LOCAL WELLNESS FUNDS

September 2019

Multisector collaboratives with access to financial resources can meaningfully impact complex, community-identified prevention and population health needs. Local wellness funds are one such community-based financing mechanism that permit the pooling (braiding and blending) of resources across sectors to advance the health and wellness goals of a community.

The Funders Forum on Accountable Health at the George Washington University,* in conjunction with the Georgia Health Policy Center at Georgia State University,† are convening those interested in development of policies in support of local wellness funds. Participants will emerge from this convening with a better understanding of approaches to developing wellness funds that are emerging across the country, the preconditions that support establishing funds, the incentives that the public and private sectors can provide for their creation, and sustainability issues (both structural and financial) that must be addressed.

To support this discussion, this brief defines local wellness funds, describes some communities' early experiences with establishing funds, and lays out key questions for discussion.

What Are Local Wellness Funds?

The concept of a dedicated and sustainable fund to support population health and well-being has been gaining momentum over the past decade as there has been increased recognition that improving population health requires addressing social determinants of health. A wellness fund holds the potential to pool (braid and blend) resources in a community so they can be more efficiently and effectively targeted to improve overall health and health equity. Collaboratives using these funds hold the potential to serve as a stable governing body, providing a forum for multisectoral coordination and investment, and identification of local goals and priorities that can range from community-level population interventions to addressing health-related social needs or supporting clinical preventive services.[1]

Pioneering communities around the nation are thinking innovatively about aligning streams of resources to sustainably support initiatives targeting upstream drivers of health. Communities are experimenting with different approaches to developing local wellness funds. Examples exist of communities assembling resources (blending and braiding) from a mix of philanthropic grants; revenue from a tax or other state-funded source; hospital community benefits dollars; reinvestment from shared savings incentives; and investments from businesses, insurers, and community banks.[2]

* The Funders Forum on Accountable Health creates a common table for public and philanthropic funders of Accountable Communities of Health to share learnings and opens the door to future collaboration. Financial support for the forum's work comes from the Blue Shield of California Foundation, the California Endowment, the Episcopal Health Foundation, the Kresge Foundation, the Robert Wood Johnson Foundation (RWJF), and the W.K. Kellogg Foundation. For more information visit accoutablehealth.gwu.edu.

† The Georgia Health Policy Center provides evidence-based research, program development, and policy guidance to improve health and well-being. The center served as the national coordinating center for Bridging for Health: Improving Community Health Through Innovations in Financing, sponsored by RWJF, in which seven national sites pursued development of a local wellness fund. For more information visit ghpc.gsu.edu/project/bridging-for-health/.

Georgia Health Policy Center

FUNDERS FORUM on Accountable Health

While the concept of pooling resources to support population health improvement is common to wellness fund development efforts, there is a lack of uniform language to describe these efforts. The terms trust and fund have been used interchangeably, and often the local names reflect the primary use of the fund. For the purposes of our discussions, we will use the following definition of a local wellness fund.

Local Wellness Fund

A locally controlled pool of funds created to support community well-being and clinical prevention efforts that improve population health outcomes and reduce health inequities. Sources of funding may be public and/or private.

The number of multisector collaborations attempting to use local wellness funds as a mechanism to sustainably fund interventions targeting upstream drivers of health continues to grow. In some collaboratives, development of a wellness fund is part of a larger initiative, as in the philanthropy-supported California Accountable Communities for Health Initiative and in the Washington state Delivery System Reform Incentive Payment waiver. These models recognize the need to address factors outside of the traditional health care delivery system using a collective action model and securing the long-term financial resources to address them. However, other emerging local wellness funds are occurring independent of these accountable communities initiatives.

Wellness Fund Development

Not all local wellness funds are at the same scale or state of maturation. Funds can be grouped to reflect their current and relative stage of progress. These stages include:

- Conceptualizing — clear and articulated intent and commitment to set up the fund
- Developing — activities are in process to set up the fund
- Implementing — the fund is operational

As part of an initiative to advance the practice of establishing wellness funds, the Georgia Health Policy Center, with funding from the Robert Wood Johnson Foundation (RWJF), has begun to document where wellness fund activity is occurring nationally. Given the great diversity of fund names and uses, it is difficult to build a comprehensive list from public records.

