

Financing Along the Pathway

Which Financing Tasks are Most Prominent in Each Phase?

Phase 1: Campaign

The financing objective is to secure funding for the chosen initiative. Typically, this funding is: one-time only; to be used only for the specific initiative; sought from outside sources such as foundation or governmental grants, although some funding may be contributed by the organizations involved, such as in-kind support or Community Benefit dollars, with the understanding that there is little or no risk involved.

Phase 2: Engage

The financing objective is to develop multi-year funding that can be used for a portfolio of initiatives, including start-up funding for backbone organizations. This may involve repurposing existing funds, such as Community Benefits or health plans' grant funds, as well as expanded use of grant funds.

Phase 3: Align

The financing objective is to institutionalize and align resources towards strategic goals across organizations and sectors. This requires more financial commitment and risk-taking on behalf of the organizations involved, as moves are made to reposition the way existing funding streams are utilized, such as with global payments, gain-sharing agreements, social impact bonds, purchasing, and investment portfolios. Backbone organizations are fully funded.

Phase 4: Redesign

The financing objective is to disrupt the existing system, shifting it toward greater sustainability and incentivizing the creation of health. Disruption might occur through new entrants with very different business models coming into the market; in any event it would entail new business models for existing players in the health arena, such as health plans, providers and public health agencies. It may involve new governance structures for accumulating and distributing funds that can be used broadly for a wide-ranging set of population health measures. In the public sector, it entails new policies about what is funded, an appetite for longer-term payback periods, and the installation of new budgeting structures that recognize and support linkages across sectors. This is a phase of considerable risk and turbulence; transition or risk management plans/mechanisms may be required.

Phase 5: Integrate

The financing objective is to underpin and support a wider health system that creates healthy regions. In Phase V, new financing mechanisms (from Phase IV) have been adopted as routine procedures and functions of the system; they are sustainable; they adapt with changes and improvements in the system; they incentivize and reward the creation of health.