

NIHCM WEBINAR
Investing in Children's Health and the New "Pay for Success" Approach

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1:00-2:30 PM ET

Topics covered...

1. A word about ReadyNation
2. Investing in young children has large economic and health benefits
3. Pay for success (PFS) finance: How it works



ReadyNation is the premier national business leader organization working to strengthen the economy through better policies for children and youth.



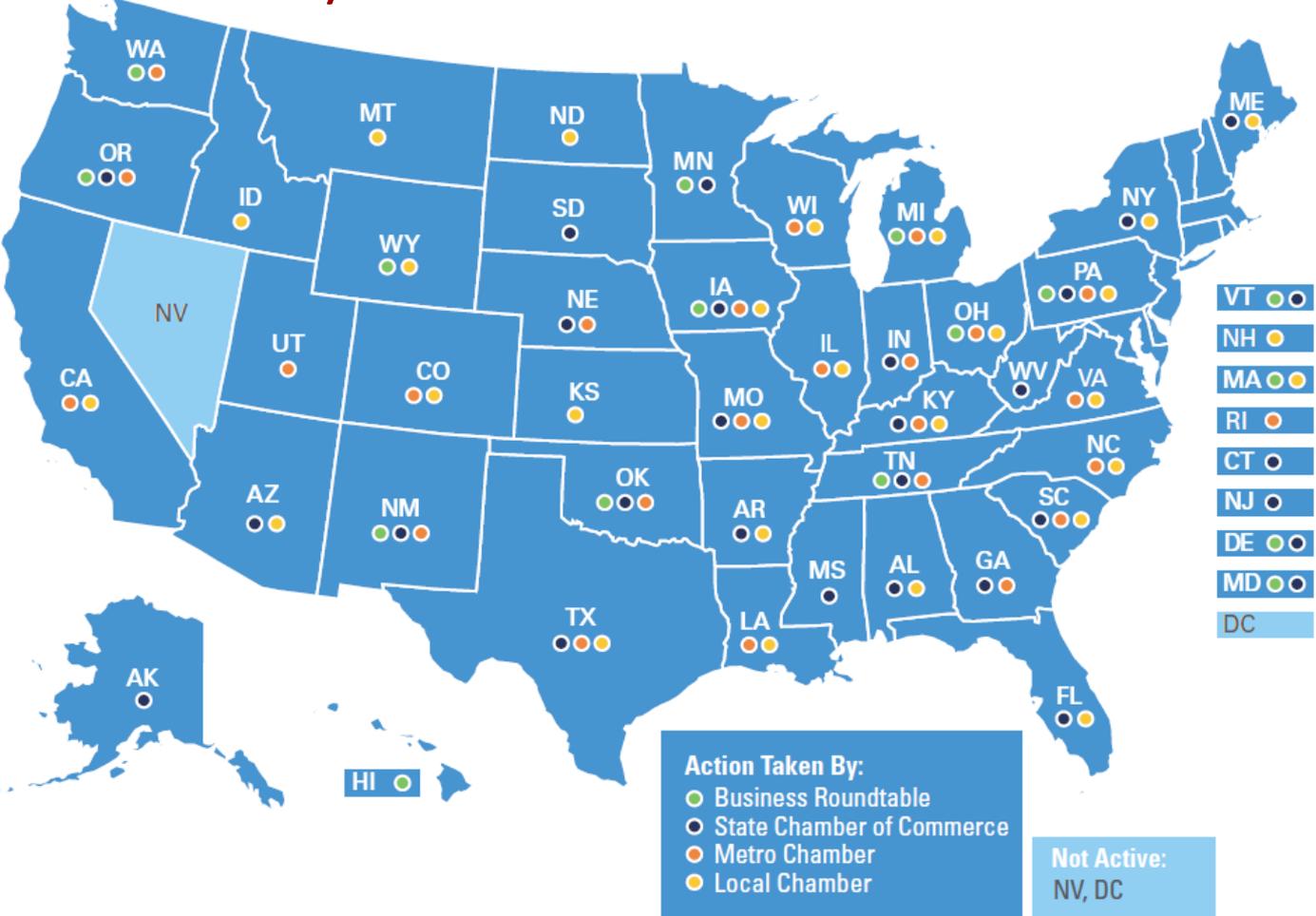
Why does business care?
Because the first step in
the process of producing
globally competitive
adults...

...is to produce
school-ready
five year olds.

