

New York State Division of the Budget

**Pay for Success (PFS) RFP
Response to Bidder Inquiries**

The State would like to provide the following clarifications to the RFP:

1. The State requires experience with performance-based service delivery but does not require applicants to have experience with performance-based payment.
2. Bidders will not be expected to budget for the cost of the evaluation as the State will separately contract with an independent evaluator for the initiative.

LOGISTICS

1. Are there any required forms for the budget or other cover forms, etc. that we are expected to use?

There are no forms for the budget. A signed cover letter is required with the application and should include the following information, as outlined on page 9 of the RFP:

- Purpose of the submission; funding request; description of the target population, social problem and proposed intervention; geographic focus; proposed outcomes and measure(s); service cost and expected savings.
- Name, address, and type of legal entity of the organization(s) submitting the proposal.
- Name, address, email, and phone number of individual(s) authorized to negotiate the contract on behalf of each of the organization(s) and who are signing the cover letter.

2. Where can we get a copy of the RFP for PFS?

**The RFP can be accessed via the following link:
http://www.budget.ny.gov/contract/pfs/rfp_PFS.html.**

3. Can you please tell me when the original notice re: this solicitation went out to the public? Who received it? Is there a list serve?

The RFP was published in the NYS Contract Reporter and released on DOB's website on July 31, 2013. The Division compiled an extensive list of known contractors and associated contacts in order to solicit as many prospective bidders as possible. DOB does not have a list serve.

4. RFP states 1-2 awards will be granted, totaling \$30 million total funds. Does this mean 1-2 grants in total across all policy domains?

It is expected that 1 – 2 awards will be granted in total (across all policy domains). The State reserves the right to fund additional projects depending on quality of proposals and availability of funding.

5. How will proposal review panels be constructed? Specifically, will initiatives that span more than one domain have the benefit of reviewers who are knowledgeable of each of the domains that the proposal addresses? Holding all else equal, will interventions with budget savings accruing across multiple state agency budgets be scored differently than interventions with savings accruing to one budget?

Review Panels will include experts from each policy domain. The State will score interventions with savings accruing across multiple budgets in the same way as it will score interventions with savings accruing to one budget.

BIDDERS CONFERENCE

6. How do I RSVP for the conference?
7. I would like to attend the Bidder's conference on 8/16. Do you have information yet on the time/ location? Is there per chance a call in #?
8. The RFP also asks for contact information for up to two observers – does the State intend to provide a dial-in phone number for those participating remotely, or is this limited to those able to attend the conference in person?
9. Regarding the Bidders' Conference, is there the option to participate remotely? Will results, Q&As etc., be distributed?
10. Will the Bidders Conference be recorded and available to view on-line?
11. Your agenda states that the Bidders Conference will be at the Empire State Plaza Convention Center. According to Map Quest, the Empire State Plaza is on State Street and the Empire State Convention Center is on Madison Avenue. Can you please clarify the location with a response today or tomorrow?
12. I was unable to attend the Pay for Success bidders conference (8/14/13) and was wondering if you will post any slides or a transcript or other materials relating to the conference.
13. I was not able to attend the Bidders' Conference on Friday - can you please advise when the webcast will be available online?
14. We are interested in the Bidders Conference for the RFP described below. However, we cannot afford to send staff to attend in person. Would it be possible for us to participate by video conference instead?
15. My agency may be a provider in a PFS submission. Would it be helpful for us to attend the pre-bid conference? Or do only the intermediaries attend the pre-bid?
16. In regards to the bidder's conference, what is meant by "observers"?

The Bidders' Conference was held in Albany on August 16, 2013. Information about the Bidders' Conference, including the On-Demand Webcast, can be accessed via the following link:

http://www.budget.ny.gov/contract/pfs/rfp_PFS_bidderConf.html

17. Is it possible to have a list of the individuals who attended bidder's conference (online/ in person) shared?
18. We are interested in serving as a provider organization. How do we connect to teams that are attending the bidder's conference who are interested in recruiting a partner provider organization?

The State will publish the list of organizations that registered or attended the Bidders' Conference in order to facilitate partnerships between providers and intermediaries, if necessary.

POLICY DOMAINS

19. A concept paper was previously submitted in response to the State's Pay for Success RFI to replicate a comprehensive, cognitive-behavioral intervention model focusing on young people in the justice system. This model has proven to significantly reduce recidivism among young adults ages 16-24. The recently released RFP references Juvenile Justice under the policy domain of public safety. Would the State consider a model that works with adolescents and therefore crosses into the Criminal Justice system (by virtue of NYS' definition of adult)? I realize that responses will be issued August 23. Is there any way to have a response to this question more immediately? It will be critical in determining whether we move forward with a proposal.

Yes, this intervention could be eligible under the category of Public Safety. To further qualify the service provider and intervention would need to meet the other outlined criteria.

