

## ABC Corporation

### Return on Investment for Self-Care Guides

Date: 9/16/07

#### Cost of Self-Care Guides

Publication	Quantity	Price Each	Cost Per Employee/Member	Cost Per Member/Employee Over 3 Years
Healthier at Home	2,500	\$6.59	\$6.59	\$2.20 per person per year

The total cost of the guides is \$16,475.00

#### Utilization & Cost Assumptions

The average cost for a physician visit is \$101 and the average cost for an E.R. visit is \$383.

For the first year, it's estimated that 25% of the households will avoid one unnecessary physician visit = 625 visits saved ( 2500 x .25).

For the first year, it's estimated that 5% of the households will avoid one unnecessary emergency room visit = 125 visits saved ( 2500 x .05).

#### Projected Cost Savings\*

Physician visit savings = \$63,125 (\$101 x 625 visits)

Emergency room visit savings = \$47,875 (\$383 x 125 visits)

Total savings = \$111,000

Per Member/Employee savings = 44.4

Return on Investment (ROI) = 6.7 to 1 in the first year ( \$111,000 / \$16,475 )

Return on Investment (ROI) = 20.2 to 1 over the 3 years ( \$333,000 / \$16,475 )

\*Please note that the projected cost savings is a very conservative estimate as it does not include the cost associated with absenteeism, exams and tests, and prescribed medications that one may receive at a physician or emergency room visit.

<sup>1</sup> Agency for Healthcare Research and Quality, 2004

<sup>2</sup> New England Journal of Medicine, 1996

<sup>3 & 4</sup> Based on 18 independent studies conducted on AIPM self care guides, 1994-2005