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## **Overview of Innovative Funding Mechanisms for Public Health**

12th Annual Public Health Finance Roundtable, APHA Annual Meeting

**In today's increasingly complex world of rapid technology, regulatory, economic and social changes, Deloitte is passionate about helping our clients deliver on their public health missions.**

**This year, we have supported responses to Ebola and Zika, new strategies for disease prevention, the use of technology for surveillance and monitoring, design of behavior change communications, and provision of technical assistance to increase efficiencies within agencies.**

**Our team of policy, research, evaluation, clinical, strategy and other health-focused consultants are committed to bringing our experience to address key public health challenges.**

## Our Team Here Today



**David Rabinowitz**



**Monica Barrett**

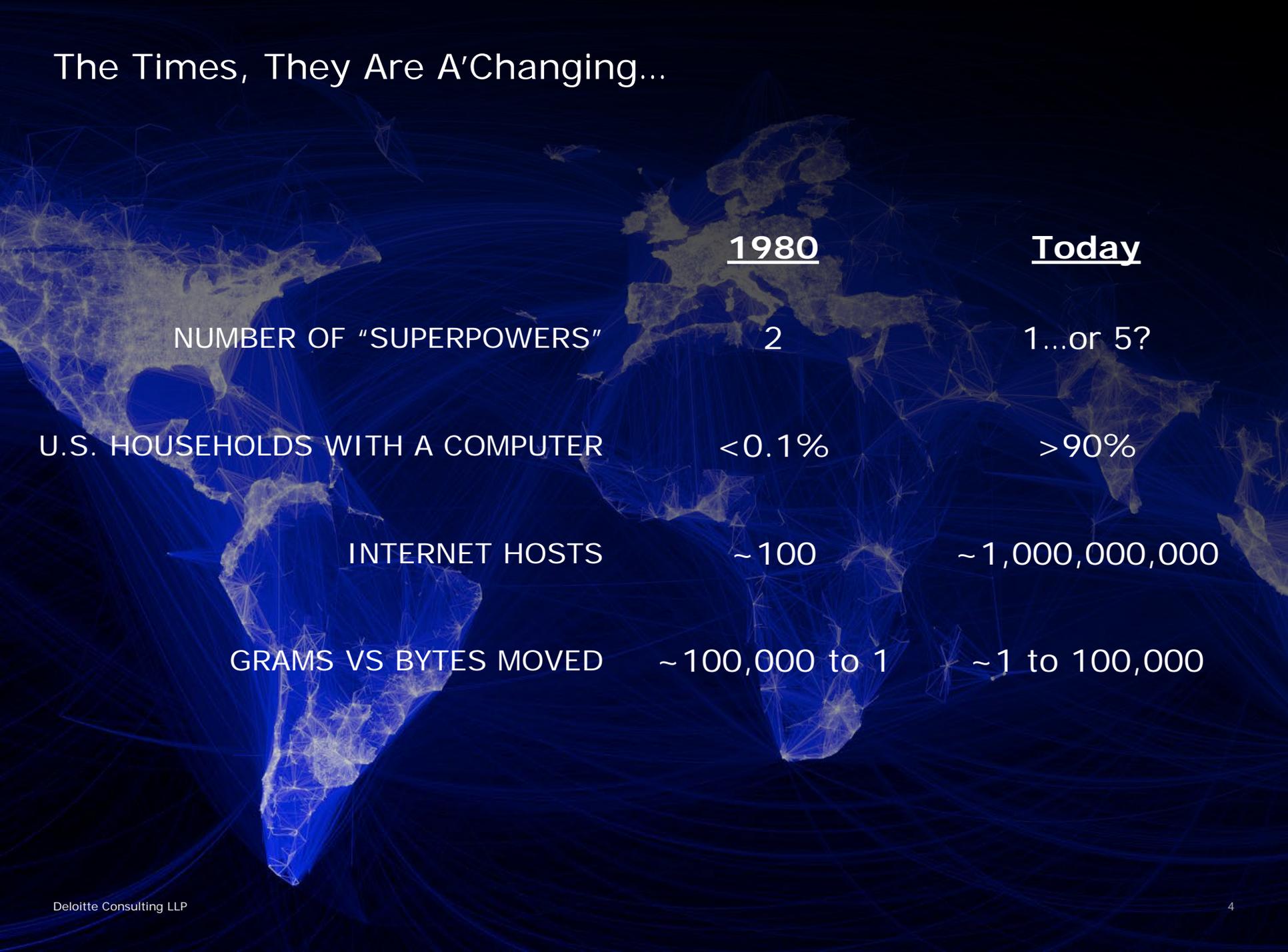


**Laura Snebold**

## Today's Topics

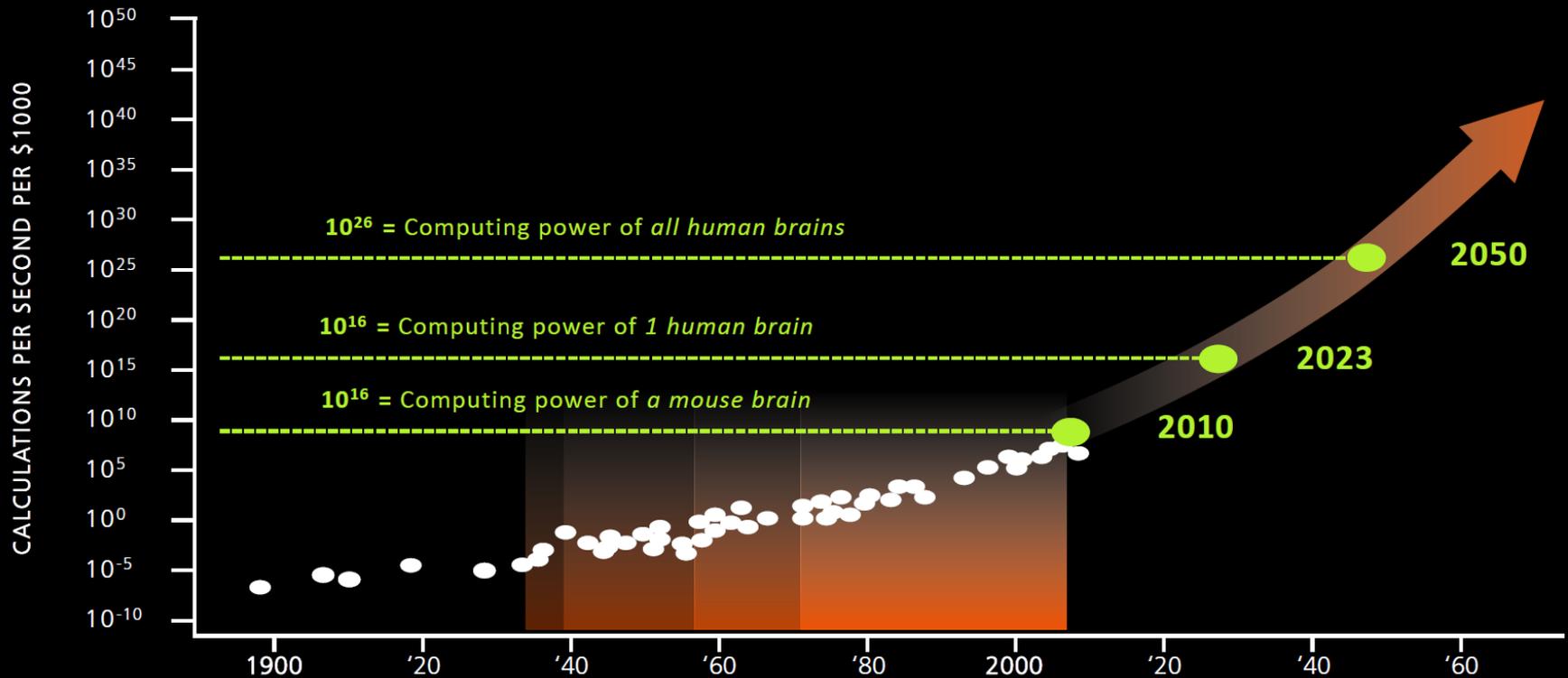
- 1 A perspective on innovation
- 2 Emerging models offering opportunities for funding public health
- 3 Charting a path forward

