

## **Application for Social Impact Bond Technical Assistance**

Please complete this application and save it as a .doc or a .pdf file before emailing it to us at: [hks-siblab@hks.harvard.edu](mailto:hks-siblab@hks.harvard.edu)

Applications should not exceed **five pages** and must be submitted before **February 8, 2013**.

If you have any questions regarding this application, please visit [hks-siblab.org](http://hks-siblab.org) for further information or contact us by emailing [hks-siblab@hks.harvard.edu](mailto:hks-siblab@hks.harvard.edu)

### **Your details**

#### ***Jurisdiction***

[The governmental authority overseeing the project: e.g. State of Iowa, City of Chicago.]

State of South Carolina

#### ***Lead agency***

[The unit through which the project will be administered: e.g. Budget Office, Governor's Policy Unit, Department of Health and Human Services.]

South Carolina Department of Health and Human Services
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#### ***Other agencies also involved in this application***

[Please provide a list of any other government agencies or units within your jurisdiction that have a stake in the success of this SIB project and with whom you are working.]

Executive Office of the Governor
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#### ***Primary contact***

[This should be the member of staff who will be responsible for day-to-day management of the project and will supervise the government innovation fellow.]

Name and job title: John Supra, Deputy Director
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**Why is your jurisdiction interested in the social impact bond model?**

[Please provide a brief summary of your motivation for considering this model.]

The State of South Carolina, led by the Department of Health and Human Services, believes that Social Impact Bonds (SIB), present great opportunities for creating a sustainable stream of financing for high-quality, high-impact interventions that allow us to fulfil our mission of purchasing the most health for our citizens in need at the least possible cost to the taxpayer.

We are interested in the SIB model because we believe that SIB could allow us

- To use taxpayer dollars more effectively while providing needed services to South Carolina’s population;
- To extend our commitment to public-private partnership and the robust engagement of the non-profit sector to more efficiently and effectively advance South Carolina’s policy goals;
- To more rigorously focus on evaluation and outcome metrics aligned with South Carolina’s movement toward performance based government;
- To coalesce divergent stakeholders around meeting specific goals and outcomes.

Our particular interest is in the feasibility of using Social Impact Bonds to scale interventions that support our Birth Outcomes Initiative to improve the health of newborns, and expectant and new mothers in South Carolina’s Medicaid program. South Carolina is eager to pursue Social Impact Bond financing. Accordingly, we have been exploring and are supporting a feasibility study led by the Institute for Child Success, to determine whether or not Social Impact Bonds are an appropriate instrument for scaling and sustaining Nurse-Family Partnership (NFP), a research-based, high-quality, voluntary nurse home visiting program for first-time, low-income mothers and their children. We believe that this feasibility study is the first step towards the ultimate goal of performance transformation in state government produced, in part, by SIB financing.

**Your Policy**

Although an important part of the technical assistance will involve helping governments decide which policy areas are the best fit for this model, it is useful to have some sense at this point of your current thinking about where you would apply the model. Some preference will be given to jurisdictions that are interested in exploring the application of SIB to policy areas where they have not previously been used (i.e. other than criminal justice or homelessness). Some preference will also be given to proposals that involve collaboration

between states and cities or counties and that aim to improve the alignment of performance objectives across levels of government.

***What policy areas would most benefit from this model?***

Governor Nikki Haley and the Department of Health and Human Services are committed to improving health by recognizing that the health of individuals and communities is primarily driven by social determinants such as income, education, personal choices, social supports and environment. The social determinants model is well accepted by the CDC, WHO, etc.

Unfortunately – health policy in the United States suffers from:

- 1) Too much focus on medical services as a means to improve health;
- 2) State and federal financing silos that rarely evaluate the robust returns to health and overall societal well being if they occur across multiple agencies and even across separate funding sources within agencies. Hence, investments in programs like NFP rarely receive the support their ROI would suggest they deserve;
- 3) The prohibitive costs of large upfront investments to develop capacity are expensive. The full benefits are not often seen for several years – often too long a planning horizon for many governmental and social service organizations.

As stated above, we are particularly interested in the alignment of Social Impact Bonds with our Birth Outcomes Initiative and believe that SIB may be an appropriate means of bringing high-quality home visiting programs to scale in South Carolina and sustaining them beyond the capacity of currently available philanthropic capital.

In controlled experiments, the Nurse-Family Partnership has been proven to improve pregnancy outcomes, improve child health and development and increase economic self-sufficiency. These outcomes contribute to preventing child abuse, reducing juvenile crime and increasing school readiness. Nurse-Family Partnership (NFP) has been supported in South Carolina (and North Carolina) by the Duke Endowment and other philanthropies. In 2012, the South Carolina Department of Health and Human Services (SC DHHS) began to incentivize its Managed Care Organizations (MCOs) with incentive payments based on participation of pregnant and new mothers in the NFP program. SC DHHS recognizes the potential benefits of NFP to improve health outcomes and associated long-term social benefits that the intervention may offer. Furthermore, SC DHHS is interested in additional research and analysis that may provide novel and innovative approaches to funding NFP in concert with the Department’s efforts toward payment reform and quality health outcomes.

Collaboration with the philanthropic community, government agencies, and the private sector is required in order for NFP and similar programs to develop in ways that are financially sustainable and ensure that NFP provides the most value to South Carolina mothers and newborns (along with those who are investing in the program.) The Social Impact Bond (SIB) provides an innovative financing mechanism for scaling up programs with a positive social impact that has also been shown to save taxpayer and government

funds over the long-term by preventing costly problems. As such, SIB seem well suited as means to develop funding to sustain and scale NFP.

