

BUSINESS & FINANCIAL MODELING

Financial sustainability assessment for a patient engagement service

Client: A regional improvement healthcare collaborative and the Robert Wood Johnson Foundation (RWJF)

Objective: A multistakeholder healthcare collaborative had been conducting a statewide patient experience survey funded primarily by its commercial health plan members. Given the growing importance of patient experience information, the client was eager to build broader support for its service. The client sought help securing a patient engagement research grant from the RWJF and then building an ROI model to assess and improve the financial sustainability of its survey.

Deliverables: Project deliverables included: an assumptions document, a Microsoft Excel-based ROI model, and a business plan development and recommendations presentation.

Results: The client benefited from the following work:

- Customer segmentation - A quantitative customer segmentation model was built.
- Revenue - A summary of revenue sources was provided and risks and opportunities of each source were outlined.
- Expenses - A detailed summary of expenses was provided and expense reduction recommendations were made.
- Pricing - Current pricing was evaluated and new pricing scenarios showing margin were developed.
- Roadmap - A preliminary service roadmap was built and revenue and expense estimates were made for future rollout features.
- NPV calculations for base case & scenarios - The model forecasted cash flows over an eight year period. Net present value (NPV) calculations were made for the current service (base case) and 9 additional scenarios.

The existing service proved to be financially unsustainable. Using the model to assess the impact of different scenarios, consensus was built around business model changes including a new pricing strategy.

