

The Business Case for the Care Transitions Intervention Program

Oregon’s Department of Human Services engaged Compelling Reason LLC to analyze the business case for the Care Transitions Intervention program (CTI) as implemented in the Portland metro area. Using a structured, “evidence-based” model of care, CTI assists patients with pre-discharge preparations and post-discharge follow-up. This document summarizes a separate, more detailed report of CTI benefits and costs.

An important measure of benefits is the savings associated with preventing hospital readmissions within 30 days of discharge. In addition, the Care Transitions Intervention program reduces the use of more expensive institutional care options (such as skilled nursing facilities) by preparing recently discharged patients to recover at home.

Preventing readmissions and supporting recovery in home and community based settings deliver benefits that apply to the health care system as a whole and provide cost savings to:

- Consumers / Patients
- Medicaid (state and federally funded)
- Medicare (federally funded)
- Commercial / Private pay health plans
- Hospitals and other providers

Making the CTI business case

CTI’s “business case” means it creates more benefits or savings for consumers, the State of Oregon, and the federal government, than it costs. Not all benefits or savings can be quantified, of course. This analysis simply estimates whether CTI’s benefits exceed its costs based on what can be quantified.

SROI: Social Return on Investment

Social return on investment measures how much “good” comes from a given effort. It is the ratio of quantified benefits (the social return) to quantified costs (the investment). For example, an SROI of “3.0 to 1” would mean \$3.00 of quantified benefits result from \$1.00 of quantified costs.

| SROI ratio | Meaning |
|-----------------|--|
| Above 1.0 to 1 | Case made. The return is greater than the investment. |
| Equals 1.0 to 1 | Breakeven. The return equals the investment. |
| Below 1.0 to 1 | Case not made. The return is less than the investment. |

Quantifying CTI's SROI

CTI's SROI compares the benefits produced by CTI to the incremental costs borne by the state to operate the CTI program.

$$\text{SROI} = \frac{\text{Total Benefits}}{\text{Total Costs}}$$

The analysis quantified only benefits and costs due specifically to CTI. The data came from the CTI program budget for the Portland metro area, the records maintained by CTI staff on the experiences of CTI patients, and data related to local readmission rates and costs for hospitalization and extended care.

Our estimate of CTI's SROI in 2019:

13.2 to 1

That SROI, analyzed in 2020 for calendar year 2019, covers the benefits we could quantify and directly attribute to the Care Transitions Intervention program.

Benefits for preventing hospital readmissions include \$15,920 to consumers, \$41,150 to the State of Oregon, and \$492,170 to the federal government.

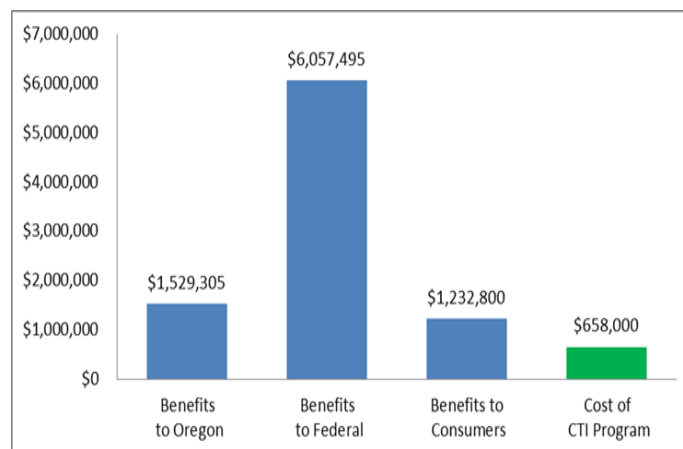
Benefits for supporting patient recovery at home (avoiding institutional care) include \$1,224,000 to consumers, \$1,150,560 to the State of Oregon, and \$5,785,440 to the federal government.

Total program benefits are \$8,709,240. Total costs are \$658,000. The SROI ratio — benefits ÷ costs — is 13.2 to 1.

13.2 to 1: The business case for CTI is strong

The graph shows the benefits of CTI far outweigh the costs of operating the program.

Investment in CTI services is particularly cost effective because the costs of hospitalizations and long term care make up a major portion of government and consumer budgets. Equally important, CTI services provide life-enhancing benefits to clients and their families.



Kristi Murphy and Dawn Rustrum managed the project for the Oregon Department of Human Services.

The I&R business-case analysis was conducted by Bruce Hamilton, Kelly Jensen, and Mark Chussil.

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