



CONNECTICUT
Office of Health Strategy



Health Enhancement Community Initiative Financing Strategy and Model

Reference Community Webinar
Sep 5, 2018
10:00 – 11:00 AM

SIM

connecticut state
innovation model

Today's Objectives

1. Provide overview of current design of HEC financing strategy and model
2. Obtain feedback from Reference Communities regarding current design, including implications and feasibility, in order to refine strategy and model
3. Provide sufficient background information so Reference Communities can provide recommendations in their final reports

Agenda

I. Introduction

II. HEC Financing Strategy and Model

III. Discussion

IV. Next Steps

Part I

Introduction

Overview of Health Enhancement
Community Initiative

What is a Health Enhancement Community?

- Accountable for reducing the incidence, prevalence, and costs of select health priorities and increasing health equity in a defined geographic area
- Implementing multiple, interrelated, and cross-sector strategies that address the root causes of poor health, health inequity, and preventable costs
- New, collaborative entities organized and operating within a formal governance structure
- Comprise multiple sectors who are necessary to and mutually accountable for achieving defined outcomes
- Continually engage and involve community members and other stakeholders the governance of the HEC and the design, implementation, and evaluation of interventions
- Operate in an economic environment that is sustainable and rewards communities for prevention, health improvement, and the economic value they produce

What prevention aims will HECs seek to achieve?

Primary Aims Across All HECs

**Improve Child
Well-being**

**Increase
Healthy Weight
and Physical
Fitness**

*While these two will be the focus of all HECs,
HECs may also select additional priorities.*

How Will Health Equity Be Core to the HEC Initiative?

Propose Embedding Health Equity Throughout HEC Initiative

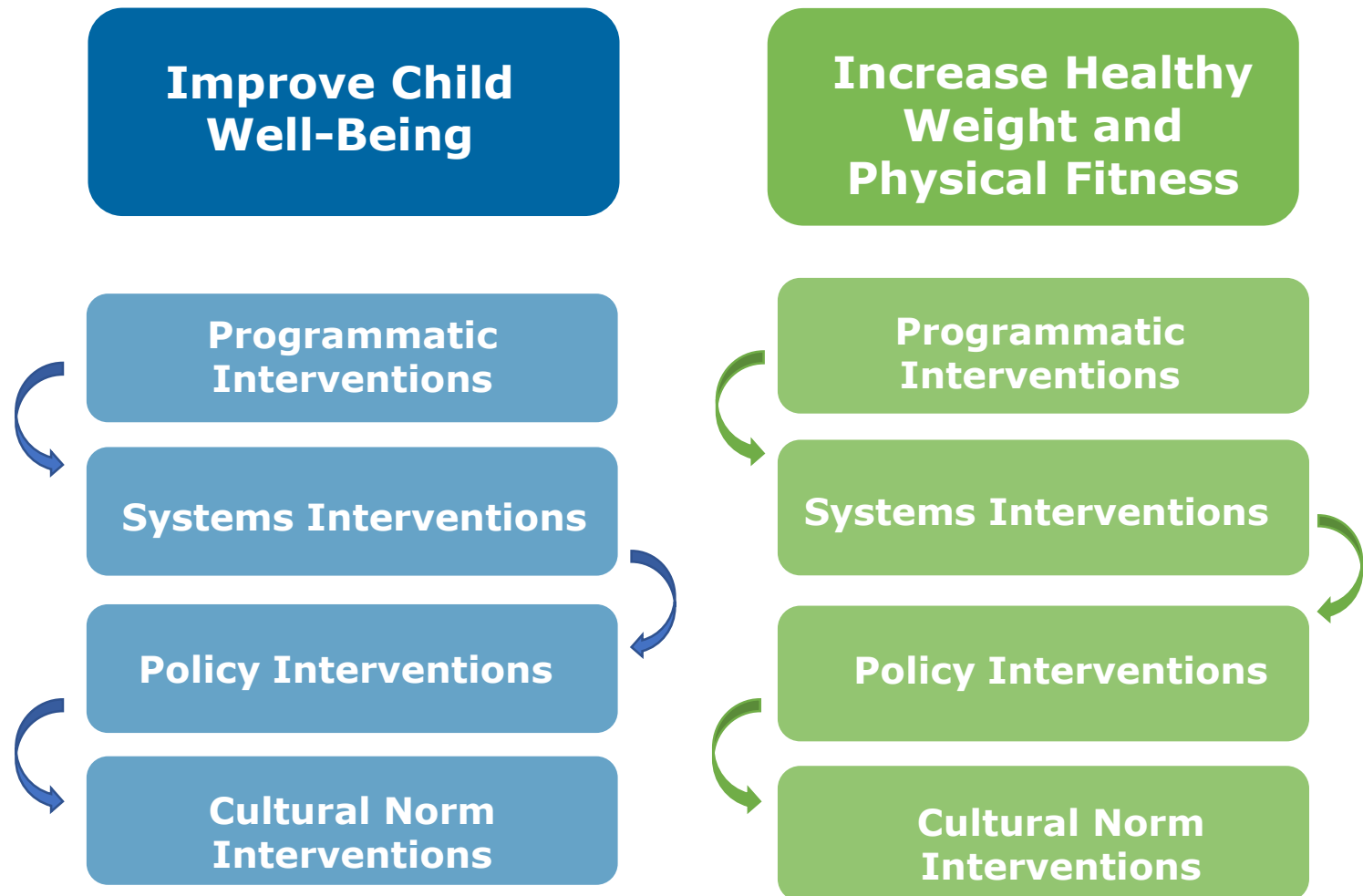
- Stratified Data
- Interventions
- Measures
- Logic Models
- Supports (e.g., framework, TA, training, etc.)
- Structure (e.g., Statewide HEC Consortium)



HEALTH EQUITY DEFINITION

Providing all people with fair opportunities to achieve optimal health and attain their full potential.