20. Page 5 under Policy Domain: Early Childhood says "the State is interested in using PFS financing to provide services to low-income mothers and their families to improve outcomes, child health and development as well as to prevent child abuse and neglect by instilling strong parenting skills and enhancing self-sufficiency". Would a service provider who primarily serves children living in these highest of high-risk homes with the goal of getting them to graduate high school with a plan for the future, avoid teen parenting and avoid the juvenile justice system in order to break the cycle of generational poverty qualify?

Yes, this intervention could be eligible under the category of Child Welfare and Early Childhood. To further qualify the service provider and intervention would need to meet the other outlined criteria.

21. Under the policy domain of health care, would proposals related to HIV care and prevention be considered under the RFP?

Yes, proposals related to HIV care and prevention would be considered under the category of Health Care.

22. The RFP requests proposals that fall within several policy domains, one of them is public safety. Under public safety, juveniles are a specific subcategory. Would NYS consider proposals targeting the formerly incarcerated, who are over the age of 18 or is it limited to those under 18?

Yes, the State will consider proposals that target the formerly incarcerated who are over the age of 18 under the category of Public Safety.

23. Can we submit one application for two of the policy domains?

A proposal for a PFS Project may involve services that span multiple policy domains. However, a single proposal should not include multiple, separate interventions. An applicant may submit multiple proposals if they choose.

24. Our group focuses on severe asthma patients, and I was wondering if we would qualify to submit an application for this RFP. We are interested in pursuing several environmental remediation interventions for our severe asthma patients, and any additional funding would be used for this purpose. Please let me know if we would qualify for this application.

This proposal could be eligible under the category of Health Care and the subcategory of Asthma Management. To further qualify the service provider and intervention would need to meet the other criteria outlined in the RFP.

25. Could you provide the website information of the agencies' agendas / strategies which are most relevant for this RFP? The Department of Health's prevention and obesity agendas were mentioned at the Bidders Conference, but there may be others.

In addition to the websites listed in the RFP, the following websites may provide useful information:

http://ocfs.ny.gov/main/sppd/effective_practices/default.asp

http://www.health.ny.gov/facilities/school_based_health_centers/

http://www.health.ny.gov/prevention/prevention_agenda/2013-2017/

<http://www.nysjjag.org/>

26. If we are considering working across all domains, do you prefer that clients being served are engaged along the way by each domain? E.g. one of X number of youth aging out of foster care, with a history of involvement in the juvenile justice

system, with asthma --- and that the intervention vis-a-vis partners with expertise in each area, is coordinated toward one individual who needs those interventions across the board? The target population is thus defined by its social/health needs.

The State does not have a preference on how the target population is defined as long as it can be clearly defined. Services that target a higher risk / higher need population, or that align disparate services across a range of domains, often have potential for producing greater savings and benefits for the public sector. However, defining a target population too narrowly may limit its size and therefore hinder a robust evaluation due to small sample size. In addition, a small target population can limit the potential for scaling services beyond the Project.

27. You have mentioned already that projects that fall outside of the identified sub-categories, as long as they fall within the State's key focus areas, will still be considered. In the conversations generated by the RFI, was there any discussion about the feasibility of homelessness interventions for social impact investments? If so, what direction did those conversations take?

It is correct that the State will consider PFS Projects outside of the identified subcategories as long as they fall within the policy domains. Homelessness interventions are eligible under the overall category of Public Safety. Homelessness interventions were discussed as part of the internal RFI conversations and we are aware that at least one other State has concluded that homelessness is a promising area for testing the PFS model.

ELIGIBILITY AND QUALIFICATION OF BIDDER(S)

28. I have just reviewed your Pay for Success RFP, I'm not clear if local governments can apply? May we apply as governmental entity?
29. Are local units of government eligible to apply? Or just community based organizations?
30. Understanding that the contract lead must be a nonprofit or charitable foundation, can a nonprofit lead subcontract with local government?
31. Are public school districts encouraged to submit an application?

Eligibility is restricted to not-for-profit organizations or charitable foundations that are able to enter into a PFS contract with the State. Local governments do not meet this definition and cannot apply directly, but can partner (through subcontracting or consulting arrangements, for instance) with a not-for-profit organization or charitable foundation that submits a proposal and has an active role in the Project.

32. Will you consider a proposal from a fiscal conduit for a local government agency where the program is carried out in large part by the local government agency?

A proposal by a fiscal conduit for a local government agency can be considered for this RFP if the bidder is a not-for-profit organization or charitable foundation and has an active role in the Project.

33. Can you clarify/confirm who is considered an eligible applicant under this RFP? Is it only private non-profits and related intermediaries, to the exclusion of public agencies?
34. We have been receiving questions regarding eligibility for the Pay for Success RFP. Specifically, we were asked if a city department would be eligible to apply. We were hoping to provide them with an answer relatively quickly, as they are trying to decide if they should attend the bidder's conference and begin working on an application.
35. Could a city department and/or a not-for-profit organization that works with a city department (to develop public-private partnerships to increase the capacity of the city department) apply?

