

# BUILDING A STRONGER SOCIETY SOCIAL IMPACT INVESTMENT

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RESEARCH  
AUSTRALIA

AN ALLIANCE FOR DISCOVERIES IN HEALTH



## ABOUT RESEARCH AUSTRALIA

Research Australia is an alliance of 160 members and supporters advocating for health and medical research in Australia. Research Australia's activities are funded by its members, donors and supporters from leading research organisations, academic institutions, philanthropy, community special interest groups, peak industry bodies, biotechnology and pharmaceutical companies, small businesses and corporate Australia. It reflects the views of its diverse membership and represents the interests of the broader community.

Research Australia's mission is to make health and medical research a higher priority for the nation. We have four goals that support this mission:

- A society that is well informed and values the benefits of health and medical research.
- Greater investment in health and medical research from all sources.
- Ensure Australia captures the benefits of health and medical research.
- Promote Australia's global position in health and medical research.

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# BUILDING A STRONGER SOCIETY SOCIAL IMPACT INVESTMENT

## A SUBMISSION IN RESPONSE TO THE DISCUSSION PAPER

### INTRODUCTION

Research Australia congratulates the Government of South Australia on considering the utilisation of Social Impact Bonds. This submission specifically addresses question 3 in the consultation paper- ***Are there other potential focus areas for social impact bonds other than those discussed in the paper?***

Research Australia proposes that the SA Government consider the use of Social Impact Bonds to address the well recognised problem of translating research outcomes and discoveries into practice in the health system. Specifically, Research Australia believes that Social Impact Bonds could be an effective mechanism for funding and evaluating pilot projects and clinical trials designed to implement and evaluate new evidence based practices and interventions. The benefits of implementing successful new interventions are improved patient care and efficiency gains in the South Australian health care system.

This submission assesses the general characteristics of pilot projects and clinical trials against the characteristics of Social Impact Bonds to demonstrate that this is an appropriate use. It also proposes a specific example, which is tested against the criteria for the focus area for a social impact bond.

## NEW INTERVENTIONS IN HEALTH CARE - TRANSLATING RESEARCH INTO PRACTICE

Australia undertakes world class health and medical research. This research frequently identifies new practices, treatments, drugs and devices (interventions) that have the potential to provide benefits that are superior to existing practice.

South Australia has strong capabilities in health and medical research, and the South Australian Government has demonstrated its commitment to expanding this capability, most recently through its investment in the health and biomedical precinct in Adelaide's North terrace.

In the case of new drugs and devices there is often the potential for commercialisation of the research to create a product that can be sold. However, there are many interventions identified through research that are not suited to commercialisation because they do not have the potential to result in a product that can be manufactured and sold. Examples are improvements in treatment and diagnosis protocols, new applications for existing generic drugs, and public health initiatives designed to prevent or reduce disease.

While research may have demonstrated the benefits of the intervention in a controlled environment, achieving these benefits in a complex real world environment requires further work. This includes developing and implementing strategies to overcome resistance to change; integration of the intervention into existing systems, workflows and organisational structures; and providing appropriate training and education.

This work goes beyond the scope of most research, and typically requires a clinical trial or pilot program to be undertaken in a clinical setting with the joint involvement of clinical staff and researchers. There is currently a gap in funding for such trials/pilots, and Social Impact Bonds could be used to fund this gap in some cases.

## COMPATIBILITY OF NEW HEALTH INTERVENTIONS WITH THE SOCIAL IMPACT BOND MODEL

To be suitable, an intervention will need to provide a potential financial benefit. Many new interventions arising from research have the potential to improve patient management, reduce adverse events and readmissions, and speed recovery. In improving the safety and quality of healthcare many new interventions lead to direct cost savings and efficiencies.

For example, a new treatment protocol that improves recovery from a condition will often result in either shorter bed stays or reduced readmissions. Programs that prevent diseases and/or promote earlier diagnosis similarly eliminate or reduce the need for future medical treatment. These interventions have an identifiable cost and a potential identifiable saving in the reduction of other costs; this is a financial benefit that is measurable.

When an intervention has been successfully trialled in one site, it will have the proven capacity to be implemented on a broader scale, across all similar health care settings (hospital, primary care, rehabilitation, aged care, target population for a public health initiative.) The further savings accrue to the provider of the health services, which in most cases is the South Australian Government.

Social Impact Bonds share some key characteristics with the clinical trials and pilot projects proposed by Research Australia:

- Social Impact Bonds require a fixed period. The conduct of a clinical trial or pilot project has a fixed period.
- Social Impact Bonds require a specified investment. The budget for a clinical trial or pilot project can be determined in advance.
- There is scope for co-investment by the Government through the provision of resources at the trial site.
- Social Impact Bonds also require an element of the capital and/or return to be at risk. New potential interventions provide this element of risk. While the outcome has been demonstrated experimentally, this is not the same as successfully implementing the intervention in a clinical setting or across a particular population as 'business as usual'.

The following table assesses Research Australia’s proposal against the conditions for success provided on page 9 of the discussion paper.

