

**PRESENTATION****March 4, 2015**

DATE: February 18, 2015

TO: Children and Families Commission of Orange County

FROM: Christina Altmayer, Executive Director

SUBJECT: Peter Barth, Third Sector Capital Partners, Inc. – Pay for Success Project

---

A major focus of the Children and Families Commission's 2014/15 Business Plan is developing and implementing sustainable strategies to support the Commission's investments. To this end, the Commission has been exploring the feasibility of transitioning the Bridges Maternal Child Health Network (Bridges Network) to a *Pay for Success* structure through a technical assistance grant sponsored by the Nonprofit Finance Fund and the James Irvine Foundation. Third Sector Capital Partners, Inc. (Third Sector) is the designated technical assistance provider to assess the feasibility of transitioning the Commission's Bridges Network to a *Pay for Success* structure. Last month, the Commission received an update on the Bridges Network and the *Pay for Success* feasibility analysis. At the March meeting, Third Sector consultants Peter Barth and Emily Fabiaschi will provide a midpoint project update, including recommended next steps, for continued progress on the feasibility analysis.

Third Sector Capital Partners, Inc. is a nonprofit advisory firm that collaborates with government, funders and providers to address social needs through *Pay for Success* and *Social Innovation Financing*. As the Director in Third Sector's San Francisco office, Peter Barth coordinates the team's West Coast operations, manages project delivery and advisory services, and develops partnerships with high performing government, nonprofit, and philanthropic organizations. Peter first joined Third Sector in 2013 through New Sector's AmeriCorps Senior Fellows program while completing a Presidential Scholarship at the Harvard Kennedy School of Government. Prior to his work at Harvard, Peter served as Executive Fellow and then Assistant Secretary for Program and Fiscal Affairs at the California Health and Human Services Agency. Emily Fabiaschi is an Associate in Third Sector's San Francisco office. Emily delivers feasibility assessment, technical assistance, and deal construction support to government, non-profit, and philanthropic clients. Emily previously worked at FTI Consulting in New York in the Corporate Finance and Restructuring practice.

**ATTACHMENT:**

Presentation – Third Sector Pay for Success Project: Midpoint Update



# Pay For Success Project: Midpoint Update

**Board of Commissioner's Meeting  
March 4, 2015**

*This document is the property of Third Sector Capital Partners, Inc. ("Third Sector"). It contains confidential, proprietary, copyright, and/or trade secret information of Third Sector that must not be reproduced, disclosed to anyone or used for the benefit of anyone other than Third Sector unless expressly authorized in writing by an executive officer of Third Sector.*

# Definitions

---

## Pay for Success



**Performance-based contracting** within the social sector where government pays only if results are achieved.

## Social Innovation Finance



**Financing that bridges timing gap** between government payments and upfront funding needed to run PFS programs.

**\*Social Impact Bonds (SIBs) are a type of SIF**

# Key Players in a PFS Project

---

## Service Provider(s)

- Delivers services
- Receives complete cost coverage

## End Payer

- Pays for successful outcomes

## Funder(s)

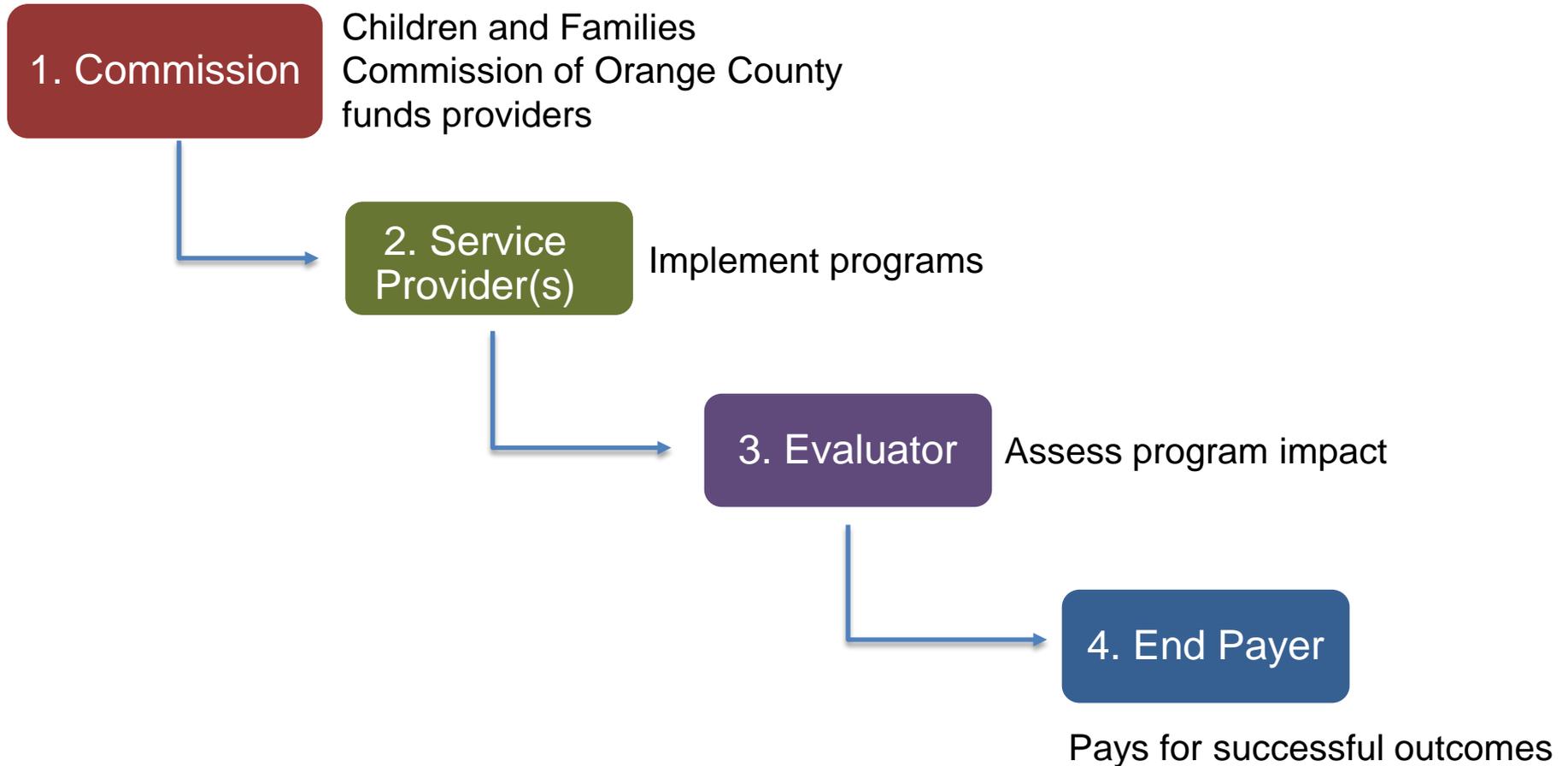
- Provides upfront funding to launch a project
- Can be re-paid with success payments

