



Financial Sustainability for Evidence-Based Programs: *Strategies and Potential Sources of Financing*

The Evidence-based Disease Prevention Initiative is a public-private partnership, led by the Administration on Aging, designed to help older adults take more control of their own health with the help of proven, effective programs offered by community organizations. The Initiative is being conducted in collaboration with federal agencies such as CDC, NIH, AHRQ, and CMS; the Atlantic Philanthropies and other foundations; and a national technical assistance center at the National Council on Aging.

Under this Initiative, grants were made to support partnerships between state health departments and state units on aging that in turn, supported adoption of evidence-based prevention programs through a variety of local agencies. We recently interviewed many of these state agencies and conducted a comprehensive literature review on financial sustainability for evidence-based programs. This is a summary of highlights, including some key ideas and tips for states and their partners to consider.

Financial Sustainability Strategies

There are steps that can be taken to increase the likelihood of financial sustainability:

1. Acknowledge the need for a diversified and reliable long-term funding base. If a program receives all of its income from one source or donor, it is vulnerable.
2. Prospects for financial sustainability are enhanced through community partnerships. One promising approach is to recruit well-connected community members to serve on a sustainability committee. One state has already established such a committee.
3. Engage in financial planning. Early, active planning and attention to the topic of financial sustainability is important. Develop financial sustainability strategies, an implementation plan, and performance targets.
4. Financial planning requires attention to costs as well as revenue. Greater efficiency & productivity extend the reach of available resources.
5. Recognize the link between marketing & financial sustainability. Your program may be effective, but if funders and supporters don't know about or value it, the program is not likely to be financially sustainable.
6. Think broadly about the range of assets your partners and potential partners might provide (e.g., cash, important connections, facilities, books or materials, referrals, their reputations, in-kind resources, or marketing support).

7. Set priorities & incorporate the program within the state's existing budget. This provides base funding and tells other potential funders that this program is an agency priority.
8. Similarly, through your contracting language, or by making a strong case, encourage other organizations to incorporate the new program into their existing budgets.
9. Tailor a financial sustainability plan that takes advantage of the unique characteristics, strengths and opportunities in your state and communities.

What Are the Potential Sources of Revenue for State or Local Programs?

➤ ***Philanthropic & Charitable Organizations***

Many organizations seek grant funds as a means of achieving financial sustainability. Such support can be an important way to initiate or augment a program, and ensure a diversified funding portfolio. Many grants tend to be time-limited or non-renewable, but they can lead to longer-term local service dollars. One state told us that that their goal was to have prevention programming for older adults become a "line item" in the United Way budget. Other states have been successful in working with private organizations to assume discrete program costs over time (such as books). Several states have foundation representatives on their advisory boards. Another way to leverage foundation or service dollars is to seek funding designated for various populations (i.e., racial or ethnic groups; persons with specific diseases or disabilities). Still other states plan to develop relations with chapters of Kiwanis, Lions, Elks, Moose, and Rotary.

Potential Sources of Revenue

- *Philanthropic & Charitable Organizations*
- *Medicaid*
- *Healthcare Organizations*
- *Senior Housing*
- *Employers*
- *Continuing Education*
- *Advocacy Strategies*
- *Bequest Marketing*
- *Charging Participants for Services*

➤ ***Medicaid***

A few states are moving toward Medicaid reimbursement for chronic disease self-management. To date, this is occurring on a relatively small scale. One state has Medicaid clinics specializing in asthma and diabetes, and these patients receive referrals to Chronic Disease Self-Management Programs (CDSMP). Another state provided cross-training in CDSMP to appropriate senior staff, including Medicaid managers.

➤ ***Healthcare Organizations***

States and local agencies are partnering with various types of healthcare organizations, such as Medicare Managed Care Organizations and Special Needs Plans, non-profit hospitals, Federally Qualified Health Centers, and Veterans Administration facilities. These organizations provide financial and in-kind support, and patient referrals. In general, states told us that a key barrier is the need for a compelling business case. This case would demonstrate how evidence-based programs save healthcare dollars, reduce the need and demand for healthcare, attract and retain a customer base, provide value for employees, and/or generate social capital. While such a case has not yet been developed, healthcare partnerships are already taking root. Some healthcare organizations are motivated by the importance of the work, the public relations value and

the anticipated benefit to patients and clinicians. Another promising source of both referrals and financial support is non-profit hospitals. Non-profit hospitals are required to do community service in order to maintain their tax-exempt status with the IRS.

