

What are the impacts of universal basic income on mental health? A microsimulation economic modelling study

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Background Studies have found that negative economic conditions could adversely affect mental health in children and young people. Our study modelled the impact of Universal Basic Income (UBI) – a largely unconditional, regular payment to all adult permanent residents to support basic needs – on mental health and mortality in young people.

Methods We produced a discrete-time dynamic stochastic microsimulation that models a close-to-reality open cohort of synthetic individuals aged 14–24 (starting at 90,000) between 2010 and 2030 based on data from the Office for National Statistics and the Understanding Society/UK Household Longitudinal Study. Three UBI scheme scenarios were developed for use in the separate Landman Economics Tax-Transfer Model: Scheme 1 – Starter (per week): £41 per child; £63 per adult over 18 and under 65; £190 per adult aged 65+; Scheme 2 – Intermediate (per week): £63 per child; £145 per adult under 65; £190 per adult aged 65+; and Scheme 3 – Minimum Income Standard level (per week): £95 per child; £230 per adult under 65; £230 per adult aged 65+). Their effects on net equivalised household income distributions were modelled. These counterfactual distributions were then used in our microsimulation to project cases of anxiety and depression prevented or postponed and cost savings compared with the existing system. The model was developed in R v4.2.0.

Results Over 20 years, from 2010–2030, 200,000 (95% Uncertainty Intervals: 180,000–210,000) cases of anxiety and depression could be prevented or postponed in Scheme 1. This would increase to 420,000 (400,000–440,000) for Scheme 2 and 550,000 (520,000–570,000) for Scheme 3. UBI would lead to 110 (0–430), 320 (0–640) and 420 (100–770) deaths prevented or postponed for schemes 1, 2 and 3, respectively.

In total, £330 m (£280 m–£290 m) in NHS and personal social services costs would be saved for Scheme 1 over 2010–2030, assuming 50% of cases diagnosed and treated, with Scheme 2 (£710 million [£640 m–£790 m]) or Scheme 3 (£930 million [£850 m–£1000 m]) producing much larger savings. Overall, the total cost saving would range from £1.5 billion (£1.2b–£1.8b) for Scheme 1 to £4.2 billion (£3.7b–£4.6b) for Scheme 3.

Conclusion Our modelling suggests that UBI can significantly benefit young people’s mental health and will produce savings for the health and social care system as well as those incurred by patients. Policymakers should consider the potential mental health, fiscal, equity and well-being benefits of UBI.