



July 14, 2016

Mr. Stephen C. Taylor
Commissioner
District of Columbia Department of Insurance, Securities, and Banking
810 First Street NE
Washington, DC 20002

Dear Commissioner Taylor:

Per the request in your Decision and Order on Group Hospitalization and Medical Services, Inc., on behalf of a group of local philanthropic organizations including The Morris and Gwendolyn Cafritz Foundation, The Community Foundation for the National Capital Region, The Consumer Health Foundation, The Eugene and Agnes E. Meyer Foundation, The Moriah Fund, and The Washington Area Women's Foundation, we are writing to provide comments regarding the CareFirst surplus of \$56 million. In the event that your office determines that the \$56 million needs to be distributed in the District by an entity other than CareFirst, we believe that the approach we propose in this letter would provide an effective and impactful method of investing in the health of District of Columbia residents.

Background

We are among a community of local philanthropic institutions dedicated to the betterment of the District of Columbia and to improving the quality of life for its more than 670,000 residents. The District's philanthropic sector envisions a region where equity, access and opportunity are available to all—much of our work is grounded in collaboration with public, private, and nonprofit partners to catalyze community change.

According to the Washington Regional Association of Grantmakers' *Our Region, Our Giving* report, Washington-area funders issued more than \$227 million in grants in 2014, including more than \$65 million in health—the single largest area of giving.

The Medical Insurance Empowerment Amendment Act permits the eventual plan to distribute the CareFirst surplus in efforts to promote and safeguard the public's health in a fair and equitable manner. The District's philanthropic community has a long and successful track record in doing just that.

Our collective comment is offered with a heartfelt acknowledgement and appreciation of CareFirst's long-standing philanthropic leadership in the healthcare arena. We have valued the ongoing opportunity to learn and collaborate with CareFirst and are hopeful that the District will continue to count CareFirst among our most important health funding partners.

Our Recommendation

The District's funding community proposes designating the CareFirst surplus to the establishment of the Washington Health Futures Initiative, a public/private partnership that will seek to promote positive health outcomes for the District of Columbia. The Initiative will seek to provide responsible and impactful stewardship of these resources through strategic investments in local nonprofit efforts addressing particular community reinvestment objectives.

In conjunction with a Steering Committee composed of local philanthropic organizations and local government stakeholders, the Initiative will seek to engage the community at large to refine a grantmaking strategy taking into consideration the numerous resources and reports on local health outcomes and health-related needs. Potential sources include, but are not limited to:

- The **Urban Institute's** recent report, *Health Needs in the Washington Metropolitan Area*. The report outlines potential issue areas for investment through the CareFirst surplus, including increasing access to care, reducing disparities in chronic disease, and improving school-based mental health.
- The **DC Department of Health's** *DC Healthy People 2020 Framework*. Released this April, the report proposes "a shared community agenda that allows us to collectively monitor important population health outcomes, focus on necessary multi-sector contributions, and frame our conversations around best practices, social determinants of health, and health equity." The report provides critical baseline information on dozens of District community health indicators. Utilizing this framework to articulate the Initiative's start point will help local funders track impact over the course of the initiative. The Initiative will also seek to involve DC Department of Health and report contributors as thought partners to help shape the work.

- Numerous reports on District health indicators, outcomes, and policies prepared by local policy and advocacy leaders including **DC Appleseed** and **DC Fiscal Policy Institute**, among others.
- The findings and recommendations of local collective conversations and initiatives hosted by the **Consumer Health Foundation**, **Fair Budget Coalition**, **DC Primary Care Association** and other community-based organizations.

A Community Dialogue

Local funders understand the landscape of our nonprofit community—a community of organizations that work tirelessly for the greater good. This sector comprises hard-working and dedicated individuals committed to eradicating society's greatest social ills—hunger, illiteracy, homelessness, income inequity, and education injustice. Our nonprofit partners and grantees serve as first responders to our most vulnerable residents and under resourced communities. As foundations, we are fortunate to have direct access to this intellectual capital—as such, the Washington Health Futures Initiative will seek to engage the community to help inform its strategy.

The philanthropic community agrees with the Urban Institute's finding that “any investments made should include a planning process that involves the community and the implementation of a system of monitoring and evaluation so that innovative efforts that are successful become part of the evolving evidence base.”

