

STRENGTHENING EMPLOYEE BENEFITS

Paid Sick Days and Paid Family Leave: A R_x for Better Health and Medicaid Savings

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Medicaid Redesign Team – Social Determinants of Health Work Group

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Lack of paid sick leave is widespread . . . Especially for low-wage workers

USA

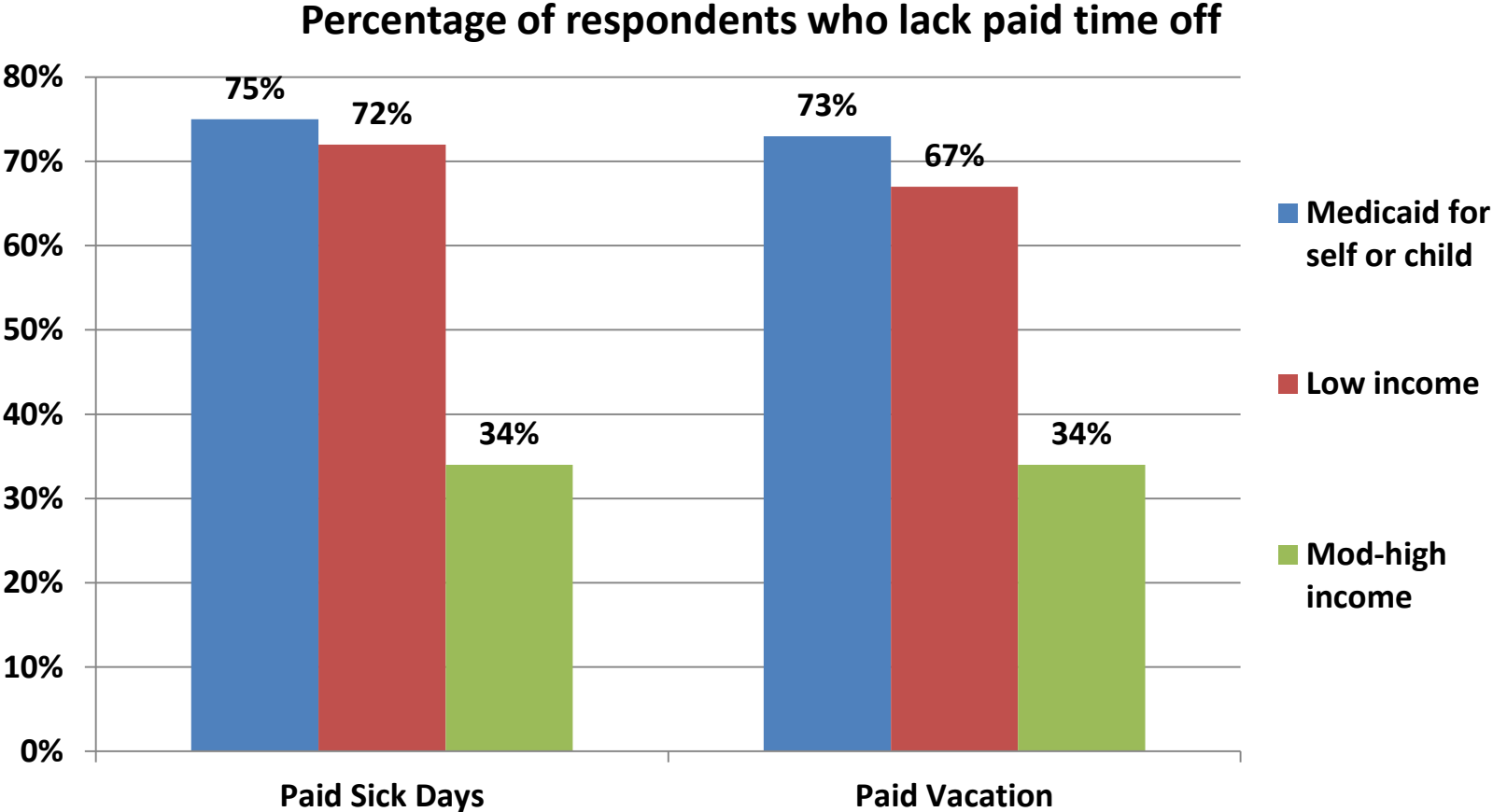
- 39% of US private sector workers lack a single paid sick day
- 70% of workers in the bottom wage quartile vs. 13% in the top 10%

