Calculating Impact Series

Financial Assistance Programs for Patients with Medical Conditions

Financial assistance programs help patients suffering from medical conditions with key expenses, including insurance premiums, transportation and groceries. These programs help patients who are facing financial strain, with medical costs that they are often unable to keep up with.

The success of financial assistance programs is captured in the outcome “dollar value of assistance provided for a patient.” This guide includes protocols for calculating the amount of financial assistance that goes to patients and the cost to provide it.

This guide is appropriate for nonprofits of any size operating a program whose primary charitable activity is to provide financial assistance to people with medical conditions, such as cancer, kidney disease and other chronic illnesses. The impact calculation uses data typically already on hand and does not require intermediate or advanced training in data analysis. The output of this exercise is an impact statement, e.g., $100 provides $90 in financial assistance to a patient in need.

Resources

→ Use this free template to automatically calculate impact.
→ For more information, see the impact methodology for financial assistance for patients with medical conditions.

About the Calculating Impact Series

Impact is the change in social outcomes caused by a nonprofit's program relative to the cost to achieve those outcomes. The Calculating Impact Series provides how-to guides for nonprofits to estimate impact using data generally already on hand. The series is based on ImpactMatters’ Methodology for Estimating Impact (M.E.I.).

About This Guide

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Learn more at impactmatters.org/nonprofit-center
Calculating Impact Series  Financial Assistance for Patients with Medical Conditions Programs

Impact Calculation Steps

1. Define the program (<10 minutes)
2. Gather program data (1-2 hours)
3. Calculate impact (<30 minutes using template)
   a. Estimate outcomes attributable to the nonprofit's program
   b. Count costs needed to achieve those outcomes
   c. Divide costs by outcomes to calculate impact
4. Communicate findings (1 hour)

1. Define the program

Identify the following:

- Name of the program
- Scope of the program. If there are multiple locations, it is acceptable to aggregate them into one equation or analyze them one at a time.
- Time period of analysis. Select a period with complete data on financial assistance and completed financial statements.

2. Gather program data

Impact analysis of financial assistance programs requires 6 data points, of which at least 4 are supplied by the nonprofit. Below is a list of the most important data points. When collecting data, keep in mind:

- All data must match the chosen time period
- If missing or incomplete, data can be estimated
- Some data points are standard values derived from research literature, government statistics or other organizations. This is indicated.
- Be prepared with the basics of the program: program activities, geography, beneficiary type and timeframe.

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<td>Report any eligibility requirements for financial assistance, such as income level, type of medical condition and geographic area.</td>
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<td>Use the total number of patients provided with financial assistance over the specified timeframe.</td>
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Learn more at impactmatters.org/nonprofit-center
### 3. Calculate impact

To calculate the impact of a financial assistance program, divide the total dollar value of financial assistance provided to patients by total program-related costs incurred by all cost-bearing parties (including beneficiaries and partner organizations). If using the calculations template, follow the instructions there and skip to the next section.

**Outcomes calculation**

\[
\text{Outcomes} = \text{Total dollar value of financial assistance} \times (1 - \text{Counterfactual financial assistance})
\]

**Total dollar value of financial assistance**: Amount of financial assistance provided to all patients with medical conditions over the specified timeframe.

**Counterfactual financial assistance**: Proportion of financial assistance that would have been received by the patient without the nonprofit’s assistance. The counterfactual is estimated at zero, based on the assumption that there is no upper limit to the amount of cash transfers that continue to be valuable to patients — financial assistance from one nonprofit does not displace aid from another organization. Additionally, we assume that nonprofits work independently and do not coordinate the provision of aid to the same patient. As a result, all aid provided by the nonprofit to patients with medical conditions can be directly attributable to the nonprofit.

Learn more at [impactmatters.org/nonprofit-center](http://impactmatters.org/nonprofit-center)
**Cost calculation**

\[\text{Cost} = \text{Program Costs} + \text{Partner Costs} + \text{Beneficiary Costs}\]

*Program Costs*: Direct expenses. Includes the amount of financial assistance provided and the costs of administering financial assistance. Exclude expenses incurred using in-kind donations, such as donated medical equipment, drugs, and other supplies. Also exclude fundraising and management expenses.

*Partner Costs*: Expenses incurred by partner organizations. Unless otherwise reported, assumed at $0.

*Beneficiary Costs*: Unless otherwise reported, the cost to patients is assumed at $0.

