

Are we Overdiagnosing Mental Illnesses? Evidence from Randomly Assigned Doctors

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Abstract

More than one in ten adults in the U.S. and Europe are, at any moment in time, diagnosed with a mental illness. This paper asks whether mental illness is over (or under) diagnosed, by looking at its causal effect on individuals at the margin of diagnosis. We follow all Swedish men born between 1971 and 1983 matched to administrative panel data on health, labor and wealth to estimate the impact of a mental illness diagnosis on subsequent outcomes. Exploiting the random assignment of 18-year-old men to doctors during military conscription, we find that a mental illness diagnosis for people at the margin increases the future likelihood of death, hospital admittance, being sick from work, and unemployment while lowering the probability of being married. Little of these harmful effects are caused by diagnosis altering the chance of serving in the military. Our findings are consistent with the potential over-diagnosis of mental illness.

Keywords: Mental Illness, Effect of a Diagnosis, Economics

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