BLENDED AND BRAIDED FUNDING

Sharing Costs Across Multiple Sectors

TRANSFORMING PEDIATRICS TO SUPPORT POPULATION HEALTH

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The Need to Engage All Sectors

This policy brief builds on the work of a study group convened in 2018 by the Child Health and Development Institute of Connecticut (CHDI) and the Connecticut Health Foundation, focused on ways to transform pediatric primary care to support population health and advance health equity. An earlier policy brief in CHDI's *Transforming Pediatrics to Support Population Health* series, "Everyone Benefits, So All Should Pay,"[1] posited that all health care payers – public and private health insurers and self-insured employers – should pay for pediatric practice transformation to ensure that children's preventive care yields lifelong health and well-being.

In this policy brief, we go a step further in addressing the challenges of funding a whole system approach that prioritizes children's health and well-being. Such a system takes into consideration the impact of social determinants of health, such as access to healthy food and safe housing, which is estimated to account for a far greater portion of overall health than clinical health services. **Because a seamless system that optimizes children's health and well-being and addresses social determinants necessitates the engagement of the many sectors that serve children and their families (e.g., health care, early and elementary education, child welfare, family supports, housing services), it is critical that funding mechanisms support such collaboration.** In the sections that follow, we introduce the idea of *blending and braiding funding* from multiple sources, explain the benefits of this approach, describe examples of where blending and braiding have been used, and present the challenges such an approach presents and how they have been addressed.

Introduction

There are many systems and services that contribute to children's health, development, and well-being. Unfortunately, not all families can take advantage of them. This happens because many of our systems are complicated, difficult to use, and have strict eligibility requirements. Services exist in silos and are not well coordinated with one another, making access for families challenging. Further, uncoordinated funding and a lack of accountability for shared outcomes contributes to inequitable and inefficient use of resources and services. The result is that not all children are thriving. Many arrive at kindergarten not ready to learn, and others grow up to be unhealthy adults. Blending and braiding existing funding across service systems, or developing cross-service funding streams, can improve families' access to services, ensure more equity in service utilization, and improve outcomes for children. **This policy brief explores the potential and challenges of blending and braiding funding from multiple sources to optimize child well-being.** The brief provides several examples of blended and braided funding to support children's services. However, these represent new and exceptional efforts as most support for social services exists in silos. Our intent is to highlight innovations that can guide broader implementation of cross-sector support for services.

Definitions	Examples
Blended funding merges funds from various sources into one pooled funding stream and allocates the funds for services. For service providers, this mechanism provides a flexible, results-driven funding stream.	The **Performance Partnership Pilots for Disconnected Youth** (P3) is an example of a federal initiative that allows states to combine discretionary funds from different federal agencies – the federal Departments of Education, Housing and Urban Development, Justice, and Health and Human Services – and creates flexibility for grantees to test comprehensive, outcomes-based strategies to achieve improvements in educational, employment, and other key outcomes for disconnected youth.
Braided funding strategies coordinate funds from various public and/or private sources and allocate them towards services, with specific tracking and accountability for each source.	The **United Way 211 Child Development Infoline** (CDI) is a service supported through braided funding from multiple **Connecticut** state agencies.[2] With funding from the Office of Early Childhood, Departments of Social Services, Education, and Public Health, CDI provides a single point of entry for linking children and families to an array of assessment and intervention services to meet children's developmental, behavioral, and social needs and to support school readiness and success. Funds support a single point to entry to a variety of services, and connections to services are tracked separately to ensure that the eligibility criteria for each sector's services are maintained in triaging children for whom calls are received.
Wellness trusts also known as community health funds, are mechanisms that aggregate funds from multiple sources to support community-based population health or prevention activities.[3] Wellness trusts can include both blended and braided funding streams from public and/or private investments and are often managed by a local entity under the leadership of a governing structure (e.g., board of directors, steering committee, etc.).	The **Imperial County Wellness Fund** in **California** blends and braids funds from the state's Health and Wellness Health Plan, public health department, and local philanthropy. The Local Health Authority Commission, which consists of local leaders, health care providers, businesses, and a Medicaid beneficiary representative, provides oversight to the Fund. The Fund's priorities include improving asthma outcomes for children and families and building resident and stakeholder capacity.

