



*The Center for Health Transformation's
Alzheimer's Disease Project:*

Background Briefing Book



The Rapidly Escalating Epidemic

➔ Introduction

- Increasing Prevalence
- The Personal Impact
- The Fiscal Impact
- Moving Forward



The Rapidly Escalating Epidemic

The prevalence of Alzheimer's Disease ("AD") is rapidly growing as Baby Boomers age, and as life expectancy increases.

The mounting AD epidemic is a tragedy for individuals and their loved ones, and it will overturn the financial plans of households, businesses, states and the Federal government.



What is Alzheimer's Disease?

- A progressive, degenerative & terminal brain disease that affects:
 - Memory and ability to learn
 - Language and communication skills
 - Reasoning and judgment
 - Planning and performing complex tasks
 - Orientation to time and space
- As Alzheimer's Disease progresses, it also impacts:
 - Personality and mood: apathy, anxiety, and depression, sleep disturbances
 - Behavior: suspiciousness, agitation, delusions, wandering, incontinence
 - Activities of daily living, even basic ones
- 90% of Alzheimer's patients are cared for by their families

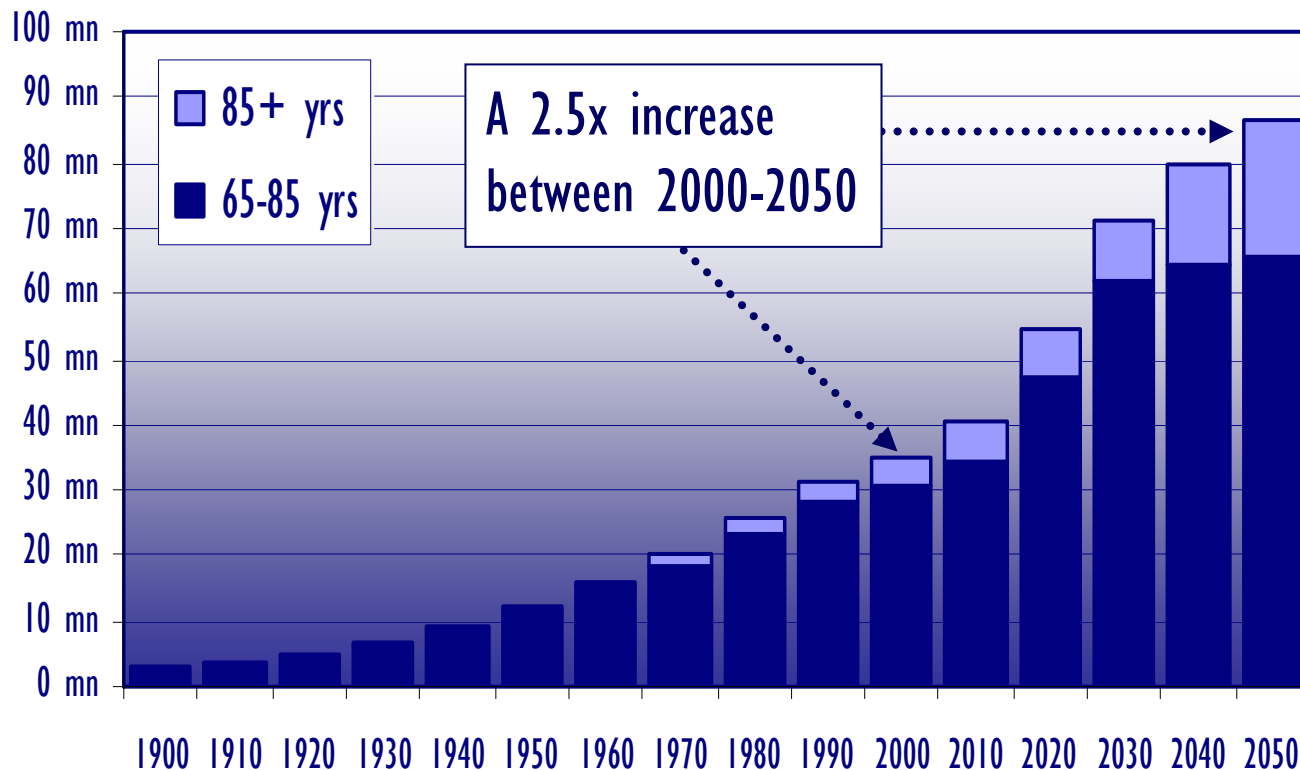
Source: *Alzheimer's Association and the National Alliance for Caregiving (1999).*



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America's Elderly Population is Increasing Rapidly