According to the budget appropriation language, the State may only enter into a PFS contract with a not-for-profit organization or charitable foundation. Public agencies do not meet this definition and would not be eligible to apply on their own. However, they could partner with a not-for-profit organization or charitable foundation that applies to enter into a PFS contract with the State and has an active role in the Project.

36. Will you consider a proposal from the nonprofit partner of a city department? We are the fiscal conduit for the department. I did not hear this question explicitly addressed.
37. A city department is inquiring about our eligibility to apply for the "Pay for Success Project in Early Childhood Development & Child Welfare, Health Care, and Public Safety". We would like to submit an application that involves asthma management. Alternately, would our collaborators (outside of the city department) be able to submit an application?

Yes, a proposal from a nonprofit partner of the city department would be considered for this RFP if it has an active role in the Project. Please also see the response to Inquiries 6, 7, 8.

38. Is it the intermediary or the service provider that would be responsible for submission of proposal?

The proposal may be submitted by the service provider, the intermediary, or jointly by both. Every proposal must address how the necessary functions of the intermediary and service provider will be fulfilled.

39. Would the state consider using an Intermediary that was a for profit organization?

The State may only enter into a PFS contract with a not-for-profit organization or charitable foundation. To take on the role of an intermediary, a for-profit organization would need to partner with a not-for-profit organization or charitable foundation that submits a proposal and has an active role in the Project.

40. Can there be multiple intermediaries?

This is permissible if multiple intermediaries are needed to meet the necessary provider and intermediary functions.

41. May an intermediary also be an investor in its application?

Yes, an intermediary may also be an investor. However, please note that in order to partner directly with the State, an intermediary must be a not-for-profit organization or charitable foundation that is able to enter into a PFS contract with the State.

42. Who is eligible to be a service provider? Do service providers need to be nonprofit organizations? May service providers be other entities such as educational institutions and private companies?

Providers must meet the following criteria:

- **Provide a service or program that is evidence-based and produces measurable outcomes that benefit the target population.**
- **Demonstrate experience with performance-based service delivery.**
- **Have the ability to work with multiple partners, including with state government and an independent evaluator.**
- **Capacity for and experience with tracking and monitoring outcome and process data.**
- **Ability and flexibility to adapt or refine an intervention to meet outcome targets.**

According to the budget appropriation language, the State may only enter into a PFS contract with a not-for-profit organization or charitable foundation. Therefore, private companies or for-profit educational institutions are not eligible to partner with the State directly on a PFS contract. However, such organizations could subcontract or consult with the eligible organization that enters into a PFS contract with the State in order to enable it to meet the necessary provider and intermediary functions.

43. In the case where the intermediary and the provider are separate agencies, what type of agency/institution would the intermediary be? A foundation perhaps?

The bidder(s) seeking to directly partner with the State on a PFS contract must be a not-for-profit organization or a charitable foundation.

44. If most or all service providers are nonprofits, which by definition are not owned, how would the following participation goals be applied: Minority and Women-Owned Business Enterprises; Minority-Owned Business Enterprises; Women-Owned Business Enterprises?

A contractor must document “good faith efforts” to provide meaningful participation by MWBEs as subcontractors or suppliers in the performance of the contract. For purposes of this procurement, New York State has established an overall goal of 20% for MWBEs.

45. On p. 8 of the RFP, under Provider Qualifications, it states that the provider delivering services must “Demonstrate experience with performance-based service payment and delivery.” Could you expand on the type of programs that meet this criterion? For example, do Medicaid services on a fee-for-service basis or the OCFS Bridges to Health program qualify?

In performance-based service delivery the outcome and preferably the impacts of the services are tracked and monitored. Performance-based payment stipulates that providers are paid in accordance with outcomes achieved through delivery of services. This is a fundamental change from fee-for-service payment. For this RFP, the State requires that applicants demonstrate experience with performance-based service delivery but does not require applicants to have experience with performance-based payment.

Bridges to Health is an example of performance-based service delivery as it tracks outcomes and impacts. However, Bridges to Health does not incorporate performance-based payments. Medicaid services on a fee-for-service generally do not qualify as either performance-based payment or performance-based service delivery.

46. Page 9 – “all not-for-profit vendors subject to pre-qualification will be required to pre-qualify prior to grant application and execution of contracts. Pre-qualification is a new statewide process designed to facilitate prompt contracting for not-for-profit vendors.” By what date does the not-for-profit have to have pre-qualified? Is it enough that the intermediary is pre-qualified?

Any not-for-profit organization that contracts with the State must be pre-qualified. Pre-qualification must occur before the application submission

due date. The Grants Reform website can be accessed via the following link:

<http://grantsreform.ny.gov/Grantees>.

47. Page 11 - Vendor Identification Number – Effective January 1, 2012, in order to do business with New York State, you must have a vendor identification number. Can the intermediary have a Vendor Number rather than the service provider?

