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How to develop a business case for quality

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Abstract

Objective. To describe the steps in developing a business case for quality-enhancing interventions (QEIs) in health care.

Analysis. The development of a business case for QEIs in health care involves 11 steps. These steps include (1) describing the intervention, (2) determining perspective, (3) identifying the effects of the intervention on quality, (4) designing the study, (5) identifying and measuring cash flows, (6) considering the effects of capacity constraints, (7) selecting a measure of return on investment, (8) determining the time horizon for the analysis, (9) determining the discount rate, (10) adjusting costs and savings for inflation, and (11) determining organizational readiness for business case development. A checklist offers guidance on assessing readiness for the business case.

Conclusion. The absence of a 'business case' for quality is frequently cited as the reason health care organizations do not implement QEIs, despite decades of careful research demonstrating their effectiveness. Our continuing commitment to advancing the discipline of business case analysis is based on a belief that delineating the cost and economic implications of investments in QEIs is a critical threshold issue to widespread adoption of evidence-based quality improvements. We believe it is appropriate and timely to consider how best to standardize approaches and move the field of business case analysis forward.

Keywords: business case for quality, business case methods, return on investment, quality improvement

Table 2 Readiness for the business case checklist

1. Do you have a well-defined, evidence-based project that has a specific starting date? A general goal, such as developing a greater focus on family-centered care, is not a project. A project will consist of identifiable tasks to be completed and will typically require additional resources to accomplish. The care delivered after the project is implemented will differ from the care delivered at baseline in definable, measurable ways.
2. Can your organization identify the patients—as a cohort—who will be exposed to the intervention? Can you track them over time? Such a cohort could be, for example, children with asthma or adults with diabetes. Knowing when a patient is enrolled in the intervention will help establish the 'dose effect' of the intervention on that patient.
3. Do you have a system in place (or can you create one) that can quantify what it costs the organization to develop the intervention (staff time, materials development, information technology system redesign, etc.)?
4. Do you have a system in place (or can you create one) that can quantify what the intervention costs to operate over time? Intervention operating costs would be costs attributable to the intervention, over and above the cost of providing usual care.
5. Can you measure changes in the cost of care resulting from the intervention? Can you measure changes in the use of services resulting from the intervention? Determining the changes will require that you be able to measure or estimate baseline levels of cost and utilization for the relevant patient cohort.
6. Can you measure changes in the quality of care resulting from the intervention? Are those changes in processes of care? In outcomes of care? Determining the changes will require that you be able to identify and measure specific quality indicators that you expect the intervention to affect.
7. Do you have a system in place (or can you create one) to capture indirect benefits from the intervention such as improvements in your organization's sustainability?
8. Do you have a system in place (or can you create one) to capture revenue increases resulting from the intervention? Revenue increases could include quality bonuses such as those under pay-for-performance contracts, billings for new intervention-related services not previously offered, or increases in billing rates resulting from intervention-related service quality enhancements.