NYC

- Almost half (47%) of working New Yorkers (over 1.6 million) didn't have any paid sick leave – including 72% of low-income workers and a high proportion of Latinos
- 3 out of 4 employed Medicaid recipients lacked access to paid sick leave prior to passage of NYC sick leave law

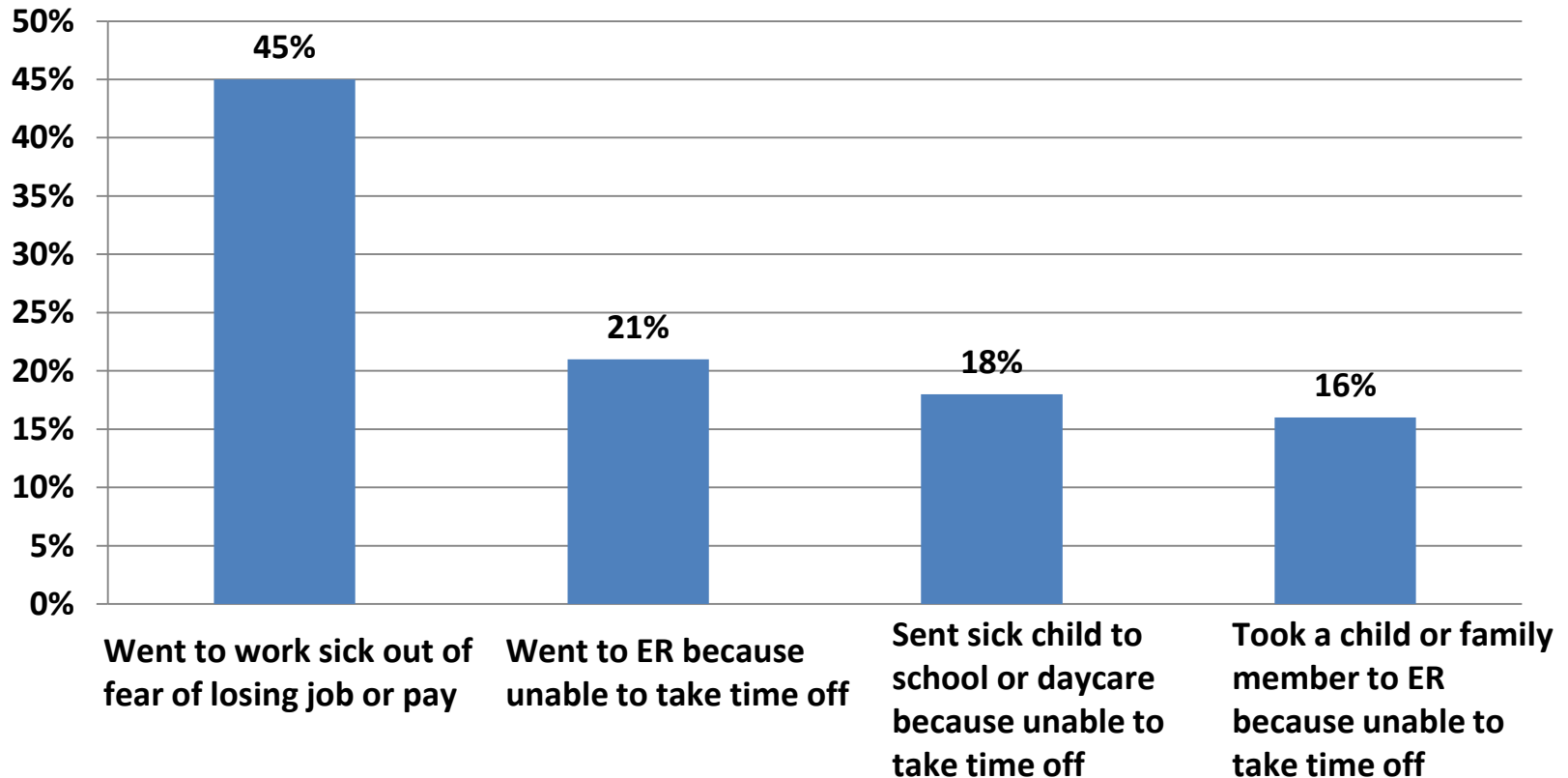
Sources: BLS National Compensation Survey, March 2013; 2013 CSS Unheard Third Survey

