



Paid sick leave to protect income, health and jobs through the COVID-19 crisis

2 July 2020

Countries responded quickly to the economic shock resulting from the outbreak of COVID-19 and associated containment by introducing a package of social and labour market measures to support workers and their families. This response has in many countries included expansions of **paid sick leave**, which have played a key role in protecting incomes, health and jobs during a health-driven labour market crisis. This brief discusses policy developments and evidence on the incidence of sick leave during the first three months of the crisis. It concludes that paid sick leave can be a particularly effective tool during de-confinement, as part of a rigorous *testing, tracking, tracing and isolating* strategy. However, this requires a system that covers the entire workforce and with a focus on return to work.



Key messages and policy options

- This policy brief provides evidence on the role of paid sick leave as an effective social and employment policy response to protect income, health and jobs through the COVID-19 crisis.
- Paid sick leave can play a role well beyond its core function to protect sick workers during a health pandemic and subsequent economic crisis by:
 - Permitting workers exposed to the virus to self-isolate;
 - Containing and mitigating the spread of the virus;
 - Safeguarding the jobs of vulnerable workers during the economic shock; and
 - Allowing for an orderly de-confinement as a key component of a *testing, tracking, tracing and isolating* (TTTI) strategy.
- Given its potential benefits, many OECD countries have resorted to, expanded or initiated paid sick leave policies during the outbreak of the pandemic. The accompanying [policy table](#) summarises the crisis policies in greater detail.
 - About half the countries have strengthened support to employees suffering from COVID-19;
 - Nearly all OECD countries provide income support to eligible employees in mandatory quarantine – an unprecedented policy in most countries;
 - Most countries have expanded access to paid sick leave to self-employed workers;
 - Many national governments have taken over employer obligations to finance sick pay.
- Almost all of these measures, however, are time-bound and limited to COVID-19 infection cases or quarantines.
- Preliminary data suggest that take-up of paid sick leave has gone up significantly in most countries in the outbreak of the pandemic, by up to 50-100%, but declined quickly in many countries after the peak of the outbreak.
- Ensuring that paid sick leave will continue to provide protection in case of a second wave and contribute to an orderly de-confinement requires that first, temporary extensions are kept in place and second, access to paid sick leave is further expanded.
- Structural paid sick leave reforms will have to reappear on the agenda when the pandemic passes, consisting of:
 - Permanently improving access to paid sick leave for the entire workforce;
 - Promoting prevention of sickness and the return to work of recovered workers;
 - Preparing for future pandemics by improving the adaptability of paid sick leave systems.



1. The large potential of paid sick leave during a health crisis

Key points

- The core function of paid sick leave is to protect workers' incomes, jobs and health during a temporary sickness spell.
- Throughout a contagious pandemic crisis, paid sick leave also plays a key role in permitting workers to self-isolate, containing the spread of the virus, preserving jobs during the labour market shock and facilitating an orderly de-confinement.
- Many OECD countries have temporarily expanded paid sick leave regulations for employees with COVID-19 or in quarantine, improved access for self-employed workers and lowered the costs of paid sick leave for employers.

The core function of paid sick leave is to support workers during a temporary sickness spell in three ways:

- First, **paid sick leave protects workers' incomes**, in the form of sick pay (continued wage payments by the employer) or sickness benefits (through social insurance).
- Second, **paid sick leave protects workers' jobs**, by keeping employment relationships intact during a period of illness.
- Third, **paid sick leave protects workers' health**, by allowing sick workers to recover at home rather than to continue going to work. Going to work while sick may prolong illness and further reduce productivity (Saint-Martin, Inanc and Prinz, 2018^[1]).

Paid sick leave can perform a wider role throughout a contagious pandemic and subsequent economic crisis:

- **Permitting workers exposed to the virus to self-isolate.** Providing financial compensation is of major importance for workers who show mild symptoms to go into quarantine. Survey data for Israel collected in the lead-up to the COVID-19 outbreak indicate that 97% of adults report that they would comply with a government-mandated quarantine if their wages were compensated, whilst compliance would drop to 57% without such compensation (Bodas and Peleg, 2020^[2]).
- **Containing and mitigating the spread of the virus.** Paid sick leave allows workers who are (potentially) infected to stay at home rather than infect others as collateral damage at or on their way to work (OECD, 2020^[3]). Access to paid sick leave for employees in the United States reduced influenza-type disease rates by 10% and aggregate work absence by 18% (Pichler and Ziebarth, 2017^[4]; Pichler, Wen and Ziebarth, 2020^[5]; Stearns and White, 2018^[6]). Paid sick leave generosity cuts in Spain led to a 20% increase in work absence relapses related to infectious diseases (Judith and Castello, 2020^[7]). Cellular device data show that the national paid sick leave policy implemented in the United States in April 2020 in response to COVID-19 covering sick as well as quarantined workers decreased full-time physical presence in the workplace by 18% and increased staying at home by 8% during the first few weeks after implementation (Andersen et al., 2020^[8]).
- **Preserving jobs of vulnerable workers.** Paid sick leave preserves the jobs of a potentially large number of sick and quarantined workers, who are temporarily not available to work but who are valuable to their employers and society at-large in the longer term. By doing so, it can reduce pressure on unemployment benefit systems and job retention schemes and contribute to stabilising the economy. Job losses in the United States between 8 March and 25 April 2020, measured by the number of initial unemployment insurance claims, were larger in the 38 states that did not have statutory paid sick leave policies in place (Chen et al., 2020^[9]).



- **Allowing for an orderly de-confinement.** Paid sick leave is a crucial component of an effective testing, tracking, tracing and isolating (TTTI) strategy, by allowing (potentially) infected workers to quickly self-isolate (OECD, 2020_[10]). Furthermore, it continues to function as a protective device to workers and societies at-large in case of a second wave.

Almost all OECD countries have a statutory paid sick leave system in place, though non-standard and self-employed workers may have poor or no access. All OECD countries except the United States and Korea as well as all non-OECD G20 countries have a statutory paid sick leave system in place for employees in standard dependent employment. This system generally covers full-time and part-time as well as permanent and temporary employees. Many countries also provide statutory sickness benefits for self-employed workers, though access may be limited or voluntary. Other groups of individuals in non-standard work, such as gig or casual workers, tend to be excluded from paid sick leave (OECD, 2019_[11]).

Paid sick leave systems generally have mechanisms built in to prevent absenteeism and promote return to work. Paid sick leave systems of OECD countries contain various features to discourage undue absenteeism from work by individuals not actually sick. Such features can consist of benefit levels that do not fully replace earnings, waiting days before benefits are paid and restricted benefit duration. Countries generally also require workers to obtain a doctor's certificate to be eligible. Furthermore, employers in many countries are financially responsible for sick pay during the initial period of sickness, in order to prevent sickness and assist recovered workers in their return to work (Palme and Persson, 2020_[12]). This sick pay period lasts 5-15 days in most OECD countries but can be several weeks or months, as in Austria, Germany, Italy and Switzerland, and even up to two years in the Netherlands. Following this period, most OECD countries provide publicly paid sickness benefits that can extend far beyond employers' liabilities, for up to one year in many OECD countries and even longer than this in some (OECD, 2018_[13]). Total spending on paid sick leave prior to the crisis, including employer payments and public sickness benefit, sums to 3% of total employee compensation or more in countries with the most generous systems.

Many OECD countries and major economies have expanded paid sick leave during the outbreak of the pandemic, or even introduced such leave for the first time on a mandatory basis. Almost all of these measures, however, are time-bound and limited to COVID-19 sickness or quarantine. Crisis response policies include:

1. **Strengthening support to employees in case of contracting COVID-19** (Section 3);
2. **Allowing employees to quarantine** – an unprecedented policy in most countries (Section 4);
3. **Expanding access to paid sick leave** to groups of workers previously not covered (Section 5);
4. **Lowering the burden of employers** to finance sick pay (Section 6).



2. Preliminary evidence on the take-up of sick leave during the pandemic

Key points

- It is more difficult to collect real-time data on the take-up of paid sick leave than for unemployment or job retention schemes. But data for a few countries tell an interesting story.
- In the first phase of the pandemic, sick leave went up in all OECD countries. In many cases, sick-leave rates increased by between one-third and one-half and in some case they doubled.
- In the early phase of de-confinement, sick-leave rates dropped very suddenly in some countries – largely explained by lower take-up rates for those teleworking.

Comparative data on the take-up of paid sick leave are scarce. Real-time data on the take-up of sick leave are available at less regular intervals than for other social benefits, partly because of limited reporting requirements in many countries during the period covered by employers. Data are also collected in different ways, e.g. as sickness cases or sick persons during a given period and, at a particular point in time, or as an average over a certain period; data may include all sickness cases (sick pay and sickness benefit), or only those covered by social insurance; and they may be affected in different ways by seasonality and cyclicity. All this limits and complicates cross-country comparability, suggesting that conclusions can only be drawn based on within-country comparisons over time.

The take-up of paid sick leave increased quickly during the outbreak of the pandemic. Preliminary data for a number of OECD countries including Austria, Chile, Finland, Germany, Latvia and Portugal suggest that sick-leave numbers went up significantly during the outbreak of the pandemic, typically by between 30% and 50% compared to a year earlier and reaching at its peak around 4-6% of employment (noting that workers on job retention schemes are included in the denominator) (Figure 1).

