Travis County Commissioners Court
Voting Session Agenda Request

Meeting Date: May 24, 2016

Agenda Language:
Receive update from Third Sector Capital Partners, Inc. on Teen Pregnancy Prevention, Pay for Success Feasibility Study

Prepared By/Phone Number: Juanita Jackson 512-854-4467

Elected/Appointed Official or Department Head: Sherri Fleming, County Executive for Health and Human Services and Veterans Service

Commissioners Court Sponsor(s): Comm. Margaret Gomez and Comm. Brigid Shea

Background/Summary of Request and Attachments:
(See attached)

Staff Recommendations:
(See attached)

Issues and Opportunities:
(See attached)

Fiscal Impact and Source of Funding:
(See attached)

Required Authorizations:
Commissioner Brigid Shea, Precinct 2
Commissioner Margaret Gomez, Precinct 4
Prema Gregerson, County Attorney, VII
Jessica Rio, County Executive – PBO
Cyd Grimes, CPM, Travis County Purchasing Agent
Aerin Toussaint, Budget Analyst I, PBO
Nicki Riley, CPA, Travis County Auditor
Sherri Fleming, County Executive – HHS

AGENDA REQUEST & BACKUP MATERIALS DEADLINE: Agenda requests and backup materials must be submitted in PDF format via email to agenda@traviscountytx.gov by 12 noon on Tuesday in order to be considered for inclusion in the following week’s voting session.
DATE: May 13, 2016

TO: Members of the Commissioners Court

FROM: Sherri E. Fleming, County Executive for Travis County Health and Human Services and Veterans Service


Proposed Motion: Receive update from Third Sector Capital Partners, Inc. on Teen Pregnancy Prevention, Pay for Success Feasibility Study

Summary:
As the fiscal agent for a community collaboration, Austin/Travis County HHSD applied for (in December 2014) and received a Developmental Assistance Award (started June 2015) from Third Sector Capital Partners for technical assistance to conduct a feasibility study to see if a Pay for Success contracting strategy could be viable in a targeted service area. Travis County is one of 5 partners who contributed funding to match this grant award (along with Central Health, United Way of Greater Austin, Mission Capital, and A/TC HHSD).

As the fiscal agent, A/TC HHSD took their prerogative to choose the service area to be studied; opting to focus on one of their existing priorities, Teen Pregnancy Prevention (TPP). Third Sector is reporting to each of the funding partners as we reach the end of this Developmental Assistance Award.

Project Overview:
Pay For Success (PFS) is a relatively new contracting strategy in which private sector investors invest in non-profit organizations with a track record of achieving outcomes with the agreement that they will be repaid by a public sector end payer/payers (with
interest under some models) should desired outcomes be achieved. The scope of this feasibility study process included the following questions:

<table>
<thead>
<tr>
<th>Key Questions:</th>
<th>Findings:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is there data to support community need?</td>
<td>Data does support the need for interventions to reduce teen pregnancy among Latina youth in Travis County (pages 3-5).</td>
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<tr>
<td>Can the key stakeholders agree on specific outcomes to be measured?</td>
<td>Leadership team agreed on 5; narrowed to 3 due to data issues (page 3).</td>
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<tr>
<td>Can we access the data needed to measure the selected outcomes?</td>
<td>It is possible. Children’s Optimal Health has done similar work with AISD. Could be a model for work with other districts (pages 4-5).</td>
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<tr>
<td>Can we identify interventions with a track record of achieving outcomes that could be expanded (if already present) or replicated (if not) in our community?</td>
<td>Operations committee screened a number of potential models. Recommended 4 to leadership committee; leadership committee narrowed to a hybrid (page 5).</td>
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<tr>
<td>Is there an economic model to support a PFS investment strategy?</td>
<td>Preliminary analysis indicates that there is a plausible return on investment based on a 30% reduction in teen births, 40% postponement/delay in 1st and subsequent births, and a 30% increase in HS completion/attendance (pages 5-6).</td>
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<tr>
<td>Is it possible to evaluate outcomes with sufficient accuracy to support PFS?</td>
<td>Randomized Control Trial is possible and favorable for advancing TPP and PFS (page 6).</td>
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<tr>
<td>Are there committed government/end-payers to a Teen Pregnancy Preventions, Pay for Success project?</td>
<td>To be determined. There are several potential end-payers, those being the City of Austin, Travis County, and Central Health (page 6). An analysis of the legality of TPP outcomes-based contracting, procurement, and end-payer TPP funding streams and mechanisms (which were not part of this feasibility study due to limited budget and hours) would help provide information to assess cost savings and the final economic value to a potential end-payer for a future TPP PFS project.</td>
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<tr>
<td>Are there committed investors to a Teen Pregnancy Prevention, Pay for Success project?</td>
<td>TBD. Third Sector Capital Partners held initial conversations with local, regional, and international funders. It is recommended to hold on further funder outreach until gaps from the feasibility study are addressed (page 6).</td>
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</table>

