Investing in Health Care that Works

CCI Hubs Call - January 2018
The Innovation Fund at CHCF

Health care delivery + technology + investment + grantmaking + Medicaid?

► We invest in emerging companies whose target customers provide healthcare in the safety net: providers, payers, health systems who provide healthcare to Medi-Cal enrollees

► We offer flexible inexpensive financing coupled with market navigation and safety-net operation expertise; our portfolio companies leverage our expertise and relationships to drive market results
Theory Behind the Innovation Fund

MISSION

The California Health Care Foundation is dedicated to advancing meaningful, measurable improvements in the way the health care delivery system provides care to the people of California, particularly the underserved. We work to ensure that people have access to the care they need, when they need it, at a price they can afford.

- CHCF can accelerate adoption and spread of innovations that improve access to care by offering mission-aligned, for-profit companies favorable investment terms to enter and serve safety-net markets.
- Companies (vs. grantees) are well-positioned for broad impact because they are naturally organized to scale and tap incremental sources of talent and capital.
- Impact investments can be capital-efficient relative to grants because investees are positioned (and contractually obligated) to return CHCF’s money.
How the Fund Works

Investment Criteria

- Alignment with CHCF mission and goals
- Potential for impact at scale
- Seed stage to Series C with existing product, data, paying customers
- At least one traditional investor in syndicate
- Open to publication of independent evaluation

Terms

- 3 new investments annually, up to $3M in each over time
- Typically unsecured, low-interest rate, 5-year loan with balloon payment, 20% warrant coverage
- Capital tied to specific mission-aligned milestones
- Investment $’s coupled with grant funding for evaluation and potential safety net customers

Financial Objectives

- Priority is mission impact
- Loan repaid with interest - covers legal/admin expenses
- Warrant upside when there is success - covers losses from failed companies
- All returns redeployed for further program impact

Not for Distribution

California Health Care Foundation

www.chcf.org
Value to Investment Partners

RELATIONSHIPS
Connections to CA payers and providers who trust CHCF’s perspective and brand

PRODUCT DEVELOPMENT
Support for refining products and services for public payer markets

EVIDENCE & EVALUATION
Pathways to independent, peer-reviewed evidence on outcomes

POLICY & PAYMENT
Help with help convoluted regulatory and reimbursement structures in CA and Medicaid

Introduced **Propeller** to its first major customer, Dignity Health, which piloted and purchased the platform, and **Landmark** to its two CA customers, now contracted to care for 10k+ complex members.

Funded low-literacy and Spanish adaptation of **Omada**, w/ pilot at UCSF, and recruited Director of Medicaid to oversee product and business development.

Sponsoring research by Rand/Havard on whether e-consults reduce hospital utilization in LA county, in support of **RubiconMD** (*Phase I results in 3/17 Health Affairs*).

To improve access to medication assisted therapy in rural CA, CHCF and **Groups** are working with state regulators and county providers to secure Drug Medi-Cal certification and local contracts.

**Not for Distribution**
Group-based substance overuse therapies for rural areas

Bridging physical and mental healthcare
Bridging the Innovation Gap
Attracting Entrepreneurs and Investors

CLICK ON A RESOURCE TO DOWNLOAD
Questions?

Thank you!