Questions and Answers

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Current Fund Thesis and Practice

Q: Have CHCF's Innovation Fund's Future Investment Priorities noted in the flyer (PDF) changed as a result of COVID-19?

A: As a foundation, CHCF is currently considering how to adjust its forward-looking strategies given COVID, including enormous changes to state budget and the disproportionate impact on communities of color.

Q: Has CHCF tried specific interventions in the past to increase entrepreneurial diversity of the Health Innovation Fund portfolio? If so, could you share a bit more information on what has been tried and any successes and challenges?

A: The fund has not had a strategy focused on increasing entrepreneurial diversity in the past. Historically, our investment strategy has been to invest in technology and tech-enabled services companies with the potential to increase access and quality of care in the Medi-Cal program. Medi-Cal beneficiaries are racially and ethnically diverse and low income, so diverse Californians have always been central to our work. This is our first effort to explore whether and how to support diverse entrepreneurs as part of our strategy to improve the Medi-Cal system.

Q: What (if any) data on the current portfolio of the Innovation Fund (e.g., applications that did not ultimately receive funding) will CHCF make available for this project?

A: We do not have good quantitative data on the companies we have screened for CHCF investment. Typically, we reach out to emerging companies that are aligned with CHCF's overall focus — access to palliative care, access to medication-assisted treatment for opioid overuse, perinatal care coordination, for example — as we learn about those companies in the press and from our stakeholders and partners. It's relatively easy to judge whether these companies are potential partners because CHCF's focus is narrow. There aren't many companies that align with our mission, have existing backing from professional investors, and are interested and able to work in the Medi-Cal delivery system. The value of rigorously tracking our intake and screening calls did not seem necessary. We are open to reconsidering that going forward.

Q: "Emerging health care companies with diverse leadership exist, but at the pre-seed and seed stages, upstream of CHCF's current focus." Can you please clarify this statement?

A: CHCF currently invests in companies that have already received have capital from professional venture capital investors — companies at the Series A, B, and C stages. The purpose of the Innovation Fund is to identify companies with potential to improve care in Medi-Cal and to help them scale. Our health care expertise is important, but these companies also require business and financial support from traditional investors. We have found that people of color and females are underrepresented among entrepreneurs in general, but even more so among the later-stage technology companies.

Q: Can you expand on your investment thesis and strategy today, and how you want it to change in the future?

A: CHCF looks for opportunities to add value through knowledge of and relationships with networks of providers, payers, and policymakers in California, and through our expertise in policy, finance, and reimbursement. The CHCF staff specializes in new models of care delivery for high-cost populations, behavioral and mental health, delivery system and payment reforms, and the Medi-Cal program overall. Currently, we invest in Series A–C companies, and through this project will explore an alternative pre-seed and seed-stage investment vehicle and/or changes to our current investment strategy that allows CHCF to identify and support a greater number of diverse entrepreneurs.

Q: When you did the internal diversity, equity, and inclusion work, was everyone engaged all the way up to the board level? And have you done any of that work with the other investors and fund managers you work with?

A: Yes, both CHCF's board and staff have been engaged in and supportive of our diversity, equity, and inclusion work. We have not yet extended our internal diversity, equity, and inclusion work to any of our partners. We expect, as time goes on, we will start sharing these insights to support our partners' journeys in diversity, equity, and inclusion.

Project Participants

Q: Would you elaborate on the exploratory conversations that led to the shortlist of strategies? Which investment firms and social impact organizations were interviewed? Were entrepreneurs and ecosystem builders included in the conversations?

A: CHCF had exploratory conversations with investors and entrepreneurs that specialize in digital health and understand CHCF's mission as a social impact fund.

Q: Will the selected grantee have full access to this exploratory work if requested?

A: Yes.

Q: With respect to potential interviewees in the categories of community-based investors and programs focused on supporting diverse entrepreneurs, would you prefer all or most to be focused on health care, or would it be valuable to learn lessons from investors and programs successful in supporting diverse entrepreneurs regardless of topical focus?

