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Abstract

It is well known that health declines over the life cycle and that it is driven by an age effect - getting older decreases health - and a cohort effect - individuals that were born earlier have a lower health status. Far less evidence is available on how the variability of health and the association between income and health vary with age and birth year. Given that aging is an increasingly relevant determinant of the population health distribution of most countries, it is important to disentangle age- from cohort effects. In this paper, we perform this age-cohort decomposition for mean levels of self-assessed health (SAH), for its variability and for its association with income for 11 EU countries using data from 8 waves of the European Community Household Panel. With respect to the age effect, we find that average health declines with age, but at an accelerated rate after the age of 60-65, and that the variability of health is relatively invariant with age. We find some evidence that the association between health and income has an inverse U-shape peaking around retirement age. With respect to the cohort effect, we find an interesting North/South difference. While we find substantial improvements of mean health and reduced variability in younger cohorts compared to older cohorts for Southern European countries, the cohort effect is less strong (and sometimes even flat) for most of the Northern European countries. This finding may be a reflection of catch-up phenomenon in Southern Europe where the health benefits of improved living conditions and access to medical care were achieved at a later point in the previous century than in Northern Europe.