



Pay For Success in Santa Clara County

Acute Mental Health: Frequent Users Care Coordination Project

February 6, 2015

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Definitions

Pay for Success



PFS

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

Social Innovation Finance



SIF

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

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

Key Players in a PFS Project

Government (County of Santa Clara)

- Initiates PFS contract; launches procurement to identify stakeholders
- End payer for successful outcomes

Lead Agency

- Serves as contract holder, project manager, and may provide services
- Negotiates PFS contract and identifies any additional service providers/subcontractors (if applicable)
- Delivers services
- Receives complete cost coverage; may receive performance payments

Funder(s)

- Provide working capital to lead agency/service providers
- May lose capital if project unsuccessful or be re-paid with government success payments

Evaluator (Stanford)

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

Overview of the PFS SIF Process

Government
(County of Santa Clara)

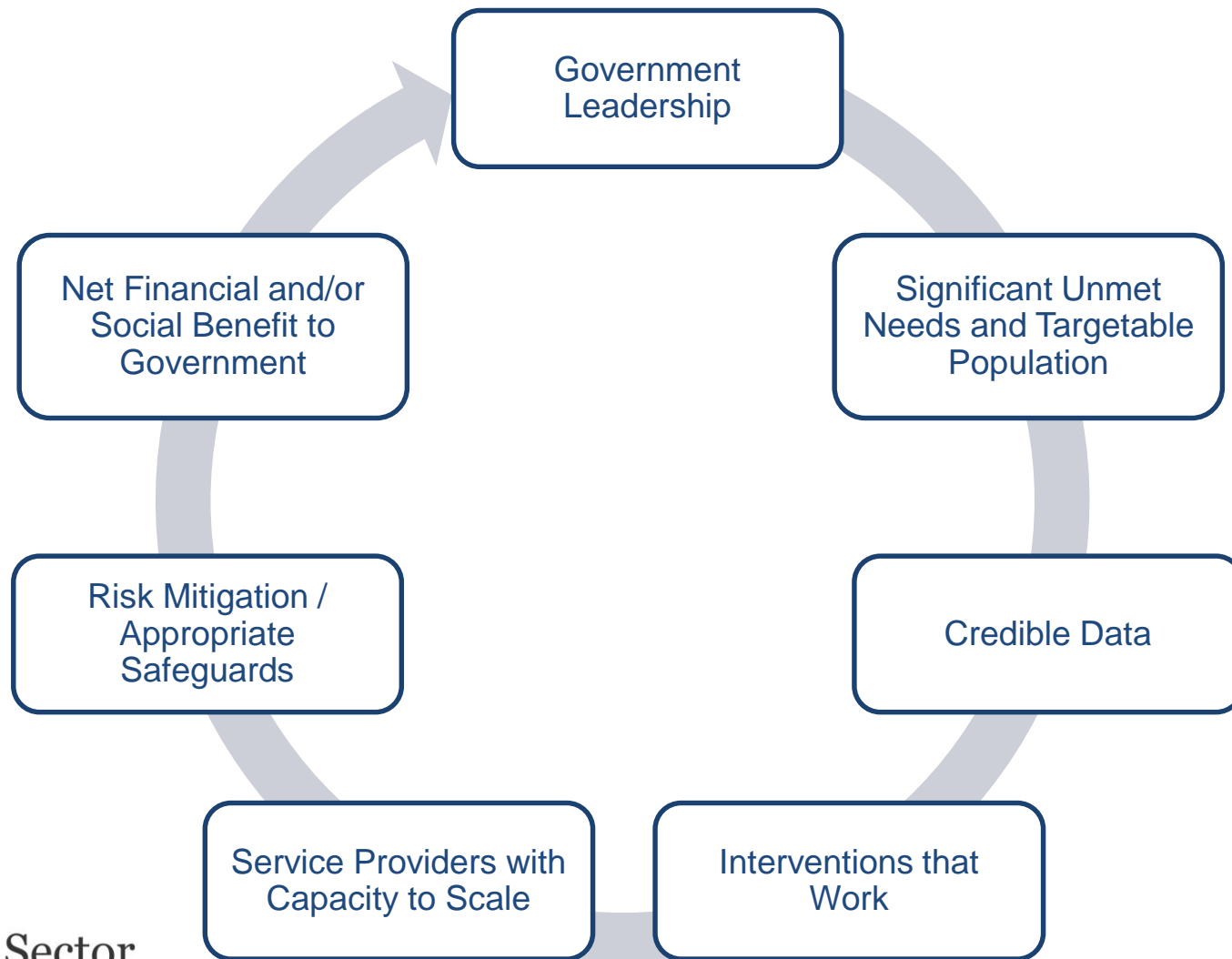
Lead Agency

Funder(s)

Evaluator
(Stanford)

- 1** **COUNTY OF SANTA CLARA** initiates and constructs the PFS contract with all project stakeholders, **LEAD AGENCY** designs the intervention, **EVALUATOR** creates evaluation plan for the project, and **FUNDERS** negotiate funding terms
- 2** **FUNDERS** provide upfront financing to provide payment for services to **LEAD AGENCY**
- 3** The **LEAD AGENCY** delivers services to the target population
- 4** The **EVALUATOR** measures success outcomes and determines total success payments due
- 5** If success outcomes are achieved, the **COUNTY OF SANTA CLARA** repays **FUNDERS**

When Does PFS Make Sense?



PFS Momentum Across the Country



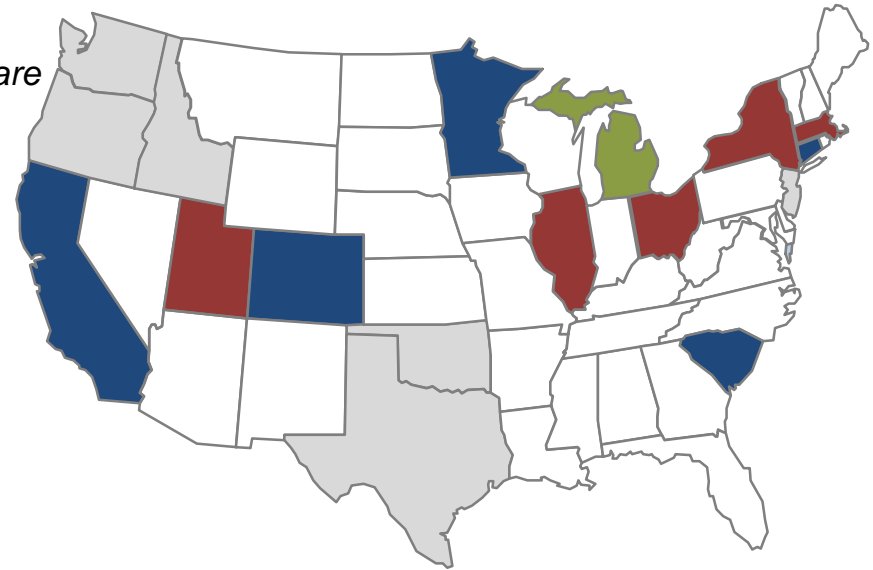
Launched Projects

- Cuyahoga County, OH – *Homelessness/Foster Care*
- Chicago, IL – *Early Education*
- Massachusetts – *Juvenile Justice*
- New York – *Justice/Workforce Development*
- Salt Lake County/Utah – *Early Education*
- New York City – *Juvenile Justice*
- Massachusetts – *Chronic Homelessness*