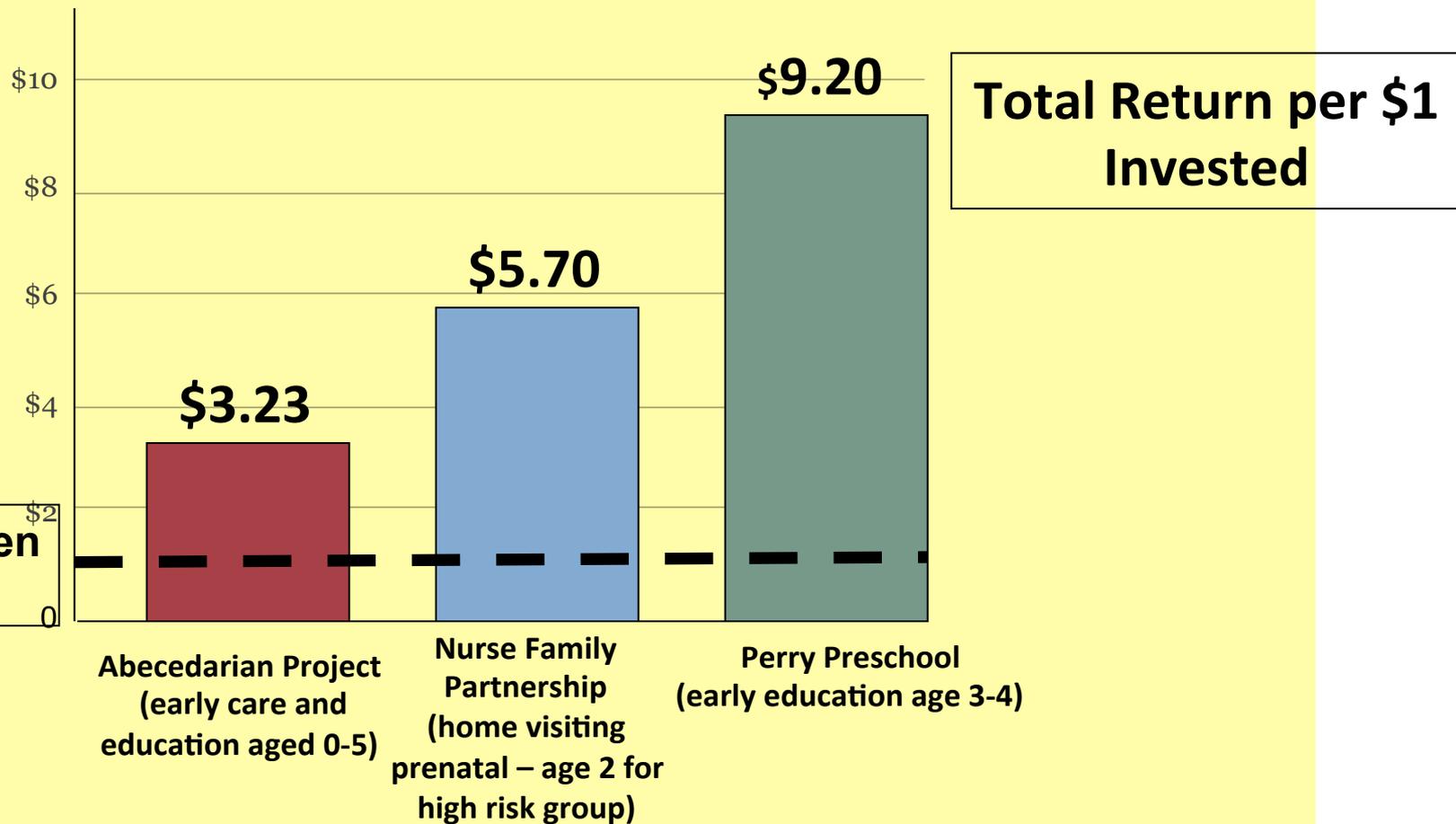


Business now “gets” early childhood

After years of effort, the Business Roundtables and Chambers of Commerce in every state now support early childhood investment



Cost/benefit analyses show positive returns for proven early childhood strategies



Data Sources: Center on the Developing Child at Harvard University, Karoly et al. 2005, Heckman et al. 2009.

Research shows quality childcare reduces heart disease risks

A long-term follow-up evaluation of children in the Abecedarian Project early care and education program finds that they have significantly lower prevalence of risk factors for cardiovascular and metabolic diseases in their mid-30s.

