Where Can You Find Money for Your Work (And How Do You Get It)?

Got grants? Great! Now let’s talk about some other funding sources and see which ones are right for your partnership or organization!
Where Can You Find Money for Your Work (And How Do You Get It)?

Financing Structures

When talking to folks like you—members of multisector partnerships or organizations—one of the most common questions we hear when it comes to sustainable financing is: “What are the innovative financing mechanisms?” Leaders want to know, for example, about social impact bonds, blending and braiding, and wellness funds.

What do these financing mechanisms have in common?

Answer: as described in Module 1, they are mechanisms, not sources of funding. The money does not actually come from the mechanism itself. Instead, financing mechanisms are transactional; they are techniques or instruments you can use to pool, distribute, and/or transfer funds. A mortgage is a financing mechanism. A credit card is a financing mechanism. But you need to have some money in the bank when you use them. For example, the sources of money used to repay the credit card might be income from your job or an inheritance—i.e., funding sources. So it is unlikely that a focus on mechanisms will end your quest to understand where to find money for population health interventions.

Let’s face it. There are no easy, readily accessible sources of sustainable funding. There are no magic shortcuts. But there are a variety of innovative options being used across the country. And there is a way of thinking about these options that can help point you in the right direction. We have summarized these options in A Typology of Potential Financing Structures for Population Health shown on page 6.

The Typology recognizes two critical aspects of funding options:

1. where the money comes from (sources); and
2. the process by which the money is acquired and/or allocated for the desired purpose (which may or may not involve financing mechanisms).

Together these constitute what we’re calling a financing structure.

The word “structure” may sound like a catch-all term, but it is appropriate here because it suggests an arrangement, composition, or system of decisions, protocols, procedures, and authorities. In short, there is much more to consider than simply the funding source.

Take a look at the Typology, and you’ll see that each financing structure has a particular set of decision makers, a particular process for making decisions, and particular constraints. That is, each structure involves a different set of relationships, skills, and conditions to obtain funding. It’s a lot to keep in your head—no wonder most multisector partnerships rely on grants!

Let’s face it. There are no easy, readily accessible sources of sustainable funding. There are no magic shortcuts. But there are a variety of innovative options being used across the country.
The **Typology**

Let’s do a quick walk through of the **Typology**. In the two left-hand columns, the financing structures are sorted by their sustainability.

- **Grants** are a great source for one-time needs, like short-term projects or gap funding for a construction project. They can also be used for seed money to start a long-term project, but you must find more sustainable funding sources eventually. Grants can also provide a sort of “bridge funding” to keep you going temporarily while you pursue more sustainable funding opportunities.

- Various types of **loans, bonds, and equity investments** can finance capital projects or provide working capital or start-up funding. However, the critical aspect of all these sources is that you must pay the money back; moreover, investors usually (but not always) expect a financial return on their investments.

- New **health care payment models based on value** can provide funding for non-clinical services, such as The Diabetes Prevention Program or community health workers.

- **Reinvestment** is the practice of taking excess revenue (i.e., revenue that exceeds expenses) and placing it back into the same enterprise and/or the same purpose. Generally speaking, to make reinvestment work, you must have protocols for measuring and accounting for savings, means to turn avoided costs into spendable cash, and agreements that distribute the funds. Without standardized models for reinvestment, the political and technical lift to put an agreement in place can be quite heavy.

- **Public revenues** include dedicated taxes, tax expenditures (i.e., tax breaks), and fees. These revenue sources differ from general taxes, like property taxes and income taxes, which are collected and distributed through a public appropriations (or budgeting) process (see next bullet) because they are levied for specific purposes.

- **Public appropriations** are spending by government agencies for services, goods, or grants (funds are also appropriated to repay bonds). This category of funding sources is especially important for two reasons. First, the primary funding source for social determinants of health—e.g., affordable housing, public safety, clean environment—has traditionally been the public sector. Second, the combined mix of that spending (a public jurisdiction’s “portfolio”) is of critical importance to population health outcomes.

- **Institutional purchasing and investing** comprises the set of decisions institutions make about their own business that can help—or hurt—the social determinants of health. Do they buy local? Are they environmental stewards? Do they create healthy workplaces? While this applies to any institution in a community, such decisions are particularly significant for “anchor organizations” because of their large size and impact on the local economy as well as social and environmental conditions.

- **Mandates** are simply government policies—federal, state, or local—requiring that specific purposes be funded. The notorious “unfunded mandate,” provides no funding but nonetheless is quite powerful because it forces the provision of financial resources for a specific purpose. The Americans With Disabilities Act is a great example of just how powerful a mandate can be.

