

Are unemployment benefit II recipients less healthy?

A comparison of basic income support recipients to employed persons

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Background: Unemployment Benefit II recipients?



- Unemployment went down 50 % since 2005 (Hartz-Reforms)
- German unemployment rate (May 2015): 6.3%
- 30% receive insurance-based unemployment benefits (ca. 800,000)
 - 60% of previous net income
 - Maximum duration: 12 months (depending on previous employment duration and age)
- 70% receive means-tested benefits (ca. 2 million) →UBII
 - 399 € for adult singles + accommodation costs
 - About half of all unemployed welfare benefit recipients are long-term unemployed
 - About 100,000-200,000 with extremely poor employment chances

Unemployment Benefit II (UBII) recipients?



- 1.2 million employed people also receive UBII to top up their earnings: “Aufstocker”,
 - they tend to work few hours (mostly less than 22/week) and have low hourly wages

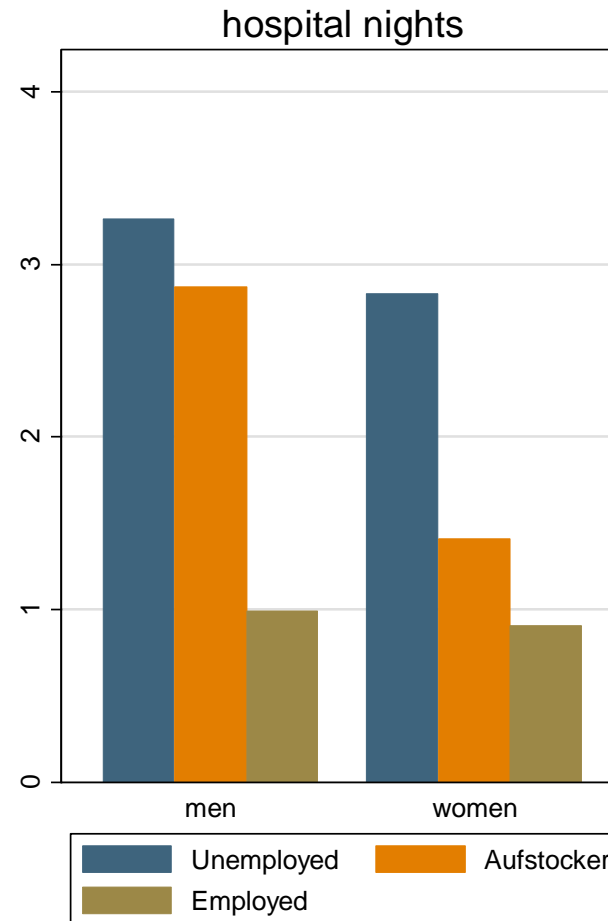
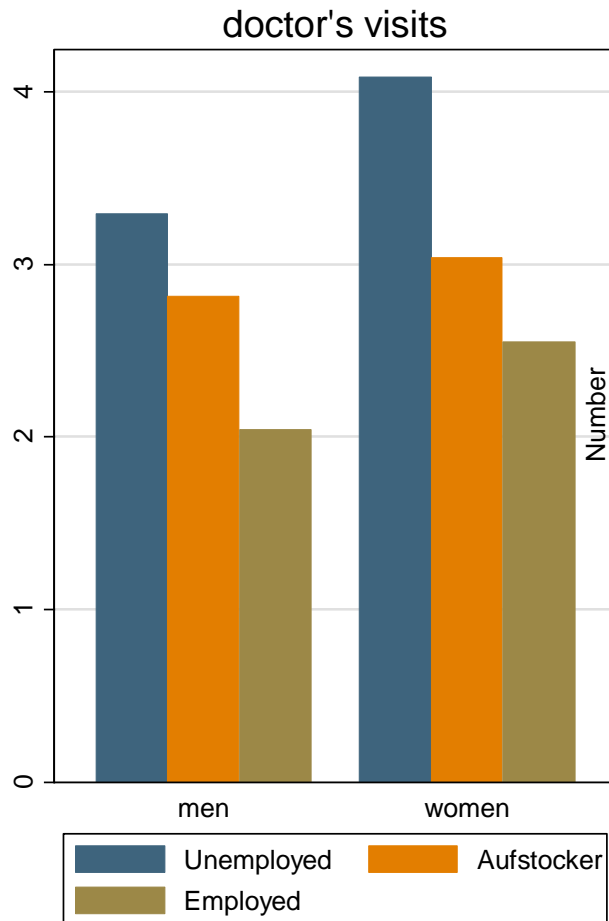
- long-term unemployed often face barriers to employment:
 - no/low qualification
 - language deficiencies
 - family care
 - **mental health problems**
 - **physical health problems**