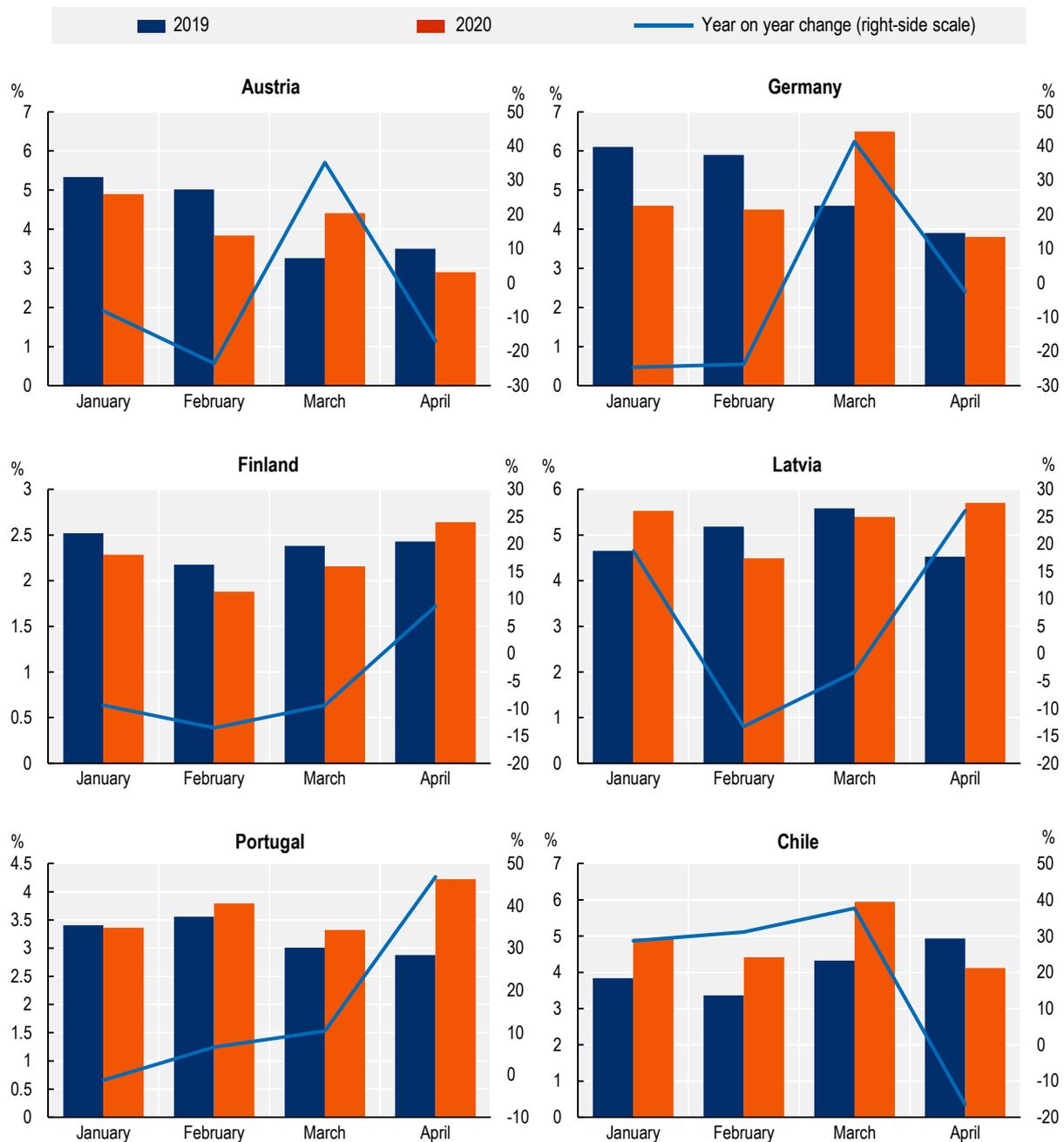
In the early phase of de-confinement, sick leave numbers tend to decline again. Data for Austria, Chile and Germany suggest that sick leave numbers decreased again very quickly after their initial peak, back to or even below their pre-pandemic level. Data for Austria show that the number of new sickness cases even fell to an all-time low – largely caused by an unprecedented drop in new sickness cases among white-collar workers which in turn is explained by the high share of teleworkers in that population; workers who are less likely to take (short) spells of sick leave. The trend decline in sick leave numbers after the initial peak is not visible yet in the April data in the other three countries but this is largely for statistical reasons: data for these countries exclude employer-provided sick pay and therefore only include absences lasting longer than around two weeks. The expected decline will therefore only be reflected in the May data.

There is a strong correlation between sick leave trends and COVID-19 infections. More detailed weekly data available for two countries heavily affected by the pandemic, Italy and Sweden, show a pattern similar to that observed in Austria, Chile and Germany – a rapid increase in new sickness benefit recipients (Sweden) or new sickness certificates (Italy) initially, followed by an equally sharp decline back to the original level. In both countries, sick leave numbers increased by a multiple within three weeks, with Sweden following the trend in Italy with a delay of about one month (Figure 2). Weekly sick leave trends in both countries mirror the trend in the number of weekly new cases of COVID-19 infections. Most notably, in the last observation period in the Swedish data, i.e. in the last week of May, both the number of sick leaves (Panel A) and the number of new infections (Panel B) go up again.



Figure 1. Paid sick leave take-up rates increased rapidly during the pandemic outbreak and dropped in many countries during de-confinement

Paid sick leave as a share of total employment (left-hand scale) and year-on-year change in sick leave numbers between 2019 and 2020 (right-hand scale), January to April 2020



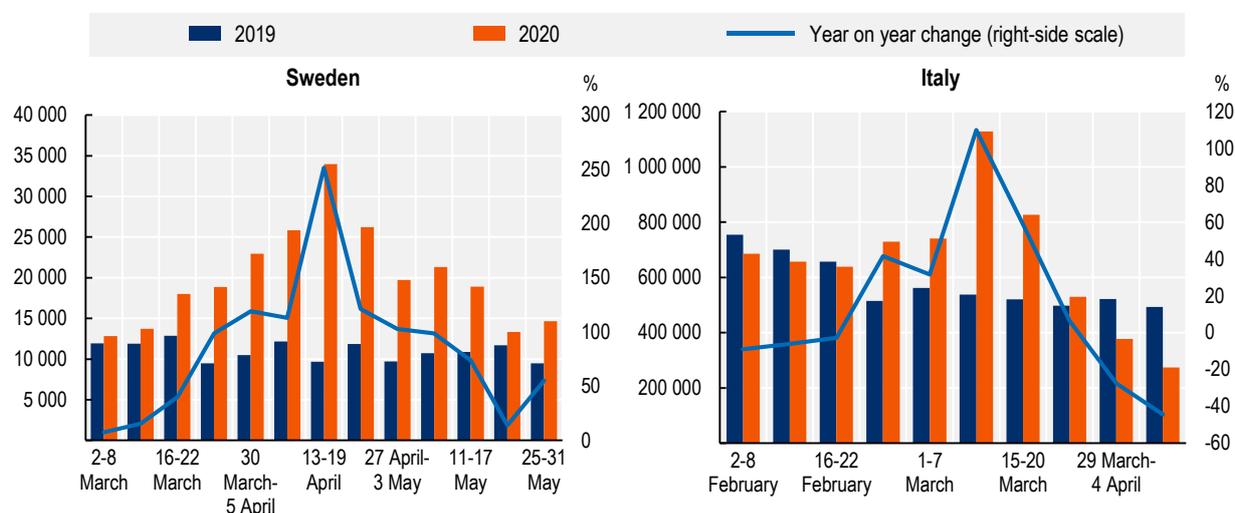
Note: Data show the number of sick leave recipients per employed except for Germany (recipients per insured population) and Austria (sickness cases per insured population). Data for Chile include electronically processed sick leaves only, and data for Finland, Latvia and Portugal exclude employer-provided sick pay. Employment figures include people on job retention schemes.

Source: Administrative data from the national social insurance agencies.

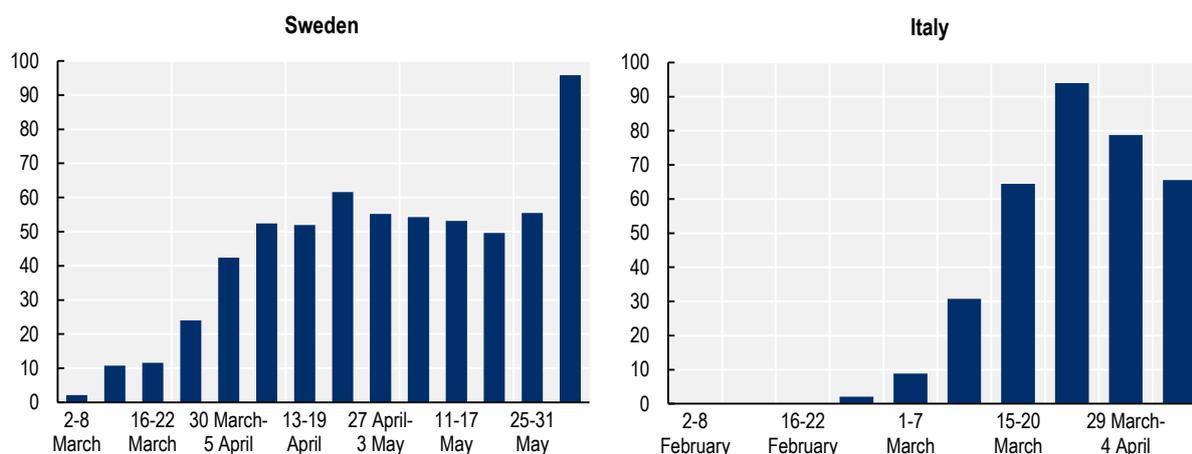


Figure 2. Weekly data on the take-up of paid sick leave in Italy and Sweden follow trends in the number of COVID-19 infections

A. New sick leave cases per week (left-hand scale) and year-on-year change in weekly sick leave numbers between 2019 and 2020 (right-hand scale)



B. Weekly number of new cases of COVID-19 infections per one million people



Note: Data in Panel A show the number of new sickness benefit recipients in Sweden (including the new Disease Carrier Benefit but excluding employer-provided sick pay) and the number of new sickness certifications submitted to the authorities in Italy.

