

Social Impact Investment: Managing mental health hospitalisations



Health

Wrap-up of market sounding session

10am – 12 noon, 7 October 2015

NSW Health Ministry of Health, 73 Miller St North Sydney

Questions and answers

1. It would be good to see more investment banks, even retail investors, in the social impact investment (SII) mix. Are there plans to encourage this?

There are potential time and cost considerations in developing and implementing investments at the scale required by institutional investors, and retail investment requires managing a number of regulatory hurdles. However, retail investment may occur once the SII market has matured further. Also, some proponents may not need outside investment; they may wish to fund the early cash outflow themselves. The financial structure of a proposal is less important than the social outcomes: NSW Health is committed to working with partners in different ways to enhance patient outcomes.

2. Given new funding and existing services and programs targeting people with mental health conditions, could there be difficulties finding a comparison group to show attribution for outcomes?

Confounding variables will need to be considered carefully when selecting the appropriate control group. As there is a number of existing service models, we are looking for new interventions. It is likely that an appropriate control or comparison group can be established.

3. What are appropriate outcome measures and KPIs?

It will depend on the proposal and intervention (see examples in presentations). There are many possible measures, some of which are discussed in the Statement of Opportunities 2015. Proposals should reflect consideration of the measurement principle discussed in the Principles for Social Impact Investment Proposals to the NSW Government and indicate any possible moral hazard or perverse incentives arising from measurements, including how these can be mitigated.

4. Could proposals be modelled on overseas interventions?

Yes. Proposals should be innovative but also will require robust measurement and an evidence base. NSW Health is not prescriptive in what interventions should be provided, or how, but proponents must balance innovation and evidence. Proponents may wish to consider small projects which can be scaled up later.

5. What is the role of Local Health Districts (LHDs) expected to be?

Contracts are likely to be with the Ministry of Health (Health Administration Corporation). Proposals should be led by external service providers, not LHDs. However, proponents may choose to consult with relevant LHDs in developing their proposals.

6. Must savings to Government be cash savings?

We are looking for innovative demand management for example; benefits should not focus only on reduced hospital admissions. Other benefits which tangibly demonstrate value for Government money, such as deferred capital costs in not having to build more hospital beds, could be considered.

7. What size program should proponents consider?

That is likely to depend on the nature of the intervention. 'Light touch' interventions cost less per person and might apply to a larger cohort. Proponents should consider how they will recruit people to their program. Given the joint risks, proof of concept could better be obtained via a small service which could later be scaled up.

8. Will services funded by Social Impact Investment (SII) eventually replace current services?

No. SII-funded services are intended to be complementary to current services. NSW Health wants to work better with partners to encourage innovation and nimbleness.

9. Must the proposed interventions be medical rather than social?

Proposals featuring social and/or medical interventions are welcome. (See also Q 8 of chronic conditions summary.)

10. What if a provider isn't ready to apply for the upcoming Request For Proposals (RFP)?

The NSW Government has an appetite to pursue SII. As outlined in the SII Policy, the NSW Government aims to deliver two transactions per year, focussing on priority areas outlined in the annual Statement of Opportunities.

However, all RFPs will be open to proposals outside the focus priority area(s). Therefore, even if future RFPs do not have a health focus, your proposal may be submitted in those rounds.

11. Are the case studies provided in the presentations expected to form the basis of proposals?

No. They are provided simply as examples of where evidence of likely success is available. NSW Health is keen to see proposals at the interface between primary and hospital care.

12. Can proponents use the Office of Social Impact Investment's Expert Advice Exchange (EAX) for assistance in developing proposals?

Applications for Round 2 of the EAX have now closed. The EAX is currently a pilot program, and may continue in 2016, depending on the outcome of an evaluation to be conducted later this year. If the EAX proceeds into next year, social sector service providers may apply for expert assistance in the initial development of their proposals – for example, to check if a proposal has merit and for advice on whether it should proceed, and how. Please refer to the OSII Knowledge Hub for further information on the EAX.

Social Impact Investment: Managing chronic health conditions



Health

Wrap-up of market sounding session

2-4pm, 7 October 2015

NSW Health Ministry of Health, 73 Miller St North Sydney

Questions and answers

1. Will funding which is currently used for service provision by external providers such as NGOs eventually be transitioned to funding SII transactions?

No. Funding for NGOs and other providers to engage with integrated care and mental health service provision has been committed. Although there may be some overlaps with some types of services, SII is a new method of funding for services which will be complementary.

2. Should proponents target small initiatives rather than state-wide services?

Proposals should balance the costs and benefits of the proposed service, both of which will impact the size/scale of the service and transaction. Given the joint risks, a proof of concept service and transaction on a localised basis which could later be scaled up may be a better approach at this stage in the SII market.

3. Should proposed models include the costs of data collection and monitoring, evaluation, leasing, property upgrades etc as well as service delivery?

Yes. Proponents should also consider investments and timelines for benefit realisation to ensure that costing models are as complete as possible.

4. What data – such as emergency department admissions – can be used for modelling?

Publicly available data and data held by proponents can be referenced. A list of useful data sources will be made available on the Office of Social Impact Investment (OSII) website. Further data can be made available during the Joint Development Phase.

5. Will NSW Health or OSII be facilitating contacts between service providers and investors?

No. However, information on investment options is available at http://www.dpc.nsw.gov.au/programs_and_services/social_impact_investment/non_profits_and_social_enterprises, including a list of advisers and intermediaries at http://www.dpc.nsw.gov.au/programs_and_services/social_impact_investment/non_profits_and_social_enterprises#where_can_i_get_advice_and_assistance.

6. Chronic disease is by definition long-term. Should proponents target cohorts in particular stages of chronic conditions?

Yes. NSW Health acknowledges this is complex. Risk stratification (patient identification and selection) is essential in targeting a cohort at the right stage of the chronic conditions pathway and disease course.

7. How many proposals will be successful in the coming Request for Proposals (RFP)?

There is no set number. The number of proposals chosen to proceed to the Joint Development Phase will depend on the quality of proposals received, and ultimately, is the decision of Government.

8. Would a proposal where the majority of financial benefits go to other agencies (State, such as FACS, or Commonwealth, such as NDIA) be attractive to NSW Health?

While financial and other benefits to be realised by other agencies can be included in proposals, the main financial benefits – and the basis for success payments – should be realised by NSW Health and NSW Government. It may be that the Commonwealth may wish to become involved in SII in the future, given their interest in chronic conditions and current discussions around Reform of the Federation.

9. Will services funded by SII eventually replace current services?

No. SII-funded services are intended to be complementary to current services. NSW Health wants to work better with partners to encourage innovation and nimbleness.

10. I understand the two current Social Impact Bonds took approximately 12 months in the Joint Development Phase (JDP). Will the next round of SII take a similar amount of time?

We are expecting to leverage the lessons from the first SII transactions and that the next JDP will take approximately six months. Standardised documents to assist this are now available on the OSII website: http://www.dpc.nsw.gov.au/programs_and_services/social_impact_investment/blog/sample_documents_for_social_benefit_bonds_now_available.

However, it is important to jointly develop a transaction that meets the needs of all stakeholders and more time will be devoted to the JDP if this is required.

11. Can for-profit service providers submit proposals?

Yes. Proposals are welcome from all types of organisations.

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