

Paid Leave Would Cut Healthcare Costs

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It is more apparent than ever. The lack of a national paid family and medical leave policy in the United States costs working people their health and financial security – and the price tag is rising. When working people lack time to address their health needs, bond with new children or care for ill, injured or disabled loved ones, or when they are burdened with stress from missed paychecks or job loss, they experience worse health outcomes and need more complex (and often more expensive) treatment over time. These impacts are especially severe for people of color, who disproportionately lack access to paid family and medical leave, compounding longstanding inequities in income, wealth, and access to quality, affordable health care, as well as heightened exposure to adverse social determinants of health.¹

The Build Back Better Act, as passed by the House Ways and Means Committee, would create a national paid family and medical leave program providing up to 12 weeks of time with partial wage replacement to welcome a new child, care for a loved one with a serious health condition or address one's own serious health need. National paid leave would mark a generational advance in gender, racial and economic justice and health equity. And in doing so, it would result in significant cost savings across the U.S. health care system by reducing the need for many health care services and



Paid Leave Will Save \$62.4 Billion

\$11.4 billion: Fewer low-birthweight births

\$3.6 billion: Fewer infant hospitalizations

\$1.1 billion: Reduced child ear infections and ADHD prevention

\$9.2 billion: Prevention of postpartum depression

\$2.7 billion: Reduced food insecurity

\$34.4 billion: Reduced elder nursing home use

improving health outcomes.

The United States would save at least \$62.4 billion in health care costs over the next decade from implementing a comprehensive paid family and medical leave program. This estimate is based on an analysis that draws on a large and growing body of academic research documenting how paid leave improves public health.²

The health benefits of paid leave are wide-ranging and cross the lifespan. For infants, paid leave provides time to establish a strong bond with parents and other caregivers during the first months of life, which is critical to cognitive, social and emotional development. With paid leave, parents have time to attend well-child medical visits, to ensure that children receive necessary immunizations, and to identify and intervene in a variety of developmental delays. Paid leave also provides an opportunity to establish breastfeeding, which is linked to improved child and maternal health outcomes.³ Paid leave improves the mental and physical health of pregnant and birthing people, during pregnancy, birth, and the postpartum period. Knowing that you have the ability to take needed time off work without severe financial repercussions can mitigate stress. Paid leave also supports access to pre- and post-natal health care and may reduce isolation.⁴ Having a spouse or partner take leave to be home during childbirth recovery improves physical and mental health of new mothers.⁵

For individuals facing their own serious illness, injury or disability, access to paid time away from work can help them seek timely treatment and manage their condition, as well as reduce financial stress.⁶ Family caregivers provide essential care to help loved ones manage their health conditions and live in their communities,⁷ yet those who take unpaid leave have worse mental and physical health than those who take paid leave.⁸ Access to paid leave would increase the availability of family caregivers⁹ and support their well-being.

An investment in a national paid leave program will pay dividends in improved health, financial security and peace of mind for working people across the United States – particularly for workers and families of color who have been least likely to have access to paid leave. In addition, improved health will accrue savings in direct health care costs.

\$11.4 billion in savings from fewer low-birthweight births.

In 2019, more than 311,000 infants (8.3 percent) were born with low birthweights (under about 5.5 pounds).¹⁰ Due to interpersonal and systemic racism and other structural inequities, Black and Indigenous infants are especially likely to be affected.¹¹ Low birthweight in infants is associated with greater risk of poor health outcomes as well as higher health care expenses, estimated at more than \$114,000 per low-birthweight birth in the first six months following birth.¹² Paid leave would reduce* low-birthweight births by an estimated 3.2 percent,¹³ preventing nearly 10,000 low-birthweight births each year, for an annual savings of \$1.14 billion, or \$11.4 billion over a decade.

\$3.6 billion in savings due to reduced infant hospitalizations.

* The research studies cited in this brief identify statistically significant correlations between the implementation of a state paid leave program and the specified outcomes. The estimates described in this brief are based on applying those findings across the U.S. population.

Approximately 100,000 children under one year old are hospitalized for respiratory conditions, with estimated costs of nearly \$1.2 billion.¹⁴ About 26,000 are hospitalized for gastrointestinal (GI) conditions, with costs of more than \$507 million.¹⁵ Paid leave reduces hospitalizations for respiratory conditions in children less than one year old by nearly 25 percent, and for GI conditions by nearly 15 percent,¹⁶ which would save approximately \$360 million per year, or \$3.6 billion over a decade.

\$1.1 billion due to reduced pediatric ear infections and cases of ADHD.

Paid leave also benefits children's health after infancy. Ear infections, one of the most common childhood illnesses, affect five out of six children by age three, and one in five young children experience frequent ear infections. Ear infections are more common among Native American and Latinx[†] children. In addition to causing significant discomfort, ear infections can also impact hearing, speech and language development.¹⁷ Because of their frequency, ear infections are also one of the most expensive children's conditions, at an annual cost of \$4.0 billion and average per-child expenditures of \$530.¹⁸ In a study of kindergarten-age children, paid leave was shown to reduce the rate of frequent ear infections by 2.7 percentage points.¹⁹ A national paid leave program could prevent nearly 110,000 cases per year among kindergarten-age children,²⁰ saving nearly \$57.9 million annually, or \$579 million over a decade.²¹ Savings could be even higher if paid leave has a similar effect for children in other age groups.