Source: Administrative data from the national social insurance agencies (Panel A) and www.ourworldindata.org (Panel B).

Sick leave may seem to affect only a small share of the workforce. Overall, these numbers and increases may seem small compared to the take-up of job retention schemes and the increase in unemployment in most OECD countries. However, the increase in sick pay take-up is lower in part because so many workers have been put on job retention schemes in the outbreak of this crisis (OECD, 2020^[14]). Moreover, a 50% increase or even doubling in sick-leave rates is a very significant change given that at any moment in time, COVID-19 infection rates are likely to be only a small proportion of the population (probably, less than 1% of the total population in most countries), quarantine periods are short and a relatively low share of people with COVID-19 symptoms require sick leave for very long periods. With so many workers on job retention schemes, the base from which one could move into sick leave is also diminishing. This implies that even a no-increase scenario for the take-up of sick leave could imply that sick leave is de facto used much more intensely among those actually still working.



3. Strengthening support to employees suffering from COVID-19

Key points

- About half the OECD countries have temporarily expanded or initiated paid sick leave policies to provide adequate support to eligible employees in case of contracting COVID-19.
- Paid sick leave now replaces about 70% of an eligible employee's wage during a four-week COVID-19 sickness spell on average across OECD countries.
- Several countries eased reporting requirements and some countries strengthened entitlements for health care workers.

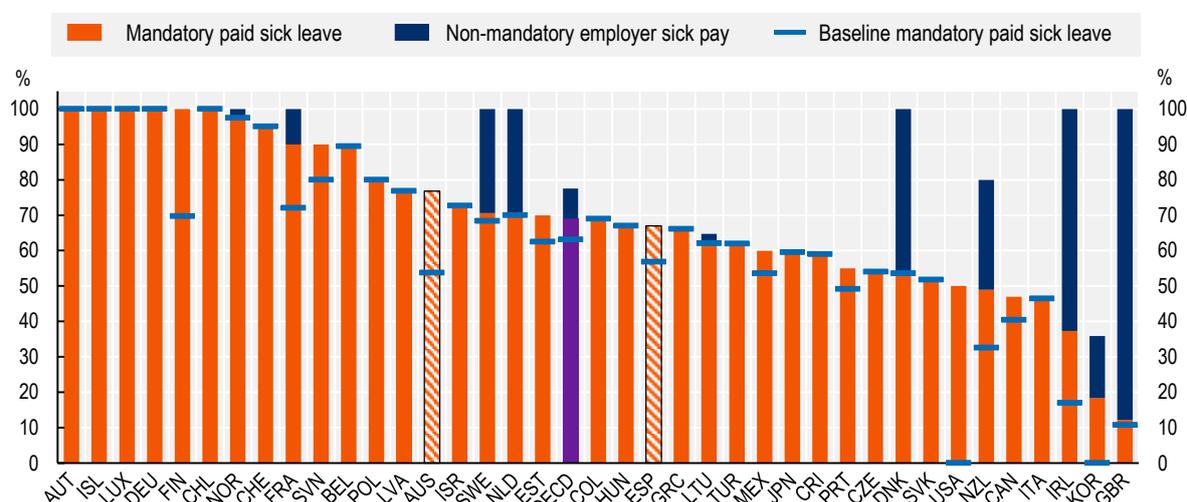
Paid sick leave is widespread and now more generous than ever before. All OECD countries except the United States and Korea had a statutory paid sick leave system in place for employees prior to the pandemic. These two countries now temporarily provide sickness benefits in case of COVID-19, and many other countries have strengthened paid sick leave support to already eligible employees. Almost all of these measures, however, are time-bound and limited to COVID-19 sickness or quarantine.

Paid sick leave replaces on average about 70% of an eligible employee's wage during a four-week COVID-19 sickness spell (Figure 3). This replacement rate, calculated for a full-time private-sector employee earning an average wage, even reaches 100% in many countries in Northern and Central Europe. Eligible employees would receive less than half of their last wage over this four-week period in only a minority of countries, including most English-speaking countries, Colombia, Korea and Italy. In some of these countries, however, especially Ireland and the United Kingdom, the majority of employees may receive non-mandatory occupational sick pay from the employer for all or most of the period. Mandatory payment rates generally decline over time. The payment rate would fall to on average around 60% of the last wage over a sick leave lasting three months, with larger cross-country variation.



Figure 3. Paid sick leave replaces large parts of an eligible employee's wage suffering from COVID-19, with significant changes in regulations recently in a number of OECD countries

Cumulated gross sick-leave payments in the first four weeks of sick leave due to COVID-19 as a percentage of previous earnings, rules valid in early June 2020



Note: The results refer to an eligible full-time private-sector employee who is married with no kids, age 40, earning an average wage and working with the same employer for one year who cannot work from home. "Mandatory paid sick leave" refers to mandatory payments paid to individuals by employers (sick pay) and mandatory payments by the government, either directly paid to individuals or indirectly by subsidising employers (sickness benefits). "Non-mandatory employer sick pay" includes employer sick pay commonly agreed via collective agreements or other arrangements; these payments are included for those countries where the majority of employees would receive such payments. Baseline leave entitlements refer to regulations in place in June 2019, except for Australia, Israel, Japan, Korea, New Zealand and Turkey (all 2018). Countries emphasised with a dashed fill (Australia and Spain) are those where employees are entitled to a benefit other than a dedicated sickness benefit. Source: European Commission's Mutual Information System on Social Protection (MISSOC), United States' Social Security Administration's Social Security Programs Throughout the World (SSPTW), (OECD, 2020^[15]), "Supporting people and companies to deal with the COVID-19 virus: Options for an immediate employment and social-policy response", *OECD Policy Responses to Coronavirus (COVID-19)*, <http://oe.cd/covid19briefsocial>.

Almost half the OECD countries increased paid sick leave payments for eligible employees suffering from COVID-19. In response to the crisis, 16 of the 38 OECD countries increased mandatory sick-leave entitlements in case of COVID-19, as illustrated by the vertical distance between the stacked bar and the dash in Figure 3, with several of them carrying out rather large increases. Almost all of these extensions, however, are time-bound and limited to COVID-19 cases only.

- The United States and Korea, the only two OECD countries without country-wide statutory paid sick leave, now temporarily provide sickness benefits in case of COVID-19.** Paid sick leave is regarded in these two countries as a private affair between employers and employees. However, such private arrangements leave significant parts of the workforce unprotected and are generally not generous. In the United States, 12 states and over 30 localities have mandatory paid sick leave. However, about a quarter of private-sector employees did not have access to any paid sick leave in 2019, rising to half in the lowest wage quartile. Among the two-thirds with a fixed number of sick days per year, about four in five were entitled to fewer than ten paid sick days per year (BLS, 2019^[16]). In Korea, more than nine out of ten firms did not guarantee paid sick leave to their employees (KIHASA, 2018^[17]). The United States introduced two weeks of mandatory paid sick leave for workers with COVID-19-related symptoms, to be paid by the employer but fully reimbursed by the federal government. Sick workers receive 100% of their regular pay rate up to USD 511 (EUR 460) per working day. All public sector employees as well as private-sector employees working in companies with up to 500 employees are entitled, leaving an estimated 11%



of private-sector employees in firms with more than 500 employees unprotected (BLS, 2019^[16]). Korea provides exceptional sickness benefits through its 2015 Epidemic Act to workers who are hospitalised because of COVID-19. These temporary sickness benefits of KRW 775 000 (EUR 570) per month for a two-person household are available to all workers without employer sick pay and unemployed persons. Furthermore, employers who offer paid sick leave to their employees can receive state subsidies of up to KRW 130 000 (EUR 95) per working day.

- **Canada and New Zealand introduced a special COVID-19 sickness benefit that is more generous than the existing paid sick leave system.** The emergency benefit in Canada consists of a flat-rate payment of CAD 500 (EUR 340) per week for up to 16 weeks. In New Zealand, employers can apply for a flat-rate subsidy worth NZD 585 (EUR 330) per week for a full-time worker for up to four weeks (renewable), which employers pass on to their sick workers. While this subsidy corresponds to about 50% of an average wage, where possible employers are strongly encouraged to top up this flat-rate payment to at least 80% of the usual wage.
- **Finland provides higher benefits for workers suffering from COVID-19 through its Infectious Disease Act.** This Act, introduced in 2017, provides compensation equal to the full loss in income (rather than 70% in case of other sickness) for the duration of the validity of the medical certificate.
- **In Australia and Spain, individuals suffering from COVID-19 are entitled to a benefit other than a dedicated sickness benefit.** Australia introduced a special unemployment benefit that people who are sick from COVID-19 can claim as soon as they have exhausted their accrued employer-provided sick-pay entitlements (this is the situation modelled in Figure 3). Spain recognises COVID-19 as an occupational disease, thus entitling a sick worker who qualifies to a higher benefit from occupational-accident insurance.
- **France, Ireland and Slovenia also offer more generous protection in case of a COVID-19 infection.** France waived its (substantial) waiting period for both sick pay and sickness benefits. Ireland increased benefit levels and maximum duration of its sickness benefits, and waived the waiting period. Slovenia increased its benefit level from 80% to 90% of the last wage.
- **Five other countries achieved small increases in replacement rates by temporarily abolishing existing waiting periods** (Estonia, Latvia, Portugal, Sweden and the United Kingdom). While most of these waiting periods were only a few days long, waiving them can be an important tool to prevent the spread of the COVID-19 virus, as viral load and therefore infectivity seems to peak quickly after the onset of symptoms (He et al., 2020^[18]). Furthermore, Denmark and Iceland increased benefit durations for those exhausting their payments.

