

THE CANADIAN WORKING GROUP ON HIV AND REHABILITATION (CWGHR)



The Canadian Working Group on HIV and Rehabilitation (CWGHR) is a non-profit organization that promotes innovation and excellence to help people living with HIV disease in their rehabilitation process.

Scope of Engagement

CWGHR approached RiskAnalytica with a request for assistance with formulation of national policies that address the issues of labour-force participation and social inclusion of individuals affected by episodic disabilities. According to the CWGHR, an increasing number of Canadians are living with diseases, such as mental illness, cancer, lupus, multiple sclerosis, diabetes and HIV/AIDS, that may result in *episodic disabilities*. Such disabilities are characterized by unpredictable shifts between acute episodes of illness and unexpected episodes of wellness affecting a person's capacity to function effectively and remain in the workforce. Episodic disabilities can force individuals to move out of the workforce suddenly, but later may gradually resolve themselves so the individuals are able to return to work.

RiskAnalytica's role in this project was to estimate a potential economic impact associated with adopting a new disability benefit program that would address the specific needs of individuals with episodic disabilities.

CWGHR Challenges

- *Limiting definition of disability.* Currently the Canada Pension Plan Disability (CPP-D) benefit program defines disability as **permanent** or **extended** inability to work.
- *Absence of effective mechanisms to address the needs of people with episodic disabilities.* The definition of disability adopted by the CPP-D does not provide individuals suffering from episodic disabilities with effective mechanisms for timely termination and reinstatement of the benefits based on the disability episodes.
- *Continued dependence of people with episodic disabilities on assistance programs.* The absence of effective mechanisms for the termination and reinstatement of disability benefits causes individuals with episodic disabilities to become trapped into continued dependence on the assistance programs preventing them from returning into the workforce during the episodes of wellness.

- *Need for a flexible income support program.* According to the CWGHR, the CPP-D should recognize the limitations of the current disability benefit program and address the needs of individuals with episodic disabilities by adopting a more flexible benefit program which would allow disabled persons who resume work to retain a portion of their CPP-D benefits.

RiskAnalytica Solutions

- *Using the Life at Risk™ framework.* To forecast the economic impact of the proposed change in CPP-D benefit policy, RiskAnalytica applied its Life at Risk™ framework. The Life at Risk™ platform incorporates demographic, disease and economic models to yield a risk management analysis of the value of health policy decisions, such as those made by the CPP-D. The change in policy was analyzed over a multi-year forecast period.
- *Developing an operational definition for economic disability.* To translate the concept of “disability” into economic terms, *economic disability* was defined as the inverse of an individual’s ability to work. For example, a person who returns to work and works 25% of the time is considered to have an economic disability level of 75%.
- *Running simulation scenarios to forecast the economic impact of the new CPP-D policy.* First, a *status quo* scenario was considered, in which presumed no change in the current CPP-D policy. Then, several scenarios in which a change in CPP-D policy would be implemented were simulated. The scenarios differed in their assumptions about the percentages of disabled persons that would go back to work under the proposed CPP-D policy. The economic impact of the new policy was computed as the change in the government’s gross income, equal to the change in its taxation revenues, less the change in the CPP-D payments.
- *Linking the outputs of simulation scenarios to policy outcomes.* The simulation scenarios conducted by RiskAnalytica using the Life at Cancer Risk™ framework generated outputs that allowed presenting the problem of episodic disabilities in terms of policy outcomes. In particular the simulations demonstrated that in the short-, medium- and long-run, the government would benefit from implementing a disability benefit program that encourages participation of individuals with episodic disabilities in the labour force to the full extent allowed by their health. The number of disabled people going back to work under the changed CPP-D policy would have a significant positive impact on the economy in every year of the forecast period. The economic activity generated by higher labour force participation resulted in higher total taxation revenues for the federal and provincial governments.