

Biased Health Perceptions and Risky Health Behaviors—Theory and Evidence

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Abstract

This paper investigates biased health perceptions as a potential driving force of risky health behavior. We define absolute and relative health perception biases and illustrate their measurement in surveys. Next, we theoretically show that risky behavior increases in health perception biases when such biases induce people to underestimate the marginal costs of risky behavior. Using evidence from three different surveys, we provide robust empirical evidence that respondents who overestimate their health are less likely to exercise; they are more likely to eat unhealthy and to have higher BMIs. Moreover, they sleep fewer hours and drink alcohol more often.

Keywords: health bias, health perceptions, subjective beliefs, overconfidence, underconfidence, risky behavior, smoking, obesity, exercising, SF12, SAH, BASE-II

JEL classification: C93, D03, D83, I12

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