



ROI Calculator for Partnerships to Address Social Needs: A STEP-BY-STEP GUIDE

The Quick ROI calculator is designed to help healthcare and community-based organizations plan sustainable arrangements to finance the delivery of social services that can improve the health of patients with complex health and social needs. This document is intended to help you complete each answer with confidence.

How to Navigate: Refer to the menu in the left panel to track your progress through the calculator. Click the “Next” button at the bottom of each screen to move to the next screen. Click the “Previous” button or use the menu in the left panel to go back and change your selections. When you go back and change your selection on a question, the calculator will automatically change all the following calculations and data to reflect the new selection. You can click the “Reset and Start Again” button at the top of the page to erase your entire selections and start the calculator from the beginning.

How to Learn More: On each page, there are information icons. Click on these icons to identify definitions and other ancillary materials related to each page. You can also access some of these resources on the “Help and Reference” button at the top of each page.

Contact Us: If you have questions about the tool, are aware of a study that is not included, or are interested in hiring HealthBegins to support you in articulating the value of your social service intervention (including ROI), click the “Contact Us” button at the top of each page or [click here](#).

Ready to get started? Click the “Quick Calculator Start” button and follow the instructions below.

What social service will you offer, and what healthcare service(s) do you expect them to impact?

- 1. Intervention:** Select the type of social service you plan to offer from the list. If you offer a service that is similar but not the same as one of the interventions selected you can select one that is closest to your intervention. For example, if you offer medically tailored food boxes for people with diabetes you could select the “medically tailored meals” option. You will then want to use your knowledge of the service and its potential impact to adjust the prepopulated data. For example, you may want to reduce the percent impact on healthcare utilization because you are not offering the intervention to fidelity and so you want a more conservative estimate of the ROI. *(Note: Use the [Deep Dive Calculator](#) to examine the impact of multiple services and/or other services not listed here.)*
- 2. Payer:** Select the type of health insurance coverage that is predominant for the population you plan to serve. If you aren’t sure, click on “definition of payer type” for helpful information. The calculator uses this payer type to populate baseline healthcare utilization (for example, the number of times the average person goes to the emergency department (ED) and cost inputs (for example, the cost of that ED visit) accordingly. The reimbursement for healthcare services is highest for commercially insured populations, followed by Medicare and finally Medicaid. So if you have a hybrid population you may want to calculate the ROI for each population that you serve so you can see how the ROI might be different based on the healthcare payer.
- 3. Healthcare Services:** The calculator will pre-select the types of healthcare services that research has shown can be impacted by the intervention. You can unselect any that are not relevant to your partnership. If the ROI calculator database does not have literature supporting a reduction in that utilization outcome as a result of the intervention you selected, the Quick Calculator will not allow you to select that utilization outcome. *(Note: Skilled Nursing Facility (SNF) is only an option for Medicare and dually-eligible populations for which we have pricing and utilization data).* You can use the [Deep Dive Calculator](#) for utilization outcomes outside our database, or [contact us](#) if you need support to calculate financial and non-financial benefits of other health care outcomes. Let us also know if you are aware of studies that we should include.

3a. Admissions or Readmissions: When research shows that both hospital admissions and readmissions can be impacted by the intervention, you will be asked to choose one or the other to avoid double counting. You can come back and select the other to compare their relative impacts.

Note: A healthcare organization may prioritize readmissions reductions when they are the focus of value-based payment incentives or potential financial penalties under Medicare’s Hospital Readmissions Reduction Program.

How many people will you serve, and what quantity of social services will you provide?

- 4. Population:** Enter the number of people who will receive the social service intervention. The

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calculator assumes that the population is comprised by adults with complex health and social needs when calculating the intervention's impact on healthcare utilization.

Note: To get a more complete picture of ROI enter the number of people you will be serving when your program is at full capacity.

5. **Quantity:** Enter the average number of units each member will receive per month..
 - ▶ For meals: enter the average number of meals to be provided to each participant in a month.
 - ▶ For transitional housing and medical respite/recuperative care: enter the average number of days that each participant will stay overnight per month.
 - ▶ For supportive housing, legal assistance, and care management: enter 1 to apply the calculator's default service cost per person per month. Alternatively, if you are more likely to be paid per contact or visit, you can enter an average number of contacts to be made per person per month. If you do this, you will want to change the payment type to units and enter your own per visit cost amount.

6. **Duration:** Enter the average number of months that a participant will receive the social service intervention. The calculator will use this for computing payment per case, a payment model where you would get a fixed fee per person you serve (it will not affect calculations of monthly service costs or monthly savings).

What are the current healthcare utilization and costs for the population you aim to serve?

