

# 2011 Oregon Living Well Cost Estimation Guidance

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## Getting Started

### **Q: Why are we using the cost calculator?**

**A:** Calculating cost information is an important step toward increased program sustainability. It will help licensed organizations develop a stronger understanding of their programs, and will help prepare for future price negotiations with organizations such as health plans, insurers, and employers wanting to provide programs to their members, employees or other constituents. Knowing your program costs will also be helpful for sustainability planning, writing grant applications or seeking funding from other sources.

### **Q. How will the Oregon Health Authority (OHA) use the cost information my organization provides?**

**A:** Any information provided at the individual organization or provider level will not be shared. Only aggregated information will be shared. No information that could be deemed proprietary is requested. Please see the last section in this document, *methods for providing data to the state*, for more information. Cost data shared with OHA through this process will be de-identified and reported back to the Living Well Network in the following manner:

- Per-participant statewide cost estimate range and average
- Per completer statewide cost estimate range and average
- Per-workshop statewide cost estimate range and average
- Statewide average and range of in-kind as a percentage of total costs

Although OHA and DHS encourages all Stanford-licensed organizations to participate in the cost survey in order to ascertain the best possible statewide estimates of program costs, participation in this process is optional.

### **Q. How do I download the calculator?**

**A:** Go to the Living Well resources page, scroll down to “other resources” and click the link for the cost calculator and choose “save” to save a local copy of this Excel spreadsheet to your computer. Click the manual link to download the PDF manual from

the National Council on Aging. Refer to the manual for general information, and see below for information specific to Oregon.

<http://public.health.oregon.gov/DiseasesConditions/ChronicDisease/LivingWell/Pages/resources.aspx>

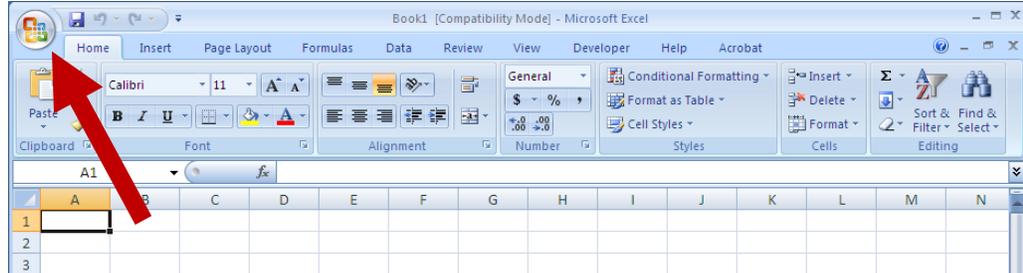
**Q: What period of time we are calculating costs for?**

**A:** The cost calculator estimates annual costs. We will be calculating costs for the most recent one-year time period that is feasible for your organization, for example calendar year 2010 or the fiscal year running July 1 2010 – June 30 2011. Regardless of what you choose, **please enter the time frame on the bottom of the welcome page.**

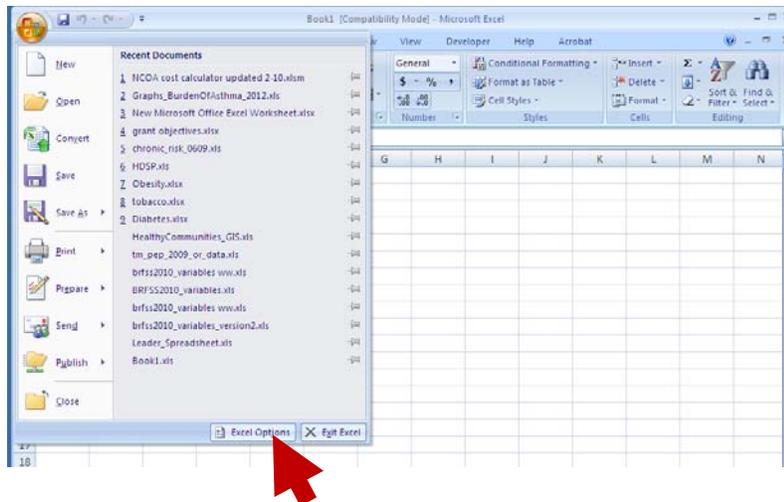
**Q: How do I make the Cost Calculator work with Excel 2007?**

**A:** You must make sure that macros are allowed by Excel 2007. This is a somewhat complex process; follow the directions below.