## Evaluator

- Supports rigorous evaluation design; measures progress towards outcomes based on contract requirements

# Key Players in a Bridges Network Pay for Success Project

---





# Background on Commission's PFS Exploration

---

## Feasibility Phase 1

- September – December 2014

### Areas of Exploration:

- Is a PFS project feasible in the near term or are there other paths that make more sense?
- Who are the potential end payers and what is their level of interest?
- Are there outcomes that might be of interest to a payer that Bridges may be positively impacting?
- What could a rigorous evaluation of the Bridges Network look like?

## Feasibility Phase 2

- January – June 2015

### Areas of Exploration:

- Continued stakeholder engagement
  - CalOptima
  - Hospitals
  - Service Providers
- Data match for baselines
  - How many Bridges participants are CalOptima members?
  - How do Bridges participants perform on HEDIS measures?
  - How does this compare to non-Bridges participants?

# Key Criteria for PFS

Target Population	Outcomes	End Payers	Evaluation
<ul style="list-style-type: none"><li>• Defined population with baseline outcomes that need to be improved</li><li>• Sizeable number of people that could benefit from the intervention but are not currently receiving it (or will not in the future)</li></ul>	<ul style="list-style-type: none"><li>• Clear, limited set of outcomes to be measured</li><li>• Mutually agreed upon by project stakeholders</li></ul>	<ul style="list-style-type: none"><li>• Agree to pay for outcomes achieved through the project</li><li>• Typically one end payer</li></ul>	<ul style="list-style-type: none"><li>• Intervention with a strong track record of success for the target population (previous evaluations)</li><li>• Rigorous evaluation during PFS project to assess impact</li></ul>

# Preliminary Findings

Target Population	Outcomes	End Payers	Evaluation
<ul style="list-style-type: none"> <li>• 26,000 pre-screens at Bridges hospitals annually</li> <li>• Over 13,000 bedside screens</li> <li>• Mothers referred to services as determined by bedside screen</li> </ul>	<p>Created a list of 91 potential outcomes.</p> <p><i>Top PFS Outcomes:</i></p> <ul style="list-style-type: none"> <li>• ED visits</li> <li>• Well-child doctor visits</li> <li>• Mother's post-partum visit</li> <li>• Immunizations</li> <li>• Access to primary care</li> <li>• Continuity of care</li> </ul>	<p>Many organizations likely benefit from the operation of the Bridges Network:</p> <ul style="list-style-type: none"> <li>• County</li> <li>• State</li> </ul> <p>Most likely financial beneficiary:</p> <ul style="list-style-type: none"> <li>• CalOptima</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate overall effect of the network as a whole (including the screen and referral) rather than one specific program</li> </ul>

