

A Forrester Total Economic Impact™  
Study Commissioned By PointClickCare  
April 2020

# The Total Economic Impact™ Of PointClickCare's Skilled Nursing Solution

Cost Savings And Business Benefits  
Enabled By PointClickCare

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## ABOUT FORRESTER CONSULTING

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# Executive Summary

## Benefits And Costs



Increased efficiency in resident charting:  
**\$698K**



Medicare cost avoidance:  
**\$398K**



Total costs to implement and use PointClickCare over three years:  
**\$246K**

PointClickCare is a cloud-based platform for the long-term and post-acute care (LTPAC) and senior care industries. As an integrated electronic health record (EHR) and revenue cycle management solution, PointClickCare helps users to better manage clinical workflows, track resident progress, monitor clinician compliance, and improve the overall quality outcomes and financial performance of a care provider.

PointClickCare commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of PointClickCare on their organizations. To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four of PointClickCare's skilled nursing customers.

Prior to using PointClickCare, the interviewed customers used partially paper-based processes to track, chart, and bill their residents. This method was cumbersome and time-consuming. Since reports were created by hand, there was a higher propensity for error as well, and the information was not in a format that was easy to find and analyze. Without timely and accurate information, management was not able to make informed strategic decisions.

Adopting the PointClickCare software-as-a-service (SaaS) solution resolved these issues. Customers started realizing significant time savings immediately. In describing their status before implementing PointClickCare, one interviewee said: "Using paper was very inefficient. It was almost impossible to find or access data in a timely manner. It was very difficult to do your job."

PointClickCare makes information and reporting accurate and accessible, promoting better decision making, reducing human error, and enabling timely billing and compliance. With all the information automated and organized within one system, PointClickCare offers users more insights about their businesses, helping them operate more efficiently and profitably. Resident care is also positively affected since providers have more time with residents and more accurate data at their fingertips.

## Key Findings

**Quantified benefits.** The following risk-adjusted present value (PV) quantified benefits are representative of those experienced by the companies interviewed:

- › **Reduced charting time for nursing staff.** The interviewed organizations expressed significant time savings using the PointClickCare platform. Instead of taking notes by hand, as well as having to find and read through previous handwritten notes, all charting is done electronically at the point of care. Nursing staff are no longer staying after work in order to complete necessary charts for residents. Customers reported a savings of 260 hours per year per nursing staff member. With an average of 100 nursing staff per facility, this equals 26,000 hours saved per year.



**ROI**  
**418%**



**Benefits PV**  
**\$1.3 million**



**NPV**  
**\$1 million**



**Payback**  
**<6 months**

- › **Efficient integrated information.** Having all resident and facility information centralized saves time with regulatory reporting, insurance billing, coordinating care with external partners, and with fulfilling medical records requests. In addition, all present and past billing information is accessible in one easy-to-use portal. New bills can be generated quickly and accurately. Due to process automation, time is also saved in other areas, such as admissions, appointment scheduling, medical records request fulfillment, eligibility verification, claims submission, and claims status checking. The efficiencies realized from these areas amount to over 2,000 nursing staff hours per year.
- › **Reduced cost of Medicare penalties.** The Centers for Medicare and Medicaid Services (CMS) takes a fee from skilled nursing facilities of 2% that can be earned back if the facility's readmission rate is low. With the detailed and accessible resident care reports that PointClickCare offers, providers can monitor and improve metrics such as hospital readmissions rates and earn back significant funds that they can reinvest back into people or projects that directly impact quality of care outcomes.
- › **Reduced cost of nursing staff turnover.** With PointClickCare in place, staff at the interviewed organizations were able to spend more time with residents due to integrated workflow and streamlined data, thereby reducing clinical burnout. Not only are they doing what they are trained to do, but they are spending fewer overall hours at work since the administrative load is greatly reduced. Interviewees also reported that PointClickCare allows the management team to be more in touch with what is happening on the floor and better prepared to plan strategically for the facility. Interviewees experienced a reduction in their nursing staff turnover by 22% as a result of implementing PointClickCare.

**Unquantified benefits.** The interviewed organizations experienced the following benefits, which are not quantified for this study:

- › **Improved evidence-based care plans.** PointClickCare offers tools for methodically tracking treatments, giving providers accurate information they need to improve the care they provide. This leads to better care and faster recoveries.
- › **Improved privacy, security, and compliance.** With PointClickCare, the interviewees enjoy a secure platform that is constantly updating with any changes in compliance requirements, as well as reinforcing the security of all collected information. Users can create workflows to produce and maintain compliant documentation.
- › **Improved nursing staff audits.** Interviewees reported that auditing nursing staff used to take many hours and was therefore only done on occasion with no regular schedule. With PointClickCare, all information is available instantly and, as a result, providers are creating and utilizing the platform to enhance monitoring and coaching of the nursing staff.

