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Christie Skeptical of Cost to ‘Pay for Success.’

New Jersey Gov. Chris Christie recently vetoed a bill that would have created a fund to promote Pay for Success (PFS) programs in the state. Called the “New Jersey Social Innovation Act,” the bill would have created a five-year social innovation loan program in the New Jersey Economic Development Authority to promote preventive health service programs. The fund would have been used for things like guaranteeing loans made by private financiers and paying for expenses related to the administration of the loan guarantees. (PFS programs seek private financing to fund preventative government programs. The financiers are paid back only if the program achieves the desired result.)

Christie didn’t nix the entire bill but he did gut key parts and instructed staff to consider ways to use existing resources to accomplish the same goal. He noted that the fiscal note accompanying the bill was inconclusive about how much the program would cost (or save) the state. While noting the “possibility for cost savings through more efficient health care provision,” the note went on to say that the details of the loan and loan guarantee agreements “will be significant factors in determining whether those cost savings may be realized.”

In his veto, Christie said the finances were too vague. “While I agree that preventative health services are a valuable piece of the State’s overall healthcare picture, I am concerned that establishing such a new financial structure requires further consideration before enactment,” his letter said. “There have been mixed results concerning the true benefits of these programs in extensive studies conducted by the most respected experts.” Indeed, PFS is still a nascent idea with just two projects in five years yielding results: one is working, and one didn’t.

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