- High share of unemployed persons report health problems (Wanberg, 2012)
- Potential barrier to job placement
- Problem grows with aging population

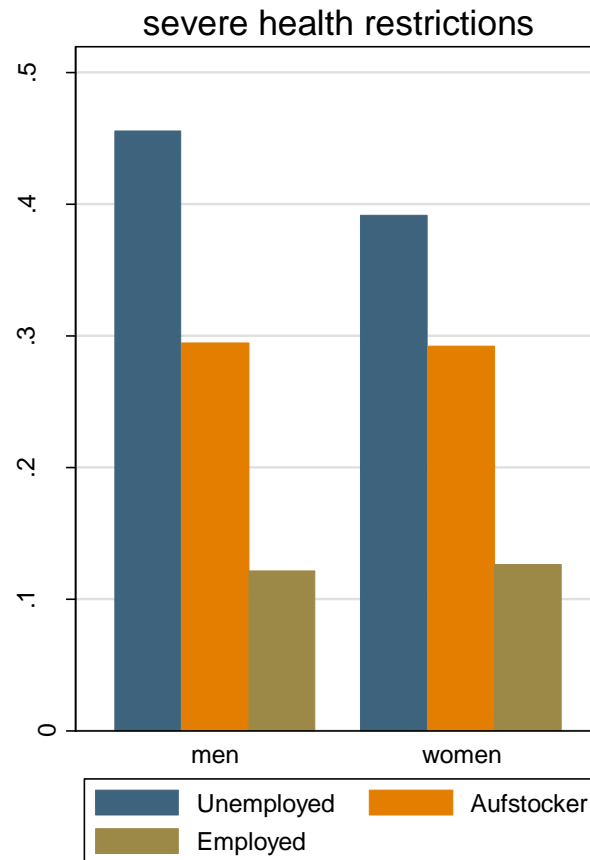
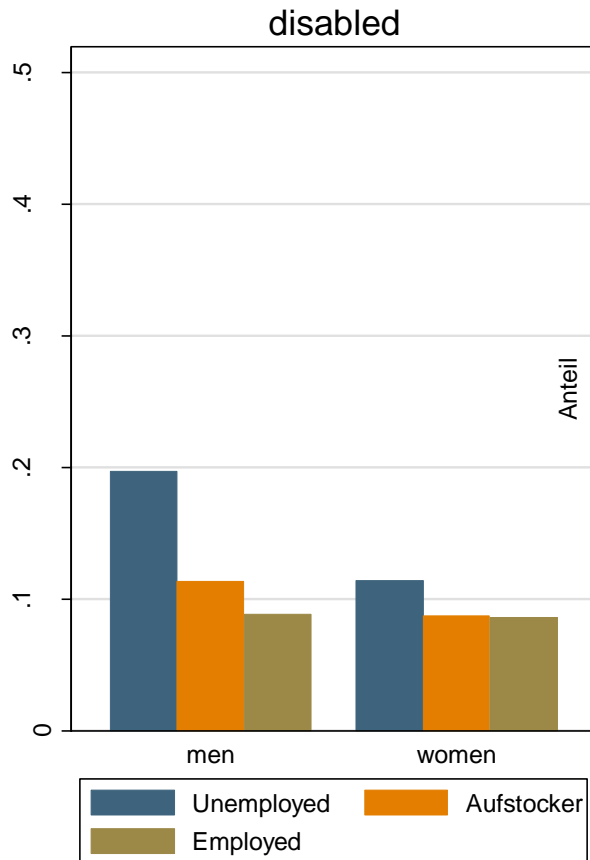
- Comparison of Health of Unemployed and Employed Persons
- Theories and mechanisms
- Regional differences conditional on unemployment rates
- Health changes after labour market transitions

