

Stimulus investment in the new, measured medicines of social entrepreneurs

By Jason M. Langheier

During the presidential campaign, the Obama team laid out a thoughtful framework to initiate deeper reform of United States health care, promising to make insurance affordable and accessible to all, improve quality of care, lower costs, and promote prevention and public health. (www.barackobama.com/pdf/issues/HealthCareFullPlan.pdf). Elements of the plan are bold, such as the aim to establish a National Health Insurance Exchange and to “lower health care costs by \$2,500 for a typical family by investing in health information technology, prevention and care coordination.” It appears the compromise between the House and Senate on the American Reinvestment and Recovery Plan will provide many of the dollars necessary to fuel a portion of Obama’s health plans, with \$19 billion (B) for health information technology, \$10B for biomedical research at NIH, \$1.1B for comparative-effectiveness research on therapies, \$1B for prevention and wellness, federal subsidies for health insurance under COBRA and \$87B in additional federal funds for state Medicaid programs. A small portion of the \$53.6B State Fiscal Stabilization Fund for education, \$8.8B for high priority state needs, \$13B for Title I, \$12.2B for special education and \$5B for state bonus grants for meeting education performance targets could also support health education. So now, when a new Secretary of Health and Human Services (HHS) and state governments step in to further guide the investment of these dollars, where will he or she find the innovative approaches with proven impact to redefine the established health care system? Two sources getting close attention are voices of community innovators and the measured results of social entrepreneurs.

Building on the spirit of the movement that elected Obama as President, his administration fostered the conduct of grassroots local and online Health Care Community Discussions through the end of 2008, asking American citizens to share their ideas on how to simultaneously improve care, reduce the 45 million uninsured and mitigate the 2.6 trillion dollar annual health care spend rate. The process helped the administration garner ideas, and a sense of the popularity of different approaches. But, proven programs are not only creative and popular; they have measured impact, and they are the fruit of those who are not just innovators, but social entrepreneurs.

Social entrepreneurs are social innovators that have brought their new idea to life through curious attention to the pain points of their stakeholders, and details of effective implementation. They have gone on to measure and improve their impact and reach over time. When social entrepreneurship groups like Ashoka and Skoll Foundation highlight organizations, they typically talk about non-profits and their leaders that serve constituents where there are market failures, such as in service, education, job training for the poor, human rights and international health. When people are asked to name a social entrepreneur, they often voice Wendy Kopp and Teach For America or Paul Farmer and Partners in Health. Why don't social entrepreneurs for the health of America immediately come to mind?

In American health care, insurance and event-based reimbursement has long been the primary mechanism used to address the market failures in caring for the sick. The system has snowballed once socially entrepreneurial hospitals and insurance, pharmaceutical, and device companies into

blizzard drifts, now fighting to protect their rooted sources of revenue and financial stakeholders to avoid an avalanche this economic crisis. The work of these institutions is amazing, when you consider their roots, but, it is difficult for them to adapt to address the failures of US health care. Reimbursement based on disease events, rather than overall outcomes, and consumers lacking price-sensitivity has led to our mountain of health care cost that has also increased the uninsured. It has also led to industries such as health information technology being fragmented and without uniformly adopted standards, and to a lack of long-term attention to prevention. Out of these failures are born a new era of diverse social entrepreneurs for health in the US.

Some of these entrepreneurs start non-profits focusing on children's right to play, be it enabling recess with Sports4Kids or playgrounds for all at KaBOOM!. Now, at the empowerment and suggestion of entrepreneurial health foundations like Robert Wood Johnson and the Clinton Foundation, they have found themselves as new champions for children's health and well-being. Other's have a focus on health at their core. Peer Health Exchange is among the disciplined non-profits funded by New Profit Inc., and is filling gaps in health education with rigorously trained college students teaching healthy decision making to teens in Chicago, San Francisco, Oakland, Boston and New York City. Barry Zuckerman, MD, chairman of pediatrics at Boston Medical Center, has long developed and mentored programs that foster child development and a healthy family environment, such as Reach Out and Read and Project Health. He and others have long recognized the tight alignment of child development and health, and these once small programs have blossomed into full-fledged non-profits with large-scale reach, and measurable health impact. But, entrepreneurs don't have to start in new organizations. Sometimes social entrepreneurs start a new way of sharing health care financial information to empower consumer decision-making at a large Fortune 500 company like Intuit. Sometimes they work at a school of public health and develop, carefully measure and disseminate a health education curriculum for children's health, like Planet Health from Harvard. Sometimes, they come from a government agency like the CDC and develop innovative web tools like Body and Mind- BAM.gov.

Social entrepreneurs don't need to work for non-profits, either. Ben and Jamie Heywood and Jeff Cole launched Patients Like Me as a for-profit company. Jamie and Ben's brother Stephen developed ALS in 1998. In response, Jamie, Ben and Jeff built an online community to help people with rare and deadly illnesses find medical answers and support from other patients. The early success of the service and promise of impact for other common chronic diseases allowed it to more successfully capitalize and grow as a for-profit- even without insurance reimbursement out of the gate. Patients Like Me is not alone; a whole new generation of 'Health 2.0' innovators are launching companies, and product lines within existing companies—both for-profit and non-profit—to provide higher quality care at lower cost via tools for both individual consumers and health care providers (more examples at www.health2con.com). But, not all of these initiatives will substantially change our health care system, and investors, including the government, will need to partner wisely.

