

Fundraisers Worry About Losing Donors Under New Health-Care Law

By Debra E. Blum

Add fundraising to the long list of matters thrown into flux by the new health-care law.

The sweeping Affordable Care Act will soon bring about big changes in the way health-care providers do business and interact with patients, insurers, and the government.

For nonprofit hospitals and clinics, uncertainty about what the law will really change has made its way into the development office, too, where fundraisers are grappling with what their priorities ought to be and how best to communicate with anxious donors.

Some fundraisers say the law—signed by President Obama three years ago and with many of its major changes soon to go into effect—has breathed new life into important discussions about the role of philanthropy in health care and given them a more compelling case for support.

Others fret that overhauling the nation's health-care system—along with the many questions and fears that the new law is raising—has put fundraisers on shaky ground and made donors wary.

“Donors are very reluctant now,” says Bill McGinley, president of the Association for Healthcare Philanthropy. “They want to know what will happen.”

The Western Connecticut Health Network ran a \$50-million campaign to expand emergency-care services because of expected demands under the new health law.

He says that with so many hospital mergers and acquisitions prompted by the legislation's cost-savings obligations, for example, “donors aren't sure the local institutions they are used to supporting will even be there next year.”

And fundraisers are scrambling to figure out exactly what their organizations' needs will be in this new era, he says.

Unsure Donors

According to the association, nonprofit hospitals and health-care organizations in the United States raised nearly \$9-billion in 2011, the latest year for which data are available. That was after two years of more than 8-percent annual growth—and enough to assure that hospitals were raising more money than they had before the recession started in 2007. But Mr. McGinley estimates that last year's giving was up only slightly from 2011 and says this year's contributions will probably be flat, too.

The key to once again getting those numbers on the rise, experts in health-care fundraising say, is for organizations to anticipate their changing needs and to explain them to donors in the context of health care's shifting landscape.

“First thing is that everyone has to analyze the potential impact, positive and negative, of the ACA on their particular organization,” says John Donovan, a fundraising consultant in Boston. “Then they can communicate to donors what the impact of their philanthropy will be even with all the changes.”

After its own assessment, the Western Connecticut Health Network decided that its \$50-million capital campaign, started in 2010, would focus on expanding and improving the emergency facilities at its two hospitals, in Danbury and New Milford.

Western Connecticut officials anticipate many more patient visits to the emergency wards under the new health-care law. Not only will many more people have insurance under the Affordable Care Act, their plans will be required to offer expanded coverage for emergency services. In addition, health-care experts predict that because family-medicine and internal-medicine practices may be unable or unwilling to keep up with increased demand from newly insured people, more and more patients will turn up at hospital emergency departments for their primary-care needs.

Grace Linhard, executive director of Western Connecticut’s fundraising foundation, says the group’s leaders, including its chief executive, John Murphy, have taken the time to explain to donors this kind of ripple effect.

“Dr. Murphy has an understanding of what is coming with the ACA, and he has a vision for our network that he knows is very important to share with donors,” Ms. Linhard says.

Two donors who were especially curious about the impact of the health-care law ended up giving \$1-million each toward the construction of the new emergency department at Danbury, she says.

At the Free Medical Clinic of Greater Cleveland, officials are preparing a fundraising plan to lessen the impact of the new law on low-income patients.

Last year, the clinic started charging on a sliding scale to meet the requirements for getting some federal funds under the Affordable Care Act.

But clinic leaders were concerned that even with the discounted rates, some patients still might not be able to pay, while others might avoid seeking care altogether, even if it would turn out that they qualified for free services.

The clinic plans to start soliciting donors to underwrite the cost of covering any fees that patients can’t afford, as soon as it gets final approval for the move from the federal agency that oversees the rate-setting.

“What motivates us as an organization is the belief that to the extent reasonably possible there should never be a financial barrier to seeking or getting care,” says Danny Williams, the clinic’s executive director. “We decided that protecting our patients from financial hardship is still an important mission, and we think our donors will want to do that with us.”

Gifts Still Needed

At a free clinic in North Carolina run by the Urban Ministries of Wake County, Peter Morris, its executive director, predicts that his organization may lose some donors who believe free services aren’t needed once all Americans are required to have health insurance.

But he says clinics will still face serious demand because even with the law’s requirements, experts predict that millions of people will continue to be uninsured and that there will be gaps in coverage.

