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1 Literature Review

It is a well established factum that taking sick leave is subject to an economic calculation on part of the workers, rather than being an orthogonal, merely health-concerned matter. Johansson and Palme (2005) begin their article with a quote by Nobel Laureate Ragnar Frisch: “Regarding the high absence rate at the Department: Acquiring minor diseases, such as colds or flu, is an act of choice”. Their paper is among many others –Paola et al. (2014), Markussen et al. (2012), author listed (2018), Henrekson and Persson (2004)– which give empirical evidence of such a choice being driven by economic incentives, through an event study on exogenous institutional regime changes in the subject nation’s public insurance system. This line of research, though, is concerned with the actions of workers themselves and their subsequent effect on macroeconomic employment variables, whereas our main focus shall be the role played by physicians.

Our doctors’ utility function is composed of two terms: one concerning revenue, the other patients’ health. This is in line with the literature on physicians, which now commonly regards them as “altruistic” agents whose utility is to a higher or lesser degree dependent on that of the patients, a claim which has found empirical support in both medical students (Brosig-Koch et al. (2017), Hennig-Schmidt and Wiesen (2014)) as well as doctors themselves (Kesternich et al. (2015), Brosig-Koch et al. (2016)). Crea (2019) finds no evidence for this, whereas Godager and Wiesen (2013) do, and explore its heterogeneity across physicians. The fact that physicians are also concerned with revenue, rather than being purely altruistic, is also well evidenced, see Clemens and Gottlieb (2014), Hennig-Schmidt et al. (2011), Autor et al. (2014), and also Robertson et al. (2012) for a review on the matter. Therein lies the dilemma with giving physicians the status of gatekeepers for different services and certifications, like disability insurance (as in autor). As Markussen and Røed (2017, p. 1) put it: “In essence, the GPs [general practitioners] have been assigned the task of protecting the public (or private) insurer’s purse against the customers who form the basis for their own livelihood ”.

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