

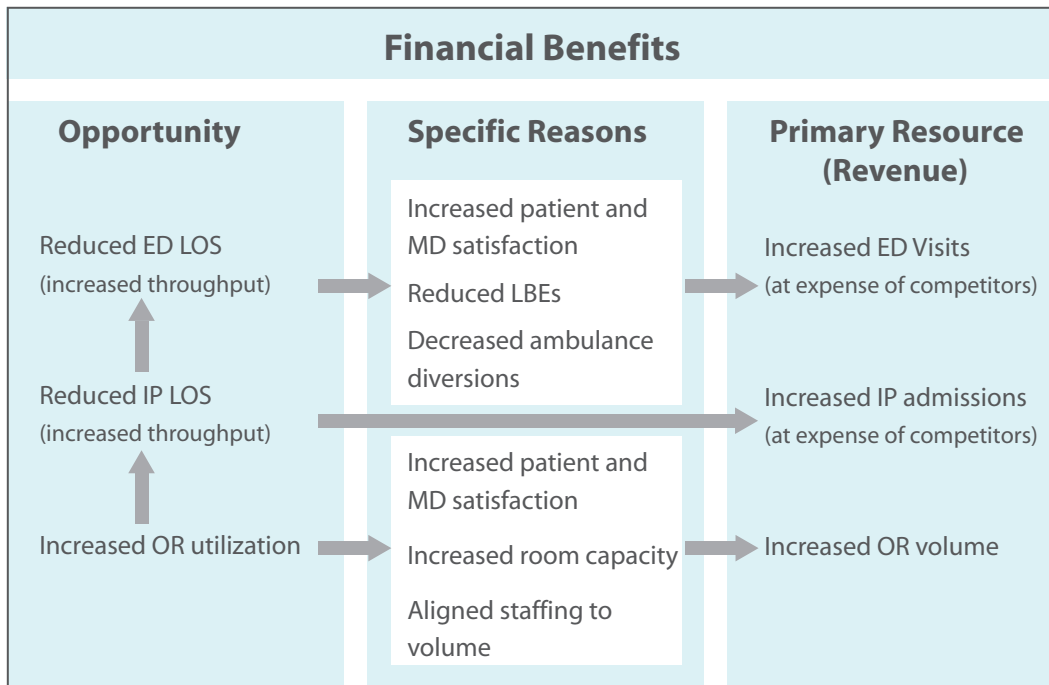
## Economic Benefits of Improved Efficiencies

For our clients, the value of EMPATH's needs assessment project lies in understanding:

- The state of current patient care processes and issues impacting those processes
- The recommendations provided in the project which, if implemented, can help enhance and improve those processes, and provide financial benefit to the organization.

The payout is not only determining what needs to be fixed, but in fixing it:

- Repairing and improving poorly functioning processes results in increased revenue.
- The return is substantial, and capable of fairly rigorous valuation
- The underlying source of increased revenues is in reductions of length of stay that result in increased volume.



Each of the above reasons for volume increase can have a distinct and separate financial impact. At the end of the **Needs Assessment Project**, EMPATH provides an **Economic Valuation** that estimates that impact.

The **Economic Valuation** estimates the net present value (NPV), internal rate of return (IRR) and payout (PBK) on a before-tax basis. EMPATH provides four scenarios of process improvement success and the anticipated results by translating process improvements into increased volumes. Typical scenarios are: "minimal", "low", "moderate", or "aggressive." The assumptions underlying each scenario are determined with each client to ensure their comfort with the calculations and buy-in on the results. Customizing the calculation for each client's specific situation precludes the reporting of typical results. However, in the low or modest scenarios, it is not uncommon to see NPVs in the \$5-7 million range, ROIs around 200% and PBKs of 1 to 1 1/2 years.