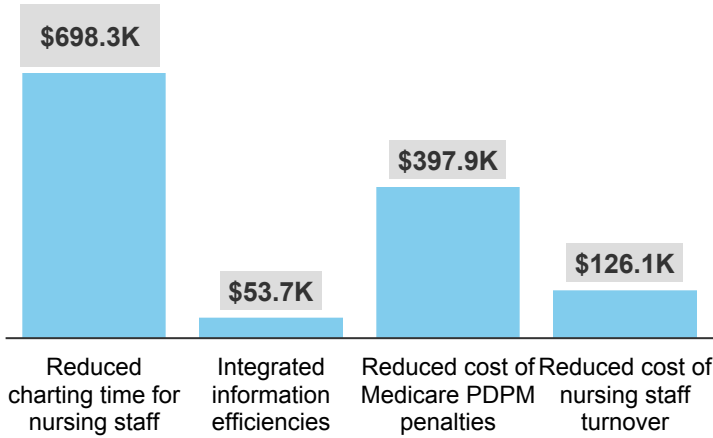
**Costs.** The interviewed organizations experienced the following risk-adjusted PV costs:

- › **Subscription and maintenance fees.** Providers using PointClickCare pay a month-to-month subscription fee averaging \$0.87 per bed per day. There are also maintenance fees associated with using the platform of 2% per year. These are internal or third-party costs not billed by PointClickCare. Assuming an average of 100 beds in a facility, Forrester calculated a PV cost over three years of \$87,391.

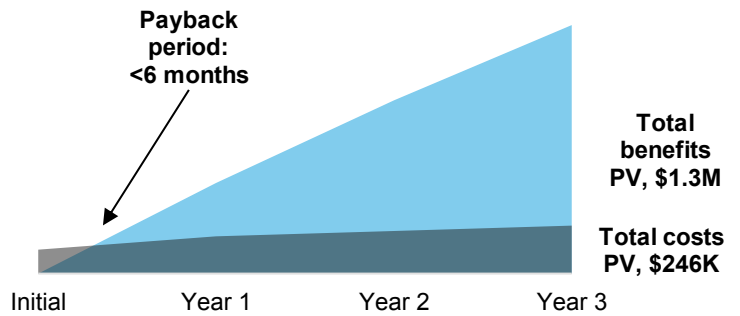
› **Implementation costs.** Customers adopting the platform pay PointClickCare an average initial implementation fee of \$30,000. They also assume costs for outside professional services and new hardware such as kiosks and tablets. In addition, most clients dedicate internal employee hours during the implementation phase. The total PV cost over three years for implementation is \$159,000.

Forrester’s interviews with four existing customers and subsequent financial analysis found that the interviewed organizations experienced benefits of \$1.3 million over three years versus costs of \$246,391, adding up to a net present value (NPV) of \$1 million and an ROI of 418%.

**Benefits (Three-Year)**



**Financial Summary**



## TEI Framework And Methodology

From the information provided in the interviews, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering implementing PointClickCare Skilled Nursing Solution.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that PointClickCare Skilled Nursing Solution can have on an organization:

The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.



### **DUE DILIGENCE**

Interviewed PointClickCare stakeholders and Forrester analysts to gather data relative to Skilled Nursing Solution.



### **CUSTOMER INTERVIEWS**

Interviewed four organizations using Skilled Nursing Solution to obtain data with respect to costs, benefits, and risks.



### **COMPOSITE ORGANIZATION**

Designed a composite organization based on characteristics of the interviewed organizations.



### **FINANCIAL MODEL FRAMEWORK**

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewed organizations.



### **CASE STUDY**

Employed four fundamental elements of TEI in modeling PointClickCare's Skilled Nursing Solution's impact: benefits, costs, flexibility, and risks. Given the increasing sophistication that enterprises have regarding ROI analyses related to IT investments, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

## DISCLOSURES

Readers should be aware of the following:

This study is commissioned by PointClickCare and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in PointClickCare's Skilled Nursing Solution.

PointClickCare reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

PointClickCare provided the customer names for the interviews but did not participate in the interviews.

# The PointClickCare Customer Journey

## BEFORE AND AFTER THE POINTCLICKCARE INVESTMENT

### Interviewed Organizations

For this study, Forrester conducted interviews with four skilled nursing providers that are current PointClickCare customers. The following is a summary of the individuals interviewed:

| INDUSTRY                 | INTERVIEWEE   | WHY THEY ADOPTED POINTCLICKCARE  |
|--------------------------|---|--|
| Skilled nursing facility | Electronic records configuration specialist               | Wanted to automate their system in order to prevent errors and to improve residents' outcomes.                     |
| Skilled nursing facility | Director of quality improvement and regulatory compliance | Looked for an easy to use system that would assist in compliance with Medicare and HIPAA regulations. <sup>1</sup> |
| Skilled nursing facility | Administrator   | Sought an electronic solution to assist across all departments in the facility.                                    |
| Skilled nursing facility | Head of information technology                            | Wanted a more seamless billing program.  |

### Key Challenges

Interviewed providers had many limitations with their previous methods of handling health records. Some of the key challenges they identified include:

- › **Time-consuming medical charting.** Nursing staff were spending many hours manually charting resident care, often having to stay after hours in order to complete the necessary records. Additionally, nursing staff time was spent searching for paper resident charts, as they were used across the organization, and thereby not always immediately accessible. The possibility of information loss, privacy leaks, and human errors had been a real risk for all interviewed organizations.
- › **Lack of automation and integration across the resident journey.** Although some interviewees were using piecemeal software solutions for billing and finance tasks, none had a single integrated platform on which they could collect and manage all health documentation, from resident admissions, to medical procedures, to billing.
- › **Inability to create reports.** Skilled nursing facilities must respond to requests for information. This ranges from medical records for family members or other health care providers to compliance reporting for Medicare. Prior to PointClickCare, assembling all the necessary information involved cumbersome, time-consuming searches and report creation.
- › **Limited access to information.** On the medical side, it was difficult for care providers to always have the most current and accurate information regarding residents' medical treatments and histories. On the business side, managers were unable to easily assess performance of employees or efficiently capture resident information required for administrative tasks, such accurate coverage details for billing.

