



Fact Sheet

Cost Impact of Obesity on US Businesses

As more companies document and publicize their efforts to combat the escalating costs of obesity, there are sobering examples of the impact of these costs on employers:

- Obesity's cost to US business was estimated at \$12.7 billion in 1994. The greatest component of this expenditure was health insurance, representing \$7.7 billion (61% of the total). Paid sick leave, life insurance, and disability insurance amounted to \$2.4 billion, \$1.8 billion, and \$800 million, respectively.¹
- Obesity cost Texas businesses an estimated \$3.3 billion in 2005 and could cost employers \$15.8 billion annually by 2025 if the trend continues unchecked. The staggering dollar amount includes the cost of health care, absenteeism, decreased productivity and disability.²
- According to the American Journal of Health Behavior, the annual medical cost for an employee of the City of Dallas is \$115, however, these costs increased to \$573 for overweight and \$620 for obese employees. This means the medical costs of an obese employee are 6 times that of a normal weight employee.
- According to the CDC, California spends the most on healthcare for the obese, over \$7.7 billion. A recent study revealed that, in year 2000 dollars, physical inactivity, obesity, and overweight cost California an estimated \$21.7 billion a year in direct and indirect medical care (\$10.2 billion), worker's compensation (\$338 million), and lost productivity (\$11.2 billion). The annual costs of physical inactivity were estimated at \$13.3 billion, obesity at \$6.4 billion, and overweight at \$2.0 billion.
 - The study projected that these costs would rise to more than \$28 billion in 2005 unless aggressive action was taken.
 - Over ¾ of these costs are shouldered by public and private employers in the form of health insurance and lost work productivity.
 - A five percent improvement in the rates of physical inactivity and healthy weight over five years could save California more than \$6 billion, while a ten percent improvement could save nearly \$13 billion.³

- General Motors found increased median medical charges among overweight and obese employees compared to those with BMI < 25 kg/m².⁴
- Bank One found a 52% (\$2,326 per person) increase in health care costs in moderately overweight employees compared to leaner counterparts.⁵ Obese employees have twice as much sick leave (avg 8.45 days/year) as lean employees (avg. 3.73 days/year). The excess cost for sick leave was \$863 per obese employee for a 3-year period.⁵

¹ Thompson D, Edelsberg J, Kinsey KL, Oster G. Estimated Economic Costs of Obesity to U.S. Businesses. *American Journal of Health Promotion* 1998;13:120-7.

² www.window.state.tx.us/news2007/070323obesity.html. Accessed September 15, 2007.

³ Chenoweth, D. The economic costs of physical inactivity, obesity and overweight in California adults: health care, worker's compensation, and lost productivity. *California Department of Health Services, Public Health Institute* April 2005.

⁴ Wang F, Schultz AB, Musich S, McDonald T, Hirschland D, Edington DW. The Relationship Between National Heart, Lung, and Blood Institute Weight Guidelines and Concurrent Medical Costs in a Manufacturing Population. *American Journal of Health Promotion* 2003;17(3): 183-189.

⁵ Burton WN, Chen CY, Schultz AB, Edington DW. The Economic Costs Associated With Body Mass Index in a Workplace. *Journal of Occupational and Environmental Medicine* 1998;40(9): 786-92.