A: CHCF would like the grantee to develop an actionable, attainable, and impactful diversity strategy, which may or may not be informed by conversations with experts outside of health care.

Q: With respect to potential interviewees in the categories of community-based investors and programs focused on supporting diverse entrepreneurs, would you prefer all or most to be focused on California, or would it be valuable to learn lessons from investors and programs across the country?

A: CHCF would like the grantee to develop an actionable, attainable, and impactful diversity strategy, which may or may not be informed by conversations with experts outside of California.

Q: How systematic and rigorous would you like the analysis of information from the interviews to be? Do you expect that interviews will be transcribed, coded systematically using qualitative coding software, etc.?

A: Applicants may propose the methodology as part of their application.

Q: Approximately how many interviews do you anticipate being conducted as part of this project?

A: Applicants may propose the methodology, including anticipated interviews, as part of their application.

Q: While the primary purpose of the literature review appears to be to inform the final deliverables listed, to inform CHCF, and to use in external conversations with investors, decisionmakers, and others, is there any interest in also publishing the literature review in a peer-reviewed academic journal, which may require a more systematic methodology than for other purposes?

A: No, CHCF has not budgeted for a publication.

Q: Is there an organization you particularly admire for its work in diversifying investments made?

A: Through this RFP and project, we hope to learn about what other investors are doing to bolster diversity. In our preliminary conversations, we were particularly impressed with Kapor Capital's commitment and strategy to support diversity of entrepreneurs in its portfolio.

Budget and Timeline

Q: The project timeline is quite short for the reasonable and expected deliverables (July 6–August 31). Is that set in stone?

A: The timeline for the project is negotiable, between two and four months.

Q: Given COVID-19, what is CHCF's preference for meetings — in-person or remote?

A: CHCF follows the local, state, and federal guidelines and is currently fully remote.

Q: With respect to the budget, are there specific expenses you expect to see beyond consultants' time? Do you expect that interviewees will be compensated in the form of gift cards?

A: CHCF will review proposals, including budget, from applicants. Please include all anticipated expenses in your proposal.

Q: Is there an hourly rate range you typically expect consultants to stay within?

A: Hourly rates vary by scope of work and expertise of consultant.

Q: Do you expect that final deliverables will be printed and mailed to CHCF or only delivered in soft copy?

A: Final deliverables should be electronic.

Scope of Recommendations

Q: In terms of diversity, it appears the focus is on women and people of color. In addition, is there any interest in exploring socioeconomic status or any other elements of diversity?

A: The focus of this effort is racial and ethnic diversity and potentially female entrepreneurs.

Q: When you refer to diversifying leadership of health technology companies, is that specific to founders or CEOs of companies, or would that include the broader leadership team (COO, CFO, other senior leaders)? The board?

A: CHCF would like the grantee to develop an actionable, attainable, and impactful diversity strategy, which may or may not include efforts to influence the broader leadership team and board of directors of companies.

Q: Will there be modifications allowed to the approach for the scouting process for the Health Innovation Fund?

A: Currently, the Innovation Fund prioritizes investment in companies at Series A stage and later. As part of this project and in collaboration with the grantee, CHCF will explore building an alternative investment vehicle that allows CHCF to support companies at the pre-seed and seed stages, where the number of companies with diverse leadership is greater. Regardless of stage, CHCF welcomes strategies to enhance its ability to find companies led by diverse entrepreneurs.

Q: What are the timeline and process once the consultant's recommendations are made?

A: Every project at CHCF, whether developed internally or with the help of outside consultants, goes through an iterative improvement and approval process, including peer and board review. The recommendations from this project will be an input to that process, and it may take multiple months to finalize a new initiative depending on the size and complexity of the project.

Q: What is the budget to support recommendations coming out of this project?