What interventions will HECs implement?



Part II

Financing Model

How will the HECs be supported financially?

Prevention Savings

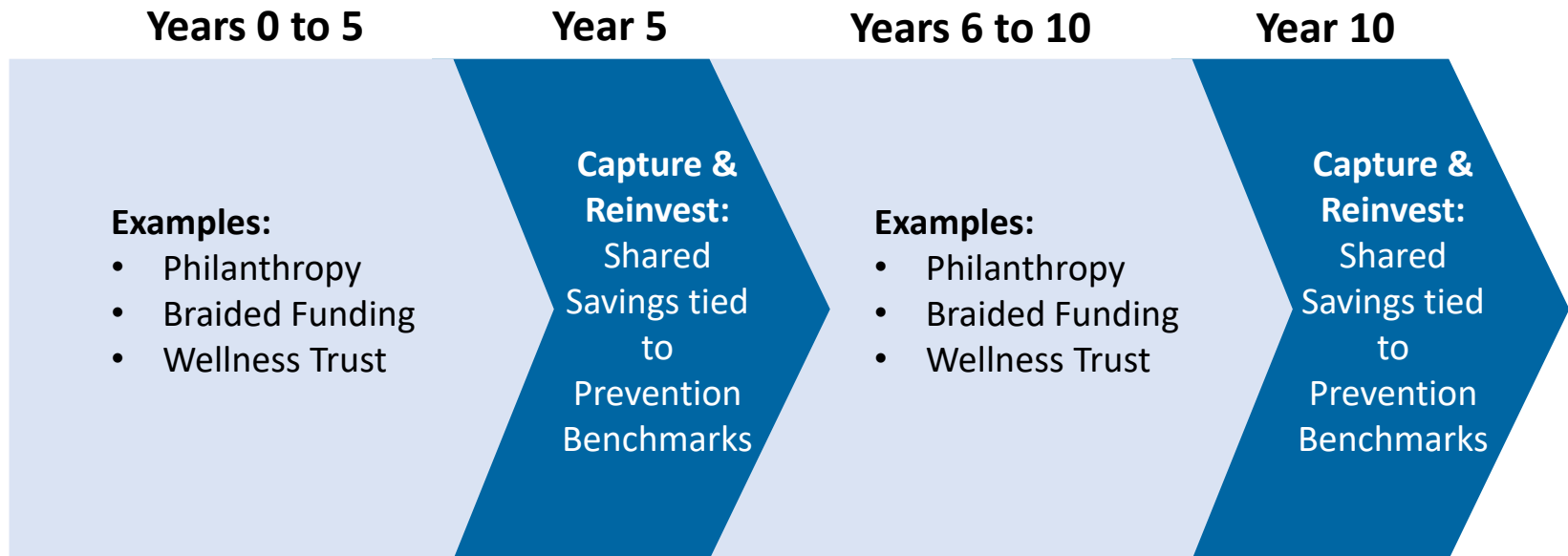
- Monetizing and delivering prevention savings is at the core of the HEC Model
 - Savings to Medicare and other payers
 - Savings to provider entities
 - Savings to sustain HEC activities

Prevention Benchmarks

Developing Prevention Benchmarks

- HECs will be measured on success with upstream prevention efforts. Examples:
 - Population-level risk scores
 - Condition-specific prevalence trends
- Time horizon of demonstrating impacts of interventions is a central challenge. It affects:
 - Whether payers and funders participate in the HEC model
 - The performance period