“Before, I had to go to several different places to try and find information and now, I can literally sit in my office and just in a couple of clicks, see everything.”

*Director of quality improvement and regulatory compliance, skilled nursing facility*



“PointClickCare makes auditing and developing workflows a lot better because you can see what everyone does. A lot of stuff got missed before because there was no way you were going to dig through all those charts. There are so many tools that absolutely increase the productivity from the management perspective.”

*Electronic records specialist, skilled nursing facility*



## Solution Requirements

The interviewed organizations searched for a solution that could:

- › Reduce hours required for resident charting.
- › Prevent errors and improve resident outcomes.
- › Provide security, privacy, and regulatory compliance.
- › Offer easy implementation and quick adoption by staff.

## Key Results

The interviews revealed that key results from the PointClickCare investment include:

- › **A single view into a resident's records is available to nursing staff, who are now able to see the tasks that others have completed.** They can also see the percentage of completion, as well as verify treatments quickly and accurately. As a result, they have more time to spend with the residents, rather than on time-consuming administrative tasks.
- › **Easy access to accurate information is now readily available for all who need it within the organization.** This benefit spans all areas of the interviewed facilities, from billing and admissions, to clinical care and regulatory compliance. Not only can administrators respond quickly to any information requests, but they can also now provide enhanced customer service to their residents and their families. Resident records are always current and accurate. Documents can be signed and stored electronically, alleviating the risk of lost or incomplete files. Billing can be done simply and quickly.
- › **Medicare costs have decreased as the interviewed organizations are able to better track and manage resident care and subsequently meet or beat Medicare's readmission standards.** Some interviewees can keep their hospital readmission rates at a level to have their 2% Medicare fee fully refunded.
- › **Reduced nursing staff turnover has been a welcome result for all interviewed organizations, particularly in the current environment of staffing shortages.** Residents are receiving better care and showing improved results in a more efficient environment, which provides increased job satisfaction for the nursing staff. Administrative tasks are more streamlined and easier to execute.

"PointClickCare updates what is needed as regulations change, so the quality of reporting is continuously improving. This ability to be sure that you are not losing something for regulatory purposes is very important to me. In addition, they are doing a lot more with analytics and making more data and statistics available which is really good for business planning."

*Administrator, skilled nursing facility*



"The reporting is so slick, all of us can pull reports in no time, for any number of things."

*Administrator, skilled nursing facility*





## Composite Organization

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an associated ROI analysis that illustrates the areas financially affected. The composite organization is representative of the four companies that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

The composite organization is a US-based skilled nursing facility with approximately 100 nursing staff employees and 100 beds per facility. The average hourly wage of the nursing staff is \$24/hour, and the average subscription cost of the platform is \$0.87/bed/day. The composite organization's previous solution was partially manual with some automation on the finance side, and it now uses PointClickCare's core EHR solution.



### **Key assumptions:**

- 100 nursing staff
- 100 beds per facility
- \$24 per hour nursing staff wage
- \$0.87/bed/day subscription cost

# Analysis Of Benefits

## QUANTIFIED BENEFIT DATA AS APPLIED TO THE COMPOSITE

| Total Benefits |   |         |           |           |           |             |               |
|----------------|---|---------|-----------|-----------|-----------|-------------|---------------|
| REF.           | BENEFIT                                 | INITIAL | YEAR 1    | YEAR 2    | YEAR 3    | TOTAL       | PRESENT VALUE |
| Atr            | Reduced charting time for nursing staff | \$0     | \$280,800 | \$280,800 | \$280,800 | \$842,400   | \$698,308     |
| Btr            | Integrated information efficiencies     | \$0     | \$21,600  | \$21,600  | \$21,600  | \$64,800    | \$53,716      |
| Ctr            | Reduced cost of Medicare PDPM penalties | \$0     | \$160,000 | \$160,000 | \$160,000 | \$480,000   | \$397,896     |
| Dtr            | Reduced cost of nursing staff turnover  | \$0     | \$50,688  | \$50,688  | \$50,688  | \$152,064   | \$126,054     |
|                | Total benefits (risk-adjusted)          | \$0     | \$513,088 | \$513,088 | \$513,088 | \$1,539,264 | \$1,275,974   |

## Reduced Charting Time For Nursing Staff

All of the interviewed organizations highlighted the time they can save on resident charts by using the PointClickCare solution. What previously took nursing staff many hours, usually after their shifts had ended, has been significantly reduced and can now be performed during their regular workday.

The interviewees also mentioned that they were looking for a more accurate and streamlined system for accessing resident information. PointClickCare offers an automated process that makes all information and reports available at a click of a button through their easy to use dashboard.

In addition, mistakes from entering inaccurate information or from illegible handwriting are eliminated, making the accuracy of the charts more dependable and useful.

