

ISSUE BRIEF

Prevention for a Healthier Georgia:

INVESTMENTS IN DISEASE PREVENTION YIELD SIGNIFICANT SAVINGS, STRONGER COMMUNITIES

Georgia's future economic well-being is inextricably tied to our health. Helping Georgians stay healthier is one of the best ways to drive down health care costs and ensure our workforce will be competitive in the global economy.

Right now, poor health and skyrocketing health care costs are putting our economic security in jeopardy. The state will never be able to contain health care costs until we start focusing on how to prevent people from getting sick in the first place.

This report finds that a strategic investment in disease prevention could result in significant savings in the state's health care costs. This study specifically examined how much Georgia could save if we reduced disease rates by invest-

ing more in proven community-based programs that result in increased levels of physical activity, improved nutrition, and a reduction in smoking and other tobacco use rates. The investment in these programs could come from a variety of sources, including federal, state, and local funds, as well as private sector initiatives.

The Trust for America's Health (TFAH) and the Georgia Budget and Policy Institute (GBPI) concluded that an investment of \$10 per person per year in proven community-



JANUARY 2009

**PREVENTING EPIDEMICS.
PROTECTING PEOPLE.**

based programs to increase physical activity, improve nutrition, and prevent smoking and other tobacco use could save the state more than \$426 million annually within five years. This is a return of \$4.77 for every \$1.

Out of the \$426 million, the state portion of Medicaid could save more than \$16 million, private insurers in the state could save nearly \$270 million, and the federal Medicare savings could be more than \$115 million. Private insurers include the state and university employee health plans and additional health plans operated on behalf of city and county governments in Georgia.

Over time, the cost savings in Georgia could increase. In 10-20 years, the savings could grow to nearly \$470 million annually, which would be a return of \$5.34 for every \$1.

The benefits would not just be financial, they could also spare many Georgians from developing preventable diseases, including type 2 diabetes, high blood pressure, heart

disease, and stroke. In addition, a healthier population would mean a more productive workforce and increased capability to continue to learn new skills.

This analysis focused on disease prevention programs that do not require medical care and that 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. Descriptions of specific programs, such as a YMCA's Pioneering Healthier Communities program and a comprehensive Healthy Living, Active Communities program in California, are available in a report *Prevention for a Healthier America: Investments in Disease Prevention Yield Significant Savings, Stronger Communities* available on Trust for America's Health's Web site: <http://healthyamericans.org/reports/prevention08/>.

Estimates for Return on Investment (ROI) after 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 more than 80 evidence-based studies from across the nation 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 delivered results in lowering rates of diseases that are related to physical activity, nutrition, and smoking. The evidence shows that implementing these programs in communities reduce rates of type 2 diabetes and high blood pressure by 5 percent within two years; reduce heart disease, kidney disease,

and stroke by 5 percent within five years; and reduce some forms of cancer, arthritis, and chronic obstructive pulmonary disease by 2.5 percent within 10 to 20 years.

If Georgia reduced type 2 diabetes and high blood pressure rates by 5 percent it could save more than \$63 million in health care costs; reducing heart disease, kidney disease, and stroke rates by 5 percent could raise the savings to more than \$426 million; and with additional 2.5 percent reductions in the prevalence of some forms of cancer, chronic obstructive pulmonary disease (COPD) and arthritis savings could increase to nearly \$480 billion.

Georgia Return on Investment of \$10 Per Person (In 2004 dollars)			
	Year 1-2	Year 5	Year 10-20
Total State Savings	\$153,100,000	\$515,700,000	\$566,200,000
State Net Savings (Net savings = Total savings minus intervention costs)	\$63,700,000	\$426,300,000	\$476,900,000
ROI for State	0.71:1	4.77:1	5.34:1

- Total annual intervention cost within Georgia (at \$10 per person): \$89,350,000.
- 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.
- Note: Savings include those accruing to the federal Medicare program. If the Medicare and federal Medicaid savings were excluded, but a population-level intervention were still adopted, the ROI for other payers in Georgia would be 3.20:1.

Nationally, the U.S. could save more than \$16 billion within 5 years.

National Return On Investment Of \$10 Per Person (Net Savings in 2004 dollars)			
	Year 1-2	Year 5	Year 10-20
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 in the state.

Indicative Estimates of Georgia Savings by Payer: Proportion of Net Savings for an Investment of \$10 Per Person			
	Year 1-2	Year 5	Year 10-20
Medicare Net Savings (proportion of net savings)	\$17,200,000	\$115,100,000	\$128,700,000
Medicaid Net Savings (federal share) (proportion of net savings)	\$3,740,000	\$25,000,000	\$28,000,000
Medicaid Net Savings (state share) (proportion of net savings)	\$2,430,000	\$16,200,000	\$18,200,000
Private Payer and Out of Pocket Net Savings** (proportion of net savings)	\$40,300,000	\$269,900,000	\$301,800,000

* In 2004 dollars

** Includes saving to the Georgia State Health Benefit Plan and University System Health Plan, which account for over 10 percent of Georgians covered by private payers.

PARTNERS AND FUNDERS

TFAH conducted the study in partnership with the New York Academy of Medicine, the Robert Wood Johnson Foundation, and the Georgia Budget and Policy Institute.

The report was supported by grants from the Robert Wood Johnson Foundation and the Healthcare Georgia Foundation.

The full report is available at www.healthyamericans.org.

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.

EXAMPLES OF COMMUNITY-BASED DISEASE PREVENTION PROGRAMS

- Keeping schools open after hours where children can play with adult supervision;
- Providing access to fresh produce through farmers markets;
- Making nutritious foods more affordable and accessible in low-income areas;
- Requiring clear calorie and nutrition labeling of foods;
- Providing young mothers with information about how to make good choices about nutrition; and
- Offering information and support for people trying to quit smoking and other tobacco use.



1730 M Street NW • Suite 900
Washington, DC 20036
(t) 202-223-9870 • (f) 202-223-9871
www.healthyamericans.org