- **Earned income** is money generated from paid work. A multisector partnership or organization may offer services or products that others want to purchase, such as serving as a fiscal agent (i.e., performing financial duties on another organization’s behalf), or preparing a community needs assessment.

Want to learn more about financing structures? Check out [Appendix 3](#).

> While more than one revenue source might be available to fund your intervention or integrative activities, it would be a mistake to view the sources as interchangeable.
The **Typology** Can Help You Think About Each Structure

At first glance, the list of financing structures might sound like a rather odd assortment. For example, why are public revenues (such as taxes or tax credits) separate from public appropriations? How is a mandate a financing structure? These questions get to the heart of what the **Typology** is all about. It demonstrates to multisector partnerships and other organizations seeking funding that a great idea is only the *beginning* of the process.

While more than one revenue source might be available to fund your intervention or integrative activities, it would be a mistake to view the sources as interchangeable. Each is shaped by its industry, as well as by institutional goals and business models, norms, practices, protocols, interests, and expectations around accountability for the use of the funds. The “Who Decides on Availability and Conditions,” “Decision Making Process,” and “Primary Influences on Supply” columns of the **Typology** begin to distinguish some of these differences. They’ll help you understand who makes decisions—and by what process—as well as what factors influencing the supply of the funding source. The “Why Important” and “Key Challenges” columns point to benefits and impediments to each financing structure, further illustrating their differences.

As examples, let’s look at how some financing structures differ in their level of public involvement. Tax policy typically has a very public-facing process. Dedicated taxes, such as Philadelphia’s sugar-sweetened beverages tax, often involve a large public campaign—either to influence a public referendum or a legislative vote. These campaigns build up public expectations around the use of the funds. By contrast, public appropriations are steeped in a mostly inward-facing budgetary process composed of administrative and legislative procedures, lobbying by special interests, and esoteric spending rules such as those concerning entitlements, balanced budget requirements, and fiscal notes.

When you know there is so much more to it, you can see how simply asking “What are the innovative financing mechanisms?” might lead you down the wrong path. It is perhaps more useful to ask, “What relationships, skills, and conditions are our strong suit?” This approach allows you to start cultivating funding sources through your strengths, rather than stretching your capacities. The “Exploring Your System” worksheet on page 4 can help you prioritize possible financing structures by considering how well various structures match up with your existing skills and assets—recognizing that, along the way, you’ll build stronger and broader relationships, more financing expertise, and a keener eye for assessing and adapting to prevailing conditions. Over time, you will build the skills and relationships necessary to pursue additional sources.

**A note about financing structures for your integrative activities**

The **Typology** can help you think through possible funding sources for your integrative activities. There are two ways to fund those activities: directly or indirectly. You could use one or both approaches.

<table>
<thead>
<tr>
<th>Two Approaches to Funding Integrative Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DIRECT</strong></td>
</tr>
<tr>
<td>Revenue is allocated directly to integrative activities; direct revenue is used to fund <em>only</em> integrative activities (it does not also offset or pay for an intervention, etc.).</td>
</tr>
<tr>
<td>Example: Membership fees or grants which only finance integrative activities</td>
</tr>
</tbody>
</table>
OBJECTIVE: Begin to explore and prioritize the financing structure(s) that best fit the capabilities and needs of your partnership or organization.

TIME: Approximately 45 minutes

MATERIALS: • Printed copy of A Typology of Potential Financing Structures for Population Health (print on tabloid 11x17 paper)
• One copy of this worksheet (you might need multiple copies of pages 7 and 8)
• Whiteboard or flip charts (optional)
• Markers (optional)

PARTICIPANTS: Two-to-ten members of your multisector partnership or organization, ideally from the leadership team. If you have more than six people, divide into relatively equal groups to do the exercise.

This exercise will help you explore and evaluate various financing structures by considering them in light of one of your interventions or integrative activities (remember, interventions are any of the primary activities that your partnership engages in to advance a strategy, and integrative activities are roles and leadership functions for governing and managing the work happening within and across your partnership). Keep in mind that this worksheet is not meant to be prescriptive for what type of financing structure is best for your current work, but a way to explore the various financing structures and the conditions in which they function.

STEP 1
As a group, agree on an answer to the following question: for purposes of this worksheet, what is one intervention or integrative activity you would like to fund in the next 12-24 months?