Forrester heard the following from interviewees:

- › A nursing director stated, “Nurses are spending less time charting after hours because they get it done during their shift.”
- › Another administrator said, “Prior to the customers’ investment in PointClickCare, charts were frequently copied and did not reflect a resident’s actual status.” She added: “Because everyone shared charts, one nurse could see what the last nurse charted. So, if the last nurse charted a resident at a 3/3, for example, the next nurse might just copy that and not take the time to reevaluate the resident.”
- › One interviewee mentioned: “All of my providers chart in PointClickCare, and the nurses have touchscreen tablets on their med carts. The process is much faster and more accurate.”

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of more than \$1.2 million.

- › Another interviewee commented: “Before PointClickCare, there was no way to track the charting because it was all on paper. If one needed to check anything, one had to walk back, find the charts, and go through all of them to find what was needed. In addition, sometimes charts just were not completed before the end of shifts, and nurses would leave without doing them. Now charting status can be checked and approved before shifts end.”

For the financial analysis, Forrester assumed:

- › One hundred (100) nursing staff working at each facility, earning an average of \$24 per hour.
- › Two hundred and sixty (260) FTE hours per nursing staff are saved per year.
- › Not all productivity gains translate into additional work being completed; therefore, Forrester applied a 50% productivity capture to the nursing hours saved.

The level of this benefit will vary based on how many people are affected and how efficient they were before implementing PointClickCare. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$698,308.

Impact risk is the risk that the business or technology needs of the organization may not be met by the investment, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for benefit estimates.

### Reduced Charting Time For Nursing Staff: Calculation Table

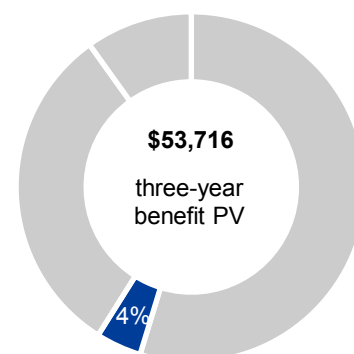
| REF. | METRIC  | CALC.  | INITIAL | YEAR 1    | YEAR 2    | YEAR 3    |
|------|---|--|---------|-----------|-----------|-----------|
| A1   | Number of nursing staff                                 |  |         | 100       | 100       | 100       |
| A2   | Hourly rate per nursing staff                           |  |         | \$24      | \$24      | \$24      |
| A3   | Number of hours saved annually                          | 1 hour/day/<br>nursing staff*<br>260 days/year |         | 260       | 260       | 260       |
| A4   | Percent captured  |  |         | 50%       | 50%       | 50%       |
| At   | Reduced charting time for nursing staff                 | $A1 * A2 * A3 * A4$                            | \$0     | \$312,000 | \$312,000 | \$312,000 |
|      | Risk adjustment   | ↓10%   |         |           |           |           |
| Atr  | Reduced charting time for nursing staff (risk-adjusted) |  | \$0     | \$280,800 | \$280,800 | \$280,800 |

## Integrated Information Efficiencies

With PointClickCare, in addition to the charting efficiencies, the organizations can streamline many administrative processes. All files are electronic, allowing everything from admission documentation to billing processes to be performed with fewer FTE hours and more accuracy.

The admissions process is faster, easier, and reduced to one electronic form. Forms can be sent to, and signed by, family members electronically at any time. All documents that need signatures are organized and automated, making it more convenient for families and other care providers to access them as needed. This also makes it easier for the facility to ensure all documents are properly signed and filed.

The billing process requires all resident care and treatment information, which previously involved gathering residents’ paper charts and records, to calculate individual bills. With PointClickCare, this information is now



**Integrated information efficiencies: 4% of total benefits**

automated and readily available to billing administrators on a single platform, reducing billing effort by 960 hours annually.

Information is also more accessible and conveniently shared between departments, eliminating the risk of missing or incorrect resident data. In addition, forms can be customized to meet requirements of various agencies or care providers.

- › According to an administrator: “It’s all right there, and you can go in and access whatever is needed. We can send electronic copies of all forms whenever we need to.”
- › Another interviewee added, “There are just no words for the time savings . . . it is amazing.”

For the composite organization, Forrester assumes that:

- › A facility has 35 new residents admitted per month and 2 hours are saved per admission.
- › Two (2) FTEs in the billing department each save five full days per month.
- › Twelve (12) hours are saved per week in other departments.
- › The FTE rate is \$20 per hour for admissions, billing, and other departments.

The time savings across these departments will vary depending on employees’ efficiencies before and after implementing PointClickCare. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk adjusted total PV of \$53,716.

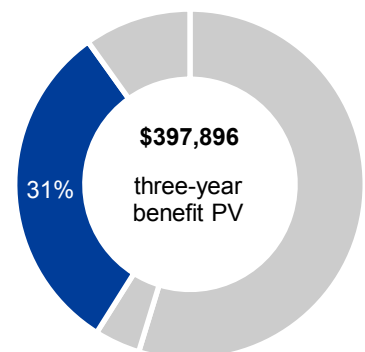
## Integrated Information Efficiencies: Calculation Table

