Guide to the Health IT Financial Forecasting Tool

HITEQ Center | Capital Link
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Introduction

Health Information Technology (health IT) is an essential foundation for delivering high-quality, coordinated care in today's healthcare environment. However, implementing and maintaining these systems requires thoughtful planning and sustainable financial investment, particularly for health centers that serve safety net populations.

The Excel-based Health IT Financial Forecasting Tool is designed to help community health centers clearly and comprehensively document both the costs and funding sources associated with health IT systems.

Whether your clinic is considering a new system, upgrading existing tools, or seeking to better understand your current cost structure, this tool provides a structured way to capture and assess your financial commitments and potential revenue streams.

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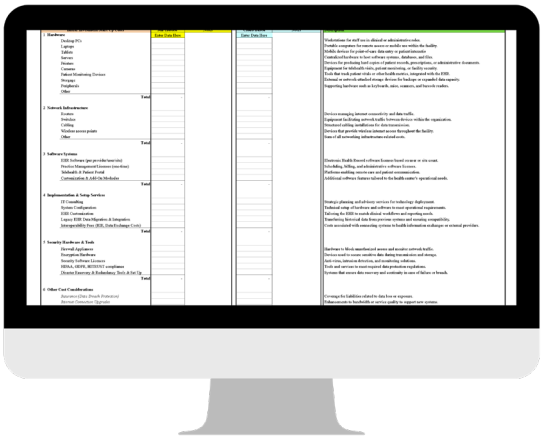
Purpose of This Health IT Cost Tool

1. The tool supports early stage IT planning efforts to help health centers streamline budgeting efforts and reduce financial risks associated with health IT implementation.
2. It also offers a detailed exploration of various cost factors involved in health IT implementation and maintenance, such as software licensing, hardware, staff training, system upgrades, and cybersecurity measures.
3. Finally, the tool enables a clear comparison between self-hosted and cloud-based systems. Each tab includes two sections that streamline the analysis of costs for both options. It is not required to complete both sections; if only one is relevant to your clinic, just fill out that column.

Click Here to Download the Tool



Instructions for Using the Tool

Begin by gathering internal documentation and financial data related to both historical and projected health IT investments. This might include invoices, contracts, budget worksheets, or grant award documents.

Throughout the process of completing this tool, refer to the descriptions in Column K for what to include in each row. Be sure to delete existing numbers in the sheets, which are for demonstration purposes. Remember to complete the appropriate section of each tab based on the system type—self-hosted or cloud-based.

Then, follow these steps:

1. Document Fixed Costs

If you are using this tool to cost out different options, it's important to consider fixed costs for your current system (which may be less), as well as for any other systems that are under consideration.

a. In the **Initial Costs** tab, capture one-time expenses related to setting up your health IT infrastructure, such as purchasing hardware, network installation, or software setup.

» These costs are typically incurred during start-up, implementation, or major upgrades.

2. Document Recurring Costs

Documenting recurring costs can help you understand the sustainability of your health IT system and strategy over time.

a. In the **Recurrent Costs** section, log all ongoing operational expenses related to health IT, including staff salaries, outsourced services, subscription-based software, cloud hosting, and training.

   » Input **# Billings/Year** based on whether expenses are monthly, quarterly, etc. Enter 12 for monthly, 4 for quarterly, 1 for annually, etc.

b. The total will be automatically calculated under the **Annual Amt.** column.

3. Enter Funding Sources

a. In the **Funding** section, input contributions from your health center's operating budget, parent organization, and any partners.

b. Include all relevant loans, whether capital or operational.

c. List all federal, state, foundation, or philanthropic grants/funds, as well as any private donations or corporate sponsorships.

4. Review Totals

a. Totals for each section will be calculated automatically in the **Summary Budget** section. Use these figures to assess how your funding aligns with your expenditures.

b. Comparing total investment and recurring costs against available and anticipated funding can guide decisions about scope, timing, and future investments.

5. Optional: Calculate Productivity Impacts

a. Implementing health IT systems takes time. An optional productivity calculator is included in the **5B Productivity Calculations** tab (with instructions on the prior tab) to estimate losses during the transition.

6. Use for Planning or Retrospective Analysis

a. The tool can be used proactively to consider a new health IT initiative, plan a new health IT implementation, or retrospectively to catalog existing funding and expenses.

b. Use it to build the financial case for additional funding or to identify areas where costs can be reduced or restructured. Consider the value of using this tool to communicate across finance and IT departments.

Either before you begin entering data or once you have an initial draft completed, it is important to take time to review the key considerations outlined below. These factors can influence the types of costs you will need to include, reveal hidden or overlooked expenses, and help clarify the long-term implications of your health IT decisions. Whether you use this tool to better understand your current health IT ecosystem costs or to cost out potential updates or new systems, these considerations will provide critical context for identifying and interpreting the costs and making informed, strategic decisions.

Key Considerations When Evaluating Health IT Systems for Health Centers

When assessing health IT systems, both for new capital investments and for upgrades, it is necessary to take a methodical and strategic approach to ensure that technology not only meets your operational needs but also drives better health outcomes.

Clarify the Problem You Want to Solve

Before diving into technology solutions, define the specific challenges your health center faces. Whether addressing data access barriers, onerous workflows, or staffing shortages, having a clear problem statement is the first—and often most overlooked—step in the process.