Representatives from Third Sector Capital Partners, Inc. will present an overview of this feasibility study, findings, and options for next steps.

**Budgetary and Fiscal Impact:**
There is no additional fiscal impact at this time. The initial commitment for a one-time investment of $25,000 has been met. However, additional investments may be warranted depending on what next steps the Court chooses to take.
**Next Steps:**
While the feasibility study does find that the community could advance a TPP-PFS project, it will require that one or more of the key stakeholders step up to lead this effort. This leaves two basic options for Travis County:

1. Identify an end-payer leader, identify a project manager, close the gaps from the feasibility study and move ahead with the development of a TPP pilot that will transition to a PFS project (pages 7-8).
2. Do not move beyond this feasibility study stage. Take the findings from this process and apply them to (a) other local efforts to prevent teen pregnancy, and (b) investigation of other issues/services where Pay for Success or other outcomes-based contracting strategies may be a better fit (page 8). As part of option (b) the investigation, Travis County could engage with a third party advisor (like Third Sector) to build local capacity to implement PFS and/or other outcomes-based contracting strategies.
Austin/Travis County Pay for Success: Teen Pregnancy Prevention

Executive Summary & Recommendations

May 2016
About Third Sector Capital Partners, Inc.

Third Sector leads governments, high-performing nonprofits, and private funders in building evidence-based initiatives that address society’s most persistent challenges. As experts in innovative public-private contracting and financing strategies, Third Sector is an architect and builder of the nation’s most promising Pay for Success projects including those in Commonwealth of Massachusetts, Cuyahoga County, Ohio, and Santa Clara County, California. These projects are rewriting the book on how governments contract for social services: funding programs that work to measurably improve the lives of people most in need while saving taxpayer dollars. A 501(c)(3) nonprofit based in Boston, San Francisco, and Washington, D.C., Third Sector is supported through philanthropic and government sources.

Third Sector is a proud grantee of the Corporation for National and Community Service’s Social Innovation Fund (SIF). This Feasibility Report has been prepared as part of Third Sector’s sub-recipient award to the Austin/Travis County Health and Human Services Department.

Learn more at www.thirdsectorcap.org.

About Abt Associates

Abt Associates is a mission-driven, global leader in research and program implementation in the fields of health, social and environmental policy, and international development. Abt applies their energy and creativity to helping customers – governments, businesses, and private organizations – make better decisions and deliver better products and services by providing them with the highest quality research, technical assistance, and consulting services available in the marketplace. Abt Associates has a global staff of 2,600 in more than 40 countries and includes national and international experts who are recognized for their knowledge, innovative research techniques, and insightful analyses and recommendations.

Abt Associates partnered with Third Sector to provide technical expertise on PFS evaluation, data access, and evaluation methodologies to various Third Sector sub-recipient awards.

Learn more at http://www.abtassociates.com/.
I. Executive Summary and Recommendations

**Pay for Success Feasibility Assessment**

**Overview:** Third Sector Capital Partners, Inc. (Third Sector) led the Teen Pregnancy Prevention (TPP) Pay for Success (PFS) Feasibility Assessment from June 2015 to May 2016. Third Sector partnered with Abt Associates (Abt), a leading national evaluator in the PFS field, who provided technical expertise on PFS evaluation design and data access.¹ The contractual client for this Feasibility Assessment was the Austin/Travis County Health and Human Services Department (HHSD). Along with HHSD, Travis County Health and Human Services Department (HHS), the United Way for Greater Austin (UWATX), Mission Capital, and Central Health (the Austin/Travis County (A/TC)² community partners) provided HHSD with financial support for Third Sector’s technical assistance and also participated in key working groups and work streams throughout the Feasibility Assessment period.

