Breast cancer survival, work, and earnings

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Abstract

Relying on data from the Health and Retirement Study (HRS) linked to longitudinal social security earnings data, we examine differences between breast cancer survivors and a non-cancer control group in employment, hours worked, wages, and earnings. Overall, breast cancer has a negative impact on employment. However, among survivors who work, hours of work, wages, and earnings are higher compared to women in the control group. We explore possible biases underlying these estimates, focusing on selection, but cannot rule out a causal interpretation. Our research points to heterogeneous labor market responses to breast cancer, and shows that breast cancer does not appear to be debilitating for women who remain in the work force.

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1. Introduction

In recent years, improved detection methods for breast cancer have led to the treatment and survival of a younger population of women more likely to be at working ages, making an inquiry into the impact of breast cancer on labor market outcomes particularly relevant. Between 1983 and 1993, in situ breast cancer rates increased from 2.3 to 6.2 per 100,000 among women under age 50, largely reflecting an increase in the use of mammography (American Cancer Society, 1999). Treatment has improved as well, leading to the largest short-term decline in over 40 years in breast cancer mortality (American Cancer Society,
Breast cancer research has focused on detection and treatment and, to a lesser extent, survivors’ quality-of-life. However, now that 5-year survival is expected for most women diagnosed in the early stages of breast cancer, attention should also be given to economic measures of the consequences of surviving breast cancer, as part of a broader effort to understand the quality-of-life implications of the disease, and how labor market agents react to cancer survivorship.

We focus on breast cancer in this paper because we believe that it is in some important respects unique and worthy of study as a single disease. Breast cancer mostly affects women, and screening for breast cancer (i.e. mammography) is routinely applied to working age women, yet the long-term benefits of screening and treatment of early stage cancers are unknown (Olsen and Gotzsche, 2001), making an inquiry into breast cancer’s effect on productivity particularly relevant. Our view is that other cancers do not share breast cancer’s characteristics in terms of its screening, treatment, and prognosis, and that few other diseases have the same emotional impact as “cancer.”

In this paper, we use the first wave of the Health and Retirement Study (HRS)—in some cases linked to longitudinal social security earnings data—in an attempt to understand how breast cancer influences labor market decisions and outcomes. As cancer screening is more routinely applied to a working age population, more cancers are likely to be detected in early stages that may have otherwise gone undetected until a later time. Therefore, this research is particularly relevant as it both fills a gap in the literature regarding labor market consequences of cancer and provides information on how early detection of disease may affect labor market outcomes.

2. Illness and labor market outcomes

Intuitively, poor health would seem to have a negative impact on labor supply and productivity. A more formal way of thinking about this impact is that under the assumption of utility maximization, the supply of work hours \( H \) (the difference between a time endowment \( T \) and the demand for leisure hours \( L \)) is determined by tastes, prices, and endowments (e.g. of wealth). Poor health can affect labor supply by diminishing tastes for work and thereby raising the marginal value of leisure time, reducing productivity, and, put simply, by stealing time away from work for health maintenance (Grossman, 1972). Formally, this could be captured by incorporating a health production function into a labor supply model.

Thinking beyond this basic model, the potential for a change in health insurance status may be an important consideration in the decision to exit the labor force, given that breast cancer treatment is expensive and the potential for future medical expenses is great. Under these circumstances, an individual’s tolerance for financial and personal risk becomes important. The link between health insurance and employment, particularly in the United States, may create unusual incentives regarding the decision to work (Currie and Madrian, 1999). For people with medical conditions who need specialized (and often expensive) care, obtaining coverage is uncertain (Friedland, 1996). Thus, some people may be trapped in a job for fear of losing insurance and others may have disincentives for leaving public programs and seeking employment since having a job can mean losing coverage (Adams, 2001; Madrian, 1994). Therefore, the counterintuitive notion that in the face of illness labor
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