

Public Policy Update



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Social Impact Partnerships to Pay for Results Act of 2016 Passes the U.S. House of Representatives

Bipartisan bill allows the Federal government to pay for successful outcomes through pay-for-success projects

On Tuesday, the U.S. House passed the Social Impact Partnerships to Pay for Results Act of 2016 (H.R. 5170). NFP has been supportive of this bill since its initial introduction in 2014. The bill was introduced by Rep. Todd Young (R-IN) and Rep. John Delaney (D-MD). Sen. Orrin Hatch (R-UT) and Sen. Michael Bennet (D-CO) are the sponsors of a companion bill in the Senate. Full bill text is available [here](#).

This legislation would carve out a role for the federal government in pay for success projects, thereby incentivizing their examination, creation, and implementation at the state and local level. The House bill sets aside \$100 million in FY2017 for the following:

- **Paying for successful outcomes.** The federal government would be authorized to enter into contracts with state and local governments and pay for certain successful outcomes. The federal government would have a seat at the negotiating table, allowing state and local practitioners to quantify and capture federal savings as part of a SIB financial model.
- **Support for feasibility studies.** The bill allows the Secretary of Treasury to set aside a portion of the funding to support feasibility studies in states and localities, an important first step in a pay-for-success project.
- **Support for rigorous evaluations.** Up to 15% of the funding can be used to support evaluations of pay-for-success projects.

The bill focuses on a number of possible outcomes that would yield long-term savings to the federal government. These pay-for-success projects must address at least one of these outcomes. This list includes improving birth outcomes and early childhood health, reducing unplanned pregnancies, and reducing recidivism among juveniles.

Financial support for federal savings achieved through state pay-for-success (PFS) projects is critical, and this bill, as well as its Senate companion, creates critical federal incentives to support smart state policies. For NFP, this provision is particularly important since Dr. Ted Miller's analysis of NFP outcomes across 39 evaluation reports project that 65% of NFP savings accrue to Medicaid. Without federal support for NFP PFS projects, states are required to pay back investors for all of the federal Medicaid and other savings achieved. Absent this legislation, the NFP pay-for-success project in South Carolina was able to use the 1915(b) Medicaid waiver as a foundation, which made it possible to leverage federal financial support through that vehicle.

The bill will now move to the Senate, where it has a companion bill (S.1089) with slightly different provisions, particularly on the funding (\$300 million over 10 years). We will keep you updated on any progress.

If you have questions or would like more information on this bill please contact Teri Weathers, Director of Federal Policy and Government Affairs, at teri.weathers@nursefamilypartnership.org.