



MILKEN
INSTITUTE

FINANCIAL INNOVATIONS LAB®

A National Network to Advance Innovative Financing for Women's Reproductive Health

Executive Summary

REPORT BACKGROUND

Investing in women's reproductive health is crucial for wider economic productivity and social well-being across the United States. Yet women, who make up half of the US population and nearly half the workforce, are underrepresented when it comes to health. Their health receives far less funding, health concerns have been dismissed, and diseases are often misunderstood, misdiagnosed, and undertreated. A substantial portion of their lives are marked by suffering from disabling conditions related to reproductive health challenges.

To be clear, women's reproductive health isn't just about reproduction. It covers women's health from teen years through menopause and from equitable funding in education, screening, diagnosis, and innovative products through access to care. It includes everything involving a woman's reproductive system, from menstruation, fertility, contraception, maternal health, and menopause to gynecology, procedural and medical abortion, hormone and vaccine therapy, and oncology—but it encompasses aspects of mental as well as physical health.

For decades, targeted R&D and health-care services for women have suffered from chronic underfunding, leading to outsized and long-term impacts, especially for Black, Latinx, Indigenous, transgender, nonbinary, rural, and low-income women, as well as their families and communities. This is reflected in the data showing the US has the highest rate of maternal mortality among the 10 highest-income countries in the world, and Black women face nearly 2.5 times the risk of death from pregnancy-related complications compared to White women even at similar socioeconomic levels.¹ Women,

particularly in vulnerable circumstances lacking access to affordable contraception or reproductive health care, face the risk of adverse long-term health consequences and the risk of economic instability and all it entails for their families. Insufficient treatment for reproductive health-related conditions (uterine fibroids, endometriosis, or menopausal symptoms, for example) can affect a woman's daily life and her career, while limited or restricted access to routine services (cervical cancer screenings and family planning) can derail long-term health and financial stability. A recent McKinsey report opens with the astonishing metric that women spend 25 percent more time than men in poor health and disability and most of it during their "working years."²

The consequences of inadequate access to reproductive health care are reflected not only in lost productivity but also in families thrown into turmoil among wider economic factors. Most recently, the unemployment crisis during the COVID-19 pandemic resulted in a loss of health insurance for many families, which exacerbated the health-care disparities that run through our modern social fabric, from insurance coverage for essential services such as contraception, prenatal care, and screenings for reproductive cancers to paid parental leave. But it was the Supreme Court decision to overturn the 50-year precedent of *Roe v. Wade* in its June 2022 *Dobbs v. Jackson Women's Health Organization* ruling that catapulted the women's reproductive health crisis into a catastrophe whose effects will reach across generations. Increased surveillance, suspension of services, and rising staff departures at clinics and hospitals mean today, one in five women must cross state lines to get abortion care, and nearly 20 million women now live in counties that are "contraceptive deserts," where no health centers offer a full range of birth-control methods.³

The flurry of ongoing lawsuits, ballot initiatives, and state constitutional amendments (and challenges) triggered by the *Dobbs* decision is throwing up barriers to new care and investment in the absence of protection or insurance to mitigate liability or service interruption. Without safeguards, any incremental progress in women's reproductive health care will struggle. It also compounds the already challenging funding and financing backdrop for this market. There is limited federal funding from grants or Title X, the only federal family planning program that provides no and low-cost products and services to enrolled clinics. Funding gaps in the federal government program are filled by state and local grants, philanthropic contributions, and private investments.

Further, the siloed nature of R&D and innovation for products and services in this field (held either in university or business settings) has led to competition for the same limited pool of funding for development. Other avenues such as financial markets, including private equity and capital market activities, have been lacking due to such investment decisions typically relying on data and analytics that can forecast returns—fragmented or scarce in this context. Researchers and/or innovating entrepreneurs also bear the burden of educating potential funders on the science and value of investing in women's reproductive health. This is a significant burden, especially challenging in areas where products are often sold at reduced prices and reimbursements are low, and this is reflected in slimmer profit margins. Policy volatility, lack of financial incentives, and challenges in scaling operations in lower-income areas can further deter investors who are more focused on the predictability and timeliness of their returns.

Yet we can find optimism in the emerging trends of investment in women’s reproductive health. Venture capital (particularly female-founded venture capital firms) has emerged as a promising field now referred to broadly as “femtech.” Their investments aim to overcome the previously mentioned barriers, prioritizing impact while also focusing on returns, and typically target early-stage companies across telehealth, counseling, patient support, diagnostics, devices, and products for women. Other areas of the private sector have also stepped in to try to fill critical voids. Many organizations have committed to covering the cost of services for employees who lack access to care, offering various support from \$5,000 travel stipends to philanthropic grants to health organizations.

