South Carolina Nurse-Family Partnership Pay for Success Project - February 2016

South Carolina has launched the nation’s first Pay for Success initiative focused on improving health outcomes for mothers and children living in poverty. The project will expand Nurse-Family Partnership® (NFP) services to an additional 3,200 first-time, low-income mothers and children statewide.

Project Overview

- More than 280,000 children in South Carolina — or 27 percent — live in poverty.¹ And more than half of babies in the state are born to low-income mothers who qualify for Medicaid. Growing up in poverty can be harmful to a child’s cognitive development, health, school performance, and social and emotional well-being. Research on brain development has shown that giving children a strong start in life begins before they are born, during a mother’s pregnancy. Mothers struggling with poverty are at higher risk for poor birth and other outcomes.
- The South Carolina Department of Health and Human Services (SCDHHS) is leading the project. NFP currently serves over 1000 families in South Carolina. The Pay for Success project will pair nurses with an additional 3,200 first-time, low-income mothers over the next four years, marking the first statewide Pay for Success project in the U.S. The pilot phase began in January 2016, and was fully launched in April 2016.
- Project metrics for evaluation will be reduction in child hospitalization and emergency department usage due to injury; reduction in preterm births; increase in healthy spacing between births; and increase in the number of first-time moms served in pre-determined zip codes with high concentrations of poverty.
- NFP pairs vulnerable first-time parents with specially trained nurses. During home visits from early pregnancy through the child’s second birthday, the nurses support first-time moms to have healthy pregnancies, become knowledgeable and responsible parents, and give their babies the best possible start in life. By strengthening families and improving early child development, NFP strengthens communities and aims to improve the health and well-being of residents.
- NFP has a nearly 40-year track record of successfully improving outcomes for mothers and children — including multiple randomized controlled trials in different geographic regions of the U.S. (For more information on the research, click here.)
- This project will serve mothers and children in 29 of South Carolina’s 46 counties—positively impacting families statewide.

**Funding**

The South Carolina Pay for Success initiative mobilizes $30 million to expand NFP’s evidence-based services. Philanthropic funders have committed $17 million to the project. Medicaid will fund approximately $13 million via a 1915(b) Medicaid Waiver, awarded to the SCDHHS by the federal Centers for Medicare and Medicaid Services. South Carolina will make up to $7.5 million in success payments to sustain NFP services in South Carolina only if the independent evaluators, J-PAL North America, find positive results. The philanthropic funders include:

- BlueCross BlueShield of South Carolina Foundation ($3.5 million)
- The Duke Endowment ($8 million)
- The Boeing Company ($800,000)
- Greenville County, SC First Steps ($700,000)
- Laura and John Arnold Foundation ($491,000)
- Consortium of private funders ($4 million)

**Overview of Pay for Success**

- In Pay for Success projects, also called Social Impact Bonds, funders provide upfront capital to expand needed services and government pays for all or part of a program only if it measurably improves the lives of participants. In some projects, investors earn a small return on their investment. In this case, the funders are recycling any returns back into NFP services in South Carolina.

- Independent evaluators measure the providers’ impacts based on pre-determined outcomes that benefit both individuals and society — and generate value for taxpayers. The evaluation of the South Carolina project will be led by J-PAL North America, a research center at the Massachusetts Institute of Technology. For all partners, click [here](#).

- This project includes a new randomized controlled trial that will evaluate how well NFP is working and whether a 25 percent reduction in the cost of services affects how well the mothers and children do. The evaluation will be completed by the end of year seven.

- Social Finance, a nonprofit intermediary, supported the design, negotiation and financial structuring of the project. Social Finance also managed the capital raise, and will coordinate performance management services for the duration of the project alongside SCDHHS, NFP and the Harvard Kennedy School Government Performance Lab (GPL). The GPL conducts research on how governments can improve the results they achieve for their citizens, and provides pro bono technical assistance to state and local governments. The GPL advised the SCDHHS throughout the phases of project development – including project design, data analysis and contract negotiations.

**Goals of the South Carolina Nurse-Family Partnership Pay for Success Project**

- **Long-term and Lasting Results for Families Statewide:** Support first-time mothers to have healthy pregnancies and become great parents, setting up children for successful early childhood development, in rural and urban areas across South Carolina.

- **Sustainability:** Build a pathway for sustaining these effective services. The philanthropic funders have agreed to reinvest 100 percent of South Carolina’s success payments, if earned, in NFP to provide the program to more mothers in need beyond the life of the Pay for Success project. Furthermore, braiding Medicaid funding with the Pay for Success project provides a pathway for South Carolina to sustain home visiting services if the project generates positive results.

- **Innovation and Learning:** Use a rigorous evaluation to understand the efficacy of the NFP model after implementing strategies to lower the cost of the program. This learning will provide important insight on how best to provide this evidence-based program at scale while minimizing taxpayer cost and maximizing impact.

- **Government Accountability and Results:** Bring an added level of accountability for results for the families served. With $17 million in private philanthropic funding to finance NFP’s expansion upfront, South Carolina taxpayers transfer a portion of the performance risk away from the government. The State pays for a greater portion of program costs only if independent evaluators find that NFP’s services produce positive societal outcomes and value for South Carolina.

For questions or more information, please contact Teri Weathers, Director of Federal Policy and Government Affairs, at teri.weathers@nursefamilypartnership.org. Click [here](#) to see the press release on the NFP PFS project in South Carolina.