**“Asthma Community Network — Conversations for Advancing Action” Podcast Series**

**Episode 12 — What Is a Social Impact Bond, and Why Does Asthma Present a Good Fit for This Innovative Financing Mechanism?**

**Approximate Run Time:** 5–7 minutes

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| **Speaker** | **Content** |
| ***(Music plays at full volume and then fades into the background)***  **Narrator**  *(This paragraph is repeated on all podcasts to deliver the message that the AsthmaCommunityNetwork.org has a library of material available to enhance knowledge about asthma management programs.)* | Welcome to “Asthma Community Network — Conversations for Advancing Action,” a podcast series from AsthmaCommunityNetwork.org, an online Network designed for people committed to improving asthma outcomes in their community. This podcast series shares best practices for reducing the impact of asthma through delivery of comprehensive, community-based care, especially in underserved communities. In these podcasts you’ll learn about strategies for managing effective program delivery systems, addressing environmental triggers, and leveraging community assets through partnerships.  Today, Ruth Ann Norton, President and CEO of the Green and Healthy Homes Initiative, joins us from Baltimore, Maryland.  She will share her experience with Social Impact Bonds as a means of revolutionizing the way we provide and finance in-home asthma services for high-risk asthma patients who are often from low-income, minority populations and live in communities that negatively affect their health. These patients drive the majority of asthma care costs. For many of them, asthma control requires complementing clinical care with home assessments for environmental triggers, culturally-competent asthma education, and reducing environmental triggers in the home, where children spend most of their time.  This podcast will explore how one program is delivering healthy homes services as a way of improving asthma outcomes and one of the financing mechanisms they are developing to support the operating costs for the program.  Ms. Norton, your organization is working to implement Social Impact Financing initiatives across the country to improve health, specifically asthma. Help our listeners understand what this innovative and emerging new financial instrument is. |
| **S01**  **Ruth Ann Norton** | Social Impact Financing or “Pay for Success,” as we refer to it are often know as Social Impact Bonds, is really the opportunity to use strategic investments from the private sector, to be able to focus on funding best practices where we are able to identify and capture future savings that can repay a current or present valued investment. |
| **Narrator** | OK, so the terms “Social Impact Bonds” and “Pay for Success” all fall under one concept, which is called Social Impact Financing. And how does Social Impact Financing work for asthma? |
| **S02**  **Ruth Ann Norton** | …[T]he “Pay for Success”/Social Impact Bond is an investment in future returns, obviously. We are using both of these in the work that we are doing around asthma reduction and improving the stock of healthy housing in America to be able to set the table so that doctors and hospital systems can actually write a script and pay for services that have the evidence behind them of working to reduce emergency department visits or hospitalizations.  “Pay for Success” is also used in other social outcomes for early education outcomes, for having improvement in recidivism or reducing recidivism in the criminal justice system, where you are paying for social intervention and banking on data which show a better outcome.  Around healthcare, obviously, we know that reducing the root causes of mold, indoor air quality issues, pest management—or investing in those—will reduce a child’s likelihood or an adult’s likelihood of going to the emergency department or the hospital visit. So the “Pay for Success” can either be a bond—an investment made by equity investors from investment banking or commercial banks or private high net-worth individuals, in what can be a government or quasi-government outcome reducing Medicaid dollars—or hospital systems themselves can opt for that investment as a purchase, straight-up purchase of care. |
| **Narrator** | Why is asthma care such a good opportunity for the application of Social Impact Financing? |
| **S03**  **Ruth Ann Norton** | So we think asthma is actually one of the best opportunities to have a real and true successful outcome in terms of repayment and actual change in policy and impact to communities under the “Pay for Success” model. In asthma we know what it is costing for a child to receive urgent care, go to the emergency department, go to the hospital, all of which we see as avoidable cost. And once we eradicate the root causes in the home, we are able to see children who were not returning to urgent care, emergency departments, or hospitals, and what that allows us to do is calculate savings today and have an economic return and a policy return that benefits both the investors and—long term—benefits our desire to reduce chronic disease by using housing as a platform for health. |
| **Narrator** | For a Social Impact Bond focused on in-home asthma interventions, what data are tracked in order to demonstrate the value of an investment? |
| **S04**  **Ruth Ann Norton** | We are doing data tracking around all of the cost factors to do the interventions: the cost of having the environmental health educators, community health workers in the home, and the assessment costs. So all those costs are being tracked up front, as well as a child’s ability to sleep through the night, the cost of medication on asthma kit medications, and ability to be in the classroom rather than in the emergency room. So we are looking at medical cost records and we are looking at those secondary benefits on education, housing stability, and ability to work.  The last thing that we are looking at in data tracking is obviously whether or not managed care organizations and hospitals, as well as state Medicaid programs and other insurers, are able to identify and realize savings. The ability to identify, quantify those savings is critical to being able to entice investors to put in the upfront capital needed to scale work around healthy housing and asthma reduction in America. |
