



NEW FUNDING TOOLS FOR GOVERNMENT CHALLENGES

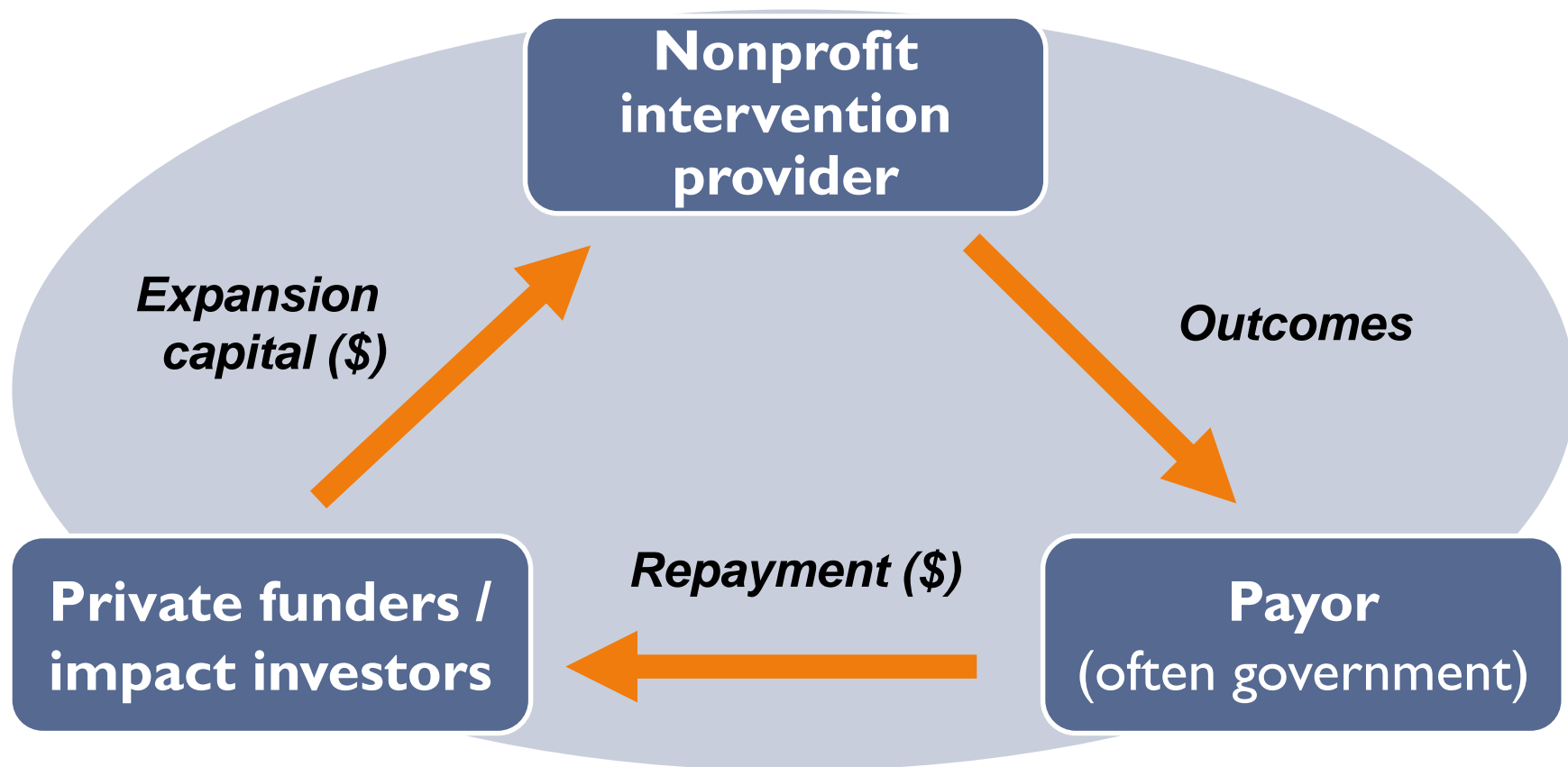
SEPTEMBER 2016

Reinventing Our Communities: Transforming our Economies

Federal Reserve Bank of Philadelphia

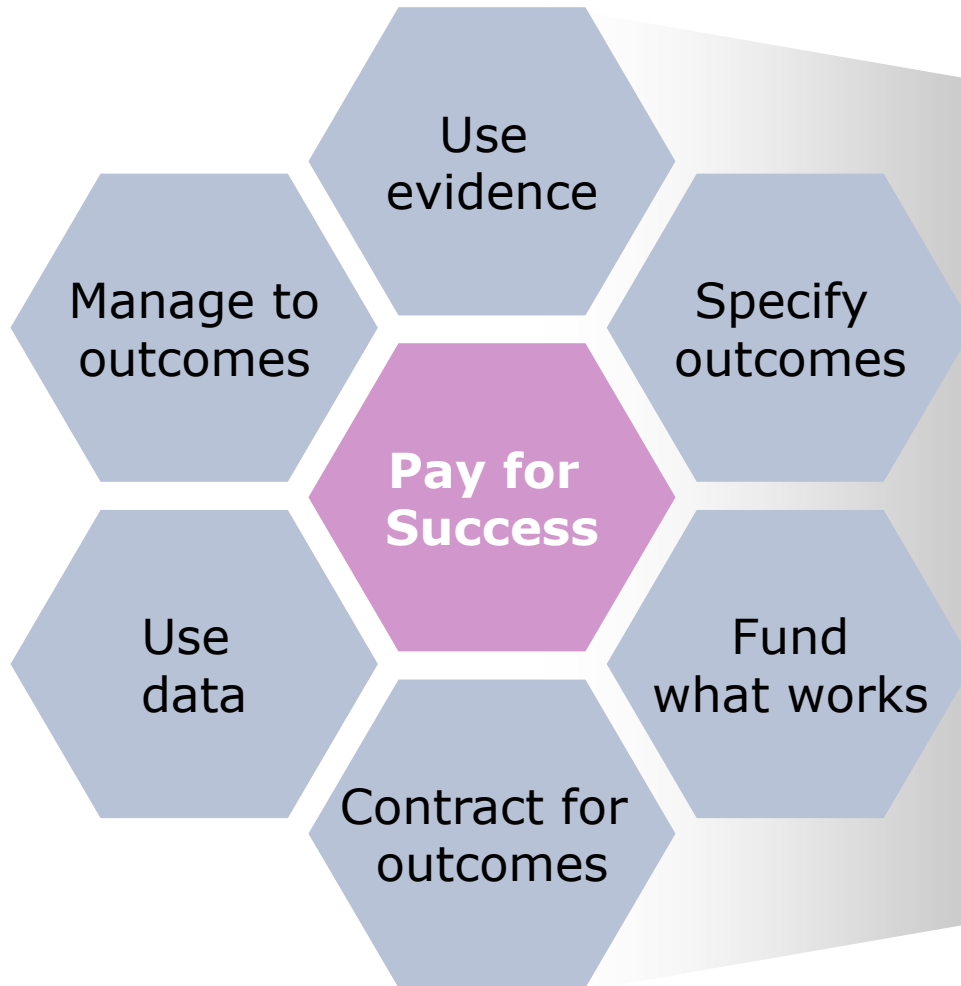
10 Milk St, STE 1010, Boston, MA 02108

▶ WHAT IS PAY FOR SUCCESS?



Pay for Success is about measurably improving the lives of **people most in need** by driving government resources toward **more effective programs**

