



## PARTNERS IN WELLNESS FACT SHEET

- **Overview:** The County of Santa Clara is launching the nation's first mental health-focused Pay for Success (PFS) project in partnership with Telecare Corporation, a national leader in providing innovative, effective services and supports to individuals with serious mental illness and complex needs. Over a six-year term, *Partners in Wellness* will provide community-based behavioral health services to approximately 250 severely mentally ill County residents, with the goal of measurably improving their wellbeing and quality of life while reducing their reliance on less effective, costlier services, including the County's psychiatric emergency room and inpatient psychiatric care settings.
- **Background:** Since early 2013, the County of Santa Clara has been pursuing two PFS projects designed to improve the efficiency and efficacy of service delivery to two vulnerable segments of the County's population: those experiencing chronic homelessness and those experiencing severe mental illness. The County's first Pay for Success project, [\*Project Welcome Home\*](#), which focused on providing permanent supportive housing and associated services to the chronically homeless, launched in July 2015, and was the first Pay for Success project in California. Since early 2015, the County has been developing *Partners in Wellness*, its second PFS project.
- In Santa Clara County, a small group of severely mentally ill residents frequently cycles in and out of Emergency Psychiatric Services (EPS), the County's psychiatric emergency room; Barbara Arons Pavilion (BAP), the County's inpatient psychiatric facility; and other expensive contracted psychiatric facilities. Through *Partners in Wellness*, the County hopes to move away from an episodic, reactive model of care to a more proactive model that identifies individuals who are already, or are likely to become, frequent users of emergency and inpatient psychiatric services and provides them with more effective treatment in a community-based setting. Further, the project also seeks to create savings and efficiencies in the County's health system by improving the flow of patients through these facilities.
- In partnership with the County's Behavioral Health Services Department, Telecare will provide recovery-centered, community-based mental health and housing services that are specifically designed to serve people with extremely complex needs. *Partners in Wellness* concentrates heavily on care coordination to help people access and best utilize the resources they need, especially primary care and other community supports. Treatment is highly personalized and grounded in evidence-based practice. Services will also include 24/7 access to support, comprehensive health and wellness screenings, substance use education and treatment, and practical assistance with vital life needs including symptom management, finding housing, linking to financial benefits, and more. The program will strive to tap into the personal hopes and goals of the individuals served, as a primary source of motivation to make healthy and positive change.
- **Partners in Wellness participants and supporters include:**
  - *Government:* County of Santa Clara, California
  - *Service Provider:* Telecare Corporation
  - *Early Community & Project Development Supporters:* Step Up Silicon Valley, Catholic Charities of Santa Clara County, The Sobrato Family Foundation, The Health Trust, the California Pay for Success Initiative (administered by Nonprofit Finance Fund and funded by The James Irvine Foundation), the California HealthCare Foundation, Nonprofit Finance Fund through the Corporation for National and Community Service's Social Innovation Fund Pay for Success program
  - *Independent Evaluator:* Stanford University, Department of Psychiatry and Behavioral Sciences
  - *Government Advisor & Transaction Coordinator:* Third Sector Capital Partners, Inc.
  - *Technology Partner:* Palantir Technologies

- **Pay for Success Overview:** Pay for Success (PFS) is a performance-oriented contracting model that drives government resources toward social programs that best provide results to the people who need them most. PFS tracks the effectiveness of programs over time and requires governments to pay for those services only if and when they succeed in measurably improving the lives of people most in need.

Unlike a traditional fee-for-service contract, in this project, some or all of the payments made to the service provider are contingent upon whether the provider achieves demonstrated successful outcomes for the individuals it is serving, measured against specific “success metrics” that are negotiated and agreed upon in advance by the provider and the government entity. This approach has the benefit of ensuring that public resources are spent only for services with demonstrably successful outcomes. To enable the objective assessment of the provider’s outcomes, PFS projects – including *Partners in Wellness* – typically include a rigorous evaluation by an independent, third-party evaluator who assesses whether the provider has achieved its pre-negotiated performance targets and, resultantly, has earned “success payments.”