Vendor Identification Number is needed for any entity that proposes to enter into a contract with New York State. Per page 11, #4 of the RFP, to request assignment of a Vendor Identification Number, please submit a NYS Office of the State Comptroller Substitute Form W-9, which can be found via the following link:

http://www.osc.state.ny.us/vendor_management/issues_guidance.htm.

48. Is it possible for the intermediary and evaluator roles to be conducted by the same organization as long as there is no monetary benefit to the intermediary or evaluator if agreed upon outcomes are achieved?

Since the intermediary is responsible for achieving outcomes, it cannot also take on the role of independent evaluator of those outcomes. The independent evaluator will instead be procured separately by the State for the Project.

INTERVENTION

49. At the bidders' conference, it was stated that proposals of "geographic diversity" would be welcome. By "geographic diversity" do you mean for New York State, nationally, or internationally?
50. Are you looking for statewide initiatives or can a program focusing on NYC only apply?
51. Do the submitted projects have to span services across the entire state? Meaning can the service provided be regional (like NYC) but able to be replicated state wide with the same / similar target populations.

For a PFS Project, services must be provided within New York State. Bidder(s) may propose to serve individuals across regions of New York State or focus on a particular geographic area or region of New York State. Proposals do not have to span services across the entire State.

52. If we are considering working across policy domains, would you consider an intervention with partners that target a specific geography (e.g. 2 public housing developments in one neighborhood)? While one person may not be involved across all domains, there are individuals in the building who will at one point be engaged. The target population is thus defined according to geography.

The State welcomes proposals for place-based initiatives as long as there is potential for a rigorous evaluation of outcomes.

53. Also on p. 8, the RFP states that the service or program must be “evidence-based.” Can you please define “evidence-based” in greater detail?
54. Do proposed interventions need to rise to the level of "evidence based" -- what is the state's definition of evidence based?

Evidence-based practice refers to the use of research and scientific studies as a base for determining the best practices in a field. The State is seeking to use PFS to invest in evidence-based services. The scoring rubric states that the strength of evidence base supporting the service’s positive impact and their link to the proposed outcomes will be assessed. Results that have been demonstrated with more rigorous methods, such as randomized controlled trials, or replicated through multiple evaluations, will be considered as more qualified.

55. Page 10 describes a necessary element of the proposed intervention being an “explanation of how the target population is protected against harm”. Can you clarify what this means or state some examples of protecting the target populations from harm?
56. Can you please expand/be specific about what is meant by “safeguards against harm of the target populations” as noted on page 9?

This criterion applies to both protecting participants from harm during the course of the intervention and also having a strategy in place in case the program fails to achieve performance outcomes and services are discontinued.

57. Page 8 – “In evaluating proposals, the State will consider the portion of savings accruing to all levels of government, with primary emphasis on benefits to state and local governments. The State will also take into account the extent to which benefits from the proposed intervention materialize in the short term as opposed to over a longer time period in evaluating proposals...” What length of time does “short term” mean?
58. How is the state defining short term ("State will take into account the extent to which benefits from the proposed intervention materialize in the short term as opposed to over the longer time period")?
59. With regard to the window for demonstrating savings that would be recovered by the investor, is this within the five years or is there a window beyond?
60. Is NYS only interested in measurable monetary savings accruing to government budgets? For example, many social service programs improve important and meaningful outcomes that are not easily monetized to short term budget savings, such as improvements might include quality of life, improved parenting or child behaviors, and even improved high school graduation for children. These types

of outcomes may produce long term savings that cannot be measured within the timeframe of the PFS project.

The State prioritizes Projects where the outcomes can be measured and savings and benefits can occur during the term of the contract itself. However the State is also open to services for which short-term outcomes can help predict longer-term savings and benefits. The State will evaluate cost-effectiveness of services that produce savings materializing in earlier time periods more favorably.

61. For many interventions, such as school-based health, the quantifiable savings come over the course of many years, with rather little in the course of the few years of this program. Output measures are clear enough, number of kids seen, services delivered, but outcomes will be very vague. Will that work?

For PFS Projects, the State seeks to condition payment on outcomes that are tied to budgetary savings and benefits for the public sector and taxpayers rather than specific outputs or processes. In the case of school-based health, for instance, the State is interested in paying for outcomes, such as reductions in emergency room usage and hospitalization, rather than for outputs, such as the number of students served.

62. Under Provider Qualifications, it says: "Provide a service or program that is evidence-based and produces measurable outcomes that benefit the target population." For asthma, multiple studies have shown that home environment assessments improve asthma outcomes in the pediatric population -e.g. ED visits, hospitalizations, costs. Our hospital provides referrals for home assessments to 3rd party providers. However, we have not been systematically evaluating outcomes in our population. Does this preclude us from applying for this grant opportunity? Can the proposed intervention encompass multiple evidence-based strategies? E.g. home assessment mentioned above, in addition to evidence-based provider education?

