



Developing a Business Case

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(Thanks to Jeff Glasheen for slides)



Roadmap

- Review: What is a business case?
- Example
- Why develop a business case?
- How to develop a business case?
 - What are you trying to do?
 - What is the benefit?
 - How would you convey that benefit?
 - What data points would you need to prove it?

What is a Business Case?

- Captures the rationale for the project
- Means to justify the resources for the project
 - All work requires some resource—why put that into this project?
- Provides the ‘why’ to your charter’s ‘what/how’
- Often aim for financial return on investment (ROI)
- But, value is also important
 - Value = $\frac{\text{Quality} + \text{Safety} + \text{Experience}}{\text{Cost}}$

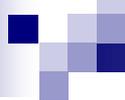


Example: Infusion Center

- What are you trying to do?
 - Reduce pt. time from check-in to drug by 72 mins.
- What is the benefit?
 - Patient's happier
 - Staff less down time
 - Open more chair time for same staff
 - Allow for more access w/o adding staff

How will you convey benefit?

- Baseline # of mins of pt. care/mo = 29,104 mins (107 x 272 mins)
- Goal # of mins of pt care/mo = 21,400 minutes (107 x 200 mins)
- Potential mins saved/mo = 7,704 minutes (29,104-21,400 mins)
- Potential new encounters/mo = 38 (7,704 mins saved/200 mins/pt)
- Potential increase in CM/mo = \$60,230 (38 pts/mo x \$1585 CM/pt)
- Potential increase in CM/year = \$722,760 (\$60,230/day x 12 mos)

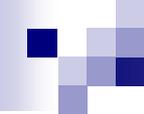


Why Develop a Business Case?

- Provides the rationale for the initiative
- Ensures you can clearly state the work's value
- Allows for prioritization versus other initiatives
- Clarifies data inputs you'll need to show value
- Creates implicit 'IOU' and accountability
 - This is vital if you anticipate you will need to ask for additional resources now or in the future

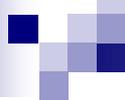
Building your business case: What are you trying to do?

- Short
- Or, very short
- No, really, it needs to be short
- Like, 1 line. Maybe 2 if you have 2 goals.
- Examples
 - Reduce hospital length of stay by 0.5 days
 - Reduce time from check-in to drug by 72 minutes
 - Reduce the rate of readmissions by 15%
 - Increase patient volume by 10%



Team Discussion – 5 min

- What are you trying to do?
- Start w/ charter background & aim statement
- Now distill that down to one short statement
- Discuss with each other; refine your work
- Be specific...
- ...and short
- Write this down



What is the benefit?

- Now that you know what you are doing
- Why are you doing it?
- Why would anyone care?
- Example: Reduce LOS by 0.5 days
 - Improves flow through hospital; opens beds
 - Reduces costs for a fixed DRG
 - Allows for new patients to be placed in beds
 - Patients go home earlier (most view positively!)
 - Lower risk of harm from being in the hospital

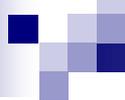
Team Discussion – 10 min

Think about your Project and Your AIM

- What are the benefits?
- List as many as you can
- Be specific
 - What exactly is the benefit?
 - Who does it benefit?

How would you convey the benefit, numerically?

- LOS Reduction Benefit = $[(B+C) \times D] \times A$
 - A = Reduction in LOS
 - Baseline LOS – goal LOS = reduction in LOS
 - B = Cost savings
 - Each day saved results in less cost/DRG
 - How much? ~\$500-1000 cost savings/day
 - C = Revenue generated
 - Each day saved results in another open bed
 - New pt averages ~\$500-1000 revenue/day
 - D = Number of patients seen per year
- Benefit = $[(\$750+\$750) \times 1291] \times 0.5 = \$968,250$



Group Discussion/Consultation

- Pick a station, based on general idea of your project
- Go to that station (OK to move if you end up in the wrong place):

Station 1: We are trying to reduce the time it takes, in order to accommodate more volume

- Decrease LOS, decrease study time, decrease visit time in clinic, etc.

Station 2: We are trying to increase engagement or reduce turn-over

Station 3: We are trying to reduce errors/harm

Group Discussion (20 min)

- As a collective group:

- Share the 1-liner on what each team is trying to do
- Discuss with your faculty member: *for your type of project, how would you convey the benefit?*

- Warning! Probably requires math

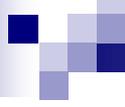
- More about methodology than accuracy

- Just get the math or equations down
- Where variables are unknown, estimate

- Keep it relatively simple

What data points would you need to show benefit?

- What you'll ask from the PI/DA team
- LOS
 - Baseline
 - Goal
 - Current (after commencement)
- Cost/day of your patient
- Revenue/day of 'average' patient
- Number of patients you see annually



Group Discussion/Consultation (20 min)

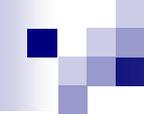
- What are the data elements you need
- Financial, operational, work flow, harm
- You need to be very specific on your need and where it exists
- If it doesn't exist (or is hard to get) the PI/DA cannot get it

Putting it all together

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What we intend to do: **What are you doing?**

Business Inputs	Data points you need.	
Expected Benefits	What is the benefit? How will you convey the benefit?	



Refining Your Case

- Work on your business case in your coaching sessions
- We will have time in class 6/12 to revisit
- Jen Wiler and Jeff Glasheen can provide a focused consultation upon request
 - If asking for a meeting, submit business case draft at least one week prior to meeting