➤ ***Senior Housing***

Many states and local agencies are partnering with assisted living facilities, continuing care retirement communities, and low income senior housing. Often senior housing is being used as a venue for programming rather than a source of recurrent funding, but occasionally state housing funds or HUD-sponsored Resident Opportunity and Self Sufficiency (ROSS) grants are covering some program costs. One state also indicated that Naturally Occurring Retirement Communities (NORCs) are gaining attention from foundations and other funders, and that evidence-based health programs could be an integral part of their activities.

➤ ***Employers***

One state is exploring with Wal-Mart offering the CDSMP and Enhance Fitness to its employees. Another state has been authorized to offer CDSMP to state health department employees. There are increasing numbers of older workers in the workplace, and this trend is expected to accelerate.

➤ ***Continuing Education***

- *USDA extension service* - some states are working with the land grant university system and the USDA extension service to provide classes.
- *Community colleges* - community colleges are offering classes to train leaders, as well as evidence-based health promotion classes. Community colleges typically charge for these programs.
- *Osher Lifelong Learning Institutes* - there are 115 Osher Lifelong Learning Institutes (OLLIs) on university and college campuses nationwide which could potentially provide these classes.

➤ ***Advocacy Strategies***

Several states are employing advocacy or “blue ribbon panel” strategies. Some have older adult groups (such as the Silver Haired Legislature or AARP) that have advocated in their state legislatures for health promotion funding. Other states have organized influential “blue ribbon” advisory panels to advise the governor and the state legislature on aging issues, (including an emphasis on programs to facilitate healthy aging). Several states have made a concerted effort to pursue tobacco settlement funding, and have convincingly asserted that chronic disease self-management addresses the consequences of smoking.

➤ ***Bequest Marketing***

Bequest marketing is fundraising through the acquisition of estates and late-life transfers of assets. It requires sophistication in the topics of taxes, estates, transfer of stocks, real estate, life insurance, or IRAs in later life or upon death. One state was contacted by an individual who wanted to leave money to promote good works through their programs, but the state was not equipped to accept such funding. Bequest marketing represents an important potential source of income but may be best led by non-profit community organizations, rather than state public agencies.

➤ *Charging Participants for Services*

Most states said that the local agencies offering the evidence-based health programs were not charging fees or using sliding scales, preferring donations. A few states said that minimal amounts were being charged - but not enough to cover program costs. The major concern expressed by states about charging for services is that fees will discourage people of all income levels from participating, and may be an insurmountable barrier to the poor.

While states are concerned about financial disincentives to participation, some also believe that charging at least some fee increases commitment to attend classes or participate more fully in program activities. Other states underscore that charging a fee forces programs to meet a basic market test -- the need to achieve a high level of quality -- which in turn leads to increased demand. There is no clear consensus among the states on how charging participants (at various amounts or income levels) affects their behavior toward or demand for services.

The sustainability literature may shed some light on charging for services, notably, the experience of international clinics whose government funding was reduced. Researchers found that clinics that had their government funding withdrawn and responded with a multi-faceted financing strategy (including both sliding-scale fees and donations from community organizations) did not experience a change in size or type of caseload. However, clinics that relied solely on charging higher fees to cover costs (without the use of sliding scales or reliance on other sources of funding) did experience a drop in the number of clients, and a change in client profile, with fewer low income people served. The main lesson was that a diversified approach to funding, which also respected participants' ability to pay, worked well. We do not know whether the international experience would hold for older adult participants in evidence-based programs in the United States, but there may be lessons.

Conclusion

The prospects for financial sustainability are improved through partnerships, and with conscious effort, accountability, and the development of tailored approaches which take advantage of a state's unique strengths and opportunities. We are indebted to the many state public health departments and state units on aging that shared their insights, struggles, and creative ideas.

About the Authors

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