

ISSUE BRIEF



TRUST FOR AMERICA'S HEALTH IS A NON-PROFIT, NON-PARTISAN ORGANIZATION DEDICATED TO SAVING LIVES BY PROTECTING THE HEALTH OF EVERY COMMUNITY AND WORKING TO MAKE DISEASE PREVENTION A NATIONAL PRIORITY.

JULY 2008

PREVENTING EPIDEMICS.
PROTECTING PEOPLE.

Prevention for a Healthier America:

INVESTMENTS IN DISEASE PREVENTION YIELD SIGNIFICANT SAVINGS, STRONGER COMMUNITIES

The *Prevention for a Healthier America: Investments in Disease Prevention Yield Significant Savings, Stronger Communities* report finds that a small strategic investment in disease prevention could result in significant savings in U.S. health care costs

The Trust for America's Health (TFAH) concludes that an investment of \$10 per person per year in proven community-based programs to increase physical activity, improve nutrition, and prevent smoking and other tobacco use could save the country more than \$16 billion annually within 5 years. This is a return of \$5.60 for every \$1 invested.

Out of the \$16 billion, Medicare could save more than \$5 billion, Medicaid could save more than \$1.9 billion, and private payers could save more than \$9 billion.

The report focuses on disease prevention programs that do not require medical care and target communities or at-risk segments of communities. Examples of these programs include providing increased access to affordable nutritious foods, increasing sidewalks and parks in communities, and raising tobacco tax rates.



Estimates for Return on Investment (ROI) for 1-2 Years, 5 Years, and 10-20 Years

The economic findings are based on a model developed by researchers at the Urban Institute and a review of evidence-based studies conducted by the New York Academy of Medicine. The researchers found that many effective prevention programs cost less than \$10 per person, and that these programs have succeeded in lowering rates of diseases that are related to physical activity, nutrition, and smoking. The evidence shows that implementing these programs in communities reduces rates of type 2 diabetes and high blood pressure by 5 percent within 2 years; reduces heart disease, kidney disease, and stroke by 5 percent within 5 years; and reduces some

forms of cancer, arthritis, and chronic obstructive pulmonary disease by 2.5 percent within 10 to 20 years.

An investment of \$10 per person per year in proven community-based disease prevention programs could yield net savings of:

- More than \$2.8 billion in 1-2 years, a return of 0.96, which means the country could recoup nearly \$1 over and above the cost of the program for every \$1 invested;
- More than \$16 billion within 5 years, an ROI of \$5.60 for every \$1; and
- More than \$18 billion within 10-20 years, an ROI of \$6.20 for every \$1.

NATIONAL RETURN ON INVESTMENT OF \$10 PER PERSON (Net Savings in 2004 dollars)

	1-2 Years	5 Years	10-20 Years
U.S. Total	\$2,848,000,000	\$16,543,000,000	\$18,451,000,000
ROI	0.96:1	5.6:1	6.2:1

Note: When ROI equals 0, the cost of the program pays for itself. When ROI is greater than 0, then the program is producing savings that exceed the cost of the program.

Savings for Payers

In addition to total dollars saved, the study looked at how this investment could benefit different health care payers.

Net Savings by Medicare, Medicaid, and Private Insurers for an Investment of \$10 Per Person

	1-2 Years	5 Years	10-20 Years
Medicare, U.S. Total	\$487,000,000	\$5,213,000,000	\$5,971,000,000
Medicaid, U.S. Total	\$370,000,000	\$1,951,000,000	\$2,195,000,000
Other payers and out-of-pocket, U.S. Total	\$1,991,000,000	\$9,380,000,000	\$10,285,000,000

** In 2004 dollars, net savings*

Conservative Estimates

The savings estimates in the report represent medical cost savings only and do not include the significant gains that could be achieved in worker productivity and enhanced quality of life. The researchers built the model to

yield conservative estimates for savings, using low-end assumptions for the impact of programs on disease rates and high-end assumptions for the costs. The study is based on 2004 dollars.

