

Up and Down - Economy Hurting Healthcare Giving  
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Donations to not-for-profit hospitals may be slowing down, yet industry sources claim their undraising programs continue to stay afloat through loyal donors and healthy community support.

Overall, fundraising dollars to not-for-profits continue to rise, says William McGinly, president and chief executive officer of the Association for Healthcare Philanthropy, a not-for-profit organization in Falls Church, Va., that does research on healthcare fundraising trends.

Preliminary data from the organization show that healthcare organizations—the majority of which are hospitals—received a total of \$8.3 billion in 2007, up from \$7.9 billion in 2006 and \$7.1 billion in 2005. What’s slowing down is the rate of increase in giving, McGinly says. For example, the 2006-07 cycle saw only a 5.3% increase in the rate of donations compared with 16.4% in 2004-05.

A separate study released by the GivingUSA Foundation reports that donations for all types of charities rose by 3.9% in 2007.

The Association for Healthcare Philanthropy’s survey was sent to 1,875 members representing about 1,100 institutions in the U.S. Around 24% responded.

The slowdown can be attributed to a number of factors, including the stagnating economy, McGinly says. There’s no doubt that donors are feeling the pinch because of rising fuel and food prices, he says. “Many are still going to give to us. It’s just not going to be as generous.”

The public image of hospitals may be working against the industry as well, McGinly adds. “In general, the public feels that healthcare is far too expensive and it doesn’t know the difference between for-profit and not-for-profit hospitals.”

People think not-for-profits don’t need any money, but that’s not true, McGinly says. Many are struggling financially, and some are close to bankruptcy. Even with the advantage of being able to receive donations, “they’re still losing money,” he says.

The answer is more education within communities about the role of not-for-profit hospitals, and how donations are an important factor in funding capital projects, McGinly says. As an example, the association is trying to introduce programs and standards that

would establish more transparency in the reporting of these gifts, and reveal what kind of return donors would receive on these types of investments.

In other trends on giving, individuals remain the “biggest givers” for these hospitals, making up more than 80% of the donations, including bequests from deceased individuals. At 844-bed Washington (D.C.) Hospital Center, 83% of the \$10 million in donations the hospital received in 2008 came from 7% of its individual donors, says Arlene Snyder, its senior vice president of development.

The major donors of the institution, whether it’s a physician or a patient, over time establish an intimate relationship with the hospital and become familiar with its specific needs, Snyder says.

McGinly says the programs offering the most variety of ways to give, and reaching out to the broadest variety of people, tend to raise more money. Children’s hospitals, which hold special appeal, tend to do well with donations, in addition to academic hospitals that have the advantage of being connected with a university that’s invested in philanthropy, he says.

At least in some rural areas, however, how the hospital is viewed within the community often determines its success in raising money, says Greg Pope, vice president for philanthropy with four-hospital system St. Thomas Health Services in Nashville.

Pope notes that one of his hospitals, Hickman Community Hospital, a 25-bed critical-access hospital in Centerville, Tenn., managed to raise \$2.5 million in its latest campaign.

The inhabitants of this sparsely populated area realize this hospital is their primary link to health, “and that it’s a long drive to the next tertiary-care site,” Pope says. Its board of directors and CEO also enjoy widespread respect from the community, he adds.