Leveraging SIPPRA to Fund Lead Poisoning Interventions

SIPPRA: A brief overview

The "Social Impact Partnerships to Pay for Results Act" (SIPPRA) was passed on February 9, 2018. The bill appropriates $100 million to fund "social impact partnerships" – the term used by the government to describe Pay for Success (PFS) projects. An RFP is expected to be released on February 9, 2019 and awards will be announced within six months of the RFP. Applications must be submitted by a state or local government in order to receive funding and implementation will be led by the Treasury Department. For a more detailed two-page summary of the legislation, see Appendix A.

GHHI has engaged with the Treasury Department to advise on implementing the legislation, with a specific focus on how PFS can be used to address leading public health issues. While the RFP has yet to be finalized, one part of the legislation that is important to highlight in the interim is the application requirements. This section of the bill includes requirements that applicants must address:

- **Evidence:** Rigorous evidence demonstrating that the intervention can be expected to produce the desired outcomes
- **Social benefits:** The expected social benefits to participants who receive the intervention and others who may be impacted
- **Government savings:** Projected federal, state and local government savings
- **Roles and responsibilities:** Detailed roles and responsibilities of each entity involved in the project

Because these metrics require the applicant to have performed meaningful analysis on the feasibility of launching a PFS project, we are strongly encouraging all prospective applicants to complete feasibility studies before the release of the RFP to maximize their likelihood of submitting a successful application.

The burden of childhood lead poisoning

Lead poisoning is among the most serious public health issues in the U.S. today. A recent CDC report noted that there are "at least 3.8 million old and deteriorating houses with lead-based paint hazards that have children in them."[1] The adverse effects of exposure to lead among children include: impaired brain development, lack of concentration, lower intelligence quotient (IQ) and severely diminished impulse control that leads to higher crime and incarceration rates. A child that has been lead poisoned is seven times more likely to drop out of school and six times more likely to be involved in the juvenile justice system.[2]

Although lead poisoning is debilitating at both an individual and societal level, it is also preventable with a clear set of evidence-based interventions that: (1) dramatically improve health outcomes and (2) generate a substantial return on investment for society. An influential study authored by an economist at the Economic Policy Institute in Washington, D.C. found that each dollar invested in lead paint hazard control results in a return of $17-$221.[3] The challenge from a public policy perspective then becomes ensuring that these interventions – which remain underfunded in many low-income communities across the country – receive adequate financing. This is where PFS and SIPPRA come in.

PFS financing & SIPPRA: A unique opportunity tackle a critical public health challenge

PFS financing allows mission-oriented funders to provide upfront capital to scale an evidence-based intervention for a specific target population and then receive repayment if the intervention produces both better outcomes for the target population and economic value (often cost savings) that government or a healthcare payer values. PFS represents an important opportunity to finance preventive interventions that can dramatically reduce the incidence of lead poisoning in target communities.

One of the challenges to designing a PFS model for lead poisoning has been that the impact is spread across multiple agencies. The benefits associated with a lead poisoning PFS project would include higher employment, earnings, graduation rates, and educational outcomes as well as a decrease in dependence on government support, preventable diseases and juvenile offenders. These outcomes would impact agencies including HHS, DOJ, DOE, HUD and Treasury at the federal level alone.

Based on GHHI's experience working on 13 healthcare-focused PFS projects, we believe SIPPRA represents an extraordinary opportunity to launch lead poisoning PFS projects. In addition to providing a dedicated pool of capital, 50% of which must be used for projects that directly benefit children, SIPPRA funds may be used to pay for outcomes on behalf of multiple federal agencies to simplify repayment funding flows. Rather than having to align on contracting and evaluation across multiple agencies with competing priorities, SIPPRA can allow for a dramatically simplified structure increasing the likelihood of a successful project with limited transaction costs.

Next steps & further reading

For prospective applicants interested in taking advantage of the unique opportunity presented by this groundbreaking legislation to address lead poisoning in their communities, GHHI strongly encourages feasibility studies to maximize the likelihood of a successful application. We believe that SIPPRA represents a rare opportunity to take advantage of a promising federal initiative that can significantly move the needle on one of the most pressing public health issues in the United States today.

