

# The economic benefits of social policy for health

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### 1. The health and well-being of Americans is on the decline



#### 2. Economic distress is a contributor



### 3. Economic distress produces psychological stress

STRESS

Elevates adrenalin & cortisol levels Depletes nutrient stores Compromises immune system

Causes Damage to your body's tissue

& organs on a cellular level. Triggers further stress response



Leads to low grade chronic Inflammation

> Body struggles to fight infection, repair and recover

> > 1.121



#### 4. Policymakers can intervene on this process



### 5. Policymakers can also reduce toxic exposures and accidents



### The health of Americans has been on the decline for decades



## Even as the health of all peer nations has been improving steadily

Total life expectancy at birth in years, 1980-2017



Note: Break in series for Belgium and Switzerland in 2011, Germany in 1991, and Canada in 1982

#### There are good guesses as to why:

• Toxic stress

(primarily economic)



#### There are good guesses as to why:

Toxic exposures
(e.g., food quality, air pollution)



#### There are good guesses as to why:

• Accidents















control

#### Rapid Acceleration of the Aging Process



#### All of us age

#### The question is how fast

### We may be able to slow human aging by investing in education







#### How do we actually invest in education?

- Pre-K programs
- Teacher prestige via salary increases
- Reduce class sizes
- Improve the architecture and appearance of schools

Leaders:

•Korea

• Finland

•Canada

		Maths				Sciences				Reading	
1.	*)	China (Shanghai)	600	1.	*)	China (Shanghai)	575	1.	*)	China (Shanghai)	556
2.	6	Singapore	562	2.	+-	Finland	554	2.	:•:	South Korea	539
3.	쓝	Hong Kong, China	555	3.	슑	Hong Kong, China	549	3.	+-	Finland	536
4.	:•:	South Korea	546	4.	6	Singapore	542	4.	索	Hong Kong, China	533
5.	•	Taiwan	543	5.	٠	Japan	539	5.	0	Singapore	526
6.	+-	Finland	541	6.	:•:	South Korea	538	6.	٠	Canada	524
7.	0	Liechtenstein	536	7.	₩÷;	New Zealand	532	7.	₩÷;	New Zealand	521
8.	÷	Switzerland	534	8.	٠	Canada	529	8.	٠	Japan	520
9.	•	Japan	529	9.		Estonia	528	9.	9 <b>1</b> 4	Australia	515
10.	٠	Canada	527	10.	##	Australia	527	10.		Netherlands	508
11.		Netherlands	526	11.		Netherlands	522	11.		Belgium	506
12.	٠	Macau, China	525	12.	•	Liechtenstein	520	12.	╡	Norway	503
13.	₩ <sub>Ċ</sub>	New Zealand	519	13.		Germany	520	13.		Estonia	501
14.		Belgium	515	14.	•	Taiwan	520	14.	÷	Switzerland	501
15.	<b>#</b>	Australia	514	15.	÷	Switzerland	517	15.		Poland	500
16.		Germany	513	16.		United Kingdom	514	16.	╞	Iceland	500
17.		Estonia	512	17.	0	Slovenia	512	17.	222	United States	500
18.	╪	Iceland	507	18.	۲	Macau, China	511	18.	*	Liechtenstein	499
19.	+	Denmark	503	19.		Poland	508	19.	-	Sweden	497
20.	-	Slovenia	501	20.		Ireland	508	20.		Germany	497
21.	╬	Norway	498	21.		Belgium	507	21.		Ireland	496
22.		France	497	22.		Hungary	503	22.		France	496
23.	0	Slovakia	497	23.	222	United States	502	23.	•	Taiwan	495
24.		Austria	496	24.	╢	Norway	500	24.		Denmark	495
25.		Poland	495	25.		Czech Republic	500	25.		United Kingdom	494
26.	+-	Sweden	494	26.		Denmark	499	26.		Hungary	494
27.		Czech Republic	493	27.		France	498	27.	۲	Portugal	489
28.		United Kingdom	492	28.	╡	Iceland	496	28.	٠	Macau, China	487
29.		Hungary	490	29.	-	Sweden	495	29.		Italy	486
30.	<u>888</u>	United States	487	30.		Latvia	494	30.		Latvia	484
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65.	0	Kyrgyzstan	331	65.	8	Kyrgyzstan	330	65	0	Kyrgyzstan	314







*If* it is true that teacher quality matters, then increasing teacher salaries could improve the quality of education in America. The only way we can know this is through experimental studies

As I review studies, I will give them a ranking based on the strength of the evidence

#### Policy options for slowing human decline



#### Levels of Prevention Strategies





### Economic Evaluation of Social Policy

#### Imagine you have \$8 million to spend
#### Mammography detects disease early



#### Mammography costs \$8 million to save a life



#### 1 life saved with your \$8 million investment



We cannot test this finding. We can only observe outcomes. Evidence 5/10



Similar costs associated with treating high blood pressure, cholesterol, and diabetes



But much better evidence. Multiple randomized trials in humans: 10/10



#### Seat belts prevent injuries from occurring in the first place



#### Mandatory seat belt legislation costs \$2,790 to save a life



#### Mandatory seat belt legislation saved 289 lives with \$8 million



### We can only observe outcomes among humans but can test in the lab on crash dummies: 8/10



#### \$1.4 million to save a life most seasons



#### Randomized trials in humans: 10/10



#### 6 lives saved with \$8 million investment



## Income support programs cost saving to \$1m per life saved



## We have experimentally tested this in humans multiple times: 9/10



## We can maximally invest in those interventions that save money and lives



## Restricted housing vouchers save money and lives

Poor children who move to lower-poverty neighborhoods do much better as adults

31% higher annual incomes
\$302,000 higher lifetime earnings
32% more likely to attend college
26% girls less likely to become single mothers

## We have experimentally tested this in the real world 9/10

Poor children who move to lower-poverty neighborhoods do much better as adults 31%higher annual incomes\$302,000higher lifetime earnings32%more likely to attend college26%girls less likely to become single mothers

# Pre-K saves money and lives PRE-K FOR ALL

We have experimentally tested this with mixed results: 8/10

## PRE-K FOR ALL



#### Saves money and lives



## We have experimentally tested this in humans 10/10



#### Saves money and lives to \$1.4m per life saved



Experimental and quasi-experimental studies in humans with mixed results: 8/10



#### Saves money and lives



## We have tested this experimentally and with quasi-experiments: 9/10



#### Reducing class size saves money but...



#### ...appears to increase mortality



## Based on a single multi-center randomized trial in TN 7/10



#### Saves money and lives



#### We only have observational data: 4/10



#### \$51,000 per life saved



#### We only have observational data: 4/10



## Slow zones in neighborhoods: Saves money and lives



#### We have quasi-experimental data: 5/10



#### Freeway Parks: Saves money and lives


# Only observational data: 4/10



### Bike share cost-saving to \$314,000/life saved



#### 25 lives saved with \$8 million investment



# Only observational data 4/10



#### Congestion pricing: saves money and lives



# Only observational data and cost estimates 3/10



These are only some examples of studies that have been done



- The health of Americans is on the decline
- This may be due to a sub-optimal policy mix relative to peer nations
- There are an array of social policy investments that can be made that will produce returns on the investment
- More studies need to be done