## 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?

### Key Challenges
- Short-term, grant terms not always long enough (e.g., 5 years vs. 30 years needed for large grants' core work)
- Challenges in long-term sustainability
- Proprietary knowledge
- Complex, unique investments
- Long-term, strategic investments
- Clear return on investment

### Why Important
- Can spur innovation by providing funds for expensive downstream interventions
- Can leverage other funds

### Most Suitable Applications
- Projects with long-term revenue sources (e.g., rental payments, user fees, health care fees) because debt must be repaid
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### Level
- Federal, State
- Federal, Local
- State, Local

### Mandates
- Requires spending above a specified level (e.g., state government spending above a specified level)
- Requires spending above a specified level (e.g., state government spending above a specified level)
- Requires spending above a specified level (e.g., state government spending above a specified level)

### Value-based payments
- Aligns incentives for value and quality
- Aligns incentives for value and quality
- Aligns incentives for value and quality

### Value-based payment for interventions that specify who gets paid
- Aligns incentives for value and quality
- Aligns incentives for value and quality
- Aligns incentives for value and quality

### Health Care Payment Model
- Baseline models
- Baseline models
- Baseline models

### Health Car Payment Model
- Baseline models
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### Sylvan Laboratory
- Baseline models
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### Key
- A Typology of Potential Financing Structures for Population Health
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### Financing Structure
<table>
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<tr>
<th>Description</th>
<th>Examples/Mechanisms</th>
<th>Most Suitable Applications</th>
<th>Decision Making Process</th>
<th>Level</th>
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<th>Why Important</th>
<th>Key Challenges</th>
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<tbody>
<tr>
<td>Grants</td>
<td>Arrangements that provide funding for specific initiatives and do not need to be repaid</td>
<td>CMS Innovation grants (Medicaid incentives for the Prevention of High Blood Pressure), Medicare Access and CHIP Reauthorization Act (MACRA)</td>
<td>Federal</td>
<td>Federal, State</td>
<td>Federal, State</td>
<td>Federal</td>
<td>Federal, State</td>
</tr>
<tr>
<td>Bonds</td>
<td>Debt issued as bonds, allowing repayment with a specified period at a specified interest rate</td>
<td>General obligation bonds, transport, revenue bonds, sewer bonds, housing revenue bonds, hospital revenue bonds (San Francisco's Affordable Housing bond)</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</td>
<td>State</td>
<td>State</td>
<td>State</td>
</tr>
<tr>
<td>Loans</td>
<td>Through loan agreements, investors fund specific initiatives expecting to be repaid over a specific period of time at a specified rate of return</td>
<td>Program missions and related mission investments (Public Health, Public Safety, education)</td>
<td>Contractual loan agreements, which may vary by funder</td>
<td>Federal, State, Local</td>
<td>Federal, State, Local</td>
<td>Federal, State, Local</td>
<td>Federal, State, Local</td>
</tr>
<tr>
<td>Pay-for-Success</td>
<td>Investors fund specific interventions with the expectation that the interventions will meet performance standards, upon which repayment is contingent</td>
<td>Programs that meet the loan—funding agency, government agencies, or CDFIs</td>
<td>Negotiated contracts</td>
<td>All governmental levels, as well as private sector</td>
<td>Federal, State, Local</td>
<td>Federal, State, Local</td>
<td>Federal, State, Local</td>
</tr>
<tr>
<td>Equity Investments</td>
<td>Investors purchase ownership shares in an enterprise facing the risk of earnings and/or assets to grow</td>
<td>Venture capital corporate entities (Healthy Neighborhoods, Iowa City, Arizona)</td>
<td>Sponsoring agencies: the nonprofit or government agency to relieve future revenue streams</td>
<td>Internal investment criteria and/or conditions set by capital markets</td>
<td>Federal, State, Local</td>
<td>Federal, State, Local</td>
<td>Federal, State, Local</td>
</tr>
<tr>
<td>Dedicated Public Revenues</td>
<td>Dedicated funds raised through taxes, user fees, public bonds, public private bonds</td>
<td>sugar-sweetened beverage taxes (Berkeley, CA and Philadelphia, PA), casino gaming revenue bonds (New Hampshire)</td>
<td>Interventions with 1) clear ROI—probably a financial ROI, 2) partners willing to channel future revenue into performance, and 3) partners willing to forgo highly sophisticated measures of success</td>
<td>Legislative, referenda</td>
<td>Federal, State, Local</td>
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</tr>
<tr>
<td>Health Care Payment Model</td>
<td>Value-based payments for interventions that specify who gets paid, for what, and what conditions and terms</td>
<td>Medicare Diabetes Prevention Program, Medicaid ACO (MN), PacificSource Delivery System Reform Incentive Payment (DSRIP)</td>
<td>Projects that directly reduce health care costs and/or improve health(these typically include a combination of a clinical and a non-clinical component)</td>
<td>Federal, State, Local</td>
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</tr>
<tr>
<td>Institutional Purchasing and Investment</td>
<td>Institutional purchasing, investment, and policies for a specific purpose decision (i.e., sizable universities, hospitals, and employers) subject to local social, economic, and environmental conditions</td>
<td>Mayo Clinic (Rochester, MN), Kaiser Permanente (Sherman Oaks, CA), Partners HealthCare (Boston, MA)</td>
<td>Communities with large institutions</td>
<td>Boards of directors/CEOs and/or institutional investors</td>
<td>Federal, State, Local</td>
<td>Federal, State, Local</td>
<td>Federal, State, Local</td>
</tr>
<tr>
<td>Mandates</td>
<td>Requirements to spend a specified amount of money, good funding may be provided or not provided</td>
<td>Community Benefits, Community Miracles, Health Care Savings Bonds (OH)</td>
<td>Partners with the capacity to fund and complete the mandate, a credible means of enforcing the mandate</td>
<td>Legislative</td>
<td>Federal, State, Local</td>
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<td>Public Appropriations</td>
<td>Funds are allocated for broad changes in health and health costs</td>
<td>Public health (Public Health departments), tobacco prevention programs, tobacco prevention programs</td>
<td>Legislation appropriations and budget management decisions</td>
<td>Federal, State, Local</td>
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</tr>
<tr>
<td>Reinvestments</td>
<td>Savings from health care savings (and/or other government policies, and/or other government policies), as a source for upstream and downstream investments</td>
<td>Delivery System Reform Incentive Payment Program (DSRIP), hospital capital, revenue bonds</td>
<td>Contract negotiation, board decisions, making federal requirements, all governmental levels, as well as private sector</td>
<td>Federal, State, Local</td>
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</table>

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

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**Notes:**
- CMS = Centers for Medicare & Medicaid Services
- **Primary Influences on Supply:** Federal, State, Local
- **Why Important:** Federal, State, Local
- **Key Challenges:** Federal, State, Local

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**References:**
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**Print on Tabloid (11x17) Paper.**

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**WB Version:** 12/2018