A: The budget is undefined. Currently, the fund aims to invest in two or three companies, approximately $1M per company, per year. This effort would be an incremental amount likely not to exceed $1M–$2M per year, potentially leveraged through a partnership strategy with other investors.

Q: To the degree you are interested in understanding the drivers of limited diversity and in associated recommendations to bolster that diversity within the Innovation Fund's portfolio, the RFP seems focused on exploring issues of diversity in the funnel. Is there also interest in understanding issues of diversity in the sourcing of companies or in the investment decisionmaking process? Has CHCF already evaluated how it is seeking entrepreneurs to fund, which avenues result in more- or less-diverse pools, and whether alternative approaches may reach more-diverse entrepreneurs? Has CHCF already evaluated diversity-related demographics in the fund's past decisions (who was funded vs. who was not), understanding how those decisions are made, who is making them (and the diversity of that group), etc.? If not, would you want it proposed as part of this RFP, or would you consider it outside the RFP's scope?

A: CHCF is interested in developing a rich pipeline of diverse companies. CHCF has not evaluated its pipeline or sourcing process previously. This may be within scope for the grantee.

Q: Is the primary goal of this project to understand the drivers of limited diversity and provide resources and recommendations to bolster that diversity within the application pool for the CHCF Innovation Fund? And/or is CHCF also interested in recommendations to bolster diversity more broadly? If so, should that be specific to diversity among emerging health technology entrepreneurs (1) in California, (2) whose work would serve the California health care system specifically, or (3) regardless of the location of their companies or the location they serve?

A: The primary goal of the project is to develop an investment strategy to bolster diversity in the leadership of health technology companies by supporting people of color and female entrepreneurs. To that end, the grantee will need to understand the drivers of limited diversity. The organizational mission and focus of CHCF is to improve access to health care in California, specifically Medi-Cal. Currently, CHCF invests in companies that operate in California but may be incorporated out of state.

Q: How would you describe the ideal outcome of this RFP for CHCF?

A: The ideal outcome would be a strategic plan to bolster the diversity of entrepreneurs in CHCF's Innovation Fund portfolio and, ultimately, within the health technology field more broadly.

Q: Can we assume that the smallest grant would be $250K, if there will be two or three recipients of the $1M total grant?

A: Through this project, CHCF will explore an alternative pre-seed and seed-stage investment vehicle and/or changes to our current investment strategy with later-stage companies that allow CHCF to identify and support a greater number of diverse entrepreneurs. We look forward to discussing realistic parameters for a successful CHCF strategy, including the amount of funding CHCF can contribute annually (not likely to exceed $3–4M across new and existing initiatives), the amount of capital to contribute to any one investment, and whether CHCF can and should partner with others to increase the pool of funds available for these efforts.

Proposal and Logistics

Q: Can you clarify the process in which a prospective grantee is asked to submit a full grant proposal?

A: Include the following materials in the proposal packet, using CHCF templates and forms:

- Proposal cover sheet.
- Proposal narrative. The proposal narrative should be three to five pages of text. The proposal narrative should describe:
    - Overall project design and approach. In your proposal, please discuss the approaches you would use to complete the activities outlined in this RFP.
    - Work plan and deliverables for the project. Please describe responsibilities, time frames, and deliverables based on the activities described above.
    - The qualifications, capacities, and roles of key team members. Describe individual team members' relevant experience with investment/venture subject matter and with diversity, equity, and inclusion.
- Budget form and budget narrative description. Please submit a detailed budget and budget narrative.

Proposals must be emailed in one PDF file to Apryl Rhinehart, program associate, no later than 3 PM Pacific Time on June 5, 2020. Proposals will be acknowledged by a return email within 24 hours.

Q: Specific to the proposal narrative, can you clarify the maximum number of pages allowed? Three to five pages or a maximum of six pages?

A: The proposal narrative should be five pages or less.

Q: Is the response limited to the three to five pages? Can applicants add an appendix?

