Cost Effectiveness of a Sugar-Sweetened Beverage Excise Tax in the U.S.

Long et al. conducted the first study to estimate the cost-effectiveness of implementing a $0.01 per ounce sugar-sweetened beverage excise tax in the United States by estimating both the cost and the impact of the change in body mass index reduction in healthcare expenditures, life-years lost, disability-adjusted life years averted and quality-adjusted life years gained.

Based on beverage price data, the proposed tax would approximately increase prices by 16%. Beyond the short-term impact, the sustained implementation of the tax over a 10-years period is projected to lead to a sustained decrease in the consumption of sugar-sweetened beverages and body mass index at the population level. Most importantly, the 10-years follow-up period is projected to lead to a reduction of healthcare costs of $23.6 billion and generate about $12.5 billion in annual revenue.

This study highlights both the short-term and long-term benefits of implementing an excise tax on sugar-sweetened beverages in the United States. Simultaneously, it highlights that the tax could additionally be used as a powerful social signal to reduce sugar consumption through additional individual behavioural and policy changes.