Literature Review: Defaults and Choice

Currently healthy food choices are difficult. The food environment around us is not conducive to healthy eating. In restaurants, people are offered large portion sizes, value meals include French fries and soda, and there are limited healthy choices on menus. That is, the default options are primarily unhealthy.

Studies consistently show that the default exerts a powerful influence on choice, and the default option is more likely to be chosen. Behavioral economic interventions that make default options healthy make the healthy choice the easy choice and mean that individuals must actively work to engage in less desirable behaviors. The use of healthy default items as part of restaurant meals is supported by studies in retail food chains and cafeterias, as well as from studies in the areas of health insurance, 401(k) savings plans, and organ donation. Providing healthier default items on menus could lead to healthier food choices and positive health benefits.

Menu Defaults

Children's Meals at Disney Theme Parks

The Disney Corporation's efforts to offer healthier default items with children's meals have been successful at their theme parks. The company has changed the defaults for beverages to healthy choices, such as 100% juice, water, and low fat milk, and offers fruits and vegetables as the default side dishes with children's meals. These changes have been well-received; two-thirds of families stick with the healthy children's meal defaults. This shows that healthy defaults with children's meals are consistent with most families' preferences.

> "Walt Disney Company – 2008 Corporate Responsibility Report." 2008. Available online from the Disney Corporation's at http://Disney.go.com/crreport/childrenandfamily/positivedevelopment/kidshealthandnutrition.html.

Healthy Default Menus Result in Lower Calorie Choices

A study was conducted at Subway sandwich shops at lunch time. Participants were provided with three different feature menus and then calories were calculated based on their purchase choices. The three menus were: a shorten menu highlighting the lowest calorie sandwiches, a short menu highlighting the highest calorie sandwiches, or a menu that mixed both high and lower calorie

options. The shortened menus were accompanied by a full menu listing additional options. The use of the default menu highlighting low-calorie options resulted in lower calorie consumption per meal; those who received the healthy default menu were 48% more likely to choose a low-calorie sandwich than those with the mixed menu. Those with the high-calorie menu were 47% less likely to choose a low-calorie sandwich. 60% of participants ordered from the default menu and did not look at the full menu, which took only slightly more effort.

Wisdom J, Downs JS, Loewenstein G. "Promoting Healthy Choices. Information vs Convenience." 2005. Available online from Carnegie Mellon University's website: http://sds.hss.cmu.edu/media/pdfs/loewenstein/PromotingHealthierChoices.pdf .

Behavioral Economics Encourage Healthy Eating in School Cafeterias

The researchers provided 191 college students with 3 types of payment options: cash only, cash plus an unrestricted debit card (students could purchase any item with the card), and cash plus a restricted debit card. The restricted debit card could only be used to purchase healthy menu choices designated by a green dot. Study participants with healthy debit cards consumed fewer calories and purchased twice as many healthy items and fewer unhealthy items as the unrestricted card group, in spite of also being given cash to purchase unhealthy items if they wished. They also consumed significantly less added sugars, total fat, and saturated fat than those with the unrestricted cards.

Just DR, Wansink B, Mancino L, Guthrie J. *Behavioral Economic Concepts to Encourage Healthy Eating in School Cafeterias*. Economic Research Report, Number 68. Washington, D.C.: Economic Research Service, 2008.

Health Care

Harnessing the Power of Defaults

One hospital required health care workers to receive a seasonal flu shot as the default, unless they signed an extra form to opt out of the vaccine. The default opt-out option for flu vaccination boosted vaccination rates among the hospital's health workers from the national average of 40% to 98%.

Schnirring L. "IDSA Urges Requiring Flu Shots for Healthcare Workers." 2007. Available from the University of Minnesota Academic Health Center: www.cidrap.umn.edu/cidrap/content/influenza/panflu/news/jan2502idsa.html

Defaults in a Clinical Setting

The prevention of acute lung injury is a priority in hospital critical care. A multi-center, randomized controlled trial was conducted comparing current default ventilator settings used for patients with acute lung injury and acute respiratory

distress syndrome with treatment using lower tidal volume settings as the default. Mortality decreased by 22% and the number of days that patients were free of a ventilator significantly increased in the group treated with lower tidal volume ventilator settings (as compared with the traditional default ventilator setting group with higher tidal volumes).

> The Acute Respiratory Distress Syndrome Network. "Ventilation with Lower Tidal Volumes as Compared with Traditional Tidal Volumes for Acute Lung Injury and the Acute Respiratory Distress Syndrome." *New England Journal of Medicine* 2000, vol. 342, pp. 1301-1308.

Encouraging the Use of Generic Medicines

High level use of generic drugs in the UK is, in part, due to training in medical school to teach doctors to choose the generic first and by using the generic names of drugs during their training. Also, when a doctor in the UK enters a brand name drug into the computer prescribing system, it automatically fills in the name of the generic drug as the default. A survey of patients in the UK reported that 90% of patients prescribed generics in place of brand name drugs were still taking them 6 months after prescription, demonstrating the high acceptability of generic drugs as the default option.