Criteria for a Social Impact Bond	Feature of potential new intervention
the service or program must be directed at a social problem which the government is vitally interested in solving or ameliorating	The SA Government is a key provider of health services and has a strong interest in improving the safety, quality and efficiency of health services.
the methodology of the program must be proven, documented and replicable,	The intervention will have a basis in research, and the methodology for the trial can be documented and designed to be replicable.
must be directly relevant to the problem which the government authority seeks to address, and the outcomes of intervention must be statistically measurable	<p>The intervention will be specific to improving health care and will have measurable outcomes- eg. bed days, increased participation in screening programs.</p> <p>The health system already collects and reports high levels of data and has sophisticated databases that can be used to report outcomes and provide a basis for comparison (both historically at the site and with other similar ‘control’ sites.)</p> <p>The clinical trial/pilot program will be specifically designed to collect and evaluate the outcomes.</p>
the non-profit partner organisation must be credible and must have sound financial management practices and the capacity to undertake outcome measurement	There will be non-profit health service providers and research organisations involved in designing, conducting and evaluating the intervention in accordance with formal methodologies and practices.
there must be proven/promising service models that have capacity to operate at scale if adequately resourced	The intervention will have been identified through formal experimental research undertaken by a reputable research organisation and which has been identified as having the potential to provide benefits.
there must be experienced, independent and well-resourced intermediaries available to monitor performance reporting during the life of the bond	Universities and reputable health and medical research organisations can be engaged in the monitoring and evaluation of the trial; the financial elements can be subject to audit.
there must be investors prepared to support the investment issue	In addition to professional investors there is a range of organisations with an existing financial interest in healthcare or a mission to improve healthcare that could be willing to invest.

## Specific example- improving bowel cancer screening

Bowel cancer or colorectal cancer occurs in the colon or rectum. It is the second most common cancer affecting men and women in Australia after non-melanoma skin cancer, with more than 14,000 people diagnosed each year. If detected early, the chance of successful treatment and long-term survival improves significantly.<sup>1</sup>

Bowel cancer screening has been shown to be effective in assisting the early diagnosis of bowel cancer. Early treatment of bowel cancer is more effective than later treatment, improving survival rates for individual patients and reducing the cost of treatment compared to patients whose cancer is detected at a later stage.

The success of early screening programs for bowel cancer depends in large part on the right people undergoing screening at the right time. Research has been undertaken in South Australia which identifies the effectiveness of screening tests. It has also identified groups within the target population with low participation rates and the reasons why participation rates in these groups are low.<sup>2</sup>

This information can be used to develop targeted promotional programs designed specifically to raise participation among these underrepresented target groups. A pilot study to test these programs is the obvious next step, but it has not been possible to secure funding for such a measure.

A social impact bond could be a very effective means of funding this research. This proposal is measured against the *Criteria for identifying focus areas for a Social Impact Bond* on page 12 of the discussion paper.

Criteria for focus area for a social impact bond	Improving bowel cancer screening rates among target populations
1. New approaches to intervention exist, and there is evidence to suggest that they will be effective in addressing the problem, based on experience either locally or in other jurisdictions.	The research already undertaken has identified theoretically useful interventions to increase screening, but they need to be tested through a larger scale trial.
2. The impact of the new approach on the focus area can be measured accurately and with confidence against current performance and cost or a matched control group	The effectiveness of the program to raise screening in target populations can be measured against past performance and/or screening levels in other populations, using data collected in relation to individuals undertaking screening. (A pilot could be in a specific geographic location.)
3. The expected outcomes of the new approach can be demonstrated to: <ul style="list-style-type: none"> <li>a. improve wellbeing for individuals and the broader community.</li> <li>b. reduce the cost per intervention on the public sector within a five year timeframe.</li> </ul>	Increased effectiveness of screening amongst target populations results in earlier interventions which improve the chance of successful treatment and long-term survival. Earlier treatment is generally simpler and less intensive than later treatment, resulting in reduced treatment costs.

<sup>1</sup> <http://www.cancer.org.au/about-cancer/early-detection/early-detection-factsheets/bowel-cancer.html>

<sup>2</sup> Javanparast S, Ward PR, Carter SM, Wilson CJ, Barriers to and facilitators of colorectal cancer screening in different population subgroups in Adelaide, South Australia, Medical Journal of Australia, 2012; 196: 521–523



## CONCLUSION

Social Impact Bonds provide an opportunity to test and develop new interventions in health care to the point where they are ready to be implemented across the health care system. The characteristics of the pilot projects and clinical trials needed to further develop new interventions are well suited to the Social Impact Bond model and there is a current dearth of alternative funding sources for these activities.

These interventions will improve patient care and provide financial benefits to the SA Government as the principal provider of health care in South Australia. It will also enable South Australia to make better use of its investment in health and medical research, and has the potential to help establish South Australia as a leader in the translation of research into practice.

Research Australia appreciates the opportunity to make this submission and would be pleased to provide further information or answer any questions that this submission may have raised.

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