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Comments of the discussant on the Paper Presented by Enrica Croda (University of Venice) “The Health of Disability Insurance Enrollees: An International Comparison” (with J. Skinner, L. Yasaitis) at the MoPAct Workshop “Financial Literacy and Pension-related Communication for better Retirement and Long-term Financial Decisions” 8-9 September 2016 , Collegio Carlo Alberto, Moncalieri, Turin, Organized by CeRP – Collegio Carlo Alberto and Netspar as part of the project “Mobilising the potential of active ageing in Europe (MOPACT)”, funded by the EC under the 7th Framework Programme.

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I appreciated very much the paper presented by Professor Enrica Croda.

In the paper the authors introduce, with a general model of disability insurance (DI) application and enrolment, country-level measures that capture the quantitative, rather than qualitative, characteristics of disability programs, and the extent to which a country’s disability program targets those in the poorest health.

From my point of view, I teach Health Economics, it is particularly important the approach that the authors adopt to measure the extent of disability.

Considering several approaches based on new developments in the optimal indexing of multiple health characteristics, they construct three different health indices following the principal components methodology used by Poterba, Venti and Wise (2010, 2011, 2013). Their first index capture an overall measure of health and capacity for work. The second index of health uses the same principal component methodological approach, but is based more on questions instead that measure functional ability. As the third, the authors use a similar principal component approach to create a mental health index/depression index, to capture the severe impact of mental disorders on employment even when the individual is healthy along other dimensions. Finally, the authors also consider a fourth hybrid summary measure that is the minimum of these three indices, suitably rescaled in percentile terms.

Another important element that is highlighted in this study is the context in which the authors can work on these indexes and on the model. They can exploit across years the richness of the micro-level data available in both the Health and Retirement Study (HRS) for United States, and in the Survey of Health, Ageing, and Retirement in Europe (SHARE) for Europe and Israel.

Professor Croda in her presentation underlines that the study allows us to evaluate the effectiveness of DI programs. In health effectiveness is associated with a wide concept of equity. And, I think, this important and accurate study may also give us a measure of equity in the application of the DI programs, verify that public resources are targeted to people in poorest health with short waiting periods, and that the implemented DI reforms maintain equity.

The analysis of the equity issues certainly can make more complicated the use of expenditure data for DI programs, having to divide the DI benefits financed by general taxation from those financed by the contributions of workers and employers.

References

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Poterba, James M., Steven F. Venti, and David A. Wise, “Health, Education, and the Post-Retirement Evolution of Household Assets”, NBER Working Paper 18695, January 2013.