Blended and Braided Funding

Blending and braiding funding brings together support from multiple sources to fund services across sectors. Blending and braiding can:

- Allow sectors to come together and share the costs of an intervention or program that yields broad benefits;
- Support the development or pilot-testing of new services; and
- Pay for expanded access to existing services, which can improve equity.

Shared Costs, Shared Benefits, and Shared Accountability

One of the key features of blended and braided funding mechanisms is the commitment to shared responsibility for outcomes. Coupling shared funds with shared accountability is important, as some sectors that bear the cost of implementing interventions may not reap a commensurate benefit.[4] **The circumstance in which funding and activity in one area yields benefits in others is sometimes called the "wrong pockets problem."**[5] **One remedy for the wrong pockets problem is to share the costs of beneficial services among the sectors that deliver the services and the sectors that benefit from the outcomes of those services and to hold all sectors collectively accountable for outcomes.**

The Wrong Pockets Problem

Enhanced investment by pediatric providers and payers in childhood health and well-being

LEADS TO

Savings related to:

- **Long-term medical and behavioral health services**
- **Special education**
- **Child welfare**
- **Juvenile and criminal justice**

AND

General community improvements:

- **Improved community health**
- **Greater employment**
- **Reduced poverty**
- **Less crime**

Benefits from the initial investment in the health sector accrue to other sectors because of the broad societal effects of improving children's health and well-being. Blending and braiding funding across sectors would distribute the financial burden across the sectors that share the benefits.

The **All: Ready Regional Kindergarten Readiness Network** in **Oregon** offers an example of how blended funding mechanisms can incorporate shared accountability. The Network includes 60 partners that are collaborating to advance the collective impact of their work with children.[6] Two of the All: Ready Network's key partners, Oregon's Medicaid Coordinated Care Organizations (CCOs) and Early Learning Hubs, are blending funding for staff positions, professional development, and marketing.[7] The CCOs and Early Learning Hubs have agreed to work together toward the shared goal of promoting kindergarten readiness.[8]

Pediatric primary care can play a key role in achieving the goals of blended funding/shared accountability initiatives that target children's health and well-being. For example, pediatric primary care providers can identify developmental delays early and connect children for whom there are concerns to early intervention that mitigates developmental and educational impacts before the child enters school. This can produce savings for the education sector through reduced need for educational supports and special education services. Similarly, child health providers can also support families in raising resilient children who are less susceptible to the effects of childhood stress. In the short-term, these children are less likely to become involved with the juvenile justice system, resulting in benefits to the justice sector through a reduced need for juvenile courts, probation officers, and juvenile facilities. In the long-term, these children are more likely to remain healthy and contribute to the workforce. Blended and braided funding of community supports for families can facilitate pediatric providers' connection of families at risk of poor long term outcomes for their children to services. Such a funding mechanism can ease linkage to a variety of services through a single referral.

Equity: Access to Services for the Most Vulnerable Children and Families

States can combine funds from multiple sectors to facilitate more equitable access to critical services for children and families. Diversifying funding sources can allow service providers to serve children and families who would not otherwise qualify for programs, to offer services for longer periods, and to collaborate across a variety of sectors committed to children's well-being. Cross-sector collaboration supported by blended or braided funding is especially important for ensuring equity, as it gives service systems more flexibility to address the health-related social needs of vulnerable children and their families, which are among the root causes of health inequities.[9]

Connecticut has a history of using funding across sectors for intensive services. The Money Follows the Person program allows Medicaid funding that supported people in long term care living arrangements to use funding to live in community settings.[10] The Department of Children and Families' (DCF) Flexible Funds for children not in DCF care, available through the federal Community Mental Health Block Grant and the Strategic Investment Board, can pay for services that are not covered by insurance or specific public programs.[11] These examples bode well for adoption and implementation of cross-sector funding for promotion and prevention services for children in Connecticut.

