

Briefing Paper



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Paid Sick Days in Massachusetts: Containing Health Care Costs through Prevention and Timely Treatment

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Massachusetts' proposed Paid Sick Days Act is a natural partner to bring cost control to the Commonwealth's expanded health care system. The Massachusetts Health Care Reform Law's universal health care requirement extended health insurance to nearly 440,000 individuals in its first two years (Commonwealth Health Insurance Connector Authority 2008). According to the Massachusetts Department of Revenue, the program has nearly eliminated uninsured status among state taxpayers.¹ However, the program's cost has been much higher than anticipated. Funding for Fiscal Year 2008 was increased by nearly one-third through a supplemental budget request, to \$625 million, and the Fiscal Year 2009 budget pegs the program at forty percent more: \$869 million.

Rising funding requirements, combined with the law's original mandate that a new Health Care Quality and Cost Council promulgate information on cost containment, have sparked interest in enhancing preventive care to reduce overall health care spending. This focus may include incentives for healthy living and better management of chronic diseases (Cheney 2008).

Expanded access to paid sick days could help the state meet its cost-containment goals. The proposed Paid Sick Days Act would make it easier for workers to get regular, appropriate care for chronic illnesses and timely treatment for acute medical needs, while reducing the spread of contagious illness.² Research shows that offering sick days to all Massachusetts workers would yield significant savings to employers, workers, and taxpayers (Lovell 2005). Massachusetts' Secretary of Health and Human Services Dr. Judy Ann Bigby has noted that, without paid sick days, some workers turn to costly emergency room services rather than scheduling appointments with primary care doctors (Lazar 2008). Since workers who are in poor health are less likely to have paid sick days than their healthier co-workers (Bhatia et al. 2008), improving paid sick days coverage would target precisely the group most at risk of needing health care services, removing a barrier to getting those services in a timely and less costly manner than with a trip to a hospital's emergency department (Baker and Baker 1994).

Paid sick days are a natural complement to universal health insurance. Together, these policies promote health and reduce health care costs by helping workers access preventive, timely, and lower-cost health services while reducing workplace injuries and the spread of disease.

Many hospitalizations can be prevented with timely, appropriate care.

Nearly half of all emergency room visits in Massachusetts (47 percent) could be prevented by improving access to primary care, according to the Massachusetts Division of Health Care Finance and Policy (2007). These preventable ER trips occur when individuals turn to hospitals rather than primary care facilities for non-urgent treatment and when individuals with treatable health conditions do not receive the regular care they need, resulting in urgent problems. Costs for these visits total close to one billion dollars a year (\$959 million).

Most research on preventable hospitalizations focuses on what are called Ambulatory Care Sensitive Conditions, or ACSCs. ACSCs include serious infections that can be prevented altogether by vaccinations, as well as chronic diseases such as hypertensive heart disease, asthma, and diabetes and problems associated with such chronic conditions. By definition, appropriate, timely treatment can control symptoms and prevent serious complications of ACSCs (Shi and Lu 2000). For example, diabetes can be managed effectively with outpatient medical care, but when left untreated can lead to serious complications (National Institutes of Health 2008). Primary prevention (e.g., blocking the spread of contagious diseases for which vaccines are available or forestalling heart disease via interventions in diet and exercise), early diagnosis and treatment (of diabetes, heart failure, pneumonia, and so forth), and ongoing control and management under the supervision of medical practitioners can reduce the need for hospital care (Caminal et al. 2003).

Despite being treatable or manageable conditions, ACSCs are often quite serious, accounting for a large portion of both hospitalizations and deaths. In Massachusetts, heart disease, chronic respiratory disease, and diabetes alone accounted for 32 percent of deaths in 2005 (Centers for Disease Control and Prevention 2008a). Health insurance and access to primary care are both associated with a lower incidence of hospitalization for ACSCs (Freidman and Basu 2001) and chronic medical conditions (Bindman et al. 1995). Researchers have increasingly concluded that health insurance and access to primary care reduce health care costs largely by increasing provider continuity. Gill and Mainous (1998) found that the extent to which a patient had continuing care with the same primary care physician was associated with lower rates of hospitalization. For example, emergency department utilization is higher among individuals who lack follow-up arrangements with their referring physicians (Oster and Bindman 2003).

Paid sick days would help reduce hospitalizations and health care spending.

Paid sick days are important to improving health outcomes and reducing costs for preventable hospitalizations for several reasons. First, individuals without paid sick days, particularly those who work during normal business hours or who work multiple jobs, may put off routine care for chronic conditions, which may result in their condition worsening (Centers for Disease Control and Prevention 2008b). Second, the ability to respond quickly when symptoms appear is vital to a quick recovery that avoids expensive hospitalization. However, workers who lack paid sick days may be unable to respond promptly to a health concern for fear of being fired or suspended for leaving work, or simply because they cannot afford to miss work and lose wages.

Children with chronic health conditions are particularly dependent on their parents' workplace flexibility to receive the treatment they need to stay healthy. For example, the Centers for Disease Control and Prevention estimates that about 13 percent of children will be diagnosed with asthma at some point in their childhood (Centers for Disease Control and Prevention 2006), but 40 percent of mothers with asthmatic children have no paid leave (Heymann, Earle, & Egleston 1996), and 28 percent of parents of children with asthma have missed at least one of their child's medical appointments because they could not get time off work (Smith et al. 2002).

