RETURN ON INVESTMENT FOR CHW PROGRAMS: GET READY FOR ROI!

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OBJECTIVES

- Introduce a toolkit designed to assist agencies of various sizes to compile data on CHW program finances and health outcomes
- Overview of key questions to consider when conducting an ROI
- Steps to properly prepare for study design, data management and analysis
- Different types of ROI
WHY SHOULD YOU CARE ABOUT RETURN ON INVESTMENT OF CHW PROGRAMS?

- Success and impact should be replicated and shared

- CHWs have proven impact

- Proving ROI for the sake of sustainability of your CHW programs as well as for the CHW model as a profession

- ROI is an important financial tool; people want to know if I invest this much in a CHW program how much am I going to get out?
ROI TOOLKIT

A GUIDE FOR CONDUCTING A RETURN ON INVESTMENT ANALYSIS OF YOUR COMMUNITY HEALTH WORKER PROGRAM

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WHAT IS RETURN ON INVESTMENT?

A Return on Investment (ROI) is the total value of benefits or profit from a program divided by a total cost.
WHAT IS RETURN ON INVESTMENT?

Give me Examples

- Your industry
- Your Life
- Your Work

Often this information is not available or is not published on existing CHW programs.
Why Return on Investment?

1. It is a relatively easy to understand as a measure.
2. It is versatile.
3. ROI estimates direct financial impact.
4. It is also the basic estimate of profitability.
WHAT TYPES OF ROI ARE YOU CALCULATING?

- **Community level** – How much is the community impacted by a program?

- **Institutional** – How much was the host clinic or network impacted? This may look at direct profits brought in from a particular program.

- **Individual** – How much did individual patients benefit from the program? Emphasis here is on the value of services received and/or projected productivity outcomes.
GETTING STARTED WITH RETURN ON INVESTMENT
KEY COMPONENTS OF RETURN ON INVESTMENT
GETTING STARTED WITH ROI

- Where are you?
- Do you have an existing CHW program you would like to calculate an ROI for?
- Are you creating a new CHW Program?
- Are in the process of writing a grant?
The strength of ROI is understanding that there are multiple ways to get it there but the concept is the same.

Calculating ROI is not trying different numbers until you find something you like, it is showing that the more ways or variations you try the stronger you make the argument.
BUILDING YOUR ROI TEAM
No matter if you are calculating ROI for a new or existing CHW program, taking the time to build and engage your team is one of the most important first steps.

1. Who should you include?
2. Who can make management decisions in my organization?
3. Who understands the financials or budget?
4. Who understands your programs and program outcomes?
BUILDING YOUR ROI TEAM

- Key Individuals to include on your team: CHWs, Program Coordinator/Manager, Senior Management (ex: Nursing Manager, Medical Director), Business Office/Finance, IT/EMR/Data Analyst

- Everyone knows different, key pieces of information to contribute to ROI.

- Talk to your team before, during, and after working through your ROI to ensure you get a complete picture
FINDING YOUR NUMBERS
WHERE ARE YOUR NUMBERS?

- Where do you get your program data?
- What type of data do you collect?
- What variables do you have?
- Where is it stored?
- Who has access?
- Who understands the outcomes?
- When did you collect it?
- What is the timeframe you are focusing on for your ROI Calculation?
WHAT DATA CAN BE USED?

Some Key Considerations for Data:

• From how many sources will data be drawn?
• Are the same variables available for all patients involved?
• How frequently are data collection tools updated?
• Will data being used fall under HIPAA regulations? If so, how will identifying information be protected?
• How far back (if retrospective) or into the future (if proactive) will data be included?
MANAGING ASSUMPTIONS

- Building key assumptions for your program data is key in building your ROI calculation.
- Begin by asking yourself, what national or state level data comparables do I have that go with my program variables/data?
  - Utilizing State and National data is important to build these assumptions
  - Looking at industry or discipline specific data can be useful as well
- The key to managing your assumptions is to disclose your assumptions and comparables throughout the process.
- Sometimes an ROI will be a range depending on the assumptions you make.
Table 1 below contains examples of sources from the web and literature. The research you conduct and sources you utilize to build your value estimate assumptions depend on the distinct makeup of your CHW program.

**Table 1: Program Outcome Value Estimate Sources**

<table>
<thead>
<tr>
<th>Outcome Value Estimate</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average values of benefits received for private insurance coverage</td>
<td>“Total Health Services – Percent of persons with an expense, mean expense per person with an expense, and distribution of expenses, by sources of payment, United States, 2010.” Medical Expenditure Panel Survey. Agency for Healthcare Research and Quality. 2010.</td>
</tr>
</tbody>
</table>
GETTING TO KNOW YOUR FINANCIAL INFORMATION
The key point here is including all financial information for your program

- What is your overhead?
  - Do you have a federally approved overhead rate? This is a key piece of information your financial person will be able to tell you.
  - Do you have any allocations methods you already use for overhead costs?
- What are your start-up cost?
- Do you know all the expenses that are included in your program?

*Your finance department may have already developed a system to capture this. Don’t reinvent the wheel, ask the appropriate person.*
How do I begin sourcing health cost data for my ROI?

- Begin with the data and variables available to you from your program and the assumptions you made about that data earlier in the process.
- The point of this exercise is researching health care cost data to compare to the program cost savings calculated earlier.

- Again, look to State and National data and research for this information; Looking at industry or discipline specific data can be useful as well.
<table>
<thead>
<tr>
<th>Healthcare Cost</th>
<th>Source</th>
</tr>
</thead>
</table>
CALCULATING ROI
All of our preparation and research now means we are ready to calculate our Return on Investment (ROI).

- Before you move forward, ask yourself, have I satisfied all the key components for calculation ROI?
  - I built my team and everyone has contributed
  - I know my program outcomes/data and have clearly state my assumptions
  - I know my complete financials/budget
  - I have researched and have relevant and comparable health cost data

If you answered yes to all of the above, then you are ready to calculate ROI!
Remember ROI is simply, the benefit received divided by the program cost.

\[
\text{ROI} = \frac{\text{BENEFITS RECEIVED}}{\text{PROGRAM COST}}
\]
TOOLKIT INCLUDES:

- Information on addressing for inflation
- Health Center example
- Conclusions and next steps of ROI
- FAQs
- Other ROI Resources
- Worksheets
  - Building your team
  - Getting to know your data
  - Creating program value estimates
  - Identifying health care costs
THANK YOU!!!!

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