

The Health and Welfare Effects of Increases in Workers' Compensation Benefits

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Why Do We Care?

- Policy: How do benefit structures affect the welfare of firms and employees?
- Economics: How do agents re-optimize after an exogenous change in income?



Data

- Temporary injuries at self-insured companies in NY, 2004-2016
- Claimant characteristics, disability duration, medical records

Methodology and Research Design

- “Generalized DiD” that looks more like FE
- The counterfactual is not immediately clear
- 10 quasi-experimental increases in the maximum benefit level

Contribution

- Cash benefits have no effect on quantity of medical care used
- Taking more time off gives workers time to heal (this is a contribution?)
- Benefit level is close to optimal

Things I Liked

- Approach to welfare analysis was clever (even though it's borrowed from Raj Chetty)
- Fuzzy matching for repeat injuries - could use this someday

Concerns

- Injury severity is unobserved, prediction method is unconvincing
- “States have laws that explicitly prohibit employers from firing an injured worker for filing workers’ compensation claims”

Extension

- Why are there gender effects?