Bill Drayton, founder of Ashoka, has said “Social entrepreneurs are not content just to give a fish or teach how to fish. They will not rest until they have revolutionized the fishing industry.” The question for the social innovator on the way to becoming a successful social entrepreneur is how to not only prove, but also efficiently scale their model to eradicate the problem they are fighting. That may mean an IPO. It may mean government funding. Or, it may mean selling, giving or

having the idea copied by another entity which can scale it—all of which can be a good thing when the metric is social impact. The question for the Obama Administration and Congress is, what innovative models to invest in and how to unify and scale them to improve quality, enhance prevention and realize the \$2,500 in saving per family they have promised. David Gergen, Harvard's Director of the Center for Public Leadership, has said: “If you could unite the energy, ideals, and innovativeness of social entrepreneurs with the resources of government, you would have a powerhouse.”

If social entrepreneurs had once been shy about engaging in policy and politics, Congress and Obama seem to have opened the door for a new era of close interaction. In addition to the stimulus package, Obama supported the proposed Serve America Act, which specifically calls for the creation of a social innovation fund to support and scale the efforts of social entrepreneurs, a division of the Corporation for National and Community Service to administer such a fund and a White House office to coordinate interaction between the administration and social entrepreneurs. Obama's commitment to internal and external collaboration, as evidenced by his hiring of a national Chief Technology Officer and efforts to coordinate activities across the executive departments, such as those between HHS and the Department of Education, will help foster the new synergies needed to realize the \$2,500 saving per family on health care he's promised.

In some ways, health care is already an industry that requires symbiosis between entrepreneurs due to detailed regulation and the large amount of health care dollars that are derived through the Center for Medicare and Medicaid Services, the National Institutes of Health and the Centers for Disease Control. While the prototypically successful “health social entrepreneur” may not be as obvious in this industry, the new era of health social entrepreneurs do have examples they can learn from, who have not only built social enterprises, but have scaled in collaboration with the government. Jeff Palmer, a former Ashoka Fellow, developed the Coordinated Care Network (CCN) to finance and efficiently deliver case management and medications to the uninsured, and semi-insured, in a number of US States. Its methods have generated health outcomes better than national averages. In order to scale the service, CCN participates in the Federal 340B contracted pharmacy program for HHS funding and access to lower cost medication; he has now dispensed 1.1 million medications to over 41,000 patients.

Looking back further in our history, a physician named Sidney Garfield, MD was struggling to get insurers to pay in a timely manner, and to bear the cost of some workers who had no insurance. So, he took the advice of engineer-turned-insurer Harold Hatch to have insurers pre-pay a fixed amount of funds per each patient up-front to improve his balance sheet and, according to the Kaiser Permanente website, “emphasize maintaining health and safety rather than merely treating illness and injury.” Today, Kaiser Hospitals have among the best health outcomes of any major care provider in the nation, but models like Kaiser still represent a minority of people in the US. Indeed, the federal government under President Nixon used the Kaiser model to spawn employer based insurance coverage. But, there was always a divide between the ideals of the social entrepreneur, Dr. Garfield and his constituents—working-class patients—with the actions of the government and lobby groups that led back to a system of delayed, event-based insurance reimbursement with lack of universal coverage. If Obama, the unnamed Secretary of Health, Congress and the output of bills like the Serve America Act can

hold true to their promise of citizen government and collaboration with the measuring social entrepreneurs, then previous mistakes will hopefully not be repeated.

Even with the uncertainty of the economy, it is a hopeful time for building a new era of healthful living. If health innovators want to turn their ideas into implemented and measured models, they can turn to organizations like Echoing Green, New Profit, Omidyar Network, DBL Investors and Robert Wood Johnson Foundation for angel investment, social venture capital and evaluation funding. For proven social enterprises, scaling funds for non-profits has been limited to a few organizations like Sea Change, and it is a difficult climate for private equity support or an IPO. Fortunately, health innovation is among the centerpieces of Obama's economic stimulus plan, with further health care reform legislation still planned, which will bring social entrepreneurs in health to their state capitals and Washington, DC.

And, there waiting for them are generations of social pioneers of policy, hungry for real change. Daschle's withdrawal as head of HHS is unfortunate, given his leadership experience and passion for health reform. But, the team he and the Obama transition team assembled is still hard at work. Senator Kennedy, though fighting brain cancer, not only helped author the Serve America Act, he also stepped down from the Judiciary Committee noting: "As Chairman of the Senate Health, Education, Labor and Pensions Committee, I expect to lead a very full agenda in the [the 111th] Congress, including working with President Obama to guarantee affordable health care, at long last, for every American. This is the opportunity of a lifetime, and I intend to make the most of it." Do not suffer from distraction by Daschle's departure. Now, here before social innovators, entrepreneurs for health and policy makers, is the opportunity to change not one but many lifetimes.

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