# The Times, They Are A'Changing...



	<u>1980</u>	<u>Today</u>
NUMBER OF "SUPERPOWERS"	2	1...or 5?
U.S. HOUSEHOLDS WITH A COMPUTER	<0.1%	>90%
INTERNET HOSTS	~100	~1,000,000,000
GRAMS VS BYTES MOVED	~100,000 to 1	~1 to 100,000

# Transformation Powered by Exponential Growth in Data



# Emerging Enablers



## **Crowdsourcing & Micro-work**

Communities external to an organization engaged to achieve a goal



## **Gamification**

Game mechanics to incentivize behaviors



## **DIY & the Maker Movement**

Creativity unlocked when the public has access to the tools needed to create products



## **Success Funding**

New capital to fund the creation of a product, service or intervention



## **Incentive Competitions**

Using prizes to garner a community to participate in solving a problem

# Public Health Organizations at the Forefront of Opportunity

> 50%

Local Health Departments collaborating with a non-profit hospital on a Community Health Needs Assessment

88%

State Health Departments collaborating with primary care providers to encourage use of evidence-based public health services

20%

Local Health Departments exploring participation in an Accountable Care Organization

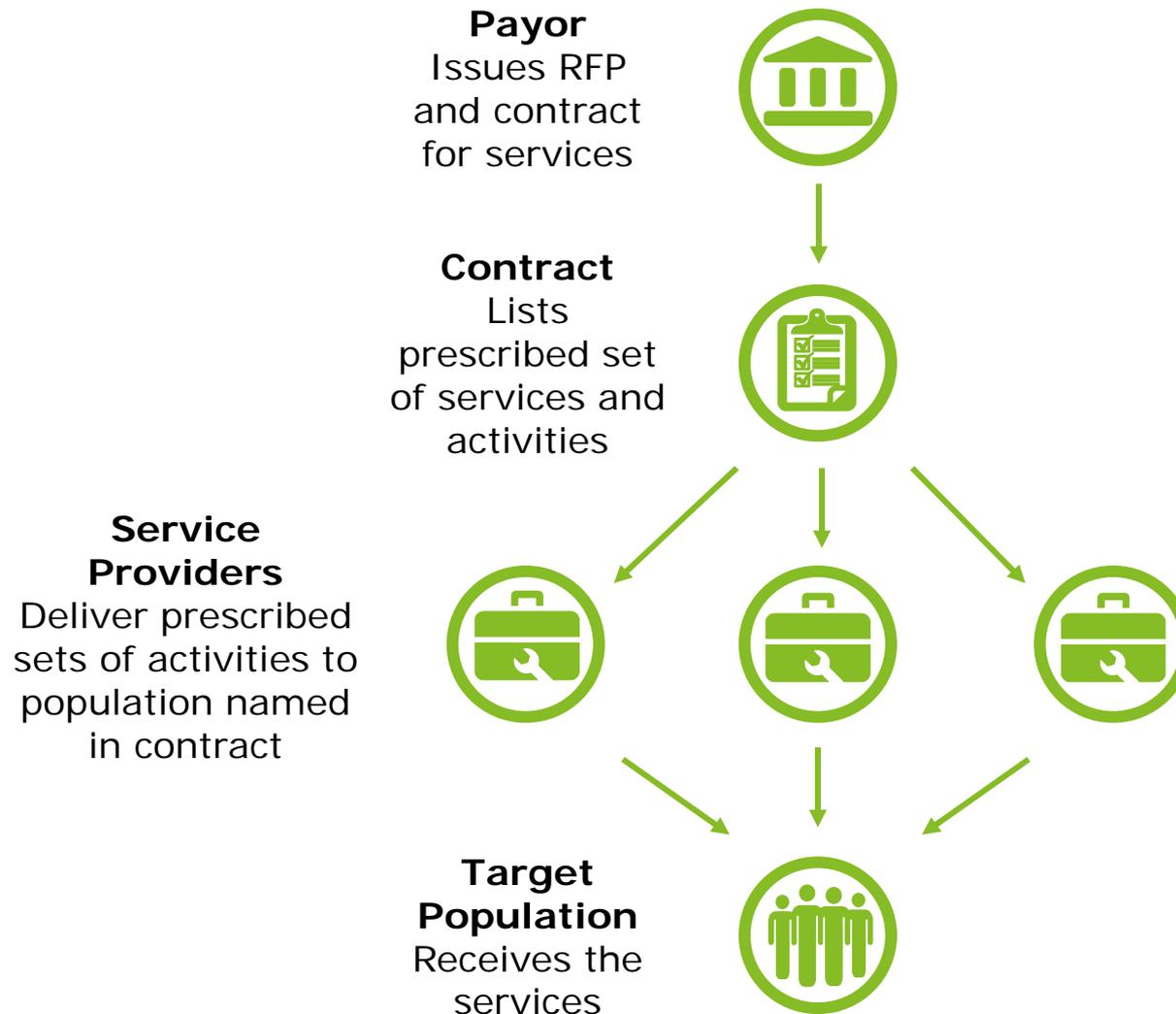
9%

Local Health Departments actively engaged with State Innovation Models

Source: *Findings from the 2015 Forces of Change Survey (NACCHO); 2015 Forces of Change Survey Report (ASTHO)*

**Social Impact Bonds offer an innovative tool that brings new capital to effective solutions and enables leaders to funnel taxpayer dollars to programs that have real, measurable impact.**

# Traditional Ways of Delivering Services



# Challenges of Traditional Service Delivery



# Social Impact Bonds (SIBs)



# When are SIBs used?



Outcome may generate government savings



Outcomes are observable and measurable



Evidence of effective interventions



Few negative consequences if intervention is unsuccessful



External organization able to significantly influence the outcome



# Central California Asthma Collective and Clinica Sierra Vista

<b>Situation</b>	Fresno has the <b>highest rate of child asthma</b> (almost 20%) incurring medical costs of over \$35 million per year in emergency room visits and hospitalizations alone
<b>Service Provider Approach</b>	<ul style="list-style-type: none"><li>• Engage families of 200 low-income children with asthma to provide <b>home care, education, and support</b> in reducing environmental triggers</li><li>• Deploy <b>state-of-the-art in-home interventions</b> to reduce pollutions, such as cigarette smoke, dust mites, and indoor air contaminants</li></ul>
<b>Desired Outcome</b>	30% reduction in <b>emergency room visits</b> and 50% reduction in <b>hospitalizations</b> from asthma-related medical incidents

Source: *Asthma management demonstration project in Fresno, CA paves way for Social Impact Bond.*  
[http://payforsuccess.org/sites/default/files/fresno\\_asthma\\_demonstration\\_project\\_press\\_release.pdf](http://payforsuccess.org/sites/default/files/fresno_asthma_demonstration_project_press_release.pdf)

