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## **Rippel Foundation Awards Grant to Nobel Prize Winner Elinor Ostrom to Apply her Economic Insights to Health**

**Grant Will Enable Indiana University’s Workshop in Political Theory and Policy Analysis to Explore Extending Ostrom’s Work on “Governing the Commons” to Healthcare**

**Morristown, NJ – November 18, 2010** – The Fannie E. Rippele Foundation today announced a grant of \$295,000 to Elinor Ostrom, the 2009 Nobel Prize winner in Economics, and the Workshop in Political Theory and Policy Analysis at Indiana University. Together they will explore, through an 18-month project beginning in January, the application of Professor Ostrom’s transformational theories and insights to the improvement of health and healthcare. The project will be led by Elinor Ostrom, PhD and Michael McGinnis, PhD, who also serves as director of the Workshop.

Professor Ostrom, Distinguished Professor at Indiana University in Bloomington, was awarded the Nobel Prize in Economics for her research on “economic governance, especially the commons.” Prior to her research, established economic theory predicted that users of common resources were doomed to suffer a “tragedy of the commons” – the total collapse of a sustainable system due to overuse. Yet by looking at examples of common pool resources such as forests, fisheries, oil fields, grazing lands, and irrigation systems around the world, Professor Ostrom concluded that conditions found in many real-world communities made it possible for them to work together and avoid a tragic fate. Specifically, users of a common pool resource can manage that resource in a sustainable manner when that group both builds trust and is allowed sufficient autonomy to devise and enforce their own rules. Her work offers an alternative to the often-accepted options that point to either the government or the market as the only means of controlling resource utilization.

The Rippele Foundation-funded study will apply methods of institutional analysis, as developed by Vincent and Elinor Ostrom and their many colleagues and collaborators, to the common resource pools most critically involved in the health system. The hope is that this analysis can help Americans become healthier while paying lower, and more sustainable, costs for high-quality healthcare.

In *Governing the Commons* (1990) and many other publications, Professor Ostrom demonstrates how local communities develop and sustain habits of collaboration that enable them to effectively manage resources critical to their own survival. She summarizes this research by identifying eight principles of design that are common to examples of long-lasting regimes of resource management. In this research, the project team will investigate the extent to which similar principles of multi-stakeholder polycentric management can be applied to health policy.

The project will include in-depth studies of four diverse regions, notably Cedar Rapids, Iowa, Grand Junction, Colorado and Bloomington and Bedford, Indiana. Each of these communities has differing experiences with collaborative models of governance, many of which have been focused on health. In cases where sustained collaborative management practices have been in place, the result seems to be higher-than-average quality healthcare at substantially lower-than-average costs. Among the project's outcomes will be insights into new economic models, as well as surveys, assessments, and other measurement instruments that can be used in regions across the country, if these communities can first be understood.

Preliminary work on the project has already begun – with meetings in Bloomington on November 10<sup>th</sup> and 11<sup>th</sup> of the research team with leaders representing the four research communities, as well as with a notable group of individuals in business, health, research, medicine, insurance, medical academia, leadership development and systems design. (Photos from that meeting are available upon request.)

“The Rippel Foundation is excited about the prospect of extending Professor Ostrom’s work to healthcare,” said Laura Landy, President of the Fannie E. Rippel Foundation. “Managing the healthcare commons is a crucial challenge for our nation and the world, and Lin Ostrom and her team are uniquely qualified to lead that effort. We hope that this project will result both in valuable new insights and in practical tools for healthcare leaders and concerned communities.”

“The Rippel Foundation’s support is making it possible to explore the application of a totally different set of proven economic theories that could have profound and practical application to healthcare,” said Elinor Ostrom. “The challenge of using well our common shared resources in health and healthcare is of utmost importance if we are to reach the goal of a healthier population and a sustainable health system. We’re thrilled at the opportunity to contribute new insights to meeting that challenge.”

### **About the Rippel Foundation**

The Fannie E. Rippel Foundation ([www.rippelfoundation.org](http://www.rippelfoundation.org)) is a catalyst for new ways of thinking about our health system – to achieve better health, better care and lower costs. The Foundation actively engages leaders in and outside of health who take a systems-based approach to health and care re-design, working with them to explore and implement innovative initiatives in order to improve health outcomes for all Americans.