

Invest in Your Health Today So You Do Not Have a Big Medical Bill Tomorrow:

Is This Really True?

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Abstract

Using data from the 1998 and 2006 Health and Retirement Study, and building on the assumption that the share of preventive expenditures in total out-of-pocket expenditures is higher for individuals who are in good health, this research examines if preventive out-of-pocket health care expenditures and behaviors in 1998 influence health outcomes and out-of-pocket expenditures in 2006. Results indicate that out-of-pocket health care expenditures incurred by healthy individuals in 1998 decrease the rate of growth of out-of-pocket health care expenditures over time and increase the probability of staying in good health. Physical exercising reduces out-of-pocket health care expenditures while smoking increases expenditures and reduces the probability of being healthy.

Endnotes

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