- Survey data of panel study 'Labour Market and Social Security' (PASS)
- Household panel
- combined CAPI – CATI, 50% UBII recipients
- 14,619 respondents in 2012
- special focus health in 2009, 2012, 2015
- No medical diagnosis available in survey
- But self-reported state of health: doctor's visits, hospital stays, health satisfaction...

Objective measures of health



Disability and other serious health restrictions



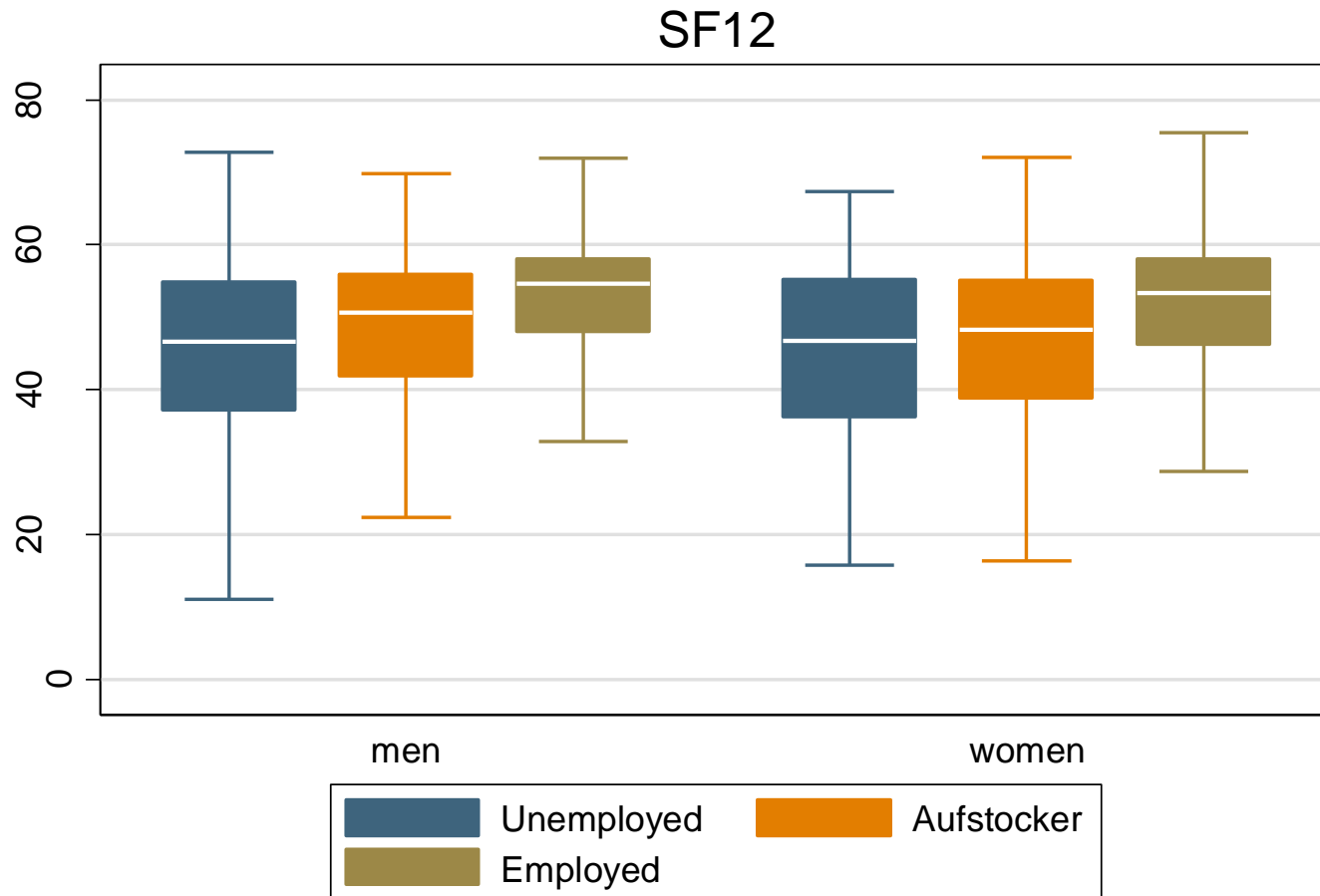
Self-reported state of health (using SF12)