Medicaid recipients are among the least likely NYC workers to receive any paid time off from their jobs.



Nearly half of Medicaid recipients without paid sick days worked sick because they feared losing pay or their jobs;
1 in 5 forced to rely on ER

Medicaid for self or child without paid sick days



Research shows requiring paid sick leave could improve health and save Medicaid \$\$

Reduce flu spread: (U of Pittsburgh study: Kumar, Am J of Public Health, 11/11 and Kumar, Am J of Public Health 2013)

- Lack of sick leave translates to 5 million additional flu cases in US
- For Hispanics: 40% at increased flu risk because lack sick leave
- Simulation shows providing 1 or 2 sick days reduced workplace flu infections by 25 and 39% respectively

Fewer workplace accidents: (NIOSH study, 2011 Am J of Public Health)

- Workers with paid sick leave 28% less likely to be injured

Lack of paid sick leave is barrier to cancer screening and seeking medical care: (Peipins, et. al. BMC Public Health 2012 and Preventive Cancer Screenings, Center for Public Health and Tobacco Policy, May 2014)

- NHIS data shows % of workers who got mammograms, Pap tests, saw a doctor during past 12 mo. significantly higher among those with paid sick leave controlling for socio-demographic and health-related factors

Fewer ER visits: (IWPR Study, Feb, 2012) If all NYC workers had paid sick time,

- 48,000 ER visits could be prevented annually
- Saving \$39.5 million/yr in health costs, including \$5 million/yr city Medicaid

Opposition raised specter of the “job killer” and abuse; not borne out by the evidence

- **Weight of the evidence of minimum wage research**

Dube, et.al, Cross county comparisons show minimum wage increases have not led to job loss; but do decrease turnover

- **Small labor costs don't hurt business because they do not end up being entirely borne by employers**

Firms adjust, some costs shifted to employees and consumers

Level playing field

- **Evidence from San Francisco, CT , Seattle and Washington, DC**

Survey of 800 businesses in San Francisco found over 80% said no effect on their bottom line (Dube).

Survey of 250 CT employers found modest or no impact on business costs and little abuse; only 1.4% of employers hired temps to cover absent workers (Appelbaum, Milkman)

Putting it in perspective: Using all 5 paid sick days for a \$12.60/hr security guard would cost max. \$504 /yr vs. one fewer flower arrangement for 2 weeks costs . . .



NYC sick leave law went into effect April 1, giving 1.2 million workers paid sick time.

How the new law works:

- Employers with 5 or more employees must provide paid sick time.
- Employers of fewer than 5 employees must provide unpaid sick time.
- Employees earn 1 hour of sick time for every 30 hours worked, up to 5 days a year. Full and part-time workers are covered. Domestic workers earn 2 days/year paid sick time.
- Sick time can be used for yourself or to take care of a family member.

The USA lags behind the world in providing paid family leave. . . low-wage workers suffer most.