Potential Funding Timeline

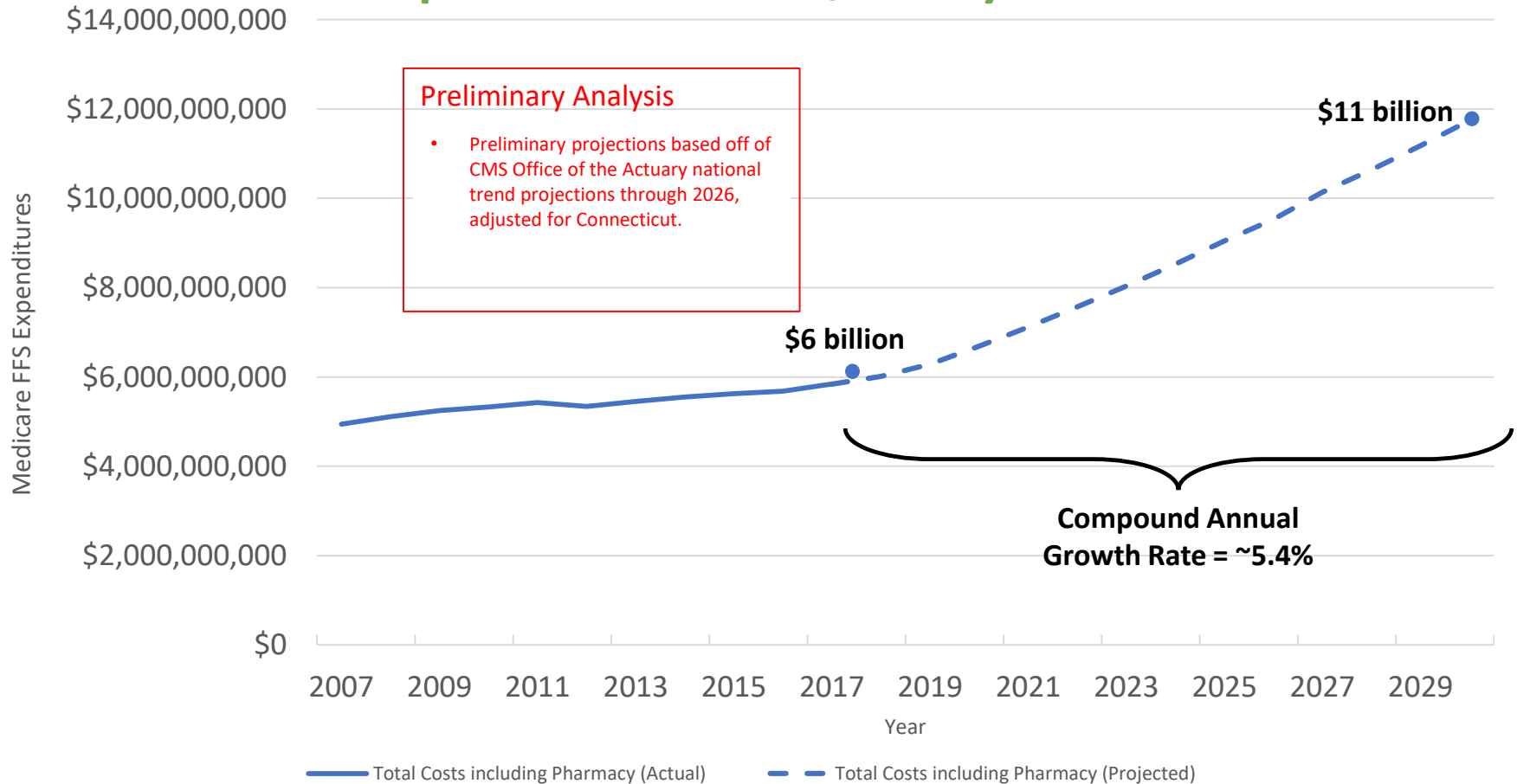


Medicare Impact Model

- Medicare Impact Model begins by **quantifying baseline conditions** (without HEC interventions)
- Using the Medicare Public Use File and spending growth projections informed by the CMS Office of the Actuary, we are **modeling future Connecticut Medicare spending**
- This can be done by statewide, by county/Hospital Referral Region, age group (under 65 and 65+), and by other variables.

Connecticut Medicare FFS Baseline Projections

Connecticut FFS Medicare Expenditures are expected to exceed \$11B by 2030



Modeling Interventions

- Working from an estimated Medicare baseline trend, the Medicare Impact Model will **apply adjustments to future spending estimates** based on evidence-based population health interventions identified in collaboration with the Population Health Council
- Will use evidence base and evolving practice to model assumptions about the degree and nature of impacts on Medicare spending and population health outcomes.

EXAMPLE

- Evidence may suggest a particular population health intervention may ultimately reduce the prevalence of certain disease conditions (e.g., diabetes).
- The financial model will attempt to quantify the impacts over time.

HEC Social Finance Options

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Managing Director

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September 5, 2018

Nonprofit Finance Fund® (NFF): Where Money Meets Mission

NFF envisions a world where capital and expertise come together to create a more just and vibrant society

We unlock the potential of mission-driven organizations through:

- **Tailored investments**
- **Strategic advice**
- **Accessible insights**

Guided by our Core Values →



- Infrastructure is required at both the state-level and HEC-level
 - State-level infrastructure should be implemented first, with local HEC infrastructure ramping up over time

- Funding is needed to pay for both infrastructure (state and local-level) and HEC interventions
 - Requires both revenue and capital

- HEC interventions likely to leverage existing revenue sources (i.e. contracts) first and then seek out new revenue
 - New revenue is likely dependent on demonstrated outcomes

- Medicare savings won't be captured for at least 5 years; debt financing to bridge savings not realistic in the short-term