| REF. | METRIC  | CALC.                             | INITIAL | YEAR 1   | YEAR 2   | YEAR 3   |
|------|---|-----------------------------------|---------|----------|----------|----------|
| B1   | Number of admits per month  |                                   |         | 35       | 35       | 35       |
| B2   | Hours saved per admit   |                                   |         | 2        | 2        | 2        |
| B3   | Hours saved annually by admissions nurses   | $B1*B2*12$ months                 |         | 840      | 840      | 840      |
| B4   | Number of FTEs in billing department  |                                   |         | 2        | 2        | 2        |
| B5   | Days per month saved from resident billing  |                                   |         | 5        | 5        | 5        |
| B6   | Hours saved annually from resident billing  | $B4*B5*8$ hours/day*<br>12 months |         | 960      | 960      | 960      |
| B7   | Number of hours saved per week across departments due to shared access to information |                                   |         | 12       | 12       | 12       |
| B8   | Hours saved annually across departments due to shared access to information           | $B7*50$ weeks                     |         | 600      | 600      | 600      |
| B9   | Hourly rate for admissions, billing, and other department staff                       |                                   |         | \$20     | \$20     | \$20     |
| B10  | Percent captured  |                                   |         | 50%      | 50%      | 50%      |
| Bt   | Integrated information efficiencies   | $(B3+B6+B8)*B4*B5$                | \$0     | \$24,000 | \$24,000 | \$24,000 |
|      | Risk adjustment   | ↓10%                              |         |          |          |          |
| Btr  | Integrated information efficiencies (risk-adjusted)                                   |                                   | \$0     | \$21,600 | \$21,600 | \$21,600 |

## Reduced Cost Of Medicare PDPM Penalties

All of the interviewed organizations are skilled nursing facilities that must comply with the new Medicare Patient-Driven Payment Model (PDPM). Under the new framework, Medicare can withhold up to 2% of its reimbursements to poorly performing facilities with high hospital readmission rates. However, Medicare pays facilities with low readmission rates in full, and even offers an additional incentive of up to 1.6%, which can be significant for facilities that generally operate on thin margins. Some of the interviewed facilities were able to save over \$200,000 per year.

- › One customer said: “The new PDPM requirement is scary and different. PointClickCare has made it a lot less scary through their webinars and updates, really helping us with the transition.”
- › Another customer claimed, “We earned more than our money back.” For the composite organization, Forrester assumes that:
  - › The annual reduction in penalties is \$200,000.
  - › The facility can maintain the low readmission rate necessary.



Reduced cost of Medicare PDPM penalties: 31% of total benefits

- › The penalty savings will vary depending on the facility’s ability to continuously meet the requirements.

To account for this risk, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$397,896.

| Reduced Cost Of Medicare PDPM Penalties: Calculation Table |   |       |         |           |           |           |
|--|---|-------|---------|-----------|-----------|-----------|
| REF.   | METRIC  | CALC. | INITIAL | YEAR 1    | YEAR 2    | YEAR 3    |
| Ct   | Reduced cost of Medicare PDPM penalties                 |       | \$0     | \$200,000 | \$200,000 | \$200,000 |
|  | Risk adjustment   | ↓20%  |         |           |           |           |
| Ctr  | Reduced cost of Medicare PDPM penalties (risk-adjusted) |       | \$0     | \$160,000 | \$160,000 | \$160,000 |

## Reduced Cost Of Nursing Staff Turnover

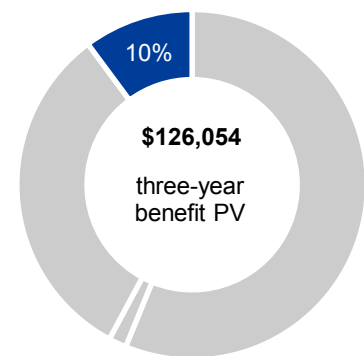
By implementing PointClickCare, roles, tasks, and expectations are clearly defined, allowing nursing staff to perform efficiently. Managing staff expectations leads to higher employee satisfaction by preventing burnout and, in turn, reducing turnover cost. For example, one interviewee reported that the PointClickCare platform enabled her to cut her facility’s turnover rate by 22%.

- › One director said: “With PointClickCare, we’re able to differentiate roles and duties. The nurses have specific roles, and they know what they are and the tasks that go with them. So, if they’re working as the admissions nurse that day, they know what tasks they have to complete in PointClickCare.”
- › An administrator commented: “Turnover in this industry is very expensive. I would say that when onboarding someone, including recruiting, training, and orientation, you’re looking at several thousand dollars per new hire. That’s a lot of money.”

For the composite organization, Forrester assumes that:

- › A facility has 100 nursing staff, paid \$24 per hour.
- › Turnover is reduced by 22%.

The total savings due to reduced nursing staff turnover can vary depending on existing staff and the local labor market. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of \$126,054.



Reduced cost of nursing staff turnover: 10% of total benefits

## Reduced Cost Nursing Staff Turnover: Calculation Table

| REF. | METRIC   | CALC.               | INITIAL | YEAR 1   | YEAR 2   | YEAR 3   |
|------|--|---------------------|---------|----------|----------|----------|
| D1   | Number of nursing staff                                |                     | 100     | 100      | 100      | 100      |
| D2   | Percent decrease in turnover                           |                     | 22%     | 22%      | 22%      | 22%      |
| D3   | Number of hours to recruit, train, orient              | 3 weeks*40 hours    | 120     | 120      | 120      | 120      |
| D4   | Hourly rate per nursing staff                          |                     | \$24    | \$24     | \$24     | \$24     |
| Dt   | Reduced cost of nursing staff turnover                 | $D1 * D2 * D3 * D4$ | \$0     | \$63,360 | \$63,360 | \$63,360 |
|      | Risk adjustment  | ↓20%                |         |          |          |          |
| Dtr  | Reduced cost of nursing staff turnover (risk-adjusted) |                     | \$0     | \$50,688 | \$50,688 | \$50,688 |

## Unquantified Benefits

Interviewees shared several additional benefits that could not be quantified for this study. Some of them may contribute to the quantified examples above.