**Recommendations Snapshot for this Feasibility Assessment:**

Ultimately, with extensive time and resources, it is feasible for A/TC to advance TPP and PFS beyond this Feasibility Assessment by developing a potential TPP pilot with the intention to transition to a PFS project. A TPP pilot can be further explored by (i) having a potential A/TC end-payer leader (HHSD, HHS, and/or Central Health) commit to advancing TPP and PFS beyond this Feasibility Assessment, (ii) assigning a local project manager and by (iii) closing the gaps from the work streams in the Development Assistance Award including: (a) completing an Appropriations and Outcomes-based Contracting Assessment, (b) updating the economic model to include the end-payer economic benefit based on findings from the Appropriations and Outcomes-based Contracting Assessment, and (c) designing and launching a TPP procurement for service provider(s) and evaluators.

Alternatively, because HHSD and the A/TC community partners expressed capturing many lessons learned from this Feasibility Assessment, Travis County, City of Austin, and/or Central Health can independently seek to improve outcomes-based contracting for existing funding streams more broadly beyond TPP. Please see the Recommendations section below for further details.

**Pay For Success Context in Austin/Travis County**

**A/TC’s Early Engagement with PFS:** HHSD and the A/TC community partners were interested in PFS for its potential to build public-private partnerships and revenue streams towards outcomes-based practices in the community. In 2013 and 2014, UWATX and Mission Capital invested staff time and professional development dollars in order to better understand PFS, explore the viability of PFS as a broader strategy in A/TC, and to examine the viability of PFS projects in A/TC.³ In 2014, UWATX and Mission Capital created a PFS Task Force and oversaw membership growth from decision makers in A/TC, including HHSD and the A/TC community partners. In late 2014, the PFS Taskforce identified Third Sector’s SIF competition as an opportunity for the community to engage in PFS and selected HHSD to serve as the lead applicant with HHS, UWATX, Mission Capital, and Central Health as supporters.

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² Please note that Austin/Travis County encompasses the geographical areas covered by the City of Austin and Travis County. The City of Austin is one of the 10 districts covered by the City of Austin and one of the 22 cities covered by Travis County.
³ Please view the SIF competition application submitted by HHSD for additional details.
Third Sector’s Social Innovation Fund (SIF) Competition & Developmental Assistance Award: In late 2014, Third Sector launched a Social Innovation Fund (SIF) competition funded by the Corporation for National and Community Service (CNCS) to provide technical assistance to assess feasibility and develop PFS capacity across communities in the United States. SIF is a key White House project and program of CNCS to grow the impact of innovative, community-based solutions that have compelling evidence of improving the lives of people in low-income communities throughout the United States. Third Sector developed three levels of technical assistance awards as part of its SIF competition. Each technical assistance award represents a different phase of PFS feasibility. The levels of technical assistance were assigned to communities such as A/TC based on their readiness to develop a PFS project. Third Sector awarded HHSD with a Developmental Assistance Award to assist HHSD in building PFS capacity and in advancing their readiness to launch a TPP PFS project.

Identification of Teen Pregnancy Prevention Priority by HHSD: HHSD applied for Third Sector’s technical assistance to explore using PFS to decrease teen pregnancy among Hispanic youth aged 13-19 in Travis County because:

• Hispanic females have disproportionately high rates of teen pregnancy in A/TC compared to adolescents of other race/ethnicities.4
• Of all counties in Texas, Travis County ranked the highest in the number of births to Hispanic teens age 17 and younger in 2012.5
• In 2012 in Travis County, among teens 19 and younger there were 882 births to Hispanics, as compared to 120 to Blacks, and 116 to Whites. The 882 births accounted for 77% of all teen births in Travis County.6

HHSD and the A/TC community partners were successful in applying to Third Sector’s SIF competition and sought to explore key guiding objectives:7

• The feasibility of implementing PFS in the teen pregnancy prevention space;
• Whether PFS can be used as a tool in the community to maximize return on investments by funding evidence-based and promising practices;
• Whether PFS can set common goals and metrics;
• How service providers can be held accountable for results;
• Whether PFS can ensure transparency; and
• Whether PFS encourages new public-private partnerships and revenue streams.