You are not precluded from submitting a proposal. The State will consider proposals to implement evidence-based practices, even if the evidence supporting the intervention is not based on the work of the specific applicant.

Yes, the proposed intervention can encompass multiple evidence-based strategies, as may be necessary to achieve successful outcomes in a cost-effective manner.

63. What would you consider good outcomes for the healthcare policy domain diabetes?

For diabetes, the State aims to prevent or delay the onset of Type 2 diabetes and therefore obtain Medicaid savings from a reduced need for institutional and outpatient care as well as medications. Please see the following link for relevant goals:

http://www.health.ny.gov/prevention/prevention_agenda/2013-2017/.

64. What would you consider to be good outcomes for your policy domain for early childhood development?

For early childhood development, examples of good outcomes include improved pregnancy outcomes, child health and development as well as prevention of child abuse and neglect, improved kindergarten readiness and improved literacy.

65. Under the scoring criteria, 20% is allocated to budget and provision of cost-effective services, and 12.5% is allocated to strength of evidence base. Does this mean that an untested program with potentially significant ROI would score higher than a proven program with more modest ROI?

In evaluating the cost-effectiveness of services, the State will consider whether the intended savings and social value are realistic. This in turn necessitates consideration of the evidence base for achieving the outcomes that are tied to the proposed savings and social value.

66. I understand that we are required to secure or touch the lives of 500 individuals or families throughout the life of the contract. Are there any stipulations regarding the recipients of the services, are they required to be documented or can they be undocumented?

There are no specific stipulations regarding the recipients of services. However, it is necessary that the target population can be clearly defined and that strict eligibility criteria can be enforced for the Project. In addition, as stated in the RFP, outcomes must be measurable and evaluable (relative to a counterfactual).

67. I am currently working on a project for a fifty two children at a day care center, serving families of small children from 6 weeks of age through 5 years of age. Although smaller in size, our project is not small in ideas and projected outcomes on the community and NYS as a whole. The goal of our center is to support and nurture the current/future workforce of NYS by providing reliable day care to working families to limit loss of work therefore increasing productivity in our community but also to the GDP as a whole. We will provide early education to our students in alignment with NYS Pre-Kindergarten Learning Standards which focuses on kindergarten readiness. We will strive for National Association for the Education of Young Children Accreditation for which this does not exist within 50 miles of our location. In addition to providing child education/day care services,

our goal is to hold regular parent meetings/education opportunities while providing daycare to educate parents in parenting/life skills and access to healthcare information. The combination of excellence in striving for national accreditation in addition to parent education opportunities would in turn bring daycare standards in line with education standards which have been proven to raise school attendance, improve pregnancy outcomes, reduce special education needs in the long run, thereby reducing stress on mental health programs, substance abuse outcomes and strain on the justice department. Rest assured our center children will be children and not expected to grow up early we will incorporate education/responsibilities in age appropriate format and in a fun/playful learning environment. Although I realize we do not fit into the Pay for Success in many ways - we have similar goals and perhaps there may be additional funding that could be used to develop our program. Your input is appreciated.

Criteria for this RFP include evidence-base, cost-effectiveness, and a sufficiently large sample size for a robust evaluation at the conclusion of the Project. If the program is not able to operate at scale, the potential applicant may wish to consider partnering with other similar initiatives to craft a scalable application that meets the RFP requirements.

PROJECT TIMELINE

68. Does the five-year grant period include the potential 1 year planning period and 1 year service completion/measurement of outcomes period, leaving three years for actual service provision? Or are the planning and completion periods outside the 5 years?
69. For clarification, within the five year period, is it intended that planning and one year for outcome measurement are factored in? Thus for example, there could be 3.5 years of actual service with six months (again, for example) of planning and the last year for outcome measurement? Or, could service continue through that last year?
70. Page 4 states "Projects may require up to one year of planning and start up at the beginning as well as one year of service delivery completion, observation, and measurement outcomes at the end." Does this mean provider has 1 year start up + 5 years of service delivery + 1 year of service completion/observation/measurement = 7 years?

The time period of up to 1 year for planning and start-up would likely also encompass contract negotiation, with service delivery beginning shortly after the execution of the contract. PFS contracts will have terms of up to five years. Therefore, if there is one year of service completion, observation, and measurement at the end of the Project, the service delivery period could be at most an additional four years.

71. Estimated date when the intervention is expected to be funded and start?

While the State may allow for up to one year of initial planning, fundraising, and start-up, the State is interesting in moving according to the most expeditious timeline feasible for setting up, funding and initiating service delivery for a PFS Project and will consider the proposed timeline in evaluating proposals.

72. Just to clarify the project period... is it 4 years for program implementation and 1 year for measurement/evaluation for a total of 5 years?