- 7. Baseline Utilization Rates:** Review the baseline utilization for each healthcare service, which the calculator has prepopulated based on national averages. You can substitute data from other sources if the national average is not relevant to your population. For example, if your population is primarily Medicaid enrollees, some Medicaid agencies post public metrics about utilization which may provide more accurate information for your state.

Note: You can use data from the [Average Utilization and Cost Tables](#) to customize these rates to reflect your population demographics.

- 8. Healthcare Service Costs:** Review the estimated cost for each healthcare service, which the calculator has prepopulated based on national averages. You can substitute data from other sources such as the [Average Utilization and Cost Tables](#) or your healthcare partner, if available. You may want to consider adjusting these costs based on your knowledge of your community. For example, if you serve a state with a lower cost of living (e.g., Mississippi, Iowa, Alabama, Arkansas, West Virginia etc.) your healthcare costs are likely lower.

What is the cost of the social services that you plan to provide?

- 9.** Enter any anticipated fixed costs and review unit variable costs of social service delivery.

Total Annual CBO Fixed Cost: Enter any one-time costs that the CBO will incur to implement the partnership, such as the cost of an information system to track referrals, the cost of legal counsel to prepare a partnership contract, or annual depreciation on the purchase of new equipment. Fixed costs are apportioned equally over all services provided during the year.

Note: To get a more accurate ROI you may want to divide your fixed costs by the number of years you hope to run the program and have the healthcare partnership. For example if you hope to have a three year contract with a payer then you would divide your total fixed costs by three to get a more accurate representation of your ROI over the three years.

CBO Variable Cost: The calculator will suggest an estimated social service cost based on published data. You can change this amount to reflect your CBOs experience, such as the cost of preparing a meal or the daily cost of medical respite/recuperative care.

For supportive housing, legal assistance, and care management, the calculator assumes a cost per person per month that covers all contacts with a participant. Alternatively, you can enter the average cost of each contact or unit, provided that you enter the average number of contacts per person per month in the field for question 5.

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*Note: the variable cost of supportive housing suggested by the calculator represents the cost of providing **supportive services only** and not the cost of housing. In addition, it provides the total cost of services, however, some of these services may be covered benefits under the individual's health insurance plan and would have their own revenue stream. You only want to include the costs that the healthcare provider is covering that do not have a separate reimbursement stream. More information about this estimate and a calculator to create your own estimate are available from the [Corporation for Supportive Housing](#).*

For transitional housing, or to add the cost of housing to supportive housing, use the [HUD Fair Market Rent](#) for your area.

CBO Administrative Cost Percentage: The calculator assumes 10% overhead for routinely incurred expenses such as rent and utilities. This percentage is typically allowed in federal contracts without a justification and negotiation. You can change this percentage to reflect your CBOs circumstances.

CBO Administrative Percentage consists of organizational expenses not readily identified with a specific project or contract but incurred for the benefit of multiple activities. These may include rent, utilities, staff training, and other infrastructure needs. This field has been prepopulated with a [10% de minimis indirect cost rate](#) that the federal government allows in any of their contracting with no justification or documentation. [Here](#) are a few resources for thinking about overhead.

Total Annual Healthcare Organization Fixed Cost: Enter any one-time costs that the healthcare partner will incur to implement the partnership, such as the cost of increasing organizational capacity to make or track social service referrals.

What impact on healthcare utilization do you expect the social service intervention to achieve?

10. This question is prepopulated based on national evidence. Review the changes in healthcare utilization that the calculator suggests based on research evidence for your selected social service intervention. (View a summary of the evidence [here](#).) You may modify these percentages based on your own experience and population.

Note: In some cases, outpatient visits may increase as a means of bringing about a reduction in other types of utilization; this is the only type of healthcare service for which the calculator allows an increase in utilization.

Will the social service intervention have any revenue implications for the healthcare partner?

A healthcare partner's revenues may change due to interventions addressing social needs. The calculator considers increases in revenues on a recurring monthly basis or a one-time annual basis.

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Note: You may ignore these potential revenue implications if they are not relevant or you do not know. The [Deep Dive Calculator](#) also considers potential reductions in a healthcare partner's revenues, such as the impact of a reductions in admissions for a hospital paid on a fee-for-service basis.

11. **Monthly revenue increase per person (PMPM).** For instance, value-based payment models may offer a monthly payment to healthcare organizations for care management activities that address social needs.
12. **Lump-sum revenue increase.** For instance, a health plan may be eligible for an annual bonus for achieving improvement targets by addressing health-related social needs. A hospital may receive a financial reward or avoid a financial penalty for reducing its readmission rate.
13. **Shared savings:** For situations in which the healthcare organization and CBO will share in any savings generated by the social service intervention, the calculator assumes an equal distribution (50% to each partner). You can change this percentage as appropriate for your partnership.