Overview of Feasibility Assessment Findings

Exhibit 1 presents an overview of the areas of feasibility that were assessed as part of the Development Assistance Award using the Readiness Scale, and summarizes the findings for each assessment area. For an in-depth analysis of the findings for each assessment area, please see Section V of this report. The Readiness Scale assesses the feasibility for each work stream to move forward towards implementing a PFS project and reflects the time, funding, and groundwork that HHSD and the A/TC community will need to invest. The Readiness Scale developed by Third Sector is as follows:

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4 Please view the SIF competition application submitted by the Austin/Travis County HHSD for additional details.
5 Texas Department of State Health Services. (2015). Table 11: Births to mothers 17 years of age and younger by county of residence, Texas, 2012.
7 The guiding objectives were established by HHSD and the Austin/Travis County (A/TC) community partners in their SIF competition application.
The Readiness Scale definitions are the following:

- **Not Yet Demonstrated**: Progress on the goals of the work stream was attempted, but not completed, due to challenges in government buy-in, and/or data access, and/or timing constraints, etc. of the feasibility assessment. Further work is required to assess readiness for this area.
- **Possible**: A significant amount of work is needed to implement a PFS project for this work stream.
- **Promising**: A moderate amount of work is needed to implement a PFS project for this work stream.
- **Strong**: A minimal amount of work is needed to implement a PFS project for this work stream.

The assessment areas below are all critical to a successful PFS project in A/TC. **It will be difficult for A/TC to implement a TPP PFS project without preparing all assessment areas to be “strong”**.

**Exhibit 1: Summary Findings of Work Streams**

<table>
<thead>
<tr>
<th>Assessment Area</th>
<th>Readiness for PFS Project Development</th>
<th>Summary of Findings</th>
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</table>
| **Outcome Assessment**   | Strong                                 | • Feasibility Assessment’s Leadership Team voted on 5 priority outcomes for advancing TPP and PFS in A/TC:  
                                1. Reductions of Teen Births  
                                2. Postponement of 1st and Subsequent Births  
                                3. High School Completion/Attendance  
                                4. Avoided Government Services Associated with First Birth  
                                5. Decreased Rates of Sexually Transmitted Diseases/Human Immunodeficiency Virus  
                                • Abt Associates refined the outcomes list for ease of data access to 3 priority outcomes:  
                                1. Reductions of Teen Births  
                                2. Postponement of 1st and Subsequent Births  
                                3. High School Completion/Attendance |
| **Target Population Assessment** | Promising                             | • The A/TC population is changing rapidly. Some low-income families are forced out of A/TC due to increasing housing costs.  
                                • An analysis of (i) the Hispanic teen populations in the Austin Independent School District (AISD), Pflugerville, Del Valle, and Manor Independent School Districts from 2011-2014, and (ii) Hispanic teen births in Travis County from 2008-2013 indicate:  
                                o Hispanic teens in the Austin Independent School District |

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3 An end-payer is an organization that would enter into a PFS contract to pay for successful outcomes. Please see the “Overview of Pay for Success” section for additional information.

9 Information from conversations with Austin/Travis County Feasibility Assessment working group members and from the SIF competition application submitted by the Austin/Travis County HHSD. Please note that while part of this displacement is leading families out of Travis County entirely, there are large numbers that are shifting out of Austin and into smaller municipalities and unincorporated areas of Travis County.
## County is a sizable population and can be reliably referred to the chosen intervention.

<table>
<thead>
<tr>
<th>District (AISD)</th>
<th></th>
<th>District (AISD) are decreasing while there is an increase in Hispanic teens in the Pflugerville, Del Valle, and Manor Independent School Districts. A potential TPP pilot and PFS project will need to include Hispanic teens from all 4 school districts.</th>
</tr>
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<tbody>
<tr>
<td>o An average of 782 teen births occurred per year among Hispanic female teens in A/TC from 2008-2013 for the first time. The referral population size is sizeable for a TPP pilot and PFS project.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Teen birth and teen birth rates for Hispanic female teens and the general female teen population in A/TC have been decreasing by 9.01% and 9.11% respectively from 2008-2013. A potential TPP pilot and PFS project will need to consider trends that may impact future teen birth and teen birth rates.</td>
<td></td>
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<tr>
<td>o Birth rates were greater for Hispanic female teens than the general female teen population in A/TC. In 2013, the birth rate for Hispanic female teens in A/TC was 2.56% in comparison to 1.49% for all female teens in A/TC. The Hispanic female population in A/TC is in greater need of TPP.</td>
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## Data Source Assessment: Identify whether linkages to prioritized outcomes exist for key data sources.