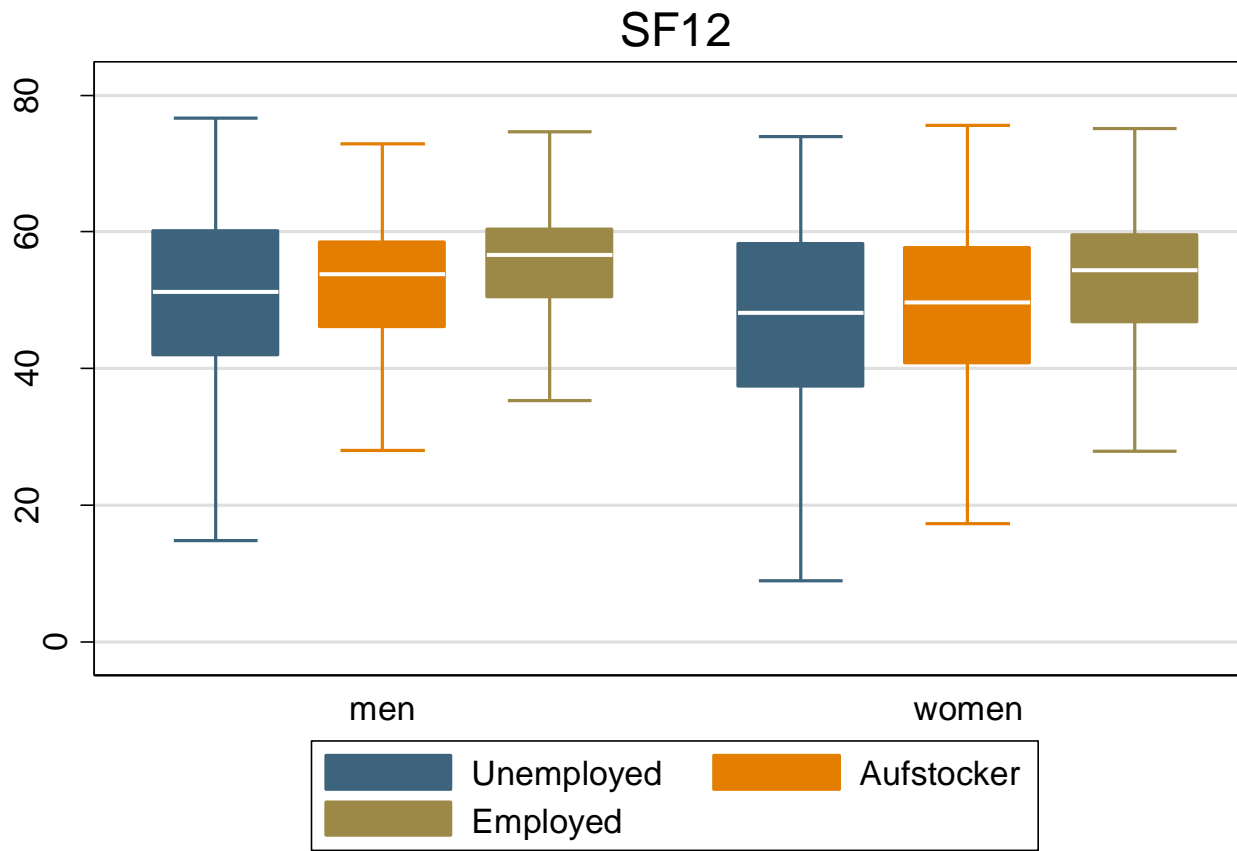
The SF-12 (short version of SF36) is widely used to capture health in large surveys. It contains questions about physical and mental health:

- Health restrictions walking stairs; in everyday life; in social activities
- Feelings: downheartedness and depression; calm and peacefulness; full of energy
- Problems at work due to emotional/physical health problems: accomplished less or limited in the kind of work
- General health rating

- Construction of indices for physical and mental health with average score 50 - The SF-12 has predictive power for mortality and hospitalization (Dorr et al. 2006)



excludes outside values



excludes outside values

Health status in comparison



- Social benefit recipients report a worse state of health than employed non-recipients
- Among those who receive social benefit, unemployed are affected by health problems more than so-called 'Aufstocker' (i.e. working poor receiving top-up benefit)
- Differences are more distinctive for subjective health indicators

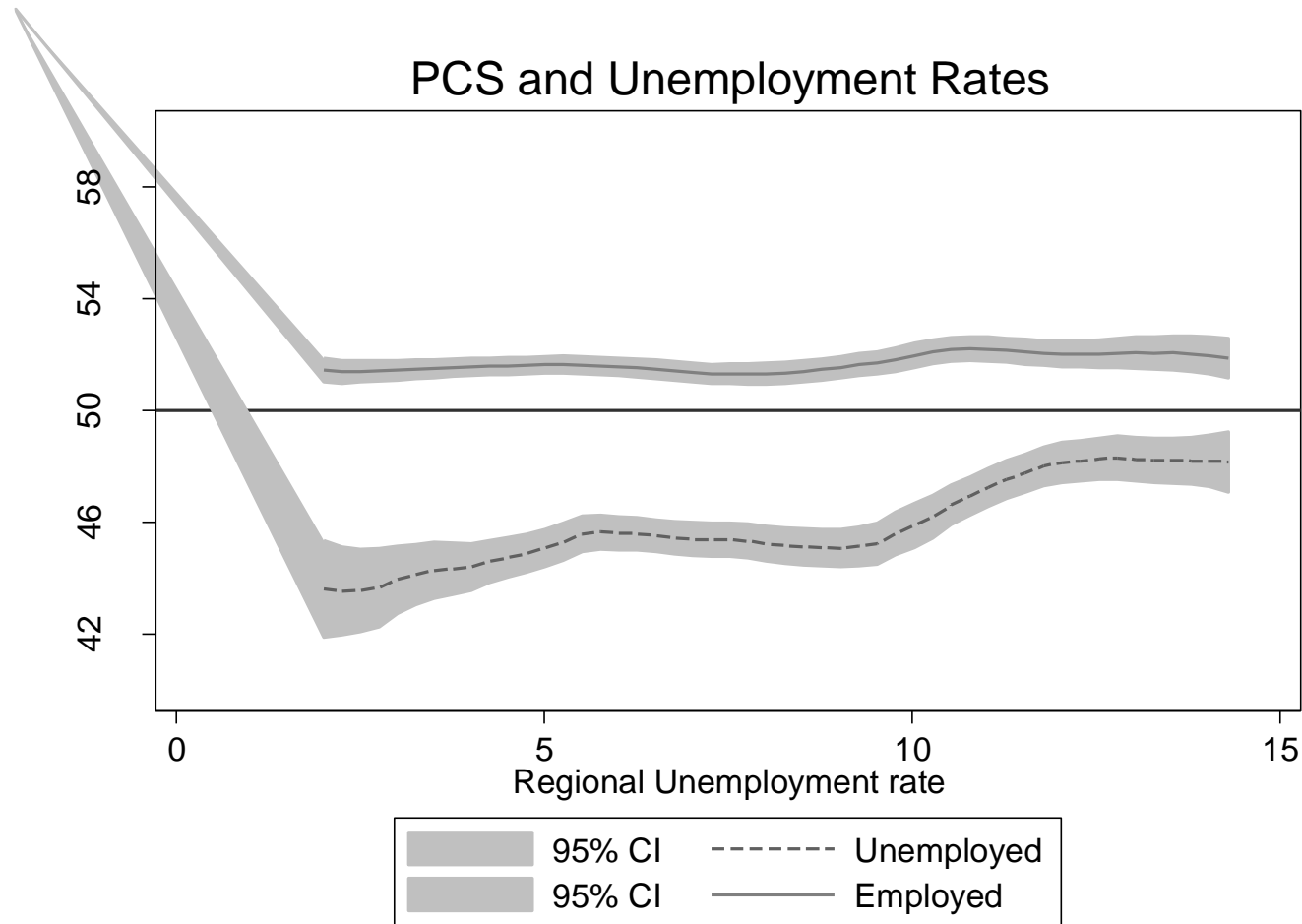
- Causation: Unemployment leads to a decrease in health due to
 - economic deprivation (Gallie et al., 2003) , poverty and social isolation
 - reduced individuals' agency over their life (Strandh, 2000)
 - stress caused by financial worries (Price et al. 2002).
 - latent functions of work:
 - time structure, social contact, collective purpose, activity and social identity (Jahoda, 1982)
 - further psychosocial benefits: social standing, self-conception and, power and prestige and thus self-esteem (Schlozmann, 2002)

