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The Impact of Paid Family Leave on Families with Health

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Key Findings and Policy Implications

This paper analyzes the impact of paid family leave policies adopted in California, New Jersey, and New York on the labor market and mental health outcomes of individuals whose spouses or children experience health shocks. It uses data from the 1996-2019 restricted-use version of the Medical Expenditure Panel Survey, which provides state of residence and the precise timing of hospitalizations and surgeries. The paper finds that:

- Healthy women with access to paid family leave benefits, whose spouses have medical conditions or limitations and experience a new hospitalization or surgery, are 7 percentage points less likely to report "leaving a job to care for home or family." These women also have better self-reported mental health and use fewer mental health-related prescription drugs.

- Improvements in job continuity and mental health are concentrated among caregivers with 12 or fewer years of education, suggesting that government-provided paid family leave benefits might reduce disparities in leave access.

- The estimated impact of paid family leave benefits on men whose spouses have health shocks is small and statistically insignificant. We also find no effects on the labor market outcomes of parents of children who experience health shocks.

There is an active policy debate about paid family leave policy in the United States, and its availability for two types of caregiving responsibilities: new parents and caregivers of ill or temporarily disabled family members. Many studies have analyzed the effects of parental leave following childbirth; few have focused on paid family leave policies for non-childbirth-related health shocks. This paper contributes to filling this gap by studying the impact of such policies in three states that have adopted them.

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