Additional suggested reading:

- **Using Pay for Success to Invest in Social Determinants of Health**: GHHI publication that provides a more detailed guide to using PFS to fund preventive health interventions. https://www.greenandhealthyhomes.org/wp-content/uploads/Using-PFS-to-Invest-in-SDOH-Policy-Briefing-vF-003.pdf
- **Concept Paper - Pay for Success for Lead Poisoning Prevention**: GHHI publication that provides detailed analysis of the economics around using PFS to fund lead poisoning prevention interventions. https://www.greenandhealthyhomes.org/publication/pay-success-lead-poisoning-prevention/

Appendix A: SIPPRA legislation summary

I. Overview

The "Social Impact Partnerships to Pay for Results Act" (SIPPRA) appropriates $100 million to fund outcomes payments associated with PFS projects and feasibility studies. An RFP is expected to be released by February 9, 2019 and awards will be announced within six months of the RFP. Applications must be submitted by a state or local government in order to receive funding and implementation will be led by the Treasury Department.

SIPPRA includes a number of important requirements, including:

- **Federal savings:** The "value" (savings) that the project generates for the Federal Government over a ten-year period must be greater or equal to the Federal payment as determined by the Treasury Department's evaluation.
- **Funding used to benefit children:** At least 50% of all federal payments must be used for initiatives that directly benefit children.
- **Feasibility study funding:** The legislation sets aside up to $10 million of the total funding to support feasibility studies. Federal funding can only cover up to 50 percent of the estimated total cost of the feasibility study.
- **Evaluation:** Up to $15 million of the total funding may be used to evaluate the implementation and outcomes of the projects.
- **State and local governments involvement:** Applications must be submitted by a State or local government in order to receive funding.

II. Policy rationale

The bill lists a variety of policy rationales, including:

- Redirecting funds away from programs that, based on objective data, are ineffective, and into programs that achieve demonstrable, measurable results
- Bringing pay for performance to the social sector
- Incorporating outcomes measurement and randomized control trials or other rigorous methodologies for assessing program impact
- Facilitating the creation of public-private partnerships that bundle philanthropic or other private resources with existing public spending to scale up effective social interventions

III. Required outcomes and guidelines

Required outcomes: Projects must produce one or more measurable, clearly defined outcomes that result in both (1) social benefit and (2) Federal, State, or local savings.

The legislation includes a list of outcomes that would meet the requirements for funding. These include:

- Reducing rates of asthma, diabetes, or other preventable diseases among low-income families and individuals to reduce the utilization of emergency and other high-cost care
- Reducing dependence of low-income families on Federal means-tested benefits
- Improving rates of high school graduation
- Improving birth outcomes and early childhood health and development among low-income families

Guidelines: In addition to creating a social benefit and generating cost savings, the legislation also identifies a number of additional requirements that must be met. These include:

- Outcomes must be validated by an independent evaluation
- The project duration must be less than 10 years
- The State or local government submitting the application must demonstrate that the intervention can be expected to achieve each outcome specified in the agreement based on rigorous experimental evaluations or quasi-experimental studies

IV. Governance structure

SIPPRA establishes two bodies to advise the Treasury Department on implementing the legislation.

(a) Federal Interagency Council on Social Impact Partnerships

- The "Federal Interagency Council on Social Impact Partnerships" will advise the Secretary in the development of projects and provide subject-matter expertise.
- The 11-member Council will be chaired by the Director of the Office of Management and Budget with ten federal agencies each appointing one member. The list of agencies includes: Health and Human Services, The Department of Housing and Urban Development & The Corporation for National and Community Service.

(b) Commission on Social Impact Partnerships

- The "Commission on Social Impact Partnerships" will assist the Secretary and Council in reviewing applications and making recommendations on funding.
- Appointees to the nine-member Commission will be selected by elected officials (e.g., President, Majority Leader, Minority Leader, Speaker of the House) each of whom can select one member.

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[1] CDC, "Pay for Success: A how to guide for local government focused on lead-safe homes", (April, 2017). https://www.cdc.gov/nceh/lead/docs/pay_for_success_guide.pdf

[2] *Ibid.*

[3] Gould, Elise. 2009. "Childhood Lead Poisoning: Conservative Estimates of the Social and Economic Benefits of Lead Hazard Control." Children's Health 1162-1167. Available at https://www.ncbi.nlm.nih.gov/pubmed/19654928