Crucially, more than ever, there is an increased awareness of the gaps and challenges—and there is increased collaboration and coordination to find solutions. In November 2023, the Biden administration announced the White House Initiative on Women’s Health Research, working across several federal agencies to rectify disparities in research, determine investment priorities, and pursue potential private-public partnerships to advance research.⁴ This kind of support can create opportunities to attract new funding and financing to the field.

Throughout 2023, the Milken Institute also tackled this issue, applying market research and interviews with more than 70 stakeholders to examine systemwide deficits, research gaps, and community-level needs in a comprehensive manner. In October and November 2023, the Institute convened a Financial Innovation Lab[®] that brought together experts from health care, finance, corporations, government, philanthropy, policy, advocacy, and academia to explore how private funding could be better used to fill gaps to scale innovation and deliver equitable, high-quality care across research and development, infrastructure, products, and services for women’s reproductive health in the United States.

RECOMMENDATION: A WOMEN’S REPRODUCTIVE HEALTH NETWORK

Lab participants advocated creating a national women’s reproductive health network supporting several regional hubs. Its mission would be to develop:

- access to a powerful stakeholder network in centralized locations providing knowledge sharing, mentorship, incubation, and acceleration to participating hubs and communities;
- financing models more suited for the unique challenges facing the women’s reproductive health field; and
- a business interruption “insurance” model, to safeguard reproductive health services amid a dynamic and fluid policy landscape.

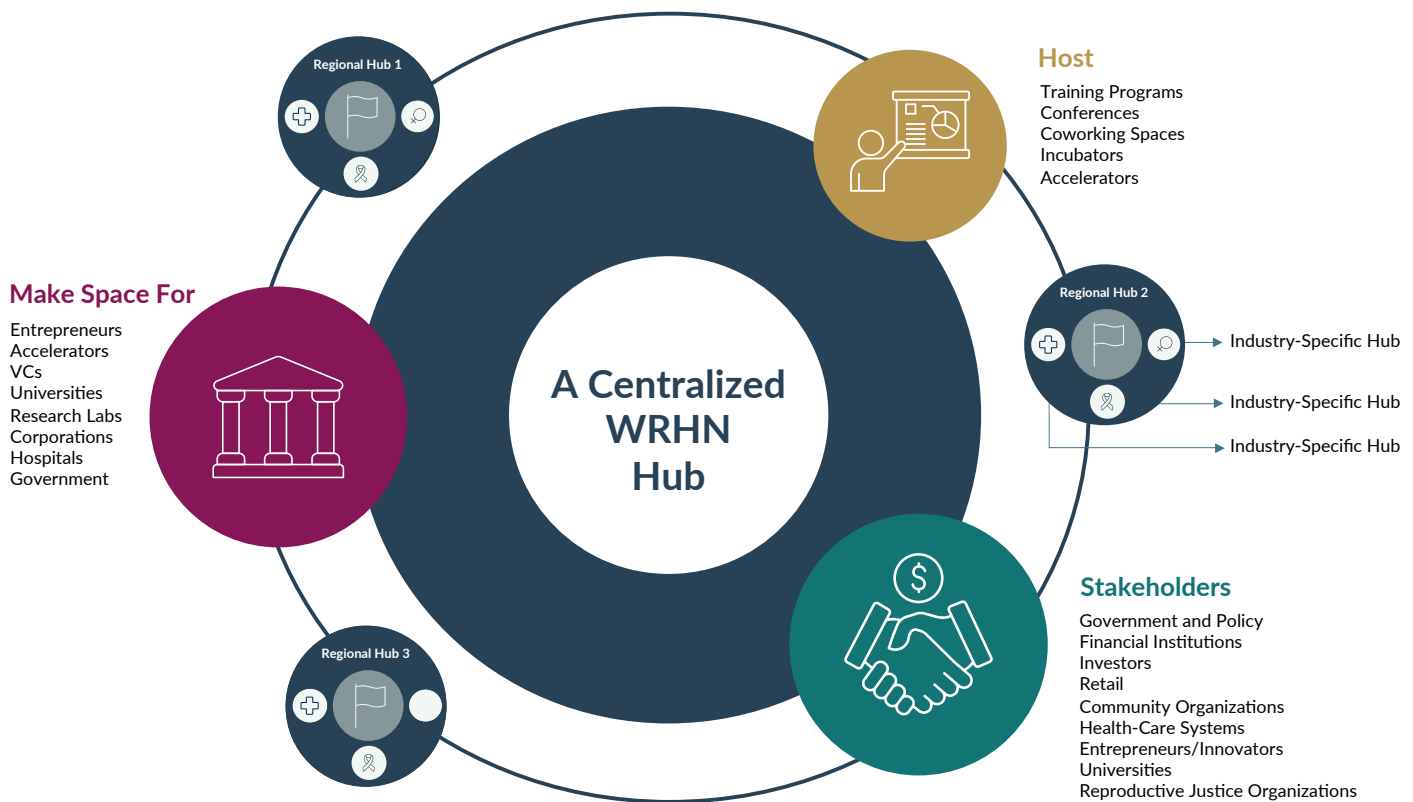
A network model would facilitate introductions, coordination, and promotion of funding efforts, resources, events, and information to advance innovation and ensure equitable, affordable access to women’s reproductive health care across communities at scale. The idea stems from existing start-up efforts (some of them national efforts, some via public



