

**Agenda Item 5**
March 4, 2015

DATE: February 22, 2015

TO: Children and Families Commission of Orange County

FROM: Christina Altmayer, Executive Director 

SUBJECT: Bridges Maternal Child Health Network, Pay for Success Project

ACTION: Receive update on the *Pay for Success* project and approve plan for continued implementation.

SUMMARY:

Since 2000, a cornerstone of the Children and Families Commission's investments has been the creation and enhancement of the Bridges Maternal Child Health Network (Bridges Network). The Bridges Network provides an entry point to receiving an array of services funded by the Commission which is devoted to supporting the healthy development of children from prenatal through age five. After 15 years of implementation, the Commission is screening 70 percent of births in Orange County; connecting the families most at risk with evidence-based home visitation services that are responsive to identified needs; and has developed a track record of achieving strong outcomes with families. As the Commission's revenue declines, there is a growing need to diversify the funding base to sustain the community impact.

At the February 2015 meeting, Commissioners received an update on the Bridges Network, and the priority outcomes achieved through the collective investment, along with a preview of the Bridges Network *Pay for Success* feasibility project results. The March Commission meeting will include a presentation from Third Sector Capital Partners, Inc. who will provide a mid-point project update including recommended next steps for continued progress on the feasibility analysis. This staff report provides confirmation of the policy and administrative actions taken to date and requests Commission approval to continue to explore the development of a *Pay for Success* project.

DISCUSSION:

This past year, the Commissioners, the executive management team, Bridges Network program partners, and other key stakeholders have been actively engaged in the first stage of feasibility work as part of the California *Pay for Success* cohort and have been developing a deeper understanding of the challenges and possibilities of applying for a *Pay for Success* financing model for the Bridges Network. A summary of key steps taken this year are included on Attachment 1.

As reported last month, Third Sector Capital Partners, Inc (Third Sector) recently issued a new feasibility technical assistance grant opportunity. Third Sector is a grant recipient from the Corporation for National and Community Services to provide *Pay for Success* technical assistance services. Applications were due by January 16, 2015. Based on the application guidelines, staff submitted a proposal to receive an "Accelerating Assistance Award". Given Orange County's progress over the past six months, the additional technical assistance support would allow the Commission to develop a contract implementation plan, design and implement a randomized

controlled trial or other vigorous evaluation, refine an economic model quantifying return on investment for the anticipated end payer, and develop a communication strategy and tools to support public leadership and stakeholder engagement. Award announcements are scheduled to be issued by the end of February. A verbal update will be provided at the Commission meeting on the status of the Feasibility Technical Assistance award.

As a follow-up from the Third Sector presentation at the March Commission meeting, confirmation of the Commission's interest in pursuing a *Pay for Success* project for the Bridges Network is requested.

STRATEGIC PLAN & FISCAL SUMMARY:

The proposed action has been specifically reviewed in relation to the Commission's Strategic Plan and is consistent with the Healthy Children and Capacity Building goals. No funding action is proposed in this agenda item.

PRIOR COMMISSION ACTIONS:

- February 4, 2015 – Received update on the Bridges Maternal Child Health Network and *Pay for Success* Feasibility Analysis, authorized agreement with NetChemistry, Inc.
- September 2014 – Received update on the feasibility of transitioning the Bridges Maternal Child Health Network Program to a *Pay for Success* Model.

RECOMMENDED ACTIONS:

1. Receive an update on the Phase 1 *Pay for Success* feasibility analysis.
2. Direct staff to continue to conduct evaluation analysis and feasibility work to explore development of a Pay for Success project for the Bridges Network.

ATTACHMENT:

1. *Pay for Success* Summary of Key Commission Actions Taken to Date

Contact: Alyce Mastrianni

Pay for Success
Bridges Maternal Child Health Network
Summary of Key Commission Actions Taken to Date

- *June 2014 Annual Commission Planning Meeting* - Presentations and discussions included a focus on the Commission's current sustainability strategies, changes in philanthropy, and emerging outcomes based funding environment.
- *July 2014 Commission Meeting* – Announcement made that Commission was selected to be part of the James Irvine Foundation and Nonprofit Finance Fund's first cohort of agencies funded under the California *Pay for Success* Initiative. The grant provided technical assistance to assess the feasibility of transitioning the Bridges Maternal Child Health Network to a *Pay for Success* structure. Third Sector Capital Partners, Inc. is the designated technical assistance provider for the project.
- *September 2014 Commission Meeting* - The project scope of work was approved by the Commission for completion of Phase 1 for the feasibility project development including program and performance review, project and partnership development and creation of final project feasibility report outlining findings and recommendations.
- *February 2015 Commission Meeting* - The Commission received an update on the Bridges Maternal Child Health Network program and *Pay for Success* feasibility analysis in preparation for the preliminary project feasibility results to be presented at the March 2015 meeting. Recommended actions included:
 - Confirmed support for the *Pay for Success* grant application submitted to Third Sector for continued technical assistance in completing Phase 2 of the feasibility analysis.
 - Pledged a minimum project cash match of \$25,000 and a maximum of \$50,000 to meet the match requirements for the Third Sector technical assistance grant, if awarded.
 - Authorized an additional \$50,000 for evaluation work to continue data matching and analysis efforts aligned with key healthcare quality measures, a maximum of \$20,000 of Commission funding would be used for this contract.