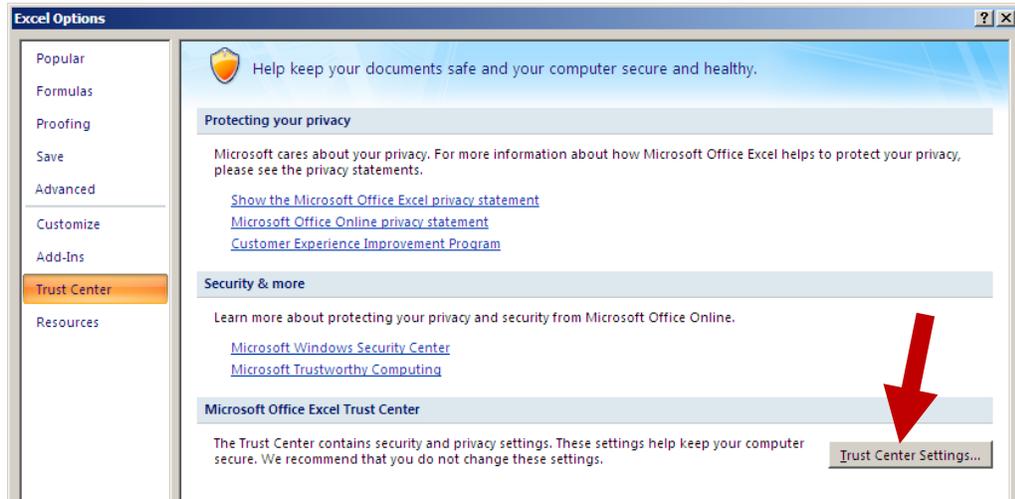
1. Open Excel and click on the Office button in the upper left hand corner.



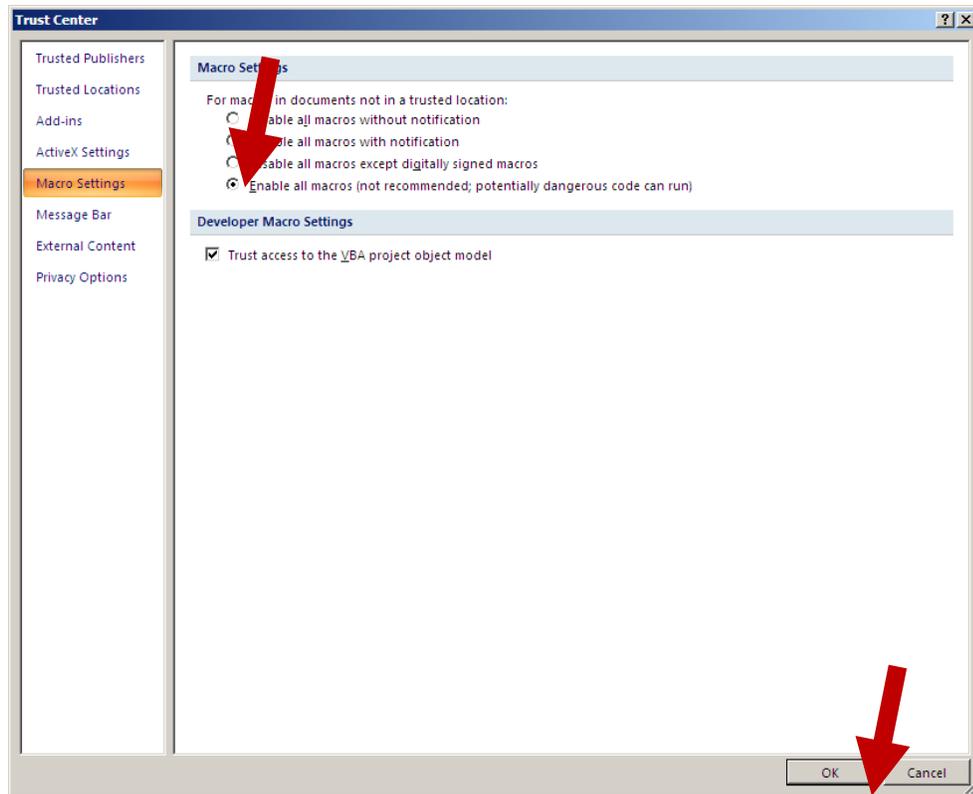
2. Click on “Excel Options”.



3. Inside “Excel Options” click on “Trust Center Settings...”



4. In “Trust Center Settings...” click on the left hand menu where it says “Macro Settings”. From there, click the button in the “Macro Settings” that says “Enable all macros (not recommended; potentially dangerous code can run).” Don’t panic, we checked and the version you downloaded is not dangerous! Take a deep breath, let it out slowly through pursed lips, and click the “OK” button.