- Improved evidence-based care plans.** Since facilities can trace all treatments and associated results in PointClickCare, it is easier for management to standardize and improve their evidence-based care plans, translating into better outcomes for residents. One director noted, “We know from our surveys that our evidence-based treatment plans have improved through the use of PointClickCare.” One example of this is through the PointClickCare Skin & Wound module that allows care providers to easily access the resident’s wound history to determine how to appropriately treat the wound, promoting faster healing times. One interviewee mentioned, “Skin & Wound has led to faster healing times with residents because we now not only have a better tool for tracking wounds, but a process by which to monitor its progression, where we used to have to improvise.”
- Improved privacy, security, and compliance.** From Medicare compliance rules to resident privacy and security regulations, PointClickCare regularly updates its platform and pushes changes to its entire customer base, enabling customers to avoid worrying about complex regulatory requirements. PointClickCare maintains information such as resident charts on a secure platform, which is not accessible to unauthorized users, consistent with HIPAA guidelines.
- Improved nursing staff audits.** PointClickCare provides the tools and resources to facilitate improved employee assessment processes. One nursing director said, “It gave us real, specific objectives that I could hold people accountable for and data to make better staffing decisions.” Information is available electronically at any time, allowing managers to assess nursing staff performance on a regular basis.

“Our evidence-based care plans have improved through the use of PointClickCare.”

*Director of quality improvement and regulatory compliance, skilled nursing facility*



## Flexibility

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. There are multiple scenarios in which a customer might choose to implement PointClickCare and later realize additional uses and business opportunities.

Forrester heard several examples of how interviewees have leveraged or plan to leverage PointClickCare:

- › A manager said, “We are hoping to integrate PointClickCare at the mobile level, allowing us to be even more agile and promoting collaboration.”
  - › Another administrator commented: “There are several initiatives beyond the core services. We plan to continue adding to our platform as we are ready and as new capabilities are available.”
  - › “We’re looking at metrics that we have not seen before, allowing us to identify areas that need adjustment,” mentioned a director.
- None of these future opportunities were included in the financial analysis.

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a future additional investment. This provides an organization with the “right” or the ability to engage in future initiatives but not the obligation to do so.



# Analysis Of Costs

## QUANTIFIED COST DATA AS APPLIED TO THE COMPOSITE

| Total Costs |   |           |          |          |          |           |               |
|-------------|---|-----------|----------|----------|----------|-----------|---------------|
| REF.        | COST  | INITIAL   | YEAR 1   | YEAR 2   | YEAR 3   | TOTAL     | PRESENT VALUE |
| Etr         | Subscription and maintenance fees   | \$0       | \$35,141 | \$35,141 | \$35,141 | \$105,423 | \$87,391      |
| Ftr         | Implementation, professional services, hardware, training, and learning curve costs | \$123,000 | \$39,600 | \$0      | \$0      | \$162,600 | \$159,000     |
|             | Total costs (risk-adjusted)   | \$123,000 | \$74,741 | \$35,141 | \$35,141 | 268,023   | \$246,391     |

## Subscription And Maintenance Fees

For the interviewed customers, PointClickCare charges a simple per bed subscription fee ranging from \$0.85 to \$0.95 per day. The subscription fee depends on the customer's value-added modules purchased in addition to the core product. The average cost for annual maintenance is 2% per year. This is an internal cost, not billed by PointClickCare. For the financial analysis, Forrester assumed:

- › Subscription fee of \$0.87 per bed per day.
- › One hundred (100) beds per facility.
- › Two percent (2%) annual ongoing maintenance fee.

Given that the fees and maintenance costs could increase in the future, Forrester adjusted these costs upward by 10%, resulting in a three-year, risk-adjusted total PV of \$87,391.

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of \$246,391.

| Subscription And Maintenance Fees: Calculation Table |   |   |         |          |          |          |
|--|---|---|---------|----------|----------|----------|
| REF.   | METRIC  | CALC.   | INITIAL | YEAR 1   | YEAR 2   | YEAR 3   |
| E1   | Subscription fee per bed per day                  |   |         | \$0.87   | \$0.87   | \$0.87   |
| E2   | Number of beds                                    |   |         | 100      | 100      | 100      |
| E3   | Total annual subscription fees                    | $E1 * E2 * 30 \text{ days/month} * 12 \text{ months}$ |         | \$31,320 | \$31,320 | \$31,320 |
| E4   | Total annual maintenance fees                     | 2% of subscription fees                               |         | \$626    | \$626    | \$626    |
| Et   | Subscription and maintenance fees                 | $E3 + E4$   | \$0     | \$31,946 | \$31,946 | \$31,946 |
|  | Risk adjustment                                   | ↑10%  |         |          |          |          |
| Etr  | Subscription and maintenance fees (risk-adjusted) |   | \$0     | \$35,141 | \$35,141 | \$35,141 |

## Implementation, Professional Services, Hardware, Training, And Learning Curve Costs

PointClickCare charges customers an implementation fee ranging from \$20,000 to \$40,000 depending on the size of the organization. Some interviewed providers also noted the need for external professional services and hardware. However, these additional costs can vary greatly according to the size of the facility. A modest learning curve is included in the analysis.

