

New Study Estimates \$300 Billion Economic Cost Due to Overweight and Obesity

Actuarial Obesity Study of U.S. and Canada Identifies Losses Caused by Medical Costs, Excess Mortality and Disability

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According to a new study by the Society of Actuaries (SOA), the total economic cost of overweight (BMI between 25.0–29.9) and obesity (BMI of more than 30) in the U.S. and Canada reaches \$300 billion per year*, with 90 percent of the total – \$270 billion – attributed to the U.S.

While much research has been conducted on obesity, the SOA study looked at the economic costs of overweight and obesity caused by increased need for medical care, and loss of economic productivity resulting from excess mortality and disability.

“There is substantial evidence that overweight and obesity are becoming world-wide epidemics, and are having negative impacts on health and mortality,” said actuary Don Behan, FSA, FCA, MAAA, and independent consulting actuary.

Going one step further, the SOA breaks out the economic cost of overweight versus obesity for the U.S. and for Canada. Dividing up the \$270 billion economic cost in the U.S., obesity cost the U.S. economy \$198 billion and overweight cost \$72 billion in 2009. To come to these conclusions, researchers reviewed nearly 500 research articles on obesity and its relation to mortality and morbidity, focusing primarily on papers published from January 1980 to June 2009.

In the study, the SOA also divided the \$300 billion finding into specific causes of economic costs. According to the SOA, the figure breaks down into the following economic costs per year:

- Total cost of excess medical care caused by overweight and obesity: \$127 billion
- Economic loss of productivity

caused by excess mortality: \$49 billion

- Economic loss of productivity caused by disability for active workers : \$43 billion
- Economic loss of productivity caused by overweight or obesity for totally disabled workers: \$72 billion

According to Behan, “Overweight and obesity have shown to increase the rate of several common adverse medical conditions, resulting in this extraordinary economic cost to society. We can’t stand back and ignore the fact that overweight and obesity are drivers of cost increases and detrimental economic effects. It’s time for actuaries, the employer community and the insurance industry to take action and help consumers make smart, healthy decisions.”

The SOA also uncovered, through a nationally representative online survey of 1,000 Americans 18 years and older, that the majority of consumers – 83 percent – would be willing to follow a healthy lifestyle, such as participating in a health and wellness program, if incentivized through their health plan.

* This is an approximate figure as there was a three percent margin of error during calculations due to significant degree of uncertainty, which was caused by such issues as assuming a person with a health problem caused by obesity would have the same costs as a person with the same problem, but different causes.

Source:

Society of Actuaries Press Release, “New Society of Actuaries Study Estimates \$300 Billion Economic Cost Due to Overweight and Obesity,” January 11, 2011