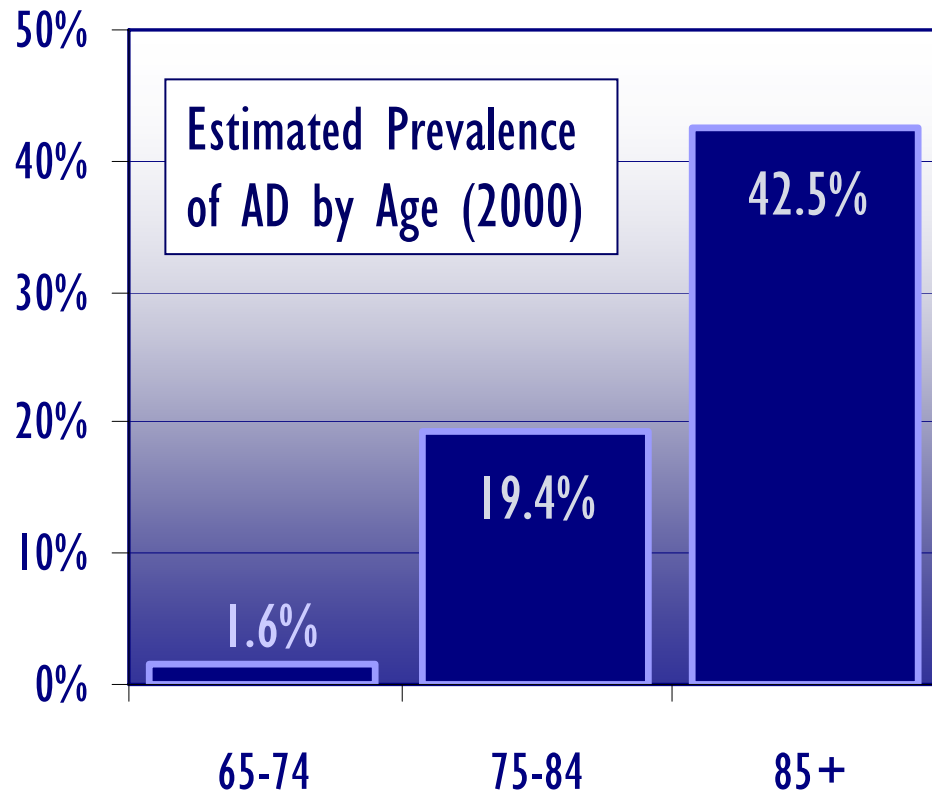
KEY FACTS:

Within 25 years, 1-in-5 Americans is expected to be age 65 or above.

Baby Boomers will add 75 million elderly.

Source: US Census Bureau; communication with Michael Johnson (2006).

AD Sharply Increases with Age

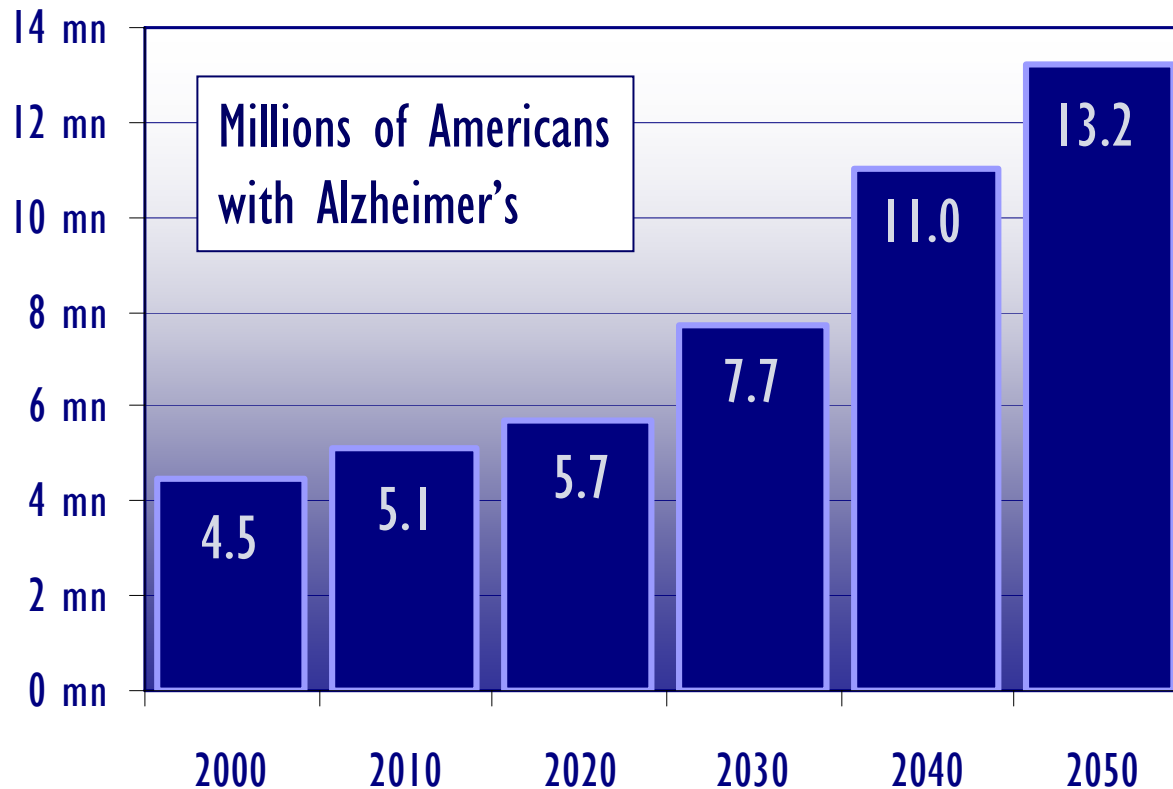


KEY FACT:

The odds of developing Alzheimer's Disease double every 5 years beyond the age of 65.

