

## Fact Sheet: South Carolina Nurse-Family Partnership Pay for Success Project

South Carolina is launching nation's first Pay for Success initiative focused on improving health outcomes for mothers and children living in poverty. The project will expand Nurse-Family Partnership's services to an additional 3,200 first-time, low-income mothers across the state.

### Project Overview:

- More than 280,000 children in South Carolina — or 27 percent — live in poverty.<sup>1</sup> And more than half of babies in the state are born to low-income mothers who qualify for Medicaid. Growing up in poverty can be harmful to a child's cognitive development, health, school performance, and social and emotional well-being. Research on brain development has shown that giving children a strong start in life begins before they are born, during a mother's pregnancy. Mothers struggling with poverty are at higher risk for poor birth outcomes such as delivering premature babies or those who weigh too little.
- The South Carolina Department of Health and Human Services (SCDHHS) will lead the project.
- Nurse-Family Partnership, a nationwide evidence-based program, currently serves 1,200 families in South Carolina. The Pay for Success project will pair nurses with an additional 3,200 first-time, low-income mothers over the next four years, marking the first statewide Pay for Success project in the U.S.
- Nurse-Family Partnership pairs vulnerable first-time parents with specially trained nurses. During home visits from early pregnancy through the child's second birthday, the nurses support first-time moms to have healthy pregnancies, become knowledgeable and responsible parents, and give their babies the best possible start in life. By strengthening families and improving early child development, Nurse-Family Partnership strengthens communities and aims to improve the health and well-being of residents. Nurse-Family Partnership has a nearly 40-year track record of successfully improving outcomes for mothers and children — including multiple randomized controlled trials in different geographic regions of the U.S. (For more information on the research, click [here](#).)

### Overview of Pay for Success:

- Pay for Success projects, also called Social Impact Bonds, combine nonprofit expertise, private sector funding, and rigorous measurement and evaluation to transform the way government and society respond to chronic social problems. In a Pay for Success project, funders provide upfront capital to expand social services and government pays for all or part of a program only if it measurably improves the lives of participants. In some Pay for Success projects, investors earn a small return on their investment. In this case, the funders are recycling any returns back into Nurse-Family Partnership services in South Carolina.
- Independent evaluators measure the providers' impacts based on pre-determined outcomes that benefit both individuals and society — and generate value for taxpayers.
- The evaluation of the South Carolina project will be led by J-PAL North America, a research center at the Massachusetts Institute of Technology. For all partners, click [here](#).
- The project includes a new randomized controlled trial, which will evaluate how well Nurse-Family Partnership is working and whether a 25 percent reduction in the cost of services affects how well the mothers and children do.
- Social Finance, a nonprofit intermediary, supported the design, negotiation and financial structuring of the project. Social Finance also managed the capital raise, and will coordinate performance management services for the duration of the project alongside SCDHHS, NFP and the Harvard Kennedy School Government Performance Lab.
- The Government Performance Lab (GPL) at the Harvard Kennedy School conducts research on how governments can improve the results they achieve for their citizens. An important part of this research model involves providing pro bono technical assistance to state and local governments. The GPL advised

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<sup>1</sup> "Kids Count: 2015 Data Book, State Trends in Child Well-Being," The Annie E. Casey Foundation, <http://www.aecf.org/m/resourcedoc/aecf-2015kidscountdatabook-2015.pdf>

the SCDHHS throughout the phases of project development – including project design, data analysis and contract negotiations.

#### **Project Metrics for Evaluation:**

- Reduction in preterm births
- Reduction in child hospitalization and emergency department usage due to injury
- Increase in healthy spacing between births
- Increase the number of first-time moms served in predetermined ZIP codes with high concentrations of poverty

#### **Funding:**

The South Carolina Pay for Success initiative mobilizes \$30 million to expand Nurse-Family Partnership’s evidence-based services. Philanthropic funders have committed \$17 million to the project. Medicaid will fund approximately \$13 million via a 1915(b) Medicaid Waiver, awarded to the South Carolina Department of Health and Human Services by the federal Centers for Medicare and Medicaid Services.

The philanthropic funders include:

- BlueCross BlueShield of South Carolina Foundation (\$3.5 million)
- The Duke Endowment (\$8 million)
- The Boeing Company (\$800,000)
- Greenville County, SC First Steps (\$700,000)
- Laura and John Arnold Foundation (\$491,000)
- Consortium of private funders (\$4 million)

**Success payments:** South Carolina will make up to \$7.5 million in success payments to sustain Nurse-Family Partnership’s services only if the independent evaluators, J-PAL North America, find positive results.

#### **Goals of the South Carolina Nurse-Family Partnership Pay for Success Project:**

- **Long-term and Lasting Results for Families Statewide:** Support first-time mothers to have healthy pregnancies and become great parents, setting up children for successful early childhood development, in rural and urban areas across South Carolina.
- **Sustainability:** Build a pathway for sustaining these effective services. The philanthropic funders have agreed to reinvest 100 percent of South Carolina’s success payments, if earned, in Nurse-Family Partnership in South Carolina to provide the program to more mothers in need beyond the life of the Pay for Success project. Furthermore, braiding Medicaid funding with the Pay for Success project provides a pathway for South Carolina to sustain home visiting services if the project generates positive results.
- **Innovation and Learning:** Use a rigorous evaluation to understand the efficacy of the Nurse-Family Partnership model after implementing strategies to improve the delivery and lower the cost of the program. This learning will provide important insight on how best to provide this evidence-based program at scale while minimizing taxpayer cost and maximizing impact.
- **Government Accountability and Results:** Bring an added level of accountability for results for the families served. With \$17 million in private philanthropic funding to finance Nurse-Family Partnership’s expansion upfront, South Carolina taxpayers transfer a portion of the performance risk away from the government. The State pays for a greater portion of program costs **only** if independent evaluators find that Nurse-Family Partnership’s services produce positive societal outcomes and value for South Carolina.

#### **Geographic Area Served:**

This project will serve mothers and children in 29 of South Carolina’s 46 counties—positively impacting families statewide.