> King DR, Kanavos P. "Encouraging the Use of Generic Medicines: Implications for Transition Economies." *Croatian Medical Journal* 2002, vol. 43, pp. 462-469.

The Swiss Health Care System

The Swiss health care system requires households to purchase private health insurance and insurance companies to offer a mandated, fairly comprehensive package of health services. Prices vary primarily due to the size of the deductible. Citizens may choose any plan they like, though the government sets ceilings for how much companies can charge for the basic insurance package to ensure services remain accessible to all levels of society. Bonus policies for additional services are available for an additional cost. In 2001, about half (45%) of people chose the default/standard policy (with the lowest possible deductible). Only 0.12% chose a bonus insurance policy.

> Reinhardt UE. "The Swiss Health System: Regulated Competition without Managed Care." *Journal of the American Medical Association* 2004, vol. 292, pp. 1227-1231.

401K & Savings

Automatic Enrollment for Retirement Savings: Harnessing the Power of Inertia in Human Behavior to Promote Rather than Hinder Savings

In default savings programs, employees are automatically enrolled in a 401(k) savings program and have the choice to opt-out of the default savings plan or choose to invest differently. Default retirement savings plan enrollment has increased participation from 75% when employees have to actively enroll in a savings program to 85-95% investment in auto-enrollment programs. Results are even stronger for worker subgroups with the lowest rates of participation. For workers with less than 15 months tenure, participation increased from 12% to 79% for workers earning less than $20,000 per year, and from 19% to 75% for Hispanic workers.

> Gale WG, Iwry JM, Orszag PR. "The Automatic 401(k): A Simple Way to Strengthen Retirement Saving." *Tax Notes*, March 7, 2005, pp. 1207-1214.

SMarT Program

The Save More Tomorrow (SMarT) program enlisted employees to commit to future increases in retirement savings linked to future pay increases until their contribution reached the maximums allowed. This program for getting employees to commit to default increases in retirement savings was well-accepted by the employees; 80% of employees remained in the retirement savings plan through four pay raises (40 months). Average savings rates increased from 3.5% to 13.6%.

> Thaler RH, Benartzi S. "Save More Tomorrow: Using Behavioral Economics to Increase Employee Saving." *Journal of Political Economics* 2004, vol. 112, pp. S164-S187.

Investment Choices

Forty-three study participants were asked to invest a fictitious $1,000 in retirement savings among several mutual funds or a conservative default option (a money market fund). Twenty out of 43 chose the default option, twice the number that invested in the next most popular investment option. Individuals with "below average" financial knowledge chose the default option more often.

> Agnew J, Szykman LR. "Asset Allocation and Information Overload: The Influence of Information Display, Asset Choice and Investor Experience." *Center for Retirement Research Working Papers*. Boston: Boston College; 2004. Available online at http://escholarship.bc.edu/retirement_papers/89.

Organ Donation

Impact of Presumed Consent

Presumed consent is a policy where organ donation is the default. It assumes individuals give consent to be organ donors, unless they explicitly opt-out (although families of the deceased can refuse organ donation). In a study of 22 countries, over a ten year period of time, after controlling for other factors thought to affect donation rates, countries with organ donation as the default policy had 25-30% higher rates of organ donation than countries without default policies (i.e., explicit consent policies).

Abadie A, Gay S. "The Impact of Presumed Consent Legislation on Cadaveric Organ Donation: A Cross-country Study." *Journal of Health Economics* 2006, vol. 25, pp. 599-620.

Opt-out as the Default

Authors compared donor rates from countries with opt-in default policies versus opt-out default policies for organ donation. The opt-out countries had 60 percentage point higher donor rates than opt-in countries. A study controlling for factors that affect people's propensity to donate showed that where donation is the default, there is a 16% higher number of organ donors. In an online experiment with varying default options, donation rates were twice as high when opting out was the default as compared to when opting in was the default.

Johnson EJ, Goldstein D. "Do Defaults Save Lives?" *Science* 2003, vol. 302, pp. 1338-1339.

Internet

In an online survey of over 4,200 people, twice as many people (96%) agreed to be contacted for future surveys when the question was asked as opt-out (where the no-action default was to receive future surveys) as compared to an opt-in format (48%, where the no-action default was to not participate in future surveys). The authors point out that the positioning of the option as the status quo (default) increases its appeal and implies that it is the best option.

Johnson EJ, Bellman S, Lohse GL. "Defaults, Framing and Privacy: Why Opting In- Opting Out." *Marketing Letters* 2002, vol. 13, pp. 5-15.

For more information contact Margo G. Wootan, Center for Science in the Public Interest, 202-777-8352, nutritionpolicy@cspinet.org.