Source: Hebert (2003); National Institutes on an Aging Society (2000).

As the U.S. Ages, Cases Will Explode



KEY FACT:

Barring a therapeutic breakthrough, Alzheimer's Disease cases in the U.S. are expected to triple between 2000 and 2050.

Source: *Hebert (2003)*.



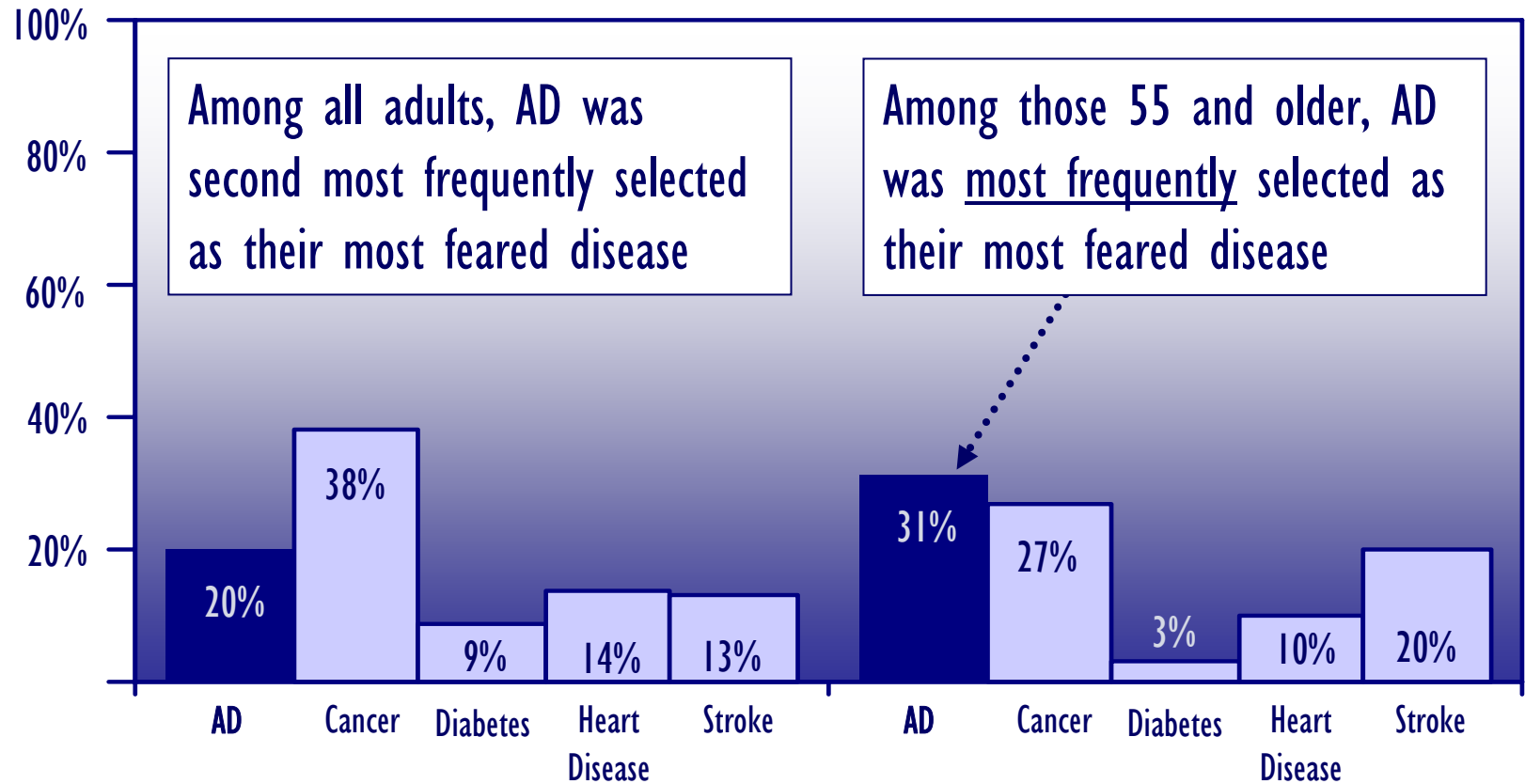
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Americans Fear Alzheimer's



Source: MetLife Foundation (2006).

