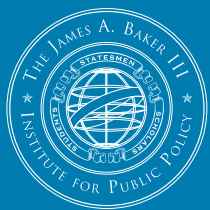


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The Baker Institute Report “The Obesity Epidemic: Causes and Current Policy Perspectives” was authored by Michael Grossman, Ph.D., Distinguished Professor of Economics at The City University of New York Graduate Center, and health economics program director and research associate of the National Bureau of Economic Research; and Naci Mocan, Ph.D., Ourso Distinguished Chair of Economics at Louisiana State University and research associate of the National Bureau of Economic Research, during a visit to the Baker Institute Health Economics Program in fall 2010. This report was supported by the MD Anderson Foundation Visiting Scholar program at the James A. Baker III Institute for Public Policy.



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HEALTH POLICY research

James A. Baker III Institute for Public Policy-Baylor College of Medicine
Joint Program in Health Policy Research

Can health policy interventions readily solve the U.S. obesity problem?

No, say Michael Grossman, Ph.D., and Naci Mocan, Ph.D. In fact, their study on the causes of obesity shows that policy interventions often come with unforeseen negative consequences, and that some previously implemented public policies may explain a portion of the rapid and sustained rise in the U.S. obesity rate since 1980.

Between 1980 and 2000, the percentage of obese adults more than doubled and the percentage of obese children almost tripled in the United States. Between 100,000 and 300,000 Americans die each year from obesity-related illnesses. Obesity costs more in annual medical care expenditures than cigarette smoking — around \$147 billion in 2008 — because of the long and costly treatments for its complications. A large percentage of these costs are borne by Medicare, Medicaid, private health-insurance companies and, ultimately, by the population at large rather than by the obese.

Public policies that have inadvertently led to obesity include higher cigarette taxes, which have caused more smokers to quit — and possibly eat more as a result. Low food prices, courtesy of government policies, lead to more food on the table and second or third helpings. The U.S. interstate highway system made suburban life possible, but commuters — unlike city dwellers in densely populated areas — drive more and burn fewer calories walking to their destinations, note Grossman and Mocan in their study.

Other potential explanations for obesity are increases in the prices of fruits and vegetables; the rapid growth of fast-food and full-service restaurants; increases in the rates of labor force participation by women; technological changes in the home kitchen that have contributed to an increase in caloric consumption; and long hours watching television or playing video games.

One current policy option that targets obesity is a tax on sugar-sweetened beverages (such as sodas). However, researchers have found the policy would be ineffective, possibly because a tax on soda would lead to increased consumption of other high-calorie drinks, such as milk and juice.

Another policy is to have restaurants display the amount of calories in each food item. A study of consumption at Starbucks after the implementation of the policy in New York suggests that increasing customers' access to relevant calorie information may reduce their calorie intake. The study data showed a 6 percent decrease in average calories per transaction.

Studies of policies that encourage weight loss through exercise have shown that financial incentives may be motivating but only provide modest reductions in obesity; the cost-effectiveness of incentive programs has not been analyzed.

Perhaps the main message conveyed in Grossman and Mocan's study is that there is no free lunch; with benefits come costs. Positive changes such as reduced smoking, increased female participation in the labor force, and improvements in technology that lowered the real price of food have also carried unforeseen negative consequences.

The authors do not suggest that people start smoking to become thin, or that women should abandon the workforce to provide home-cooked meals for their families. They merely demonstrate that whether public policies should be pursued that offset the ignored or unanticipated consequences of previous policies that contributed to the rise in obesity will depend, in the end, on evaluations of the external costs and benefits of these policies.

HEALTH POLICY research presents a summary of findings on current health policy issues. It is provided by the James A. Baker III Institute for Public Policy's Health Economics Program in collaboration with the Baylor College of Medicine's Section of Health Services Research in the Department of Medicine.

This publication is provided to make research results accessible to regional and national health policymakers. The views expressed herein are those of the study authors and do not necessarily represent those of the Baker Institute or of the Baylor College of Medicine.

The Baker Institute and the Baylor College of Medicine's Section of Health Services Research work with scholars from across Rice University and the Baylor College of Medicine to address issues of health care — access, financing, organization, delivery and outcomes. Special emphasis is given to issues of health care quality and cost.

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