Dread and latency impacts on a VSL for cancer risk reductions

Centre For Health Economics Seminar Series 2016

Presented by: Prof Susan Chilton, Newcastle University
Date: Wednesday 6 April
Time: 12.00pm -1.00pm
Venue: RB Scotton Room
Centre for Health Economics
Level 2, 15 Innovation Walk

Abstract:
This paper presents the results of a recently completed study in the UK (HSE Contract No. ND2484). In it, we propose a structural relationship between the value of preventing a statistical cancer fatality and the value of statistical life (VSL) for risks of an instantaneous road accident fatality. This relationship incorporates a context effect reflecting both the illness or ‘morbidity’ associated with cancer fatality and the ‘dread’ or horror associated with the prospect of eventual death from cancer, as well as a latency effect that captures the discounting likely to arise because the onset of the symptoms of cancer typically occurs after some delay.

We use a Risk-Risk trade-off study to validate this model by directly estimating the influence of context and latency effects upon the relative size of the VSL for cancer and for road accidents, confirming that both effects are significant and estimating their size using regression analysis. We show that morbidity accounts for the majority of the context premium. We use the elicited coefficients to reconstruct VSL estimates for a range of cancers characterised by their latency and morbidity periods.

Presenter:
Sue Chilton is a Professor of Economics in the Newcastle University Business School. The academic core of her research is applied welfare economics, centering on the use of surveys and experimental situations to understand how individuals make decisions affecting their welfare. The work is based in environmental economics, safety economics and health economics. Professor Chilton’s publications can be found in outlets such as the Journal of Risk & Uncertainty, the Journal of Environmental Management, Ecological Economics, Australian Journal of Agricultural and Resource Economics, Environmental and Resource Economics, Safety Science and Journal of Economic Psychology.

She is convenor of the Economics of Safety, Health, Environment and Risk (ESHER) research group at Newcastle University Business School. ESHER comprises researchers with interests in non-market valuation, health inequalities and experimental economics. One of its major aims is to lead and encourage research which informs public sector policy making, particularly in the UK and Europe.

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