

Generous parental leave leads to staff shortages, nursing home deaths

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A new paper in the *Review of Economic Studies*, published by Oxford University Press, finds that a generous parental leave policy nurses enjoyed in Denmark caused nursing shortages, which resulted in a

decline in the quality of hospital and nursing home care. The study estimates a large increase in nursing home mortality.

Beginning in 1994 a parental-leave program in Denmark offered any parent the opportunity to take up to a full year off work, paid, for every child under the age of nine. The researchers find that many nurses in Denmark took advantage of this program. Nurses, however, could not be replaced on net despite the Danish government's efforts to expand education and immigration to cover the gap.

The researchers find that the parental leave program reduced hospital and nursing home nurse employment by 15% and 10%, respectively. This reduction resulted in a large increase in 30-day readmission rates among acute myocardial infarction patients (heart attack patients).

The researchers here also find large increases in nursing home mortality. One possible explanation, discussed in the study, is that the nurse reduction deteriorates the monitoring ability of nurses and an on-time response to adverse health shocks. The paper estimates suggest that a one percent reduction in nurse employment increases the one-year nursing home mortality rate among the elderly aged 85 and older by 1.9%.

Further estimates indicate that the cost of saving a statistical life year for an elderly nursing-[home](#) resident equals \$17,600.

A key difference to studies on US health care markets is the role of tight labor market regulations in Denmark, which are prevalent in many developed countries, making it particularly difficult for hospitals and nursing homes to replace nurses on parental leave.

"Nurses are the largest health profession and play an integral role in the delivery of care," said the paper's lead author, Benjamin Friedrich. "In this paper, we provide quantitative evidence on the adverse

consequences for patient health when nurse shortages remain unaddressed, a topic of growing concern in many OECD countries. At the same time, we document that addressing [nurse](#) staffing needs may prove difficult in the short-term in particular when occupational licensing and wage regulations limit the ability of providers to retain and recruit nurses or to hire appropriate substitutes. As such, policy efforts should be made well ahead of time to address future shortages, particularly so in the context of stringent labor market regulations."

More information: Benjamin U Friedrich et al, The Returns to Nursing: Evidence from a Parental-Leave Program, *The Review of Economic Studies* (2020). [DOI: 10.1093/restud/rdaa082](https://doi.org/10.1093/restud/rdaa082)

Provided by Oxford University Press

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