- ✓ The evidence is especially strong for males. The mean systolic blood pressure among the control males is 143, while only 126 among the treated
- ✓ One in four males in the control group is affected by metabolic syndrome, while none in the treatment group is

“Early Childhood Investments Substantially Boost Adult Health” F
Campbell, G Conti, J. Heckman, S H Moon, R Pinto, E Pungello,
and Y Pan. *Science*. forthcoming

Nurse Family Partnership benefits include

- ✓ 56% reduction in emergency room visits for accidents and poisonings in the second year of the child's life
- ✓ 50% reduction in behavioral problems when the children enter school.
- ✓ 48% reduction in state-verified reports of child abuse and neglect by child age 15
- ✓ 39% fewer healthcare encounters for injuries or ingestions in the first two years of life
- ✓ 5 point increase in language scores on a test with a mean of 100 and standard deviation of 15 among 4-year-old children born to mothers with low psychological resources

“Nurse-Family Partnership”, *Early Childhood, Social Programs That Work*, Coalition for Evidence-Based Policy
http://evidencebasedprograms.org/wordpress/?page_id=57

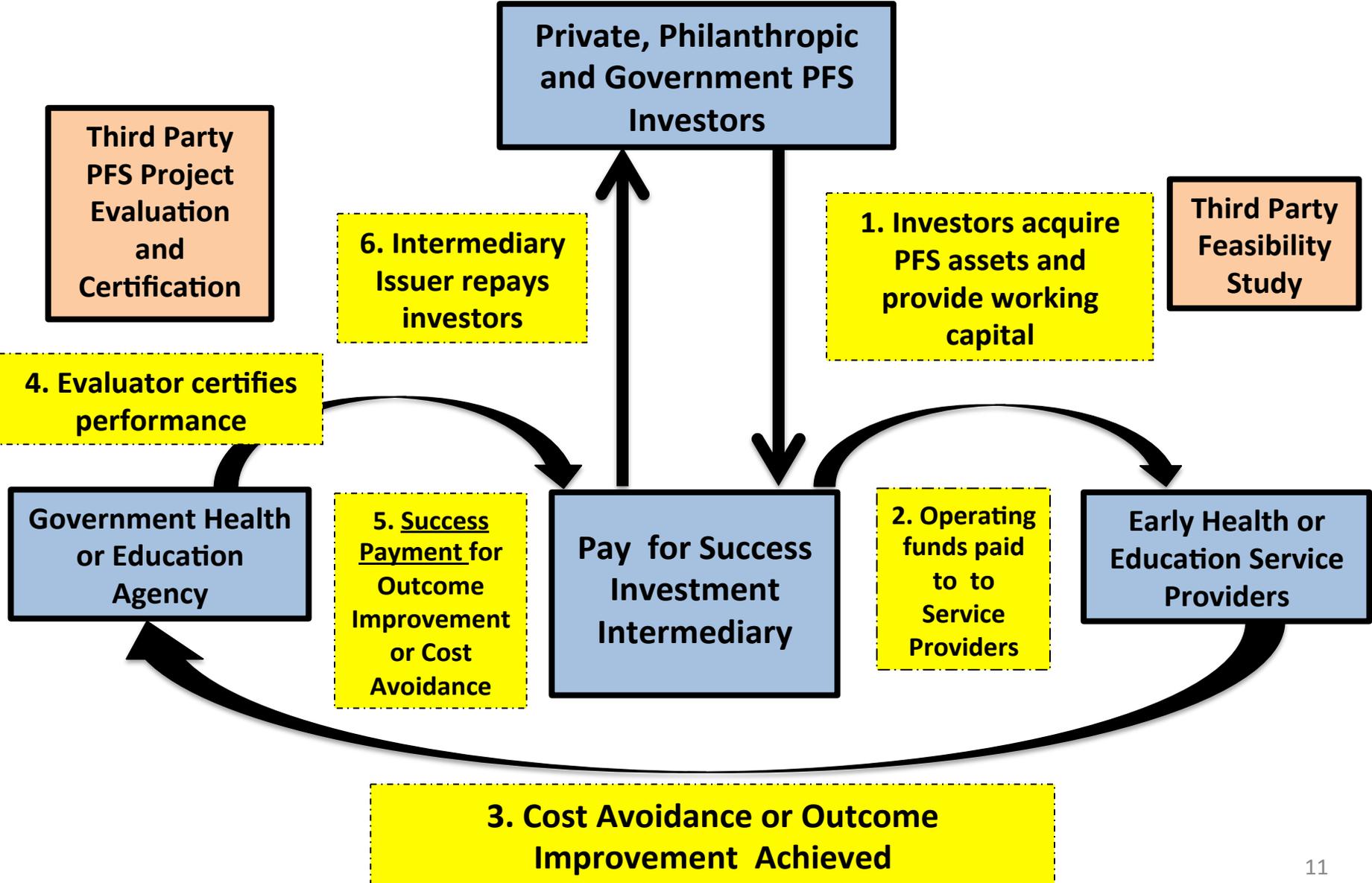
Experts now realize we don't have to wait 15 years to begin to earn high returns on early childhood investments...