**Not Yet Demonstrated**

- Abt Associates was able to identify processes for accessing data from Austin Independent School District (AISD). Data access procedures exist for other Travis County school districts such as Del Valle, Manor, and Pflugerville Independent School Districts, but relationships with these districts must be developed and strengthened.
- Reduction in teen births and postponement of subsequent outcomes can be measured using individual-level birth registration data, birth records, or from local hospitals via a data sharing agreement with Children’s Optimal Health (COH), a local data evaluator.
- High completion/attendance can be measured using Austin Independent School District (AISD) records of student attendance, completion expanded data on programs accessed by students, including pregnancy services.
- Del Valle, Manor and Pflugerville School Districts are likely to have measures of the limited school outcomes, but are unlikely to have data systems that are as robust as AISD.
- COH is an existing data user of AISD data and entering into a contractual relationship with COH would facilitate

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10 Texas Department of State Health Services: [http://healthdata.dshs.texas.gov/VitalStatistics/Birth](http://healthdata.dshs.texas.gov/VitalStatistics/Birth)

11 Texas Department of State Health Services: [http://healthdata.dshs.texas.gov/VitalStatistics/Birth](http://healthdata.dshs.texas.gov/VitalStatistics/Birth)

12 Texas Department of State Health Services: [http://healthdata.dshs.texas.gov/VitalStatistics/Birth](http://healthdata.dshs.texas.gov/VitalStatistics/Birth)
access to the data. COH would be responsible for completing all data request applications among school districts, hospitals, health and human service departments, and coordinating human subject reviews.

### Intervention Assessment

**Promising**

- HHSD’s Peer-to-Peer Model with the Cuidate! Curriculum was not viable for PFS outcome metrics.
- 4 intervention options achieved the outcomes of priority and were scored as being most viable for advancing TPP and PFS:
  1. Tandem Teen Prenatal & Parenting Program
  2. The Wyman Center’s Teen Outreach Program (Wyman’s TOP) as standalone program
  3. Wyman’s TOP with the provision of Long-Acting Reversible Contraception (LARC)
  4. LARC as standalone program
- The Leadership Team saw the most opportunity for Wyman’s TOP as a stand-alone or in conjunction with provision of LARC.
- To advance TPP and PFS, the City of Austin, and/or Travis County, and/or Central (the potential end-payers) would need to conduct an open and transparent outcomes-based procurement to select providers and interventions.
- HHSD and A/TC community partners can leverage lessons learned from assessing providers and interventions as they pursue additional engagements in TPP and/or in other social issue areas.

### Economics Assessment

**Promising**

- Third Sector constructed a hypothetical economic model. If a potential TPP pilot and PFS project is desired, further work will be needed to refine the hypothetical economic model impact rates, program costs, other project costs, and cost savings to government based on selected providers and project parties from procurement.
- A potential pilot and PFS project using Wyman’s TOP with provision of LARCs would cost an average of $1,000 per client. Wyman’s TOP cost is in line with average costs denoted from other TPP providers interviewed as part of Landscape Analysis.
- Assuming referral of 300 participants/year and cost assumptions from conversations with the Wyman Center and with A/TC clinics, a 1-year pilot would cost $925,000 and a 4-year project with a Wind-Up quarter would cost $3,042,000.
- HHSD and A/TC community partners have been briefed

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13 The average cost excludes a one-time start-up cost of $28,000 and a yearly ongoing implementation fee of $6,000 total across all clients served.
14 Referral assumption were based on Texas Department of State Health Services data; [http://healthdata.dshs.texas.gov/Population](http://healthdata.dshs.texas.gov/Population)
<table>
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<tr>
<th><strong>Evaluation Design:</strong> Determine optimal evaluation design for TPP pilot and full PFS project implementation and identify next steps for evaluator engagement.</th>
<th>Possible</th>
</tr>
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</table>
| • A rigorous evaluation is possible and favorable for advancing TPP and PFS in A/TC.  
• There are some barriers to implementing a rigorous evaluation, but these are mainly related to the need for a solidified intervention plan and access to data sources.  
• The ideal study design using a Randomized Control Trial (RCT) appears possible, given the likely scope of the intervention (not able to serve all of the target population) and intervention setting.  
• A rigorous evaluation would require the identification of a comparison or counterfactual group that does not receive the intervention in order to understand the true impact of the intervention.  
• A potential TPP pilot and PFS project will require an A/TC government to run a procurement and selection of a formal evaluator who would develop the rigorous evaluation plan. |