In collaboration and consultation with the District of Columbia Department of Insurance, Securities, and Banking, District health agencies, the provider and advocacy community, experts in health funding and systems change, the local foundation community, and other community leaders, the Initiative will craft a grantmaking strategy that directly addresses the community's most pressing health needs. Through an ongoing series of community-based conversations, the Initiative will work to foster an inclusive approach to finalizing its investment strategy, as well as periodically engaging around the Initiative's progress and impact.

Our Value Proposition

The District's philanthropic community brings with it decades of expertise in grantmaking and a deep understanding of the local nonprofit community. Our work is guided by shared principles, values, and competencies including:

- *Transparency and Accountability.* The philanthropic sector can make funding decisions in a transparent and inclusive manner. Our efforts will be supported and guided by subject matter experts and community stakeholders to ensure investments are strongly grounded in successful practices.
- *Expertise and Capacity.* Foundations have existing and deep expertise and capacity to undertake complex and challenging grantmaking initiatives, and to provide data-driven impact evaluations of our work and investments. Our organizations include teams of dedicated grant managers, issue experts and professional staff managing millions of dollars in grants every year.
- *Efficiency and Flexibility.* The philanthropic sector is able to quickly and efficiently deploy funds with a minimum of overhead cost. Our approach to grantmaking ensures flexibility to adapt to challenges or changing community conditions that can impact investments over time.

Beyond these values, local funders have long-lasting, meaningful connections to critical community-based organizations and the communities they serve. We are clear that part of our duty and responsibility as foundations is to advocate on behalf of the residents, communities and nonprofits that help make our City a more prosperous one. We also understand that collaboration and the nurturing of system reform networks are essential components to addressing complex issues like health.

Grantmaking Infrastructure

A lead philanthropic entity, such as The Community Foundation for the National Capital Region or the Washington Area Women’s Foundation, will be selected to house a Field-of-Interest Fund (a widely used philanthropic vehicle that facilitates transparent donor giving in areas of particular interest or need) that will be administered and guided by a Steering Committee composed of the District’s philanthropic leaders, including The Morris and Gwendolyn Cafritz Foundation, The Community Foundation for the National Capital Region, The Consumer Health Foundation, The Eugene and Agnes E. Meyer Foundation, The Moriah Fund, and The Washington Area Women’s Foundation. The Committee may also include representatives of the DC Department of Health, the DC Department of Insurance, Securities, and Banking, additional philanthropic organizations, and potentially the Group Hospitalization and Medical Services, Inc. The Steering Committee will be empowered to craft investment parameters and, through a competitive grantmaking process, make decisions on grant awards.

The Initiative would report to the District of Columbia Department of Insurance, Securities, and Banking on its investment strategy and grants, as well as evaluate the impact of the effort over time. The Initiative would seek to fund efforts over a five-year span in order to responsibly distribute the

surplus in a manner that supports the sustainability of its investments and positions the nonprofit community to make a lasting, positive impact on the District's health. Through a competitively-bid grantmaking process, the Initiative would distribute these funds in five equal shares over the duration of the project.

Core to the Initiative's strategy is to leverage the collective knowledge and expertise of some of the best and most impactful philanthropic organizations in the District. Foundations that participate on the Steering Committee will contribute their unique perspectives to the design, implementation, and oversight of the Initiative. The local philanthropic entities that would comprise the Steering Committee for the Initiative bring with them decades of grantmaking experience and credibility with the communities they serve:

- Established in 1948, The **Morris and Gwendolyn Cafritz Foundation** is the largest private, independent, local foundation focused exclusively on the Washington, D.C. metropolitan area. The Foundation is committed to building a stronger community for residents of the Washington region through support of programs in the arts and humanities, community services, education, health and the environment. In terms of health funding in the District, the Cafritz Foundation has a long history of providing general support to nonprofit health centers/safety-net providers in the city and has played a role in leadership efforts to address issues of HIV/AIDS, as well as hunger and food systems, among others.
- The **Eugene and Agnes E. Meyer Foundation**, established in 1944, pursues and invests in solutions that build an equitable Greater Washington community in which economically vulnerable people thrive. In addition to its current grantmaking in the areas of education and employment, affordable housing, and financial security for low-income individuals and families, Meyer has a long history and ongoing commitment to investing in capacity-building for its grantees, and supports convening and advocacy around key community issues. Meyer also has a long history of grantmaking in health, particularly in ensuring access to primary care for low-income people.
- The **Consumer Health Foundation**, established in 1994, is committed to building a region and nation in which everyone has an equal opportunity to live a healthy and dignified life. The Foundation provides grants in the District of Columbia and throughout the region to address health care access, economic conditions as a social determinant of health and racial equity. In addition to grantmaking, CHF builds grantee capacity to effect change, partners with other funders for aligned giving, uses its strategic communications resources to advance health equity and allocates funds for impact investments that support the local community.
- The **Moriah Fund**, which was established in 1985, seeks to promote human rights and social justice, help disadvantaged people gain self-sufficiency and control over their lives, foster sustainable development, and promote women's rights and reproductive health. Moriah's grantmaking in the Washington region supports organizations that are working to remove

