



# The Effect of Health Events for Couples' Market Outcomes

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## Background

Non-communicable, long-term physical and mental health conditions (LTHCs) are increasing in prevalence and associated with high levels of disability and multimorbidity. Living with a family member who has a LTHC affects wellbeing across the life-course.

The impacts of LTHCs can be compounded by inequitable health systems and societal responses; thus, it is important to understand the social environments in which LTHCs are experienced and how these might disadvantage or benefit health and social outcomes.

## The Lifecourse project

Funded by three of the National Science Challenges (A Better Start, Healthier Lives & Ageing Well), [the Lifecourse project](#) aims to understand the challenges facing families who are affected by LTHCs. The aim is to improve understanding of the wider benefits of chronic disease prevention and find out what helps some families thrive despite their experience of living with LTHCs.



New Zealand (the Integrated Data Infrastructure), we analyse impacts of stroke and traumatic brain injury (TBI) on couples' total income and partners' employment, earnings, benefit income, and total income.

## Aim

This Lifecourse brief describes the characteristics of household families in Aotearoa affected by long term health conditions.

Findings on the health & social outcomes for the people in these families are reported in **Lifecourse briefings 1/2024 & 2/2024**.

## Key Findings

- Average income decrease per week for couples is -NZD242
- Partner effects were close to zero
- Pre-event income and education had the highest effect
- Highest earners showed highest decrease in income
- No discernible change over time

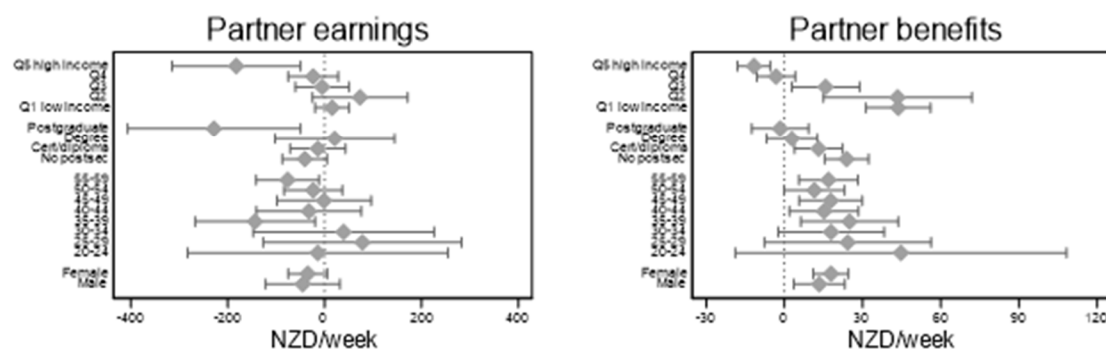
## Stroke and Traumatic Brain Injury study

The effect of health events on partners' labour market outcomes is theoretically and empirically ambiguous. Partners may reduce labour market participation to provide care for the sick partner ('care effects') or increase labour market participation to compensate for lost income and increased costs ('added worker effects'). These effects may vary depending on age, gender, and the socioeconomic circumstances of the couple. Utilising integrated administrative data for

## Findings

While there are substantial falls in couples' total income, average effects of stroke and traumatic brain injury on partners' labour market behaviour are substantively small and statistically non-significant. Rather, effects depend on the partners' socioeconomic status: partners with high levels of education or pre-event earnings—income prior to the health event—experience negative effects on earnings and employment with no compensating increase in benefit income. In contrast, partners with lower education or pre-event earnings experience either no change or an increase in earnings and employment, accompanied by increased benefit income. Partner age and gender were not found to moderate the effects of stroke or traumatic brain injury. These findings suggest that population average effects of poor health on partners' labour market behaviour may be misleading, as impacts are heterogeneous and depend on couples' broader resources.

### Subgroup effects of stroke



## Conclusion

Conceptually, 'added worker effects' and 'care and leisure effects' are sometimes presented in the literature as competing hypotheses. Our findings suggest that these processes should be better understood as co-existing mechanisms, where the balance between them depends on, among other potential factors, the couple's broader financial circumstances. We suspect that this kind of heterogeneity is likely commonplace in practice. It will consequently be important for future work to continue to document assorted responses to health events and attempt to identify common drivers of divergence.

### Key Policy Recommendations

- Both formal (benefit income) and informal (increased partner earnings/employment) insurance mechanisms are largely effective at mitigating income losses among the poorest households
- Equal income does not necessarily equate to equal living standards, particularly because disability is often associated with increased out-of-pocket costs
- More attention should be given to estimating out-of-pocket costs linked to disability and establishing what the implications are for households' financial well-being and poverty risks
- The contrast between stroke and TBI may represent an informative contrast for future work seeking to understand how policy settings shape labour market responses to health events

For more information, please visit <http://auckland.ac.nz/compassresearch>. Contact: [b.milne@auckland.ac.nz](mailto:b.milne@auckland.ac.nz)  
Full article available [here](#). Adapted with assistance from Suzanne Woodward, PPI