons out of 100 were absent at work due to disease or injury every day. Since 2005 this indicator has been showing a downward trend following, first of all, from changes in behaviour of sickness-insured persons as a result of legislative regulations. In 2010 the average percentage of the incapacity for work attained the level of 3.763 and thus reached the historically lowest value since the beginning of the 1960s. In the first half of 2011 the average percentage of the incapacity for work was 4.015%, which means a slight decrease compared to the first half of 2010 (4.087%)