Multiple OECD countries eased reporting requirements and some strengthened entitlements for health workers. More than ten countries delayed or waived the requirement for medical certification or allowed online benefit applications. This also lessens the burden on and the risk for health workers. Eight countries improved the protection for health care workers by recognising COVID-19 as an occupational disease for this group, with more generous entitlements from occupational-accident insurance.



4. Allowing employees to quarantine

Key points

- All OECD countries now provide income support to eligible employees in mandatory quarantine. Countries almost universally use paid sick leave to deliver this support.
- A number of countries had epidemic legislation predating the COVID-19 pandemic in place that automatically provides entitlements for quarantined employees.
- Paid sick leave replaces on average about 70% of an eligible employee's wage during a mandatory quarantine of two weeks in line with the incubation period of COVID-19.

Paid sick leave has been the prime instrument to organise support for employees in quarantine.

Since the start of the pandemic, many workers across the OECD were required to temporarily shelter at home because of non-diagnosed mild symptoms, close contact with people who showed symptoms or were diagnosed, or a higher risk of serious illness in case of contracting COVID-19 due to existing health conditions. All OECD countries for which information is available now have an income protection system in place for eligible employees in mandated quarantine if they have mild symptoms and cannot continue to work from home. Countries almost universally use paid sick leave for this purpose.

An eligible employee receives on average about 70% of the last wage during a two-week mandatory quarantine (Figure 4). Nearly all countries provide the same level of benefit to an employee for a two-week absence due to mandatory quarantine or when contracting COVID-19. However, many countries limit benefit duration during quarantine to two weeks, in line with the incubation period of COVID-19.

- **Austria, Finland, Germany and Sweden automatically provide entitlements to quarantined workers through epidemic legislation that predates the COVID-19 pandemic.** The Epidemic Acts in Austria and Germany treat quarantined workers who cannot work from home as being on sick leave, giving them the same entitlements as sick workers. The situation is comparable in Finland and Sweden, where quarantined workers are entitled to paid sick leave following the countries' regulations on infectious diseases.
- **Other European countries took deliberate steps to broaden benefit coverage to quarantined workers.** The Baltics, most Central European countries, Denmark, Norway, Ireland and the United Kingdom extended their paid sick leave scheme to cover quarantined workers, in line with medical requirements and without any waiting period.
- **The new crisis payments in Canada, Korea, New Zealand and the United States provide temporary entitlements to sick and quarantined workers related to COVID-19 alike.**
- **Switzerland introduced a special crisis payment targeted to quarantined workers.** This benefit has a replacement rate of 80% capped to CHF 196 (EUR 185) per day, instead of a 100% replacement rate in the case of contracting COVID-19.

Quarantined employees in Australia, Belgium, Costa Rica, France and Spain can be entitled to a benefit other than a dedicated sickness benefit.

In Australia, quarantined employees can access the special unemployment benefit. Quarantined employees in Spain are entitled to occupational-accidence insurance, as in the case of sickness due to COVID-19. In Belgium, quarantined employees who cannot work from home can draw short-time work benefits. These short-time work benefits are capped, leading to a substantially lower replacement rate for employees at an average wage in quarantine than in the case of contracting COVID-19 (50% compared to 93% for two weeks). France distinguishes between two systems of quarantine as of the 1st of May 2020. Employees who have been in close contact with someone who has COVID-19 are entitled to paid sick leave (the situation shown in Figure 4), whereas short-time

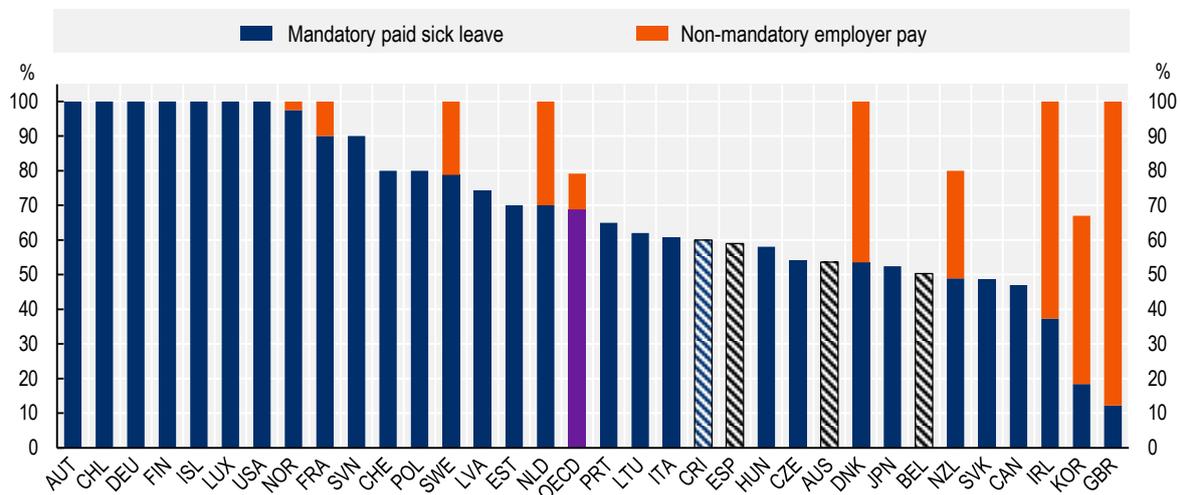


work benefits are available to employees who self-isolate because of an elevated health risk or sharing a household with a vulnerable person. Costa Rica allows quarantined employees to access temporary disability benefits, which offer a similar replacement rate as sickness benefits but do not have a waiting period.

Paid sick leave has also been used by at least eight countries to provide financial protection in case of unforeseen care responsibilities for relatives and children suffering from COVID-19 or placed in quarantine. In some of these countries, parents can even receive paid sick leave when they have to take care of their children because of day care or school closures. In most other OECD countries, workers have a well-established right to leave to care for sick or injured children (OECD, 2020^[19]).

Figure 4. All OECD countries provide income protection to eligible employees in mandatory quarantine, generally by means of paid sick leave

Cumulated gross sick-leave payments in the first two weeks of mandatory quarantine because of mild COVID-19 symptoms as a percentage of previous earnings, rules valid in early June 2020



Note: The results refer to an eligible full-time private-sector employee who is married with no kids, age 40, earning an average wage and working with the same employer for one year who cannot work from home. "Mandatory paid sick leave" refers to mandatory payments paid to individuals by employers (sick pay) and mandatory payments by the government, either directly paid to individuals or indirectly by subsidising employers (sickness benefits). "Non-mandatory employer sick pay" includes employer sick pay commonly agreed via collective agreements or other arrangements; these payments are included for those countries where the majority of employees would receive such payments. Countries emphasised with a dashed fill (Australia, Belgium, Costa Rica and Spain) are those where employees are entitled to a benefit other than a dedicated sickness benefit.

Source: European Commission's Mutual Information System on Social Protection (MISSOC), United States' Social Security Administration's Social Security Programs Throughout the World (SSPTW), (OECD, 2020^[15]), "Supporting people and companies to deal with the COVID-19 virus: Options for an immediate employment and social-policy response", *ELS Policy Brief on the Policy Response to the COVID-19 Crisis*, OECD, Paris, <http://oe.cd/covid19briefsocial>.



5. Expanding access to paid sick leave

Key points

- Paid sick leave can only be effective if it is widely available to large parts of the labour force in case of sickness and quarantine.
- Important groups of workers in non-standard dependent employment, such as casual and zero-hour contract workers, remain mostly excluded from sick pay.
- Self-employed workers have better access to sickness benefits now in many countries. However, they are still generally poorly covered in countries with voluntary enrolment systems.
- Freelancers, gig and informal workers are likely to remain particularly financially vulnerable in case of sickness or quarantine.

Paid sick leave can only effectively help to contain the spread of the virus, absorb the economic shock and facilitate an orderly de-confinement if it is widely available to large parts of the labour force, both in case of sickness and mandatory quarantine. However, going into the pandemic, some groups had poor or no statutory access to paid sick leave.

Certain groups of workers in non-standard dependent employment, such as casual and zero-hour contract workers, remain mostly excluded from sick pay. For instance, zero-hour contract workers in the Netherlands (about 7% of all employees) are only eligible to sick pay for those hours they were called upon by their employer, including in the case of sickness due to COVID-19 or mandatory quarantine. Casual workers in Australia (about a quarter of all employees) remain excluded from sick pay, although they can temporarily access the special unemployment benefits in case of sickness from COVID-19 or mandatory quarantine. However, due to residence requirements, temporary migrant workers are not entitled to these unemployment benefits or other social security benefits (OECD, 2018^[20]; OECD, 2019^[21]; Spasova et al., 2017^[22]).

Temporary and part-time workers generally have access to paid sick leave, though there are exceptions and conditions may apply. First, a number of OECD countries have minimum earnings threshold requirements for eligibility. In response to the COVID-19 crisis, the United Kingdom has facilitated access to sickness benefits for individuals on low earnings by lowering the minimum earnings threshold. Second, maximum sickness benefit durations for temporary workers are typically shorter than for those on permanent contracts because the benefit duration is often limited by the end date of the contract. Third, heavy reliance on voluntary insurance and private provisions typically can mean lower coverage for temporary and part-time workers. In the United States, for instance, sick pay coverage rates for part-time workers are half of those of full-time workers (BLS, 2019^[23]). Part-time workers are now entitled to the temporary two-week paid sick leave scheme implemented in the United States in case of COVID-19-related symptoms.