However, we believe that Social Impact Bonds present opportunities to state government well beyond health policy. We are interested in ultimately exploring the feasibility of pursuing SIB financing to sustain and scale education, juvenile justice, criminal justice, quality child care, and social service interventions. Moreover, we are excited to use the NFP Social Impact Bond feasibility study to determine what legislative, budgetary, and administrative barriers would need to be overcome to pursue a SIB in any policy area in South Carolina.

### **Your Current Level of Readiness**

Please note that prior experience and expertise are not prerequisites for selection. These questions are simply intended to determine your current capacity and level of need.

***What level of support for testing the social impact bond model is there among senior government officials in your jurisdiction?***

Governor Haley and the Director of the Department of Health and Human Services, Anthony Keck, are currently supporting initial explorations of Social Impact Bonds led by the Institute for Child Success. While Deputy Secretary of Health and Hospitals in Louisiana, which had oversight for Louisiana's NFP investment, Director Keck was active in pushing the National Service Office of NFP to pursue new models of growth and sustainability to expand their reach. Moreover, Director Keck has assigned Deputy Director, John Supra, and Assistant General Counsel, Vicki Johnson, to act as liaisons to ICS in support of this work. Furthermore, Vicki Johnson has been a participant in ReadyNation's National Social Impact Bond Contracts Working Group convened by Rob Dugger. Christian Soura, Deputy Director for Budget and Policy in the Executive Office of the Governor, has also been an active part of conversations with the Department and the Institute for Child Success about Social Impact Bond feasibility in South Carolina and is the liaison on these explorations within the Governor's Office.

***What innovative social service providers would be potential partners for implementing services in your jurisdiction?***

Home visiting programs are currently being funded in South Carolina by a number of entities including the State of South Carolina, the Children's Trust, the Duke Endowment, and the Blue Cross Blue Shield Foundation. Nurse-Family Partnership, in particular, has arrived in South Carolina in the last four years through the support of these funders and is committed, both locally and nationally, to working with South Carolina to explore the

feasibility of a Home Visiting Social Impact Bond in our state. In controlled experiments, the Nurse-Family Partnership has been proven to improve pregnancy outcomes, improve child health and development and increase economic self-sufficiency. (The current NFP landscape in South Carolina is available here: <http://www.nursefamilypartnership.org/locations/South-Carolina/find-a-local-agency/>.) These successes are consistent with the goals of DHHS' Birth Outcomes Initiative and general mission.

Note: DHHS is providing incentive funding to its Medicaid Managed Care plans to fund NFP. This provides an additional source of financing that is not grant based and thus more sustainable.

***What evidence already exists to demonstrate the efficacy of these interventions?***

The efficacy of the Nurse-Family Partnership model has been validated by three randomized control trials conducted over NFP's 30+ years of existence. NFP has been identified as the only early childhood program that meets the Coalition for Evidence-Based Policy's "Top Tier" of evidence; as the program with the strongest evidence that it prevents child abuse and neglect; and as a program that produces significant economic return on investment. Published evidence from the Elmira, NY, Memphis, TN, and Denver, CO trials is available at [www.nursefamilypartnership.org](http://www.nursefamilypartnership.org). Moreover, in partnership with the Duke Endowment, South Carolina's Center for Health Services and Policy Research as well as South Carolina's Department of Health and Environmental Control and The Children's Trust have been evaluating the success of Nurse-Family Partnership (and other MIECHV funded home visiting models). National Nurse-Family Partnership costs, outcomes, and ROI have been recently established in research funded by the Pew Center on the States and conducted by Dr. Ted R. Miller of the Pacific Institute for Research and Evaluation ([http://www.pewstates.org/uploadedFiles/PCS\\_Assets/2013/Costs\\_and\\_ROI\\_report.pdf](http://www.pewstates.org/uploadedFiles/PCS_Assets/2013/Costs_and_ROI_report.pdf)).

***The private sector financing for social impact bond projects can come from a range of sources including foundations, impact investors, and commercial capital. Are you willing to consider the full range of sources of financing?***

Absolutely. The full range of financing sources are being considered and explored in our initial feasibility phase. We are particularly excited about the possibility of exploring this area further with the assistance of the SIB lab given South Carolina's relatively low access to investment capital and banks. The Institute for Child Success has also convened a working group on Social Impact Finance that includes 35+ representatives from government and non-profit interventions as well as from the foundation and investor community in South Carolina.

**Building on your future success**

***If the intervention is successful, what is the potential for scaling it up within your jurisdiction?***

The potential for scale is significant, as the need for nurse home visiting programs in South Carolina significantly outstrips the capacity to serve. According to the Nurse-Family Partnerships' 2010 State Needs Assessment ([http://www.nursefamilypartnership.org/assets/PDF/Policy/HV-Funding-Guidance/State Needs Assessment](http://www.nursefamilypartnership.org/assets/PDF/Policy/HV-Funding-Guidance/State_Needs_Assessment)), and subsequent updates from NFP's regional staff there are 70 32 nurse home visitors in the state which can serve up to 825 first time single mothers annually. However, there are over 11,500 first time, Medicaid eligible births in South Carolina on an annual basis. Assuming only 25 percent of the eligible population can be reached- which we believe is conservative- the current program would anticipate scaling nearly 3.5 times to meet the need.

As part of the NFP SIB feasibility study, we will be working in close partnership with the Nurse-Family Partnership to update the *State Needs Assessment* with current data. Given the financial crisis and the stagnating economy, we believe the capacity gap has increased since 2010.