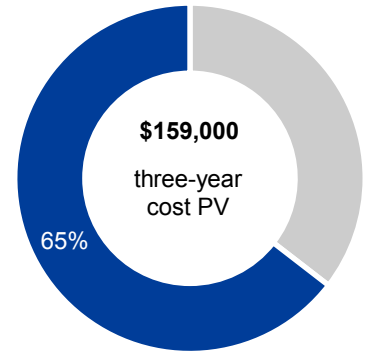
For the financial analysis, Forrester assumed:

- › Implementation fee of \$30,000.
- › Professional services costs of \$5,000.
- › Hardware costs, such as kiosks and tablets, amounting to \$33,000.
- › 1.5 FTEs for five months of implementation, at a salary of \$60K per year.
- › .5 FTEs for one year for training and learning curve, at a salary of \$60K per year.

The implementation and related costs will vary based on the following:

- › Abilities of existing staff.
- › Availability of existing, compatible hardware.
- › Salary of staff responsible for implementation and training.

To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV of \$159,000.



**Implementation, professional services, hardware, training, and learning curve costs: 65% of total costs**

Implementation risk is the risk that a proposed investment may deviate from the original or expected requirements, resulting in higher costs than anticipated. The greater the uncertainty, the wider the potential range of outcomes for cost estimates.

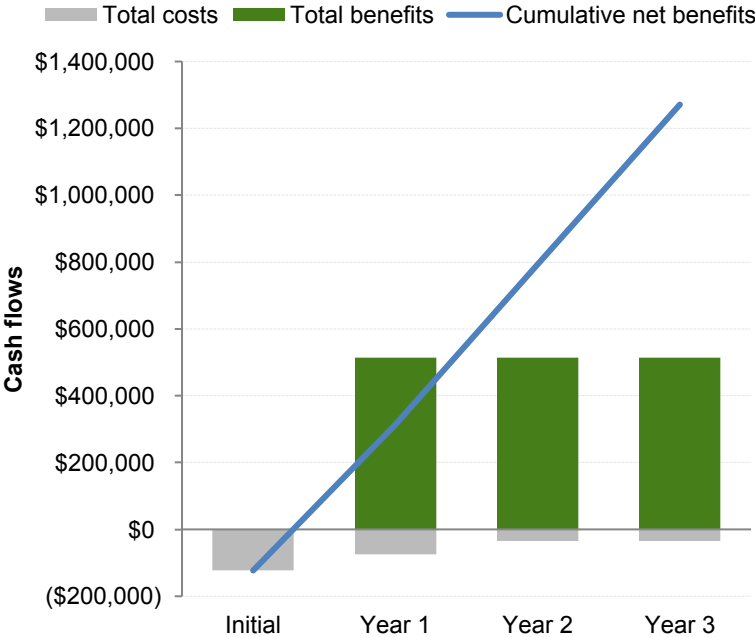
### Implementation, Professional Services, Hardware, Training, And Learning Curve Costs: Calculation Table

| REF. | METRIC  | CALC.                              | INITIAL   | YEAR 1   | YEAR 2 | YEAR 3 |
|------|---|------------------------------------|-----------|----------|--------|--------|
| F1   | Implementation fee  |                                    | \$30,000  | -        | -      | -      |
| F2   | Professional services   |                                    | \$2,000   | \$3,000  | -      | -      |
| F3   | Hardware costs  |                                    | \$33,000  | -        | -      | -      |
| F4   | Implementation labor  | 1.5 FTEs for 5 months @ \$60K/year | \$37,500  | -        | -      | -      |
| F5   | Training and learning curve   | .5 FTE for 1 year @ \$60K/year     | -         | \$30,000 | -      | -      |
| Ft   | Implementation, professional services, hardware, training, and learning curve costs                 | F1+F2+F3+F4+F5                     | \$102,500 | \$33,000 | \$0    | \$0    |
|      | Risk adjustment   | ↑20%                               |           |          |        |        |
| Ftr  | Implementation, professional services, hardware, training, and learning curve costs (risk-adjusted) |                                    | \$123,000 | \$39,600 | \$0    | \$0    |

# Financial Summary

## CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

### Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.