The self-employed stand out as a major group of workers who often have no or only limited access to sickness benefits (Table 1). Contributory sick benefit systems do not easily accommodate the self-employed. First, requiring the self-employed to pay the equivalent of both employer and employee contributions is seen by some countries to be an excessively large financial burden. Second, the calculation of contributions can be complicated because of fluctuating earnings and possibilities to avoid contributions by optimising the contribution base. Third, fraud may be a more important concern, as there is no employer to confirm absenteeism (OECD, 2019^[11]). As a result, a number of countries exclude self-employed workers from statutory access to sickness benefits, and many others limit access. Many countries only provide partial access to paid sick leave for self-employed people, through longer waiting periods, less



advantageous eligibility conditions or lower benefit amounts or receipt durations. Other countries allow self-employed workers to enrol in sickness benefit schemes on a *voluntary* basis. However, countries with voluntary insurance schemes typically have very low coverage. For example, about 2% of eligible self-employed workers were enrolled in the Netherlands (CBS, 2019^[24]) while in Austria about 8% of the eligible self-employed opted into the voluntary part of the sickness insurance which also covers the first six weeks of sick leave (OECD, 2018^[20]).

In the course of this pandemic, many countries have expanded access to sickness benefits for self-employed workers. Almost all of these extensions, however, are time-bound and limited to COVID-19 sickness or quarantine (Table 1). Expanding coverage to self-employed workers is all the more important because they tend to be the largest group of workers in non-standard employment as a share of total employment. Moreover, they are over-represented in the sectors severely affected by COVID-19 and the subsequent containment measures (OECD, 2018^[20]; OECD, 2020^[25]).

Table 1. Many OECD countries have temporarily eased or extended access to sickness benefits for self-employed workers who are sick with COVID-19 or quarantined

Situation as of early June 2020

	Access to sickness benefits			In quarantine	Reform details
	Before the pandemic	When sick	Reform taken?		
		In case of COVID-19			
Australia	No access	●(*)	●	●(*)	Self-employed have access to special unemployment benefits for sickness absence due to COVID-19 or quarantine
Austria	Partial	●			Self-employed have access to sickness benefits only if they have voluntary insurance (including for a quarantine)
Belgium	Standard	●			
Canada	Voluntary	●	●	●	Self-employed have access to new temporary sickness benefit for sickness absence due to COVID-19 or quarantine
Costa Rica	Standard	●		●(*)	Self-employed in quarantine have access to temporary disability benefits
Czech Republic	Voluntary	Only if opted for insurance			
Denmark	Standard	●	●	●	Two-week waiting period is waived if sickness absence is due to COVID-19 or quarantine
Estonia	Standard	●	●	●	Three-day waiting period is waived if sickness absence is due to COVID-19 or quarantine
Finland	Standard	●	●	●	Special temporary sickness benefit for sickness absence due to COVID-19 or quarantine has no waiting period
France	Standard	●	●	●	Three-day waiting period is waived if sickness absence is due to COVID-19 or quarantine
Germany	Partial	●		●	Self-employed in quarantine can access support that is similar to a sickness benefit (Protection against Infection Act)
Hungary	Standard	●		●	No pre-existing waiting period in case of sickness. Self-employed in quarantine have access to sickness benefits
Iceland	Standard	●	●	●	Workers who used up their 12-month sickness benefit entitlement are entitled. Self-employed are entitled to "quarantine payments"
Ireland	Partial	●	●	●	4 weeks instead of 2 years contribution requirement, EUR 350 instead of EUR 203 p/w benefit level and six-day waiting period waived if sickness absence is due to COVID-19 or quarantine
Italy	No access				
Korea	Not applicable	●	●	●	Self-employed have access to new temporary sickness benefit for sickness absence due to COVID-19 or quarantine



	Access to sickness benefits				Reform details
	When sick			In quarantine	
	Before the pandemic	In case of COVID-19	Reform taken?		
Latvia	Standard	●	●	●	One-day instead of ten-day waiting period if sickness absence is due to COVID-19 or quarantine
Lithuania	Standard	●		●	Self-employed in quarantine have same access to sickness benefits as private-sector workers
Netherlands	Voluntary	Only if opted for insurance			Self-employed only have access to sickness benefits if they have voluntary insurance, and not in the case of quarantine
New Zealand	No access	●	●	●	Self-employed have access to new temporary sickness benefit for sickness absence due to COVID-19 or quarantine
Norway	Standard	●	●	●	Three-day instead of 16-day waiting period if sickness absence is due to COVID-19 or quarantine
Poland	Voluntary	Only if opted for insurance		Only if opted for insurance	Self-employed have access to sickness benefits only if they have voluntary insurance. The 33-day waiting period still applies in case of COVID-19 and quarantine
Portugal	Partial	●	●	●	Thirty-day waiting period is waived if sickness absence is due to COVID-19 or quarantine
Slovak Republic	Standard	●		●	Self-employed in quarantine have same access to sickness benefits as private-sector workers, without a waiting period
Spain	Standard	●(*)	●	●(*)	Accident insurance if sickness absence is due to COVID-19 or quarantine (higher benefit, longer duration, no waiting period)
Sweden	Standard	●	●	●	Seven-day waiting period waived if sickness absence is due to COVID-19; access to special benefit in case of quarantine
Switzerland	Voluntary	Only if opted for insurance		●	Self-employed in quarantine entitled to new sickness benefit (eligibility ended 16 May for those re-opening their business)
United Kingdom	Partial	●	●	●	Seven-day waiting period waived if sickness absence is due to COVID-19 or quarantine. Minimum-income floor for means-tested Universal Credit lowered to enlarge coverage
United States	Not applicable	●	●	●	Self-employed have access to new temporary sickness benefit for sickness absence due to COVID-19 or quarantine

Note: *No access*: compulsory for full-time employees but self-employed workers are excluded. *Partial access*: a) eligibility conditions, benefit amounts or receipt durations are less advantageous for self-employed; b) insurance-based and non-contributory benefits co-exist and self-employed can access only the latter; or c) self-employed can choose to declare a lower contribution base while full-time employees pay contributions on full earnings (possibly subject to a ceiling). *Not applicable*: no statutory paid sick leave including for full-time employees. An asterisk (*) implies that self-employed workers are entitled to a benefit other than a dedicated sickness benefit. Not enough information available for Chile, Colombia, Greece, Israel, Japan, Luxembourg, Mexico, Slovenia and Turkey.

Source: OECD COVID-19 policy tracker and (OECD, 2020^[15]), "Supporting people and companies to deal with the COVID-19 virus: Options for an immediate employment and social-policy response", ELS Policy Brief on the Policy Response to the COVID-19 Crisis, OECD, Paris, <http://oe.cd/covid19briefsocial>.

The measures taken to better protect the self-employed fall in three categories:

- **A number of countries improved access for self-employed workers to sickness benefits and provided them with entitlements in case of quarantine.** Denmark, Latvia, Norway and Sweden temporarily lowered or eliminated the longer waiting periods for self-employed workers. Portugal waived the waiting period for both self-employed and dependent workers, but the waiting period was substantially longer for the former prior to the pandemic (10-30 days compared to 3 days).
- **Several countries carried out sickness benefit reforms and provided entitlements in case of quarantine that affect dependent and self-employed workers alike.** Estonia, France, Ireland and the United Kingdom temporarily waived the waiting period that was of similar length for both dependent and self-employed workers. Ireland and the United Kingdom also enhanced generosity of their sickness benefit regimes for both types of workers. Furthermore, the United Kingdom enlarged coverage among self-employed workers by relaxing the requirements of the minimum income floor of their Universal Credit social assistance scheme.



- **Other countries introduced new or special pandemic payments for sick or quarantined workers, which self-employed workers can access much like dependent workers.** The new sickness benefits in case of COVID-19 in Canada, New Zealand and the United States also cover self-employed workers, who previously had no or only voluntary access to sickness benefits. The special sickness benefit system in case of infectious diseases put in place prior to the pandemic in Finland protects dependent and self-employed workers alike. Last, dependent and self-employed workers in case of contracting COVID-19 are entitled to occupational-accident insurance in Spain and to special unemployment benefits in Australia.

However, not all countries have taken new measures to improve accessibility to paid sick leave for self-employed workers.

- **Self-employed workers in countries with voluntary enrolment systems are still generally not entitled to sickness benefits.** In the Czech Republic, the Netherlands, Poland and Switzerland and in Austria during the first six weeks of sickness, self-employed workers are only entitled to sickness benefits in the (rare) case that they have taken up voluntary insurance. Out of these countries, only Switzerland entitled self-employed workers to sickness benefits in case of quarantine. This seems to suggest that voluntary schemes not only typically have very low de facto coverage, but also coverage cannot be easily extended during a pandemic. A reason for this may be that providing universal coverage in a voluntary system is not considered fair for those who have chosen to contribute and would further reduce incentives to opt in (moral hazard).
- **Self-employed workers in Italy remain by and large excluded from sickness benefits.** Only specific occupational groups of self-employed registered to the *Gestione Separata* of the National Social Security Institute can receive sickness benefits in case of COVID-19 infection.
- **Quarantined self-employed workers in Belgium cannot access paid sick leave.** As discussed above, quarantined employees are entitled to short-time work benefits in Belgium. However, Belgium has not granted equivalent access to quarantined self-employed workers.

The information provided in Table 1, however, does not give a full picture of the level of income support available to the self-employed in case of sickness or quarantine in every country. Some countries have chosen to use different tools and benefits to support self-employed workers unable to support themselves during this crisis irrespective of whether they had to scale down or suspend their business operations because of sickness, quarantine or other reasons relating to the lockdown. Austria, Belgium and the Netherlands, for instance, provided (generous) hardship funds or other special payments to self-employed workers (OECD, 2020^[26]).