# Recidivism Reduction at Peterborough Prison

<b>Situation</b>	Short sentence prisoners <b>lack the support necessary</b> to break the cycle of crime and disproportionately reoffend
<b>Service Provider Approach</b>	<ul style="list-style-type: none"><li>• <b>Integrated service provision</b> by 6 organizations</li><li>• Tailored services for <b>immediate needs</b> such as accommodation, medical services, family support, employment and training, benefits, and financial advice</li></ul>
<b>Desired Outcome</b>	<b>Fewer instances of re-incarceration</b> among released prisoners
<b>Impact</b>	<ul style="list-style-type: none"><li>• While the <b>reduction target was not met</b>, the results were strong enough for the government to adopt the approach elsewhere</li><li>• Model now used by Peterborough prison for <b>female prisoners</b> and the Ministry of Justice has <b>announced roll out</b> of statutory support in England and Wales</li></ul>

Source: *A New Way to Invest in Better Healthcare*. [http://socialfinanceus.org/sites/socialfinanceus.org/files/a\\_new\\_way\\_to\\_invest\\_in\\_better\\_healthcare.pdf](http://socialfinanceus.org/sites/socialfinanceus.org/files/a_new_way_to_invest_in_better_healthcare.pdf)

# Despite Early Progress, Implementation Challenges Persist

## May Not Work for Everything

- Measurability essential
- Risk with “critical” services
- Outcomes need to flow in sensible timeframe

## Requires Political Courage

- Need to embrace private sector return
- Getting beyond government silos is not easy
- ‘Walk away’ risk hard to mitigate