Develop a Strategic Implementation Plan

A well-conceived strategy is essential. Evaluate whether a prospective solution fits within your long-term innovation roadmap. This includes planning for costs, integration challenges, and the broader implications of implementing new technology.

Assess Vendor Commitment and Transparency

A strong vendor partnership goes beyond product features. It's vital to ensure that vendors' technology advances and improves health access and care. Without this, health centers risk incurring additional staff costs for validation, workarounds, and other tasks. Look for:

- Transparency: Vendors should be clear about how their tools work and the underlying algorithms, including reporting and AI features.
- Support: Assess available vendor support for access to knowledgeable assistance, clear implementation guidance, and ongoing training and support.
- Data Trust: Evaluate how the solution handles data, ensuring robust protections for patient information.

Tailor Solutions to Your Unique Needs

What works for one organization might not work for another. Each health center has its own unique set of needs, so it's important to customize your evaluation criteria accordingly. Avoid the temptation to say "yes" to the first vendor that seems promising; instead, compare options based on how well they align with your specific requirements.

Costs, Pros, and Cons of Common Health IT Solutions

The following table details some of the costs, considerations, pros, and cons of common health IT tools and strategies.

Category	Cost	Pros	Cons
On-Premises (Self-Hosted)	• High upfront capital (servers, networking, licensing) • Ongoing maintenance and capacity planning	• Full control over hardware, software, and data • Highly customizable workflows • Data never leaves your network	• Requires skilled in-house IT staff • Own disaster recovery planning and DR site • Long refresh cycles
Cloud-Hosted (Vendor/MSP)	• Subscription/pay-as-you-go fees • Tiered by user-count or feature set	• Automatic updates, built-in DR, and redundancy • Rapid scalability • Minimal on-site IT burden	• Operating expenditures can exceed capital expenditures over time • Dependent on vendor service level agreements and ticketing • Data sovereignty concerns
EHR & Health IT Software Selection	• Per-provider or per-user licensing fees • Implementation and customization services • Integration add-ons for reporting and registries	• Centralized charting, scheduling & billing • Built-in quality reporting • Vendor-tested workflows & compliance	• Disruptive “big-bang” implementations • May require expensive third-party extensions • Vendor lock-in risks
In-House IT Staff	• Salaries, benefits, and training costs • Recruiting and onboarding overhead	• Deep institutional knowledge • Full control over security policies and change windows	• Coverage gaps if headcount is low • Continuous training needed for updates
Outsourced (MSP/Vendor Support)	• Flat monthly support fee or hourly rate • Premiums for 24/7 coverage	• Predictable budget line item • Access to broad skill sets (network, security, apps)	• Less oversight of ticket prioritization • Possible SLA delays
Cybersecurity & Compliance	• Encryption tools, Identity Access Management systems, and audit log storage • Penetration tests and compliance assessments	• Reduces breach and fine risk • Maintains patient trust and meets HIPAA/HITRUST standards	• Ongoing investment as threats evolve • Can slow workflows if overly restrictive
Hardware & Infrastructure	• End-user devices (desktops, laptops, tablets) • Networking gear (routers, switches, VPNs) • On-prem server refresh cycles	• Tailored specs for unique access needs and use cases • Redundancy options (multiple ISPs, fail-over links)	• Capex spikes at refresh intervals • Asset management and depreciation overhead
Scalability & Growth	• Cloud: incremental per-user or per-GB fees • On-prem: additional hardware and virtualization licensing	• Cloud: spin up new clinics/users instantly • On-prem: no surprise costs once capacity is paid	• Cloud: costs can escalate with usage spikes • On-prem: long procurement lead times

Category	Cost	Pros	Cons
Training & Change Management	• Initial workshops & super-user certifications • Ongoing refresher sessions and e-learning subscriptions	• Better adoption → fewer support tickets • Empowers staff to use advanced features	• Training pulls clinicians from revenue-generating tasks • Must budget for version upgrade sessions
Licensing & Subscription Management	• Core EHR licenses (per provider, per site) • Third-party modules (analytics, patient engagement) • API/integration fees (HIE, labs)	• Modular licensing (pay only for what you use) • Subscription model shifts some risk to vendor	• Renewal negotiations can be complex • Unexpected overages if usage thresholds are exceeded
Telehealth	• Platform license (standalone or bundled) • AV hardware (cameras, headsets, integration kits)	• Extends care reach and reduces no-shows • Meets patient demand for virtual visits	• Workflow changes to schedule and document virtual care • Bandwidth/stability issues in low connectivity areas
Remote Patient Monitoring (RPM)	• Device purchase/leasing (BP cuffs, glucometers) • Platform subscription & data-ingestion fees	• Enables chronic care management and reimbursement opportunities • Real-time data for proactive interventions	• Device logistics and patient training • Data overload risk if triage workflows aren't defined
Data Migration & Interoperability Fees	• ETL services for legacy data • Parallel-run licenses during transition • HIE participation/ transaction fees	• Ensures historical continuity & compliance • Enables seamless care team handoffs via HIE	• Complex mappings drive professional services costs • Extended cutover windows can delay full go-live

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