Workers in hybrid forms of self-employed work, such as freelancers and gig workers, are particularly often excluded from paid sick leave. About half of the platform workers in EU countries and the United States indicated not to have access to sickness benefits in a 2017 survey (Eurofound, 2020^[27]). A few countries have taken initiatives to temporarily extend sickness benefits to workers in hybrid forms of self-employed work. For instance, gig workers in Canada and the United States can be eligible to the new sickness benefit in case of COVID-19 under certain conditions.

In a number of cases, platforms have taken initiatives to provide sick pay to their gig workers in case of sickness due to COVID-19 or quarantine, although levels tend to be low. A survey of 120 platforms in 23 countries, including 10 OECD countries, indicated that about half the platforms offer some form of sick pay, generally consisting of a relatively low flat-rate payment available to gig workers who meet certain conditions, such as having completed a minimum number of trips or earned a minimum level. For instance, food delivery firms Deliveroo and Uber Eats have announced funds to compensate drivers who have been diagnosed with COVID-19 in Australia, Italy, Spain, the United Kingdom and the United States. On the other hand, other platforms such as JustEat or Domino's have not initiated any sick pay (Fairwork, 2020^[28]).



Informal workers are excluded from statutory paid sick leave and particularly financially vulnerable in case of contracting COVID-19 or quarantine. Colombia has introduced a specific flat-rate sickness benefit for low-wage informal workers. Workers affiliated to the non-contributory social security system (*regimen subsidiado*) that targets low-income families are entitled to a lump-sum payment equivalent to seven days of the daily minimum wage in case of contracting COVID-19.

6. Lowering the burden of employers to finance sick pay

Key points

- Employers cover an initial period of sick leave in the form of sick pay in many countries, with the aim to prevent sickness and promote return to work.
- However, employer sick pay risks being counterproductive in the outbreak of a pandemic, as prevention requires that workers stay at home rather than come to work.
- Many OECD countries have temporarily taken over sick pay obligations in case of sickness due to COVID-19 and most pay for sick leave in case of quarantine.

Employers have to cover an initial period of sick leave in the form of sick pay in many OECD countries, with the aim to prevent sickness and promote return to work (Palme and Persson, 2020^[12]). The maximum duration of sick pay is 5-15 days in most countries, but can be up to several weeks or months, e.g. in Austria, Germany, Italy and Switzerland, and even two years in the Netherlands.

Arguments for employer funding of sick pay, however, do not apply or even risk being counterproductive in the outbreak of a pandemic. In the case of a very contagious disease, prevention requires keeping workers at home rather than encouraging them to come to work. Return to work is less relevant in a largely confined economy. It is also not obvious that employers should pay for extensions of existing legislation especially if they are facing major financial stress already. In such a situation, temporarily lifting or reducing employer costs (through direct payments or tax credits) is justified.

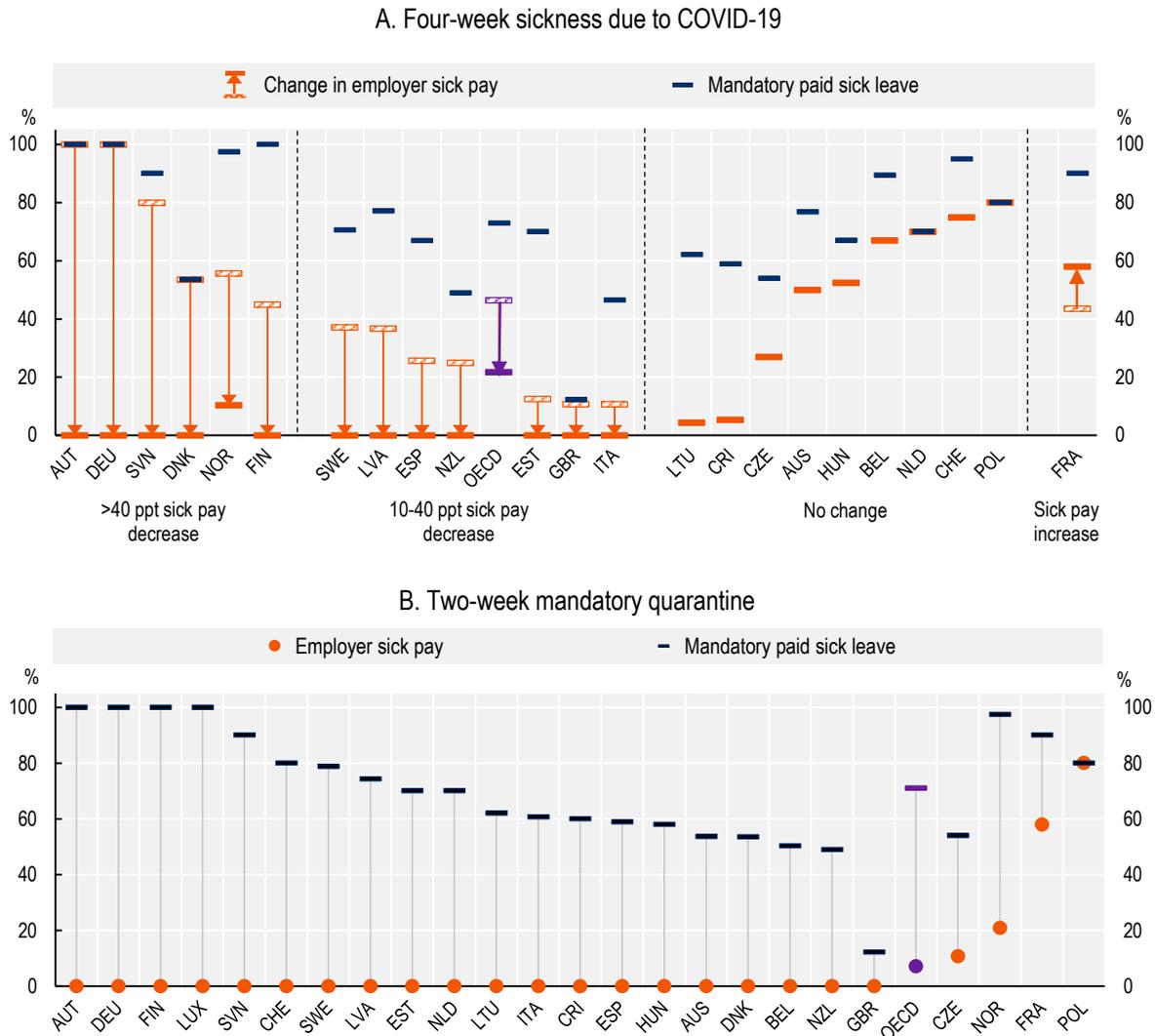
Many OECD countries have taken measures to temporarily lower the financial burden of employers to provide sick pay in case of sickness due to COVID-19. No less than 14 of the 23 OECD countries, which have a sick-pay system and for which information is available, have changed their regulation accordingly or enforced their Epidemic Acts, such as in the case of Austria and Germany that include an automatic adjustment to reduce employer costs (Figure 5). In some countries, employers can seek reimbursement for their sick-pay costs, while in others workers sick with COVID-19 can receive a public sickness benefit from the first day. In the United States and the United Kingdom, the state only reimburses sick pay for smaller companies (fewer than 500 in the United States and fewer than 250 in the United Kingdom). The increase in employer sick-pay obligations in France is a consequence of waiving the waiting period for employer sick pay. This only applies in the case of sickness due to COVID-19.

OECD countries almost universally finance paid sick leave for employees in mandatory quarantine. This is for good reasons, as this would otherwise imply an extension of sick pay obligations for employers. As many as 20 of the 24 OECD countries, which have a sick-pay system and for which information is available, fully publicly finance paid sick leave for those in quarantine. In two other countries (Czech Republic and Norway), employers pay less than half of the paid sick leave. Employers have to finance the largest part of paid sick leave of their quarantined employees only in France and Poland.



Figure 5. Many OECD countries have lowered financial obligations for employers to provide paid sick leave in case of COVID-19

Cumulated gross sick-leave payments financed by employers as a percentage of previous earnings in case of a four-week sick leave (Panel A) and a two-week quarantine (Panel B), rules valid in early June 2020



Note: The results refer to an eligible full-time private-sector employee who is married with no kids, age 40, earning an average wage and working with the same employer for one year who cannot work from home. “Change in employer sick pay” compares baseline employer sick pay obligations (as in place in June 2019, and 2018 for Australia, Japan, Korea and New Zealand) to employer sick pay obligations in case of COVID-19 according to rules valid in mid-May 2020. “Mandatory paid sick leave” refers to mandatory payments paid to individuals by employers (sick pay) and mandatory payments by the government, either directly paid to individuals or indirectly by subsidising employers (sickness benefits). OECD average only covers those OECD countries for which information is available and that have a sick-pay component.

Source: European Commission’s Mutual Information System on Social Protection (MISSOC), United States’ Social Security Administration’s Social Security Programs Throughout the World (SSPTW), (OECD, 2020_[15]), “Supporting people and companies to deal with the COVID-19 virus: Options for an immediate employment and social-policy response”, *ELS Policy Brief on the Policy Response to the COVID-19 Crisis*, OECD, Paris, <http://oe.cd/covid19briefsocial>.



