



California
Health Care
Foundation

Investing in Entrepreneurial Diversity for California's Safety Net: Request for Proposals Bidders Call — May 14, 2020

Today's Speakers



Ella Schwartz is a senior program investment officer for the CHCF Health Innovation Fund, which invests in technology and service companies with the potential to significantly lower the cost of care or improve access to care for Californians with low incomes.



Charles Reader is chief talent officer at CHCF, where he provides executive and operational leadership of human resources and talent management at the foundation.

Agenda

- Introduction to CHCF & the Innovation Fund
- Organizational and fund diversity, equity, and inclusion strategy
- Selected RFP questions and answers
- Peer networking follow up

Housekeeping

- All lines are muted.
- The chat function has been disabled.
- We will answer as many questions as possible during this call. Submit a follow-up question through the Q&A platform located at the bottom center of your screen.
- **This session is being recorded, slides, and questions and answers will be available on the CHCF website after today:**

<https://www.chcf.org/rfp/request-for-proposals-investing-in-entrepreneurial-diversity-for-californias-safety-net/#Summary>

CHCF Mission

The California Health Care Foundation is dedicated to advancing meaningful, measurable improvements in the way the health care delivery system provides care to the people of California, particularly those with low incomes and those whose needs are not well served by the status quo. We work to ensure that people have access to the care they need, when they need it, at a price they can afford.

At the California Health Care Foundation, we know that health care is a basic necessity. We work hard to improve California's health care system, so it works for all Californians.

Because Californians with low incomes experience the biggest health burden and face the greatest barriers to care, our priority is to make sure they can get the care they need.

We are especially focused on strengthening Medi-Cal — the cornerstone of California's safety net. We are also committed to finding better ways to meet the health care needs of the millions of people who remain uninsured in our state. And we are working to better integrate care for Californians who experience mental illness, drug or alcohol addiction, or other complex health conditions.

CHCF Priorities
















Goals	Focus Areas
High-Value Care CHCF aims to improve outcomes for populations receiving unwanted, expensive, and ineffective care.	Care for People with Complex Needs CHCF aims to develop, evaluate, and spread effective models that improve care outcomes for low-income people with complex needs, particularly those served by both the medical and behavioral health systems.
	Maternity Care CHCF aims to improve quality and lower costs of maternity care in California, especially for low-income women, by ensuring appropriate care and reducing disparities in outcomes.
	Serious Illness and End-of-Life Care CHCF aims to expand statewide palliative care capacity by 20%, and to understand the end-of-life experiences and outcomes of low-income Californians to drive improvements in the safety net.
Improving Access CHCF aims to advance state policy reforms and delivery system transformation to improve coverage and care.	Access to Affordable Coverage CHCF aims to advance state policies and practices that ensure that all low-income Californians have affordable coverage and that Medi-Cal enrollees can get the care they need, when they need it.
	Access to Primary Care CHCF aims to advance policy, payment, and delivery system reforms to improve access by Californians with low incomes to high-quality, linguistically and culturally responsive primary care that includes behavioral health care.
	Access to Specialty Care CHCF aims to spread the use of telehealth in California’s safety net and to spur Medi-Cal policy and payment reforms to improve access to specialty care for Californians with low incomes.
Laying the Foundation CHCF aims to build a strong foundation for delivering meaningful change in California’s health care system by providing timely research, supporting health care journalism, training leaders, and developing cross-sector networks.	Market Analysis and Insight CHCF aims to provide research and analysis that gives a market-wide view of the complex health care ecosystem and supports informed decisions about California’s health care market.
	Supporting High-Quality Health Journalism CHCF supports health care journalism so CHCF’s audiences have access to timely, relevant information about the most pressing issues related to the health care and policy landscape.
	Building Leadership CHCF aims to support leadership training and skill-building for California’s health care professionals and state policy partners, as well as learning opportunities for organizations improving care delivery in the safety net.
	Bridging the Innovation Gap CHCF aims to support the development of information, networks, and communication platforms that enable safety-net players and entrepreneurs to work together to improve the delivery system.

Innovation Fund

Accelerate adoption and spread of innovations by offering mission-aligned, for-profit companies favorable investment terms to enter and serve safety-net markets.

Impact investments can be capital-efficient relative to grants because investees are positioned (and contractually obligated) to return CHCF's money, creating more opportunity for further mission investment.

Grant funding for evaluation of these solutions supports broad assessment of lessons learned.

INVESTMENTS		
 <p>UNITE US</p> <p>Unite Us: Bi-directionally connecting clinical and social service providers</p>	 <p>concert health EMPOWERING INDEPENDENT PHYSICIANS</p> <p>Concert Health: Remotely managing primary care patients' behavioral health needs</p>	 <p>Nomad</p> <p>Nomad: Creating an open economy for clinician recruiting and hiring</p>
 <p>verato</p> <p>Verato: Improving patient identity matching and health information exchange</p>	 <p>Quartet</p> <p>Quartet: Streamlining coordination between clinical and behavioral health providers</p>	 <p>CollectiveMedical</p> <p>Collective Medical: Analyzing and exchanging clinical data in real time</p>
 <p>groups recover together</p> <p>Groups: Bringing group-based, medication-assisted treatment for opioid addiction to rural areas</p>	 <p>RubiconMD.</p> <p>RubiconMD: Enabling primary care providers to electronically consult specialists</p>	 <p>mPulse mobile</p> <p>mPulse: Engaging and educating patients with tailored, two-way texting</p>
 <p>healthfinch</p> <p>Healthfinch: Automating prescription refills and other routine provider workflows</p>	 <p>DirectDerm</p> <p>DirectDerm: Bringing expert dermatology care to patients via virtual consulting</p>	 <p>Propeller</p> <p>Propeller: Managing asthma and COPD remotely using smart inhalers</p>
 <p>iRhythm</p> <p>iRhythm: Remotely monitoring patients' heart rhythm data to diagnose irregularities</p>	 <p>Landmark</p> <p>Landmark: Caring for patients with complex needs at home</p>	 <p>omada</p> <p>Omada: Delivering virtual chronic disease prevention and management programs</p>

Note: *Exited* means company has repaid CHCF loan but still receives limited programmatic support.

Diversity, Equity, and Inclusion Efforts



Strategic Lens:
Health Equity



Actualizing principles into
our work



Diversity, Equity, and
Inclusion internal learning
journey



Request for Proposals Questions and Answers

Current Fund Thesis & Practice

Question: 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/challenges?

Answer: 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 potential to increase access and quality of care in the Medi-Cal program. Medi-Cal beneficiaries are racially and ethnically diverse and also have low incomes, 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.

Question: “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?

Answer: CHCF currently invests in companies that have already received have capital from professional venture capital investors — Series A, B, and C stage companies. The purpose of the Innovation Fund is to identify companies with potential to improve care in the Medi-Cal system and 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 female entrepreneurs are underrepresented in general, but even more so among later-stage technology companies.

Current Fund Thesis & Practice (continued)

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

Answer: 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.

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

Answer: CHCF looks for opportunities where we can 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. CHCF staff specialize 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 through 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.

Scope of Recommendations

Question: 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?

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

Question: 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?

Answer: 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.

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

Answer: 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 pre-seed and seed stage companies, 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.

Scope of Recommendations (continued)

Question: What is the timeline/process once the consultant's recommendations are made?

Answer: 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.

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

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

Questions and Answers (continued)

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Peer Networking

If you are interested in networking with the other consultants on this call, please send your name and contact information to InnovationFund@chcf.org

Thank You!