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# The importance of health for income inequality in the occupied Palestinian territory: a decomposition analysis and cross-sectional study

Mohammad Abu-Zaineh, Maame Esi Woode, Mârwan-al-Qays Bousmah

## Abstract

**Background** The contribution of income inequality to health inequality has been widely examined in developed countries. However, little evidence exists on the effect of health on income inequality in resource-constrained settings. Findings from previous studies have indicated several mechanisms through which health affects income inequality, with the labour market being an important channel. Given the different levels of development, there are reasons to believe that health might represent a greater constraint on earnings in low-income settings. The aim of this study was to examine the relation between income and health in the West Bank and Gaza Strip.

**Methods** Data were extracted from the 2004 Household Health Expenditure Survey, which covered 4014 households. We applied a Shapley value approach to assess the contribution of health to income inequality. The analysis involved estimating and decomposing the relative Gini index. The contribution of each variable to income inequality was then computed as the average marginal effect, holding all other covariates at the mean.

**Findings** Results indicated clear age-specific health-income gradients. This is particularly apparent in the working-age population. Results also indicated that chronically ill people live in households with low income. The regression analyses showed a negative effect of the proportion of adults in the household with chronic illness on income. The lack of education and employment appear to have the highest negative effect on income. The decomposition analyses revealed that ill health contributes to income inequality, whereas such an effect is reduced when we controlled for employment status.

**Interpretation** Our results suggested the presence of a ubiquitous relation between health and income. The contribution of health to income inequality depends on how it is distributed. Evidence supports a significant effect of ill health on income, which mainly operates through employment. Additionally, variation in exposure to health risks is a potentially important mechanism through which health might generate income inequality.

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## Contributors

MA-Z contributed to the study design, data analysis, and the writing of the Abstract. MEW contributed with input for data analysis. MB contributed to data collection, data management, data interpretation, tables, and figures. All authors have seen and approved the final version of the Abstract for publication.

## Declaration of interests

We declare no competing interests.

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