agencies or public-private partnerships, others private) that incubate and accelerate action across groups of stakeholders working on a common problem. These initiatives (programs or physical centers) focus on incubating and accelerating collaborative action among different stakeholders (for example, researchers, corporate leaders, entrepreneurs, and investors), addressing shared challenges and coordinating efforts.

Lab participants envisioned a central hub, either a brick-and-mortar center or a digitally connected entity, serving as a focal governing point. Regional hubs (likely physical structures) would provide tailored support in response to the needs of their community by connecting key stakeholders in a safe collaboration space. This setup would catalyze and capitalize R&D, products, and services to deliver accessible and affordable solutions.

Figure 1: A Centralized Women’s Reproductive Health Network



Source: Milken Institute (2024)

Structure and Governance

The first step in designing the network would be to outline the community-led mission and the guiding principles of equity and impact. The network’s values should be outlined in a charter to guide its activities and hold stakeholders accountable to build a safe and collaborative environment. Participants agreed that while the network model could be structured based on the mission and goals, it must also offer as much flexibility as possible for operations and governance. This is particularly crucial for the regional components, which would need to adapt activities to meet the needs of their respective communities.

In terms of structure, the initial phase would involve setting up a nonprofit or a social enterprise, which could have a simple staff and board structure but be able to accept donor funding immediately. Dedicated personnel—including an executive director, advisory board, and managers focused on project management, coordination with regional hubs, financing, and technology—were deemed necessary to provide and maintain the framework of procedures and processes. The central hub would attract external funding and financing, manage the staff and back-office operations, and oversee investor interest.

Regional hubs, potentially at least four to serve the Northeast, Midwest, South, and West, would be physical centers chosen based on several criteria, including proximity to research, universities, and technology hubs, for example. Each would serve as its own entity, with the governing body representing state and community voices and organizations and could include research labs, incubator and collaboration space, mentorship, resource sharing, and financing.

Stakeholders

The diversity and expertise of stakeholders (spanning the public and private sectors) are critical to ensure the network is well-balanced in representation and skillset. This allows collaboration, knowledge transfer, and activities to benefit stakeholder and community needs. As seen in Figure 2, the network would bring together entrepreneurs building companies that deliver health products and services and investors who could provide capital as well as government leaders to facilitate implementation. It would also facilitate collaboration between researchers and academic institutions, enabling mutual learning during clinical research with access to industry partners such as major pharmaceutical companies to advance products to the final stages of development.

Figure 2: Stakeholders Create a Cohesive WRHS Marketplace



Source: Milken Institute (2024)

Services and Activities Provided by the Hub(s)

Both the central and regional entities can fulfill different operational needs for participants, from providing a platform for education, collaboration, and knowledge exchange, to funding resources and financial counseling and offering administrative and equipment support. Regional hubs would aim to provide a tailored set of activities designed to meet the needs of the community they serve.

Information Exchange

The network would serve as the primary source for industry information, education, and resource coordination through peer-to-peer exchanges, aiming to streamline and enhance learning, sharing, and financing opportunities. It could be a repository for research spanning the women's reproductive life cycle and facilitate workshops and mentorship programs.

Additionally, it could play a pivotal role in advocacy efforts, creating opportunities to educate policymakers and industry stakeholders on policies and programs aimed at ensuring better products and equitable access to services.

