



Agenda Item 5
April 1, 2015

DATE: March 19, 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 Implementing Actions.

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 for mothers to receive an array of services funded by the Commission to support the healthy development of children prenatally through age five. After 15 years of implementation, the Commission is screening approximately 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. This report provides an update on the Commission’s efforts to implement a Pay for Success funding strategy for the Bridges Network and approval of a technical assistance grants for continued project support.

DISCUSSION:

As the Commission’s revenue declines, there is a growing need to diversify the funding base to sustain the Bridges Network and the documented community impact. Collectively, the Commission invests \$5.8 million in the Bridges Network in the current fiscal year, representing approximately 20% of the annual program budget. Given the high reliance on the Commission for funding and program management, developing a sustainable strategy is a priority to ensure ongoing community impact. Beginning in August 2014 with the award of the first technical assistance grant, the Commission has been exploring the feasibility of implementing a Pay for Success agreement.

The March Commission meeting included a presentation from Third Sector Capital Partners, Inc. (Third Sector) who provided a mid-point project update, including recommended next steps for continued progress on the feasibility analysis. The Commission action in March confirmed continued interest in pursuing a Pay for Success strategy. This staff report provides notification that the Commission was selected to receive continued technical assistance for the project from Third Sector through the Corporation for National and Community Service’s Social Innovation Fund. Authorization is requested for the recommended actions approving the grant award requirements and continue implementation of the *Pay for Success* project.

Third Sector Technical Assistance Grant Award

Following the March meeting, staff was officially notified that it would receive a technical assistance award from Third Sector Capital Partners, Inc supported through federal funding from Corporation for National and Community Services to provide *Pay for Success* technical assistance services. The

“Accelerating Assistance Award” for the Bridges Network will include support for validating outcomes, quantifying the impact of the Bridges Network, exploring potential payment structures, and continued stakeholder engagement. Attachment 1 provides a summary of the proposed grant award terms and conditions.

A media notice announcing the selection of the Commission as one of seven sub-recipients selected nationally for participation in Cohort One of the project was released mid-March. Staff worked with project representatives on the release of information including notification of national and state legislators and state and local government representatives. Third Sector project partners include the National Association of Counties, National League of Cities, and National Governors Association. A requirement for receipt of the grant awards is to match and provide support for a minimum of \$25,000 of technical assistance services. At the February 2015 meeting, the Commission pledged a minimum of \$25,000 and a maximum of \$50,000 to support this next stage of feasibility work. Funds were reserved in Round 2 Catalytic Funding: Partnership for Children’s Health funds; these funds are specifically focused on attracting and leveraging federal, state, and local funding. (See discussion below). Commission action is requested to enter into an MOU with Third Sector Capital Partners to provide technical assistance and for authorization to enter into an agreement with Third Sector to provide the project implementation match for a maximum of \$25,000.

Nonprofit Finance Fund Data Evaluation Grant Award

The Commission received notification that the request for interim funding to assist with the costs of data analysis for the Bridges Network *Pay for Success* project was approved by the Nonprofit Finance Fund, as administrators for the James Irvine Foundation, for up to \$50,000. In February 2015, the Commission had authorized a contract for up to \$50,000 with NetChemistry Inc. the Bridges’ Network current evaluation and technology vendor. Funds awarded by the Nonprofit Finance Fund will fully fund this data integration and evaluation scope of work allowing the funding previously designated by the Commission (\$20,000) to provide the cash match for the Third Sector grant award described above.

The first phase of the data match effort will focus on how mothers receiving Bridges home visitation services performed against the priority outcomes identified by Third Sector. The suggested outcome metrics, which are tracked by the National Committee for Quality Assurance’s Health Effectiveness Data and Information Set (HEDIS), include key measures used by health plans to evaluate service quality and document unnecessary health care utilization such as emergency room use and hospitalization. The proposed scope of evaluation services is outlined in Attachment 2; future phases will be contingent on the results of this first phase.

The Commission’s management team continues to dedicate a significant amount of time to engaging key stakeholders to garner their support, review the program model, refine the value proposition, and addresses logistical challenges in order to ensure successful implementation of the project. Staff will continue this commitment to the on-going work, and will monitor and pursue other *Pay for Success* related funding opportunities that may be available and applicable to the Commission’s priorities.

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. Funding allocations

requested in this agenda item is included in the Catalytic Budget under the Partnership for Children Health.

PRIOR COMMISSION ACTIONS:

- March 4, 2015 – Receive presentation and update on the *Pay for Success* project and approve plan for implementation.
- 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 selection as a sub-recipient for the Corporation for National and Community Services to provide *Pay for Success* technical assistance services through Third Sector Capital Partners, Inc.
2. Authorize the Executive Director or designee and Commission Counsel to negotiate a Memorandum of Understanding with Nonprofit Finance Fund to receive up to \$50,000 to for technical assistance support as detailed in Attachment 1.
3. Authorize the Executive Director or designee and Commission Counsel to negotiate a Memorandum of Understanding with Third Sector Capital Partners, Inc. to receive technical advisor services for a term of fifteen months and a value of \$100,000 according to the grant terms and conditions as outlined in Attachment 2.
4. Adopt resolution authorizing the Executive Director to enter into an agreement with Third Sector Capital Partners for technical assistance related to the Pay for Success project for a maximum of \$25,000.