5. **Note:** You may want to reset macro settings to a higher security level after you are done to protect your computer from malicious macros from other sources. To do this, follow the same instructions, except click the “Disable all macros with notification” button.
6. Click OK until you are out of Excel Options. Open the cost calculator spreadsheet. You’re ready to go!

## The Nitty Gritty – Using the Cost Calculator

OK, now you're ready to roll. Please refer to the NCOA cost calculator manual for general information. **Please note specific clarifying information about our process in Oregon below.** For the purposes of the Oregon cost estimate project, we will only be using the "program data" and "summary" worksheets.

### CDMSP Personnel and Program Administration

#### Calculating Full-Time Equivalents (FTE)

One FTE equals a full-time equivalent employee who works a 40-hour week, 52 weeks per year. The number of full-time equivalent (FTE) employees entered into the calculator may be a whole number or a fraction. Staff with different salaries or different fringe benefits should be entered on separate lines. Staff with the same salaries and benefits may be combined on a single line. For example, if two people with identical pay and benefits each work 30 hours a week on Living Well, their total number of hours is 60. Divide this by 40 and you get 1.5 FTE for staff.

***Tip: 2080 hours in a year = 1.0 FTE. If you know how many total hours a person worked in year, their FTE = # hours worked in a year /2080***

Please see the NCOA manual for information about how administration/coordination activities are defined for the purposes of this section.

***Tip: you can calculate % fringe by dividing the dollar amount of fringe by the salary.  
For example: if Salary = \$49,000 and Fringe = \$17,000  
Fringe Benefit % = (\$17,000 / \$49,000) = 35%***

Other Costs: This includes costs for periodic local or regional coordination meetings, but **not** leader support meetings or training in-services – those should be reported in the leader training section under follow-up costs.

Please take care to distinguish between time spent coordinating and time facilitating workshops. One person's time should be attributed to different categories as appropriate. For example, if you have a staff member who works 20 hours a week as a paid coordinator and 10 hours a week as a volunteer program facilitator, you would record .5 FTE in the Personnel and Program Administration section and 1 in the CDSMP Workshops section under Total CDSMP Workshop Leaders.

***Note: Please enter time spent coordinating under paid staff and time spent facilitating workshops under CDSMP workshop leaders.***

### **Counting Volunteer Time**

If your organization uses volunteers for administrative purposes (see detailed definition above) and plans to continue this, then the only costs that should be included are stipends or other costs associated with their administrative work in the administration section. Enter all costs for leading workshops in the workshop section. If your organization wishes to count volunteer time as a cash cost (for example, there are plans to convert volunteer time into paid staff time in the near future after a contract is signed with a major health plan), then enter the volunteer staff as regular staff in the personnel/program administration section with an estimated FTE, salary, and fringe.

### **Program Management Costs**

If overseeing Living Well programs is part of a manager's job duties (oversight of FTE positions, etc), management costs need to be factored in as staff in the administration section. The litmus test here is to ask *if the Living Well program had never existed, would X's typical workweek look the same?* If the answer is yes, don't enter manager FTE. If it's no, estimate the FTE fraction they spend on program management and enter it into the spreadsheet as paid staff. If they manage programs as a volunteer, see the volunteer section above for how to enter their time.

### **In-Kind Costs**

In-kind cost share is the reasonable value of staff time, equipment, materials or other property used to provide CDSMP that was provided as a donation. Only include items that have cash value (for example, include the value of meeting space as in-kind only if you received its use for free when there would normally be a charge). In-kind contributions such as space and use of equipment are sometimes hard to value, so make your best estimate.

The spreadsheet includes in-kind costs as the equivalent of cash in the final cost calculations. OHA will separately calculate an estimate of the percentage of in-kind costs to total, both by organization and as a statewide average.

### **Contractor Costs**

Contractor costs should be listed under the program administration section only if they did administrative work; if your organization used contractors to conduct leader or master training, those costs should be listed in those specific sections of the calculator. **OHA strongly recommends clicking "fee"** on the yellow cell next to "How do you compensate contractors?" and entering actual contractor costs as 1 FTE and the total fee rather than using the calculator to estimate costs based on an hourly rate. The hourly rate option assumes a set number of vacation days and holidays to create an estimate of overall costs, and this method is less accurate than entering actual contractor costs.

## Licensing Fees

Stanford licenses typically cover delivery of programs for three years. However, the number entered into the cost calculator should be an **annualized** cost that covers the one-year reporting period. Annualized costs (rounded up to the nearest dollar) are inserted in bold text below after the three-year costs.

