

The Impact of Employer-Sponsored Health Insurance on Mental Health Outcomes and Productivity

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Research Objective:

This study examines the relationship between mental health diagnoses, health insurance offerings, and sex differences in absenteeism patterns. I also investigate the impact of employer policies and mental health parity laws on mental health outcomes and productivity.

Study Design

I build a theoretical framework that defines absenteeism as a function of the fluctuating short-term labor supply subject to both the underlying health “grit ” and the fluctuating health stock, leading to causal hypotheses upon optimization.

Empirically, the Medical Expenditure Panel Survey (MEPS) is utilized to obtain diagnostic information, family-level weights, and diagnostic information of spouses, to examine empirical data.

Population Studied

The population of interest is adults employed. The study sample includes adults aged 18 - 64 employed a positive number of days during the years of interest. The total sample size is 21,475 prior to stratified by sex.

Principal Findings:

- Individuals with diagnosed mental illness exhibit fewer absence days compared to undiagnosed individuals at higher levels of psychological distress, suggesting that diagnosis may serve as a proxy for access to treatment or interventions
- Undiagnosed individuals with high levels of distress show higher absenteeism, potentially due to a lack of access to or awareness of mental health services.

Health Insurance Offerings:

- Access to multiple health insurance plans significantly reduces absenteeism among individuals with mental illness, particularly at higher levels of distress.
- The offer of a single health insurance plan exacerbates absenteeism, highlighting the importance of choice and flexibility in health coverage.

Sex Differences:

- Women exhibit a higher sensitivity to health shocks, with absenteeism patterns influenced more strongly by psychological distress and physical health status compared to men.
- Job-sponsored health insurance produces the least productivity loss for both men and women compared to public insurance or other private insurance options.

Conclusion:

Encouraging employers to reexamine employee mental healthcare as an investment rather than a cost can produce significant economic benefits. Workplace policies and benefits that encourage mental wellness align employer and employee incentives and can improve the resilience of the workforce in the long run as individuals with symptoms and/or diagnosis of mental illness persist in the labor force at a rate of 1 in 8 workers.

Implications for Policy or Practice

Employers should prioritize offering multiple health insurance plans to provide employees with greater choice and access to mental health services. Workplace wellness programs that encourage early diagnosis and treatment of mental illness can reduce absenteeism and improve productivity. Policymakers should strengthen mental health parity laws to ensure equitable access to mental health services.