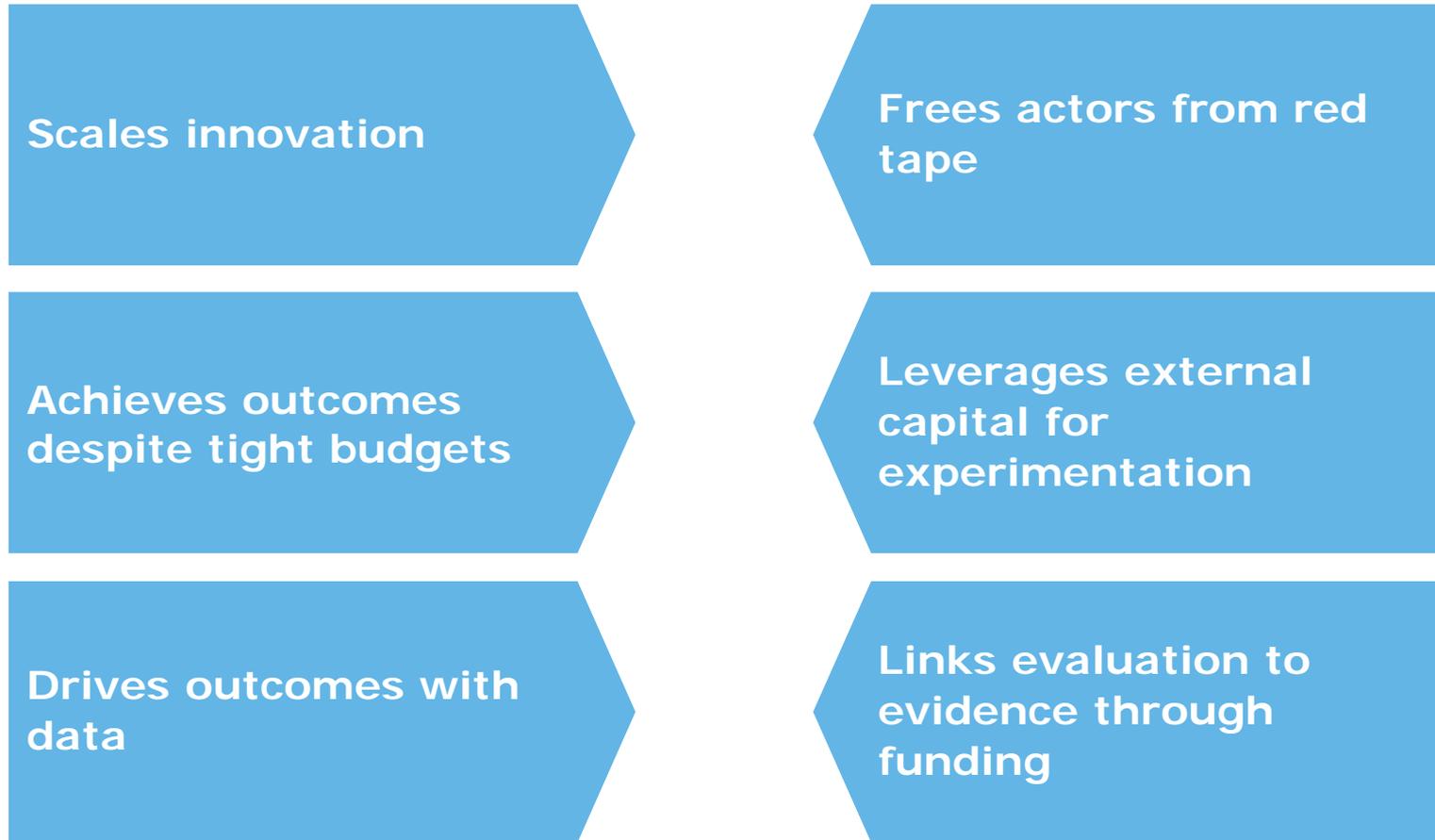
## Inherently Complex

- Risk allocation, payment structure, and multi-year governmental commitments
- Monitoring and evaluation issues
- Many potential variants
- Limited investor liquidity