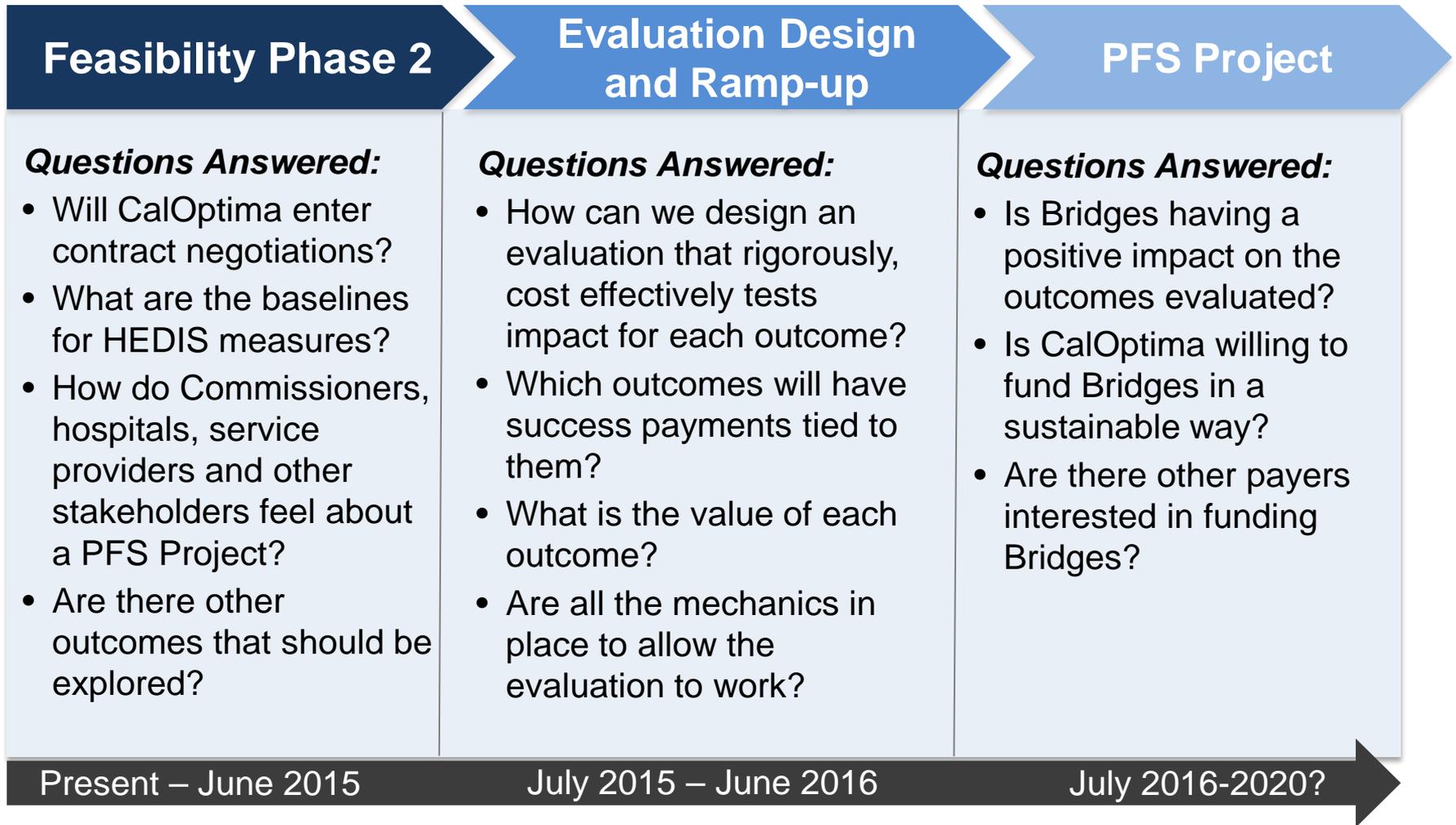
\*Outcomes were selected based on the expected level of interest from an end payer. These are different than the outcomes the program was designed to impact

## Key Takeaways

---

- A rigorous evaluation of the network will give the Commission valuable data on its impact
- A PFS contract will move the Bridges Network down a path toward financial sustainability
- The Commission should pursue a PFS partnership with CalOptima in the short term

# Current Timeline



## Next Steps

---

- Continue working with Commission PFS team to assess data match efforts
  - Refine economic model with resulting data
- Continue working with Commission PFS team to further conversations with CalOptima
- Conduct thoughtful outreach to key stakeholders, including hospitals and providers
- Support Commission PFS team's efforts to select an evaluator
- Produce final feasibility report in mid-2015

# Questions?

---

# Appendix

---

- Project Overviews
  - Commonwealth of Massachusetts: Juvenile Justice
  - Cuyahoga County

# Commonwealth of Massachusetts

## Project Overview



Provides **job training, support groups, and educational counseling**

delivered to...

**929 at-risk young men** age 17-23 in Chelsea, Springfield, and Boston



in order to...

- ↓ Decrease **days of incarceration** by 40%
- ↑ Increase **job readiness**
- ↑ Increase **employment**



Evaluation by the **Urban Institute**, using a **randomized controlled trial**

# Cuyahoga County

## Project Overview



Provides **Critical Time Intervention (CTI)**, trauma-focused **therapies**, and **links families to housing resources**

delivered to...

**90 caregivers** age 18-54 associated with **180 children** in Cuyahoga County, Ohio



in order to...

↓ Decrease **days children spend in foster care placement**



Evaluation by **Case Western Reserve University**, using a **randomized controlled trial**