Financing Counseling

The network could offer a financing playbook detailing potential opportunities to the numerous community organizations at the front line of providing care and services. These capacity-constrained organizations often require assistance navigating the forms of public and private funding or financing for which they may be eligible. It could also offer financial counseling to participants who could benefit from personalized education, and matchmaking services to identify specific funding and financing needs and identify suitable donors or investors.

Mainstreaming the Narrative

The network would aim to reframe and mainstream the narrative around women's reproductive health, tackling existing failures, including the gaps in education, marketing, and advertising. Lab participants discussed how this approach to normalizing education could strengthen fundamental knowledge of women's health and combat misinformation and biases.

Back-Office Administration Services and Operations Support

The network could offer a suite of shared administrative and technical support back-office services, providing tremendous value for capacity-constrained providers and community organizations, driving sustainability, and expanding services in areas most needed. Regional hubs could utilize shared lab spaces and other areas of participating universities or corporations for researchers and organizations to collaborate and coordinate on R&D activities—building on the history of successful accelerators and incubators in the life sciences sector.

Insurance

Lab participants expressed the need for a form of “business interruption insurance” to mitigate operational disruptions due to legislative changes and other unforeseen events. This would alleviate investment apprehension by providing a guarantee and help safeguard reproductive health services from the constantly shifting policy landscape.

Participants suggested partnering with an insurance stakeholder to devise a payout policy when a triggering event could compel a company to cease services or suspend operations. The payout would provide liquidity to the company to maintain staff and other operations. This could build on existing models, including the World Bank’s Multilateral Insurance Guarantee Agency, which provides political risk insurance, and the private insurance company Swiss Re’s fixed sum payment to businesses when typhoon warnings breach a threshold, causing operations to close.⁵ These models would be adapted to the US policy risk triggers.

Funding the Network

To fund the establishment of both the centralized and regional hubs, foundations, individual philanthropists, and corporations could be approached as anchor donors. They could provide an endowment to cover the daily operations for the first few years. Once this network has established a reputation in the industry and generated value for partners, there could be an opportunity to charge membership fees to help sustain activities, especially from stakeholders generating deals or investment.

Designing an Investment Vehicle

While the above activities would support the network, participants raised the benefits of an investment vehicle to fund participants, including community organizations, researchers, and start-up companies. Many women’s reproductive health organizations are localized or start-ups or in early stages, lacking sufficient capital or revenue to meet market-driven capital return expectations. Therefore, access to lower costs, reduced returns expectations, and greater flexibility as they strive to generate profit would be beneficial. Both models discussed below provide flexibility in the types of financing (debt or equity) and payment time horizons.

A limited liability company (LLC) was identified as the easiest and simplest option with its generic and flexible structure that doesn’t require significant initial legal legwork.

- Lab participants discussed a model with a 20-year period for investments and a capital guarantee pledge for investors.
- The potential to provide a specified rate of return at the end of the funding period was considered.
- This time horizon (longer than traditional private equity or loan funds), along with the low or no return component, would provide flexibility to companies normally unable to attract low-cost and long-term capital.
- However, it could limit the types of investors willing to participate. Thus, the

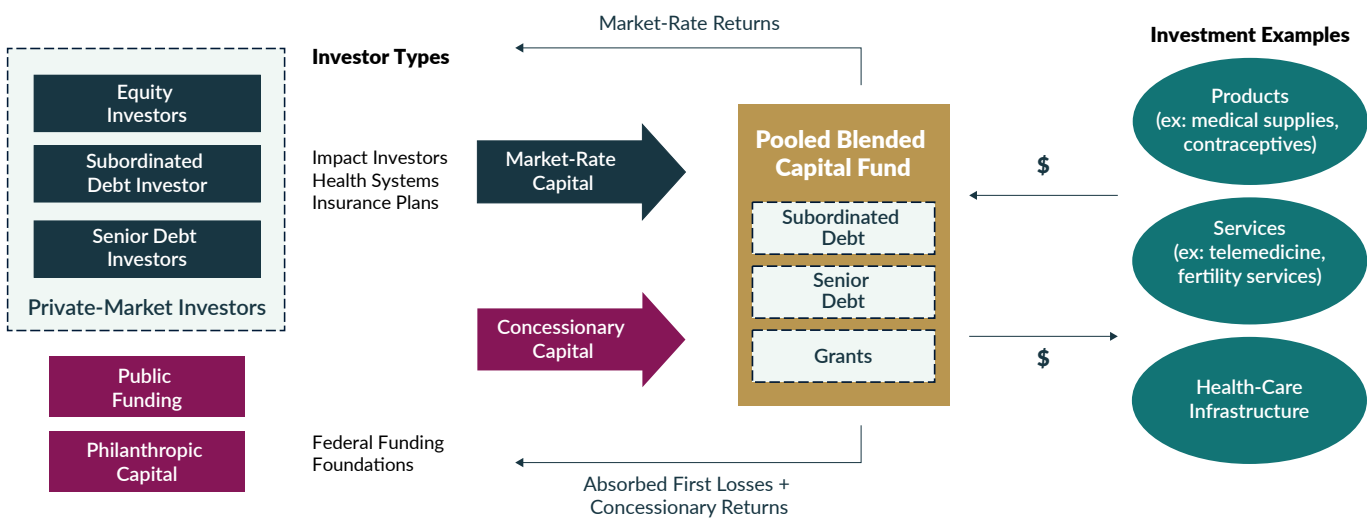
fund would need to find the right structure to ensure a risk and return profile not burdensome to companies and appealing to investors.

