

Childhood Obesity: Costs, Treatment Patterns, Disparities in Care, and Prevalent Medical Conditions

Key Findings

Children covered by Medicaid are nearly six times more likely to be treated for a diagnosis of obesity than children covered by private insurance.

Children treated for obesity are roughly three times more expensive for the health system than the average insured child.

Annual healthcare costs are about \$6,700 for children treated for obesity covered by Medicaid and about \$3,700 for obese children with private insurance.

The national cost of childhood obesity is estimated at approximately \$11 billion for children with private insurance and \$3 billion for those with Medicaid.

Children diagnosed with obesity are two to three times more likely to be hospitalized.

Children who receive Medicaid are less likely to visit the doctor and more likely to enter the hospital than comparable children with private insurance.

Children treated for obesity are far more likely to be diagnosed with mental health disorders or bone and joint disorders than non-obese children.

Disparity in cost of care

Children treated for obesity are roughly three times more expensive for the health system than the average insured child. In addition, healthcare costs are far higher for obese children covered by Medicaid than they are for obese children with private insurance. The mean covered healthcare expenses for a child treated for obesity under private insurance were \$3,743, compared with \$6,730 under Medicaid. In contrast, the same databases estimated the mean expenditures for all privately insured children at \$1,108 and all Medicaid children at \$2,446.

http://www.medstat.com/pdfs/childhood_obesity.pdf

<http://www.unitedwayla.org/getinformed/rr/research/basic/Pages/Page599.aspx>

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Most of the statistics presented here represent the economic cost of overweight and obesity in the United States in 1995, updated to 2001 dollars. Unless otherwise noted, these statistics are adapted from Wolf and Colditz, who based their data on existing epidemiological studies that defined overweight and obesity as a BMI \geq 29. Because the prevalence of overweight and obesity has increased since 1995, the costs today are higher than the figures given here.

Q: What is the cost of overweight and obesity?

A: Total Cost: \$117 billion
Direct Cost: \$61 billion*
Indirect Cost: \$56 billion

**A recent study estimated annual medical spending due to overweight and obesity (BMI \geq 25) to be as much as \$92.6 billion in 2002 dollars—9.1 percent of U.S. health expenditures.[12]*

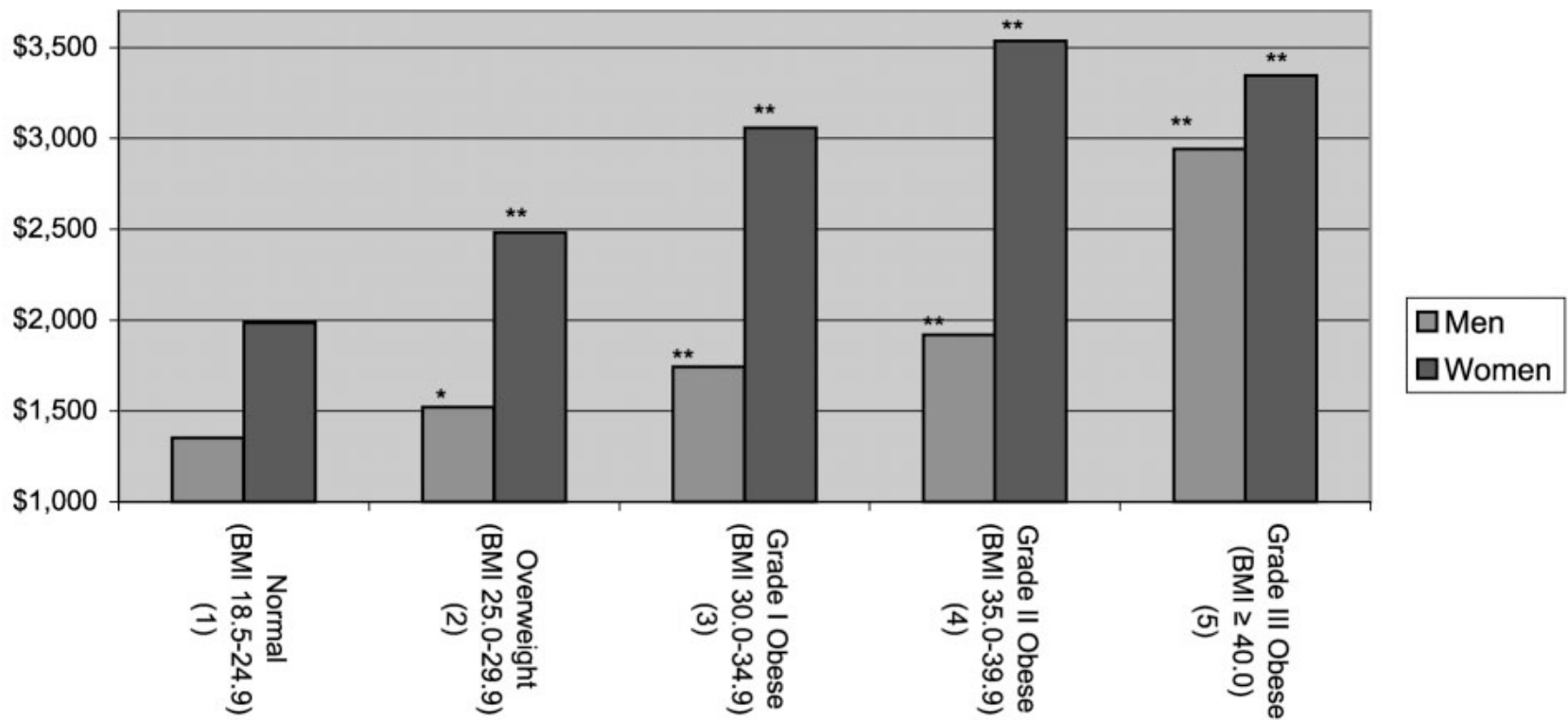
Q: What is the cost of lost productivity related to overweight and obesity?

