



Our Mission

The Milken Institute Center for Health Economics provides valuable analysis on the state of U.S. health and life sciences industries, and helps government and business leaders determine what policies and actions would best drive solutions to current and future health-care challenges.

The Need

In 2006 total U.S. health expenditures reached \$2.1 trillion, indicating 16 percent of GDP, or \$7,026 per person. By 2016 health-care spending is estimated to be 19.6 percent of the country's GDP, or more than \$4.1 trillion. More than half of all Americans suffer from one or more chronic diseases; that rising rate is a crucial but frequently ignored contributor to rising medical costs.

In the face of major health challenges, there has been demand for tools to prioritize health-care interventions. Developing these tools will help provide maximum benefits to patients with constrained resources.

What We Do

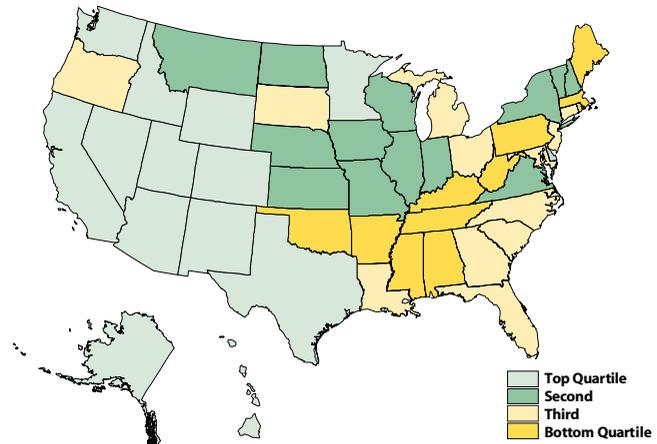
- The Center for Health Economics specializes in:
 - examining the impact that current health-care trends — including a growing elderly population and the rise of some chronic diseases, such as diabetes and heart disease — will have on businesses, individuals and the overall economy, and providing recommendations for decision makers to reduce the growing burden of health-care costs.
 - evaluating strategies and programs (such as appropriate prescriptions or Medicare Part D) through systematic approaches that include consideration of possible outcomes, alternative treatments, preferences and external conditions.
 - assessing the ability of global research institutions to transfer their important life science discoveries into marketable projects — a powerful economic development tool.
 - estimating the net impact of higher current preventive-care costs and reductions in future chronic disease and associated treatment costs.

The Center for Health Economics was established as a result of the Institute's increasing research into the impacts of health and disease outcomes on business costs, labor supply, and state, regional and national economic growth. Good health is an investment in economic growth, yet chronic disease rates are on the increase. The United States faces a dual challenge: how to create incentives for affordable health care and expand coverage to the uninsured population.

Our work addresses issues faced by employers, insurers, governments and communities. Building on a history of previous Milken Institute health studies, the Center for Health Economics addresses the challenges of rising health-care costs, the impacts of disease interventions, the benefits of personal behavioral modifications that could prevent chronic disease, investment in health early in life and the overall effects of health, both short term and intergenerational, on human capital and economic growth.

The Center for Health Economics helps to inform and improve decision making about how best to use limited resources in health care. We incorporate what is known — and what remains uncertain — about each problem into the decision-making process.

State Chronic Disease Index



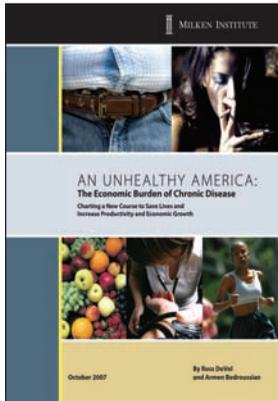
Note: States in the top quartile have the lowest rates of seven common chronic diseases. Source: Milken Institute

"In every community in our country, people are suffering from preventable chronic diseases. Not only does that suffering affect our nation's overall health — but also our nation's economic productivity. With this new data (*An Unhealthy America*) from the Milken Institute, we now know the cost burden of chronic disease in our nation, and it's truly staggering. . . . Any funding that we spend to prevent chronic disease today will actually be a valuable investment — with long-term dividends."