- Focusing on philanthropic and impact investors (foundations and family offices) willing to take no or lower returns to achieve social and health impacts was suggested.

A blended financing vehicle, as shown in Figure 3, would bridge differing levels of investor risk appetite and required returns.

- Concessional catalytic capital, government grants, and philanthropic funding willing to accept no or low returns can provide low-cost, junior debt or equity and absorb a portion of initial losses.
- The above layer of capital offers traditional investors, such as banks or private equity firms, financial protection.
- It reduces the overall cost of capital for participants, which would translate into more equitable and greater access to reproductive health products and services.
- Lab participants identified a wide variety of applications for hub participants, including:
 - » a low-cost multiyear loan for a brick-and-mortar clinic or to purchase mobile units to serve patients in a broader geographic region, particularly those unable to travel or living far from services;
 - » low-cost loans to rural and low-income clinics to provide procurement guarantees to purchase bulk, lower-cost medical equipment, services, and supplies; and
 - » low-cost equity for a telehealth company providing home tests.

Figure 3: Blended Finance Fund



Source: Milken Institute (2024)

CONCLUSION

After decades of underinvestment in the spectrum of women's reproductive health, there is a new sense of urgency, focus, and momentum across national platforms and the private sector. Just in the past year, there have been research and funding of women's health initiatives from the Biden administration, the National Institutes of Health, and the Bill & Melinda Gates Foundation, to name a few. Building on initiatives of public, private, and community partners' engagement and collaboration, the Milken Institute's Financial Innovations Lab process has proposed the creation, design, and implementation of a Women's Reproductive Health Network to effectively coordinate, advocate, educate, invest, collaborate, and facilitate equitable growth and access. It would harness capital and the influence of a robust stakeholder community to tackle market challenges and advance equitable access and care. This level of national coordination is necessary to help close the gender equity gap, foster healthier communities, increase economic productivity, and attract further investment in women's reproductive health.



ENDNOTES

1. Eugene Declercq and Laurie Zephyrin, “Measuring Maternal Mortality,” The Commonwealth Fund, February 6, 2020, <https://www.commonwealthfund.org/blog/2020/measuring-maternal-mortality>.
2. Kweilin Ellingrud, Lucy Perez, Anouk Petersen, and Valentina Sartori, Closing the Women’s Health Gap: A \$1 Trillion Opportunity to Improve Lives and Economies (McKinsey & Company, January 17, 2024), <https://www.mckinsey.com/mhi/our-insights/closing-the-womens-health-gap-a-1-trillion-dollar-opportunity-to-improve-lives-and-economies>.
3. “Contraceptive Deserts,” Power to Decide, accessed December 18, 2023, <https://powertodecide.org/what-we-do/contraceptive-deserts>.
4. “Launch of White House Initiative on Women’s Health Research,” The White House, accessed on February 5, 2024, <https://www.whitehouse.gov/gpc/briefing-room/2023/11/17/launch-of-white-house-initiative-on-womens-health-research>.
5. “Political Risk Insurance,” International Institute for Sustainable Development, accessed February 7, 2024, <https://www.iisd.org/credit-enhancement-instruments/institution/world-bank-multilateral-investment-guarantee-agency>; “Insur8,” Swiss Re Corporate Solutions, accessed on February 1, 2024, <https://corporatesolutions.swissre.com/innovative-risk-solutions/innovative-natcat-covers/insur8.html>.