OCCUPATIONAL RISK SYSTEM IN ARGENTINA

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MARCH 2012
OCCUPATIONAL RISK LAW

Main Characteristics

- **IN THE FRAMEWORK OF THE SOCIAL SECURITY SYSTEM**
  - Operating on the basis of a universal and mandatory insurance
    - Insurance rates based on the risk
    - Integration between prevention and repair

- **PRIVATE MANAGERS ENTITIES (occupational risk insurance) FOR PROFIT**
  - Automatic Coverage
    - Precise definition of the contingencies
    - Objective determination of benefits
    - Expeditious administrative procedures
# PREVENTION

## Key Actors and Roles

<table>
<thead>
<tr>
<th>STATE</th>
<th>• The National Government <em>regulates</em> and the National Government along with the Provincial States <em>supervise</em>.</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMPLOYERS</td>
<td>• Based on <em>security duty: compliance with the regulations of health and safety at work</em>.</td>
</tr>
<tr>
<td>EMPLOYEES</td>
<td>• <em>Compliance</em> with specific obligations (Complaints, training, examinations).</td>
</tr>
<tr>
<td>OCCUPATIONAL RISK INSURANCE COMPANY</td>
<td>• <em>Advises</em> under the current regulatory standards, reporting violations and performs periodic medical examinations.</td>
</tr>
</tbody>
</table>
### ARGENTINA

#### 2010 Data – SECOND TRIMESTER

<table>
<thead>
<tr>
<th>Economically Active Population (EAP)</th>
<th>16,561,280</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNEMPLOYED</td>
<td>1,280,086</td>
</tr>
<tr>
<td>EMPLOYED</td>
<td>15,281,194</td>
</tr>
<tr>
<td>- Employees (wage earner)</td>
<td>11,613,708</td>
</tr>
<tr>
<td>- Non formal workers (non standard way of employment)</td>
<td>4,239,003</td>
</tr>
<tr>
<td>- Self employed</td>
<td>3,667,487</td>
</tr>
<tr>
<td>Employees under the Occupational Risks Law</td>
<td>7,975,107</td>
</tr>
<tr>
<td>- ORL vs. EAP</td>
<td>48,16%</td>
</tr>
<tr>
<td>- ORL vs. EMPLOYED</td>
<td>52,19%</td>
</tr>
<tr>
<td>- ORL vs. Wage earners</td>
<td>68,67%</td>
</tr>
</tbody>
</table>

**Source:** Based on data from the Ministry of Economy, INDEC, SRT and UART estimates.
• UNEMPLOYED
• NON FORMAL

PUBLIC HOSPITALS

NON WORK RELATED DISEASES

ACCIDENTS AND OCCUPATIONAL DISEASES

WAGE EARNER

OCCUPATIONAL RISKS SYSTEM

ACCIDENTS AND OCCUPATIONAL DISEASES

UNIVERSAL HEALTH CARE (employer and labor union-sponsored plans)

NON WORK RELATED DISEASES

PRIVATE HEALTH INSURANCE

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"All sudden and violent event occurred at work, working or traveling between the worker’s home and the workplace"
**Coverage**

- **Occupational Diseases**

<table>
<thead>
<tr>
<th>KNOWN AND RATEABLES</th>
<th>UNKNOWN AND UNRATEABLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>On the list of Occupational Diseases, are financed by the premium charged by the occupational risk insurance company</td>
<td>Recognized as such by the Medical Boards, are financed by the Trust Fund for Occupational Diseases</td>
</tr>
</tbody>
</table>
## BENEFITS

- **Tools**

<table>
<thead>
<tr>
<th>MONETARY BENEFIT</th>
</tr>
</thead>
</table>
| • Temporary disability (TD)  
  Declared average salary which was provided to social security. |
| • Permanent disability (PD)  
  **PROVISORY**  
  Cases above 50%. Monthly rent. Until the declaration of permanent disability.  
  **DEFINITIVE**  
  * Up to 50%. One payment.  
  * Between 50% and 66%. One payment and monthly income for life.  
  * From 66% and more. One payment and monthly income in addition to providing pension.  
  * Death. Idem. |
## BENEFITS

### Tools

### BENEFIT IN KIND

- Immediate attention of the injured worker.
- Referral to specialized centers, depending on complexity.
- Full coverage on medications, prosthetics and transfers (land and air).
- Rehabilitation.
- Requalification for work reintegration.
- Fast and timely payment of compensation.
PREVENTION

Tools

- Creation of specialized institutions with specific counseling duties. (Occupational Risk Insurance Company)
- Definition of roles of each interested party (Government, employers, workers and ORIC).
- Specific regulations by sector (agriculture, construction, mining, etc.)
- Register of incidents (incidents history of the company and the worker).
- Prices according to risks and incidents.
- Budget for research and training, among others.
MANAGEMENT INDICATORS

- Coverage

Source: Data from SRT and UART.