| **Narrator** | Can you give a real example of how a Social Impact Bond would work for asthma services? |
| **S05**  **Ruth Ann Norton** | Green and Healthy Homes is partnered, in Baltimore, with the Calvert Foundation, and in addition to work it’s doing in five other cities around the country, in the Baltimore work, the Green and Healthy Homes initiative will be sending in assessment, education, and intervention crews into 1,800 families referred from Johns Hopkins Health System’s “Priority Partners Managed Care Organization.” And those referrals are made because a child has ended up in the emergency department because of chronic asthma. Work in the home will reduce asthmagens and allergens, addressing indoor air quality, pest management, mold, mildew and moisture, and other structural issues, that may exacerbate the asthma condition.  Through very strict data collection, and use of the Medicaid records and hospital records, there is going to be an evaluation that will show outcomes for families, and if we are able to reduce the emergency department visits, the medication use, the hospital use and hospitalization by metrics that have been set by an outside actuarial then -- if we meet those metrics -- Hopkins will then repay the investors.  Our goal is to have a significant impact, not only [on] the lives of 1,800 families, helping to improve the health of their house and the health of their child, but to improve the ability for children to get into the classroom healthy and ready to learn and allow parents to go to work and be productive.  And we think that these data will help us to establish the facts that are needed to advance Medicaid’s book at becoming an investor in what works and becoming an investor in making reimbursements for addressing root-cause remediation in the homes, rather than waiting to pay for hospital bills after children have been hospitalized. |
| **Narrator** | How is the federal government supporting Social Impact Financing? |
| **S06**  **Ruth Ann Norton** | Through the Corporation for National Community Service there is annually the grant program that actually began this year. And there is about $14 million that is put into supporting organizations to create the feasibility studies and structure transactions around “Pay for Success.” There also is legislation that is on the Hill that would augment the funding for “Pay for Success” and Social Impact Financing both in the House and the Senate that would yield about $80 million.  The federal insertion of capital here or funding is playing really a very important role in feeding and strengthening the field, advancing leadership and innovation. One of the things that the federal government’s money is critical in doing is actually setting a very good table for how this industry will work in the future. |
| **Narrator** | What is one of your organization’s goals for your “Pay for Success” initiative? |
| **S07**  **Ruth Ann Norton** | One is to standardize the “Pay for Success” practice.  The more we are able to standardize this, the more likely we will be able to shift both Medicaid reimbursement and insurance reimbursement, health insurance reimbursement, toward investment in root-cause remediation |
| **Narrator** | What do communities need to prioritize in order to be ready for new financing opportunities for asthma services, and where do you see Social Impact Financing fitting into organizations’ funding considerations in 3 years’ time? |
| **S08**  **Ruth Ann Norton** | What is needed on the other side is the ability to identify a workforce and service providers who actually are skilled to go in and do the elements of integrated pest management, mold and mildew, asthma and asthmagen control in houses and have the capacity to meet the scale of the funding that is available. So communities have to be able to participate in the workforce training so that we can effectively have health care providers write the prescription for housing intervention that will lower the incidences of asthma.  I think 3 years from now it will be on the boards of most organizations thinking about how you sustain funding beyond dependence upon federal grants.  I think what it will do is make us take a hard look at what we fund, how we do our work, and what are the data that we are using around outcomes. And if it does nothing else, I think it will provide the platform for service delivery in America around social outcomes to be improved. |
| **Narrator** | What advice would you give community-based asthma programs on steps they can take now to prepare for a social impact bond opportunity? |
| **S09**  **Ruth Ann Norton** | Know your evidence, know your data around the defined intervention, be able to define that intervention and have the ability to collect the data, because if you don’t have that you won’t be able to do a transaction. So really understand your service and have it well defined and trackable and, most of all, know why you’re trying to do this. |
| **Narrator**  *(This clip concludes the Episode and directs listeners back to AsthmaCommunityNetwork.org to access more resources.)* | Thank you, Ms. Norton, for sharing these valuable insights.  For additional resources on “Pay for Success” models and to hear other podcasts in this series, visit asthmacommunitynetwork.org/podcasts.  Do you have experience or other resources on “Pay for Success” models? Share them with the wider community! Log in to AsthmaCommunityNetwork.org and contribute to our Resources Bank, Blog, or Discussion Forum.  And for more information on asthma management, go to AsthmaCommunityNetwork.org—an online Network for people committed to improving asthma outcomes in their community. |