

# Pay for Success in the U.S.

## Summaries of Financed Projects

April 2016



INSTITUTE *for* CHILD SUCCESS



(by)

**Lichi Xu**

*Institute for Child Success*

*ICS's work to develop early childhood PFS is supported by the Corporation for National and Community Service's Social Innovation Fund.*

### South Carolina Nurse–Family Partnership Pay for Success Project

#### Policy Area

Maternal and child health

#### Policy Problem

More than half of babies are born to low-income mothers who qualify for Medicaid in South Carolina. Growing up in poverty can be harmful to a child's cognitive development, health, school performance, and social and emotional wellbeing. Mothers struggling with poverty are at higher risk for poor birth outcomes such as delivering premature babies or those who weigh too little. Research on brain development has shown that giving children a strong start in life begins before they are born, during a mother's pregnancy.

#### Jurisdiction (Implementation Sites)

29 of South Carolina's 46 counties

#### Who is Paying for the Outcomes?

South Carolina Department of Health and Human Services

#### Organization(s) Delivering Services

Nurse-Family Partnership

#### Intervention

The Nurse-Family Partnership program pairs vulnerable first-time parents with specially trained nurses. During home visits from early pregnancy through the child's second birthday, the nurses support first-time moms to have healthy pregnancies, become knowledgeable and responsible parents, and give their babies the best possible start in life.

#### Approximate Program Cost per Participant

#### Intermediary

Social Finance, US and Nurse-Family Partnership National Service Office

#### Program Evaluator

J-PAL North America (a research center at the Massachusetts Institute of Technology)

#### Validator

None

<b>Outcome Metric(s)</b>	<ul style="list-style-type: none"> <li>• Reduction in preterm births</li> <li>• Reduction in child hospitalization and emergency department usage due to injury</li> <li>• Increase in healthy spacing between births to 24 months</li> <li>• Increase the number of first-time moms served in predetermined ZIP codes with high concentrations of poverty</li> </ul>
<b>Evaluation Design</b>	A randomized controlled trial
<b>Target Population</b>	3,200 first-time mothers
<b>Size of Investment</b>	\$30 million (including \$17 million from private funders plus \$13 million from SC Medicaid)
<b>Total Payments Possible</b>	<p>\$7.5 million</p> <p>Outcome payments will occur at the end of project year 4 and project year 5. The philanthropic funders have agreed to reinvest 100 percent of South Carolina's outcome payments, based on NFP's impact as measured by the evaluator, to fund NFP to continue services in South Carolina.</p>
<b>Time/ Timeframe (Intervention and evaluation)</b>	4 years of enrollment, 6 years of services (4 years enrollment + 2 years of services), 6.5 years of data collection. The evaluation follows each mother/child pairing for 2 years after the child's birth.
<b>Investors: Deal Structure/ Capital Stack</b>	<p>Philanthropic Funders:</p> <ul style="list-style-type: none"> <li>• BlueCross BlueShield of South Carolina Foundation (\$3.5 million)</li> <li>• The Duke Endowment (\$8 million)</li> <li>• The Boeing Company (\$800,000)</li> <li>• Greenville First Steps (\$700,000)</li> <li>• Consortium of private funders (\$4 million)</li> </ul> <p>SC Medicaid will fund approximately \$13 million via a 1915(b) Medicaid Waiver</p>
<b>Payment Terms- Risk Sharing</b>	Risk 100% shifted for the \$17M from private funders; State and federal government bear the risk for the portion of the program funded by Medicaid.
<b>Payment Terms – Details on Payment per Outcome, Payment Period</b>	<p><b>Trigger for partial payment:</b> 1) Preterm birth: 13.5% reduction; 2) Healthy birth spacing: 18% reduction; 3) Child injury: 23.4% reduction; 4) Coverage in low income zip codes: 65% of mothers enrolled</p> <p><b>Threshold for enhanced payment:</b> 1) Preterm birth: 15% reduction; 2) Healthy birth spacing: 20% reduction; 3) Child injury: 26% reduction; 4) Coverage in low income zip codes: 65% of mothers enrolled</p>
<b>Date announced</b>	February 16, 2016
<b>Implementation Start</b>	April 1, 2016
<b>Interim Outcome Dates</b>	not applicable
<b>Legislation for Appropriation Risk</b>	None
<b>Other Notes</b>	Technical assistance provided by Government Performance Lab, Harvard Kennedy School

# i(cs)

INSTITUTE *for* CHILD SUCCESS

102 Edinburgh Court • Greenville, SC 29607  
w: [instituteforchildsuccess.org](http://instituteforchildsuccess.org) | p: 864.467.4802

FUELED BY



The Institute for Child Success is fueled by BlueCross BlueShield of South Carolina, an independent licensee of the BlueCross and BlueShield Association, and by the Mary Black Foundation.

Headquartered in Greenville, South Carolina, the Institute for Child Success (ICS) is an independent, nonpartisan, nonprofit research and policy organization dedicated to the success of all young children. ICS pursues its mission in four primary ways:

- Proposing smart public policies, grounded in research.
- Advising governments, nonprofits, foundations, and other stakeholders on strategies to improve outcomes.
- Sharing knowledge, convening stakeholders, embracing solutions, and accelerating impact.
- Fostering the next generation of leaders.