These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

### Cash Flow Table (Risk-Adjusted)

|                | INITIAL     | YEAR 1     | YEAR 2     | YEAR 3     | TOTAL       | PRESENT VALUE |
|----------------|-------------|------------|------------|------------|-------------|---------------|
| Total costs    | (\$123,000) | (\$74,741) | (\$35,141) | (\$35,141) | (\$268,023) | (\$246,391)   |
| Total benefits | \$0         | \$513,088  | \$513,088  | \$513,088  | \$1,539,264 | \$1,275,974   |
| Net benefits   | (\$123,000) | \$438,347  | \$477,947  | \$477,947  | \$1,271,241 | \$1,029,583   |
| ROI            |             |            |            |            |             | 418%          |
| Payback period |             |            |            |            |             | <6 months     |

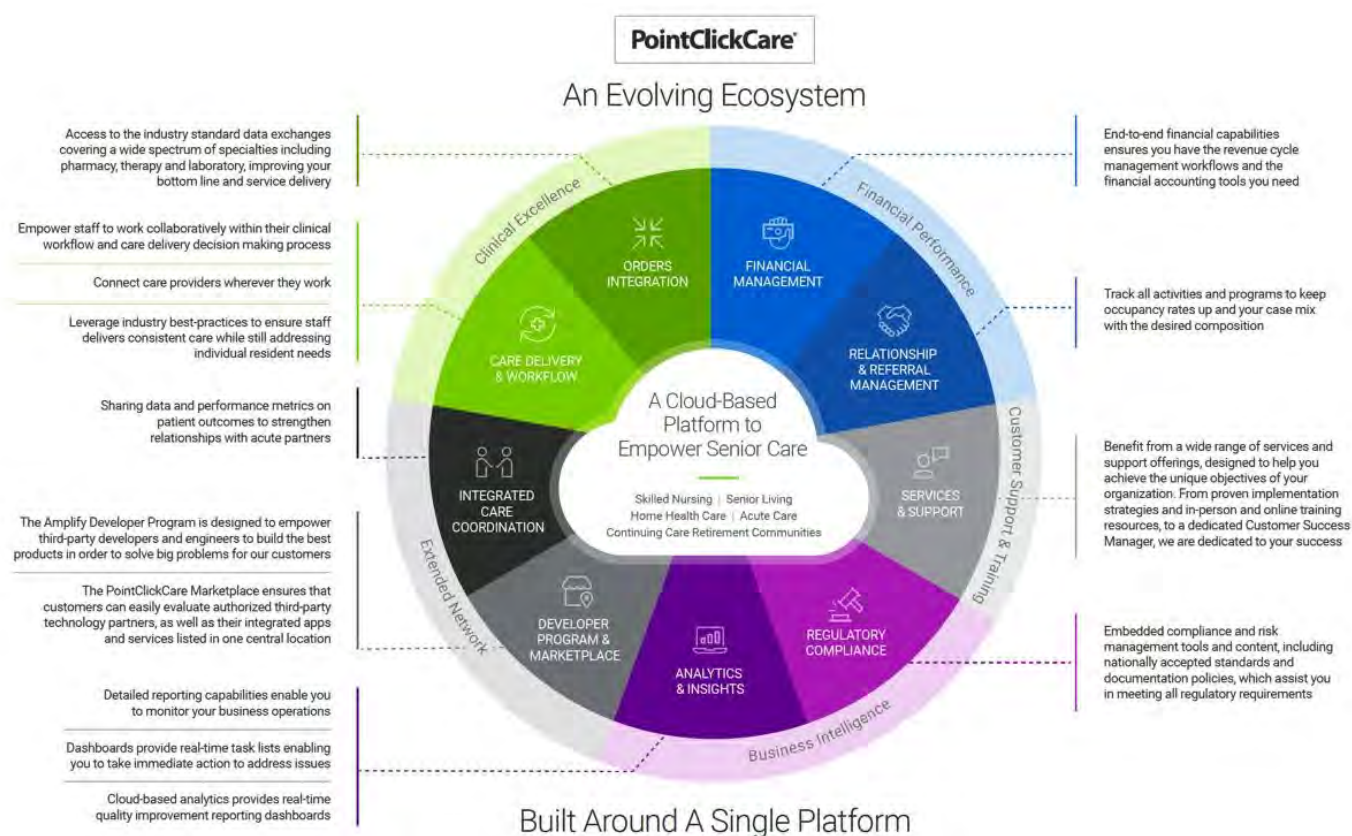
# PointClickCare's Skilled Nursing Solution: Overview

The following information is provided by PointClickCare. Forrester has not validated any claims and does not endorse PointClickCare or its offerings.

PointClickCare is the leading electronic health record technology partner to North America's senior care industry focused on transforming healthcare and making a meaningful impact on millions of lives. More than 21,000 skilled nursing facilities, senior living communities, home health agencies, and continuing care retirement communities rely on us every day to build innovative solutions that transform the way care is delivered and outcomes are achieved.

The PointClickCare platform is the foundation that helps skilled nursing facilities manage the business of care. At its core, PointClickCare is a robust electronic health record and revenue cycle management platform that enables providers to manage the complete resident care journey — from pre-admission to discharge.

PointClickCare offers technology solutions and integrates with key partners in the following areas:



Our integrated approach connects services, billing, administrative processes, analytics, and partners across a single, cloud-based platform giving skilled nursing facilities real-time visibility into their entire operations empowering them to intervene promptly, improve billing accuracy, and enhance their decision-making capabilities.

For more information on PointClickCare's ONC certified software solutions and how we are advancing innovation in senior care, please visit [www.pointclickcare.com](http://www.pointclickcare.com).

# Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

## Total Economic Impact Approach



**Benefits** represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.



**Costs** consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.



**Flexibility** represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.



**Risks** measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.



### Present value (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.



### Net present value (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.



### Return on investment (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.



### Discount rate

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.



### Payback period

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

# Appendix B: Endnotes

<sup>1</sup> Source: HIPAA: Health Insurance Portability and Accountability Act.