The map below highlights the locations of collaboratives that are in varying stages of establishing a wellness fund. The communities in green indicate that activities are underway to develop or implement a local wellness fund. The communities in blue have expressed interest and initial conversations in developing a wellness fund and may be characterized as conceptualizing a fund. The blue communities show the growing interest in wellness funds, with the recognition that not all communities will be able to transition from conceptualization to development and implementation.

Figure 1. Collaboratives Conceptualizing or Implementing Local Wellness Funds

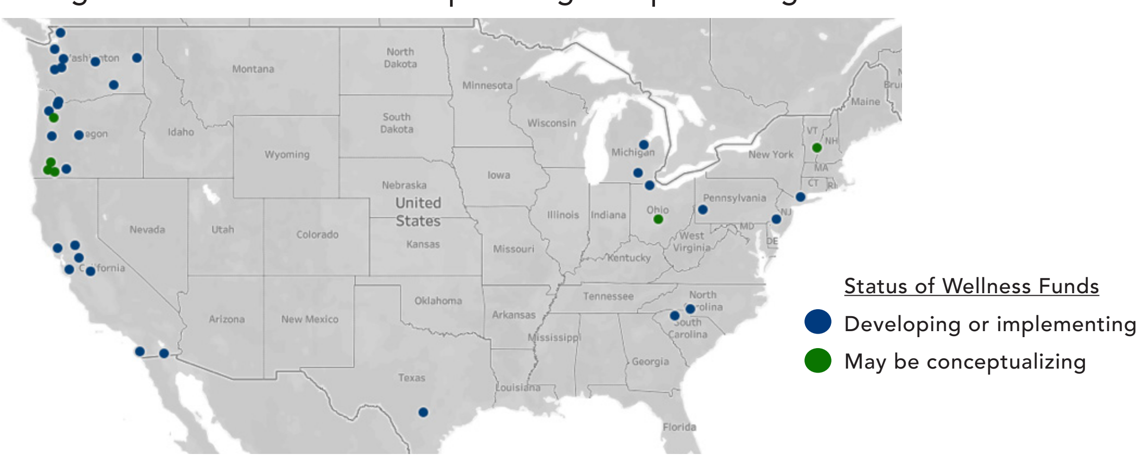
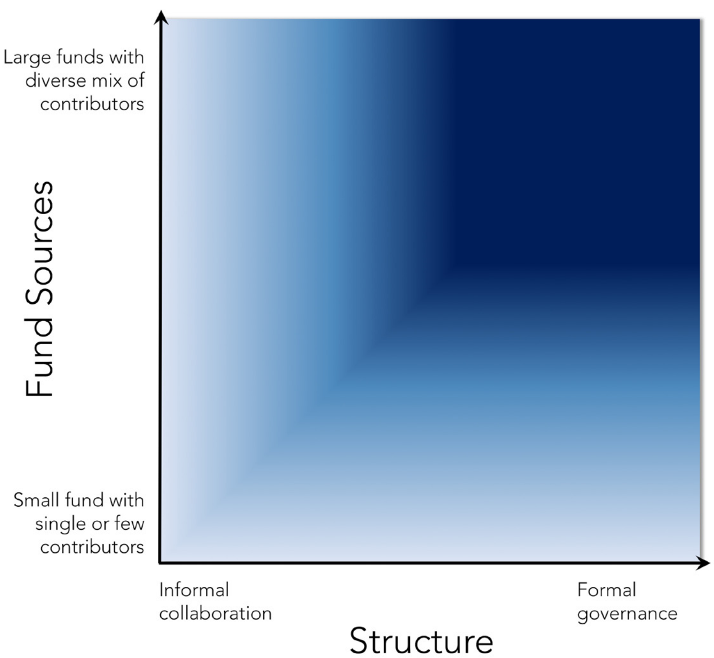


Figure 2 provides a framework for understanding the development of local wellness funds. Communities generally advance along the spectrum of both axes as the funds advance from concept to full implementation. In this model, mature funds progress from a small investment pool with a small number of contributors to a large pool with a broad mix of funding streams. Similarly, operations of the funds evolve from an informal collaboration to a formal governance structure for stewardship of the funds and their uses.