PFS contracts will have terms of up to five years. The State has not specified the service delivery period – program implementation could take less than 4 years. The bidder(s) should propose the most apt timeline taking into account ability to scale and finance services. In addition to the service delivery period proposed by the bidder(s), at least one year of observation and measurement of outcomes at the conclusion of the Project should be expected.

73. The time frame from notice to required response is too short to put a reasonable response together. Is it possible to extend the allotted time?

The State is currently not considering giving an extension on the September 30th, 2013 deadline for submission of proposals.

74. Will measurement of outcomes (and thus re-payment to investors) take place only at the end of the full grant period? Or is there an option of measuring/getting paid for outcomes that are reached during the grant period?

The State will consider Projects that contemplate multiple repayment points based on outcomes measured during the course of the Project provided that these interim outcomes are themselves able to demonstrate savings and benefits. However, there should be a large enough sample size for each measurement to ensure a robust evaluation of outcomes.

SAVINGS AND BENEFITS TO THE PUBLIC SECTOR

75. For health-related initiatives, has the State given any thought as to how federal financial participation through Medicaid will contribute to government payback to third party investors after outcomes have been achieved? For example, could the state draw down federal Medicaid match to include in the success payments to PFS investors? Would a federal waiver of Medicaid rules be required?

For purposes of determining cost-effectiveness and repayment to investors, the State will take into account savings accruing to all levels of government, with primary emphasis on benefits to state and local governments. Applicants are not expected to address how the State will pay back investors following successful achievement of outcomes. This RFP is based on a State appropriation for PFS projects.

76. For health-related initiatives, will qualified Medicaid service providers continue to be able to bill for Medicaid covered services that are part of any initiative that is scaled-up through this PFS funding opportunity? Or will Medicaid billing during the project period be precluded since the State will pay back investors after outcomes are achieved? If Medicaid billing will continue during the PFS project period, has the State given any thought to how it could use investor funding to serve as the state share for Medicaid, which would allow the PFS funding to go twice as far?

PFS Projects should include services, funded upfront by third-party investors, that are not currently covered by Medicaid. Any associated services currently covered by Medicaid would continue to be eligible for Medicaid coverage and Medicaid providers would be able to continue billing for covered services. Options for using investor funds for the State Medicaid match are extremely minimal and are not being considered at this time. However, a PFS Project may include services that reduce Medicaid expenditures by improving health outcomes.

77. How is the state viewing health related savings in light of managed care?

Services should produce quantifiable savings and social value that can outweigh the cost of the intervention. Tracking reduced utilization rates for managed care will be a key aspect of this. Interventions that reduce utilization over time produce state savings through lower managed care costs.

78. What is the best way for applicants to obtain baseline cost data from NYS against which to apply projected savings that will result from PFS initiatives? Can DOB facilitate access to such information from appropriate State agencies during procurement process?
79. Could we work with you to establish a benchmark prior to application so that we know if we are saying we believe that the service can be delivered less expensively, we can estimate the amount of savings we will achieve?
80. If real time self-monitoring and evaluation of outcomes and cost savings will be required to ensure achievement of outcome and cost savings targets, to the extent that State outcome and cost data (e.g. vital records in the case of pregnancy outcomes and Medicaid claims data in the case of related cost savings) would be useful in validating program data, will DOB facilitate access to such information from appropriate State agencies for funded applicants?

81. Will the state entertain proposals that require a brief study with government data to measure the government savings?

To ensure fairness and competitiveness of the procurement process, the State cannot facilitate access to information to help applicants in the development of their proposal outside of standard processes for obtaining information from the State. For the application, bidder(s) are asked to estimate savings based on outcomes that the provider targets (and has evidence for achieving). Data available through New York State's Open Data Portal (<https://data.ny.gov/>) may be useful during this process. After the grant has been awarded, estimations of savings will likely be refined in collaboration with appropriate state agencies and study of government data during the negotiation process.

82. Will the State consider sustainability strategies so that successful projects have ongoing funding through state general funds, Medicaid or other appropriate sources?

Through independent monitoring and evaluation of outcomes, PFS provides an opportunity to expand the set of evidence-backed innovative social programs that the State supports and/or to demonstrate the impact of current or potential State investments. Successful Projects therefore have potential for sustainability as they can help inform the State's programmatic and funding decision-making.

83. There is overlap in the PFS policy domains and the public health initiatives in the 1115 waiver amendment. Will successful applicants for this RFP be precluded from receiving funding through the 1115 waiver, once approved?

No, successful applications for this RFP will not be precluded from receiving funding through the 1115 waiver.

84. In terms of PFS financing and cost savings. Is NYS only interested in proposals that accrue savings to state budgets? Would a mix of saving across state, city, county be considered beneficial?

The State will consider savings accruing to all levels of government, including federal, state, city, and county. However, benefits to state and local governments will be emphasized in evaluating cost-effectiveness.