Structuring Blended and Braided Funding Mechanisms: Examples from Across the Nation

Blending and braiding funds from different sectors can help create a pathway to self-sustaining interventions by embedding a new funding strategy into service systems. Below, we provide examples from several state and federal initiatives that are leveraging blended and/or braided funding to support children's health and well-being.

The Integrated Care for Kids (InCK) Model,[12] a federal initiative, requires participating states to braid dollars from Medicaid, Title V maternal and child health funds; Individuals with Disabilities Education Act (IDEA) funding; state mental health and child welfare dollars; and other state and local revenues to maximize the services that can be provided to families in an integrated manner.[13] Clifford Beers Clinic in **Connecticut**, in collaboration with the state's Department of Social Services, Department of Children and Families, Department of Mental Health and Addiction Services, Department of Public Health, Department of Education, and the Office of Early Childhood, was recently awarded $16 million to pilot the InCK model in New Haven. An important goal of the InCK intiative is the development and testing of an alternative payment methodology that will support services across sectors.

Virginia uses the **Children's Services Act** (CSA) to meet the health-related social needs of at-risk youth and families through blended and braided funding streams.[14] The CSA blends state funds from the Departments of Social Services, Juvenile Justice, Education, and Mental Health Services and then braids them with Medicaid and other available funding sources. The service plans for children and families using these funds can include physical, mental and behavioral health care for the child and their parents, as well as social supports for nutrition, transportation and housing. Authorizing a single agency to arrange and pay for all the services that are part of a child's comprehensive plan of health services eliminates

the need for a family to "bounce" from system to system, or program to program, to obtain needed services. This streamlining reduces duplicative services, such as the assignment of multiple case managers resulting from the involvement of multiple state agencies, and increases the likelihood that the family receives all services for which they are eligible.[15] Reducing duplicative efforts contributes to cost savings and ultimately to funding sustainability.

The **Colorado** Department of Education has full-time psychologists, social workers, counselors, and nurses in the schools to provide students with behavioral health and substance use prevention support, including screenings for behavioral health needs.[16] These services are financed by braiding funds from marijuana taxes with funds from Medicaid and grants from the Substance Abuse and Mental Health Services Administration as well as state-level personnel development and bullying prevention and education grants.

Blending and braiding strategies have been used in child care and early education programs at the local, state, and federal levels over the last decade to sustain or increase funding and better meet children's needs. For example, a number of states' regulations allow them to apply Child Care and Development Block Grant (CCDBG) funds to provide additional child care before and after the standard pre-K program hours. **California** and **Florida** use non-CCDBG state funds to continue providing child care subsidies for families who no longer meet the CCDBG eligibility requirements.[17]

New York's First 1000 Days on Medicaid initiative introduces 10 multi-sector early childhood strategies to improve outcomes for children, with a focus on high impact prevention efforts. These proposals recognize that the pediatric primary care provider is a critical first touchpoint in children's lives but that a variety of other sectors serve children and families in the critical first three years of life. To strengthen early childhood health and developmental promotion, the goal of this initiative is to reach children and families through all sectors that provide care, starting with Medicaid recipients, but ultimately extending to the privately insured as well.

One of the First 1000 Days strategies, *Braided Funding for Early Childhood Mental Health Consultations*, proposes identifying a sustainable braided funding approach to pay for "mental health consultation services to early childhood professionals in early care and education settings to improve caretakers' knowledge and provide the tools necessary for children to develop foundational social-emotional skills."[18] Providing developmental and mental health assistance to children and families in child care settings broadens the reach of these critical health services into the early care and education sector.