Figure 2. A Framework for Understanding the Status of Fund Development



While many communities are in the conceptualization stages of setting up these local wellness funds, formal learnings and evaluations are now beginning. There is already recognition that creation of these funds does not guarantee their short- or long-term sustainability or success. Additionally, there may be multiple routes to success.

Where does your community fall in this framework? Have you followed the development of a wellness fund from concept through maturation? Share this journey with us.
Email localwellnessfund@gsu.edu.

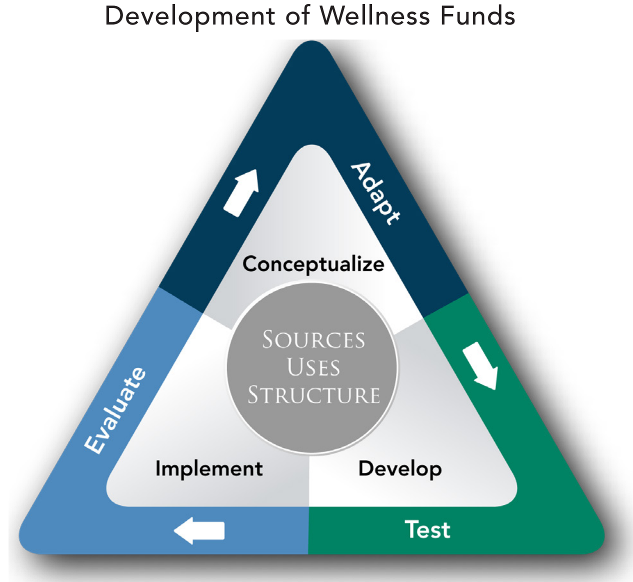
What Are We Learning About Local Wellness Funds?

The Georgia Health Policy Center, with support from RWJF, is working to advance the practice of establishing and using local wellness funds to improve community health and well-being. The two-year, national effort is driven by learnings from the recently completed Bridging for Health: Improving Community Health Through Innovations in Financing, also funded by RWJF.

The Georgia Health Policy Center was the national coordinating center for Bridging for Health, in which all seven national sites pursued development of a local wellness fund.[3] Most of the initial sites continue to explore broadening the sources of funds, expand their population health uses, and strengthen the structures that govern them. After collectively receiving $1 million in varied support for their local efforts, the sites amassed more than $5.2 million for the start of their local wellness funds.

Notwithstanding the early phase of implementation, there are some emerging themes based on the experiences of these seven communities and other communities' experiences in the published literature.

Figure 3. Critical Steps/Pathways in the Development of Wellness Funds



There are critical steps and pathways in establishing and potentially sustaining a local wellness fund.
Collaboratives that have been able to move to action focus on the interplay between the sources (capital), uses (administrative

and outreach interventions), and structure (oversight and accountability) necessary to support the fund. Ideally, the process begins with conceptualization, leading to development of the fund and followed by testing and implementation. However, progress from conceptualization to implementation can be slow unless catalyzed, as seen by the relatively low numbers of collaboratives that have functioning wellness funds. Experts recommend that evaluation of progress, returns on investment, and partnership functioning should also be a part of the ongoing effort to ensure a sustainable model.[4] In this iterative process, evaluation will drive ongoing decision-making and adaptation to the fund based on ongoing learning.

Several factors seem to influence and impact the progress of developing a local wellness fund.