ATTACHMENTS:

1. Third Sector Technical Assistance Project Grant Award Summary
2. Nonprofit Finance Fund/James Irvine Foundation Technical Assistance, Project Grant Award Summary
3. Resolution for Third Sector Capital Partners

Contact: Alyce Mastrianni

**Third Sector Technical Assistance
Project Grant Award Summary**

Type of Application	Government and service provider partnership: Healthy Futures
Term	Fifteen month, effective April 15, 2015
Value of Award	\$100,000 Technical Assistance (TA) to be received through Third Sector Capital Partners, Inc.(Third Sector) to assess the feasibility of construction of a Pay for Success project and to develop a blueprint setting the path to such a project.
SIF Project Partners	Children and Families Commission of Orange County CalOptima County of Orange, Health Care Agency Hospital Association of Southern California Bridges Maternal Child Health Network
Appointed Lead for Project	Christina Altmayer, Executive Director Ilia Rolon, Project Manager (Consultant)
Potential Outcomes Considered	<ul style="list-style-type: none"> • Emergency department visits and/or hospitalizations • Well-child visits (infant and toddler) • Mother's post-partum visit • Childhood immunizations • Child's access to primary care (as defined by HEDIS measures) • Continuity of care
Responsibilities of Awardee	<ul style="list-style-type: none"> • Participate with Third Sector, SIF Partners and fellow recipients of TA in an innovative and inaugural learning community related to Early Childhood: Universal Screening and Home Visitation to disseminate lessons learned and expertise • Pay \$25,000 required cash match to Third Sector within 14 days of execution of agreement • Finalize a plan with Third Sector to obtain an additional \$25,000 additional cash match funding to meet the required 1:1 federal match and provide detailed description of additional in-kind services and resources • Host an "Onsite Kickoff" with Third Sector • Develop a plan with Third Sector to engage and fund a Transaction Coordinator • Collaborate with Third Sector and SIF Partners to accomplish the goals of the TA and participate as active members of the Learning Community
Awardee Potential Scope of Work	<ul style="list-style-type: none"> • Assist in obtaining relevant information and data in a timely manner • Establish target population characteristics and size • Determine procurement options • Support procurement review • Determine budgetary resources • Establish potential metrics and baselines • Educate stakeholders • Participate in funder interest groups (commercial entities, philanthropic institutions, etc) • Host onsite kickoff meeting

**Nonprofit Finance Fund/James Irvine Foundation Technical Assistance
Project Grant Award Summary**

Scope: Retrospective data analysis of CalOptima clients (Bridges participants and non-participants) for Fiscal Year 2012-13 with respect to several key healthcare quality measures and utilization/financial cost variables. The three phases are outlined below. Total funding is \$50,000.

1. **Phase 1: Match Bridges data with CalOptima health plan member data to create a cohort for baseline data analysis.** The resulting data file will be analyzed by CalOptima's Quality Data Management department to compare Bridges participants with non-participants in regards to several important HEDIS measures, including:
 - Emergency department visits and/or hospitalizations
 - Well-child visits (infant and toddler)
 - Mother's postpartum visit
 - Childhood immunizations
 - Child's access to primary care (as defined by HEDIS measures)
 - Continuity of care (non HEDIS measure).

A consulting firm contracted by the Commission will validate these data and conclusions. We anticipate that the results of the HEDIS analysis will help us gain CalOptima's support and permission to obtain the necessary financial data for a comparison of Bridges participants and non-participants in the baseline cohort, with respect to utilization experience and related costs of care.

2. **Phase 2: Compare Bridges participants and non-participants in the baseline cohort, with respect to utilization experience and related costs of care.** The Commission's contracted evaluation firm will analyze CalOptima's financial data and compare the costs of maternal and child health care for the Fiscal Year 2012-13 cohort of Bridges participants and non-participants. Inputs for this analysis will include data from CalOptima-contracted providers' fee-for-service claims and capitated encounters. The key deliverable for this phase of the work will be a description of the utilization patterns and costs of care for Bridges participants, as compared with non-participants.

This analysis will also give us a preliminary idea of our best options for viable payment methodologies, for example, fee-for-service vs. a per-member-per-month enhancement of hospitals' maternity case rate.

