EXECUTIVE SUMMARY

In 2017, Meals on Wheels America and its partner, Quantified Ventures, embarked on a new initiative with a large healthcare company via its national Medicare Advantage (MA) plan. This initiative presented an important opportunity for Meals on Wheels America to scale its service delivery to homebound seniors, and for the MA plan to develop a new home-delivered meal benefit in conjunction with other supportive services for its enrollees.

The intervention delivered through this innovative partnership was to be financed through a Pay for Success (PFS) transaction. Impact investors were to cover the upfront capital costs to scale the intervention, with the MA plan agreeing to repay investors once targeted outcomes were achieved – in this case, reductions in emergency department and hospital utilization. While the concept presented a "triple win" opportunity for all parties engaged, several practical challenges emerged as the partners worked through key steps in the deal development process. Ultimately, the MA plan decided to finance the project through a direct contract rather than with PFS. It is worth noting that even this decision represents progress; absent the initiation of PFS conversations, the new relationship between Meals on Wheels America and the MA plan may not have been forged.

This white paper examines several of the key themes and issues that surfaced during this effort, and that are likely to influence the ability of other community-based organizations (CBOs) to effectively partner with health plans or health systems to finance innovation and enhanced service delivery.

KEY THEMES AND ISSUES

- In advance of approaching a prospective partner, CBOs should:
    - Take stock of the regulatory and business environment in which they operate;
    - Quantify the value of their service in a clear business case that speaks to relevant audiences;
    - Understand requirements for data sharing and demonstrate an ability to meet those requirements; and
    - Ensure capacity for service to scale.

  By coming prepared for these types of conversations, the CBO will find a more receptive partner audience.

- Several MA plan features present particular challenges relative to alignment with PFS financing. Some of these issues are unique to MA plans, and their implications are not necessarily deal breakers; however, they should be considered at early stages of conversation.

- Aside from plan type, other important health partner characteristics should be assessed, including organizational size, readiness and sophistication.

While the ultimate financing mechanism to scale the Meals on Wheels America intervention for homebound seniors was not PFS, the very act of going through this entire rigorous and deliberative analytic process helped to establish a trusting relationship between all partners, and resulted in a more comprehensive understanding of the Meals on Wheels America value proposition. Now positioned to scale services through this direct service contract instead of through PFS, we – Meals on Wheels America and Quantified Ventures – encourage others to reflect on our experiences and apply the learnings from this first-ever effort of using PFS with an MA plan to their own related efforts; doing so will help to accelerate progress for their individual endeavors, and for the field. In this way, every effort can be viewed as a success, so long as new learnings are gained and shared to advance the vision of a thriving market for outcomes-based financing in healthy aging.