

AIReF CALLS FOR STRONGER OVERSIGHT AND COORDINATION OF TEMPORARY DISABILITY BENEFITS

- **The Independent Authority for Fiscal Responsibility (AIReF) has identified a structural flaw in how temporary disability is managed: doctors authorise benefits, but the National Social Security Institute (INSS) bears the financial burden.**
- **The main weakness lies in the absence of robust, integrated systems for data sharing, oversight and monitoring. AIReF proposes building such systems as the core priority for improving effectiveness.**
- **This assessment comes as key temporary disability indicators have deteriorated sharply. Incidence rose by nearly 60% between 2017 and 2024, average duration has increased, and spending has tripled.**
- **The evaluation highlights several factors driving the rise: inadequate process oversight and monitoring, regulatory changes that have strengthened claimant protections, the economic expansion, growing healthcare demand, and longer waiting lists for temporary disability.**
- **AIReF proposes developing an integrated information system, strengthening the INSS's capacity for oversight, improving collaboration with primary care doctors, encouraging large employers to take greater responsibility for benefit management and occupational health, and assessing waiting lists.**
- **The study includes an interactive tool for tracking key temporary disability indicators across 9,500 different individual profiles.**

The Independent Authority for Fiscal Responsibility (AIReF) today published its study on temporary disability, one of three commissioned as part of the second phase of the 2022–2026 Spending Review, alongside studies on Official Development Assistance and Minimum Living Income (MLI). The study analyses the institutional design and governance of temporary disability, the factors driving its growth, and the causal impact of recent regulatory reforms. AIReF proposes strengthening oversight and coordination of the benefit to improve its effectiveness.

Temporary disability is one of the main benefits in Spain's welfare system and the second largest component of Social Security spending after pensions, at €16.5 billion in 2024. The benefit provides income protection for workers temporarily unable to work due to illness or injury.

The evaluation identifies a structural flaw in how temporary disability is managed, rooted in a principal-agent problem: clinical authority rests with primary care doctors, while financial responsibility lies with the National Social Security Institute. Spain's decentralised healthcare system compounds this disconnect. This arrangement makes it difficult to properly account for costs and creates risks of overuse and unnecessarily prolonged claims without stronger oversight and coordination. The evaluation's central finding is that the system lacks robust, integrated

mechanisms for data sharing, oversight and monitoring across the various actors involved—mechanisms that would help address the inherent principal-agent tensions. AIReF proposes building these systems as the core priority for improving effectiveness and efficiency while maintaining worker protections.

Temporary disability indicators

This structural diagnosis comes at a time when key temporary disability indicators have deteriorated significantly. Between 2017 and 2024, the incidence of non-occupational sick leave rose by nearly 60%, while average duration increased by 15%—particularly for the costliest conditions (mental health disorders and musculoskeletal diseases)—against a backdrop of longer NHS waiting lists. The procyclical nature of temporary disability and the surge in healthcare demand following the COVID-19 pandemic have added further pressure.

The evaluation also highlights the role of collective agreements: half of all sectoral agreements and nearly two-thirds of company-level agreements include top-ups that increase coverage during temporary disability, often matching the worker's full salary.

AIReF also notes how the regulatory framework has shifted towards a more protective approach since 2018, reversing earlier restrictions and expanding income protection during periods of temporary disability. In particular, restoring full salary compensation for public employees on temporary disability leave increased the likelihood of taking sick leave by 40%. Similarly, the shift from temporary to permanent contracts driven by labour reform raised the likelihood of starting a temporary disability episode by around 30%.

The quantitative analysis also reveals that episodes are highly concentrated among a small group of workers with repeated absences. There is also a growing concentration of very short-duration claims, which do not generate direct costs for the public sector but increasingly shift the burden to employers.

Proposals

Based on these findings, and without altering the framework of rights established by law and reinforced through collective bargaining, AIReF sets out a series of proposals to improve the effectiveness and efficiency of temporary disability management. Chief among them is developing an integrated information system enabling full interoperability between the INSS, regional health services, mutual insurers and employers. The system would systematically capture relevant data on workers, job roles, employers and each temporary disability episode. This system should be underpinned by advanced analytical tools capable of estimating expected claim durations, flagging deviations from expected timeframes, detecting anomalous patterns or recurring outliers, and generating automatic alerts for early intervention. These tools would also help identify risks of prolonged or chronic claims, and prioritise diagnoses and groups showing the greatest systematic deviations.

AIReF also proposes strengthening the INSS's capacity through earlier, more specialised intervention in temporary disability cases—prioritising those with the greatest deviations and workers with repeated episodes—and establishing closer collaboration with primary care doctors. To support this, doctors should receive systematic information on workers' conditions along with digital decision-support tools, backed by stronger technical support from medical inspectorates and the specialist temporary disability unit.

Given the high concentration of temporary disability episodes in larger companies, AIReF further proposes that the bodies managing temporary disability actively encourage these employers to take greater responsibility for benefit management and occupational health. Finally, AIReF proposes assessing NHS waiting lists, starting with improving the quality, coverage and accessibility of available data.