Theory II – Selection and Confounding Variables

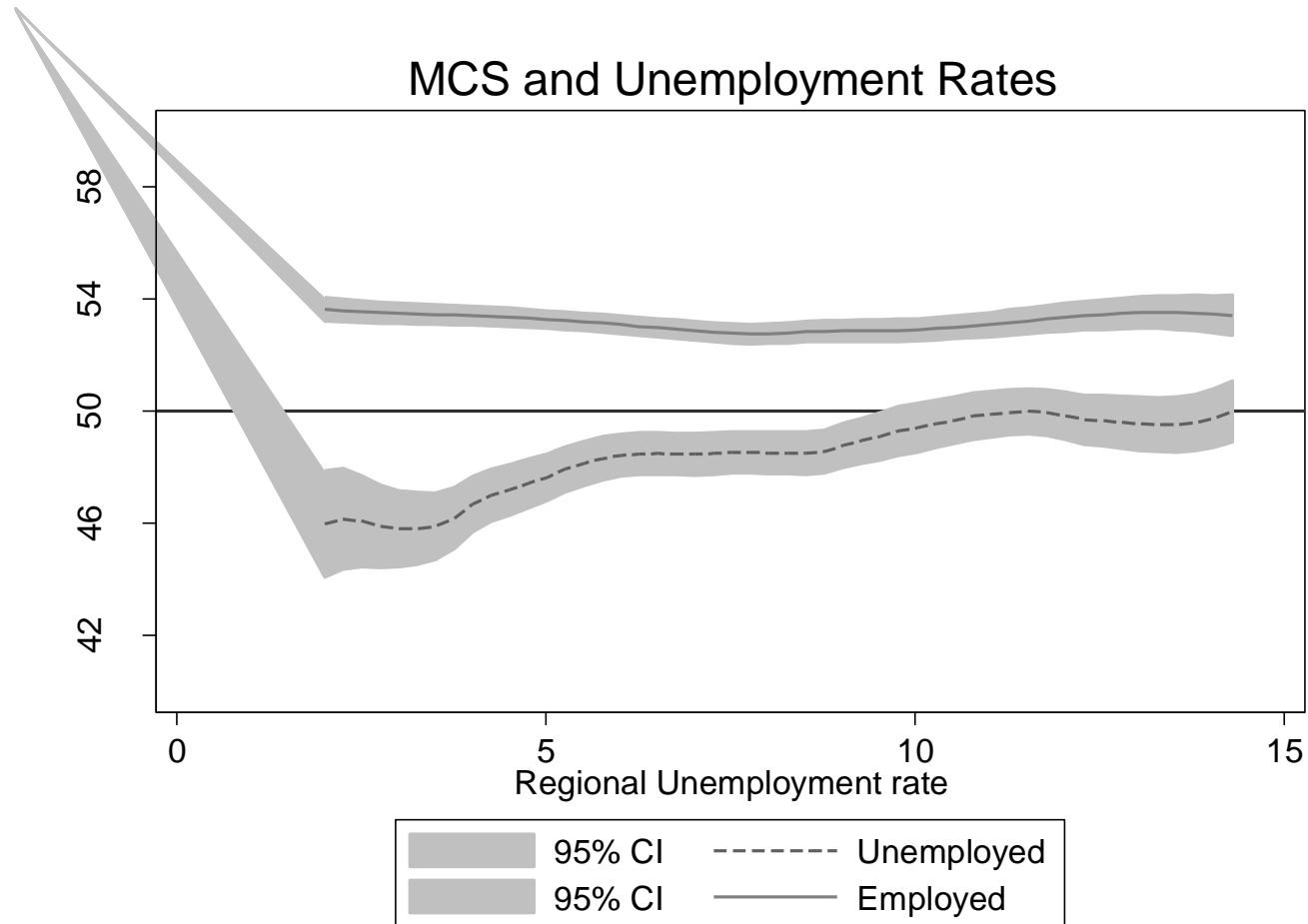


- Selection: Unhealthy persons select into unemployment and are less likely to leave unemployment (vgl. Herbig et al., 2013)
 - Analysis strategy: looking at changes in employment in order to capture the effect of job loss/reemployment on health
- Confounding variables: there might be factors that influence people's health as well as their employment status such as socioeconomic status or health behavior (Wilkinson/Marmot, 2004)
 - Analysis strategy : control for Health Behaviour, SES and other cofounders in matching procedure

Regional differences: Physical health



Regional differences: Mental health



Labour Market Transitions and Mental Health



	Mental Health		Change in Mental Health	
		N		N
Jobloss	50.994	242	- .364	964
Continuously Employed	50.568	658	.334	356
Reemployment	50.600	** 139	-1.946	*** 136
Continuously Unemployed	48.171	207	-.1298	201

Source: own Calculations, PASS, 2009-2012
Preliminary Results

Labour Market Transitions and Physical Health



	Physical Health		N	Change in Physical Health		N
Jobloss	46.388	***	242	-2.265	***	964
Continuously Employed	50.016		658	-.6325		356
Reemployment	48.025	***	139	-.960		136
Continuously Unemployed	44.379		207	.157		201

Source: own Calculations, PASS, 2009-2012 ***p<0.000
Preliminary Results

Regional disparities and mechanisms



- State of health of social benefit recipients worse in regions with a low local unemployment rate
- In case of high unemployment rates health indices converge
- In regions with a low unemployment rate, persons with health problems remain unemployed
- Persons who lose their job show lower values and a larger decline of physical health
- Persons who find a new employment show higher values of both physical and mental health – however their mental health score declines

Summary and conclusion



- Unemployed persons often report health restrictions
- Gap between welfare recipients and non-recipients particularly strong for subjective measures
- Regions with low unemployment rates are particularly often concerned with unemployed persons reporting health problems
- Addressing health issues important for reintegration into the labour market

Thank you very much for your attention

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