## Innovative and New

- Few existing intermediaries
- Lack of technical expertise and evidence
- Need a critical mass

# Why Do SIBs Matter?



# Discussion

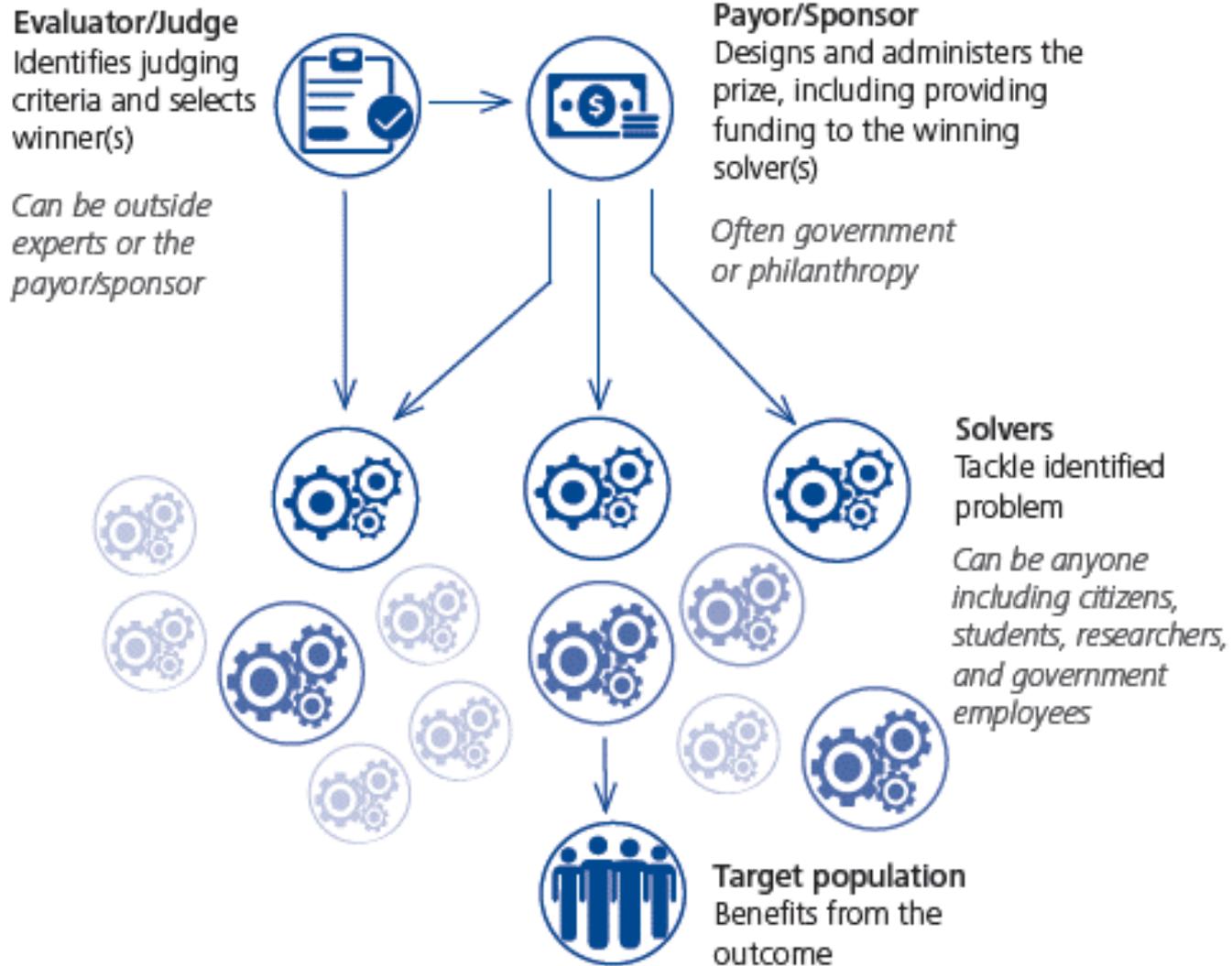
Which public health **issue areas** might benefit from a SIB?