REST of the WORLD

- Of 185 countries, all but two provide paid maternity leave:
Papua New Guinea and the United States

USA

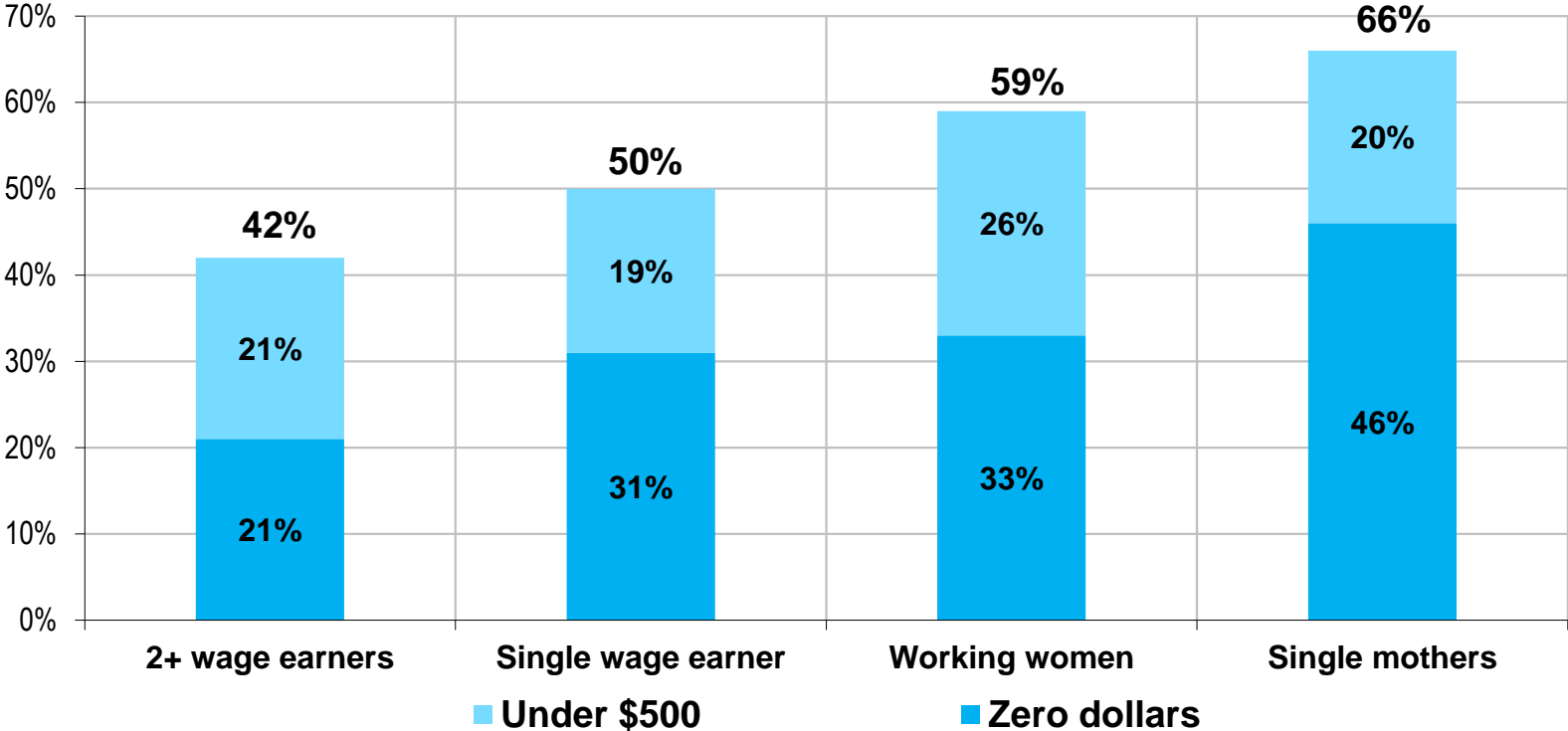
- 88% of US private sector workers lack paid family leave from employers
- 95% of workers in the bottom wage quartile vs. 78% in the top 10%
- FMLA: leaves out 40% of workers; provides up to 12 weeks **unpaid** leave
- Low-wage workers can least afford to take unpaid leave and are least likely to have access to sick time and vacation they can save up to use

Sources: BLS NCS, March 2013; Maternity and Paternity at Work: Law and Practice Across the World, ILO, 2014.

