



Costs & Benefits: The Economic Return on Investment



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Benefits

Nurse-Family Partnership (NFP) is an evidence-based prevention program that improves the health and well-being of low-income, first-time mothers and their children. Several independent studies* have weighed the costs and benefits of implementing the NFP program and concluded that the program, when implemented with fidelity to the model, produces significant benefits for children and their parents, and over time will return \$2-4 for every dollar invested. **Savings accrue in the following areas:**

- ▶ Health Care Delivery ▶ Child Protection ▶ Education ▶ Criminal Justice
- ▶ Mental Health ▶ Welfare and Public Assistance ▶ Taxes Paid by Employed Parents

In the first trial of the program, costs were recovered by the time children reached the age of four and cost savings continued to build throughout the lives of both mother and child.

The ability to get maximum return on investment is dependent on three important factors:

- Highly educated registered nurses deliver home visits to low-income mothers who are pregnant for the first time.
- The program is implemented with fidelity to the intervention model tested in the randomized trials.
- Services are delivered at sufficient scale to benefit from basic operational efficiencies (generally 100 families served).

Washington State Institute for Public Policy

*Benefits and Costs of Prevention and Early Intervention Programs for Youth
 S. Aos, R. Lieb, J. Mayfield, M. Miller, and A. Pennucci. Washington State Institute for Public Policy: Olympia, WA, 2004.

Nurse-Family Partnership ranked highest in terms of cost return among pre-kindergarten, child welfare, youth development, mentoring, youth substance abuse prevention and teen pregnancy prevention programs. Implementation costs of the Nurse-Family Partnership program were estimated (in 2003 dollars) at \$9,118 and benefits were estimated at \$26,298 leaving a net return to government of \$17,180 per family served. Direct savings related to low birth weight, child injury and immunizations were not included.

Summary of Benefits & Costs Per Youth for Child Welfare/Home Visitation Programs

Program	Benefits	Costs	Benefits per Dollar of Cost	Benefits Minus Costs
Nurse-Family Partnership	\$26,298	\$9,118	\$2.88	\$17,180
Home Visiting Programs for At-risk Mothers and Children**	\$10,969	\$4,892	\$2.24	\$6,077
Parent-Child Interaction Therapy	\$4,724	\$1,296	\$3.64	\$3,427
Healthy Families America	\$2,052	\$3,314	\$0.62	(\$1,263)
Systems of Care/Wraparound Programs**	\$0	\$1,914	\$0.00	(\$1,914)
Family Preservation Services (ex. WA)**	\$0	\$2,531	\$0.00	(\$2,531)
Comprehensive Child Development Program	(\$9)	\$37,388	\$0.00	(\$37,397)
Infant Health & Development Program	\$0	\$49,021	\$0.00	(\$49,021)

**Programs marked with asterisks are the average effects for a group of programs; programs without an asterisk refer to individual programs. The entire report and remaining table of Summary of Benefits & Costs for all Prevention and Early Intervention Programs for Youth is available at www.wsipp.wa.gov/rptfiles/04-07-3901.pdf

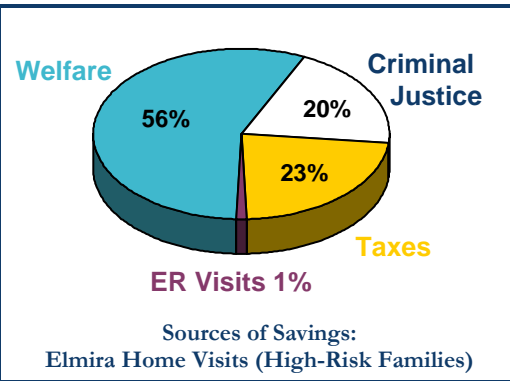
The RAND Corporation study concluded that the **Nurse-Family Partnership program returned four dollars for every dollar invested** in services by the time these children reached the age of 15. The total savings were estimated at \$24,694 with a program cost per family of \$6,083 leaving a net government savings of \$18,611 per family served (amounts in 1996 dollars).

RAND Corporation

**Investing in Our Children: What We Know and Don't Know About the Costs and Benefits of Early Childhood Interventions.* L. Karoly, P.W. Greenwood, S.S. Everingham, J. Hoube, M.R. Kilburn, C.P. Rydell, M. Sanders, and J. Chiesa. RAND Corporation, Santa Monica, CA, 1998.

The RAND study identified at least four types of significant savings to government:

- ▶ **Increased Tax Revenues** from increased employment and earnings by program participants including state and federal taxes, Social Security contributions and state and local sales taxes.
- ▶ **Decreased Welfare** including Medicaid, Food Stamps, Aid to Families with Dependent Children and general assistance by counties.
- ▶ **Reduced Expenditures for Education, Health and Other Services** including special education, emergency room visits and homeless shelters.
- ▶ **Lower Criminal Justice System Costs** including arrest, adjudication and incarceration expenses.



New York City Department of Health and Mental Hygiene

**Division of Financial and Strategic Management, Office of Research and Evaluation*
T. Dumanovsky, H. Muttana. New York, NY, 2004.

Anticipated Program Effects per 100 participating families †

- ▶ **50% reduction in language delays, saving between \$133,000-\$440,000.**
- ▶ **50% reduction in reported child abuse and neglect through the child's second birthday, saving \$38,500.**

† Based on NFP program effectiveness studies.

Over time, further savings may accrue from longer-term benefits:

Education costs associated with developmental delays and learning disorders.

Social services spending for public assistance, child abuse and neglect and foster care.

Spending for emotional and psychological problems including low self-esteem, problems bonding and forming relationships, aggressive behavior, depression and post-traumatic stress and conduct disorders.

Financial burdens on families that result from limited economic, social, and emotional support of non-resident fathers; productivity losses among caregivers and injured children later in life; permanent disability by injury leading to chronic pain or loss of motor or cognitive functioning.

Facts about health costs associated with births in the U.S.

- ▶ Research shows that Medicaid finances 40% of the 4 million annual births in the U.S.
- ▶ Medicaid pays for 50% of the low birth weight/premature births
- ▶ Average cost per diagnosis of premature birth is \$75,000
- ▶ Premature birth rate is estimated at 12.1%

Studies show that **implementation of the Nurse-Family Partnership program in Louisiana reduced the incidence of premature births by 52%** for women participating in the program. Similar outcomes have been achieved in other states. The implications for potential healthcare savings alone are staggering.

National Governors Association

Healthy Babies: Efforts to Improve Birth Outcomes and Reduce High Risk Births
Cassandra O'Neill, NGA Center for Best Practices 2004.