In **Michigan**, a partnership between Grand Rapids Public Schools and Spectrum Health, an integrated health care system providing health services in several sites across Michigan, provides health services to students in 48 schools. The partnership employs nurses and health aides to provide services that include, among others, health promotion, health education, health screenings and follow up, and referrals to medical, dental and behavioral health services with the goals of improving educational and health outcomes. This school-based initiative provides these services by braiding funds from the school district budget, the state Department of Education, and Spectrum Health.[19]

United Way's 2-1-1 Child Development Infoline (CDI) in **Connecticut** provides a single point of entry for children and families to access a wide variety of publicly funded community resources. Funds are blended across several state agencies, including the Office of Early Childhood, the Department of Education, and the Department of Public Health, to support CDI in simplifying access to developmental promotion, assessment and intervention services for children birth through age eight.[20]

The Nurse-Family Partnership (NFP) is an evidence-based public health program that provides services to first-time mothers. Each family receives ongoing home visits, support, and guidance from a registered nurse until the child's second birthday. Research has shown that the Nurse-Family Partnership can help children from at-risk families improve their school readiness, preventing early education challenges that often have lifelong educational consequences.[21] The NFP is funded through the blending of a range of private and public funds including: Medicaid, managed care organizations, Maternal and Child Health Services Block Grant (Title V), juvenile justice, Temporary Assistance for Needy Families (TANF), Child Care Development, Social Services Block Grants, Pay for Success/Social Impact Bonds, federal Maternal, Infant and Early Childhood Home Visiting program (MIECHV), and state and local general funds.[22]

Connecticut's Health Enhancement Communities (HEC) initiative provides another example of how states can leverage blended and braided funding to support child health and well-being. The HEC initiative proposes to convene multi-sector collaboratives or hubs, which include residents, community-based organizations, health care providers, local health departments, schools, and social service agencies, in each region of the state to work on two priority areas: improving child well-being pre-birth to age 8 years and increasing healthy weight and physical fitness.[23] The hubs will be financed through local wellness trusts, which will provide a mechanism for blending and/or braiding funds from multiple sources and distributing them to the hubs. A backbone organization will coordinate fund distribution from the wellness trusts, with oversight from a board of directors or steering committee.[24]

Challenges for Cross-Sector Collaboration

The use of blended and braided funding can help families access a variety of services to ensure the long-term health and development of their children through the collective impact of multi-sector collaborations. Inevitably there are challenges to designing and implementing complex funding relationships, such as:

- The varying target populations and program goals of participating partners;
- Lack of infrastructure or history of successful collaboration between agencies; and
- Insufficient funding for smaller agencies and community programs to collaborate on an equal basis. [25]

Thoughtfully planned collaborations, with shared vision, goals, and objectives can help to overcome these and other barriers. Many collaborations involve multidisciplinary advisory committees to help build consensus. Ensuring equitable oversight of funding is also essential. Success requires active governance, strong and committed leadership to instill the importance of cross-sector collaboration, active stakeholder engagement, and shared accountability for quality and outcomes.[26]

CONCLUSION & RECOMMENDATIONS

With the growing emphasis on social determinants of health and the need to coordinate services across sectors, blending and braiding funds is gaining traction across the country as a way to ensure a seamless system of services that optimizes children's health and well-being. Despite the promise of this approach, challenges to implementation remain, and creative approaches are needed for blending or braiding public and private funds. To motivate necessary changes that would encourage blended and braided funding in support of children's health and well-being in Connecticut, policy makers can:

1. **Establish shared goals and accountability structures across public agencies (for example, education, child welfare and public health insurers such as Medicaid) to encourage collaborative and innovative thinking about the necessity for shared funding to achieve these goals.**
2. **Convene stakeholders from the relevant sectors to share information and develop consensus around strategies for blending and braiding funding that have the greatest chance of improving the long-term health of children and communities.**
3. **Support the development of a public-private wellness trust that can provide the mechanism for aggregating funds and ensuring shared benefits and accountability among sectors, as outlined in the Health Enhancement Community initiative.**
4. **Solicit the support of leadership at the highest levels of state and local government, private sector employers, and advocacy groups.**
5. **Use stakeholder consensus as a means to effect needed legislative, regulatory, and cultural changes.**
6. **Prioritize research on the short-term, long-term, and cross-sector costs and benefits of initiatives that rely on blended and braided funding.**

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Additional information on transforming pediatric primary care in a value-based environment can be found at **CHDI.org/Payment-Reform**

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