Investing in Health: Let Communities Show the Way

Building Healthy Communities
Federal Reserve Bank of Cleveland
October 23, 2014

Rick Brush
HICCup.co
What’s the return on $2.9 trillion?

What matters to health

Health Context & Behaviors (90%)

Health Care (10%)

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Where we spend

- Prevention (3%)
- Health Care (97%)


What’s the return on $2.9 trillion?

### What matters to health
- **Health Context & Behaviors** (90%)
- **Health Care** (10%)

### Where we spend
- Prevention (3%)
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### What we get (outcomes: ↑ better, ↓ worse)
- **Late Stage Interventions**
  - Infant Mortality
  - Life Expectancy at Birth
  - Diabetes
  - Obesity
  - Heart Disease
  - COPD
  - Disability

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What matters to health?

General Socioeconomic, Cultural and Environmental Conditions

Social and Community Networks

Community Conditions

Lifestyle Factors

Health Care

Genetics

Physical health

Social cohesion

Participation

Transportation

Work environment

Education

Policies

Market dynamics

Employment and economic opportunity

Housing

Water, sanitation, air quality

Medical home

Transportation

Food systems

Policies

Neighborhood design and built environment

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Physical health

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Health-impact investing

1. identify
2. invest
3. improve
4. return
An opportunity?

Getting Private Investors to Fund Public-Health Projects

With social-impact bonds, people can recoup the money they've fronted—as long as the initiatives hit their health targets.

ANNA GORMAN | OCT 19 2014, 12:30 PM ET

"People with lots of money are anxious to invest at least a portion in things like this, especially if you give them a reasonable return."

FRESNO, California—Inside her single-story home in the dry and dusty Central Valley, Dalia Mondragon scarcely sleeps. Several times a night, she tiptoes into her children's rooms to make sure their chests are peacefully rising and falling.
Health-impact investing: Childhood asthma in Fresno CA

16,000 children (potential)

↑ health, ↓ ER 30%, ↓ IP 50%

$1K-$5K (estimated net savings PPPY)

Home-based education & environmental remediation

grant funding for 200 children

investors for scale up

RCT using insurance claims data

Validated by third-party actuary

Home-based education & environmental remediation
Health-impact investing at a community level

The Way to Wellville
five places. five metrics. five years.
42 communities applied
42 communities applied → 4 in Ohio

- Athens County
- Marion
- Tuscarawas County
- Union County
Wellville Five + Greater Wellville network

Clatsop County, Oregon

Lake County, California

Niagara Falls, New York

Greater Muskegon, Michigan

Spartanburg, South Carolina

Legend
- Wellville Five
- Greater Wellville
- U.S. County
Let communities show the way

The **community** is the startup – and the product is **health**.
Health Capital Market

- community-led (re)investment
- portfolio of investable solutions
- “capital stacks” financing

**payers**
- shared savings

**investors**
- social/cultural
- community conditions
- self-management

**providers**
- new health system

**population**

+ New HC payment/delivery
+ New insurance/reinsurance
+ New business models
+ Impact investing
+ Innovation fund
+ Health credit exchange
+ Health trust/fund
+ Debt financing
+ Sponsorships/in-kind
+ Community benefit
+ Micro/crowdfunding
+ Philanthropy
+ Public sector $/incentives
+ Policy change
Health Capital Market

Health system paid for *health*

↑

Investment capital

↑

Philanthropy/public funding

- new HC payment/delivery
- new insurance/reinsurance
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Get involved

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