7. Paid sick leave for an orderly de-confinement

Key points

- Paid sick leave is a crucial component for an orderly de-confinement based on *testing, tracking, tracing and isolating*, by allowing (potentially) infected workers to quarantine quickly.
- Countries should keep temporary extensions in place during the de-confinement. Measures that lower the burden of employers to finance sick pay remain justified as long as prevention requires keeping workers at home.
- Structural reform of paid sick leave will have to reappear on the policy agenda quickly when the pandemic is starting to pass. Reforms should permanently improve access to paid sick leave for the entire workforce; promote prevention of sickness and the return to work of recovered workers; and prepare countries for future pandemics.

Paid sick leave is a crucial component for an orderly de-confinement. As long as no vaccine or treatment is widely available, physical distancing and *testing, tracking, tracing and isolating* (TTTI) will be the main instruments to fight the spread of the virus. Paid sick leave plays a key role by allowing (potentially) infected workers to quickly self-isolate (OECD, 2020_[10]; OECD, 2020_[25]). The cost to society of providing paid sick leave to these workers to ensure that they are not financially penalised for isolating themselves is small in comparison to the cost of them not isolating and spreading the virus further. Furthermore, paid sick leave continues to function as a protective device to workers and societies at-large in case of a second or further waves of infection.

Paid sick leave can only facilitate an orderly de-confinement if temporary extensions are kept in place. Countries should keep in place extensions introduced in case of sickness due to COVID-19 and mandatory quarantine but should also aim to further extend paid sick leave entitlements to all groups of workers that are still not covered. Policy makers should pay particular attention to workers not covered by either job retention or paid sick leave schemes, who are particularly vulnerable in case of job loss (Box 1).

Temporary measures to support employers in providing sick pay remain justified to the extent that prevention requires keeping workers at home. Financial support may also still be necessary when employers continue to experience major financial stress in a confined and otherwise constrained economy. The gradual reintroduction of employer obligations, once this is safe, will lower pressures on the public purse and help to incentivise employers to invest in safe workplaces.

Structural paid sick leave reforms will have to reappear on the agenda when the pandemic passes. These structural reforms should consider three key elements:

1. **Permanently closing the long-known gaps in paid sick leave regulations.** The crisis has demonstrated the importance of having an encompassing system of paid sick leave in place, not only to protect workers' incomes, jobs and health during a temporary sickness spell, but also to help contain and mitigate the spread of a contagious disease. Countries should also strengthen sick leave entitlements to cope with rising health demands as a consequence of the deteriorating effects of the pandemic on anxiety, stress and mental health and deferred care not related to COVID-19 (OECD, 2020_[29]). While many OECD countries have extended access to some groups of workers who have poor or no access to sick pay and sickness benefits, extensions were almost always time-bound and limited to COVID-19 cases and related quarantines. OECD countries should consider closing eligibility gaps permanently, for all groups of workers and for all types of diseases. In this context, countries should also reconsider the limited effectiveness of any voluntary schemes.



2. **Promoting the prevention of sickness and the reintegration of recovered workers.** Governments will also have to reinforce work incentives and employment support for workers on paid sick leave and financial incentives for employers in order to prevent sickness and facilitate the return to work. In particular, governments should avert paid sick-leave systems from becoming a pathway into disability benefits for the long-term unemployed, as happened in many OECD countries in the past after a recession (OECD, 2010^[30]). This is particularly important now, as some workers currently on sick leave or quarantine may not be able to return to their job, as companies may fail to remain in business when job retention schemes phase out. Connecting workers quickly to occupational rehabilitation or employment services, as appropriate and necessary, will be critical to prevent long-term labour market exit of those among them unable to find new jobs (OECD, 2020^[31]).
3. **Preparing for future pandemics by improving the adaptability of paid sick leave systems.** Countries should consider introducing laws or mechanisms that, in times of pandemics, automatically and temporarily extend paid sick leave entitlements to workers in mandatory quarantine and reduce employer obligations to provide sick pay. Such automatic extensions of sick-leave rules through epidemic laws have proven effective in countries where such laws exist. Policy makers can also learn from the experiences of making job retention schemes adaptable over the course of an economic crisis, as there are considerable similarities between job retention and paid sick leave schemes in the objectives and effects, especially during a crisis (Box 1).

Box 1. Policy lessons from comparing job retention and paid sick leave schemes

Job retention schemes and paid sick leave schemes both aim to preserve vulnerable jobs by publicly subsidising workers' incomes during a temporary period. Whereas paid sick leave replaces income of *individual workers* who temporarily cannot work because of health-related reasons, job retention schemes target *firms* that experience a temporary reduction in business activity, replacing income of *their workforce in an indiscriminate way* (OECD, 2020^[14]). Important policy lessons can be drawn by comparing the two policies throughout a health and economic crisis to improve their effectiveness.

The outbreak and confinement phase

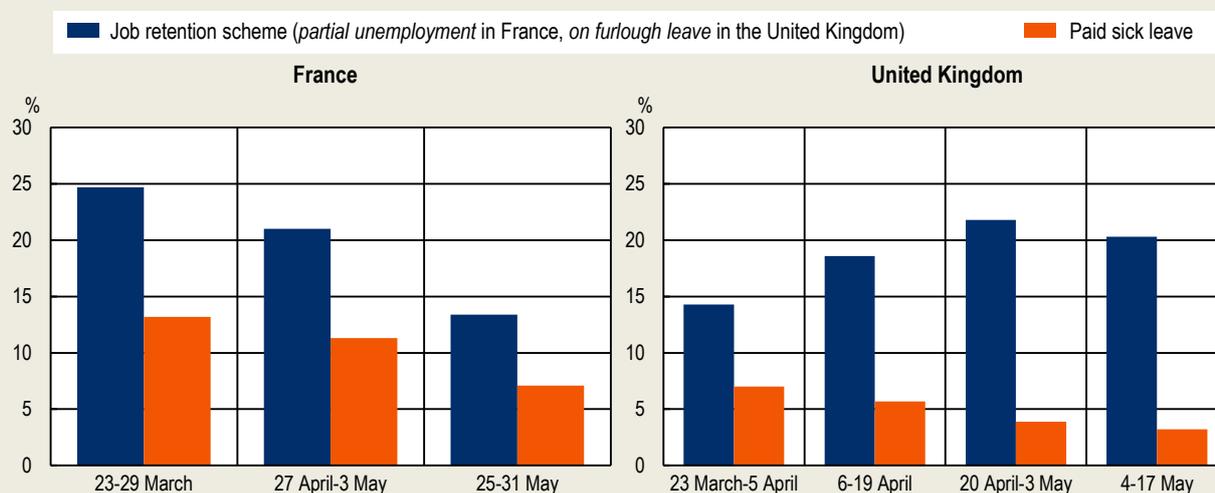
During the immediate outbreak of the health crisis and confinement phase of the economy, *paid sick leave plays a major protective and stabilising role, complementary to job retention schemes*. Policy makers should *pay particular attention to workers not covered by either job retention or by paid sick leave schemes*. These workers are particularly vulnerable in case of job loss, and their jobs, which may be viable in the long term, are at a high risk to disappear.

Whilst during this phase job retention schemes are likely the principal job-preserving policy due to their indiscriminate, generally generous and immediate nature, paid sick leave plays a major complementary protective role and reduces pressures on job retention schemes. For instance, around 12% of firms used paid sick leave in France between end of March and the beginning of May, whereas twice as many firms applied job retention schemes (Figure 6). In the United Kingdom, about 7% of private-sector employees were on paid sick leave and, like in France, about twice as many were on job retention around the implementation of the lockdown end of March. Take-up of job retention increased further to around 20% in May, whereas the share of employees on paid sick leave decreased to around 3% (Figure 6). Paid sick leave can also reduce pressures on other social protection systems, such as unemployment insurance. American states which had a statutory paid sick leave policy in place saw a lower number of initial unemployment insurance claims between 8 March and 25 April 2020 (Chen et al., 2020^[9]).



Figure 6. Employer surveys for France and the United Kingdom show that paid sick leave plays a key role throughout the outbreak and confinement phase

Share of employees on job retention scheme or paid sick leave during the survey reference week, March-May 2020



Note: Data for France refer to companies with 10 or more employees making use of different job protection schemes. Data for the United Kingdom refer to companies of all sizes that continue to trade. For both countries, the data cover all industries.

Source: Statistical Institute of the French Ministry of Labour (ACEMO flash employer survey) and United Kingdom Office for National Statistics (BICS employer survey).

The de-confinement phase

Access to sufficiently generous paid sick leave becomes even more important during the de-confinement phase when job retention schemes are scaled down. Policy makers should ensure that workers who temporarily cannot work because of health-related reasons should be able to come back to their jobs also when their companies are off the job retention scheme lifeline. At the same time, workers in quarantine and on job retention whose jobs are likely to disappear should quickly receive employment support to promote reallocation and prevent long-term labour exit.

Maintaining cost-effectiveness of job retention schemes becomes a larger concern after the immediate crisis outbreak when the economy starts to reopen. Because of their indiscriminate and generous nature, job retention schemes risk transforming from a financial lifeline into a drag on the public purse and even on the economic recovery for three main reasons. First, firms may use job retention schemes to preserve jobs that would have been retained anyway, in particular when firms do not have strong incentives to move off the scheme. Second, fraud is a major concern, as firms may continue to claim job retention support even though workers have resumed their activities. Third, job retention schemes can hamper the reallocation of workers towards more viable and productive firms, which slows productivity growth. Therefore, job retention schemes will have to be phased out progressively, for instance by increasing employer co-payments or by limiting coverage to certain vital sectors (OECD, 2018^[32]).