HEC Social Finance Options: Sources and Mechanisms

REVENUE

regular, ongoing sources of funding to pay for local HEC interventions

Braided Contracts

Blended Contracts

Outcomes Rate
Card

Philanthropy

Hospital
Community Benefit

CAPITAL

funding to support HEC development and infrastructure

Philanthropy

Hospital
Community Benefit

Foundation PRIs

CDFIs/Commercial
Banks/Hospitals

MECHANISMS

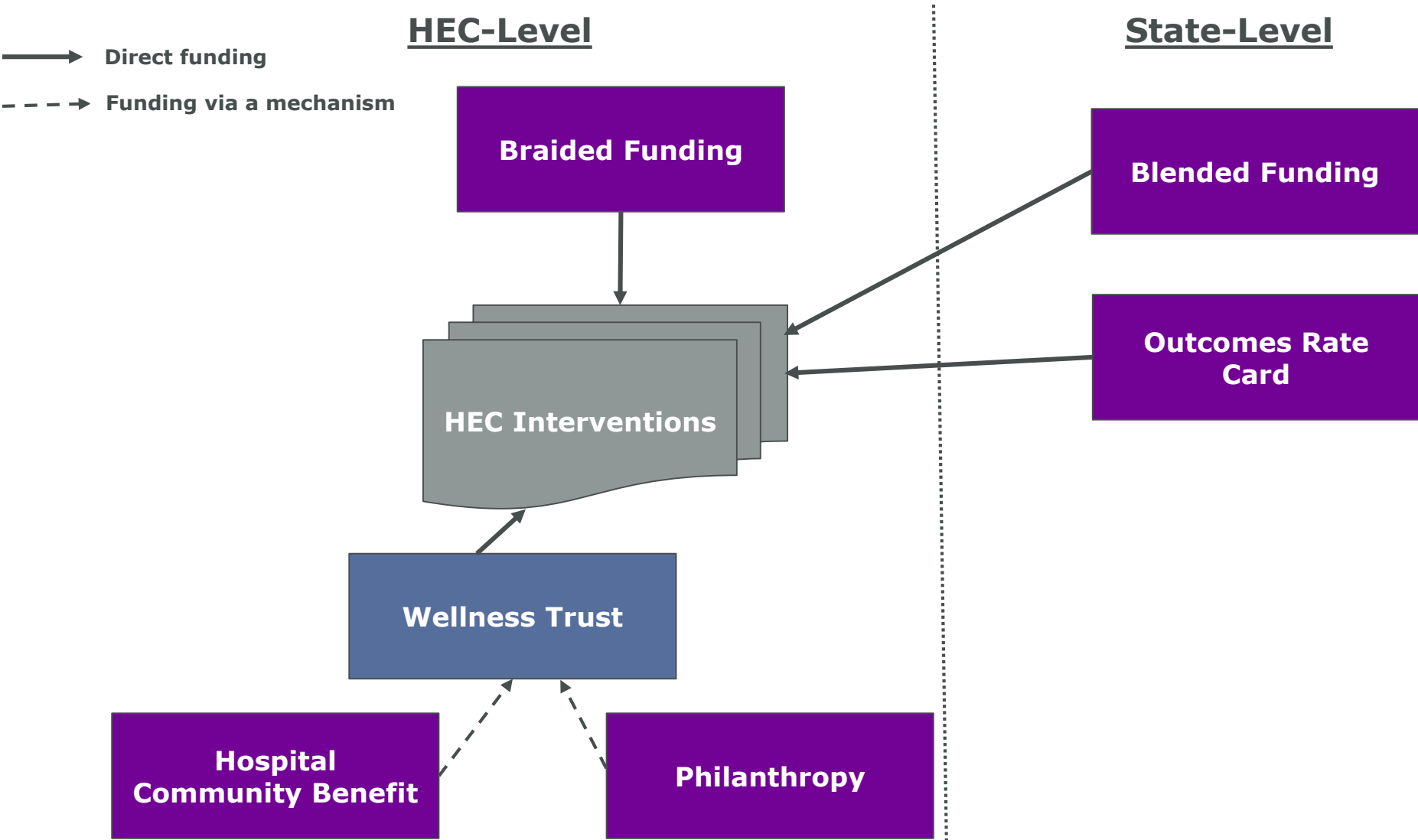
approaches to connect and distribute revenue and capital