This can be anything you are interested in or currently working on. It might be a policy or program, your integrative activities, or it could be something more encompassing, such as a Wellness Fund. Write your agreed upon intervention/activity on a flip chart or whiteboard.

STEP 2
With that intervention/activity in mind, look through the Typology. Examine the various financing structures and the conditions in which they function. Select up to three financing structures to explore.

STEP 3
Work through the “Evaluating Possible Financing Structures” exercise on pages 7 and 8 for each financing structure chosen in Step 2. If you have more than one group, include a report out period of up to 15 minutes so the groups can share the results of their deliberations.
STEP 4

For discussion purposes, agree on the single financing structure that seems to be the most viable option to fund the intervention/activity from Step 1. After you pick one structure, discuss the questions below as a group (combine your groups if you have more than one). You may find it helpful to record the group’s answers on a whiteboard or flip chart.

- What conditions are necessary for this financing structure to work in your region (e.g., you would need the business community to champion a new tax)?
- What additional information would you need to decide whether or not to greenlight the pursuit of this financing structure? What specific steps could you take to:
  1. acquire this information; and
  2. move toward an actual decision?

Still feeling stuck or discouraged?

Dig into the examples in the Typology to learn more about how these financing structures are working within real institutions. Remember that this worksheet’s purpose is to help you explore various financing structures; it is not prescriptive. Your group can step through the worksheet a number of times with different interventions or activities in mind, to consider a number of financing possibilities.

If, while engaging with the Typology, you realize that grants are the only viable option for you now, don’t be discouraged. Consider adding financing expertise to your partnership by hiring a new staff member or consultant, recruiting an additional board member(s), or forming an alliance or partnership with an organization, etc. Also, keep in mind that you don’t have to pick one structure and stick with it indefinitely. Experience with one structure can lead to other possibilities or add to your skills and capabilities in a way that enables you to pursue other structures.

Finally, try going through Module 1, “How Do You Move the Money Across Sectors and Organizations?” to think through the conditions that enable moving money across sectors or organizations in the region.
## A Typology of Potential Financing Structures for Population Health

What does it take to access these structures? Which structures have the greatest potential, and in what circumstances?

