

Workplace health care costs tied to obesity

by Michael_Kinsman

Get ready to starting paying for your health insurance by the pound.

That startling statement - whether it ever becomes true or not - is based on the obesity of the American work force and the added expense obesity causes to company-sponsored health care plans.

The federal government's Centers for Disease Control and Prevention in Atlanta estimates that more than 30 percent of all adults in the United States are obese, a doubling over 1980 levels.

Another study says that American employers spend \$13 billion annually just because of obesity. The Washington, D.C.-based National Business Group on Health says employers pay an additional \$8 billion in health insurance premiums because of obesity, as well as \$2.4 billion in sick leave, \$1.8 billion for life insurance and \$1 billion for disability insurance.

One study estimates that obese workers require \$1,034 more each year in medical costs.

So do you see why your health care coverage might be assessed by the pound, now?

"We do know that obesity is a strong predictor of medical expenses," says Mark Pauly, a professor at the Wharton School at the University of Pennsylvania. "The business case for doing something to reduce obesity is not that employees would be more productive, but that business expenses would be less costly in terms of health insurance premiums."

Studies report that health care premiums rose by 9.2 percent in 2005, or three times faster than the inflation rate.

The bottom line is rearing its head and in this case might be for a good cause.

Many employers have tried to promote wellness programs for their workers in recent years, although Wharton reports it is hard to find quantifiable savings from these programs.

There is no question they help, but it looks like it will be a while before we will see studies that identify how they contribute to lower medical costs.

In the meantime, business is exploring options to cut its costs.

A recent study by RTI International research institute in North Carolina reports that offering cash incentives for employees to lose weight might be an attractive option.

In its study of 200 obese college employees, a small cash incentive of \$7 was offered for each drop percentage point of loss. A 200-pound employee, for instance, who lost 10 pounds, would have recorded a 5 percent weight loss and received a \$35 cash payment.

The study found that even though workers were given no guidance in how to lose weight, they responded to the incentive offer. Workers who were offered \$7 for each percent of weight loss lost more than workers who were offered nothing. Workers who were offered \$14 for a percentage point, lost even more.

Employers might find themselves attracted to this program because there are no start-up costs. The employer only pays out if the employee loses weight.

Such ideas as paying for additional fees for gaining weight or an increase in body mass index appear to be several years away. But employers are talking about them and that means everyone should acknowledge the severity of the issue of obesity.

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