

CONFERENCE ABSTRACT

Paying for impact: Venture philanthropy and social investing as funding models for integrated care

18th International Conference on Integrated Care, Utrecht, 23-25 May 2018

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Introduction: The growing prevalence of chronic diseases and population aging are placing a heavy burden on healthcare systems around the world. In particular chronic disease patients would benefit from a better integration of their care, but integrated care also holds a big potential to generate value – better quality, patient experience and lower costs – for the healthcare system as a whole on the long term. To achieve these results in the future greater investment in integrated care is needed now. Venture philanthropy and social investing VP/SI, which utilizes mostly private investor and foundation money with – in general – the aims of both causing a positive, measurable social impact and making a financial profit although not all VP/SI feature the financial return piece – e.g. foundations, could be an alternative funding model to accelerate the necessary growth of integrated care.

Policy context and objective: The 2015/16 survey of the European Venture Philanthropy Association EVPA highlights overall growth for the European VP/SI sector, 108 organizations allocated €6.5 billion between them since they began their operations, a 30% increase compared to 2013. The objective of this contribution is to highlight the distinctive features and models of VP/SI and elaborate potential opportunities for integrated care models to tap into this source of financing.

Highlights: VP/SI is often implemented through direct private equity investments, debt, grants or fixed-income securities for social entrepreneurs. Alternatively also pay for success models, such as social impact bonds, social impact incentives, impact innovation challenges or shared saving models, gain in importance. In our contribution, we will discuss these different financial instruments and illustrate their applicability to financing integrated care by using examples of successful implementations around the world. One example, we will discuss is the German OptiMedis AG who secured a large six-digit equity investment by the social impact investment fund BonVenture to promote the further development and scaling of its population-based integrated care models. Further models from the UK, Mexico and other countries will be used to demonstrate pay for success models.

Transferability: The ethos of VP/SI seems to be predestined for integrated care initiatives and could enable the development, testing, implementation and scaling of integrated care approaches. Unbound from the fragmented departmental approach of health care payer or state-funded projects, it may help to align the incentives of all stakeholders to maximize social impact.

Conclusions: VP/SI offers great opportunities for integrated care approaches to attract necessary funding to achieve its aims and should also be evaluated by policy makers as alternative funding mechanism. However, the impact and value-based approach of VP/SI has also implications for integrated care insofar empirical evidence will gain in importance. The need for outcome-oriented evaluation and pay for success models will rise and evidence-based models will be preferred.

Keywords: health impact bonds; pay for success; social investing; venture philanthropy; funding of integrated care
