

A Report from the **Minnesota Health Literacy Partnership**, a program of  
the Minnesota Literacy Council

# Making a Business Case for Health Literacy



**A Template  
June 2007**

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## MAKING A BUSINESS CASE FOR HEALTH LITERACY

### A Template from the Minnesota Health Literacy Partnership

June 2007

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This is a briefing issued by the members of the Minnesota Health Literacy Partnership, a collaborative group working to promote health by addressing the problem of health literacy. The Partnership, which is sponsored by the Minnesota Literacy Council, meets monthly and produces quarterly briefing papers. Partnership meetings are free and open to the public. For more information, visit the Partnership website at <http://healthlit.themlc.org>.

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#### ***Why create a business case for health literacy?***

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If you have an idea for a health literacy project that would help patients in your organization, great! But a good idea is not enough. It is likely that you will need to make the *business case* for your idea. Creating a business case helps administrators and managers understand the financial and legal benefits of adopting your idea—as well as the negative implications of *not* of taking it on.

This paper draws on presentations at the Minnesota Health Literacy Partnership meetings in April and May, 2007. A copy of the PowerPoint slides used in both meetings is available on the Minnesota Health Literacy Partnership website, [www.mnhealthlit.org](http://www.mnhealthlit.org).

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#### ***What is a business case?***

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A business case is a proposal for business change that is justified in terms of costs and benefits.

Typically, a business case answers the following basic questions:

1. *What is the problem?*
  2. *What should be done about it?*
  3. *Why should we do this?*
  4. *What are the risks/benefits/costs?*
  5. *Who are the stakeholders?*
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6. *How will you measure success?*
7. *Where are the resources?*

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### ***Why make the business case for health literacy?***

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The case for health literacy programs can be made on many fronts, but the business case has to demonstrate to management that health literacy efforts *are worth the investment of resources*, both time and money. Without such evidence, your idea is less likely to get the funds or support you need from management.

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### ***How can you make a business case for a health literacy initiative in your organization?***

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You can make a strong business case by answering the basic questions common to most business cases. Here are some tips:

#### ***1. What is the problem?***

**Identify the problem you are trying to solve; in this case, a problem associated with low health literacy.** Some carefully selected statistics can help. For example:

#### ***Basic literacy information***

- New data from the U.S. Department of Education reports that 36% of adult English speaking Americans have basic or below basic health literacy skills (*NAAL, 2003*)
- By 2050, an estimated 1 in 2 Americans will be African American, American Indian/Alaska native, Asian, Hispanic/Latino, or native Hawaiian or other Pacific Islander. Minority groups may have lower literacy rates in general. (*U.S. Census Bureau*)
- Patients with low health literacy have a 50% increased risk of hospitalization compared with those who had adequate literacy skills. (*Baker, Parker, Williams, et al. J Gen Intern Med 1998*)

#### ***Costs***

- Low health literacy increases U.S. health care costs by \$50—73 billion annually. (*American Medical Association*)
- Predicted inpatient spending for a patient with inadequate health literacy was \$993 higher than that of a patient with adequate reading skills. (Baker, et al. *Am J Public Health, 2002*)
- Those with low health literacy have an average health care cost of \$13,000 compared to only \$3,000 for those with higher literacy levels. (AMA Foundation “*Health Literacy A Manual for Clinicians*”)
- Annual health care costs for individuals with low literacy skills are 4 times higher than those with higher literacy skills. (Weiss, *20 Common Problems in Primary Care. 1999*)
- 70% of consumers fail to adhere to prescribed medications at a cost to the pharmaceutical industry of \$15-20 billion annually. (National Pharmaceutical Council. *Noncompliance with medication regimens: an economic tragedy, June 1992*)

#### ***Patient safety***

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- 18,000 elderly outpatients die or are seriously injured by prescribed medications/year (~ 50% preventable) 7,000 patients die from drug errors/year. (*Forbes, June 20, 2005*)
- Communication breakdowns are the primary cause of more than 60% of the 2034 sentinel events analyzed. (*Joint Commission*)

Note that many of these statistics imply that health literacy is mostly about reading written materials. Be careful to clarify in your proposal that health literacy encompasses a person's ability to read *and comprehend* a wide variety of communication about health.

**Research your own institution's relevant information or reporting, such as:**

- Customer satisfaction ratings
- Repeat hospitalizations
- ER utilization
- Non-adherence to medication/treatment regimens
- Ethnicity, preferred language and reading level

**2. What should be done about the problem?**

**State clearly what you think should be done to address the problem.** Here are some possibilities:

**Assessment**

- Assess your organization's patient safety culture.
- Assess your organization's patient-centered communications.
- Know the literacy and language needs of the communities your organization serves.
- Pursue a research agenda that looks at communication issues related to patient safety, health disparities, access.