<table>
<thead>
<tr>
<th><strong>End-Payer Assessment:</strong> Identify potential end-payers and their pathways to commitment for a potential PFS project.</th>
<th>Not Yet Demonstrated</th>
</tr>
</thead>
</table>
| • HHSD, HHS, and/or Central Health are potential end-payers for a TPP PFS project. In order to advance to a TPP pilot and/or PFS project, there must be a clear commitment from an end-payer.  
• HHSD, HHS, and/or Central Health must make TPP and PFS a priority in order to advance TPP and PFS beyond this Feasibility Assessment.  
• As A/TC explores advancing PFS around several social issue areas, it is worthwhile to invest in a local project manager for outcomes-based initiatives.  
• In addition to the local project manager, there needs to be an active “end-payer leader” from HHSD, HHS, and/or from Central Health who serves as the active decision-maker and advocate for its organization to pursue PFS. |

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<tr>
<th><strong>Funder Development:</strong> Identify key steps that will need to be addressed before major funder outreach for a pilot and/or PFS project.</th>
<th>Possible</th>
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</table>
| • Various local and national funders indicated interest and willingness to learn more about an investment opportunity for a TPP PFS project in A/TC.  
• Some funders noted that they are not interested in funding a pilot with their commercial capital unless there is a guaranteed PFS project follow-up.  
• A/TC should engage funders once the gaps identified in this report have been closed. |
• The Appropriations & Outcomes-based Contracting Assessment must be addressed in order for potential end-payers to prepare for outcomes-based contracting for TPP and additional social issue areas of interest (e.g., workforce development, homelessness, early childhood, etc.). During the Appropriations & Outcomes-based Contracting Assessment, Third Sector assesses the legality of outcomes-based contracting and procurement, end-payer funding streams and mechanisms, which ultimately informs the economic benefit to the end-payer for the Economics Assessment.

• Third Sector did not assess the Appropriations & Outcomes-based Contracting Assessment due to the limited budget and hours of the Developmental Assistance Award.

### Recommendations

Ultimately, with extensive time and resources, it is feasible for A/TC to advance TPP and PFS beyond this Feasibility Assessment. HHSD, HHS, and Central Health are the potential end-payers who will need to assess and decide on one of the options below.

**Option 1: Identify an A/TC end-payer leader and a project manager, close the gaps from this Feasibility Assessment, and develop a TPP pilot with the intention to transition to a PFS project:**

1. **Identify an A/TC end-payer leader from either HHSD, HHS, and/or Central Health to advance PFS and outcomes-based contracting:** A/TC needs to identify an end-payer leader before advancing TPP and PFS.

   End-payer leaders are the final decision-makers for pursuing PFS on behalf of their organizations. Their involvement in the PFS development process is to make key-decisions at each phase, from feasibility, capacity building, construction, and implementation, and they represent the A/TC community’s involvement in PFS locally and nationally.

2. **Once an A/TC end-payer leader has been identified, identify a project manager:** As A/TC explores advancing PFS in several social issue areas, it is worthwhile to invest in a long-term local project manager for outcomes-based initiatives. The project manager would ensure that all work-streams within each PFS project approved by the end-payer leader progress on a day-to-day basis, coordinate data requests with the evaluator, work alongside with the PFS technical assistance advisor, and ask loop end-payer leaders for key decisions when necessary.

3. **Once an A/TC end-payer leader and project manager have been identified, close out the gaps and progress towards a TPP pilot by having a PFS technical assistance advisor who would:**
   - Provide education and relationship-building with the identified end-payer to improve leadership actions and leadership around an TPP pilot with the intention to transition to a PFS project;
4. **Once an A/TC end-payer leader and project manager have been identified, and the gaps have been closed from this Feasibility Assessment, develop a TPP pilot with the intention to transition to a PFS Project:** Based on the Intervention Assessment, the TPP space in A/TC, regionally, and nationally, has many service providers who focus on outputs (e.g., increase contraceptive use and/or consistency, reduced number of sexual partners, decreased/delayed sexual activity, and abstinence). More specifically to A/TC, limited numbers of TPP providers are early adopters of measuring outcomes and a limited number have begun efforts to focus on outcomes measurement. Because of the limited number of TPP providers with experience in measuring outcomes in A/TC, Third Sector recommends that an end-payer advance towards a PFS project by first committing to a TPP pilot with the intention to transition to PFS project.

