

business and economics

## THE ECONOMICS OF OBESITY

*The research interests of Shin-Yi Chou, an assistant professor of economics in the College of Business and Economics (CBE), are dovetailing with one of the most talked about topics in daily life: the economics of obesity.*

Her research work as an economist with a specialty in health economics also focuses on the quality and cost of health care, parental education and child health, and health insurance and health outcomes.

Since 1996, Chou has been involved in research designed to improve empirical evidence for health policy design or reform. Now at Lehigh, she is associated with the prestigious New York-based National Bureau of Economic Research and is authoring several papers for publication.

While most health care professionals focus on attempts to solve the problem of obesity, Chou and her colleagues examine the impact that this social issue has on our economic structure.

They have found that health care costs to treat childhood and adult obesity have risen dramatically since 1970. Labor market developments and the entry of women into the workforce also are playing a role. And price increases for cigarettes may have reduced smoking, which tends to increase weight gain.

“The significance of research on obesity and sedentary lifestyle is highlighted by the level of mortality and health problems and by the costs associated with these behaviors,” Chou says. “We seek to identify the determinants of adult and child obesity and related outcomes. Our first paper is accepted for publication at the *Journal of Health Economics*. Currently, we are examining fast food advertising on television and its influence on childhood obesity.”

Chou finds that her research helps her teaching, allowing her to continuously update her curriculum. She is currently teaching courses in Applied Microeconomics (undergraduate) and Health Economics (graduate). Her research on parental education and child well-being is being funded by the National Institute of Child Health and Human Development, part of the National Institutes of Health, through the National Bureau of Economic

Research. And it already has gained nationwide exposure.

The project seeks to estimate how much parents’ education influences children’s health and education in Taiwan. Many studies indicate that parents’ education has a positive and significant impact on a variety of measures of child well-being.

Chou is also a vital part of the new Masters in Health and Biopharmaceutical graduate program in the College of Business and Economics.

This new degree program, which focuses on outcome assessments, is designed for students with undergraduate life sciences degrees. The course of studies will develop the quantitative and analytical skills that, in combination with science training, will prepare students to carry out sophisticated studies of the benefits and costs associated with new drugs, medical therapies, and diagnostic procedures.

They also will learn to perform critical analyses in support of strategic marketing decisions and the management of risk and

uncertainty in portfolios of R&D projects.

“As her current research demonstrates, hiring Shin-Yi was an important first step in the development of CBE programs focused on the health care sector of the global economy,” says Tom Hyclak, chair of the economics department. “Next year she’ll be joined by new faculty with expertise in pharmaceutical marketing and economics as we gear up for the new master’s degree and related initiatives.”

“Continuing my work in the graduate school, I devote a lot of effort in understanding the determinants of quality and cost of health care provided by hospitals and nursing homes. I especially focus on the impact of ownership types on quality and cost of health care. The choice of ownership form is an important matter for public policy,” Chou says.

Governments confer certain tax advantages on non-profits. Offsetting these advantages is the inability of non-profits to claim the residual wealth.

“An important policy question is whether society receives value for the tax subsidies it grants non-profits. Especially, health programs such as Medicare and Medicaid,” Chou says. “They do have the power to bar a hospital from receiving payment if there is a determination of substandard quality of care. This power is rarely exercised; and when exercised, public agencies may expect considerable opposition from the affected hospital and its constituency.”

—Kim Plyler



*The influence of fast food advertising on childhood obesity is one of the areas Shin-Yi Chou is examining.*