



California Health Care Foundation

# Investing in Health Care that Works

**CCI Hubs Call - January 2018**

***Not for Distribution***

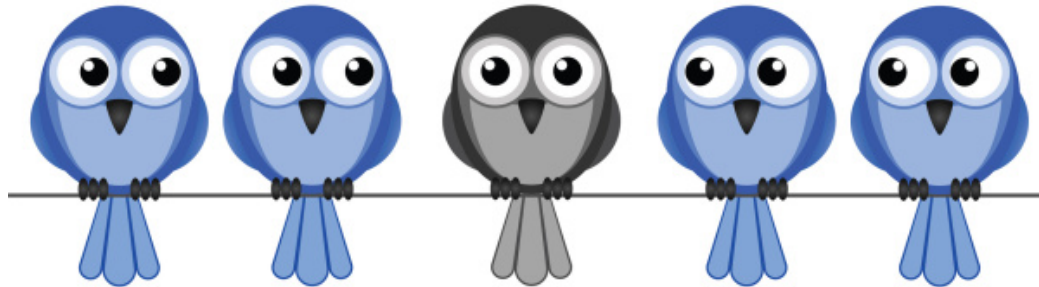
California Health Care Foundation

[www.chcf.org](http://www.chcf.org)

# CHCF HEALTH INNOVATION FUND

# 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.**



California  
Health Care  
Foundation

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

# Value to Investment Partners

## RELATIONSHIPS

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

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

## PRODUCT DEVELOPMENT

Support for refining products and services for public payer markets

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

## EVIDENCE & EVALUATION

Pathways to independent, peer-reviewed evidence on outcomes

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*)

## POLICY & PAYMENT

Help wit help convoluted regulatory and reimbursement structures in CA and Medicaid

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.

# Current Portfolio



Better cardiac diagnosis for underserved



Access to integrated care for complex chronic Medicaid



Access to online DPP for low income/Spanish speakers



Tele pharmacy at rural critical access hospitals



Better asthma care costs via remote monitoring



Improved member navigation via text communication



Access to specialty care via eConsult



Access to specialty care via tele dermatology



Increased CHC capacity via automated RX renewals



Improved CHC capacity via automated check-in



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

**6 REASONS THE MEDICAID MARKET IS RIPE FOR INNOVATION**

- 1 LARGE PAYMENT VOLUME**  
Medicaid was one of the largest payers for hospitals in 2014. It is expected to grow further.
- 2 KEY MARKET FOR MANY INSURERS**  
Medicaid is a key market for many insurers, particularly in states with high uninsured rates.
- 3 SIGNIFICANT SOURCE OF SPENDING**  
Medicaid is a significant source of spending for many states, particularly in the South and West.
- 4 INCENTIVE INNOVATION**  
Medicaid is a key market for many insurers, particularly in states with high uninsured rates.
- 5 PRESSURE TO DELIVER VALUE**  
Medicaid is a key market for many insurers, particularly in states with high uninsured rates.
- 6 BIG OPP FOR IMP**  
Medicaid is a key market for many insurers, particularly in states with high uninsured rates.

**PRIMED: Medicaid Pilots Open Door for Innovation in California**

**PRIMED: Addressing Social Factors in the Health Care Safety Net**

**Implications for Innovators: What Does High-Value Innovation Look Like?**

**Optimal Provider Care**

**Optimal Patient/Provider Care**

**Delight and Empowerment**

**Benefit, Behavioral, Data**

**Value Design**

**Reduced Purchasing and Improved Value**

**PRIMED: Medicaid Pilots Open Door for Innovation in California**

**PRIMED: Addressing Social Factors in the Health Care Safety Net**

**Implications for Innovators: What Does High-Value Innovation Look Like?**

**Optimal Provider Care**

**Optimal Patient/Provider Care**

**Delight and Empowerment**

**Benefit, Behavioral, Data**

**Value Design**

**Reduced Purchasing and Improved Value**

Not for Distribution



**Questions?**

**Thank you!**