LOOK OUT BELOW!
WHAT IS PAY FOR SUCCESS?
PURCHASING OUTCOMES

- Governments, insurance companies, CMS, employers, managed/coordinated care orgs, foundations (END PAYERS) commit in advance to pay for successful outcomes (e.g., employment for people with disabilities)
- Independent impact auditor evaluates program effectiveness
- The end payer only “pays for success”
WHAT IS PAY FOR SUCCESS?

BRIDGE FINANCING

- Banks, foundations, pension funds, endowments, high net worth individuals (INVESTORS) fund the service provider in exchange for a future success payment.

- Financing terms are based on:
  1. Difficulty of achieving success
  2. Track record of the service provider
  3. Length of the contract

- Investors bear the risk that success won’t be achieved (and that the success payment won’t be triggered).
SUPPORTIVE HOUSING
SANTA CLARA COUNTY

150-200 chronically homeless people will receive supportive housing from Abode Services over six years to improve their quality of life and reduce reliance on costly government-funded services such as emergency room care.

Combination of community-based clinical services, an evidence-based Assertive Community Treatment (ACT) program, and a Housing First approach.

Target impact is for more than 80% of participants to achieve 12 months of continuous stable tenancy, equivalent to a total of 6,900 months off the streets.
## SUPPORTIVE HOUSING
### SANTA CLARA COUNTY

<table>
<thead>
<tr>
<th>Success Payment per Participant</th>
<th>Success Outcome Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,242</td>
<td>3 months of continuous tenancy</td>
</tr>
<tr>
<td>$1,863</td>
<td>6 months of continuous tenancy</td>
</tr>
<tr>
<td>$2,484</td>
<td>9 months of continuous tenancy</td>
</tr>
<tr>
<td>$6,831</td>
<td>12 months of continuous tenancy</td>
</tr>
<tr>
<td><strong>$12,420</strong></td>
<td><em>Cumulative payment through 12 months of continuous tenancy</em></td>
</tr>
<tr>
<td>$1,035</td>
<td>Each month after first year of stable tenancy (up to 5 additional years)</td>
</tr>
</tbody>
</table>

Total payments capped at $8 million
($6.9 million originally invested)
### DISABILITY EMPLOYMENT SNAPSHOT
#### STATE OF UTAH

<table>
<thead>
<tr>
<th>Population with a Disability</th>
<th>240,000 (2008 ACS)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Employment Rate</th>
<th>Median Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without disability: 80%</td>
<td>Without disability: $26,000</td>
</tr>
<tr>
<td>With disability: 46%</td>
<td>With disability: $20,000</td>
</tr>
</tbody>
</table>

Source: Utah State Office of Rehabilitation Economic Impact Study (2010)
The Vocational Rehabilitation (VR) program is to assist eligible individuals with disabilities to prepare for and obtain employment. The services provided include assessment, counseling and guidance, restoration, training, job development and job placement.

Program Statistics (per year)
- Population Served: 26,000
- Increased Individual Earnings: $3,200
- Cost Per Person: $1,500

Savings to Government (per year)
- Savings in Public Assistance (SSI, SSDI, TANF, Other): $450
- Savings to Medicaid: $5,000

Source: Utah State Office of Rehabilitation Economic Impact Study (2010)
WHAT IF...
We could give VR to everyone that needs it?

Source: Utah State Office of Rehabilitation Economic Impact Study (2010)
PAY FOR SUCCESS
STILL NEW AND UNPROVEN

New York City – Recidivism reduction at Rikers Island Prison (08/12)
Salt Lake County – Special education avoidance (06/13)
New York State – Recidivism reduction and labor force reentry (12/13)
Massachusetts – Prison avoidance and employment support (01/14)
Chicago – Special education avoidance (10/14)
Massachusetts – Supportive housing for the homeless (12/14)
Cuyahoga County – Foster care avoidance (12/14)
Santa Clara County – Supportive housing for the homeless (07/15)
Denver – Supportive housing for the homeless (02/16)
South Carolina – Home visiting for low-income mothers (02/16)
Connecticut – Family-based substance abuse treatment (02/16)

11 US Projects Launched from 2012-16
FREQUENTLY ASKED QUESTIONS & CONTACT INFORMATION

- Why doesn’t government pay for proven programs directly?
- Will this privatize the social safety net?
- Is this a Wall Street takeover of the social sector?
- What about fraud and abuse?
- How can small nonprofits compete in this market?
- Will good projects go unfunded in favor of those with the most “bankable” cash savings?
- Where does this go next?

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