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***Health Care Matters:  
Pharmaceuticals, Obesity, and the Quality of Life***

By Richard D. Miller Jr. and H. E. Frech III

Health care is expensive, accounting for over 14 percent of U.S. Gross Domestic Product. Are we getting much health in return for all this spending?

A pioneering study—one of the first to use newly available data from the World Health Organization and the Organization for Economic Cooperation and Development (OECD)—overturns long-held conventional wisdom that health-care consumption does not improve health in wealthy countries. In *Health Care Matters: Pharmaceuticals, Obesity, and the Quality of Life* (AEI Press, April 2004), Richard D. Miller Jr. and H. E. Frech III show that health-care consumption clearly matters when it comes to improving health—but the type of consumption matters even more.

Miller and Frech explore the effects of pharmaceutical and other health-care consumption on health. They look at both life expectancy and quality of life (years free of disability). The authors consider mortality due to the three most common causes of death in wealthy countries: circulatory disease, cancer, and respiratory disease. They also analyze the effects of wealth and three major lifestyle variables: smoking, drinking, and obesity. Miller and Frech find that pharmaceuticals and obesity have consistently powerful effects on health and longevity, effects that have important policy implications.

Pharmaceuticals are effective at prolonging life and especially at improving quality of life—at a net value to society—lending support to increasing drug coverage in both private and public health plans, especially for those aged sixty-five and older. The cost of extending life expectancy by one year by increasing drug consumption is well below the value of that extended life to society—making pharmaceutical consumption a bargain. In the United States, for example, extending a forty-year-old woman's life by one year would cost roughly \$16 thousand, and the benefit to society is valued at \$150 thousand. Because drugs are so effective at improving health, the authors warn policymakers against price controls that could eliminate the incentive for the development of promising new drugs.

Another important finding in *Health Care Matters* is that obesity is a major threat to health and life expectancy—outranking both smoking and drinking. Obesity is also an important risk factor for mortality due to respiratory disease, cancer, and, most of all, circulatory disease. Obesity rates are already very high in the United States and on the rise in several other countries. The results of

this study indicate that public health dollars (or euros) would be well-spent on *effective* programs designed to better educate the public on the risks associated with being overweight and to help individuals improve their prospects for longer and healthier lives by controlling their weight.

While Miller and Frech's research reveals that countries that consume more pharmaceuticals enable their people to live longer and healthier lives, the same cannot be said for non-pharmaceutical health-care consumption. The data do not distinguish whether health effects are the result of greater non-pharmaceutical health-care consumption or of greater wealth.

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