

LITAN: U.S. HEALTH CARE COSTS COULD BE SLASHED THROUGH ACCELERATED BROADBAND DEPLOYMENT FOR SENIORS, DISABLED

Over \$800 Billion in Potential Savings and Outputs Projected to Result From More Rapid Deployment, Exceeds What Nation Likely to Spend on Homeland Security Over Next 25 Years

WASHINGTON, D.C.//December 8, 2005//A leading U.S. economist announced today that the U.S. has at its disposal an overlooked “secret weapon” that could significantly reduce health care costs and kick start the nation’s sluggish economy: accelerated deployment of broadband benefiting an estimated 70 million Americans who are either over 65 or under that age but disabled.

In a report prepared for the New Millennium Research Council (NMRC), Robert E. Litan identifies up to \$927 billion in cost savings and output benefits from “business as usual” broadband deployment and an additional \$532 billion-\$847 billion in economic benefits from accelerated broadband deployment. Litan is vice president for research and policy at the Kauffman Foundation and also is a senior fellow in the economic studies program at the Brookings Institution.

In the report, Litan notes: “Three types of benefits from broadband deployment and use are addressed: lower medical costs; lower costs of institutionalized living; and additional output generated by more seniors and individuals with disabilities in the labor force. Considered together, these three benefits are estimated to accumulate to at least \$927 billion in 2005 dollars ... This amount is equivalent to half of what the United States currently spends annually for medical care for all its citizens (\$1.8 trillion) ... Policies designed to accelerate the use of broadband for these populations, however, could significantly add to the benefits, by cumulative amounts ranging from \$532 billion to \$847 billion (depending on the wages earned by the additional working seniors).”

To provide a sense of scale for the potential savings and other benefits from accelerated broadband, the NMRC report notes: “The policy benefits are as substantial as what the federal government is likely to spend on homeland security over the next 25 years. Total cumulative benefits, under the right set of policies, could exceed what the United States currently spends annually for health care for all its citizens ...”

Though it has been understood that broadband technologies that allow rapid and always-on connections to the Internet will provide significant benefits to the U.S. economy, the NMRC report is the first to estimate the economic benefits to the nation due to cost savings and output expansion resulting from the use of broadband technologies for an important specific sub-group of the U.S. population: the 35 million Americans over 65 and as many as 36 million non-elderly Americans with disabilities.

As the report points out: “There is wide agreement that broadband will provide enormous benefits to users and to the entire economy, especially as the take-up rate increases. But so far, relatively little attention has been paid to the potential benefits to be reaped by different groups within American society and how this in turn will generate

economic benefits and cost savings over time ... Clearly, with so much at stake, policymakers have strong reasons to consider measures to accelerate the deployment and use of broadband technologies for America's seniors and individuals with disabilities."

The Litan report is being hailed by groups representing older Americans and those with disabilities.

Flora Green, national spokesperson, The Seniors Coalition, said: "This report lays out the need for accelerated broadband access for seniors with disabilities and the substantial and measurable benefits that will result from eliminating the barriers to the deployment of this broadband technology. Most importantly, the Litan report documents the fact that most seniors with disabilities don't need to be Internet savvy, but only need access to monitors and devices that record information on chronic illnesses of seniors and then relay that information across a broadband network. It is a technology that will save Medicare money, improve the quality of life for millions of seniors, and ultimately save lives when a life-threatening condition is instantly reported across that broadband network. The time is at hand for Congress to eliminate the barriers to full deployment of a national broadband network."

Andrew J. Imparato, president and CEO, American Association of People with Disabilities, said: "Mr. Litan makes a compelling economic case for accelerated broadband deployment to people with disabilities and seniors. If we can leverage this new technology to improve health, independent living and labor force participation, as Mr. Litan suggests, we will have moved closer to our goals of full participation in community life for Americans with disabilities of all ages. The fact that this transformation will result in billions in savings for the federal treasury will hopefully move this important issue up on the list of national priorities."

Telecom issue experts are also praising the Litan report.

Dr. Robert D. Atkinson, vice president and director of the Technology and New Economy Project, Progressive Policy Institute, said: "This report is a first of its kind to estimate the significant benefits that more robust broadband deployment would provide to older Americans and the nation as a whole. Litan makes clear that broadband and its associated applications would have significant benefits, improving the quality of life of the growing number of senior citizens and producing significant economic benefits."

Dr. Robert W. Crandall, senior fellow, The Brookings Institution, said: "Broadband is not a technology that simply delivers more movies, videos, sports, and other forms of instant gratification. As Robert Litan shows, it can improve the lives of the elderly who account for a large and growing share of the population. The potential savings from innovative uses of broadband in delivering health care to this group are simply staggering. But Litan estimates that the benefits from extending the working lives of this large share of the population could be even greater. Litan's estimates are important food for thought for policymakers and consumers alike."

James L. Gattuso, research fellow, The Heritage Foundation, said: "It's no secret that the potential benefits of broadband communications are enormous, but concrete estimates of those benefits have been few and far between. Robert Litan's report helps fill in the gaps – finding some \$1 trillion in possible benefits relating to older and disabled Americans alone. As the report argues, however, these gains may not be achieved unless policymakers adopt policies that foster --rather than impede -- innovation and investment in this and other new technologies."

Thomas M. Lenard, Ph.D., vice president for research, The Progress & Freedom Foundation, said: "In quantifying the benefits that older Americans may derive from broadband, Bob Litan has opened a window on the important differences that this still nascent technology can make in their lives. A study like this serves to reinforce just how important it is to have pro-competitive policies that do not interfere with incentives to invest in the rollout of broadband networks."

Former FCC Commissioner Harold Furchtgott-Roth said: "This is a very thought provoking and well researched piece. There certainly are opportunities for greater broadband rollout and applications for people with disabilities and older Americans."

ABOUT NMRC

The New Millennium Research Council (NMRC) was created in 1999. Its mission is to develop workable, real-world solutions to the issues and challenges confronting policy makers, primarily in the fields of telecommunications and technology. For more information, please visit <http://www.thenmrc.org>.

CONTACT: Ailis Aaron, for NMRC, (703) 276-3265 or aaaron@hastingsgroup.com.

EDITOR'S NOTE: A streaming audio recording of the news event will be available on the Web as of 8 p.m. ET on December 8th, at <http://www.thenmrc.org>.