- Using incentive models — Governmental (federal, state, and local) support and engagement in seeding the effort to establish a wellness fund appear to facilitate[5] moving groups from conceptualization to development of these funds. Philanthropic funders also play a significant role. Seed grants allow the efforts to be staffed and partnerships to be developed.
- Finding the money — As difficult as it is, actively locating and engaging resources from both inside and outside the system or community appears to energize the development process regardless of the size of the initial capital overlay. Starting with multiple small donors is relatively common among collaboratives, which, over time, strive to broaden the donor base and mechanisms used to increase the size of funds. As the funds grow, some collaboratives move from a corpus grant funding model to a revolving loan and reinvestment scheme.[3]
- Linking or aligning resources — Some wellness funds begin with a single source. Others may have multiple sources and, depending on the extent to which fund contributors are in agreement, the fund might be composed of resources that are blended together (pooled) or braided.[6] The latter usually requires separate accounting by source and can be one of the most challenging and complex elements of a fund, especially when government funds are involved. Funders may require that dollars be accounted for by funding stream and/or attributed to particular beneficiaries or groups of beneficiaries. In a few instances, the wellness fund is also designed to use or direct multiple streams of resources to support aligned efforts (stranding) in a way that allows for separate accounting and does not require linking of the resources.
- Valuing local assessments and planning — Funds are being used or earmarked to address health challenges previously identified as important to the community. The interventions are often part of community health improvement plans that members of the collaborative help to shape and are usually supported by evidence-guided approaches.
- Technical support and assistance — Many of the collaboratives benefit from facilitation assistance and support from catalyst organizations, sponsored by the philanthropic community. This engagement occurs primarily as groups move through the fund development and testing phase. Other more specialized technical assistance may be necessary as groups grapple with the legal, administrative, and business details of setting up, implementing, and operating these funds.[3] Key important capabilities include financial management systems, direct service billing, cost accounting, grant-making, budgeting, analysis and financial reporting, and fund raising.[5]
- Variation in fund emergence and administration — In some instances wellness funds emerge from an existing collaborative as a natural part of work that they are doing to implement community health improvement. Some collaboratives that are approaching implementation set up separate administrative bodies (or third-party administrators) to provide oversight to the funds. Notwithstanding, decisions about allocation priorities generally remain at the level of the collaborative governing body to reduce the risk of vested interests of the administrating body interfering with community needs being addressed.[4]
- Leadership and leadership change — Funds appear to move more quickly through the development process when leaders are engaged fully, are risk takers, and seek to bring other members of the community into meaningful partnership. Some leaders are more comfortable learning from innovators rather than being pioneers themselves, especially in this area where financial loss is possible if the effort fails. Leadership change inevitably slows the pace and progress of fund development.[3]
- Trust-building process — Moving from conceptualization to sustainability requires dynamic trust building across partners in collaboratives that don't always have a long history of working together and usually have

even less history of comingling or comanaging financial resources. Progress toward implementation can be lengthy and fragile until a critical trust is built.

Evolutionary change and mindset are underpinnings to the establishment of local wellness funds.
Very few collaboratives start out with seed capital to establish a wellness fund. Many are part of some initiative that began with a seed grant that allowed for experimentation, technical assistance, and infrastructure development. Sustainability of these funds requires an understanding of long-term resource needs, access to new and durable sources of funding, and, potentially, new financing mechanisms that will provide flexibility in the use of existing funds to address upstream social determinants of health.[7] Additionally, growth and change in the structure and the uses of the funds may be necessary to bolster sustainability (e.g., move to a financing model). Because local context varies, fund evolution is commonly needed but will not likely be the same journey for all collaboratives.

Key Questions for Discussion

It is our hope that participants will emerge from this convening with a better understanding of approaches to development of wellness funds emerging across the country, the preconditions that support establishing funds, the incentives that the public and private sectors can provide for their creation, and sustainability issues (both structural and financial) that must be addressed. The following questions are intended to spark discussion:

What are the catalysts for creating a wellness fund in a community?
These can range from a "natural" coming together, to realizing a need for pooling resources, to an external expectation by funders.

What does it take to capitalize a wellness fund in a community?

- How much money is being pooled in some way?
- What kind of investment in infrastructure (backbone organization, governance, accounting) is needed?
- What kind of human capital is needed (relationships, trust, leadership)?

What does it take to sustain a wellness fund in a community?

- What ongoing sources of funding are needed for both infrastructure and programs/initiatives that go beyond initial grants that might be seeding a wellness fund (e.g., health plan contributions, Community Development Fund Institution investments)?
- What policy changes are needed to permit tapping resources for managing a fund and to permit pooling of public and private dollars that may be available in a community?
- How do you build a collaborative enough environment that the players change how they do business?
- What types of wellness fund structures foster sustainability?

Case Examples

What follows are three short descriptions of existing wellness funds. Local context; fund scale and stage of development; and fund sources, uses, and structures vary in each of these communities, illustrating how adaptive wellness funds can be to community needs and resources.

