

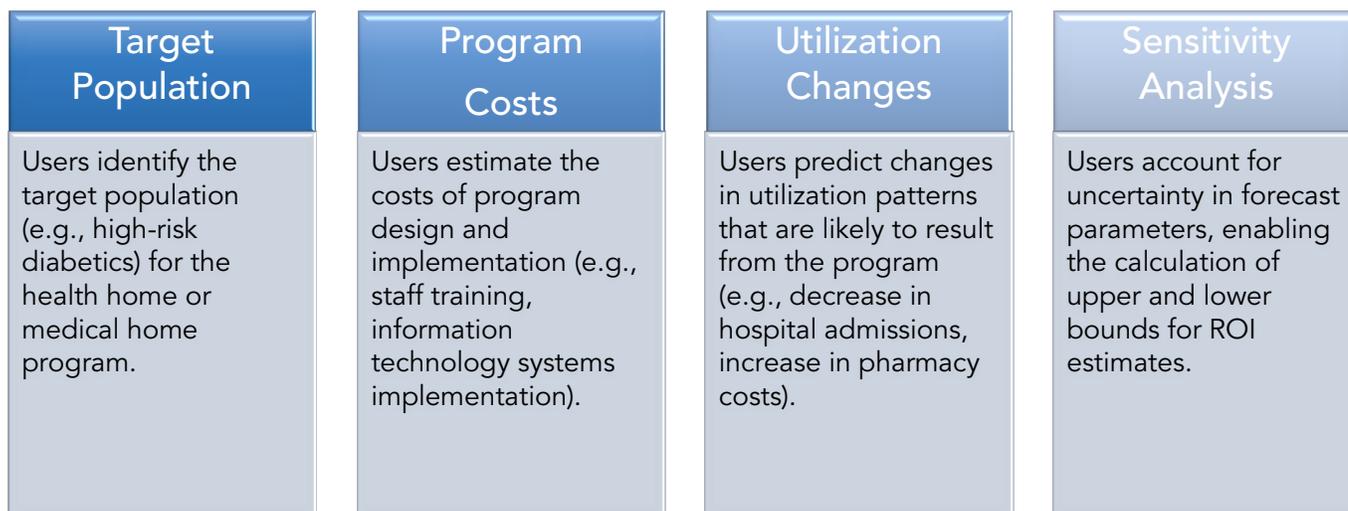
ROI Forecasting Calculator for Health Homes and Medical Homes

Medicaid policymakers and health care payers across the country are exploring options to invest in new care models to bend the cost trend and improve patient care. Health homes and medical homes are increasingly viewed as strategies to help address escalating health care costs, fragmented care delivery, and a badly strained primary care delivery system. These new care models focus on integrating care delivery in a more patient-centered way. Strategies include comprehensive care management and care coordination, transitional care, improved access and communication for patients; patient self-management support; linkages to social and community support; and adoption and use of health information technology for population management and performance measurement. Evidence suggests that medical homes help coordinate care, improve health outcomes, reduce avoidable and costly services like emergency department visits and inpatient admissions, provide financial supports to primary care practices, and can potentially transform primary care delivery.

To help Medicaid stakeholders assess and demonstrate the potential return on investment (ROI) from health and medical homes, the Center for Health Care Strategies (CHCS) developed the *ROI Forecasting Calculator for Health Homes and Medical Homes*. This web-based tool, made possible through support from the Robert Wood Johnson Foundation, is available at www.chcsroi.org.

ROI Forecasting Calculator for Health Homes and Medical Homes

The *ROI Forecasting Calculator for Health Homes and Medical Homes* is designed for state Medicaid agencies, health plans, regional quality improvement collaborative, and other stakeholders interested in assessing the cost-savings potential of health home and medical home initiatives. The *ROI Forecasting Calculator for Health Homes and Medical Homes* is a front-end planning tool that includes four primary components:



Based on data inputs into each of these four areas, the *ROI Forecasting Calculator for Health Homes and Medical Homes* estimates the expected ROI for the proposed quality initiative.

Using the ROI Forecasting Calculator for Health Homes and Medical Homes

The *ROI Forecasting Calculator for Health Homes and Medical Homes* can be used to inform health care purchasing decisions in a variety of ways. First, the tool can help predict the financial implications of proposed health home and medical home initiatives. Users specify key program attributes, such as target population size and projected utilization changes, and calculate the expected ROI based on these assumptions. To help inform stakeholder estimates and assumptions, the tool provides data on results achieved by medical home pilots and programs across the country, as well as information on program design and implementation costs.

Health care purchasers can also use the *ROI Forecasting Calculator for Health Homes and Medical Homes* to assist in the program planning process. The tool provides users the flexibility to conduct scenario testing across a wide set of health home and medical home program parameters. Users can assess the impact of changes in program design, implementation costs, or patient outcomes on expected financial returns, by varying one or more of these assumptions. The tool enables users to easily conduct sensitivity analysis to

“The ROI Forecasting Calculator for Health Homes and Medical Homes can help stakeholders design their initiatives and can facilitate discussions of the financial impact of these initiatives.”

account for the level of uncertainty across all forecast assumptions. The tool also includes an ROI Solver function that enables users to start with a targeted ROI and use the *ROI Calculator* to understand the assumptions required to achieve that result.

The *ROI Forecasting Calculator for Health Homes and Medical Homes* can be used to facilitate budget discussions about investments in these programs and

shed light regarding potential timing for payoff of such investments. By using the *ROI Forecasting Calculator for Health Homes and Medical Homes*, stakeholders will be better able to assess and demonstrate the financial implications of investments beyond their upfront costs, with an eye toward the longer term.

For More Information

Register to use the *ROI Forecasting Calculator for Health Homes and Medical Homes* at www.chcsroi.org. For more information, please contact Tricia McGinnis at (609) 528-8400 or tmcginnis@chcs.org.

About CHCS

The Center for Health Care Strategies (CHCS) is a nonprofit organization dedicated to improving health care quality and cost effectiveness for low-income populations and people with chronic illnesses and disabilities. We work directly with states and federal agencies, health plans, and providers to develop innovative programs that better serve people with complex and high-cost health care needs.