Wellness Trust

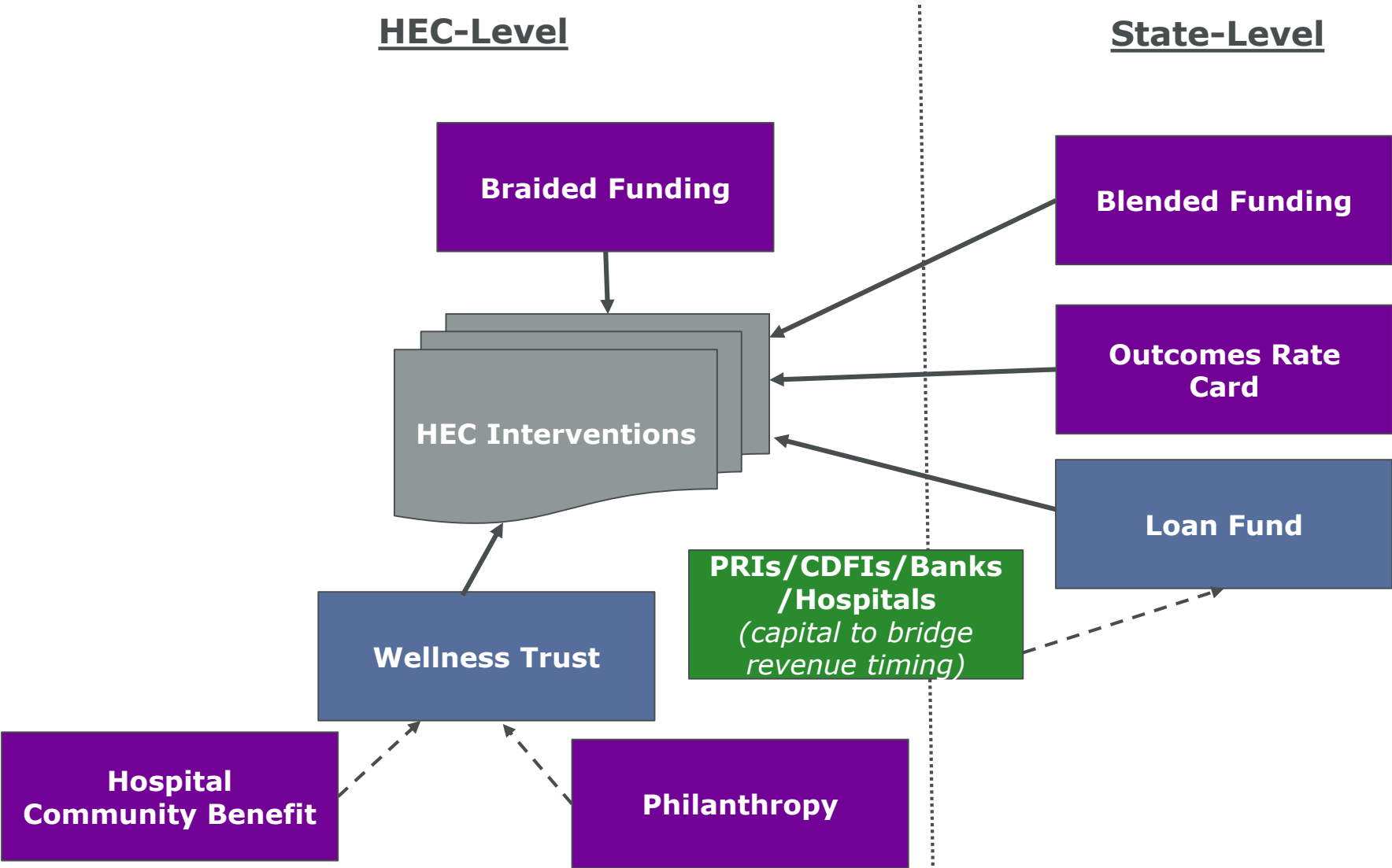
Tax Credits

Loan Fund

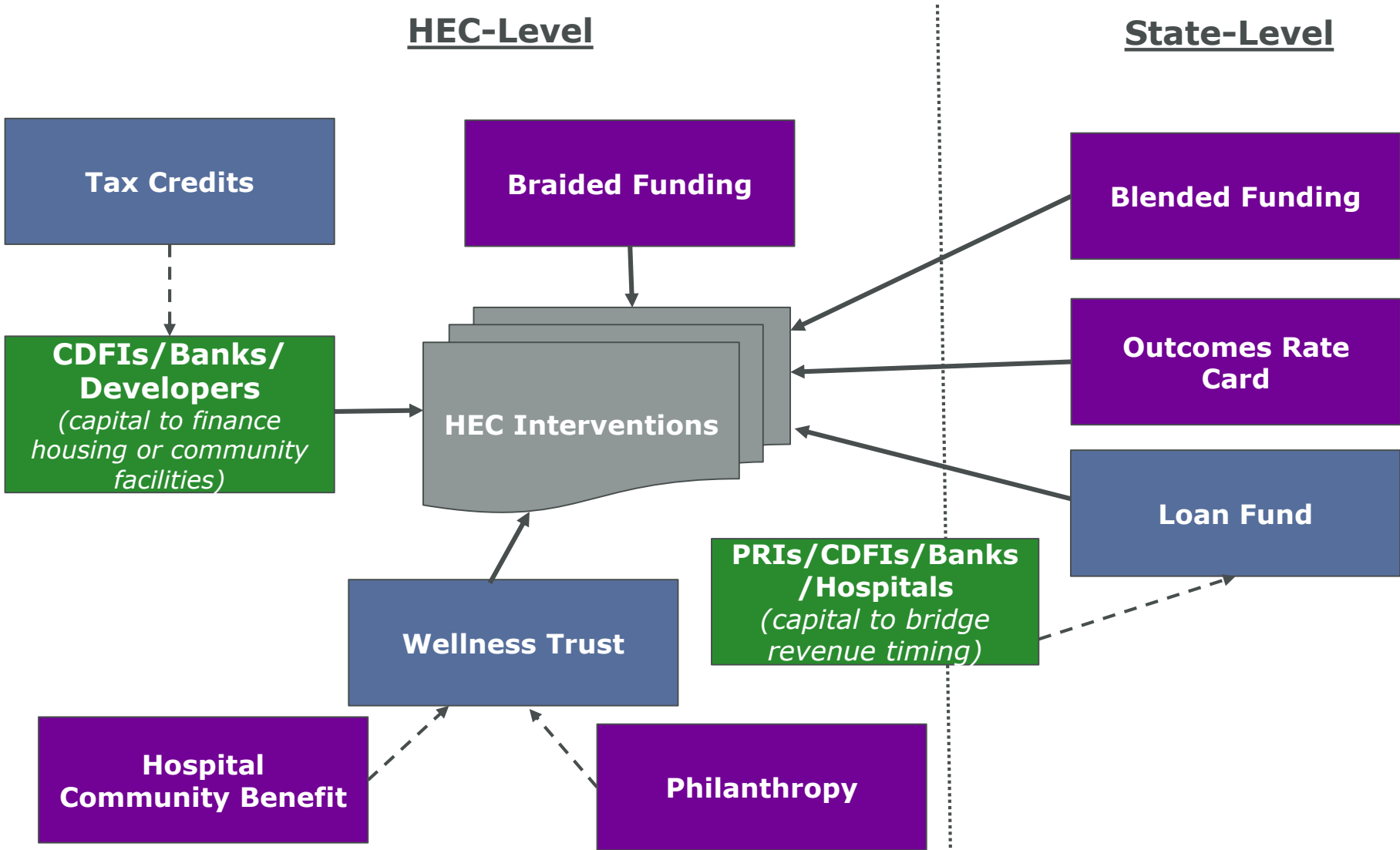
Supporting HEC Interventions



Supporting HEC Interventions



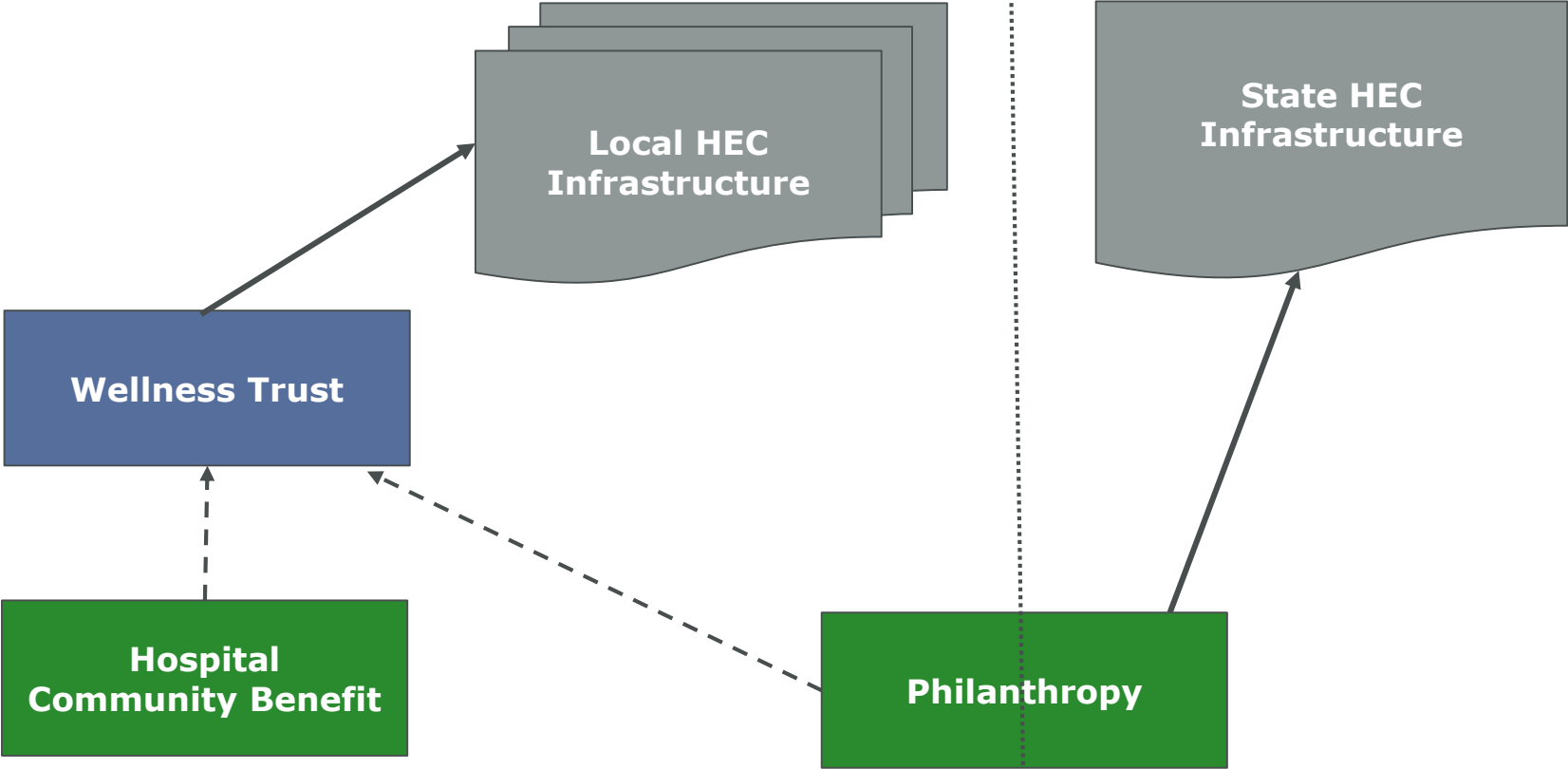
Supporting HEC Interventions



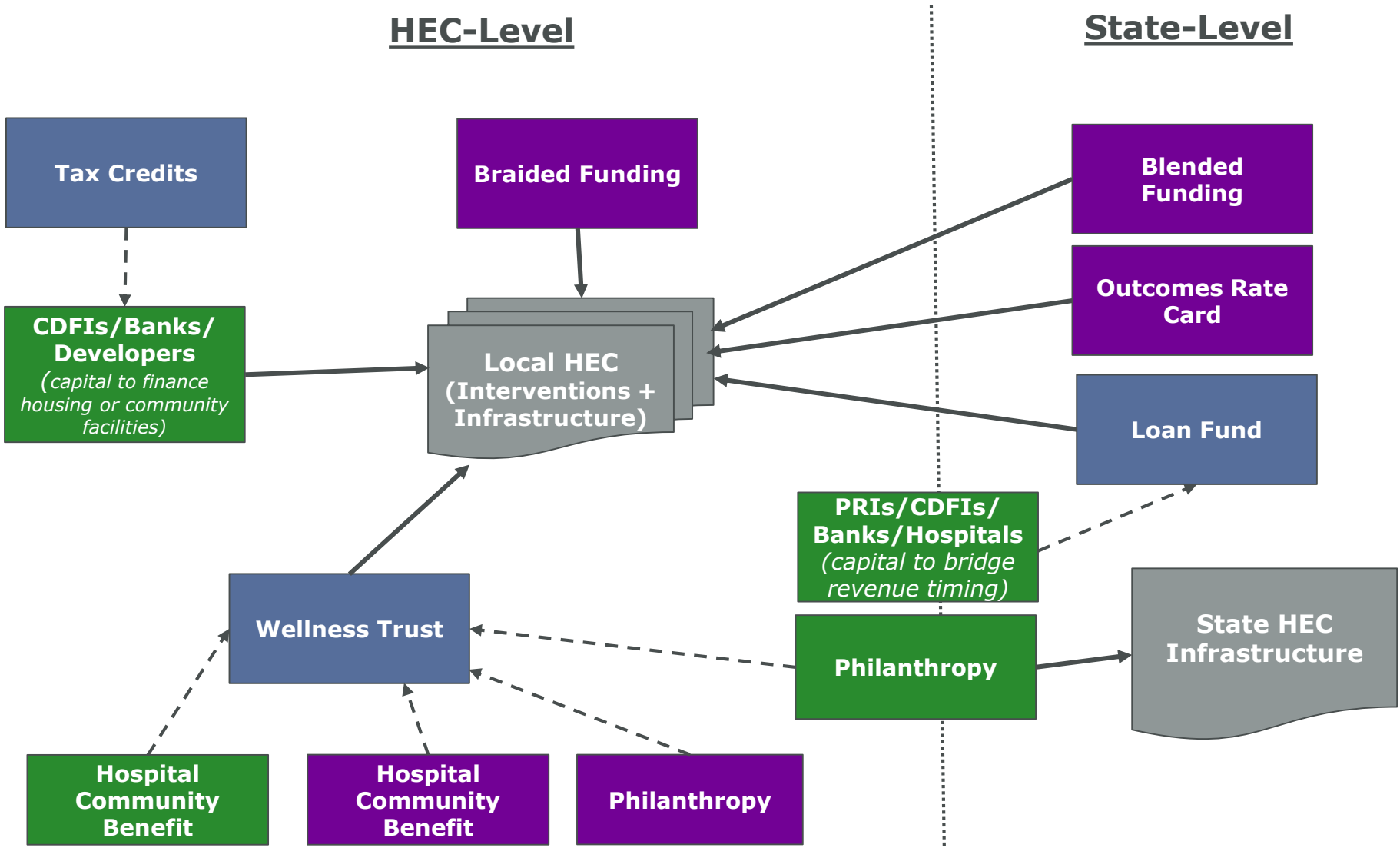
Supporting HEC Infrastructure

HEC-Level

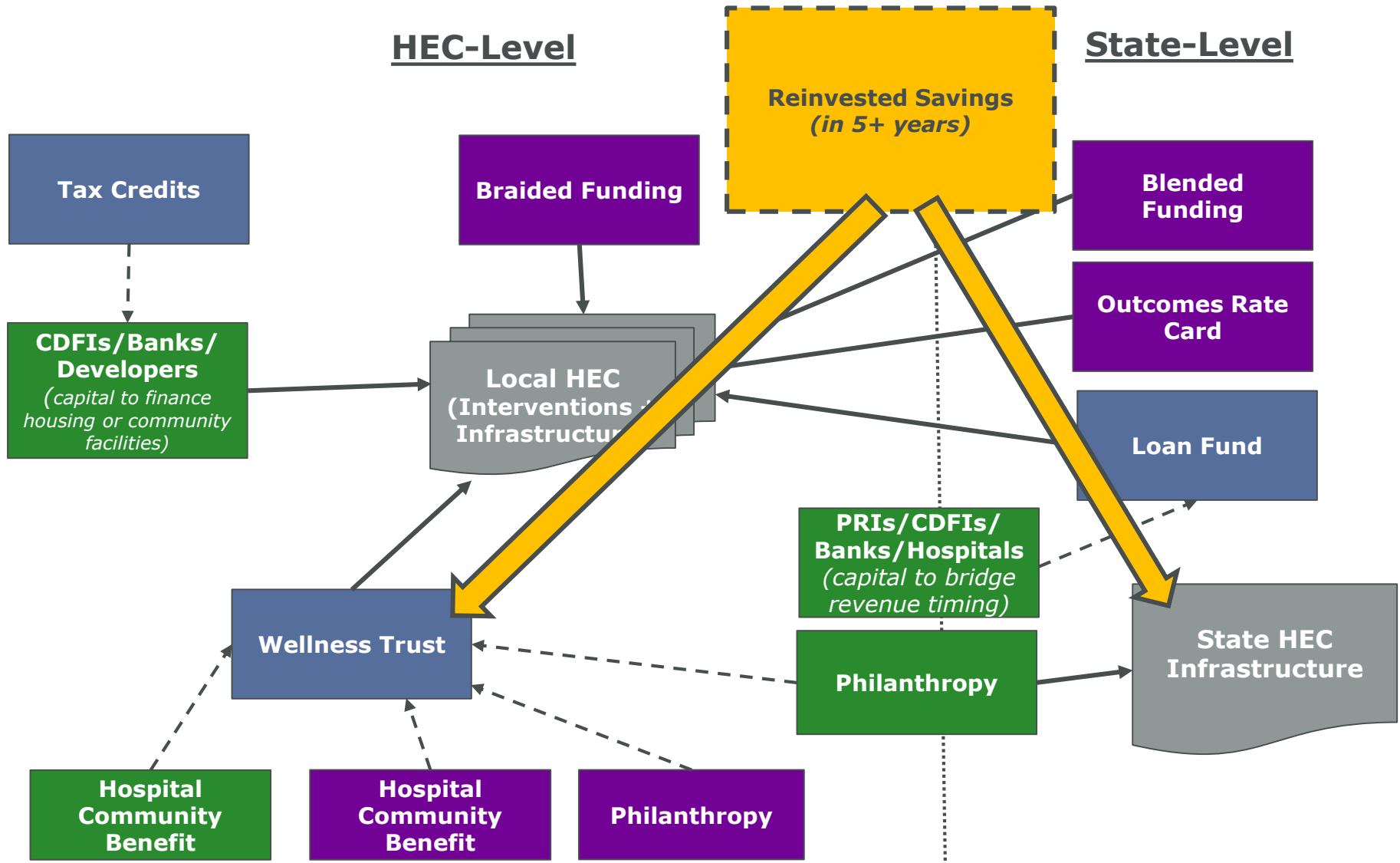
State-Level



Hypothetical Financing Model: Start-Up to Year 5



Hypothetical Financing Model: Year 5 and Beyond



Part III

Feedback from Reference Communities

**How can these forms of
revenue and capital be