Pierce County (Washington)

Background: Pierce County accounts for approximately 12% of the state's Medicaid population or approximately 250,000 enrollees, representing one in four of the county's residents. The region has higher rates of unemployment and poverty than the state average, and Medicaid members are more likely to experience homelessness. Elevate Health (formerly known as Pierce County Accountable Community of Health) is a nonprofit organization with a mission to build and deploy cross-sector transformation strategies for equitable whole-person health across life stages. Elevate Health established a community resiliency fund, OnePierce, to serve as a vehicle for planning and making collective investments to improve health and health equity in a community, then capturing and reinvesting the shared value created by those investments to sustain and spread change.

Sources: OnePierce began with 10% of all earned incentives by Elevate Health as the seed funding to leverage additional investors for the fund. This is the first fund of its kind to be established by an ACH in Washington and integrate braided funding captured by various sources, then blended and braided (i.e., direct state contracts, cross-sector payers, incentive-based funding, community development financing, community benefit, dedicated taxes and fees, alternative payment and shared savings models, philanthropy, private investors).

Uses: The fund intends to spearhead regional, community-led initiatives aimed at strengthening the community through social determinant investments, key policies, and system changes for overall equitable community health. It will seed efforts for continual investment to help improve and maintain health equity, support clinical integration work, fund service gaps, make data-informed investments, bolster private-public partnerships, and meet prioritized health needs. There are five principles of the fund: working smartly upstream, making data-informed investments, leveraging community wisdom, being equity-focused, and choosing investments that build a vital community.

OnePierce may invest along two potential paths, each of which complements the other:

- Path 1— Supporting Care (Health) Continuum Network. Funds are used to scale, spread, and invest/reinvest for strong community-clinical linkages throughout all life stages.
- Path 2 — Aligned Upstream Investments. Funds are directed toward one or more big problems or social determinants of health challenges that are hampering the effectiveness of the community's collective portfolio of services or that represent necessary advancements for the community to achieve its health equity goals. Funds could be targeted to reduce barriers for or complement the work of existing programs, aligning the community's upstream and downstream efforts.

Structure: OnePierce is a nonprofit subsidiary of Elevate Health with a nine-member board of directors. The CEO of Elevate Health serves as president of OnePierce. OnePierce blends resources from diverse sources to create a flexible fund that allows for collective investment designed to improve community health, then capturing and reinvesting the shared value created by those investments to sustain and spread positive change in the community. Investments are made with an accompanying mechanism for assessing their impact on cross-sector outcomes via the integrated community data, allowing for shared savings to be identified and reinvested back into the fund.

Imperial County (California)

Background: Imperial County has one of the highest rates of Medi-Cal (Medicaid), with about half of the nearly 190,000 residents eligible for Medi-Cal and 40% of residents currently enrolled in Medi-Cal Managed Care. In 2012, Imperial County, along with 27 other rural California counties, responded to a Medi-Cal mandate to transition from fee-for-service to managed care.

In partnership with the Imperial County Board of Supervisors, a local health care leadership team negotiated with the California Department of Health Care Services (DHCS) to implement a unique two-plan model of managed care. The Imperial Model launched with DHCS approval in November 2013. This model created a contractual partnership between Imperial County and the locally selected managed care organization — California Health and Wellness, a subsidiary of Centene Corp. The partnership agreement provided for the creation of an independent Local Health Authority (LHA) Commission vested with the authority to direct and implement the terms of the agreement. The partnership agreement also delineated a revenue-sharing formula to support implementation by the LHA

Commission. The LHA Commission was established in 2014.

Sources: This is an established wellness fund, which continues to be primarily supported by the partnership with California Health & Wellness Health Plan. The fund is built up through monthly per-member fees that amount between $80,000 and $90,000, and an algorithm-based annual revenue sharing that varies between $300,000 and $1 million a year.

The wellness fund is augmented by the blending and braiding of funds. Examples include:

- As part of the California Accountable Communities of Health Initiative (CACHI), Imperial County received support and funding through its public health department to further this work. The funding (up to $850,000 over three years) was used to facilitate partnership building and development among county leaders and other critical stakeholders. Key partners include California Health & Wellness Health Plan, Clinicas de Salud del Pueblo Inc., Comite Civico Del Valle Inc., Community Health Improvement Partnership, El Centro Regional Medical Center, Pioneers Memorial Healthcare District, and Imperial County LHA Commission.
- Community partners in the Asthma Linkages Initiative augment wellness fund investment or participate without wellness fund investment by blending and braiding organizational funding such as pay for performance, Prime (1115 waiver funding), and integration with required organizational processes (e.g., quality improvement and electronic health records).
- The backbone organization is supported by funds from the LHA Commission, CACHI, and the Imperial County Public Health Department.