85. How will the state value "social benefits"? Will the state rely on applicants to provide a valuation?

For the purposes of the application process, the State is expecting applicants to provide realistic valuation of social benefits and to justify the valuations used. If an applicant is selected, further analysis will take place

as part of the negotiation process with the applicant as the State decides how much it is willing to pay for various outcome targets.

86. The RFP states that applicant must suggest outcomes, particularly as related to savings to government. In order to be counted as being successful, does the project have to demonstrate an actual reduction in government spending? To give an example from the Public Safety domain, a provider can design and implement a project that will reduce the number of justice system-involved individuals who recidivate and go back through the system. However the question of whether that actually results the closing of under-enrolled correctional facilities and other cost saving measures is largely a political question over which the provider has no control.

The Project must demonstrate achievement of outcomes including potential for real cost savings rather than an actual reduction in government spending. Repayment to investors will be negotiated and determined based on the anticipated public sector savings and benefits resulting from achievement of outcomes.

RAISING CAPITAL AND SUCCESS-BASED PAYMENT

87. For the newly released RFP: “Pay for Success Project in Health Care, Child Welfare, Early Childhood, and Public Safety” can you please clarify the following: “If a non-profit social service organization was applying for this contract, is the third party investor also something we must provide in our contract arrangement? Or, are the third party commercial and/or philanthropic investors already secured by the government? i.e. are the non-for profits raising the capital to fund the projects?”

For a PFS contract, third party financing should be secured by the bidder(s). If the bidder is a provider that is not capable of raising capital, then a joint proposal or a pre-arranged consulting or subcontracting relationship with an intermediary is recommended. Please note that the bidder(s)' ability to raise funds is a key criterion for selecting PFS Projects but bidders are not expected to actually raise the funds prior to application submission.

88. Do the specific investors need to be named in the application?

The RFP does not require specific investors to be named in the application. The RFP only requests bidder(s) to describe their capacity or their experience with fundraising and managing investor relations as well as their strategy for raising funds for PFS Project. As part of the strategy, the State is interested in whether the bidder(s) will seek commercial or philanthropic investors, or a combination thereof.

89. Can partial payments be built in? For example, if 80% of target outcomes are achieved, can investors receive 80% of their money back?

If a Project does not meet the agreed-to minimum target outcome, the State will not make payment. A Project may include multiple outcome measures and the contract could include partial payment for satisfactory achievement of some of the outcome measures, as long as each measure results in savings and benefits.

90. Obviously, in our proposal we need to make some predictions about the savings that would accrue according to this model, are we then also supposed to determine what percentage of those would be a return on investment to the upfront investors?
91. Can you please define investor relations? Also, please define investor incentives. Finally, do we have to have a signed agreement with investor for the submission, or can we include a letter of commitment. In other words, do we have to have the investment in hand for the amount requested before the submission, or can we raise the funds within a designated period, i.e. first 6 months, first year?

The bidder(s) will be acting as the primary counterparty to investors, serving as an “intermediary” for the State. Prior to contract execution, this function includes raising and structuring the investment and negotiating terms with the investors. During the course of the Project, the intermediary is expected to manage communication with investors, providing regular progress reports and updates, as may be necessary to meet legal or tax requirements.

To incentivize investors to participate in the PFS Project, investors will be repaid for their initial investment and can earn a return to compensate them for the cost of capital and the performance risk of the Project if agreed-upon outcome targets are achieved. The return to investors will not exceed the public sector savings and benefits that result from achievement of outcomes.

Bidder(s) do not need to include a signed agreement with investors or a letter of commitment as part of their proposal (although these may be provided, if they are available, to demonstrate capacity to raise funds). The RFP only requests bidder(s) to describe their capacity or their experience with fundraising and managing investor relations as well as their strategy for raising funds for PFS Project. The State anticipates that the funds will be raised during the initial phase of the Project, which will also include planning and contract negotiation. This initial phase may take up to one year although the State would like to move according to the most expeditious timeline feasible and will consider the proposed timeline in

evaluating proposals. Upfront investment must be secured prior to execution of a PFS contract and commencement of service delivery.

92. Page 9 – “Strength of evidence base supporting the proposed intervention’s positive impact, including evidence for proposed outcome(s) that are tied to savings.” What ways is the State looking to tie evidence to savings? Specifically by a Return on Investment study? Can this amount be computed by the Intermediary?

The State is interested in learning to what extent the social impact produced by an intervention leads to budgetary savings and benefits for the public sector and taxpayers. If a cost-effectiveness study for the intervention exists it would be useful to discuss that in the proposal. If not, bidder(s) are asked to estimate the savings based the outcomes that the provider targets (and has evidence for achieving). These estimates can be computed by the intermediary or by the provider. After the grant has been awarded, these estimations will be further refined in collaboration with the agencies during the negotiation process.

93. What is the timeline for raising the \$5-30 million?
94. I am writing to inquire about the length of time that is allowed to leverage outside funds if and when the proposal is accepted. It is my impression that after we are approved, we will have one year to work with the state and federal government to obtain funding. Is this correct?