Active Project Construction/Feasibility

- Santa Clara County, CA – *Chronic Homelessness*
- Santa Clara County, CA – *Mental Health*
- New York State – *Juvenile Justice*
- Connecticut – *Substance Abuse and Foster Care*
- Illinois – *Dually Involved Youth*
- Fresno County, CA – *Asthma*
- South Carolina – *Early Childhood*
- Minnesota – *Homelessness*
- Denver, CO – *Homelessness*
- Los Angeles – *Feasibility*
- San Francisco Counties, CA – *Feasibility*
- Salt Lake County, UT – *Feasibility*
- Washington, DC – *Teen Pregnancy*



Active Government Procurement

- Request for Information (RFI) – Colorado; Michigan



Other Government Action

- Pending Legislation** – Idaho; Los Angeles County, CA; New Jersey; Oklahoma; Oregon; Washington; Texas
- Procurement Expected** – Ohio; Washington, DC;
- Federal Interest** – Treasury Department; Department of Labor; Department of Justice; Department of Health and Human Services; Social Innovation Fund

PFS in California



Counties Interested in PFS

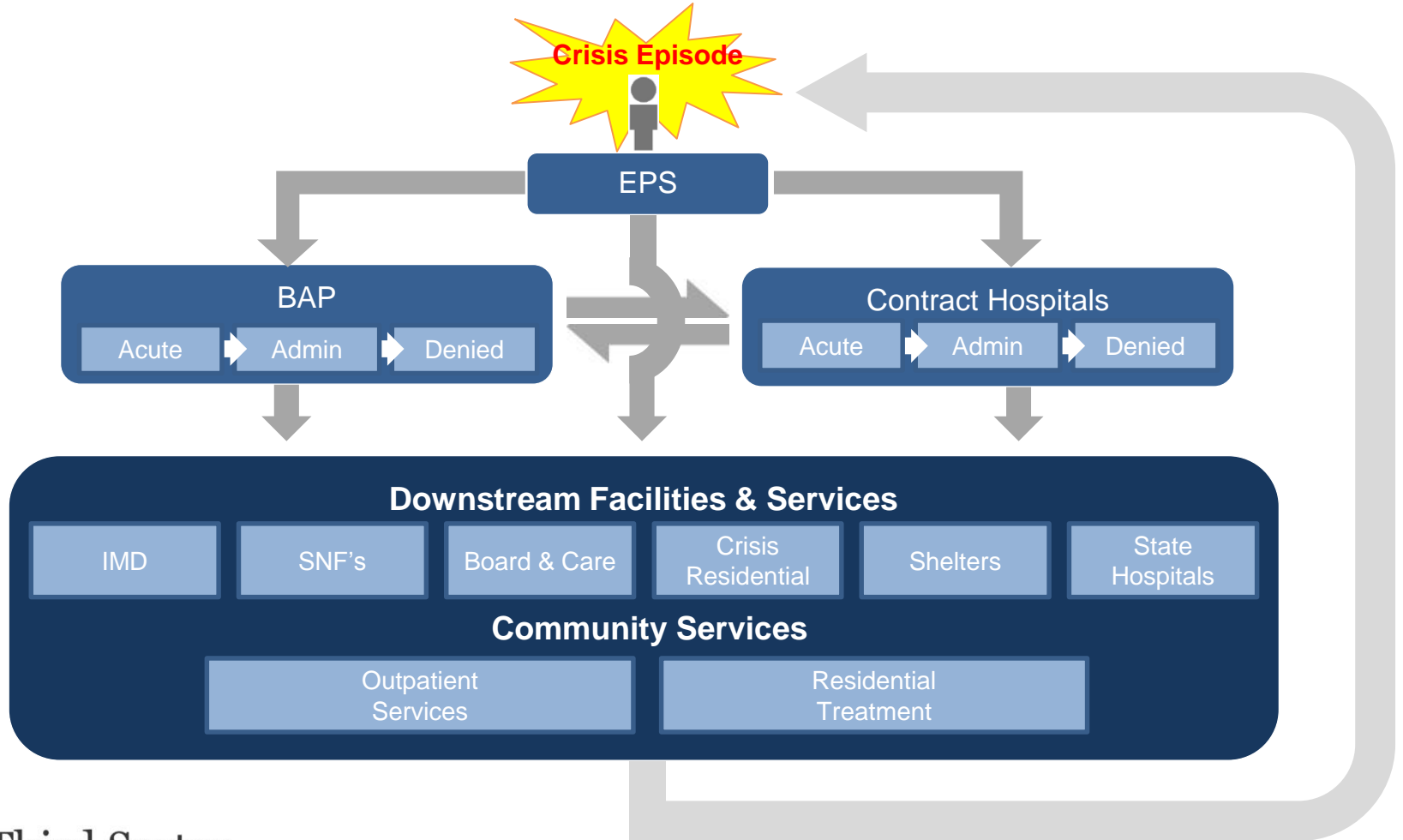
- Santa Clara County
- Los Angeles County
- San Francisco City and County
- Contra Costa County
- Alameda County
- San Bernardino County
- Orange County
- Marin County
- San Mateo County
- Fresno County
- San Diego County