A: The proposal narrative should be five pages or less.

Q: The CHCF proposal guidelines differ slightly from the instructions in the RFP; which should we follow? Specifically, this RFP does not have a project impact section, unlike the guidelines. In addition, Audience/Stakeholders is addressed in the CHCF proposal guidelines but not in the RFP.

A: The grant proposal should meet both CHCF guidelines as well as criteria outlined in the RFP. Audience/stakeholders would be the project participants in the RFP.

Q: Will you provide document formatting instructions (margins, line spacing, font size, etc.) or proposal style (formal NIH research proposal, more business-y)?

A: CHCF does not have formatting requirements; business style is appropriate.

Q: How would you describe the level of detail to submit a robust proposal?

A: Please follow the criteria for submission.

Q: Should we email our proposals directly to you? The form online doesn't allow attachments.

A: Proposals must be emailed in one PDF file to Apryl Rhinehart, program associate, no later than 3 PM Pacific Time on June 5, 2020.

Q: Will the deck presented be on the RFP web page?

A: Yes. The deck and a recording of the bidders call will be posted to the RFP web page.

Q: How many people were on the call?

A: There were approximately 45 people on the call, including some colleagues from CHCF.

Q: Will there be an opportunity to present findings in person?

A: CHCF follows the local, state, and federal guidelines and is currently fully remote.

Selection of Grantee

Q: Will multiple grantees be selected?

A: CHCF will select one grantee for the project.

Q: Does the organization bidding for the grant have to be a health technology organization? Or is a nonprofit organization owned by African American women that focuses on addressing and bringing awareness to disparities in accessing mental health and health care services in communities of color able to apply for this opportunity?

A: The applicant does not have to be a health technology company. We are happy to accept an application from any type of organization or individual. That said, we imagine the ideal applicant would have expertise or familiarity with investing, particularly in early-stage companies, and strategies to attract and support diversity entrepreneurs.

Q: Are researchers who own small businesses in maternal health equity eligible to answer the RFP?

A: Yes. We are happy to accept an application from any type of organization or individual. We imagine the ideal applicant would have expertise or familiarity with both investing, particularly in early-stage companies, and strategies to attract and support diversity entrepreneurs.

Q: Can a for-profit social enterprise founded and/or led by a woman or person of color apply for this opportunity, since we are on the ground?
A: Yes. We are happy to accept an application from any type of organization or individual. We imagine the ideal applicant would have expertise or familiarity with both investing, particularly in early-stage companies, and strategies to attract and support diversity entrepreneurs.

Q: Will you discuss what type of organizations can apply for the RFP?
A: Yes. We are happy to accept an application from any type of organization or individual. We imagine the ideal applicant would have expertise or familiarity with both investing, particularly in early-stage companies, and strategies to attract and support diversity entrepreneurs.

Q: I'm based in New York. Am I eligible?
A: Yes. Grants awarded by CHCF are not limited to California entities or to individuals residing in California. However, projects must have relevance to California health care delivery issues.

Q: What is the interview process like after the proposal is submitted?
A: CHCF will reach out directly to applicants if additional conversation is needed in the decision process.

Q: How will you be weighing diversity, equity, and inclusion experience versus understanding of venture/social safety-net market?
A: We imagine the ideal applicant would have expertise or familiarity with both investing, particularly in early-stage companies, and strategies to attract and support diversity entrepreneurs. Women and people of color are encouraged to apply.

Q: Do you have a preference for contracting with a team or single consultant?
A: The project will be awarded to one entity who may or may not have multiple staff working on or subcontracted for the project. If you intend to subcontract a portion of the project, please note this in the budget and proposal.

Q: We are probably more suitable as a subcontractor/subgrantee on this. What's the best way to network with groups interested in submitting proposals?
A: CHCF will share contact information of people interested in networking. Please send your name and email to InnovationFund@chcf.org.