many of the barriers leading to poor economic and health outcomes in our community. Moriah has especially focused on improving reproductive health programs and policies for poor women and women of color in our region, nationally and internationally.

- The **Washington Area Women’s Foundation** mission is to mobilize our community to ensure economically vulnerable women and girls have the resources they need to thrive. The foundation achieves its mission by applying a gender lens to its research and education, advocacy, and grantmaking. Since The Women’s Foundation was founded in 1998, nearly \$9 million invested in nonprofits has helped over 16,000 women increase their income and assets by more than \$53 million. These investments are made based on our groundbreaking research that found that asset building, early care and education, health, and workforce development opportunities were key to improving the economic security of women and girls.
- Established in 1974, **The Community Foundation for the National Capital Region** works to ensure equity, access, and opportunity for all residents in the Washington metropolitan area. Its mission is to strengthen the Washington metropolitan region by encouraging and supporting effective giving and by providing leadership on critical issues in our community. The Community Foundation brings with it deep experience in managing and investing philanthropic assets in collaboration with donors. The Foundation has distributed more than \$1 billion in grants over its history, with more than \$75 million invested last year alone. The Community Foundation’s works to provide efficient grantmaking services on behalf of more than 800 donors, including transparent grant administration, and provides program expertise in a wide range of areas, including health, education, workforce development, safety net services and housing.

The Cafritz and Meyer Foundations are two of our region’s largest and oldest philanthropic institutions. Their institutional knowledge of effective grantmaking and deep roots in the community will be tremendously additive to the Initiative. The Meyer Foundation’s expertise in supporting capacity-building grantmaking will also bring a valued dimension to the Initiative.

The Consumer Health Foundation brings with it a strong commitment and expertise in health equity, racial equity, and economic justice. The Washington Area Women’s Foundation has a deep history in convening and leading local and national community-based collaborations designed to improve the economic security of women and their families. Through these partnerships, the Initiative’s strategy will include a strong focus on health equity and a capacity to address the needs of critical sub-populations.

Local philanthropic institutions have decades of experience in managing complex and high-profile grantmaking and community initiatives. The local philanthropic community is also able and willing to work with CareFirst to ensure their expertise and knowledge supports the success of the Initiative.

Further, we are open to future consultation with the DC Department of Insurance, Securities, and Banking to describe our intended work in detail, and to include its perspective in crafting our investment strategy and grantmaking guidelines.

Through the Initiative, and with guidance and oversight of the Steering Committee, a lead entity will provide the full range of administrative services required to undertake an impactful and high quality grantmaking program, including:

- Preparation and distribution of competitive Requests for Proposals.
- Comprehensive review of submitted proposals using an agreed-upon set of selection criteria.
- Grant processing and due diligence.
- Program management and administration, including day-to-day administration of all components of the charitable giving program.
- Collecting outcomes monitoring information from grantees.
- Convening and facilitating an ongoing dialogue with District stakeholders around the impact and progress of the Initiative.
- Development and presentation of annual aggregate reports on the impact of the Initiative.

The Steering Committee will meet on a quarterly basis to develop strategy, review priorities, and make grant-making decisions. The Steering Committee will work to set a baseline budget for the Initiative, including administrative and programmatic costs, to be approved by the DC Department of Insurance, Securities, and Banking.

In addition, the Committee may operate work groups to investigate topics of interest and formulate grantmaking strategies and recommendations. The work groups will be led by chairs selected by the Board. They may be of any size and can include both members of the collaborative and external stakeholders whose expertise can help to guide and inform the work of the Initiative.

A voting process will be used to approve proposed grants. Only current Committee members may vote and voting is limited to one representative per organization. To the extent possible, issues and decisions will be thoroughly discussed with a goal of reaching consensus among all members.