The necessary operating funds for the Project will need to be raised during the planning phase of the Project, which is anticipated to take up to one year. However, it should be noted that the State is interesting in moving according to the most expeditious timeline feasible for setting up, funding and initiating service delivery for a PFS Project and will consider the proposed timeline in evaluating proposals.

95. Does any portion of the money have to be raised up front?

The operating costs for the proposed PFS Project, including service cost, intermediary cost (if applicable), personnel costs, legal and other overhead costs, need to be raised prior to contract execution (but after proposal submission). Please note that the evaluation cost affiliated with the PFS Project does not need to be raised upfront.

96. Is the expectation that the full budget amount will be raised from investors at the start of programming, or that it will be raised over the 5-year term of the grant?

It is expected that the necessary operating funds for the Project will be raised from investors prior to the commencement of service delivery.

Commitment of funds from investors is a prerequisite for the State to enter into a PFS Contract.

97. Is it possible that the funder's investment can be deemed a donation up front for tax purposes, and then when the State pays, retroactively reclassify it as an investment? Investors will view the chance of recouping any of their investment as low and conclude that their funding is really just a donation that isn't tax deductible. If it isn't permissible, I believe funders will just deem this to be an "active loss" and that may have certain tax advantages to offset income taxes otherwise due – not sure of this. If that kind of reclassification was possible, I believe it would be easier for our board of directors to approve raising the funds for the PFS program. Will your response be forwarded to my email address or only posted on the budget.ny website?

The State is not in a position to provide advice on how the upfront PFS investment should be categorized for tax purposes. However, the State considers funding for a PFS contract to be an investment and not a donation. Investment in a PFS Project not only has the potential for producing benefits for the State and the public but also for earning a return on investment for the funder.

98. Can an "investor be a health plan / insurance company?

Yes, an investor may be a health plan or insurance company.

99. What are the consequences if the intermediary is unable to raise some portion of the budget from private sources?

Raising upfront financing for a Project from third-party investors is essential to the PFS model. The State reserves the right to disqualify a proposal if the Technical Review Committee deems that bidder(s) do not have the capacity to raise operating funds for the proposed PFS Project. The State will not enter into a contract with bidder(s) unless there is commitment from investors to provide the necessary upfront capital for the proposed Project.

100. Would the state consider adjusting the scoring rubric to significantly emphasize the target ROI? (for example, the proposal that provided a high ROI would get a higher score)

The RFP as issued is weighted to reward proposals that have higher ROI to the public sector.

EVALUATION OF OUTCOMES

101. A consulting group is a potential bidder for the Pay for Success RFP and we would like to present a couple of questions to you with regard to the RFP: Will there be consideration to revise the RFP to allow for-profit companies to bid on the RFP as potential Intermediaries? Do you plan to release a separate RFP to address the Evaluation of the services that the chosen providers and intermediaries provide?

Currently the budget appropriation language does not allow the State to partner with for profit companies on a PFS contract; however, they may serve as subcontractors or vendors for an eligible applicant. The State is therefore not considering revision of the RFP to allow for for-profit companies to bid as potential Intermediaries.

This prohibition does not pertain to organizations that conduct the evaluation of services. The State will likely conduct a separate procurement for an organization to conduct the evaluation for the Project.

102. On p. 4 of the RFP it states that the “DOB will separately contract with an independent evaluator for the initiative.” Are agencies expected to budget for a portion of this expense and if so, how will we know how much to budget? Or are we expected to plan for additional evaluation on our own?

Bidders are not expected to plan for additional evaluation or to budget for the expense of the independent evaluator.

103. Am I correct that all awards are contingent upon the successful execution of a contract between New York State and the non-profit applicant; negotiations beginning after the proposal has been submitted and selected?

Yes, all awards are contingent upon the successful execution of the contract. However, the State also reserves the right to negotiate with a selected bidder prior to contract award.

OTHER

104. Would you please provide more information about the Pay for Success pilot to promote employment amongst high risk formerly incarcerated individuals? May we have a copy of the contract?

The State is currently negotiating the PFS contract for the criminal justice Project that is under way. Details about this PFS Project will be shared in the coming months.

105. We have recently submitted information to a city in New York State on Pay for Success programming. Is there any plan to coordinate between cities and the State Division of the Budget with regard to this model? If both the city and the State are interested in what we propose, is there a way to work with both governmental units?

New York State will assess proposals independently in accordance with the scoring rubric and criteria outlined in the RFP. However, if a Project is selected with significant benefits and savings at a local government level, the State will be open to collaborating with that level of government on the Project.

106. Is it possible to see the RFIs which were submitted earlier this year?

Because submissions may include confidential or proprietary information that have not been redacted, DOB will not be releasing submissions received in response to the Identifying Innovative Ways to Finance Social Services Request for Information.