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EDUCATION OF DEATH RATES SINCE THE SYSTEM BEGAN
53% (WITH "IN ITINERE" OR COMMUTING) AND 59% (WITHOUT COMMUTING)

Source: SRT.

Death rates: Number of deaths / Exposed workers* 1.000.000

MANAGEMENT INDICATORS

- Evolution of death rates (1996 - 2010)

REDUCTION OF DEATH RATES SINCE THE SYSTEM BEGAN
53% (WITH “IN ITINERE” OR COMMUTING) AND 59% (WITHOUT COMMUTING)

Represents 4.600 avoided deaths

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MANAGEMENT INDICATORS

- Evolution of the incidence rate (1996 - 2010)

**REDUCTION OF THE INCIDENCE RATE SINCE THE SYSTEM BEGAN**
16% (COMMUTING) AND 23% (WITHOUT COMMUTING)

**Incidence rate:** Number of accidents in the workplace with at least 1 day down / exposed workers *1000.

**Variación 2010 vs 2009:** 5%

*Source: SRT.*

*Incidence rate: Number of accidents in the workplace with at least 1 day down / exposed workers *1000.*
Evolution of GDP and rates of impact on occupational accidents and diseases
(base rate 1997=100)
MANAGEMENT INDICATORS

- Participation of commuting accidents

**WITHIN THE TOTAL DEATH RATE**

Since the beginning of the system 12 points were reduced from the incidence of death in the workplace.

### POSITIVE SCENARIO

<table>
<thead>
<tr>
<th>Year</th>
<th>Work Place</th>
<th>Commuting</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>2010</td>
<td>56%</td>
<td>44%</td>
</tr>
</tbody>
</table>

### NEGATIVE SCENARIO

- High incidence of commuting deaths
  - 44% of total deaths
  - 24% of total deaths

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MANAGEMENT INDICATORS

- Incidence Rates

### YEAR 2010

- **Agriculture**: Incidence Rate 90.2, Incidence Rate OA & OD 100.0
- **Mining**: Incidence Rate 58.0, Incidence Rate OA & OD 105.5
- **Manufacture**: Incidence Rate 63.7
- **Electricity**: Incidence Rate 44.0, Incidence Rate OA & OD 53.9
- **Construction**: Incidence Rate 85.0
- **Commerce**: Incidence Rate 70.1, Incidence Rate OA & OD 128.3
- **Transport**: Incidence Rate 52.7, Incidence Rate OA & OD 87.4
- **Services**: Incidence Rate 38.1, Incidence Rate OA & OD 57.0
- **Social Services**: Incidence Rate 33.7, Incidence Rate OA & OD 47.7
- **TOTAL**: Incidence Rate 54.9, Incidence Rate OA & OD 71.3

*Source: SRT*
### MANAGMENT INDICATORS

- **Incidence rate in deaths**

#### YEAR 2010

<table>
<thead>
<tr>
<th>Industry</th>
<th>Incidence Rate</th>
<th>Source: SRT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>184.6</td>
<td>301.7</td>
</tr>
<tr>
<td>Mining</td>
<td>122.2</td>
<td>203.6</td>
</tr>
<tr>
<td>Manufacture</td>
<td>106.4</td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td>121.0</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>196.7</td>
<td>276.8</td>
</tr>
<tr>
<td>Commerce</td>
<td>110.1</td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td>157.2</td>
<td>228.7</td>
</tr>
<tr>
<td>Services</td>
<td>86.5</td>
<td></td>
</tr>
<tr>
<td>Social Services</td>
<td>52.7</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>109.3</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** SRT

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ACCIDENT RATES INDICATORS

- Cases based on the characteristics of covered incidents

YEAR 2010

- Commuting deaths: 380
- Mortal OA/OD: 491
- Enfermedades profesionales: 20,184
- Readmissions after discharge: 29,348
- Incapacidades: 47,660
- Commuting accidents: 102,184
- Unreported cases: 630,766
- Risk Covered workers: 7,993,610

