Impact of an acute health shock on lifestyles: evidence from French panel data

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Abstract

By investigating the relationship between an acute health shock, namely the first onset of an accident requiring medical care, and lifestyles (i.e. cigarette consumption and the Body Mass Index, BMI), this paper contributes to a better understanding of smoking and eating patterns. Drawing on behavioral economics, the analysis considers the health shock experience as the provision of new and credible information, which can be used to update personal health risk beliefs and which may subsequently affect individuals’ lifestyles. To explore these issues, we use a French panel data (Gazel) which covers 20,000 individuals over the period 1989 to 2014.

To identify the causal effect of the accident, a propensity score matching on pre-accident covariates and pre-accident outcomes is performed. Specifically, we compute a propensity score for facing a shock with a Probit estimation including: demographic, and socioeconomic indicators, along with pre-outcome variables. We then associate a treated individual with a control individual based on this propensity score. Additionally, we restrict the sample to observations within the common support range, and individuals with other types of shocks are dropped from sample and thus are not included in the control group.

Results suggest that there is a significant effect running from the shock to the number of cigarettes smoked with an impact duration of at least 8 years after the shock. Individuals subject to a shock smoke 2.1 cigarettes less than those who do not face such a shock. There is no effect, however, of the exogenous shock on the BMI.

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