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Automated Messaging Solution

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How to Measure ROI from Automated Messaging in Healthcare

Overview

Healthcare providers are under pressure to deliver the best patient care possible with the limited resources at their disposal. While reaching out to patients reduces no-shows and increases compliance, with increasing pressure on budgets, prioritization is often given to initiatives with clear value propositions. An effective way to show the value proposition of automated messaging is to focus on the financial benefits – through Return on Investment (ROI).

There are 2 key strategies to demonstrate ROI from automated messaging:

1. ROI from reduction in no-shows

Showing savings as a result of a reduction in no-shows. This strategy is recommended for healthcare providers who do not have a reminder process in place

2. ROI from FTE savings

Showing savings as a result of automating the messaging process. This strategy is recommended for healthcare providers with a manual reminder process already in place

"An effective way to show the value proposition of automated messaging is to focus on the financial benefits."

Strategy 1: ROI from reduction in no-shows

The first strategy is to demonstrate ROI from reductions in no-shows. It is not sufficient to demonstrate a reduction in no-shows alone—a cost must be assigned to a no-show to demonstrate the ROI.

Demonstrating reduction in no-shows

The first step is to collect metrics to keep track of no-shows. No-show data must be collected by healthcare providers. A way to collect this information is through the scheduling system – most scheduling systems can log or track which patients do not show up for their appointments. It is imperative that baseline no-show data is collected before the solution is implemented, thus allowing for a pre-cutover and post-cutover comparison.

Assigning a cost to a no-show

The second step is to ensure a cost can be tied to a no-show. If an approved formula to calculate the cost of a no-show exists, then that would be used to define the cost of a no-show. If an approved formula does not exist, then defining the cost of a no-show should be identified as one of the objectives of the implementation. While the soft costs of a no-show are widely acknowledged and accepted, it is necessary to have an approved formula to translate those benefits to a monetary value. Without the ability to assign a dollar value to a no-show, it is difficult to demonstrate ROI through reductions in no-shows. If the healthcare provider is unable to measure all costs associated with no-shows, a partial evaluation is better than no evaluation.

Costs of no-shows include:

Staffing & facility costs

An empty timeslot from a no-show leads to under-utilized resources and lost opportunity costs. In addition the appointment will need to be rebooked, increasing expected patient volumes and increasing the costs of staffing to accommodate the added timeslot.

Overbooked patients

One strategy used to combat no-shows is to overbook appointments. The downside of overbooking is longer waiting times, which leads to patient dissatisfaction and consequently contributes to higher no-show rates for future appointments.

Pharmaceutical or tracer costs

Some appointments require patient specific pharmaceuticals or tracers, which are wasted when patients miss their appointment or when patients are not properly prepared for the appointment. Healthcare providers incur additional expenses because these materials need to be reordered for a rebooked appointment.

For nuclear medicine tests, there is an increased loss because the radiopharmaceuticals required to do the tests are specifically ordered for the patient and cannot be stored due to loss in potency.

In the case of cardiac imaging, tracers are often wasted even when patients do show up for appointments if the instructions were not properly followed, such as eating before the appointment.

Degradation of patient care

If a patient forgets to show for their appointment, they would need to rebook and wait for care. This delay can significantly impede the timely delivery of quality healthcare.

Increased TNA

The Third Next Available appointment (TNA) is the healthcare industry's standard measure of access to care. It indicates how long a patient will have to wait to be seen. No-shows result in rebookings, which takes away timeslots from other patients, thus increasing the healthcare provider's TNA.

Strategy 2: ROI from FTE savings

If a process to manually remind patients is already in place, no-shows may not be expected to drop significantly. In this scenario, ROI is best demonstrated by showcasing savings made from eliminating the manual process. A key question to ask for this strategy: If the manual process is removed, how would the healthcare provider benefit from freeing their resources?

Calculating savings by replacing the previous process with automated messaging

Savings are calculated by comparing the cost of automated solution with the cost of the manual process.
Ideally, the healthcare provider can obtain a baseline of how much time or budget was spent on the manual process. If a concrete baseline is difficult to obtain, costs can be calculated by estimating the time it would take to call patients manually (which can be derived from automated messaging reports, once the solution is in production), and multiplying that by the wages of the calling resources. From this, the baseline, measured in Full Time Equivalent (FTE), can be determined.

Justifying the ROI

While calculating savings is straightforward, healthcare providers must understand how they are benefiting from the extra FTE cycles. Understanding the benefits is an important step towards developing a strategy for maximizing resources.

Benefits for automating the messaging process include:

Consistent messaging

The ability to send approved, consistent messaging to patients can increase patient compliancy. Patient compliancy with appointment instructions is key to the success of certain procedures.

In the case of cardiac imaging, tracers are often wasted when patients arrive for functional imaging scans with coffee and breakfast pastry in hand. Caffeine/food consumption prior to the procedure renders the test invalid.

Maintaining a low no-show rate

Manually calling patients works, until something comes up, and all hands need to be on deck. When that happens, reminders are neglected. Automated messaging ensures all patients are reminded all the time.

Reducing messaging cost

If dedicated resources or expenses were previously budgeted for manual calling or mailing campaigns, then being able to reduce the budget by utilizing automated messaging is a clear case for ROI.

Decreasing load on resources

Automating the reminder process can decrease the load on overworked resources and increase employee satisfaction. Improving employee satisfaction can reduce turnover and training costs. Other benefits include reducing the need to increase headcount and eliminating the increased cost of overtime pay.

Increase patient load while maintaining headcount

If the healthcare provider has plans to expand their footprint, implementing automated messaging can provide extra FTE cycles without having to increase headcount.

With a clear ROI strategy, decision makers can set the benchmarks to highlight a clear value proposition for automated messaging.

Conclusion

Establishing an ROI strategy makes it possible to identify the baseline data to collect and zero in on key performance indicators to evaluate the impact of the solution. For providers new to reminders, it is essential to have an understanding of the costs associated with a no-show to gauge their savings. For providers replacing their manual reminder process, showing the benefits of automation is key. With a clear ROI strategy, decision makers can set the benchmarks to highlight a clear value proposition for automated messaging.

Automated messaging frees up resources to focus on patients and allows healthcare providers to expand their footprint. Keeping in touch with patients not only contributes to better patient care, but also helps reduce expenses. To learn more about automated messaging, visit http://www.computer-talk.com/en/solutions/icealert.