▶ PFS ISN'T ONE IDEA—IT'S A CONSTELLATION OF IDEAS

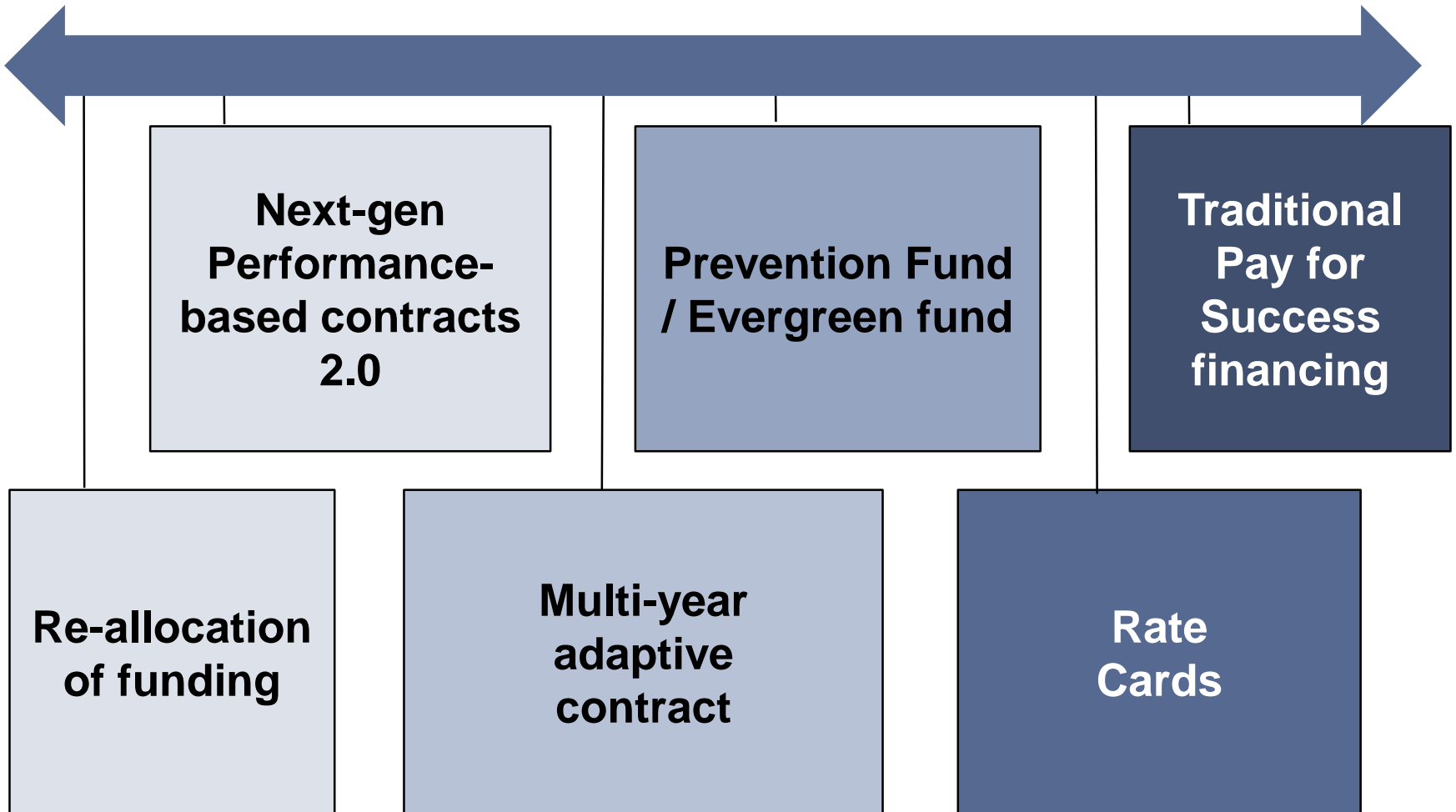


Can we recombine these **elements** to achieve the same **policy objectives** more simply for **government**?

▶ WHAT TOOLS DOES GOVERNMENT NEED TO DRIVE INNOVATION?

Less complex

More complex



► PRE-TERM BIRTH

Problem	<ul style="list-style-type: none">• ~11% of U.S. births are pre-term; some cities 13-18%• Average cost of pre-term birth: \$50K• Long-term physical, intellectual, and behavioral effects
Intervention	<ul style="list-style-type: none">• Group pre-natal care: Centering Pregnancy, Expect w/ Me• Nurse home visiting: Nurse Family Partnership
Evidence	<ul style="list-style-type: none">• Multiple rigorous evaluations• 4-5 percentage point decrease in pre-term birth (14% treatment vs. 10% control)
Funding	<ul style="list-style-type: none">• Pay for Success financing, with impact investors providing capital, repaid by government if successful• Multi-year, outcomes-based contract with 10-20% of funding triggered by 2-3 measurable outcomes

▶ LOW-INCOME SENIORS AND HEALTH CARE UTILIZATION

Problem	<ul style="list-style-type: none">• Small issues can tip low-income seniors into high cost medical services (ED, hospitals, nursing homes)• <50% of eligible seniors enrolled in SNAP
Intervention	<ul style="list-style-type: none">• Direct mail / phone outreach: Benefits Data Trust• Online enrollment: Code for America's GetCalFresh
Evidence	<ul style="list-style-type: none">• 75-80% of applications result in successful enrollment• SNAP can reduce hospital / nursing home utilization
Funding	<ul style="list-style-type: none">• Free time-limited funding or services to entice governments to engage in next-gen contracting process• Matching outcomes funds for governments willing to build Pay for Success projects