

By Senator Rouson

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1 A bill to be entitled
2 An act relating to pay-for-success contracts; creating
3 s. 287.05715, F.S.; defining terms; authorizing a
4 state agency to negotiate and enter into a pay-for-
5 success contract with a private entity, subject to
6 authorization in the General Appropriations Act;
7 requiring a state agency to take certain actions if
8 participating in the program; prescribing requirements
9 for a pay-for-success contract; requiring a contracted
10 private entity to annually report to the appropriate
11 state agency for the length of the contract;
12 specifying an exclusion from competitive solicitation
13 requirements; requiring the Department of Management
14 Services to prescribe procedures by a specified date;
15 authorizing the Department of Health to implement the
16 Nurse-Family Partnership pay-for-success program;
17 providing an appropriation; providing an effective
18 date.

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20 WHEREAS, the Legislature finds that there are numerous
21 prevention-focused social service programs and services for
22 health care which can result in positive impacts and outcomes
23 for individuals and families that use government resources more
24 efficiently, and

25 WHEREAS, because government resources are limited, the
26 state is often unable to fund these critical programs or
27 services, and

28 WHEREAS, new and innovative financing models, like pay-for-
29 success initiatives, are emerging throughout the country which

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30 authorize nongovernmental entities to invest their funds to
31 provide support for these programs and services, and

32 WHEREAS, such financing models enable governmental entities
33 to shift away from a traditional model of paying service
34 providers for a defined quantity of services to a model where
35 governmental entities only pay upon the successful achievement
36 of agreed-upon outcomes, and

37 WHEREAS, the Legislature further finds that the
38 establishment of a pay-for-success contract program will foster
39 partnerships between the public, private, and philanthropic
40 sectors while also emphasizing accountability in the rendering
41 of services and encouraging the use of sophisticated program
42 evaluations, NOW, THEREFORE,

43
44 Be It Enacted by the Legislature of the State of Florida:

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46 Section 1. Section 287.05715, Florida Statutes, is created
47 to read:

48 287.05715 Pay-for-success contracts.-

49 (1) As used in this section, the term:

50 (a) "Pay-for-success contract" or "contract" means a
51 contract between a state agency and a private entity to fund a
52 program, as specified in the General Appropriations Act, to
53 address a critical public problem with historically poor
54 outcomes.

55 (b) "Private entity" means a private, not-for-profit
56 organization, or a subsidiary or an affiliate thereof, exempt
57 from federal income taxation pursuant to s. 501(c)(3) of the
58 Internal Revenue Code of 1986 which enters into a pay-for-

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59 success contract with a state agency and subcontracts with one
60 or more entities to provide the actual services.

61 (c) "Success payment" means the amount paid to a private
62 entity when performance outcome measures established in the pay-
63 for-success contract are met, or as otherwise set forth in the
64 pay-for-success contract.

65 (2) Contingent upon authorization in the General
66 Appropriations Act, a state agency may negotiate and enter into
67 a pay-for-success contract with a private entity. The contract
68 may be initiated in 1 fiscal year, may continue into subsequent
69 fiscal years, and may be paid from appropriations authorized in
70 any of those fiscal years. The state agency shall:

71 (a) Determine performance outcome measures to be included
72 in the contract in consultation with the private entity and
73 provider.

74 (b) Determine the data to be included in an annual report
75 filed by a private entity pursuant to subsection (4).

76 (c) Select an independent, nationally recognized evaluator
77 through competitive solicitation procedures to evaluate the
78 performance outcome measures specified in the contract.

79 (d) Ensure that subcontractors share participant data and
80 sign an acknowledgment that the data may be shared with an
81 independent evaluator for research and evaluation purposes, and
82 maintain documentation of the required acknowledgements.

83 (3) A pay-for-success contract must meet all of the
84 following requirements:

85 (a) Be limited to programs specified in the General
86 Appropriations Act.

87 (b) Require the private entity to underwrite or secure

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88 upfront capital from private funders, such as foundations,
89 banks, businesses, or individuals to fund the services provided
90 under the subcontracts.

91 (c) Require an independent evaluator to determine whether
92 the specified performance outcomes have been achieved.

93 (d) Require a success payment, consistent with the General
94 Appropriations Act, if the specified performance outcome
95 measures are achieved.

96 (e) Prohibit the private entity from receiving or viewing
97 any personally identifiable participant information.

98 (4) The private entity shall annually report to the state
99 agency for the duration of the contract term.

100 (5) Funding obtained for a program under this section is
101 not considered a procurement item under s. 287.057.

102 (6) By December 1, 2017, the department shall prescribe
103 procedures to be used by state agencies in connection with pay-
104 for-success contracts which are consistent with this section.

105 Section 2. Contingent upon authorization in the General
106 Appropriations Act, the Department of Health is authorized to
107 implement the Nurse-Family Partnership pay-for-success contract
108 as an evidence-based practice model or provider. All subsequent
109 models or providers funded under this program are subject to the
110 same requirements provided under s. 287.05715, Florida Statutes,
111 as created by this act.

112 Section 3. For the 2017-2018 fiscal year, the nonrecurring
113 sum of \$850,000 is appropriated from the General Revenue Fund to
114 the Department of Health to support existing infrastructure and
115 implementation of the Nurse-Family Partnership model in
116 designated healthy start coalitions and federally qualified

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117 health centers as provided in Specific Appropriation 467 of the
118 2016-2017 General Appropriations Act in preparation for
119 participation in the pay-for-success contract program
120 established under s. 287.05715, Florida Statutes, as created by
121 this act.

122 Section 4. This act shall take effect July 1, 2017.