What **role** might public health organizations play in advancing SIBs?

What **expertise, data, or other resources** might public health organizations offer?

**Prize Competitions motivate people outside the funding organization to create the best potential solution for a reward.**

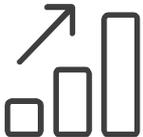
# Prize Competitions



# Benefits of Prize Competitions



**Prizes pay only for successful outcomes:** Purse only awarded to teams who meet requirements



**Prizes provide significant financial leverage:** In aggregate, participants typically invest 10x the purse amount



**Prizes democratize innovation and encourage new thinkers and approaches:** Model activates the crowd for answers—the smartest people in the world don't work for you!



**Purse is not the only reason teams compete:** Competitions provide an opportunity for more resources



**Prizes catalyze change:** Prizes help to burgeon new products and solutions

# ANSARI XPRIZE



**Financial leverage:** \$10M purse | teams spent > \$100M

**New thinkers:** 26 teams from 7 nations

**Prizes catalyze change:** \$115B commercial space industry (as of 2012)

# A \$10 MILLION COMPETITION TO BRING HEALTHCARE TO THE PALM OF YOUR HAND



Capable of ***capturing key health metrics*** such as blood pressure, respiratory rate, and temperature

Can ***accurately diagnose 16 health conditions*** including, AFib, COPD, Diabetes, Hepatitis A, Pneumonia, Sleep Apnea, Stroke, Tuberculosis, Urinary Tract Infection

# USAID Zika Grand Challenge

\$30M program

Generate new solutions for prevention, detection, and response to emerging infectious disease outbreaks

900 submissions, 21 solutions selected for funding



## COMBATING **ZIKA** AND FUTURE THREATS A GRAND CHALLENGE FOR DEVELOPMENT

Photo credit: Marvin Recino/AFP

# Discussion

What public health **issue areas** could benefit from a prize competition?

What **role** might public health organizations play in designing, launching, and supporting a prize?

What **support** might public health organizations need to successfully play a role in a prize competition?

How will you **take this forward**?

# Thank you!

To continue the discussion, visit us  
at booth #1223 and contact  
[drabinowitz@deloitte.com](mailto:drabinowitz@deloitte.com)

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