

# Study projects significant savings from potential Alzheimer's disease treatment

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Alzheimer's disease treatments that slow progression of the disease could significantly reduce the financial burden to U.S. state budgets, according to a new USC study.

The study outlines how states—which have been hit particularly hard by the COVID-19 pandemic—would see relief: Medicare would cover the costs of treating the disease, while Medicaid expenditures would be reduced due to fewer patients entering nursing homes.

Assuming a 40% relative reduction of Alzheimer's disease progression rates with treatment, researchers projected two decades of savings beginning in 2021, using a simulation model of state Medicaid programs. They forecast annual savings for Medicaid programs of \$7.4 billion in 2030; by 2040, the annual savings would be more than \$22 billion.

All told, the researchers calculated that disease-modifying treatments would help Medicaid avoid paying \$186 billion from 2021-2040 by preventing over one million patient-years of nursing home use. The study was published in *Alzheimer's & Dementia: Diagnosis, Assessment and Disease Monitoring*.

"With the introduction of an Alzheimer's disease-modifying drug, Medicaid programs would be in a position to reap significant savings from avoided or delayed nursing home admissions because of reduced dementia progression and dependency on care," said lead author Soeren Matke, a research professor of economics at the Center for Economic and Social Research (CESR) in the USC Dornsife College of Letters, Arts and Sciences.

The model assumes treatment would begin in the [mild cognitive impairment](#) or mild dementia disease stages and delay progression to more advanced stages. Delayed progression will not only improve quality of life for patients and caregivers, but it will also allow patients to live independently in their homes and communities longer, reducing the number of years which they would otherwise spend in nursing homes.

The study projected higher per capita savings for states with an older

population, those with higher Medicaid payment rates, those with more nursing home residents covered by Medicaid and those with a lower federal contribution to their Medicaid programs.

## **State's COVID-19 costs could be counterbalanced with savings from an Alzheimer's drug**

The researchers say an important consideration is that states will only realize the projected savings if patients are diagnosed and treated in a timely manner, which is challenging because of the large number of patients and the subtle nature of early-stage cognitive decline.

"How prepared each state's health system will be to handle the large number of patients seeking treatment will influence the magnitude of the savings—and how fast they will accrue", Mattke said. "The COVID-19 pandemic has taught us the need to plan ahead, and that is exactly what states need to do now."

The study authors documented the devastating effect of the COVID-19 pandemic on U.S. state coffers. Sweeping [budget cuts](#) in many states are inevitable; at the same time, Medicaid enrollment is expected to increase.

However, the researchers said, an unexpected source of savings to states may be on the horizon with disease-modifying treatments for Alzheimer's disease. For example, the FDA is reviewing an application for the first [disease](#)-modifying treatment, with a decision expected in early June. Applications for similar drug candidates may be forthcoming.

**More information:** Jenny Lam et al, Projection of budgetary savings to US state Medicaid programs from reduced nursing home use due to

an Alzheimer's disease treatment, *Alzheimer's & Dementia: Diagnosis, Assessment & Disease Monitoring* (2021). [DOI: 10.1002/dad2.12159](https://doi.org/10.1002/dad2.12159)

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