

The Impact of Paid-Leave: Evidence from Temporary Disability Insurance in Rhode Island

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Key Findings and Policy Implications

Temporary disability insurance (TDI) provides short-term paid leave to workers with injuries or illness, as well as for maternity. Its goal is to bridge short-term needs in order to improve long-term outcomes. In this paper, we examine the effects of TDI on these longer-term outcomes, including earnings, employment, program participation and health among recipient individuals and their families. The methodology compares outcomes among families with labor force participation that is just below and just above the threshold of eligibility for TDI benefits. The data for the project consists of TDI claims from Rhode Island for the years 2001-2015, linked to unemployment insurance records, social assistance programs, hospital discharge records, Medicaid claims, and maternal and child health outcomes. Among the findings:

- For non-pregnancy claims, there is little evidence that TDI receipt increases subsequent labor market activity, or that it reduces reliance on social safety net programs. We find no significant impacts on annual earnings, employment or number of quarters worked one year after filing for TDI.
- Also for non-pregnancy claims, we find no detectable impact of TDI on enrollment in social safety-net programs such as SNAP (Supplemental Nutrition Assistance Program), TANF (Temporary Aid for Needy Families) or Medicaid in the year after filing for TDI. We similarly find no significant impact on enrollment in SSI or RSDI (Retirement, Survivors, and Disability Insurance).
- We find no detectable effect of TDI receipt on health outcomes as measured by total Medicaid expenditures, prescription expenditures or the number prescriptions used in the year following a TDI claim.
- For maternity claims, we find no detectable effect of crossing the TDI eligibility threshold on birth weight, whether a mother breastfed or read to her baby, or on immunization rates. We similarly find no significant impact on a mother's post-partum depression or feeling of financial stress. We find no impact on earning and, by implication, the time spent away from work. Looking longer term, we found no impact on special needs enrollment of children or their standardized test scores.

The findings are important in informing discussions of how best to target public assistance funding to improve recipient wellbeing. The results suggest that TDI, at least as currently designed, has little effect in improving the long-term outcomes of recipient individuals and their families.

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