For NYC workers earning the minimum wage

8 days lost pay = entire life savings wiped out

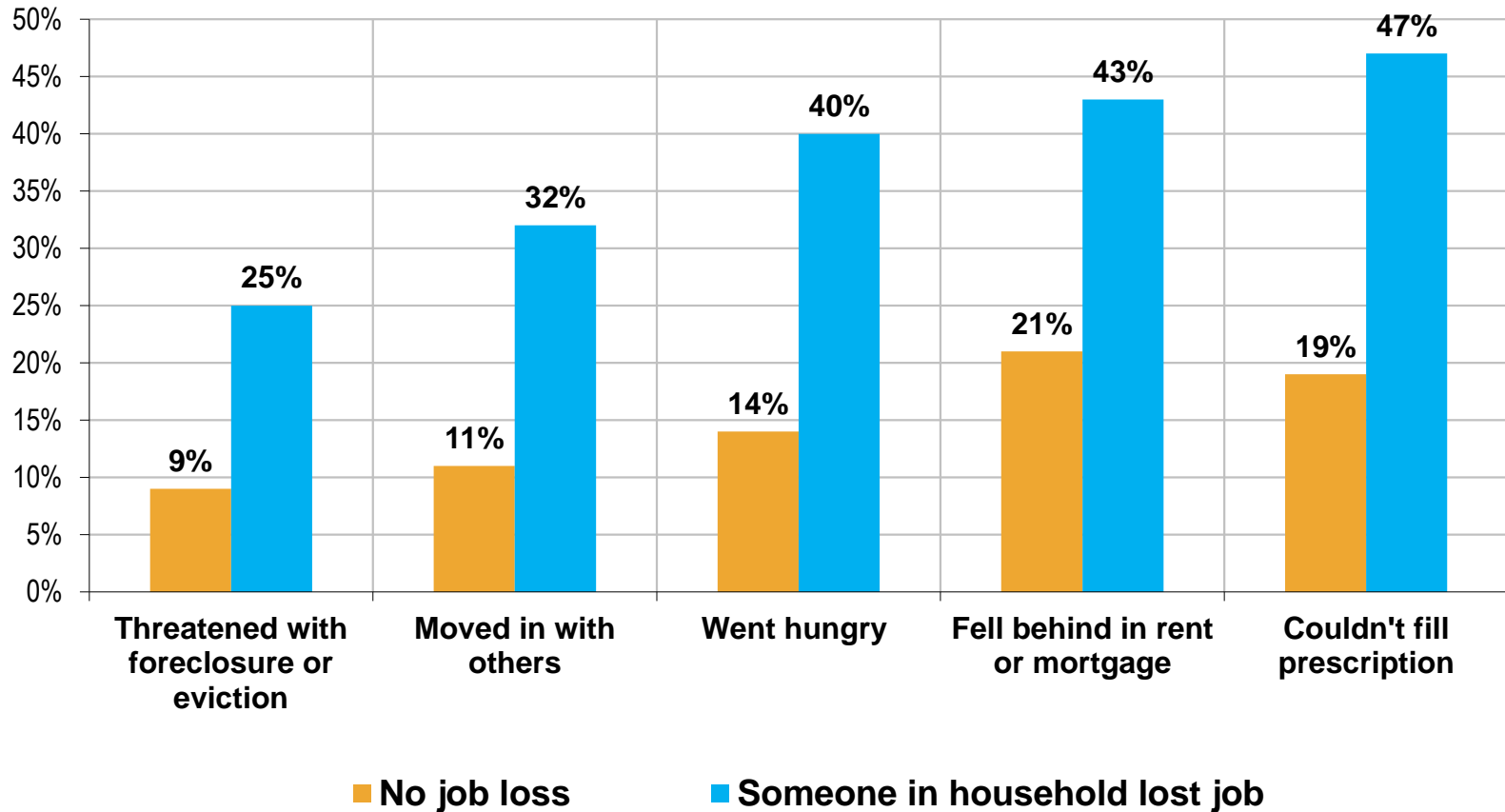
Percent of NYC Low-income Households with less than \$500 in savings



