



## THE CONFERENCE BOARD

**Further information:**

Carol Courter (212) 339-0232

[courter@conference-board.org](mailto:courter@conference-board.org)

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### **Obesity Costs U.S. Companies as Much as \$45 Billion a Year,** **The Conference Board Reports**

**April 9, 2008...**The rate of obesity in the United States has doubled in the last 30 years, and those extra pounds weigh on companies' bottom lines, according to a new report from The Conference Board. Today, 34 percent of American adults fit the definition of "obese." Obese employees cost U.S. private employers an estimated \$45 billion annually in medical expenditures and work loss.

In a new report, *Weights and Measures: What Employers Should Know about Obesity*, The Conference Board examines the financial and ethical questions surrounding whether, and how, U.S. companies should address the obesity epidemic. The report was featured today on *Marketplace*, public radio's popular business program.

"Employers need to realize that obesity is not solely a health and wellness issue," says Labor Economist Linda Barrington, Research Director of The Conference Board Management Excellence Program and co-author of the report. "Employees' obesity-related health problems in the United States are costing companies billions of dollars each year in medical coverage and absenteeism. Employers need to pay attention to their workers' weights, for the good of the bottom line, as well as the good of the employees and of society."

**Among the report's findings:**

- Obesity is associated with a 36-percent increase in spending on healthcare services, more than smoking or problem drinking. More than 40 percent of U.S. companies have implemented obesity-reduction programs, and 24 percent more said they plan to do so in 2008.
- Estimates of ROI for wellness programs range from zero to \$5 per \$1 invested. ROI aside, these programs may give companies an edge in recruiting and retaining desirable employees. Meanwhile, some say it may be more effective just to award employees cash and prizes for weight loss rather than devote resources to long-term wellness programs.

- Employers need to weigh the risks of being too intrusive in managing obese employees against the risks of *not* managing them. There is evidence that as weight goes up, wages go down. Employers should be fully aware of any potential discrimination risk before addressing employees' weight, whether for the employee's own good or that of the company.
- The jury is still out on the costs and benefits of paying for employees' weight-loss surgeries. While obese employees medically eligible for bariatric surgery (about 9 percent of the workforce) have sharply higher obesity-related medical costs and absenteeism, some say companies are unlikely to recoup surgery costs before these employees have left for other jobs.
- How employers communicate a wellness or weight-loss program is as important as how they design it. Companies should involve employees in planning health initiatives, rather than working from the top-down, and should make sure personal privacy is protected.

The report includes three case studies: Public Service Enterprise Group (PSEG), a large self-insured utility with high BMI and low turnover, targets obesity as a major plank in its multifaceted wellness initiatives. H-E-B, a Texas-based retail chain, believes retail's high turnover can make it all the more important to catch employees, from checkout clerks to executives, under the wellness umbrella. And Aetna Inc. says that adding incentives increased participation in its wellness programs and produced major savings.

### **The Conference Board**

The Conference Board creates and disseminates knowledge about management and the marketplace to help businesses strengthen their performance and better serve society. Working as a global, independent membership organization in the public interest, The Conference Board conducts research, convenes conferences, makes forecasts, assesses trends, publishes information and analysis, and brings executives together to learn from one another. The Conference Board is a not-for-profit organization and holds 501(c)(3) tax-exempt status in the United States.

Source:

*Weights and Measures: What Employers Should Know about Obesity*

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