

Long-term Socioeconomic Costs of Disabilities Developed in Childhood

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This paper examines the prevalence and long run socioeconomic effects of severe accidents or illnesses experienced in childhood. 13 percent of the Danish children experience a severe health condition before the age of 12, see Loft (2011), and among injured children, 8 per cent still had functional limitations after nine months, see Laursen (2008). These severe health conditions may lead to physical or mental disabilities that affects learning, future income and labour market attachment. It is important to quantify the extent of the socioeconomic consequences in relation to both prevention, rehabilitation and public welfare programs. Access to the detailed longitudinal national-level patient register allows us to observe every contact an individual has with the Danish hospital sector. The data contains information on diagnosis, treatment, dates and time, patient type, hospital and department. We combine these data with the Danish administrative data containing background information on the individual and its family. Data covers the period 1980-2016. We will explore different econometric approaches to identify the socioeconomic consequences of accidents or illnesses in childhood that has lasting impacts. A significant obstacle is to measure the severity of an accident or an illness, because a clear objective measure is often not available even in administrative data. We will make use of different ways to estimate the severity. One way is to consider duration and type of treatment. Another way is to consider disability weights connected with age and diagnosis as done in Stouthard and Essink-Bot (1997). The results are validated using data from a Danish insurance company that also contains the degree of invalidity on children suffering from an accident. The study of Loft (2011) measures the impact of children's health on the parents' relationship after an accident or severe illness. Our paper will use similar econometric approaches to investigate the long-run socioeconomic effects.