Fuente: UART en base a datos SRT.
MANAGEMENT INDICATORS

- Management in periodic medical examinations

 DEVELOPMENT OF THE NUMBER OF WORKERS TESTED

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Workers Tested</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>284,000</td>
</tr>
<tr>
<td>2002</td>
<td>315,000</td>
</tr>
<tr>
<td>2003</td>
<td>422,000</td>
</tr>
<tr>
<td>2004</td>
<td>516,000</td>
</tr>
<tr>
<td>2005</td>
<td>534,000</td>
</tr>
<tr>
<td>2006</td>
<td>757,606</td>
</tr>
<tr>
<td>2007</td>
<td>747,666</td>
</tr>
<tr>
<td>2008</td>
<td>891,464</td>
</tr>
<tr>
<td>2009</td>
<td>907,130</td>
</tr>
<tr>
<td>2010</td>
<td>855,312</td>
</tr>
</tbody>
</table>

Increase in the amount of the examined exposed workers (2001 vs 2010): + 200%

Periodical medical examinations that could not be done (2010): 217 mil

From problems unrelated to the ORI.

Source: UART

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MANAGEMENT INDICATORS

- Cost of coverage

COMPARISON OF INTERNATIONAL COMPETITIVENESS

<table>
<thead>
<tr>
<th></th>
<th>November 2011</th>
<th>Pre ORL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>1.7%</td>
<td>3.0%</td>
</tr>
<tr>
<td>United States</td>
<td>2.1%</td>
<td>3.0%</td>
</tr>
<tr>
<td>France</td>
<td>2.2%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Spain</td>
<td>2.7%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Germany</td>
<td>3.0%</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

Source: SRT & UART

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THAT THE OCCUPATIONAL RISK SYSTEM WORKS
MEANS THAT...

8.503.000 EMPLOYEES AND
862.000 COMPANIES
HAVE EFFECTIVE
COVERAGE
THAT THE OCCUPATIONAL RISK SYSTEM WORKS MEANS THAT...

DEATH RATE IN WORKPLACES DROPPED 59%
THAT THE OCCUPATIONAL RISK SYSTEM WORKS MEANS THAT...

MORE THAN 600,000 EMPLOYEES PER YEAR RECEIVE INTEGRAL ATTENTION

**UNLIMITED TIME**

- Providers
- Transfers
- Medicines
- Prosthetics and Orthotics
- Rehabilitation
- Requalification

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CURRENT SITUATION

- Development of lawsuits

GROWTH OF THE OPERATING EXPENSES AND COVERAGE DUE TO CONFLICTUALITY
(judicial and administrative)

<table>
<thead>
<tr>
<th>Year</th>
<th>Var. Anual</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2.947</td>
<td>3.878</td>
<td>6.857</td>
<td>11.697</td>
<td>17.232</td>
<td>27.170</td>
<td>41.538</td>
<td>54.335</td>
<td>57.497</td>
</tr>
<tr>
<td>Var. Anual</td>
<td></td>
<td>32%</td>
<td>77%</td>
<td>71%</td>
<td>47%</td>
<td>58%</td>
<td>53%</td>
<td>31%</td>
<td>6%</td>
<td></td>
</tr>
</tbody>
</table>

* Period January – November.
CURRENT SITUATION

- Requirements for a solution

How do we get out from the current situation?

- Safeguarding properly the current operation
- Reinstating certainty with a new standard that allows the insurability
- By having a standard that is respected by the various courts of law

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**Current Situation**

- Requirements for a solution

<table>
<thead>
<tr>
<th>Basic requirements to be met by the new standard</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REPAIR</strong></td>
</tr>
<tr>
<td>Predetermined formulas that are guaranteed by justice</td>
</tr>
<tr>
<td><strong>CONTINGENCIES</strong></td>
</tr>
<tr>
<td>Clearly defined through the Baremo Scale and the List of Diseases</td>
</tr>
<tr>
<td><strong>PROCEDURES</strong></td>
</tr>
<tr>
<td>Mandatory administrative procedure with legal sponsorship allowing the agility of benefits</td>
</tr>
<tr>
<td><strong>OBLIGATIONS</strong></td>
</tr>
<tr>
<td>Accurate and executable for employers, workers, State and ORIC</td>
</tr>
</tbody>
</table>

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THANK YOU