State Savings

Potential Annual Net Savings and Return on Investment (ROI) for States Within 5 Years of an Investment of \$10 Per Person Per Year in Strategic Disease Prevention Programs in Communities (state estimates are based on potential reduction in health spending by state. Listed in alphabetical order):

Alabama \$250 million (ROI of 5.6 to 1);
Alaska \$47 million (ROI of 7.2 to 1);
Arizona \$242 million (ROI of 4.2 to 1);
Arkansas \$139 million (ROI of 5 to 1);
California \$1.7 billion (ROI of 4.8 to 1);
Colorado \$232 million (ROI of 5 to 1);
Connecticut \$231 million (ROI of 6.6 to 1);
Delaware \$57 million (ROI of 7 to 1);
Washington, D.C. \$57 million (ROI of 9.9 to 1);
Florida \$1 billion (ROI of 6.2 to 1);
Georgia \$426 million (ROI of 4.8 to 1);
Hawaii \$70 million (ROI of 5.6 to 1);
Idaho \$62 million (ROI of 4.5 to 1);
Illinois \$708 million (ROI of 5.6 to 1);
Indiana \$343 million (ROI of 5.5 to 1);
Iowa \$165 million (ROI of 5.6 to 1);
Kansas \$155 million (ROI of 5.7 to 1);
Kentucky \$248 million (ROI of 6 to 1);
Louisiana \$234 million (ROI of 5.2 to 1);
Maine \$98 million (ROI of 7.5 to 1);
Maryland \$332 million (ROI of 6 to 1);
Massachusetts \$476 million (ROI of 7.4 to 1);
Michigan \$545 million (ROI of 5.4 to 1);
Minnesota \$316 million (ROI of 6.2 to 1);
Mississippi \$150 million (ROI of 5.2 to 1);
Missouri \$334 million (ROI of 5.8 to 1);
Montana \$51 million (ROI of 5.5 to 1);
Nebraska \$102 million (ROI of 5.8 to 1);
Nevada \$115 million (ROI of 5 to 1);
New Hampshire \$76 million (ROI of 5.9 to 1);
New Jersey \$543 million (ROI of 6.3 to 1);
New Mexico \$88 million (ROI of 4.7 to 1);
New York \$1.3 billion (ROI of 7 to 1);
North Carolina \$473 million (ROI of 5.6 to 1);
North Dakota \$39 million (ROI of 6.2 to 1);
Ohio \$685 million (ROI of 6 to 1);
Oklahoma \$183 million (ROI of 5.2 to 1);
Oregon \$193 million (ROI of 5.4 to 1);
Pennsylvania \$791 million (ROI of 6.4 to 1);
Rhode Island \$73 million (ROI of 6.8 to 1);
South Carolina \$233 million (ROI of 5.6 to 1);
South Dakota \$42 million (ROI of 5.5 to 1);
Tennessee \$351 million (ROI of 6 to 1);
Texas \$1 billion (ROI of 4.7 to 1);
Utah \$89 million (ROI of 3.7 to 1);
Vermont \$43 million (ROI of 7 to 1);
Virginia \$385 million (ROI of 5.2 to 1);
Washington \$343 million (ROI of 5.5 to 1);
West Virginia \$124 million (ROI of 6.9 to 1);
Wisconsin \$337 million (ROI of 6.2 to 1);
Wyoming \$29 million (ROI of 5.8 to 1).

PARTNERS AND FUNDERS

TFAH conducted the study in partnership with the New York Academy of Medicine, the Robert Wood Johnson Foundation, The California Endowment, and Prevention Institute.

The report was supported by grants from the Robert Wood Johnson Foundation and The California Endowment.

The full report is available at www.healthyamericans.org. For more information, please contact Richard Hamburg, Director of Government Affairs of TFAH at 202-223-9870 or rhamburg@tfah.org.