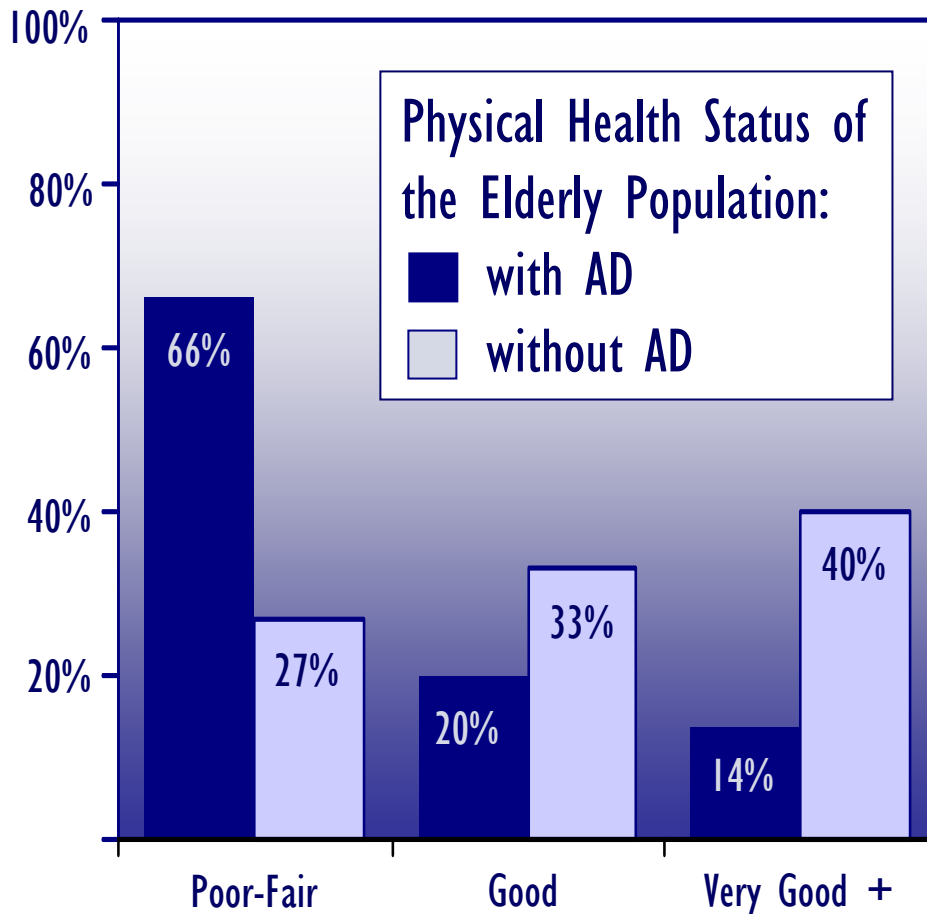


Alzheimer's is a Deadly Disease

- A terminal condition; no one survives.
- 7th leading cause of death in US (2004 data)
 - AD was the only one of the top-10 causes of death to increase from 2003 to 2004; deaths from each of the other 9 causes dropped
- Average lifespan from onset is 7 years, with death occurring in as few as three years.

Source: CDC; Gauthier (1998).