### Financing Structure

<table>
<thead>
<tr>
<th>Description</th>
<th>Examples/Mechanisms</th>
<th>Who Decides on Availability and Conditions</th>
<th>Most Suitable Applications</th>
<th>Decision Making Process</th>
<th>Level</th>
<th>Primary Influences on Supply</th>
<th>Why Important</th>
<th>Key Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grants</strong></td>
<td>Arrangements that provide funding for specific purposes and do not need to be repaid</td>
<td>CMS Innovation grants (Medicaid ACOs, Health Disparities Program, Prone Disease Models)</td>
<td>Foundations, government agencies, hospitals</td>
<td>Up-front costs, such as development, planning, and one-time project costs</td>
<td>Federal, State, Local</td>
<td>Legal requirements for foundations and community benefits, government appropriations for public, corporate policies</td>
<td>Short-term, grant projects often considered too risky for other funders</td>
<td>Non-competition with government work</td>
</tr>
<tr>
<td><strong>Bonds</strong></td>
<td>Debt issued as bonds; investors purchase bonds with specific repayment agreements that will be repaid over a specified time period at a specified interest rate</td>
<td>General obligation bonds, transportation bonds, sewer bonds, housing revenue bonds, hospital revenue bonds, San Francisco, affordable housing GO bonds</td>
<td>Typically issued by a government or quasi-public entity, such as a development finance agency</td>
<td>Projects with long-term revenue sources (e.g., rental payments, user fees, health care fees) because debt must be repaid</td>
<td>State, Local</td>
<td>Investors’ appetites, government willingness to issue, government debt policies, sufficient revenues for repayment</td>
<td>There must be a revenue source to repay bonds; risks are set for risk to higher the risk, the greater the interest rate</td>
<td></td>
</tr>
<tr>
<td><strong>Leases</strong></td>
<td>Through lease agreements, investors fund specific initiatives expecting to be repaid over a specified time period</td>
<td>Program-related and mission-related investments (PRIs, MRIs) made by: Community Health Foundation, Shared Mission Foundation, Community Health Development, development financial institution (CDFI) loans (Community Loan Fund, Equity Works Fund)</td>
<td>Institutions making the loans—typically foundations, government agencies, or CDFIs</td>
<td>Projects with long-term revenue sources (e.g., rental payments, user fees, health care fees) because debt must be repaid</td>
<td>State, Local</td>
<td>Negotiated contracts, which may vary by funder</td>
<td>There must be a source to repay contracts. Contractual terms can differ from funding to funder</td>
<td></td>
</tr>
<tr>
<td><strong>Pay-for-Success</strong></td>
<td>Investors fund specific interventions with expectations that the intervention will meet performance expectations, upon which repayment is contingent</td>
<td>Social impact bonds (Goldman Sachs, Citi, and Philadelphia Energy Solutions, other locations), Payors for Performance, performance contracts (Cincinnati Children’s Hospital, Cleveland Clinic, University Hospitals, and the Cleveland Clinic Foundation)</td>
<td>Social impact bonds (Goldman Sachs, Citi, and Philadelphia Energy Solutions, other locations), Payors for Performance, performance contracts (Cincinnati Children’s Hospital, Cleveland Clinic, University Hospitals, and the Cleveland Clinic Foundation)</td>
<td>Interventions with a clear ROI—probably a financial ROI, partners willing to channel future budget back into performance agreements, partners willing to forgo long-term measures of success</td>
<td>State, Local</td>
<td>Negotiated contracts for all government levels, as well as private sector</td>
<td>Requires an entity willing to provide upfront capital and take financial risk</td>
<td>Complex, expert transactions that can be time-consuming and very costly to arrange, including required financial and evaluative requirements</td>
</tr>
<tr>
<td><strong>Equity Investments</strong></td>
<td>Investors purchase ownership shares in an enterprise, expecting the enterprise’s earnings and/or assets to grow sufficiently for the investor when the ownership share is sold</td>
<td>Venture capital, corporate investing, foundations (also known as private equity, venture capital, and private equity firms).</td>
<td>Individual and institutional investors, boards of directors/CEOs</td>
<td>Business opportunities associated with governments, access to financial returns to the investor</td>
<td>Federal, State, Local</td>
<td>Supply and demand, potential for profit, favorable tax treatment</td>
<td>Potential to serve low-income communities in specific areas with reduced risk but limited geographic return</td>
<td>Unpopularity of taxes</td>
</tr>
<tr>
<td><strong>Dedicated Public Revenues</strong></td>
<td>Funded through taxes, fees, and other assessments, public fees, or tax credits</td>
<td>Health Information exchange fees, membership fees, contracts for developing community health assessment</td>
<td>Electors, voters</td>
<td>Interventions with a clear ROI—typically financial, social and/or economic, and/or political consensus around the need to address the problem, and/or community champions</td>
<td>Federal, State, Local</td>
<td>Legislative, referenda</td>
<td>Establishing a fair price for the good/services, this may be negotiated</td>
<td>Establishing a price that allows consumers to pay, convincing them that previously free is now unaffordable</td>
</tr>
<tr>
<td><strong>Earned Income</strong></td>
<td>Money generated from paid work (e.g., wages, fees for services, etc.)</td>
<td>Health Information exchange fees, membership fees, contracts for developing community health assessment</td>
<td>Organizations/individuals decide if they wish to purchase the investment if they perceive the value they receive in return</td>
<td>Making health meaningful and effective</td>
<td>Federal, State, Local</td>
<td>Supply and demand, product valuations, competitive bidding</td>
<td>Allows multi-sector partnerships or organizations to capture revenue from the goods/services they create</td>
<td>Establishing a price that allows consumers to pay, convincing them that previously free is now unaffordable</td>
</tr>
<tr>
<td><strong>Health Care Payment Model</strong></td>
<td>Value-based payment models for certain interventions that specify who gets paid, for what, and payment conditions and terms</td>
<td>Medicare Diabetic Prevention, Hospital Readmissions, Hospital Acute Care, Hospital Compassion</td>
<td>CMS, state Medicaid agencies, payers, providers, hospitals</td>
<td>Interventions that directly reduce health and/or health care costs and/or improve quality and/or improve access for patients who have some type of clinical condition or a short payback period</td>
<td>CMS and State Medicaid agencies</td>
<td>CMS requirements, state Medicaid rules, providers, and payers’ business models</td>
<td>Payment structures change in health and cost sharing, which also create opportunity for investment back into population health</td>
<td>Can require substantial reductions in public and payer payments and/or payments to individual patients/payers vs. payers/providers who may not be able to avoid risk, hard to set incentives given shift in payment system</td>
</tr>
<tr>
<td><strong>Institutional Purchasing/Insurance</strong></td>
<td>Institutional purchasing, insurance, and employment arrangements. Notably, and/or institutions (i.e., school systems, hospitals and employers) can significantly impact local social, economic, and environmental conditions</td>
<td>Medicare Plan (Rockford, IL), Mercy Health System (Oklahoma City, OK), Houston Health System (Houston, TX), University of California, San Francisco, Kaiser Permanente (Berkeley, CA and Philadelphia, PA)</td>
<td>Individual institutions</td>
<td>Communities with large institutions</td>
<td>State, Local</td>
<td>Legislative, referenda</td>
<td>Establishing a fair price for the good/services, this may be negotiated</td>
<td>Establishing a price that allows consumers to pay, convincing them that previously free is now unaffordable</td>
</tr>
<tr>
<td><strong>Mandates</strong></td>
<td>Requirements to provide specific service/good, funding may be provided or not</td>
<td>Community Benefits, Community improve specifications</td>
<td>Subjects of the mandate, if compliant with state mandates, a credible strategy for enforcing the mandate</td>
<td>Legislative</td>
<td>Federal, State, Local</td>
<td>Legislative, referenda</td>
<td>Requires spending to meet specific goals</td>
<td>Unfunded or underfunded mandates create financial burdens</td>
</tr>
<tr>
<td><strong>Public Appropriations</strong></td>
<td>Funds are appropriated according to impact on health and health costs</td>
<td>Medicare, 340B, FFPS, Medicaid, K-12 education, and other programs, tobacco prevention programs</td>
<td>Government officials</td>
<td>Interventions with 1) clear public health impact, 2) public spending, and/or 3) a compelling policy purpose shared by policy makers</td>
<td>Legislative, referenda and internal resource decisions</td>
<td>Legislative, referenda and internal resource decisions</td>
<td>Opportunity to align public health budget sectors and away from making public officials overly costly to problems preventing their ability to spend</td>
<td>Understanding how to allocate financial resources and opportunity costs from siloed expenditures can be difficult</td>
</tr>
<tr>
<td><strong>Reinvestment</strong></td>
<td>Using savings from health care, other government, or community sources (excess revenue) as a source for upstream and downstream investments</td>
<td>Delivery System Reform Incentives, Integrated Program (NY), Washington State Health Benefit Authority, Multnomah County, State of Washington</td>
<td>Providers, payers, purchasers, government officials</td>
<td>Situations in which 1) savings are readily measured, or 2) estimated, amounts are not cost savings, but are easily determined as having an improved clinical outcome</td>
<td>Contract negotiation, board decision making, federal requirements</td>
<td>Federal, State, Local</td>
<td>Provider and payer interest in program needs, state Medicaid rules, CMS program terms</td>
<td>There must be a revenue source to pay, inability to repay funds too costly for other funders, leveraging other funds</td>
</tr>
</tbody>
</table>