— **Richard Carmona, M.D., Chairperson, Partnership to Fight Chronic Disease (PFCDD); 17th U.S. Surgeon General (2002–2006); President, Canyon Ranch Institute**



Research Initiatives



The Milken Institute Center for Health Economics has emerged as a direct result of the growing scrutiny that businesses and governments are paying to the nation's health. Good health is good for business, but how will the scenario unfold for a country whose aging population faces not just health crises, but health-insurance crises? How can we reduce health disparities by focusing on barriers to

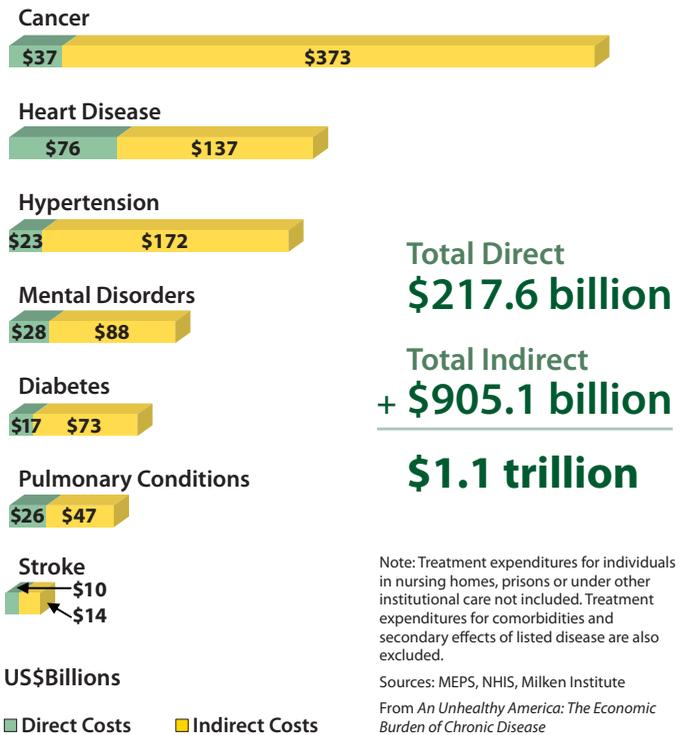
good health? What will encourage and reward advances in clinical practice and research that improve quality of care for those with prevalent and costly diseases?

The Center will pursue research initiatives like *An Unhealthy America: The Economic Burden of Chronic Disease — Charting a New Course to Save Lives and Increase Productivity and Economic Growth*. This study, released in 2007, was the first of its kind to quantify current and future treatment costs, as well as the economic losses for business, across all 50 states. Researchers tracked seven chronic diseases and found the impact on the U.S. economy to be \$1.3 trillion annually, including lost productivity totals of \$1.1 trillion and \$277 billion for treatment.

The Center is undertaking an initiative on the epidemiology and outcomes of hormone refractory prostate cancer (HRPC) patients in the United States. This study is primarily aimed at quantifying

the medical burden of patients diagnosed with HRPC. Our goal is to determine the size of the patient population showing advanced prostate cancer; their treatment patterns (inpatient, outpatient and drug treatment); and the medical costs associated with those patterns. We will also address key technical issues, such as defining advanced prostate cancer through multiple criteria and selecting efficient strategies to treat advanced prostate cancer patients, utilizing two very different datasets.

Avoidable Treatment Costs and Output Losses in 2023 by Chronic Disease



Some of Our Partners

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| Partnership to Fight Chronic Disease | AstraZeneca |
| Pharmaceutical Research and Manufacturers of America | Prostate Cancer Foundation |
| The New England Healthcare Institute | Bristol-Myers Squibb |
| U.S. Chamber of Commerce | Chicagoland Chamber of Commerce |
| Biotechnology Industry Organization | BioAdvance |
| National Association of Manufacturers | National Association of Chronic Disease Directors |
| | Nemours Foundation |
| | Deloitte |

“The report (*An Unhealthy America: The Economic Burden of Chronic Disease*) adds to the growing base of information describing the impact of chronic disease on health-care costs and provides detailed analysis about its influence on the labor supply and the economy through decreased worker productivity.”

— JudyAnn Bigby, M.D., Secretary of Health and Human Services, State of Massachusetts