State and Foundation Interest

- *AB 1837*: State legislation provides funding in three counties to begin the process of implementing PFS contracts focused on recidivism reduction
- *Irvine Foundation*: \$2.5M PFS Initiative for leaders to develop projects statewide
- *California Endowment*: \$250,000 grant to Third Sector and NCCD to develop projects in restorative justice and child welfare

Acute Mental Health in Santa Clara County

Continuum of Care



Acute Mental Health Project Overview

Project Overview

Target Population

- 250+ severely mentally ill adults who have been treated in the County's emergency and inpatient Mental Health facilities

Goal

- Improve health and wellbeing of acutely mentally ill individuals while reducing costs

Intervention

- Evidence-based interventions and best practices for treating the acute mental health population

Timing

- 6 year project

Unique Characteristics

- First Mental Health PFS project

Project Success Payments

Project Budget

Based on cost savings achieved by reducing County expenditures on/by:

- Reducing the need to purchase beds from non-County inpatient psychiatric hospitals
- Reducing utilization of the County's psychiatric emergency room
- Ensuring clients can be discharged from the County's inpatient mental health facility as soon as possible

Success Payments

- Avoided utilization of emergency and inpatient mental health services for clients in the program

Evaluation

Evaluator: Stanford School of Medicine Dept. of Psychiatry (K. Humphreys)

Evaluation Design: randomized controlled trial to assess efficacy of project in reducing costs and improving wellbeing target population

Acute Mental Health PFS Project Goals

1 Improve Coordination of Care and Medi-Cal Delivery

- Improve the coordination of care for acute mental health patients who are frequent users of the County's mental health system
- Ensure patients stay in acute in-patient settings for the minimum time necessary and are instead provided with more effective services in a less restrictive environment
- Improve the current effectiveness of the Medi-Cal coverage for the most costly users

2 Generate Cashable Savings

- Produce cashable savings for the County through reducing expenditures (1) on bed days purchased from contract psychiatric hospitals, (2) from utilization of EPS, and (3) by reallocating reduced "administrative" BAP beds to become available "acute" BAP bed days

3 Evaluate the Effectiveness of Services

- Conduct a rigorous evaluation of the effectiveness of interventions designed to improve the coordination of care for acute mental health patients

Acute Mental Health Proposed PFS Timeline

Project Selection and Project Construction

Project Launch

**Release RFP on
Acute Mental
Health PFS**

Completed

Dec 2014

Mar 2015

**Select Lead
Agency**

In progress

**Begin Project
Negotiations**

To come

Apr 2015

Apr - Dec 2015

**Finalize Project Design and
Contracts/Agreement**

- Finalize programmatic details and economic model
- Determine intervention impact
- Final contract negotiations between stakeholders

To come

**Begin Service
Delivery and
Evaluation***

To come

Jan 2016

*Project may include a ramp-up period in addition to the 6 year project.