**Impact Calculation**

\[\text{Impact} = \text{Outcomes} \div \text{Costs}\]

Apply a 5% discount rate to convert impact into current year values.

4. **Communicate findings**

Impact calculations are presented as an impact statement:

\>$100 provides $90 in financial assistance to a patient in need.$

At a minimum, accompany the impact statement with the name of your nonprofit. Space permitting, the following can be added:

- Program details (name, activities, beneficiaries served, geography)
- Outcome and cost data source and time period
- Method for attributing outcomes
- Outcomes, cost and impact calculations

**Website**

Impact statements can accompany other program information, such as the number of people served, or be presented standalone on the home, program, impact or other relevant pages.

The calculations template provides a snippet of code that you can add to your website and display your impact statement.

Learn more at [impactmatters.org/nonprofit-center](http://impactmatters.org/nonprofit-center)
ImpactMatters Rating

If you have completed the impact calculation template, you may be eligible for an impact rating from ImpactMatters. Submit the spreadsheet here and ImpactMatters will be in touch: https://forms.gle/3N8feJsyTX3TR47E9

GuideStar Platinum

GuideStar is a database of millions of organizations used by donors and nonprofit professionals. GuideStar awards seals based on transparency. This impact calculation can be used to attain GuideStar’s highest seal, Platinum. To do so, follow the steps below:

- Click “Update nonprofit profile” in the top menu. If you haven’t already gained access to your organization, click “Find and get approved” and follow the instructions. Then, click on your organization’s name to get started.
- To receive a Platinum seal, you must first complete the steps for Bronze, Silver and Gold. Follow GuideStar’s instructions for doing so.
  - When filling out the programs section of Bronze, make sure to create a program that matches the program or programs you used to calculate impact. Enter the details for the program, including the budget. We recommend including this note in the program description: “The impact of this program was calculated using ImpactMatters’ Methodology for Estimating Impact and reported through GuideStar’s Platinum Seal program.”
- On the Platinum screen, click “Add a new metric”. GuideStar does not have a dedicated metric for dollars of financial assistance (we recommended using a specific metric for financial assistance over “Total dollar amount of grants awarded,” especially if you are giving grants to organizations in addition to patients). Select “Can’t find a metric? Add your own” at the bottom and enter the metric “Total dollar amount of financial assistance.” After selecting the metric, enter your result and the associated year. Select “Outcome” as the metric type.
- Complete your GuideStar Platinum level.

Example: Lamoille Area Cancer Network

**Program activities:** Providing financial assistance to patients with cancer  
**Geography:** Lamoille County, VT  
**Beneficiaries:** People with diseases and illnesses

Data was collected by reviewing nonprofit’s tax form 990.
We estimate the dollar amount of financial assistance attributable to the nonprofit by comparing the financial assistance given by the nonprofit to the financial assistance that would have been provided to patients in the absence of the nonprofit (the “counterfactual”). We estimate the counterfactual to be zero-based on two assumptions. First, we assume there is functionally no upper limit to the amount of cash transfers that continue to be valuable to patients as they are far from reaching the point of diminishing marginal returns, such that aid provided by one nonprofit does not displace aid provided by another. Second, we assume that nonprofits work independently and do not coordinate the provision of aid to the same patient. As a result, all aid provided by the nonprofit to patients with medical conditions can be directly attributable to the nonprofit.

**Outcomes calculation**

\[ \$235,750 \text{ in financial assistance} = \$235,750 \text{ in financial assistance} \times (1 - 0\% \text{ counterfactual assistance}) \]

**Cost calculation**

\[ \$237,939 \text{ total costs} = \$237,939 \text{ program costs} + 0 \text{ partner costs} + 0 \text{ beneficiary costs} \]

**Impact Calculation**

\[ 0.99 \text{ of every dollar donated goes to patients} = \frac{\$247,571 \text{ in financial assistance}}{\$249,869 \text{ total costs}} \]

5% discount rate has been applied to convert impact into current year values. Impact statement is rounded.

**Impact:** $2,000 provides $2,000 in financial assistance to a patient in need. Click [here](#) to see their full rating.

This guide was prepared by ImpactMatters, a nonprofit rating agency that helps donors find high impact nonprofits. ImpactMatters develops and disseminates resources, tools and guidelines to help nonprofits communicate impact. Learn more at impactmatters.org/nonprofit-portal.

Direct feedback on this guideline to [info@impactmatters.org](mailto:info@impactmatters.org).