Source: 2013 Unheard Third Survey

And for NYC low-income households, if a member loses his or her job, hardships rise dramatically

Percent of low-income (< 200% FPL) New Yorkers reporting hardships



Source: 2013 Unheard Third

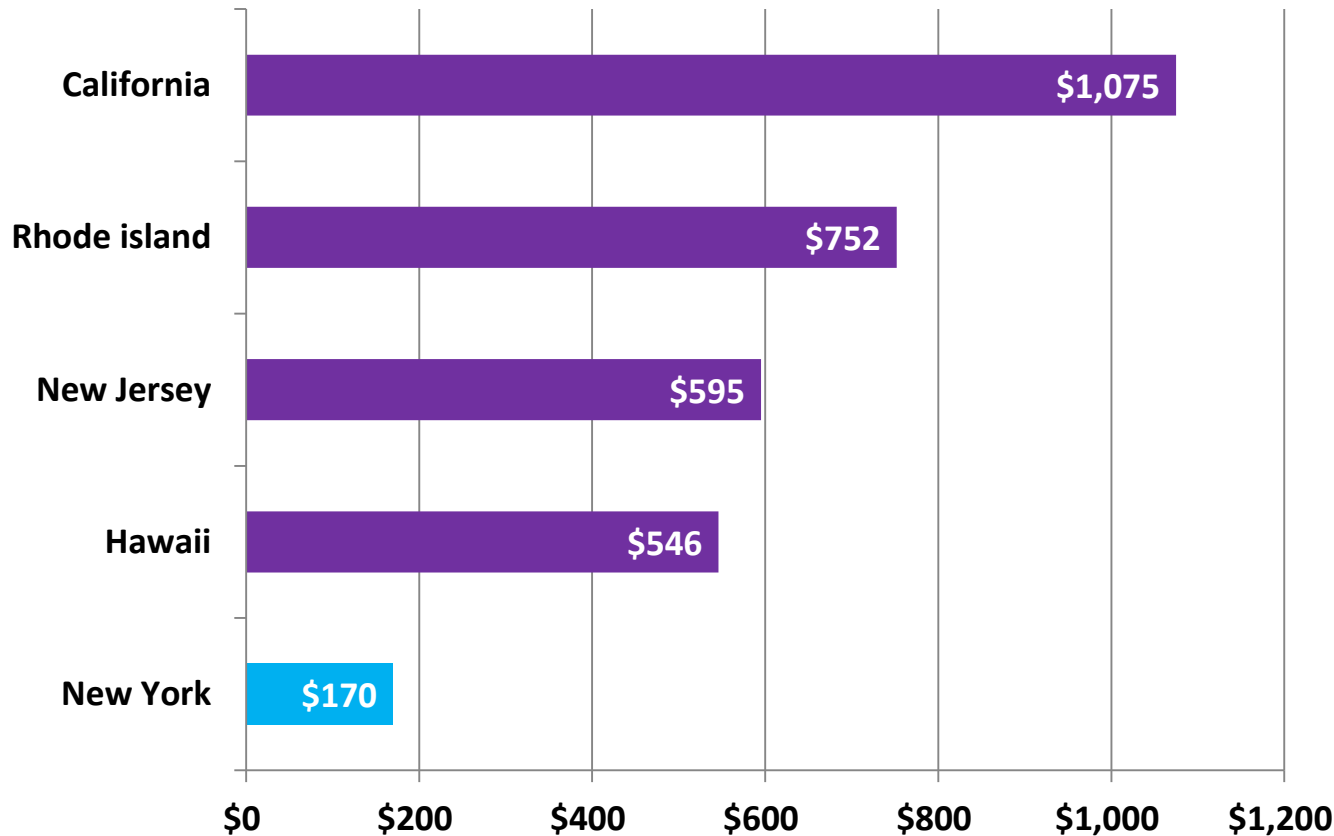
Times have changed. . . but the workplace hasn't

What's wrong with New York State 's antiquated Temporary Disability Insurance system?