Alzheimer's Erodes Health

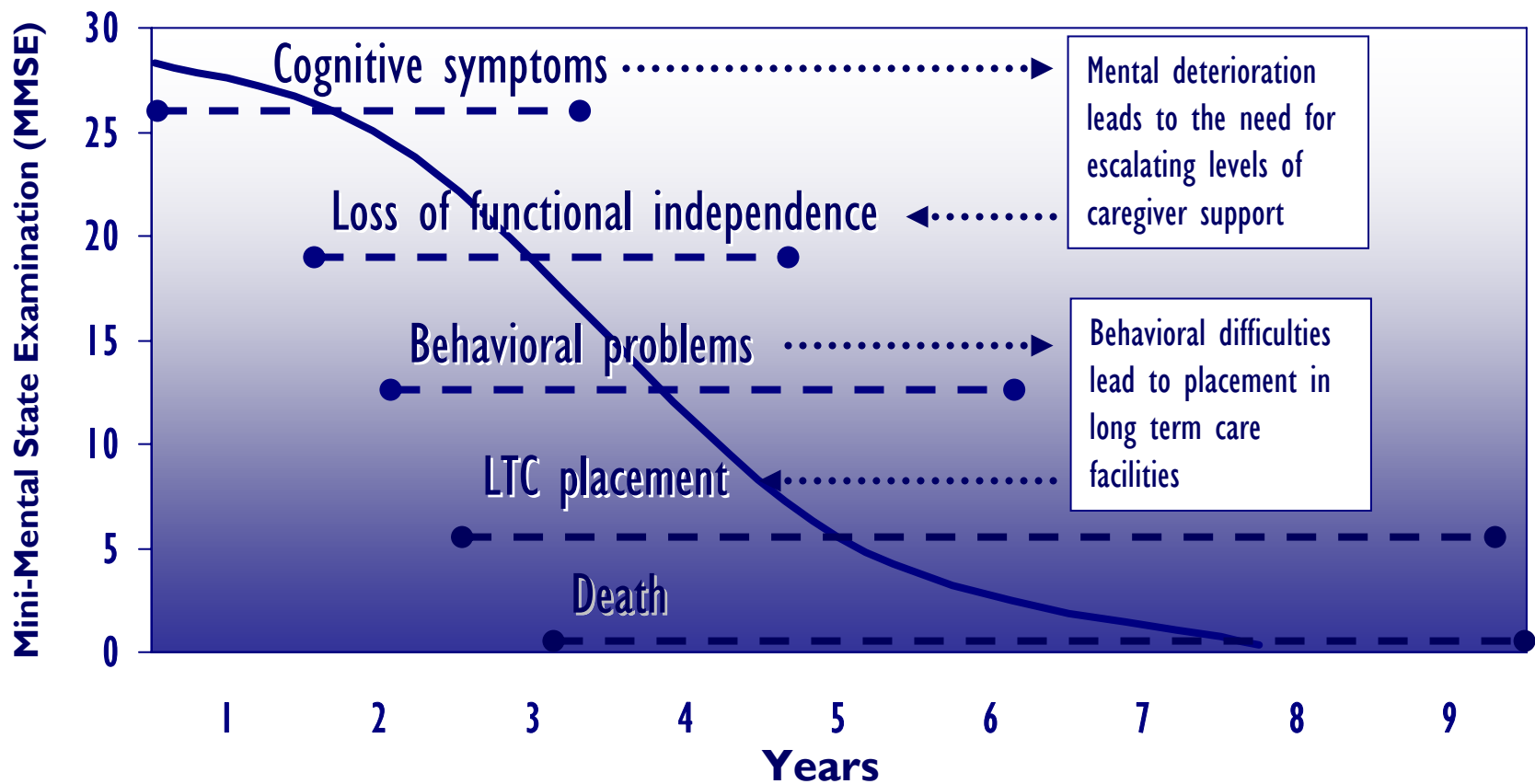


KEY FACT:

Two-thirds of elderly with AD are in fair-to-poor health, versus only about one-quarter of those without AD.

Source: National Academy on an Aging Society (2000).

Alzheimer's Erodes Independence



Source: Gauthier (1998).



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Fiscal Impact: Overall

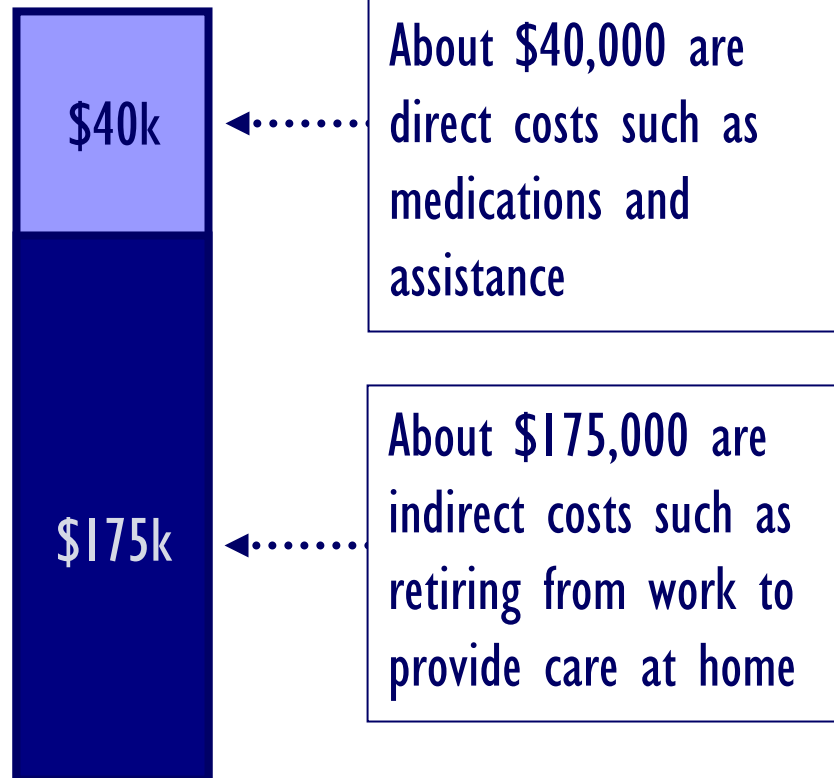
- Today Americans spend about \$200bn per year caring for those with Alzheimer's
- Already the country's 3rd most costly disease
- Costs to increase 4x in coming decades given current therapies and trends

Source: *Koppel (2002)*.

