



University of Connecticut
SCHOOL OF BUSINESS

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**NEW REPORT ESTIMATES COST OF LOW HEALTH LITERACY
BETWEEN \$106 - \$236 BILLION DOLLARS ANNUALLY**

*Experts discuss if improving health literacy is the solution
to providing coverage for the nation's 47 million uninsured people*

STORRS, CT– October 10, 2007 – A new report released today from the University of Connecticut states that the cost of low health literacy to the United States economy is in the range of \$106 billion to \$236 billion annually. According to the report, *Low Health Literacy: Implications for National Health Policy*, the savings that could be achieved by improving health literacy translates into enough funds to insure every one of the more than 47 million persons who lacked coverage in the United States in 2006, according to recent Census Bureau estimates¹.

“Health literacy” is defined as the degree to which individuals have the capacity to obtain, process and understand basic health information. According to the U.S. Department of Education’s 2003 National Assessment of Adult Literacy (NAAL), which contained a health literacy component for the first time, 36 percent of the adult U.S. population – approximately 87 million people – has only Basic or Below Basic health literacy levels.

Persons with Basic health literacy would have trouble, even when using information from a clearly written, accurate pamphlet, providing two reasons why persons with certain symptoms might have a specified test. Individuals considered to have Below Basic health literacy would not be able to recognize a medical appointment on a hospital appointment form, nor would they be able to determine from a clearly written pamphlet containing basic information how often a person might have a specified medical test.

“Our findings suggest that low health literacy exacts enormous costs on both the health system and society, and that current expenditures could be far better directed through a

¹ High-end estimate of \$236 billion divided by 2006 annual per capita medical expenditure of \$3,905 (MEPS data) equals more than 60 million. Current estimate of uninsured Americans is 47 million.

commitment to improving health literacy,” said John A. Vernon, PhD, Department of Finance, University of Connecticut, and lead author of the report.

Public policy plays an important role in addressing low health literacy and its effects. Conversely, the failure to act carries high costs in terms of individual health, healthcare spending, and the economic well-being of the nation as a whole.

“Providing the U.S. population with access to affordable coverage creates a more level playing field among those who are and are not health literate. It is particularly challenging to improve literacy among populations who lack affordable access to timely and appropriate health care,” says Sara Rosenbaum, JD, The Harold and Jane Hirsh Professor of Health Law and Policy and Chair of the Department of Health Policy at the George Washington University School of Public Health and Health Services.

The report findings highlight two basic types of health policy interventions. The first is elimination of disparities in health insurance coverage. The second focuses on specific actions to improve the ways in which health insurers and healthcare providers relate to and interact with patients.

“An individual’s health literacy skills have a profound impact on his or her ability to manage a chronic illness, such as diabetes or high blood pressure. If an individual understands and can act upon medical instructions, unnecessary emergency department visits and hospitalizations can be reduced, which in turn lowers overall healthcare costs,” says Barbara DeBuono, MD, MPH, Executive Director, Public Health and Government, Pfizer Inc. The health literacy report was supported by a research grant from Pfizer.

“There is an important connection between health literacy, healthcare quality, and patient safety. We would expect that improvements in the health literacy field would advance patient safety as well,” said Diane Pinakiewicz, MBA, President, National Patient Safety Foundation.

About University of Connecticut’s (UConn) School of Business:

Founded in 1941, the UConn School of Business has evolved into one of the most comprehensive business schools in the nation offering undergraduate and graduate programs in accounting, finance, management, marketing, operations and information management, MBA, executive MBA and specialized master’s degree and PH.D. degree programs. The School of more than 100 full-time faculty has 1,800 undergraduate students and approximately 1,100 MBA students on four campuses: Storrs, Hartford, Waterbury and Stamford. The School’s location in

the middle of the New York City – Boston corridor (the heartland of Fortune 500 territory) provides the program with a dense network of corporate partners and strong distribution for its graduates into the workplace. It ranks in the top five percent of business schools and is widely considered one of the best in the Northeast as evidenced in frequent rankings by *Business Week*, *The Wall Street Journal*, *U.S. News & World Report* and *The Princeton Review*. For additional information, visit www.business.uconn.edu