Members of the Steering Committee will be asked to disclose any potential conflicts of interest that might arise in the process of awarding grants. This would include membership on the board of directors of grantee or prospective grantee organizations, employment of family members by grantee or prospective grantee organizations, and/or any consulting or other contractual relationships between the Committee member and any grantee or any organization being considered for a grant. Funders involved in the grantmaking process of the Initiative will disclose any institutional relationships with any organization being considered for a grant.

In the event that an individual serves as a member of the board of directors of grantee or prospective grantee organization, has a family member employed by a grantee or prospective grantee organization, and/or has any consulting or other contractual relationships with any grantee or any organization being considered for a grant, said member will recuse him/herself from voting.

A Track Record of Collaboration

Local funders have a long track record of collaborating to leverage each other's strength and investments to magnify impact. Among the District's most successful collaborations, the Early Care and Education Funders Collaborative and the Greater Washington Workforce Development Collaborative both provide evidence of the promise and the power of public-private partnerships, led by the philanthropic community:

Washington Area Women's Foundation established the **Early Care and Education Funders Collaborative** in 2008, as a multi-year, multi-million dollar collective funding effort. The Collaborative is supported and directed by corporate funders and local and national foundations. The Collaborative's mission is to increase the quality and capacity of, and access to, early care and education in the Washington region. In support of this mission, the Collaborative serves as a regional convener and grantmaker, supporting systemic approaches to improving the quality of early care and education in the Washington region.

The **Greater Washington Workforce Development Collaborative** is a partnership comprising more than 15 local foundations, philanthropists, and businesses. Its workforce investments help workers acquire the skills and credentials they need to launch successful, family-sustaining careers, and help businesses attract, retain, and advance the skilled workforce they need to provide critical services to our community and remain globally competitive. Founded in 2008, the Collaborative has invested more than \$8 million in efforts that have touched the lives of more than 5,700 workers, helped regional employers fill more than 2,200 job vacancies, enabled more than 1,560 individuals earn a post-secondary credential, and leveraged more than \$46 million in additional state and deferral workforce investments to the Washington region.

Please note that the above referenced initiatives are offered as examples of local philanthropic collaboration to demonstrate our sector's capacity to build the proposed Washington Health Futures Initiative.

A History of Public Partnership

Local funders have a long history of responsible and impactful stewardship of philanthropic resources in service of our region's community of givers. The signees to this letter have extensive experience working directly with the District of Columbia government as a donor and strategic partner, including:

- The Community Foundation serves as the District's key philanthropic partner in the **City Fund**, a \$15 million, multi-year initiative that has provided needed direct and capacity building grant funding to high-performing, high-quality nonprofits across seven issue areas. Two of three planned program grant rounds have been completed. In the most recent round, \$3.6 million was issued to support 59 District organizations in the areas of arts, education, environment, health, public safety, senior and disability services and workforce development. Since the beginning of the initiative, the City Fund has supported 111 nonprofits with more than \$9 million in grant funding.
- The Community Foundation has historically housed funds for **DCPS, DYRS** as well as a number of individual **public and charter schools** to support their ability to provide quick and nimble funding for key local projects and priorities.
- The Community Foundation and Meyer Foundation received the assets of the former **Freddie Mac Foundation** upon its closure. The Community Foundation has initiated two large-scale, multi-year grant initiatives (the Fund for Children, Youth and Families and the Children and Family Legacy Fund) that will collectively award \$35 million to Washington-region nonprofits in the space of academic and career success for young people, foster care, and stable housing. Simultaneously, the Meyer Foundation has distributed nearly \$6 million in vital capacity-building funds to former Freddie Mac Foundation grantees.

Conclusion

The CareFirst surplus offers a once-in-a-lifetime opportunity to catalyze real, systemic, lasting change to benefit the District's health outcomes. The local philanthropic community believes that the approach summarized here will provide a transparent, cost-effective, impactful mechanism to achieve that objective.

Sincerely,



Rose Ann Cleveland
Executive Director
The Morris & Gwendolyn Cafritz Foundation



Rubie Coles
Deputy Director
The Moriah Fund



Nicky Goren
President and CEO
Eugene and Agnes E. Meyer Foundation



Jennifer Lockwood-Shabat
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Bruce McNamer
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The Community Foundation for the National
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