*If your organization offers only one Stanford Program in one language:*

- \$500.00 for offering 10 or fewer workshops a year (**annualized = \$167**)
- \$1000 for offering 30 or fewer workshop a year\* (**annualized =\$334**)
- Multiple-Program License Fees

*If your organization offers more than one Stanford Self-Management Program (for example, CDSMP and Tomando, or CDSMP and Diabetes, etc., and you have Leaders trained for each Program):*

- \$1000.00 for offering up to 25 total (all programs combined) workshops and 2 Leaders trainings a year (**annualized =\$334**)
- \$1500.00 for offering up to 40 total (all programs combined) workshops and 4 Leaders trainings a year\* (**annualized =\$500**)

## Indirect Costs

Indirect costs include such items as rent, utilities, general administration, etc. The calculator figures indirect costs as a percentage of total cost to the organization borne directly by the Living Well program. Please note that the indirect rate is the percentage of total indirect costs to the organization, *not the percentage the organization charges to cover indirect costs*.

If you know the total indirect cost for your program, add it under “total indirect costs for your organization” and enter 100% as the indirect cost rate.

If your organization charges its programs a standard indirect rate (for example, 15%), leave the “total indirect costs” cell blank until all other areas of the cost calculator are filled out. Then enter the total cost from line 198 into line 32 and enter the standard indirect rate in line 33.

## Marketing and Program Promotion

In this section, enter the costs associated with recruitment and marketing to participants, lay leaders, partners, and funders. This includes postage, advertisements, and mailing list purchases. If possible, include the dollar amount associated with any in-kind contributions.

## CDSMP Workshops Section

The instructions in the NCOA manual are pretty thorough here.

*Tip: Don't forget to include costs for things like printer cartridges, website fees and incentives for leaders and participants in this section. Add any prizes and snacks that leaders personally buy as "in kind" under non-cash gifts (line 59).*

**Please note: OHA will also be completing an estimate of costs for supporting Living Well programs borne by the state. Please do not include the value of books, tapes/CDs, marketing materials, training, lay leader scholarships, etc. that you have received from the state within your organization's costs.**

## Workshop Leader & Master Training

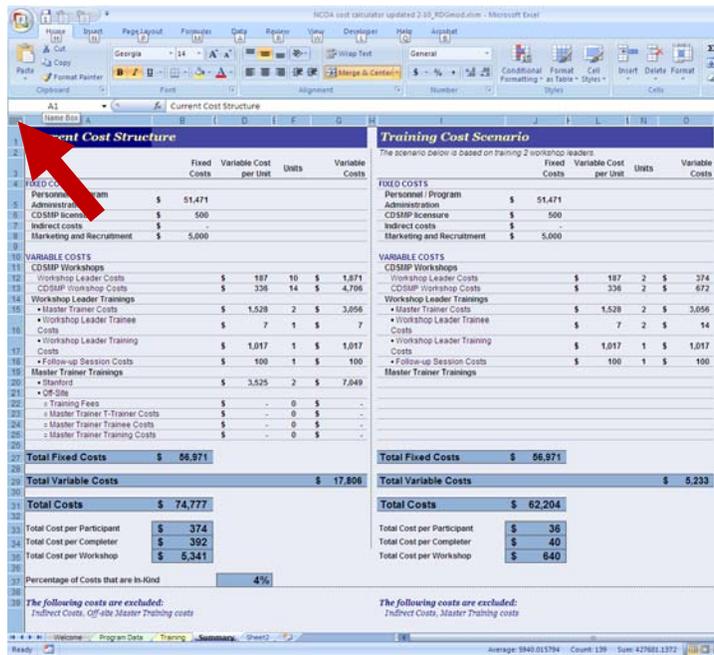
Again, the NCOA manual instructions are good here. However, please note the following:

- **Total financial compensation for attending training** refers to stipends or per-diem payments that people receive for attending leader training.
- **Follow-up session costs** includes leader in-service trainings, celebratory meetings, or other types of meetings specifically designed to support leaders and encourage their continued participation.
- **Stanford Trainings:** For these trainings to be included in the final cost you need to make sure that the cell next to "How often do you send Master Trainees to Master Training at Stanford?" does not say "Never". If it says "Never" then the costs will not be included. If it says "Once a year", then all the costs are included. If it says "Once every two years", then half of the costs are included. Finally, if it says "Once every three years", then one-third of the costs are included. Click on the cell that says "never" and an arrow will appear; click on this and select the correct option for your organization.
- **Off-site Stanford trainings:** If you want off-site trainings by Stanford University to be included in your costs, you need to make sure that cell next to "How often do you conduct off-site Master Trainings (not at Stanford)" does not say "Never". The same logic applies for the total final amount that will be included in the final costs as described above under Stanford Trainings. Click the cell that says "never" and an arrow will appear; click on this and select the correct option for your organization.