Cost-effectiveness of paid sick leave, on the contrary, remains high during the de-confinement phase. Access to sufficiently generous paid sick leave therefore becomes even more important when job retention schemes are gradually scaled down. As long as no vaccine or treatment is widely available, paid sick leave is pivotal in order to allow (potentially) infected workers to quickly self-isolate as part of an effective *testing, tracking, tracing and isolating* strategy. Risks of firms that use the scheme to preserve jobs that would have been retained anyway or outright fraud are low, due to the targeted nature of the scheme that only protects



those workers within a firm who temporarily cannot work because of sickness-related reasons. However, paid sick leave may lower the reallocation of quarantined workers whose jobs are likely to disappear.

The recovery phase when the pandemic starts to pass

Policy makers should ensure that *paid sick leave systems can be quickly and temporarily scaled up during future health crises, learning from the experiences of job retention schemes.*

When the pandemic starts to pass and the economy has by and large opened up, countries will have to change their strategy from preserving jobs to protecting workers and make work pay to promote reallocation and productivity growth (OECD, 2018^[32]). This implies that job retention schemes and certain temporary paid sick leave reforms, such as quarantine entitlements, waiving of waiting periods and taking over of sick pay obligations of employer, should be reverted back.

During this phase, countries should establish laws or mechanisms that make their paid sick leave systems adaptable, so that these systems can be quickly and temporarily scaled up during future pandemics. In this regard, countries can learn from their experience with job retention schemes that should be kept small or dormant during normal times.

Acknowledgements

This policy brief rests heavily on the important contributions by Maëlle Stricot and Duncan MacDonald. The authors would also like to thank officials and experts in a large number of OECD countries who provided information about recent policy changes and/or validated available information.



References

- Andersen, M. et al. (2020), “Effect of a Federal Paid Sick Leave Mandate on Working and Staying at Home: Evidence from Cellular Device Data”, *NBER Working Paper*, No. 27138, <https://www.nber.org/papers/w27138> (accessed on 11 May 2020). [8]
- BLS (2019), “Bureau of Labour Statistics, Workers’s Leave Benefit Access Table, March 2019”, <https://www.bls.gov/ncs/ebs/benefits/2019/ownership/civilian/table31a.pdf>. [23]
- BLS (2019), *Paid sick leave: What is available to workers?*, BLS, Washington DC, <http://www.bls.gov/ebs> (accessed on 13 May 2020). [16]
- Bodas, M. and K. Peleg (2020), “Self-Isolation Compliance In The COVID-19 Era Influenced By Compensation: Findings From A Recent Survey In Israel”, *Health Affairs*, <http://dx.doi.org/10.1377/hlthaff.2020.00382>. [2]
- CBS (2019), *Zelfstandigen Enquête Arbeid 2019*, CBS, The Hague, <https://www.cbs.nl/nl-nl/publicatie/2019/27/zelfstandigen-enquete-arbeid-2019> (accessed on 13 May 2020). [24]
- Chen, S. et al. (2020), “Tracking the Economic Impact of COVID-19 and Mitigation Policies in Europe and the United States”, *IMF Special Series on COVID-19*, International Monetary Fund, Washington, D.C., <https://www.imf.org/~media/Files/Publications/covid19-special-notes/enspecial-series-on-covid19tracking-the-economic-impact-of-covid19-and-mitigation-policies-in-europe.ashx?la=en> (accessed on 11 May 2020). [9]
- Eurofound (2020), “Labour market change: Trends and policy approaches towards flexibilisation”, *Challenges and Prospects in the EU Series*, <https://www.eurofound.europa.eu/publications/flagship-report/2020/labour-market-change-trends-and-policy-approaches-towards-flexibilisation> (accessed on 19 May 2020). [27]
- Fairwork (2020), *The Gig Economy and COVID-19: Fairwork Report on Platform Policies*, <http://www.fair.work> (accessed on 8 June 2020). [28]
- He, X. et al. (2020), “Temporal dynamics in viral shedding and transmissibility of COVID-19”, *Nature Medicine*, Vol. 26/5, pp. 672-675, <http://dx.doi.org/10.1038/s41591-020-0869-5>. [18]
- Judit, O. and V. Castello (2020), “If Sick-Leave Becomes More Costly, Will I Go Back to Work? Could It Be Too Soon?”, *IZA Discussion Paper Series*, No. 13379, <http://www.iza.org> (accessed on 25 June 2020). [7]
- KIHASA (2018), “Economic activity and economic status of households due to illness and its policy challenges (In Korean: 질병으로 인한 가구의 경제활동 및 경제상태 변화와 정책과제” 한국보건사회연구원)”, No. Research Report 2018-07, KIHASA. [17]
- OECD (2020), “Beyond Containment: Health systems responses to COVID 19 in the OECD”, *OECD Policy Responses to Coronavirus (Covid-19)*, OECD Publishing, Paris, <http://www.oecd.org/coronavirus/policy-responses/beyond-containment-health-systems-responses-to-covid-19-in-the-oecd-6ab740c0/>. [3]
- OECD (2020), “COVID-19: Protecting people and societies”, *OECD Policy Responses to Coronavirus (Covid-19)*, OECD Publishing, Paris, <http://www.oecd.org/coronavirus/policy-responses/covid-19-protecting-people-and-societies-e5c9de1a/>. [29]
- OECD (2020), “Job retention schemes during the COVID-19 lockdown and beyond”, *OECD* [14]



- Policy Responses to Coronavirus (COVID-19)*, OECD Publishing, Paris, <https://www.oecd.org/coronavirus/en/policy-responses>.
- OECD (2020), *OECD Economic Outlook, Volume 2020 Issue 1: Preliminary version*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/0d1d1e2e-en>. [25]
- OECD (2020), *OECD Family Database*, <http://www.oecd.org/els/family/database.htm>. [19]
- OECD (2020), "Public employment services in the frontline for jobseekers, workers and employers", *OECD Policy Responses to Coronavirus (Covid-19)*, OECD Publishing, Paris, <http://www.oecd.org/coronavirus/policy-responses/public-employment-services-in-the-frontline-for-employees-jobseekers-and-employers-c986ff92/>. [31]
- OECD (2020), "Supporting livelihoods during the COVID-19 crisis", *OECD Policy Responses to Coronavirus (Covid-19)*, https://read.oecd-ilibrary.org/view/?ref=132_132985-hrr3dbjimj&title=Supporting-livelihoods-during-the-COVID-19_crisis%20oe.cd/il/30z (accessed on 18 June 2020). [26]
- OECD (2020), "Supporting people and companies to deal with the Covid-19 virus: Options for an immediate employment and social-policy response", *OECD Policy Responses to Coronavirus (COVID-19)*, OECD Publishing, Paris, <http://www.oecd.org/coronavirus/policy-responses/supporting-people-and-companies-to-deal-with-the-covid-19-virus-options-for-an-immediate-employment-and-social-policy-response-d33dffe6/>. [15]
- OECD (2020), "Testing for COVID-19: A way to lift confinement restrictions", *OECD Policy Responses to Coronavirus (COVID-19)*, OECD Publishing, Paris, <https://www.oecd.org/coronavirus/policy-responses/testing-for-covid-19-a-way-to-lift-confinement-restrictions-89756248/>. [10]
- OECD (2019), *OECD Employment Outlook 2019: The Future of Work*, OECD Publishing, Paris, <https://doi.org/10.1787/9ee00155-en>. [11]
- OECD (2019), *OECD Input to the Netherlands Independent Commission on the Regulation of Work*, OECD Publishing, Paris. [21]
- OECD (2018), *Good Jobs for All in a Changing World of Work: The OECD Jobs Strategy*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264308817-en>. [32]
- OECD (2018), *The Future of Social Protection: What Works for Non-standard Workers?*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264306943-en>. [20]
- OECD (2018), *Towards Better Social and Employment Security in Korea, Connecting People with Jobs*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264288256-en>. [13]
- OECD (2010), *Sickness, Disability and Work: Breaking the Barriers: A Synthesis of Findings across OECD Countries*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264088856-en>. [30]
- Palme, M. and M. Persson (2020), "Sick Pay Insurance and Sickness Absence: Some European Cross-Country Observations and a Review of Previous Research", *Journal of Economic Surveys*, Vol. 34/1, pp. 85-108, <http://dx.doi.org/10.1111/joes.12351>. [12]
- Pichler, S., K. Wen and N. Ziebarth (2020), "Positive Health Externalities of Mandating Paid Sick Leave", Unpublished manuscript. [5]



- Pichler, S. and N. Ziebarth (2017), "The pros and cons of sick pay schemes: Testing for contagious presenteeism and noncontagious absenteeism behavior", *Journal of Public Economics*, Vol. 156, pp. 14-33, <http://dx.doi.org/10.1016/j.jpubeco.2017.07.003>. [4]
- Saint-Martin, A., H. Inanc and C. Prinz (2018), "Job Quality, Health and Productivity: An evidence-based framework for analysis", *OECD Social, Employment and Migration Working Papers*, No. 221, OECD Publishing, Paris, <https://dx.doi.org/10.1787/a8c84d91-en>. [1]
- Spasova, S. et al. (2017), *Access to social protection for people working on non-standard contracts and as self-employed in Europe*, European Commission, Brussels, <http://dx.doi.org/10.2767/700791>. [22]
- Stearns, J. and C. White (2018), "Can paid sick leave mandates reduce leave-taking?", *Labour Economics*, Vol. 51, pp. 227-246, <http://dx.doi.org/10.1016/j.labeco.2018.01.002>. [6]

Contact

Stefano SCARPETTA (✉ stefano.scarpetta@oecd.org)

Mark PEARSON (✉ mark.pearson@oecd.org)

Mark KEESE (✉ mark.keese@oecd.org)

Christopher PRINZ (✉ christopher.prinz@oecd.org)

Stefan THEWISSEN (✉ stefan.thewissen@oecd.org)

This paper is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.