Free clinics around the country are aiming to counter misperceptions about their utility, but Mr. Morris says it may be just as important to attract new supporters who are interested in how the clinics' care and wellness programs contribute to the greater good.

“When we are out there telling people about health reform, we aren't just talking about the number of patient visits we expect, we are talking about the outcomes we are working towards,” he says, “how healthy people are healthy parents and healthy employees who make up healthy communities and economies. We can start that conversation now and be part of the kind of health reform people want to support.”

A Healthier Public

That's the kind of thinking that Larry Raff, a Newton, Mass., fundraising consultant is trying to persuade his hospital clients to take up.

The Affordable Care Act promotes the creation of so-called accountable-care organizations and other efforts that provide financial incentives designed to make sure hospitals and medical professionals have a stake in keeping costs low and ensuring that people are healthier.

“We all can think really big as fundraisers,” he says. “It will no longer be about getting money for that MRI machine or building more hospital rooms, it will be about making a case for a healthier public through community-based wellness programs, through more training and education in primary care, for things that will have regionwide impact, not just putting up one more plaque on a hospital wall.”

Mr. Raff says he is working with a children's hospital that hopes soon to get a \$20-million gift from a donor interested in helping the organization expand a statewide program for pediatric wellness.

In the past, he says, a contribution of that size would probably have been used exclusively for a capital project.

This gift, he says, will cover some bricks-and-mortar projects, but the vast majority of it will pay for other efforts, such as collecting data to measure and evaluate treatment of chronic illnesses among children who live in different parts of the state. Mr. Raff sees another way fundraising can benefit from the kinds of coordinated systems, hospital networks, and the other kinds of partnerships the new law encourages: It will lend confidence to small donors, he says.

“This interim time may be messy, but I am optimistic that what will shake out will be more stability, and donors will feel better supporting that asthma-prevention program in their neighborhood because it will have the heft of a whole hospital system behind it,” he says.

Name Change

Allyn Cioban, director of development at the Saban Community Clinic, in Los Angeles, is also optimistic that donors will soon be back on track.

Fundraisers there have worried that uncertainty about the Affordable Care Act and the changes it has spurred at the clinic might affect gifts. Just last month the organization changed its name from the Saban Free Clinic to reflect a new fee structure adopted to meet federal grant requirements under the new law.

“We have a double whammy,” says Ellen Hoberman, a volunteer who organizes an annual gala that raises more than \$1-million each year for the clinic. “We have people confused and asking and wondering about the ACA, and we also have the name change.”

With invitations to the November event mailed, Ms. Hoberman and her fellow fundraising volunteers are reaching out to friends and colleagues, personally alerting them to the changes.

“It feels a little chaotic this year,” she says.

But Ms. Cioban says Saban has also contacted more than 1,000 individual donors, foundations, hospital partners, and other supporters, explaining— by letter, by e-mail, over the phone, and during visits—the clinic’s continuing need for donations to cover medical services for low-income people. She says that donors appear less bothered by the new name and fee policy than she had anticipated. And she is confident that the fundraising dinner will bring in its usual haul, aided perhaps by a plan to show guests a video that depicts the kinds of patients Saban will continue to serve.

“We trust that people want to support our mission no matter what our name or what the details of the ACA are,” she says. “But we do need to get through this transition time and make sure all the questions are answered as best as we know right now.”

Leave Politics Out of it, and Other Fundraising Tips

John Donovan, a consultant in Boston, makes these suggestions to health-care fundraisers facing changes at their organizations as provisions of the Affordable Care Act continue to go into effect:

- Work with the organization’s CEO and top financial and program officials to closely examine how the health-care law might change revenue, costs, margins, access to capital, programs and services, patient demographics, and all other aspects of operations.
- Determine what the organization’s spending priorities are and what projects and goals would be of most interest to donors.
- Communicate on a regular basis with donors to hear concerns, answer questions, and explain any changes they might expect to see under the new law.
- Be ready to respond to tough questions, like “If the government is involved with health care, why should I support it personally?”
- Leave politics about the health-care law out of it, focusing instead on the facts of how the measure will affect the organization and its mission.
- Consider new opportunities to talk to donors about a comprehensive approach to health-care philanthropy that might include support for capital projects, programs, and endowments.