## Sending Data to the State

In order to make accurate estimates, the Oregon Living Well with Chronic Conditions team must balance the need for detail with respect for your organization's need to protect proprietary information. If you are able, please send your entire finished cost calculator spreadsheet to [Rodney.garland@state.or.us](mailto:Rodney.garland@state.or.us). If that's not feasible, please follow the steps below for a simple solution:

1. When you have completed data entry and are ready submit the data to the state, open your Cost Calculator spreadsheet to the "Summary" page.
2. Create a new blank spreadsheet and save it to an accessible location.
3. Back in your Cost Calculator spreadsheet on the "Summary" page, click on the uppermost left part of the spreadsheet. This location is above the "1" of the rows and to the left of the "A" of the columns. This will select all cells in your page.



The screenshot shows two side-by-side spreadsheets in Microsoft Excel. The left spreadsheet is titled "Current Cost Structure" and the right is "Training Cost Scenario". Both show a breakdown of costs into fixed and variable categories. A red arrow points to cell A1 in the left spreadsheet, which is the top-left corner of the data area.

	Fixed Costs	Variable Cost per Unit	Units	Variable Costs
<b>FIXED COSTS</b>				
Personnel / Program	\$ 51,471			
Administrative	\$ 500			
CDSPB licensure	\$ 500			
Indirect costs	\$ -			
Marketing and Recruitment	\$ 5,000			
<b>TOTAL FIXED COSTS</b>	<b>\$ 56,971</b>			
<b>VARIABLE COSTS</b>				
CDSPB Workshops				
Workshop Leader Costs	\$ 187	10	\$ 1,871	
CDSPB Workshop Costs	\$ 336	14	\$ 4,704	
Workshop Leader Trainings				
• Master Trainer Costs	\$ 1,528	2	\$ 3,056	
• Workshop Leader Trainee Costs	\$ 7	1	\$ 7	
• Workshop Leader Training Costs	\$ 1,017	1	\$ 1,017	
• Follow-up Session Costs	\$ 100	1	\$ 100	
Master Trainer Trainings				
• Identifying	\$ 3,525	2	\$ 7,049	
• Off-Site				
• Training Fees	\$ -	0	\$ -	
• Master Trainer T-Trainee Costs	\$ -	0	\$ -	
• Master Trainer Trainee Costs	\$ -	0	\$ -	
• Master Trainer Training Costs	\$ -	0	\$ -	
<b>TOTAL VARIABLE COSTS</b>				<b>\$ 17,898</b>
<b>TOTAL COSTS</b>	<b>\$ 74,777</b>			
Total Cost per Participant	\$ 374			
Total Cost per Completer	\$ 392			
Total Cost per Workshop	\$ 5,341			
Percentage of Costs that are In-Kind	4%			

4. Click on the copy button or right-click your mouse and chose "copy".
5. Go back to your blank spreadsheet.
6. Click on cell A1.
7. Click on the down-arrow on the paste button and chose "Paste Value" **OR** right-click your mouse and scroll to "Paste Special". In the paste special menu box, click on "Values" and then "OK".



8. Save your spreadsheet. The number and text should look like the example below. Send this spreadsheet to [rodney.garland@state.or.us](mailto:rodney.garland@state.or.us), and thank you!

	A	B	C	D	E	F	G	H	I
1	Current Cost Structure								Traini
2									The sc
3		Fixed Costs		Variable Cost per U Units			Variable Costs		
4	FIXED COSTS								FIXED
5	Personnel	51471							Perso
6	CDSMP lic	500							CDSM
7	Indirect cc	0							Indire
8	Marketing	5000							Marke
9									
10	VARIABLE COSTS								VARIA
11	CDSMP Workshops								CDSM
12	Workshop Leader Costs		187.1			10	1871		Works
13	CDSMP Workshop Costs		336.1429			14	4706		CDSM
14	Workshop Leader Trainings								Works
15	· Master Trainer Costs		1528			2	3056		· Mast
16	· Workshop Leader Trainee Cos		6.909091			1	6.909091		· Worl
17	· Workshop Leader Training Co		1017			1	1017		· Worl
18	· Follow-up Session Costs		100			1	100		· Follc