- Purposes too limited
 - TDI provides only 5-7 weeks of meager benefits for recovery from childbirth—
nothing for bonding and caring for a newborn, for new dads or for caring for a seriously ill family member, like an aging parent
- Inadequate benefits
 - TDI has been frozen for 25 years, capped at \$170/week

NY lags behind CA, NJ and RI which have already modernized TDI to include PFL and have higher benefits

Maximum Weekly TDI Benefits (2014)



Individual Weekly Benefits Equal:

CA: approximately 55% of employee earnings up to the maximum

RI: approximately 60% of employee earnings up to the maximum

NJ: two-thirds of employee earnings up to the maximum

HI: 58% of employee earnings up to the maximum.

Modernizing NYS's TDI to add Paid Family Leave would provide:

- Up to 12 weeks of job-protected leave a year to care for a new child or seriously ill family member, or needs due to family member's military service (FMLA is 12 weeks; ILO minimum standard for maternity leave is 14 weeks)
- Weekly benefits replacing 2/3 of employee's own average weekly wage, capped at 50% of statewide AWW; phased in over 4 years (ex. max. weekly benefit in 2012 would have been \$603)
(ILO maternity leave income replacement standard is 2/3 prior earnings; NJ: 2/3 up to cap)
- Family leave entirely employee paid starting at 45 cents/week
- Existing TDI benefits would also be gradually increased to match new family leave; TDI costs continue to be shared between employer and employee (est. to rise by about \$2/week/worker in year 4 when fully phased in Source: FPI)
- A1739B passed Assembly 2014; Same-as and IDC bills pending in Senate

Paid Family Leave makes sense economically

- Minimal administrative costs: Piggybacks on existing state social insurance system that businesses already familiar with
 - Would not add a dime to the state budget
 - TDI needs to be raised regardless; frozen for 25 years and maximum benefit has lost half its purchasing power; Family Leave is employee-paid
 - CA research shows 87% of employers said their state's PFL program (in effect since 2004) had not resulted in any cost increases; most common practice is assigning work to other employees (Source: Unfinished Business, Milkman and Appelbaum, 2013)
 - NJ research shows that 89% of employers interviewed said their state's PFL program (in effect since 2009) had no negative effects on their profitability (Source: Business As Usual: NJ Employers' Experiences with Family Leave Insurance, Lerner and Appelbaum, 2014)
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Paid Family Leave makes sense for health reasons

Improving child and maternal health

- Longer duration of breastfeeding among women who use paid leave (Guendelman)
- Early maternal return to work after giving birth linked to reductions in immunizations, well-baby care and breastfeeding (Berger, Hill, Waldfogel)
- Physical benefits to mothers associated with breastfeeding
- Inadequate leave associated with maternal depression (Human Rights Watch)
- Positive impact on early child development

Paid Family Leave could save Medicaid dollars

Family caregiving improves quality of care and reduces use of nursing home and inpatient hospital care ...