- ❑ Low birth-weight births cost can as much as \$100,000. Normal births cost about \$5,000. The return on early health prenatal programs is evident within days.
- ❑ Special-ed children cost about \$25,000 per year. Regular-ed cost about \$12,000. Children are assigned to special-ed usually by 2nd grade. The return on pre-k programs is evident within 36 months.

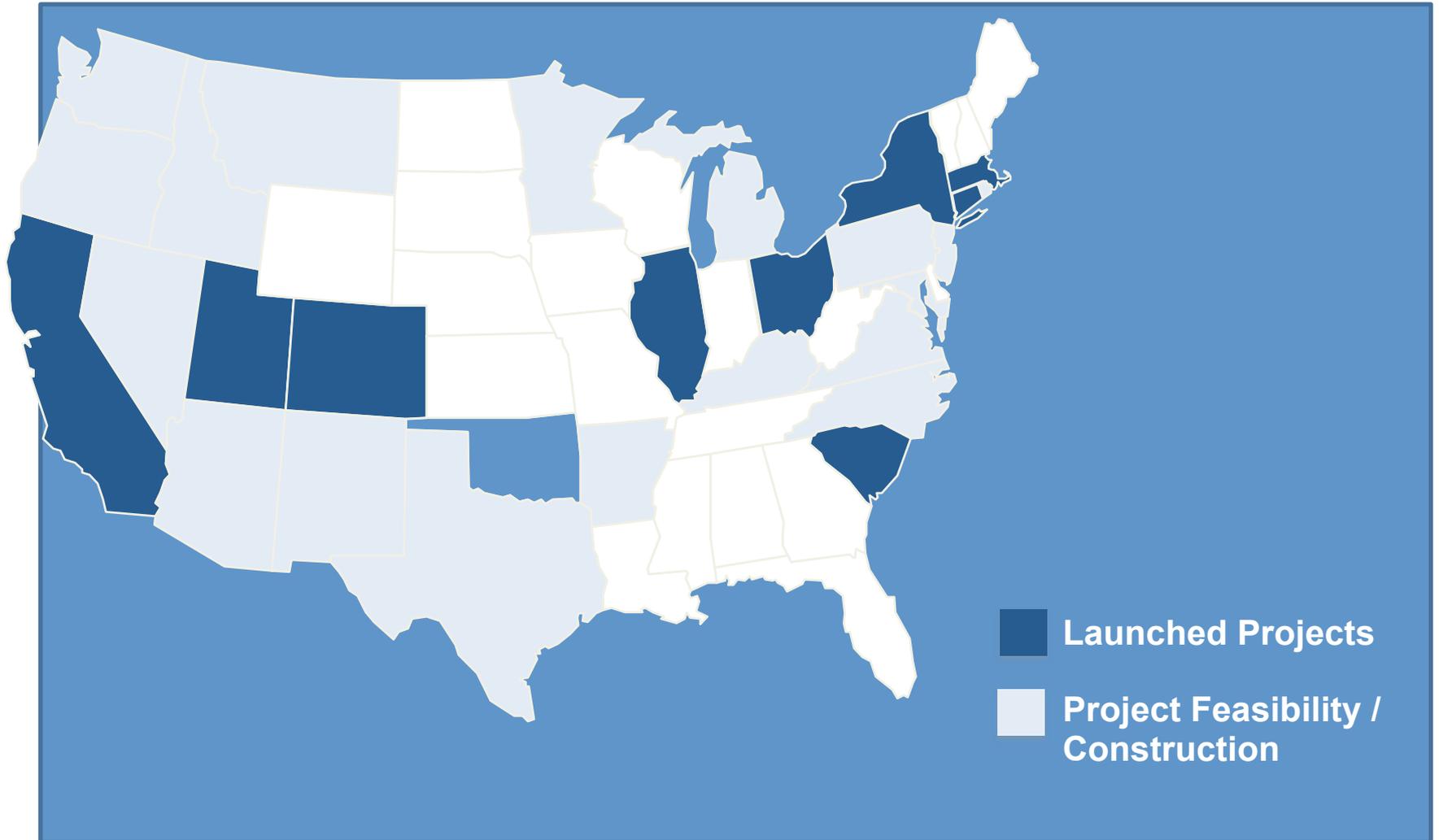
“Pay for Success” Social Impact Finance

- “Pay for Success” refers to performance-based contracting between Government and Providers of social services arranged by an Intermediary. Government pays when results are achieved as opposed to providing up-front and on-going payments for services.
- “Performance” has two meanings -- “cost avoidance” and “outcome improvement”. Cost avoidance refers to actual reductions in governments operating costs that are the result of an intervention. Outcome improvement refers to measured changes in outcomes in desired directions that are the result of an intervention.

PFS project funding flows (arrows)



PFS is gaining momentum across the country



Third Sector Capital Partners