The TPP pilot is a period of time that is designed to allow the service provider to build its service capacity, management, staffing and clinical/technical training on the intervention, and evaluation infrastructure; the evaluator to develop an Evaluation Plan for an outcome evaluation and process evaluation of the intervention; and the provider, evaluator, and end-payer to practice referral mechanisms without being under the pressure of a PFS Contract payment. The pilot could take 1-3 years, depending on the needs of the provider and A/TC end-payer contract holder.

**Option 2: Do not pursue the advancement of a TPP PFS project beyond this Feasibility Assessment:** The findings and lessons learned from each assessment area of this Feasibility Assessment could (a) be folded into other local efforts to prevent teen pregnancy and/or (b) be used for the investigation of other social issues where PFS and outcomes-based contracting strategies may be a better fit.
II. Appendix: Overview of Pay for Success

Elements of Pay for Success:

**Outcomes-based Contracting (OBC)** is a type of contracting with:

1. A clear set of objectives and indicators
2. Systematic efforts to collect data on the progress of the selected indicators,
3. Consequences, either rewards or sanctions for the contractor, which are based on performance.\(^\text{15}\)

**Pay for Success (PFS)** is a form of outcomes-based contracting that strives to raise the bar on the three elements identified above.

In a PFS project, government and/or other end payers agree to pay for specific outcomes achieved by a service provider(s). Before a PFS contract is implemented, end payers and service providers mutually agree to the specific terms and conditions of the project including outcomes, evaluation plans, and success payments. Once launched, service providers begin delivering services while an independent evaluator rigorously assesses the impact of the services; end payers make success payments only when outcomes are achieved.

**Social Innovation Financing** is used in PFS to pay for the project while results are being measured and until success payments are made.

Outside funders – like philanthropic organizations, private financial institutions, and/or individual investors – provide the upfront funding for services and evaluation. Depending on the initial agreements made, success payments can be used to repay funders or recycled back into the project to provide more services. This mechanism allows end-payers to withhold payment until results are measured, while also ensuring cost coverage for service providers. As described above, outcomes-based contracting and social innovation financing are complementary but distinct elements of a Pay for Success project.

**Benefits of Pay for Success**: Though not a “one size fits all” solution for the social sector, PFS offers a number of benefits to stakeholders – end payers are able to ensure their funds only go toward programs that are working (based on outcomes achieved), service providers can focus on achieving impact rather than fundraising for their services, and funders are able to help build government and provider capacity, enabling both parties to work together to drive better outcomes for those in need.

Given this potential, PFS has become a national movement with eleven projects launched in states across the country (CA, CO, CT, IL, MA, NY, SC, OH, and UT) and dozens more projects in development.\(^\text{16}\) More than $150 million in capital has been deployed for the eleven projects. The eleven projects launched in the United States all utilize outcomes-based contracts and social innovation finance; however, the specifics of each project are vastly different. For instance, some projects are funded mostly by philanthropy, while mostly private financial institutions fund others.

\(^\text{15}\) http://www.who.int/management/resources/finances/Section2-3.pdf
\(^\text{16}\) http://www.payforsuccess.org/provider-toolkit/pfs-projects
Austin/Travis County
Teen Pregnancy Prevention

Travis County Commissioners Court
Tuesday May 24th, 2016
Agenda

- Overview of the Teen Pregnancy Pay for Success Feasibility Study
- Summary of Findings
- Recommendations & Next Steps
# Overview of the Teen Pregnancy Prevention PFS Feasibility Study

## Purpose

Third Sector awarded the Austin/Travis County (A/TC) Health and Human Services Department (HHSD) with a Developmental Assistance Award to assist HHSD in building PFS capacity and in advancing their readiness to launch a Teen Pregnancy Prevention PFS project.*

## Duration

- June 2015-May 2016

## Social Issue Area

- HHSD applied for Third Sector’s technical assistance to explore using PFS to decrease teen pregnancy among Hispanic youth aged 13-19 in A/TC

## A/TC Community Partners

- HHSD
- Travis County Health and Human Services Department (HHS)
- Central Health
- Mission Capital
- United Way for Greater Austin (UWATX)

## Third Party Advisors

- Third Sector Capital Partners, Inc. (Third Sector)
- Abt Associates (Abt)