* Foundation grants typically are not long term and thus not considered sustainable; however, foundations occasionally will make large-term commitments to specific institutions.

CMS = Centers for Medicare & Medicaid Services

Print on Tabloid (11x17) Paper.
Evaluating Possible Financing Structures

Type of Financing Structure: 

How developed are your multisector partnership or organization’s relationships with the decision makers for this financing structure? (1-No relationships at all; 5-Very developed relationships)

1 2 3 4 5

Rationale (Jot down some notes on why your group picked this rating.)

How familiar is your multisector partnership or organization with the decision-making processes for this financing structure? (1-Not at all; 5-Extremely familiar)

1 2 3 4 5

Rationale (Jot down some notes on why your group picked this rating.)

To what extent does your multisector partnership or organization have the technical skills needed for success with this financing structure and/or how readily are these skills acquired? (1-No technical skills; 5-Advanced technical skills)

1 2 3 4 5

Rationale (Jot down some notes on why your group picked this rating.)
How does the likely lead time for acquiring the source of funding match with the timing of your multisector partnership or organization’s need for it?
(1-Timing doesn’t match at all; 5-Timing matches exactly)

1 2 3 4 5

Rationale (Jot down some notes on why your group picked this rating.)

How well does the likely sustainability of the funding source match with your multisector partnership or organization’s needs for funding over time?
(1-Doesn’t match with need; 5-Matches exactly)

1 2 3 4 5

Rationale (Jot down some notes on why your group picked this rating.)

Based on your other ratings, how strongly would you recommend that your multisector partnership or organization pursue this particular financing structure?
(1-Not at all; 5- Absolutely)

1 2 3 4 5

Rationale (Jot down some notes on why your group picked this rating.)

Learn more at ReThinkHealth.org/FinancingWorkbook and contact us with questions and comments at ThinkWithUs@ReThinkHealth.org.