Uses: Imperial County is focused on a combination of strategies to improve the health of the community and the health care system, including clinical-community partnerships. The LHA Commission has invested in initiatives to:

- Address the needs and issues of people living with asthma, as well as their families
- Build resident leadership and communication
- Build the capacity of community nonprofit organizations to identify root causes of community health issues, enhance organizational ability to sustain funding, and cultivate empowered work environments and successful partnerships
- Improve the management of psychiatric emergencies

While the initial activities have focused on system change investments from the fund, the investment strategy has prioritized capacity building and upstream investments in the community. This priority shift stems from the sustainability principles adopted by the LHA Commission of distributed leadership, aligned purpose, blended stewardship, and a sound investment strategy.

Structure: The funding strategy and allocations are made by the LHA Commission, made up of elected county leaders and representatives from the chamber of commerce, medical society, nonphysician provider groups, health systems, behavioral health and social service sectors, and the broader beneficiary community. Allocation considerations are driven by the LHA Commission's strategic plan, the local community health improvement plan, and the principles of CACHI. The investment strategy does not lead with the wellness fund. The strategy encompasses blended stewardship, partnership, resource activation, and funding. These principles prioritize wellness fund investment in upstream interventions, and alignment of purpose and leveraging of funding through blending and braiding.

The fund requires that at least 85% of the resources be used to support health-related efforts, with no more than 15% allowed to be used for administrative costs. The collaborative uses a collective impact model of accountability, with backbone support from the Imperial County Public Health Department.

NEK Prosper! (Vermont)

Background: NEK Prosper!, formerly the Caledonia & So. Essex Accountable Health Community (CAHC), is focused on a holistic approach to reducing poverty and improving the health and well-being for the people in Vermont's Northeast Kingdom region. The NEK Prosper! service area is the hospital service area and includes Caledonia County and the southern half of Essex County, a rural area that incorporates 18 towns and villages — only three have a population greater than 2,000 people. Just over 40% of the regional population are Medicare recipients and 23% are enrolled in Medicaid. Leadership members of the CAHC include community organizations representing multiple local sectors: Northern Counties Health Care (a Federally Qualified Health Center and home health organization), Northeast Kingdom Community Action, Northeast Kingdom Council on Aging, Northeast Kingdom Human Services (mental health), Rural Edge (housing), the Vermont Foodbank, Green Mountain United Way, and the Northeastern Vermont Regional Hospital, which serves as the backbone organization for NEK Prosper!. There are other collaborative partners representing health, housing, nonprofit, and government. NEK Prosper! previously tested "capture and reinvest" strategies as part of Vermont's State Innovations Model funding.

Sources: This is a fund in development. During a pilot phase to test the concept of the Prosperity Fund, $13,000 was secured from the contributions of a community bank, health and social organizations, and other community partners. Originally, the collaborative intended that the fund might function as a loan fund. They discovered in the test phase however that there were other similar funds already in existence throughout the community and they were not being utilized. Additionally, small-business owners were generally risk- and debt-averse, especially when just starting their businesses. They opted for a pooled income fund to raise $2 million within two years from existing partners and new investors. They are also using hospital dollars from a value-based health reform initiative to create a separate grant fund for upstream health improvements.

Uses: The organization envisions progress will enable the region's population to be financially secure, physically and mentally healthy, well-nourished, and appropriately housed. The initial funds invested focused on expanding women-owned microbusinesses in the community. Going forward, investments will be made in NEK-based businesses with the goal of creating jobs, reducing poverty, and addressing some of the priorities from the last community needs assessment. These include poverty-related issues, lack of jobs and job training, affordable housing, food insecurity, substance abuse and mental health, and rural isolation/lack of social support.

Structure: The collaborative uses the collective impact framework to coordinate its work. NEK Prosper! partners agree on a common set of goals, outcomes, and success indicators. They have begun to align resources, while implementing and coordinating practices that have proven to work for families, children, and individuals in their region and analyzing and tracking their progress. The Northern Community Investment Corp., a community development financial institution, will house the fund. The NEK Prosper! Finance team will make recommendations about funding allocations.

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