## Additional Support

- A/TC Adolescent Health Service Providers
- Children’s Optimal Health
- National Campaign to Prevent Teen and Unplanned Pregnancies
- U.S. Department of Health and Human Services

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*The Developmental Assistance Award to assist HHSD in building PFS capacity and in advancing their readiness to launch a Teen Pregnancy Prevention PFS project was funded by the Corporation for National and Community Service (CNCS) Social Innovation Fund (SIF) to provide technical assistance to assess feasibility and develop PFS capacity across communities in the United States.
## Summary of Findings

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| **End-Payer Assessment**                | **NOT YET DEMONSTRATED**              | • HHSD, HHS, and/or Central Health are potential end-payers for a TPP PFS project.  
• In order to advance to a TPP pilot and/or PFS project, there must be a clear commitment from an end-payer. |
| **Outcome Assessment**                  | **STRONG**                            | After Leadership Team voting, Abt refined outcomes to 3:  
1. Reductions of Teen Births  
2. Postponement of 1st and Subsequent Births  
3. High School Completion/Attendance |
| **Target Population Assessment**        | **PROMISING**                         | • A TPP pilot and PFS project will need to include Hispanic teens from Austin, Pflugerville, Manor, and Del Valle Independent School Districts.  
• The referral population size is currently sizeable.  
• A potential TPP pilot and PFS project will need to consider trends that may impact future teen birth rates. |
| **Data Source Assessment**              | **NOT YET DEMONSTRATED**              | • Data access procedures exist in AISD and in other school districts, but relationships must be strengthened.  
• Outcomes 1 and 2 can be measured via individual-level birth registration data, birth records, or from local hospitals via data sharing agreement with COH.  
• Outcome 3 can be measured via AISD records of student attendance, completion data on programs accessed by students, including pregnancy services. |
### Summary of Findings (Cont.)

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| **Intervention Assessment:** Identify whether an intervention achieves key PFS criteria and can be scaled in Travis County. | PROMISING                              | • Leadership Team saw most opportunity for Wyman’s Teen Outreach Program (TOP) as a stand-alone or with provision of Long-acting Reversible Contraception (LARC), with TOP and LARCs provided by local clinic.  
• To advance a TPP pilot and PFS project, an end-payer must conduct a PFS procurement to select providers.  
• HHSD and A/TC community partners can leverage lessons learned from assessing interventions in add’l engagements in TPP and/or other issues.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| **Economics Assessment:** Estimate the quantitative size of a PFS project and impact rates for outcomes prioritized by potential end-payers. | PROMISING                              | • A hypothetical pilot and project using Wyman’s Teen Outreach Program as a stand-alone or with provision of Long-acting Reversible Contraception is feasible, but final success payments and economic value have to be finalized in next phase beyond this Feasibility Study.  
• HHSD and A/TC community partners can leverage lessons learned on economic modeling in add’l engagements in TPP and/or other issues.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| **Evaluation Design:** Determine optimal evaluation design for TPP PFS project & next steps for engaging evaluator(s). | POSSIBLE                               | • A rigorous evaluation is possible and favorable.  
• The ideal study design is a Randomized Control Trial.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| **Funder Development:** Identify key steps that will need to be addressed before major funder outreach for a pilot and/or PFS project. | POSSIBLE                               | • Outreach to local and national funders reflect interest and willingness to learn more about an investment opportunity for a TPP PFS project in A/TC.  
• Once the economic model and value for a project have been agreed upon, A/TC can engage funders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
Advancing PFS in Austin/Travis County From Today:
Two Potential Options

1. Identify an A/TC end-payer leader and a project manager, close the gaps from this Feasibility Study, and develop a TPP pilot that will transition to a PFS project.

2. **Do not pursue the advancement of a TPP PFS project beyond this Feasibility Study.** The findings from each assessment area of this Feasibility Study could:

   (a) Be folded into other local efforts to prevent teen pregnancy; and/or

   (b) Be used to pursue outcomes-based contracting strategies via direct consulting engagement with a PFS advisor who could provide all/combination of the below:
   - Provide education to improve leadership actions for outcomes-based contracting;
   - Analyze the legality of outcomes-based contracting and procurement, funding streams and mechanisms;
   - Provide capacity-building education to local service providers on how to prepare for outcomes-based contracting; and/or
   - Provide support on outcomes-driven data integration.
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