- **Project Funding, Outcomes and Success:** The County will fund Telecare’s services in *Partners in Wellness* through two agreements—a \$16.9M Clinical Services Agreement, which covers Medi-Cal reimbursable services, and an \$11.2M Pay for Success Agreement. Unlike many Pay for Success projects, *Partners in Wellness* includes no private, upfront financing, instead offering a direct risk-sharing arrangement between the County and Telecare whereby a meaningful portion of Telecare’s service fees will be paid on a performance-contingent basis. Over the course of the six-year Pay for Success Agreement, the County will either make additional payments to, or withhold from, Telecare a maximum of \$1.4M in “success payments,” depending on Telecare’s success in sufficiently reducing its clients’ utilization of costly County emergency, inpatient, and contracted psychiatric services and jail days, while improving or maintaining clients’ health and wellness. If Telecare successfully meets its target levels of impact over the six-year project, the County will pay to Telecare the full \$11.2M covered under the Pay for Success agreement.

While \$1.4M may appear to be a small amount compared to the total project funding, this performance-contingent amount provides a powerful incentive for Telecare to meet or exceed its impact targets because Telecare – and not outside funders – bears the risk of non-performance. By pursuing a direct risk-sharing arrangement with the service provider, the County hopes this project will offer a more simplified contracting structure that can be replicated within the County and beyond, reduce transaction costs, and still maintain a powerful incentive for the service provider to achieve high-bar outcomes.

## **Project Parties**

**Service Provider**—Telecare Corporation has been providing community-based, wrap-around services for individuals with serious mental illness in the Bay Area and in California since 1994. Telecare currently operates more than 30 Assertive Community Treatment (ACT) and Full Service Partnership (FSP) programs in California that have the capacity to serve over 4,200 individuals each year. Telecare is one of the nation’s most experienced providers of adult community behavioral health services, specializing in serving individuals with serious mental illnesses and complex needs. Based in Alameda, California, Telecare is an employee and family-owned organization with more than 90 program and 3,100 employees in: California, Oregon, Washington, Arizona, Texas, Nebraska, North Carolina and Pennsylvania.

**Government**—The County of Santa Clara will fund Telecare’s services, with a portion of its payments tied to Telecare’s success in reducing clients’ utilization of costly emergency, inpatient, and contracted psychiatric services and jail days. Santa Clara County has a population of more than 1.8 million, is the largest County in the San Francisco Bay, and is the sixth most populous county in California. San Jose is the largest city in the County, with a population of nearly 1 million. The County has over 15,000 employees across 26 diverse agencies and departments and operates with a \$4 billion budget.

**Early Community & Project Development Supporters**—The County’s efforts to investigate and develop PFS initiatives were launched through grant funding by The Health Trust and the City of San Jose through Step Up Silicon Valley, an initiative of Catholic Charities of Santa Clara County. Critical philanthropic support to develop PFS in the County was also provided by The Sobrato Family Foundation (the largest funder of the County’s first PFS initiative) and by the California Pay for Success Initiative, administered by Nonprofit Finance Fund and funded by The James Irvine Foundation. Additional support for the development of Partners in Wellness was provided by Nonprofit Finance Fund through the Corporation for National and Community Service’s Social Innovation Fund Pay for Success program, and by the California HealthCare Foundation.

**Independent Evaluator**—Dr. Keith Humphreys, a Professor of Psychiatry and Behavioral Sciences at Stanford University, will conduct an independent evaluation to rigorously measure whether Telecare’s provision of supportive, community-based behavioral health services significantly improves participants’ health and well-being, while decreasing use of costly County services. As part of the evaluation, Stanford will determine the amount of success payments paid to or withheld from Telecare, based on participants’ reduced utilization of County emergency, inpatient, and contracted psychiatric services over the six-year project. The project will also use a Randomized Controlled Trial in which the 250 *Partners in Wellness* clients are compared to a control group of 250 County clients who are not receiving Telecare’s services, in order to track whether the combination of services implemented by Telecare produces measureable improvements in health and social service utilization for these severely mentally ill individuals.

**Government Advisory & Transaction Coordinator**—Third Sector Capital Partners, Inc. is a 501(c)(3) nonprofit that leads governments, high-performing nonprofits, and private funders in building collaborative, evidence-based initiatives that address society’s most persistent challenges. As experts in innovative public-private financing strategies, Third Sector is an architect and builder of the nation’s most promising PFS projects including the Commonwealth of Massachusetts, Cuyahoga County, Ohio, Salt Lake County, Utah and Santa Clara County, California. These projects are rewriting the book on how governments contract social services and how communities measurably improve the lives of people most in need. Since 2014, Third Sector has led the County’s exploration of PFS, advised the implementation and ramp-up design, led contract construction and arranged upfront funding.

**Legal**—Throughout the structuring and negotiation of the project, the County of Santa Clara received pro bono counsel from Fenwick & West LLP.

**Technology**—Palantir Technologies is providing the County with software and related services in support of the project.