

## **Abstract for Application**

Labour supply responses of same-sex couples due  
to changing health insurance law in the US

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The proposed research paper is based on my master thesis and will further examine labour supply decisions of individual agents and households, focusing on same-sex couples in the US. I exploit a quasi-natural experiment in the US, when Federal States introduced legal changes for same-sex couples concerning health insurance law throughout 2013 to 2015. In the US, most health insurance providers offer dependent health coverage and long-term care insurance for spouses. In addition, spousal insurance is subject to tax exemptions. However, prior to 2013, Federal Law did not acknowledge same-sex marriage and same-sex couples could not rely on any of these dependent health care benefits. They might have had to resort to less comprehensive public insurance programs or more costly privately purchased insurance programs. Hence, same-sex couples have been facing obstacles when it comes to deciding on their labour supply, as they did not benefit from the same legal and institutional setting as different-sex couples do. Between 2013 and 2015, legal changes led to more comprehensive dependent care for same-sex couples, especially for employees in the public sector.

Using a difference-in-difference estimation I want to examine possible effects of these policy changes on same-sex couples' labour supply (in the public sector). I use data from the American Community Survey, where same-sex couples can be identified, and a rich set of variables like income, age, children, education etc. is provided. Based on this empirical framework, this research paper will contribute to two main areas of research in labour economics: intra-household decisions on labour supply as well as overall household labour supply.

The changes in insurance law could affect labour supply in two ways: Firstly, access to e.g. spousal health coverage might affect labour supply negatively. Same-sex couples can now rely on financial support and legal protection in case one of them gets sick due to comprehensive health insurance. Secondly, institutionalized discrimination and uncertainty hinders intra-household decision making. Hence, the legal changes might affect labour supply positively, as same-sex couples are now less constrained in their labour supply decisions and can adapt their intra-household decision making accordingly.

Furthermore, this research paper can contribute to existing literature, investigating if and under what circumstances traditional concepts on labour supply also apply to same-sex households. In addition, this research paper can add to

the literature on the causal effect of social security programs on labour supply. Moreover, I would like to compare the effect of insurance laws to the effects of other legal changes such as the introduction of marriage rights, joint tax filing and alimony rights during these years in the US (current research by Alyssa Schneebaum) in order to get an idea which sphere of policy making influences intra-household decision making and labour supply the most.

Apart from the scientific discourse, this research paper can be beneficial to recent societal debates. Firstly, in this quasi-experimental setting the role of social security in a modern society can be assessed in a unique way. Prior to the legal changes, same-sex couples already had access to an elaborate system of privately-purchased insurance plans. As a consequence of the legal changes, they now get access to a comprehensive framework of employer-sponsored and publicly financed insurance plans. This enables us to compare the two main agents on the insurance market: the public sector and the private market. What makes this setting so special is that both spheres are fully developed and can be compared in a realistic manner. Hence, conclusions concerning the role of market-based and publicly financed insurance can be drawn for developed societies.

Secondly, this research paper gives an extensive overview on one of the most prominent emancipation movements in modern society: the LGBT rights campaign. It contributes to the understanding of how emancipation works and can be organized in the institutional framework of developed societies. In this case, mainly individual effort made courts take on responsibility and change laws. At first, only individual lawsuits and state law adjustments seemed possible but in the end two Supreme Court rulings paved the way towards same-sex marriage and continue to justify further anti-discrimination measures concerning sexual orientation and gender identity. Reviewing achievements of the US LGBT community could provide impetus for similar emancipation movements all over the world.