Fiscal Impact to Individuals

KEY FACT:

From the point of onset, a family's average lifetime cost to care for a family member with AD is **\$215,000.**



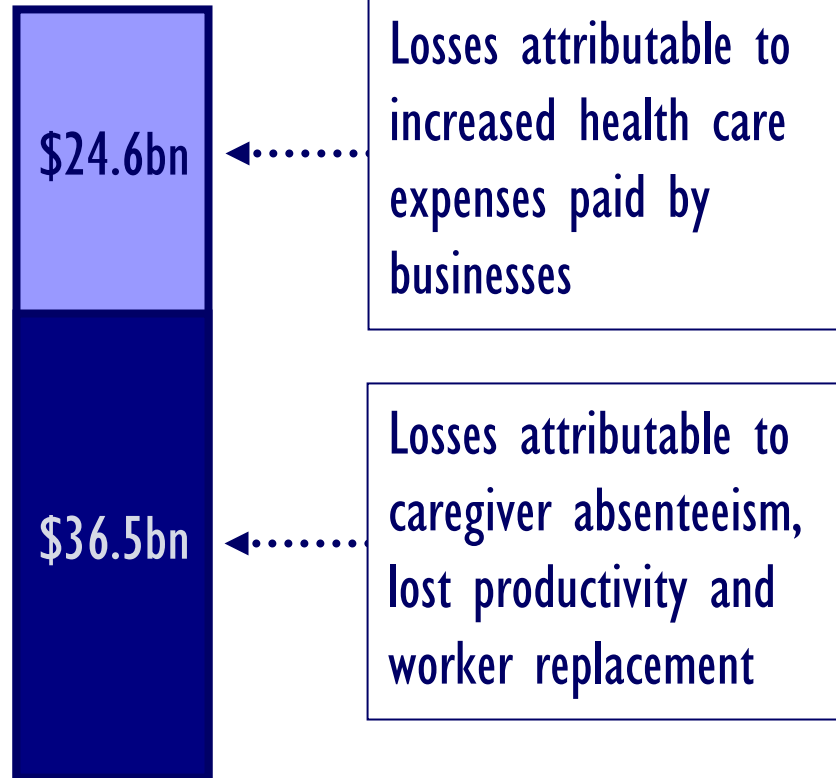
Sources: Fox (2001); Ernst (1994).



Fiscal Impact to Businesses

KEY FACT:

AD currently costs US businesses \$61 billion per year — a number that is set to increase as AD cases increase.



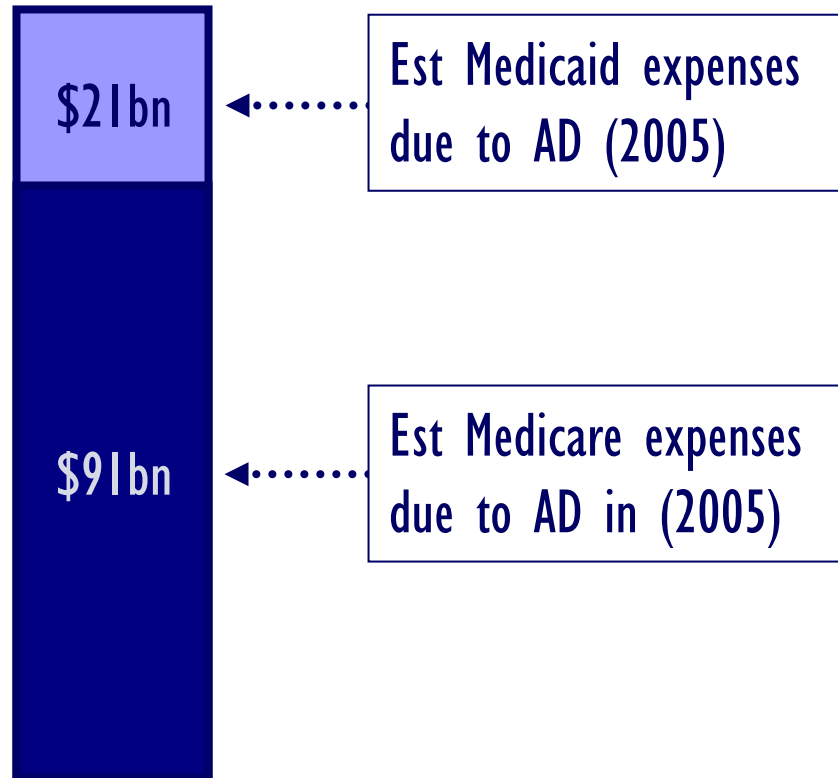
Sources: Koppel (2002).