accessed in your community?**

Considerations for Social Finance Options - Revenue

- **Philanthropy**
 - Funder priorities
 - Philanthropic source: foundations, corporations, individuals
- **Braided Funding**
 - Accounting and reporting capacity required to manage
 - Sources of funding: public (local, state, federal), private
- **Blended Funding**
 - Collaborative appetite of state agencies
 - Extent of shared outcomes across state agencies
- **Outcomes Rate Cards**
 - Agreement on outcomes and value of outcomes
 - Leverage existing experience with CT MIECVH
- **Hospital Community Benefit**
 - Prevalence of funding for community interventions vs. “charity care”
 - Alignment with HEC geographies

Considerations for Social Finance Options - Capital

- **Foundation PRIs**
 - Track record with PRIs
 - Sources of repayment
- **CDFIs/Commercial Banks/Hospitals**
 - Market coverage of CDFIs/local banks/hospitals
 - Sources of repayment

Considerations for Social Finance Options - Mechanisms

- **Wellness Trust**
 - Requires ongoing source(s) of funding
 - Structure and governance can vary
- **Tax Credits**
 - Facility-based
 - Best suited for large transactions (\$5+ million)
- **Loan Fund**
 - Optimal for pooling debt capital
 - Likely managed at the state-level

Part IV

Next Steps

Next Steps

- Recording of this webinar and slides will be sent to Reference Community leads for distribution
- Community engagement activities
 - Outreach materials to be provided by end of this week
 - Check-in call to be scheduled week of September 17
 - Other potential events to be scheduled
- Reference Community recommendations due October 19

Any questions or require additional information?

Please let us know!

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Thank you!