



UNDERSTANDING HEALTH CARE PHILANTHROPY

Health care philanthropy—also known as voluntary, community, charitable giving—has demonstrated efficacy as a sustainable, growing, alternative revenue stream with a strong return on investment. More than \$10.43 billion was given to U.S. nonprofit health care organizations in FY2017, and organizations performing at the median raised \$4.03 for every \$1.00 invested in fund development—a return on investment not often possible by any clinical service line. (Association for Health care Philanthropy, FY2017 Report on Giving USA) While total dollars raised by health care organizations vary based upon institution type—with specialty hospitals, children’s hospitals and academic medical centers consistently raising more than their public and community hospital counterparts—as well as other variables including hospital market share, population density, community wealth and more; philanthropy has the power to make a significant impact in organizations of all types and sizes.

Moody’s Investors Service further underscores the value of philanthropy by noting it is “an important consideration in our credit assessment” that “can positively impact bond ratings.” (Source: Fundraising at Not-for-Profit Hospitals Largely Untapped but Increasing, Moody’s Investors Service Special Comment, March 2006) “When assessing an organization, Moody’s says it

The term “philanthropy” is derived from the Greek term “*philanthrōpía*” which means “for love of humankind.” Modern definitions embrace an outward focus in voluntarily sharing personal resources to enhance the lives and well-being of others.

considers factors such as annual unrestricted gifts, which can help support operations by supplying a steady stream of revenue. It also looks at restricted gifts earmarked for specific capital initiatives.” (Healthcare Financial Management Association, 2009)

As philanthropy has become a strategic, alternative revenue source and a lever to organizational excellence, it naturally follows that health care leaders would develop an understanding of and take on meaningful internal and external roles in advancing philanthropy. Here are some issues and opportunities to consider:

Put Up the Tin Cup Leaders must recognize philanthropy is not about begging for money. Asking someone to join your mission is extending a hand to invite a like-minded person to join you

in accomplishing mutual and meaningful goals. Excellent organizations prioritize a focus on values-based, relationship-driven philanthropy rather than transactional fundraising.

Select Strong Projects Philanthropy can support a range of strategic initiatives to advance clinical quality, safety, experience and more. Donors also embrace giving not only for buildings and technology but also for programs, innovation initiatives, population health and more. Yet, many organizations squander the potential impact of philanthropy by allowing charitable dollars to benefit low value initiatives. Leaders can harness greater donor interest and drive stronger giving by proactively collaborating with the foundation office to select charitable funding priorities that align with the health care organization's strategic priorities and aspirations.

Enunciate the Rationale for Giving Sound project selection enables a resonant "case for support" to share the rationale for charitable investment. Leaders can help shape an urgent, compelling and emotional appeal to illuminate the organization's vision of its potential, show how proposed solutions will address real problems, inform how progress or success will be measured and let donors see how they can create impact.

Honor the Donor Investor Significant donors are often keenly motivated to achieve social impact. Thus, leaders should proactively determine how progress or success will be demonstrated to donors to show the value of their charitable investment. This also means leaders must resist using budgetary dollars to fund exciting, high profile, strategic projects while pushing projects left on the "chopping block" to the foundation to fund.

Harness the Power of Gratitude Grateful patients and families are the most generous donors to health care organizations. According to Advisory Board, 88% of top donors to health care had a previous personal or family care experience, and donors said their physician was the primary influencer in their decision to give. Further, a recent survey of 25,000 health care consumers by NRC Health and Accordant Philanthropy found 72% indicated being grateful for their most recent health care experience, and 37% indicated they were most

A Return to Our Roots

American health care was founded on voluntary giving. Benjamin Franklin positioned health care philanthropy as a civic responsibility and established a hospital board in 1752 to raise charitable funds to create the first general hospital in the United States. Through the power of community giving, the first patients were admitted to the new "Pennsylvania Hospital", now Penn Medicine, in 1756.

grateful for their physician. With investment level, "major" gifts as the largest driver of total dollars raised in health care and with grateful patients being most likely to give at that level, fostering strong relationships with grateful patients and families through cross-functional collaboration with clinical operations and patient experience leaders as well as directly engaging physicians and clinicians in connecting and cultivating the interest of potential donors have become strategic imperatives.

Utilize Business Diligence Health care philanthropy is guided by a range of best practices, measures and metrics. To optimize performance, it's valuable to know how your organization compares to similar institutions. More importantly, it's valuable for leaders to support your philanthropy program maintaining a strong focus on high impact, high engagement, high ROI efforts such as major gifts, grateful patient engagement, campaigns and planned giving rather than enabling low yield, low engagement efforts like special events.

The provision of health care is a noble endeavor, and many donors find it deeply meaningful to safeguard and strengthen this valuable work. Through philanthropy, leaders have the opportunity to announce the organization's vision and to invite others to join. Philanthropy also allows the health care organization to create a stronger embrace with its community while letting donors be part of something that fulfills the good they have in mind. Through philanthropy, the organization and donor stand shoulder-to-shoulder to fulfill their mutual purpose of providing excellent care.