The Business Case for Oregon Project Independence

Oregon's Department of Human Services engaged Compelling Reason LLC to analyze the "business case" for the state's Oregon Project Independence (OPI) program. We conducted the analysis from February through October 2019.

Older Oregonians and people with Alzheimer's disease or physical disabilities have significant care needs that would go unmet without OPI. OPI provides preventive and long term care services to frail and vulnerable adults who are lacking or have limited access to other long term care services to reduce the risk for institutionalization and promote self-determination.

Making the business case

"Making the business case" analyzes whether OPI services provide more benefits to consumers than the OPI program costs. Not all benefits can be quantified, of course, and, despite the term "business case," we don't assume that OPI is supposed to be "profitable." The idea is simply to estimate whether the money invested in OPI is producing benefits that 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). We express it as, for example, "3.0 to 1", which would mean $3.00 of quantified benefits result from $1.00 of quantified costs.

> Our estimate of OPI's SROI, fiscal year 2016-17:
> # 3.8 to 1
> Benefits totaled $49.4 million at a cost of $13.0 million.

Quantifying OPI's SROI

We calculated OPI's SROI by 1) comparing the benefits received by OPI consumers, versus the status quo, to 2) the incremental costs borne by the state to operate OPI.

$$SROI = \frac{Benefits\,(with\,OPI) -\ Benefits\,(status\,quo)}{Cost\,(of\,OPI) - Cost\,(status\,quo)}$$

Our data came from the Oregon Access data base, DHS records, and a literature search. "Benefits" is the sum of the subset of benefits we quantified, in the four categories below.

Benefit categories	Examples: How OPI assists consumers
Personal care for consumers with unmet Activities of Daily Living[1]	Consumers with unmet ADLs that receive personal care have fewer hospital visits. Benefits are equal to the incremental hospitalization cost.
Personal care for consumers with cognition needs	Consumers with cognition needs that receive personal care have delayed entry to a nursing facility or memory care. Benefits are equal to the incremental cost of the higher cost care.
Home care for consumers with unmet Instrumental Activities of Daily Living[2]	Consumers who receive home care benefit from (a) improved quality of living due to avoiding the loss of IADLs and (b) the value of the services.
Other OPI services	Consumers benefit from the value of the services funded by OPI.

We conclude that the business case for OPI is strong

The graph shows the relative sizes of the benefits wrought by OPI (the right bar) and the costs incurred to operate OPI (the left bar). The four benefit categories taken together are *nearly four times* the costs. The business case would only get stronger by quantifying additional benefits.

The majority of benefits are quality of life improvements for OPI consumers. Benefits exceed costs even without quality of life benefits.

We conclude that the business case for Oregon's OPI is strong.

Source: The Compelling Reason SROI model

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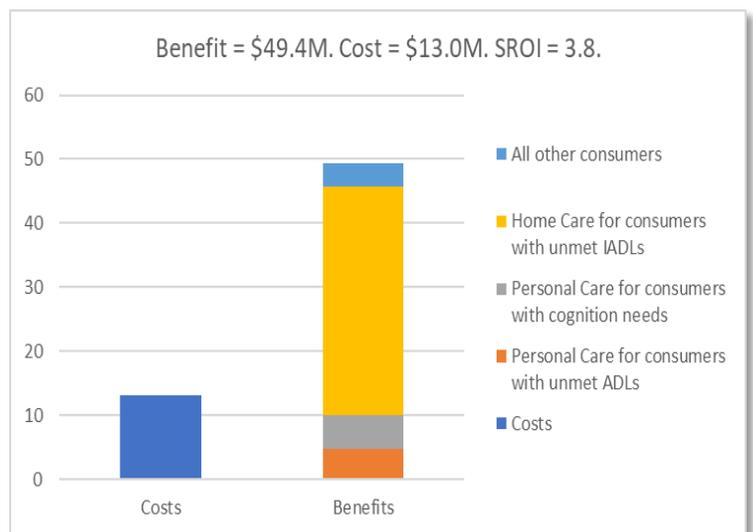
[1] Activities of Daily Living (ADLs) include bathing, dressing, walking, eating, toileting, and transferring.
[2] Instrumental Activities of Daily Living (IADLs) include using the telephone, shopping, preparing food, housekeeping, doing laundry, using transportation, handling medications, and handling finances.