3. **Phase 3: Perform financial modeling on payment methodology options.** In this phase, the evaluation firm will conduct actuarial analysis that will help the project team understand the relative advantages of each option. Upon completion of this phase, we would expect to have detailed information we can share with CalOptima for project construction.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

RESOLUTION NO. ___-15-C&FC

April 1, 2015

A RESOLUTION OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY DIRECTING THE EXECUTIVE DIRECTOR AND COMMISSION COUNSEL TO PREPARE AND NEGOTIATE AN AGREEMENT WITH THIRD SECTOR CAPITAL PARTNERS, INC. FOR TECHNICAL ASSISTANCE RELATED TO THE PAY FOR SUCCESS PROJECT AND AUTHORIZING APPROVAL AND EXECUTION OF SUCH AGREEMENT ON BEHALF OF THE COMMISSION

WHEREAS, in order to facilitate the creation and implementation of an integrated, comprehensive, and collaborative system of information and services to enhance optimal early childhood development, the legislature adopted legislation set forth in the California Children and Families Act of 1998, Health and Safety Code Section 130100, *et seq.* (as amended, the “Act”) implementing the Children and Families First Initiative passed by the California electorate in November, 1998 and establishing the California Children and Families Commission and County Children and Families Commissions, including this Children and Families Commission of Orange County (“Commission”); and

WHEREAS, Commission adopted its Strategic Plan to define how funds authorized under the Act and allocated to the Commission should best be used to meet the critical needs of Orange County’s children prenatal to five years of age as codified in the Act; and

WHEREAS, the Executive Director and Commission Counsel have prepared a standard Professional Services Agreement, which was approved by the Commission; and

WHEREAS, the Commission desires to enter an Agreement with Third Sector Capital Partners, Inc., hereinafter referred to as the “Contractor”, in the amount of \$25,000 and for the terms as described in part in Attachment 1 therein; and

WHEREAS, Contractor desires to enter into the Agreement in furtherance of the purposes of the Act and the Strategic Plan on the terms and conditions set forth in the applicable Agreement; and

WHEREAS, Commission has reviewed the staff report for the April 1, 2015 Commission meeting relating to the scope of services to be provided and hereby finds and determines that the proposed Agreement is in furtherance of and consistent with the Commission’s Strategic Plan; and

WHEREAS, Commission desires to authorize the Commission Chair and Commission Clerk to execute the Agreement with the Contractor in the amount of \$25,000 and for the terms as specified in part in Attachment 1 to the April 1, 2015 staff report for this Agenda Item;

NOW, THEREFORE BE IT RESOLVED BY THE COMMISSIONERS OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY AS FOLLOWS:

Section 1 Commission finds and determines the foregoing Recitals are true and correct and are a substantive part of this Resolution.

Section 2 Commission authorizes the Executive Director, or designee, and Commission Counsel to prepare and negotiate the Agreement with the Contractor as described in part in Attachment 1 to the April 1, 2015 staff report for this Agenda Item for technical assistance related to the Pay for Success project in the amount of \$25,000 and for the terms consistent with the April 1, 2015 staff report and scope of services referenced therein.

Section 3 The form of the Agreement with the Contractor, in the amount of \$25,000 and for the terms as specified in part in Attachment 1 to the April 1, 2015 staff report for this Agenda Item shall be substantially similar to the form of the standard Professional Services Agreement, subject to minor, non-substantive revisions as reviewed and approved by the Executive Director or designee and Commission Counsel. The approval by the Executive Director or designee of the Agreement shall be conclusively evidenced by the execution of such Agreement by the Commission Chair and delivery thereof to the Commission Clerk.

Section 4 Commission hereby approves the Agreement with the Contractor as described in part in Attachment 1 to the April 1, 2015 staff report for this Agenda Item for technical assistance related to the Pay for Success project in the amount of \$25,000 and for the terms as specified in the April 1, 2015 staff report for this Agenda Item.

Section 5 The Commission Chair and the Clerk of the Commission are hereby authorized to execute and attest, respectively, the Agreement on behalf of the Commission.

Section 6 A copy of each Agreement when executed by the Commission Chair and attested by the Clerk of the Commission shall be appended hereto as a part of Exhibit A to this Resolution. Exhibit A is hereby fully incorporated as a part of this Resolution by this reference and made a part hereof. Each final executed Agreement shall be placed on file in the office of the Clerk of the Commission.

Section 7 In addition to the authorization of Section 2 above, the Executive Director, or designee, is hereby authorized, on behalf of the Commission, (i) to sign all documents necessary and appropriate to carry out and implement the Agreement(s), (ii) to cause the issuance of warrants, (iii) to administer the Commission's obligations, responsibilities, and duties to be performed under such agreement(s), and (iv) during the term thereof to provide waivers, administrative interpretations, and minor modifications of the provisions of such agreement(s) in the furtherance thereof.

Section 8 The Clerk of the Commission shall certify to the adoption of this Resolution.

EXHIBIT A TO RESOLUTION OF COMMISSION

(Attach copy(ies) of final executed Agreement)