

LITAN: CONGRESS CAN OVERCOME RISING HEALTH CARE COSTS AND BABY BOOMER CHALLENGES WITH BILLIONS IN BROADBAND SAVINGS

Over \$800 Billion in Potential Savings and Outputs Projected From More Rapid Broadband Deployment, Savings Are Nearly Half of \$1.8 Trillion Spent on Health Care Each Year

WASHINGTON, D.C.//April 4, 2006//A leading U.S. economist today delivered an important message to Congress that accelerated broadband deployment could offer billions in savings to help the U.S. be more prepared for the social and economic challenges of the Baby Boomer retirement. Over the next 25 years, approximately 78 million Baby Boomers will retire, dramatically changing the demands on both government and private resources. Economic gains from expedited broadband rollout can be a potential solution to alleviate these strains.

In a Capitol Hill briefing organized by the New Millennium Research Council (NMRC), with welcoming remarks by Representative Eliot Engel (D-NY), Robert E. Litan stressed that savings from broadband deployment are enormous. Litan identified 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 that can be available to help ease America’s transition to an older society. At the event, entitled, “**Broadband Solutions to the Looming Health Care Crisis: Overcoming the Baby Boomer Challenge Through Technology,**” Litan discussed how broadband deployment to older Americans and people with disabilities is an untapped resource for economic growth and provision of social and health care services. 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.

Litan highlighted key findings from his recent report, “**Great Expectations: Potential Economic Benefits to the Nation from Accelerated Broadband Deployment to Older Americans and Americans with Disabilities.**” The reports states: “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 ...”

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.”

Following Litan’s presentation, three national leaders from the senior and disability communities offered their views on the importance of broadband to their constituencies and endorsed Litan’s findings and call for action.

Paul Schroeder, Vice President for Policy and Programs at the American Foundation for the Blind, said: “People with vision loss are enthusiastic about the prospect for faster, reliable, and more convenient access to information made possible with technologies that rely on broadband capacity. We applaud the New Millennium Research Council and economist Robert E. Litan for producing a thoughtful analysis of the potential economic benefits broadband technologies hold for people with disabilities and the country’s aging population. To make this vision a reality we must ensure that broadband equipment and services are accessible to people with disabilities and the best way to ensure full accessibility is to mandate it.”

Andrew J. Imparato, president and CEO, American Association of People with Disabilities, said: “Bob Litan makes a compelling case for accelerated broadband deployment, showing definitely that it can be an economic windfall and make incredible improvements in quality of life for all people. As demographics shift, it will become more important to provide services that broadband makes possible, such as telemedicine, telework, and distance learning. This is crucial for not only the disability community, but all Americans.”

Kristin Fabos, Executive Director of SeniorNet, said: “Bob Litan shows the vast potential of broadband for older Americans and the economic importance of getting this growing segment of the population online. With 75% of Americans over the age of 65 still unable to access the Internet, we have a long way to go. In addition to accelerated broadband infrastructure, we need technology training specifically tailored to how older adults learn, before the U.S. economy can truly benefit from their online participation.”

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>.

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