A: The cost of lost productivity related to obesity among Americans age 17 to 64 is \$3.9 billion. This value considers the following annual numbers (for 1994):

Workdays lost: \$39.3 million
Physician office visits: \$62.7 million
Restricted-activity days: \$239 million
Bed-days: \$89.5 million

The Weight-control Information Network (WIN)
<http://win.niddk.nih.gov/statistics/>

Figure 2
Predicted Annual Per Capita Medical Expenditures for Full-time Employees Age 18 to 64 Years Old by BMI Category (2004 Dollars)



Note: Obesity-attributable medical expenditure estimates are inflated to 2004 dollars using Medical Care CPI inflator

*Significantly greater than expenditure estimates for the normal weight population ($p < 0.10$).

**Significantly greater than expenditure estimates for the normal weight population ($p < 0.05$).

Source: Authors' calculations based on data from the 2000 and 2001 Medical Expenditures Panel Surveys.

Employer Costs

- **The total cost of obesity to U.S. companies is estimated at \$13 billion per year.** Health insurance costs related to obesity comprise the largest percentage of the total (\$8 billion), followed by paid sick leave (\$2.4 billion), life insurance (\$1.8 billion), and disability insurance (\$1 billion). (*Prevention Makes Common Cents: Estimated Economic Costs of Obesity to U.S. Business, DHHS, 2003.*)

- **Inactivity costs between \$670-\$1,125 per person, per year.** (*Economic Costs of Obesity and Inactivity, Medicine and Science in Sports and Exercise, 1999.*)

- **Obesity accounts for approximately 9.1% of total annual medical care expenditures.** (*Eric A. Finkelstein, Ian C. Fiebelkorn, Guijing Wang, National Medical Spending Attributable to Overweight and Obesity: How Much and Who's Paying? Health Affairs, Web Exclusive, May 2003.*)

- **Some 8% of private employer medical claims are due to overweight and obesity.** (*Eric A. Finkelstein, Ian C. Fiebelkorn, Guijing Wang, National Medical Spending Attributable to Overweight and Obesity: How Much and Who's Paying? Health Affairs, Web Exclusive, May 2003.*)

- **Obesity-related disabilities cost employers an average of \$8,720 per claimant per year for wage indemnity.** (*UnumProvident, 2004.*)

- **Obese individuals have higher health care utilization rates:**

- o 36 % higher inpatient and outpatient spending

- o 77% higher medication spending

- o 45% more inpatient days

- o 48% more expenditures over \$5,000

- o 11% higher annual health care costs

(*Health Risks and Behavior: The Impact on Medical Costs, Control Data Corporation, 1987.*)

- **Obesity is associated with 39 million lost work days; 239 million restricted activity days; 90 million bed days; and 63 million physician visits.** (*Current*

Estimates of the Economic Cost of Obesity in the United States, Obesity Research, 1998.)

• **Obesity drove 27% of medical cost increases between 1987 and 2001.** *(Kenneth E. Thorpe, Curtis S. Florence, David H. Howard, Peter Joski, The Impact of Obesity on Rising Medical Spending, Health Affairs, Web Exclusive, October 20, 2004.)*