(Feinberg, et.al. Valuing the Invaluable: 2011 Update, AARP)

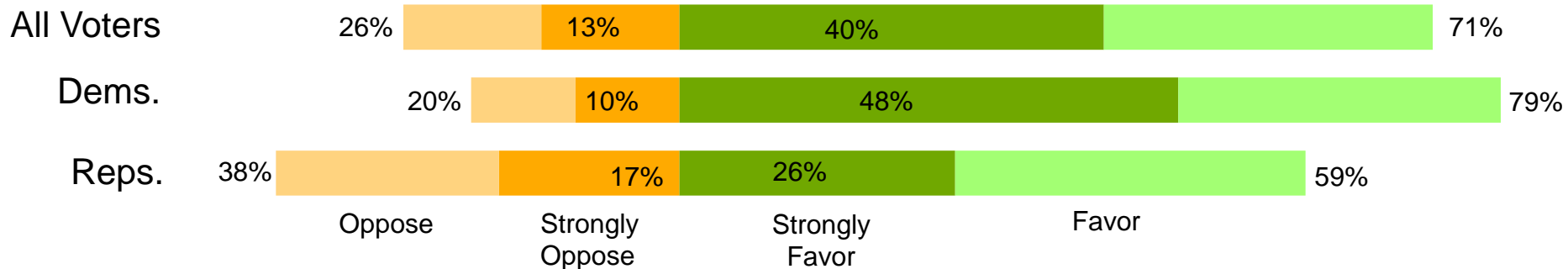
- Critical role in care of chronically ill children and aging parents (serving as advocate during appointments and hospitalizations, role of care coordinator during transitions, managing complex post-discharge care)
- Family caregiving has been shown to help delay or prevent the use of nursing home care (Miller and Weissert) – important since long term care accounts for 39% of NYS's Medicaid spending (FY 2012, Kaiser)
- The absence of a family caregiver has been linked to hospital readmissions (Schwartz and Elman)
- 42% of US workers have provided elder care in past 5 years

Polls show New Yorkers favor passing Paid Family Leave

... Voters express support statewide and across parties

Marist poll of 1,045 registered voters, Feb. 2009

Q: Do you favor or oppose extending the disability insurance system to provide up to 12 weeks a year of paid family leave even if it meant \$1 a week would be deducted from your paycheck?

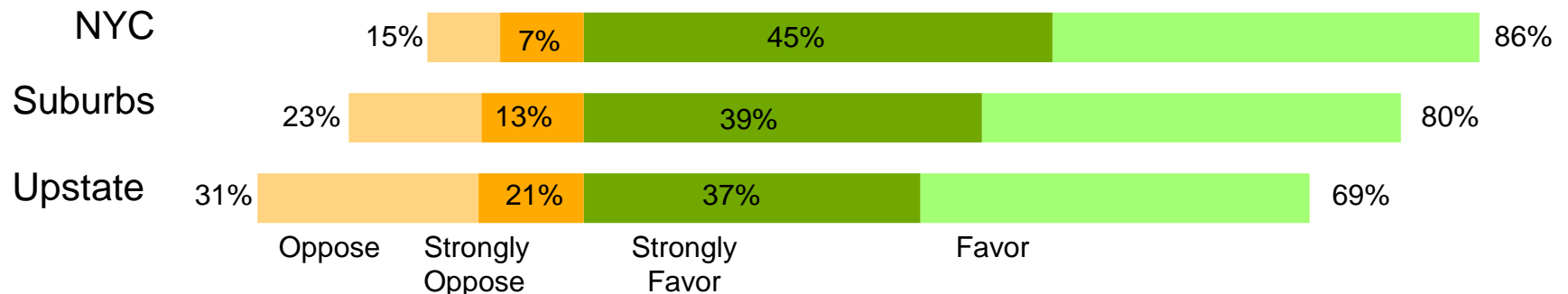


And small business owners agree . . . They also favor passing Paid Family Leave

Small Business Majority/Lake Research Poll, 2013

Q: Would you favor or oppose expanding [the state disability insurance system] to provide paid leave to care for a new baby or seriously ill family member if it is entirely funded by employee contributions of less than \$1 a week?

Views of small business owners



About CSS

The Community Service Society of New York works to advance upward mobility for low-income New Yorkers. We draw on a 170-year history of fighting poverty through applied research, advocacy, litigation and innovative program models to address the root causes of economic inequality.