Allowing workers to visit health care providers without fear of losing their jobs or foregoing wages could help parents get treatment for their children's illnesses promptly. Employed mothers who have paid sick days make 27 percent more sick-child health care visits than mothers without this paid leave (Vistnes and Hamilton 1995)—presumably because the cost of missing work is lower. Employees without paid sick days may also feel the need to be on the job even when ill themselves. Employees who work while sick—a phenomenon known as presenteeism—are more likely to be injured on the job (Trinkoff et al. 2006), leading to additional hospitalizations, potential workers' compensation claims, and greater costs over time for recovery and lost work.

Paid sick days would reduce the spread of communicable diseases.

In addition to increasing the likelihood of workplace injuries, presenteeism of workers with communicable illnesses is a serious public health problem. In health care settings such as nursing homes, where many patients have compromised immune systems, workers who come to work sick put both patients and their fellow employees at high risk for infection. Within the hospitality and food service industries, where almost four-fifths of workers lack paid sick days³, workers often have high exposure to the public, leading to potential widespread exposure to illness from even a single sick employee (Institute for Women's Policy Research 2007).

Paid sick days would allow workers who are ill to remain home without losing income, making presenteeism much less likely. In one survey, half of workers reported having gone to work sick because they were worried about the financial consequences of taking time off (National Public Radio/Kaiser Family Foundation/Harvard School of Public Health 2008). Reducing presenteeism could result in a substantial decrease in the risk of sick workers spreading infections to their co-workers, customers, or patients.

Seasonal influenza is one example of a disease where universal paid sick days could substantially reduce infection rates and costs to employers. When workers with the flu go to work sick, they expose all their coworkers to the flu as well. Some of those exposed will also become ill, resulting in lost productivity while at work and sick days spent at home. In addition, family members or other caretakers may take time off work to care for those infected. The Institute for Women's Policy Research estimates that making paid sick days universal in Massachusetts would prevent over 33,000 flu infections in workplaces across the Commonwealth each year and save workers and their families more than \$16 million in lost wages and medical costs (Lovell 2005), a figure that does not include added benefits from prevented infections in the general public.

Norovirus, or stomach flu, is highly contagious, and workers who go to work sick with norovirus may infect hundreds. In one recent case, it is suspected that a sick worker at a Chipotle restaurant in Kent, Ohio caused over 500 customers and coworkers to become violently ill (Hirsh 2008). It has been estimated that the outbreak may have cost the community between \$130,000 and \$305,000, in addition to business lost due to a one-day voluntary closing at the restaurant and any residual fear on the part of customers. Half or more of norovirus outbreaks can be traced to food-service workers (Bhatia et al. 2008), even though many states prohibit ill workers from handling food. Without paid sick days, and pressured by employers to take an assigned shift even if ill, workers may not be able to follow this common-sense public health rule.

In 2004, a food-service worker at the Taxi Pool Café in Boston is believed to have infected at least 60 taxi drivers at Logan Airport with Hepatitis A (Allison 2007). Hepatitis A infections, though rarely fatal, can cause months of illness and lost productivity. Approximately 32,000 people a year are infected with Hepatitis A in the United States (Centers for Disease Control and Prevention 2008c); paid sick days could help prevent some of these infections by allowing food-service workers to remain home when sick.

Child care centers and schools are also susceptible to the rapid spread of germs and disease. One sick child can effectively pass the flu to an entire class and on to the classmates' families. When workers have paid sick days, they are more likely to take occasional days off from work to care for sick family members (Clemans-Cope et al. 2008). This suggests that providing universal paid sick days would allow more parents to stay home when their children are sick, preventing excess spread of disease in child care centers and schools.

Paid sick days could also play an important role in the event of a developing flu pandemic. A recent evaluation of the public health impact of universal paid sick days concluded that such a policy "will facilitate compliance with public health guidance for seasonal influenza and community mitigation strategies for pandemic flu" by allowing more workers to stay home sick at the onset of symptoms (Bhatia et al. 2008).

Massachusetts can integrate policies to improve health outcomes while containing costs.

The proposed Paid Sick Days Act may be not only the next step in a continuing movement to affordably improve public health in Massachusetts, but also part of a strategy to respond to needs associated with an aging population and increasing incidence of chronic conditions affecting both Massachusetts and the country as a whole (Hubbard 2007). Universal health insurance coverage combined with universal paid sick days may help Massachusetts keep health care affordable by helping residents to access primary care, avoiding costly hospitalizations or emergency department visits. Paid sick days may also reduce workplace injuries and the spread of disease, controlling costs for employers, employees, and the public.

The Massachusetts Health Care Reform Law was a substantial step forward for the health of Massachusetts residents and an important precedent for the rest of the United States. The Commonwealth now has an opportunity to take the lead in emphasizing preventive care and health care cost containment by providing paid sick days for all workers.

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¹ In 2007, individuals who did not obtain health insurance coverage were penalized by being denied the personal state income tax deduction. Starting in 2008, the penalty was pegged as a portion of the average cost of health care coverage, with maximum yearly penalties (based on age and income) reaching \$1,068 in 2009 (State House News Service, 2008). The Division of Health Care Finance and Policy reported that only 2.6 percent of Massachusetts residents were uninsured in 2008 (Long, Cook, and Stockley 2008), the lowest rate in the country.

² The Paid Sick Days Act would require employers to offer earned paid sick days to all workers. Workers would accrue one hour of earned sick time for each 30 hours worked and could take up to seven days of earned sick time annually (pro-rated for those working less than full-time and year-round).

³ Nationally, 78% of food service and accommodations workers lack paid sick days. IWPR derived this figure from analysis of the March 2006 National Compensation Survey, adjusted for job tenure eligibility using the annual average of the 2006 Job Openings and Labor Turnover Survey.

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