Title: The Relationship between Personal Wage Changes and Mental Health Ratings
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Abstract

Background/Purpose: The connection between mental health and financial well-being is increasingly recognized as an area warranting research as wealth gaps widen. Change in income has generally been found to be a significant contributor to poor mental health. If left unchecked, the implications of poor mental health as a result of financial challenges could lead to a host of additional issues, including behavioral health concerns, decreased well-being, and reduced occupational engagement. These outcomes can have a society-level economic burden, leading to decreased economic productivity and increased need for social service outlay and public health interventions on the part of governments, non-profits, and the medical professions.

Either an increase or decrease in family income may have a negative impact on financial stress, and thus negatively impact one's mental health. A decrease in income means fewer resources to apply to daily needs, while an increase (such as gaining a new job) could introduce longer commuter expenses or child-care costs. Few studies explore the degree to which personal wage change and its direction impact mental health, when also accounting for household income. This study will explore if changes in personal wages are associated with the odds of poor mental health outcomes. It is expected that any wage change would have a negative impact, but the severity would be determined by the direction of change, with decreases in wages leading to worse mental health than increases in wages.

Methods: The study utilized data from the Medical Expenditure Panel Survey (MEPS, Panel 21). Analysis was limited to working age adults (ages 18-65), n = 8,741. A single-item assessment of self-rated mental health was used, while the main predictor of interest, wage change, was calculated as the positive (gain) or negative (loss) difference between the two years' wage report levels. Using R for statistical analysis, a multilevel, cumulative logit modeling approach was adopted to carry out the study.

Results: Respondents' average mental health rating worsened slightly during the sample period, $t(17469) = -3.037$, $p = 0.002$. For individuals who experienced a decrease in wages, the odds of having worse mental health were 5.16 times higher than if they had no change in wages. However, for individuals who had an increase in wages, the odds of having worse mental health decreased 61%. Furthermore, for those with an annual household income of $72,000 or more, the odds of having worse mental health decreased 61% compared to if they had lower incomes.

Conclusions and Implications: All else being the held constant, people who experience a decrease in wages appeared to have greater odds of poor mental health. As a result, those who lose income and benefits may be more in need of mental health treatment, but less able to afford it. Thus, mental health service providers and health policy innovators should account for fluctuating financial states in the lives of those they serve.