Attention-deficit hyperactivity disorder (ADHD) is a common neurodevelopmental disorder, affecting just under 8 percent of children aged four to 11.²² ADHD can pose challenges for learning and success in education, as well as family and social relationships, particularly without appropriate treatments and supports.²³ There are significant inequities by gender, race and income level not only in ADHD rates, but also in access to appropriate diagnosis and treatment.²⁴ Treatment for ADHD is also costly, with annual health care expenditures averaging just over \$1,700 per child.²⁵

Medical science has not yet determined the causes of ADHD. The latest research indicates that there are likely strong genetic factors involved.²⁶ Some other factors that research has linked to ADHD diagnoses include increased maternal stress during pregnancy and breastfeeding for less than two weeks.²⁷ Both of these factors can be mitigated when pregnant and birthing people are able to take leave. In fact, paid leave was shown to reduce rates of ADHD experienced by the first grade by just under one percentage point,²⁸ which could prevent more than 28,000 cases among first graders per year,²⁹ saving more than \$48 million annually or nearly \$484 million over ten years.³⁰

\$9.2 billion in savings from prevention of postpartum depression.

[†] To be more inclusive of diverse gender identities this brief uses "Latinx" to describe people who trace their roots to Latin America.

An estimated 13.2 percent of people who give birth³¹ will be affected by postpartum depression (PPD). About two-thirds of people who give birth each year work during their pregnancy,³² meaning more than 313,000 pregnant workers³³ will experience PPD each year. PPD is associated with worse health outcomes for the birthing parent as well as the child. Infants of women with untreated postpartum depression can experience long-term negative impacts on their weight, length, head circumference, motor development, cognitive development, and sleep patterns.³⁴ Birthing people with PPD have a higher risk of hypertension, and undiagnosed and untreated psychiatric disorders, such as depression, are a risk factor for suicide in new mothers, a leading cause of maternal mortality in the United States.³⁵ Birthing Black, Indigenous, and other people of color, and those with low incomes bear a heavier burden of maternal mental health conditions.³⁶ In addition to the human costs, medical expenditures related to perinatal mood and anxiety disorders, including PPD, cost an estimated \$17,100 per parent-child pair, amounting to \$14.2 billion per year nationwide.³⁷

Taking less than 12 weeks of leave increases a birthing person's likelihood of PPD, with each week of additional leave (up to 12 weeks) reducing a person's odds of PPD symptoms by 42 percent.³⁸ Nearly one-quarter of employed pregnant people take less than 12 weeks of leave after giving birth.³⁹ By increasing leave-taking,⁴⁰ national paid leave could prevent nearly 54,000 cases of PPD each year,⁴¹ saving \$923 million annually, or \$9.2 billion over a decade.

\$2.7 billion from reduced food insecurity among parents.

Food insecurity harms people's health, likely due to a combination of factors including forced trade-offs between food and other basic expenses such as medications, reduced access to safe and nutritious food that promotes good health, and increased stress.⁴² As a result, food insecurity is associated with excess annual health care costs of \$1,834 per adult. Paid leave reduces the share of households experiencing very low food security in the year following a birth by 2.29 percentage points,⁴³ meaning it would improve food security for nearly 150,000 adults with children under one year old,⁴⁴ saving up to \$274 million per year, or \$2.7 billion over a decade.

\$34.4 billion in savings to Medicare and Medicaid from reduced nursing home usage.

As the United States' population ages, care for older adults is a growing need and stands to require an increasing amount of federal spending, particularly for long-term and institutional care.⁴⁵ For adults 65 and older, Medicare pays for more than two million short-term post-acute stays in skilled nursing facilities (nursing homes) yearly and Medicaid covers long-term care in nursing homes for nearly 700,000 people per year.⁴⁶ Improving older adults' access to family caregiving could reduce the need for these services in several ways.⁴⁷ For some older adults who need short-term assistance

to transition home from hospital care or recover from an acute illness or injury, the availability of a family caregiver could prevent the need for a nursing home stay.⁴⁸ For an older adult with a condition that prevents them from living at home without additional supports, entry into a long-term care facility could be postponed if they have a family caregiver who can provide the supports they need with activities of daily living, like managing medications, helping them dress and preparing meals. Paid family leave reduces the share of older adults who use a nursing home in a given year by 11 percent.⁴⁹ At that rate, a national paid leave program could save an estimated \$3.4 billion annually, or \$34.4 billion over a decade.⁵⁰

Paid Family and Medical Leave Will Not Only Save Money – It Will Change Lives

The cost savings described in this analysis are substantial, amounting to \$62.4 billion over a decade. But for the millions of workers who will be able to access paid family and medical leave through the Build Back Better Act, the potential benefits of the new program add up to far more. Over a decade, national paid leave could mean tens of thousands fewer low-birthweight babies. Tens of thousands of childhood hospitalizations could be prevented. More than 500,000 new mothers could avoid postpartum depression. Nearly 1.5 million parents could enjoy better health thanks to improved food security. Nearly two million older adults could stay home to recover from surgery or an acute illness, or manage other conditions, instead of entering a nursing home.

Passing the Build Back Better Act's paid family and medical leave program will create transformative change in the health and lives of workers and their families – old and young – in the United States.

1 Social determinants of health are the conditions in which people are born, grow, live, work and age. These non-clinical factors affect everyone's health and well-being, including their physical, behavioral, and mental health. Social determinants of health include housing, food, levels of education and income, transportation, community safety, and family and social supports, including long-term services and supports. Some people's social determinants can have positive effects on their health, while others can have negative effects, which may create inequitable health outcomes. These social determinants can also change over the course of a person's life. See National Partnership for Women & Families, *Called to Care: A Racially Just Recovery Demands Paid Family and Medical Leave*, <https://www.nationalpartnership.org/our-work/economic-justice/reports/called-to-care-a-racially-just-demands-paid-family-and-medical-leave.html>

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The National Partnership for Women & Families is a nonprofit, nonpartisan advocacy group dedicated to promoting fairness in the workplace, reproductive health and rights, access to quality, affordable health care and policies that help all people meet the dual demands of work and family. More information is available at NationalPartnership.org.

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