**Awareness**

- Raise awareness of the impact of health literacy on patient safety.
- Encourage patients to ask questions.
- Engage patients as advocates for their own safety.

**Training**

- Train all staff to recognize and respond to literacy/language needs.
- Train professionals in patient-centered communication skills.

**Action**

- Develop insurance/benefit forms that are client-centered.
- Adopt strategies to comply with Joint Commission's National Patient Safety Goals
- Use well-trained medical interpreters.
- Use clear communications for wayfinding/signage.
- Use plain language, teach-back, and visuals
- Redesign informed consent process and forms.
- Refer low-literacy patients to adult learning centers.

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### **3. Why should we do this?**

#### ***Explain why now is the time to take on your proposal.***

If you are proposing a specific project, look at the business need the project seeks to resolve. Include a context and a rationale for the project. Give your project a name and explain if any work has been done on it so far. Spell out the project's objectives and explain how these align with larger organizational objectives. The closer the alignment, the harder it will be to ignore your proposal.

The American Medical Association offers some reasons to be involved in health literacy activities. Patient-centered communication can:

- Strengthen mission
- Improve quality of care
- Enhance consumer loyalty, retention, appropriate utilization and public image
- Increase market share
- Promote cost-effective care
- Enhance workforce and stakeholder morale
- Solidify leadership position

*(Appendix C: The Case for Promoting Patient-Centered Communication in Health Care Organizations," pp. 110-119, Improving Communication—Improving Care, American Medical Association, 2006; <http://www.ama-assn.org/ama/pub/category/16245.html>)*

Describe what, if anything, your organization is doing already. Are there staff members who may already be involved in similar efforts? Are there materials or earlier initiatives that relate to your proposal? Is there someone in a powerful position who can champion your idea?

### **4. What are the risks, costs and benefits?**

Talk in terms of costs and benefits. After you've described your project and put it in context, show that you've considered its potential impact, at various levels such as system/corporate wide, clinics or units; or in terms of impact on staff or patients.

Some of the most persuasive areas to focus on, in terms of potential risk, are regulatory ones. What are the potential costs to an organization if your consent forms are hard to read? Civil rights and antidiscrimination laws, as well as regulations and accreditation standards may be interpreted to require additional accommodation for patients whose literacy is low. How important is it to your organization to avoid medical errors that result from poor communication?

Sometimes short-term risks or costs lead to long-term benefits. If this is the case with your proposal, be sure to point out these out.

An organization's risks, benefits and costs can be assessed in a number of ways. It might help your proposal if you include a simple chart, like the one below.

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Type	Risks	Costs	Benefits
Financial			
Personnel			
Reputation			
Regulatory			

### **5. Who are the stakeholders in the health literacy project?**

This question relates to benefits. Your proposal needs to demonstrate benefits (or at least not onerous costs) to those in your organization who have a stake in or will be affected by such a project.

Stakeholders in health literacy projects can be numerous, including, but not limited to:

- HIPAA/compliance
- Diversity department
- Legal department
- CEO/finance
- Foundation/funding
- Community
- Patient safety
- Clinical affairs
- Interpreters
- Public health
- Nursing councils
- Business and complaints departments
- Customer service
- Pharmacy
- Human resources
- Educators
- Forms clearinghouse
- Marketing
- Social work service
- Care givers (MDs, RNs, etc.)
- Parish nurses
- Quality improvement
- Clinics
- Home care service providers
- Patient service representatives
- Patient advocates

### **6. How will you measure success?**

A traditional business case always defines success in terms of profit. While profit may not be paramount in health care, no health care organization wants to lose money. Describe a way of measuring success that focuses on organizational gains. Define how you will measure them, and what controls you will impose so that both successes and failures are reported and learned from.

What are your project's desired outcomes? (Be sure to make them measurable, whether they are quantitative or qualitative ones.) What is the timeline for reaching these outcomes? What specific tasks need to be undertaken, and by whom? When will it all be done?

For more on the business case for health literacy, start with the references and resources listed below; they will lead you to many other useful materials.

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## Resources

Joint Commission *National Patient Safety Goals* [www.jointcommission.org](http://www.jointcommission.org)

Institute of Medicine (2004) *Health Literacy: A Prescription to End Confusion* National Academy of Sciences Washington DC

Minnesota Health Literacy Partnership <http://healthlit.themlc.org> Information about Minnesota's health literacy efforts

Ask Me 3 <http://www.askme3.org> Comprehensive national information, free materials for providers and patients and downloadable fact sheets.

Clear and to the Point: Guidelines for Using Plain Language  
[http://www.hsph.harvard.edu/healthliteracy/how\\_to/clear](http://www.hsph.harvard.edu/healthliteracy/how_to/clear)

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