Fiscal Impact to Federal Government

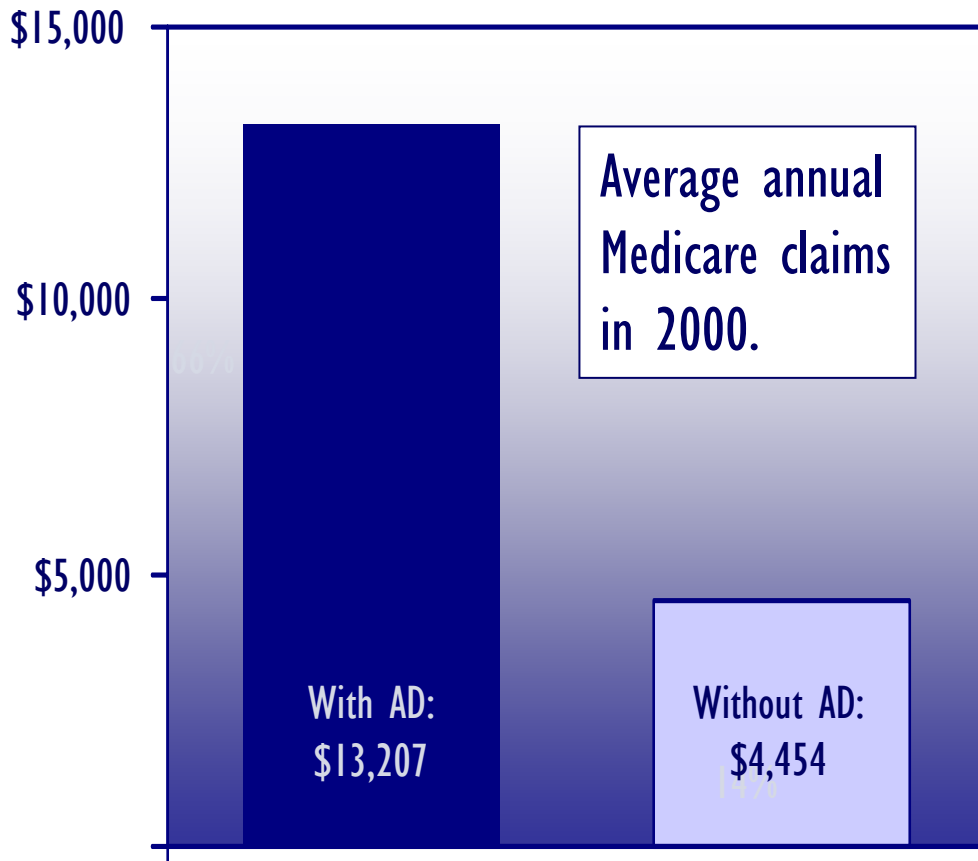
KEY FACT:

Alzheimer's Disease is estimated to have cost Medicaid and Medicare more than \$110 billion in 2005.



Sources: Lewin Group (2004).

AD's Impact on Medicare Costs

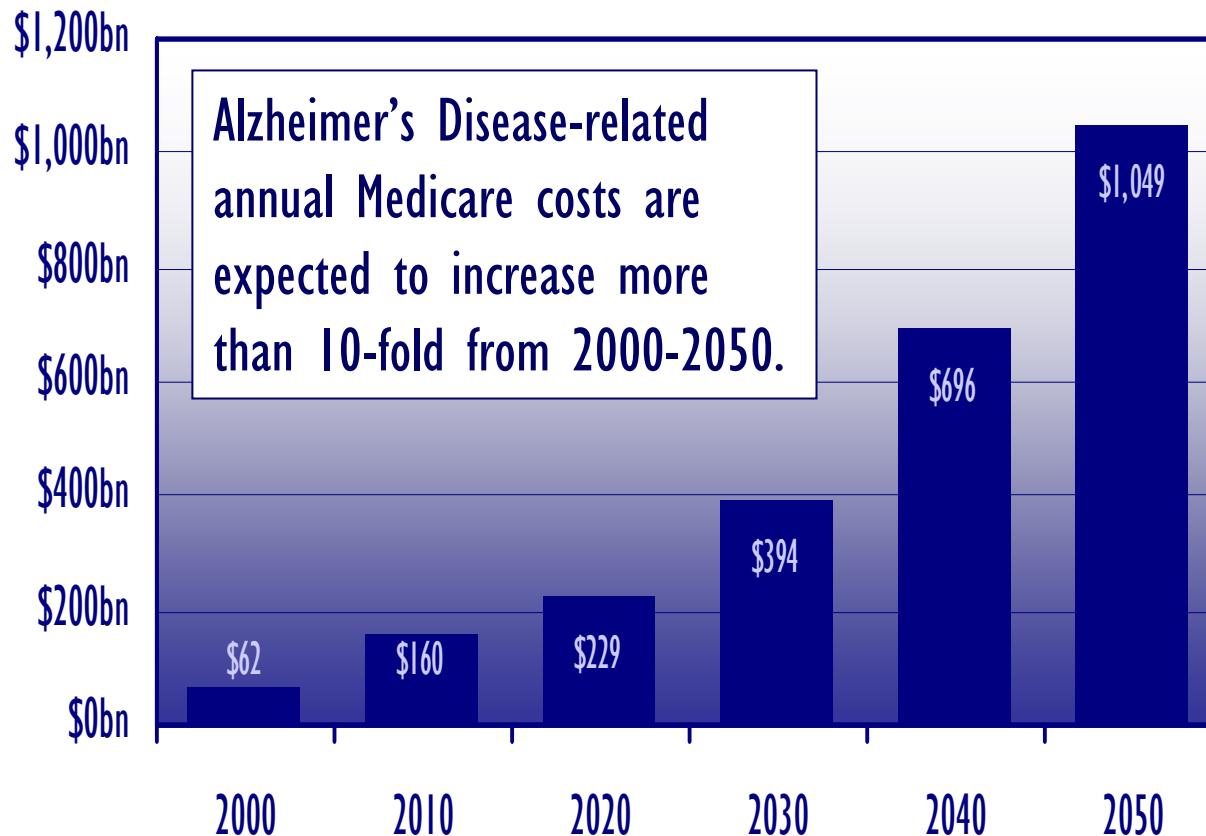


KEY FACT:

Medicare beneficiaries with Alzheimer's Disease have 3x greater claims than those without.

Source: Lewin Group (2004).

AD's Medicare Costs over Time

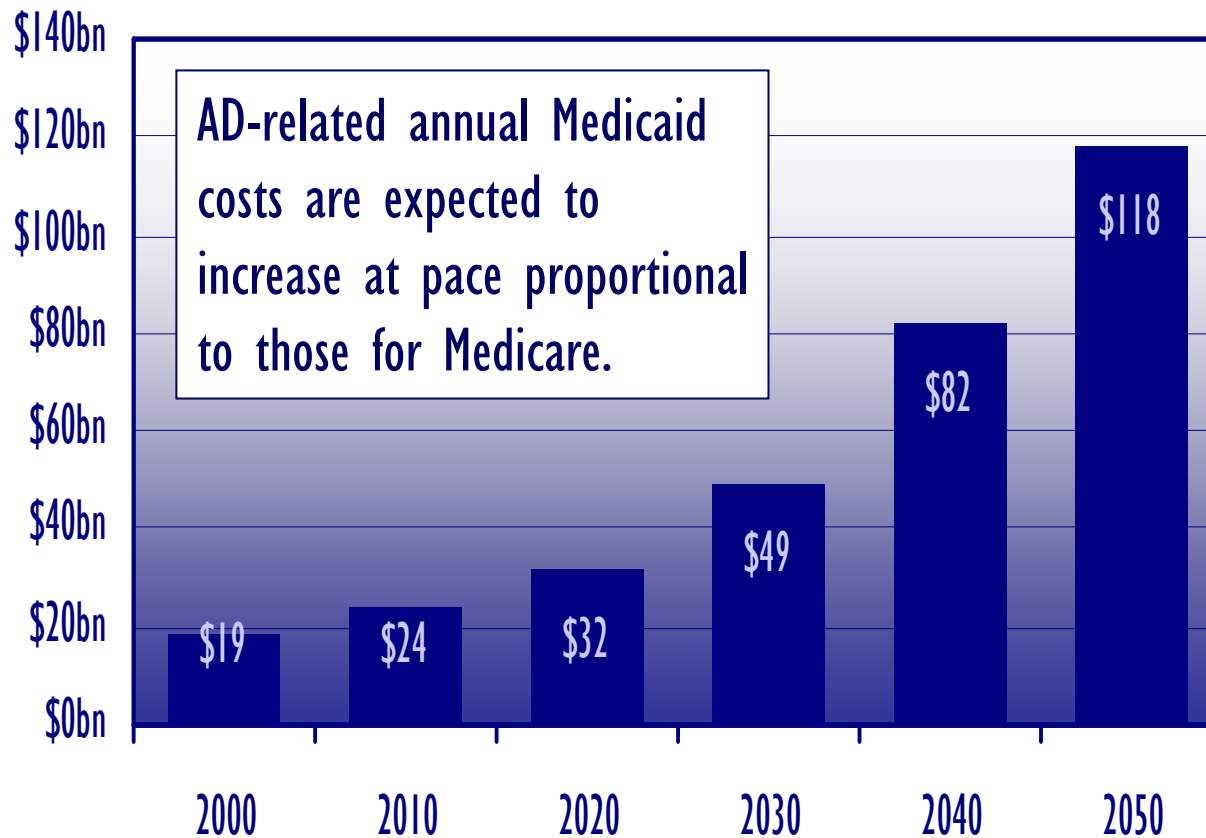


KEY FACT:

AD will add a trillion dollars per year to Medicare (in today's dollars) by the time today's college graduates retire (~10% of 2005 GDP).

Source: Lewin Group (2004).

AD's Medicaid Costs over Time



KEY FACT:

Half of all nursing home residents suffer from AD or other form of dementia, greatly increasing the cost of long-term care.

Source: Lewin Group (2004).



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Proportion of US Government Spending on Ending AD Epidemic

- For every dollar the US government spends to treat the impact of Alzheimer's through the Medicare and Medicaid programs...
- Less than one cent is spent to discover and develop cures and improved treatments through NIH and FDA.

Source: Lewin Group (2004) for Medicare and Medicaid spending; CHT analysis for NIH and FDA spending.

Value of a Breakthrough

- A research advance that delayed the onset of AD by 5 years would have the following impact by 2050:
 - A 5.3 million (40%) reduction in prevalence
 - A \$444 billion (42%) annual Medicare savings
 - A \$70 billion (59%) annual Medicaid savings
 - Total annual \$515 bn (44%) savings for CMS

Source: Lewin Group (2004).

Sources

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