ASSOCIATION FOR HEALTHCARE PHILANTHROPY℠

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Today's patients, tomorrow's philanthropists:

Building a strong foundation for the future of your fundraising program

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Executive Summary

With the changing landscape of health care, development professionals are feeling the pressure to identify a greater number of qualified prospects. In this AHP white paper, authors Brian Hervey, CGPP, CFRE, and Tim Logan, FAHP, ACFRE, provide a basic overview and outline the benefits of considering grateful patients as potential major donors.

The paper gives tips on starting a grateful patient program—including criteria, garnering internal buy-in and the best channels for outreach, such as personal visits, direct mail and social media. Best practices for follow up and measurement also are highlighted.

Patients can be a resource to mine as a base of support. Using a strategic, multi-channel approach, you can develop the next generation of major donors for your institution.

With the changing landscape of health care and the increasing pressure on development offices to provide more and more funding for operations, development professionals must meet the challenge by uncovering a greater number of qualified prospects to solicit.

We almost all face the same dilemma. Our organizations touch a very large number of people: Patients, their families, the community at large, local businesses, local governmental entities and other charities in our areas, just to name a few. Through our research and education programs, the net becomes even wider. With this overwhelming number of potential prospects and a limited number of hours every week that we can spend on prospecting activities, how do we uncover who is most likely to support our institution?

In this paper, we outline strategies to contact the group we believe to be most likely to produce your next generation of major gift donors: Patients and their families. We also understand it takes a multi-channel approach to reach them.

Today, people are bombarded by messages from a variety of sources each day, much more so than in any time in our history. As an example, think of how many times our phone devices ring, ding, swoosh, click or pop with some piece of information we think we can't live without. Yet this is still a relatively recent phenomenon, so we must stay ahead of the curve to be a relevant message in our patients' lives.

Identifying major donor prospects

In health care philanthropy, for most foundations, the purpose of a grateful patient program is to identify future potential major donor prospects. This differs from other nonprofit subsectors—higher education or national health agencies, for example—where the purpose of the annual fund program is to generate a large number of lower dollar gifts.

Converting non-donor patients into philanthropic supporters requires an investment of financial and human resources. And it is an effort that takes time. Once new donors are identified, cultivation and solicitation need to be consistently tracked and measured to ensure a positive return on investment.

Before we look at fundraising channels in depth, there are several very important steps you need to take before you start a grateful patient program. First and foremost, you need to have hospital/system buy-in to use patient information for a philanthropic program. At the foundation level you will need to be equipped to manage the program, which will require dedicated staff at some level. The bigger your program, the more staff time required.

It is essential that you make internal constituents aware of a grateful patient program. In addition to the foundation office, you should provide training for physicians, management and frontline/patient-facing staff. You will receive some inquiries and complaints about a grateful patient program—and, unfortunately, they will

not all get funneled to you. So, it is important everyone knows how to respond positively to inquiries and complaints.

Since most, if not all, of your data will come from patient records, it is important to work with patient registration. Make sure they know the importance of discussing the foundation and hospital fundraising. If they understand why collecting an email address is important, for example, you will likely see your email percentages increase.

Data selection

Which patients should you include in your grateful patient program? Before we look at that question in detail, let's briefly discuss patient privacy in the U.S. and Canada. Grateful patient fundraising in both countries is governed by specific privacy laws that protect patient medical information and set penalties for violations:

- **Canada –** In addition to federal privacy legislation, each province has its own laws regarding access to patient information for fundraising purposes. *Some provinces allow access to patient information and others do not*. The Office of the Privacy Commissioner of Canada provides an overview of privacy laws at both the federal and provincial level, including the Personal Information Protection and Electronic Documents Act (PIPEDA) and the Personal Information Protection Act (PIPA). For more information, go to http://www.priv.gc.ca/resource/fs-fi/02_05_d_15_e.asp.

- **United States –** In 1996, Congress established national patient privacy standards with the Health Insurance Portability and Accountability Act (HIPAA). HIPAA regulations were substantially modified in 2013, expanding access for health care fundraisers and allowing better ways to communicate with patients. For the latest information on staying in compliance, order AHP's guide to *Fundraising Under HIPAA* in the AHP bookstore at www.ahp.org. A quick reference guide on HIPAA basics is available free in the AHP Huddle at http://connect.ahp.org.

Under HIPAA privacy regulations in the U.S., your foundation can have access to patient demographic information. And with the modifications made to HIPAA in 2013, you also can have access to department of service, treating physician and outcome information.

Once that is approved, you should work with patient records for a regular transfer of patient data to the foundation. We suggest a monthly patient data load.

If you choose to use the additional information allowed by the 2013 HIPAA modifications, there are important considerations, such as including opt-out statements with solicitations. Be sure to consult your corporate compliance and legal teams.

You want to include patients in your grateful patient program who are most likely to be "grateful" and also have the capacity to make a future major gift. Start with inpatients, including overnight admits. Move next to outpatients who have had a more robust patient experience, such as outpatient surgeries or specialty centers services. An emerging trend is to include wellness patients and executive health patients.

Exclude broad categories of patients from a grateful patient program: Patients who have opted out, any patient who has pending litigation, patients with large outstanding bills, uninsured and Medicaid, and patients with unresolved complaints. You also may choose to exclude certain patient groups such as psych, rehab and hospice. (You do not necessarily need to exclude these groups, but you should consider a distinct type of approach.) Lastly, you may or may not want to exclude employees and employees' families, especially if you have an existing, successful employee campaign.

To identify those patients who have the capacity to make a potential future major gift, it is important to use wealth-rating scores. Using a vendor partner, scores can be obtained on a nightly basis for the daily census. For outpatients, clinics and other areas, you can obtain wealth scoring on a monthly, batched-file basis.

The two important components of a wealth rating score are the propensity rating and the capacity rating. These two ratings help you determine whether the patient should be included in the program and the appropriate outreach channel.

Outreach channels

As we outline a number of different outreach channels, we understand that not every organization should try to institute all of the proposed methods. Most of us have the imperative to raise large amounts of money at the lowest cost possible. Budget is definitely a consideration. We also need to consider that the same methods will fluctuate in the level of success, so we should strive to always be adjusting the message and methods of outreach to avoid prospect and donor fatigue.

Personal visits

A personal visit with a prospect clearly is the ideal method to qualify a prospect. As with most things, timing is everything. The earliest contact may be made while the prospect is still receiving services by rounding. Rounding requires determining who is in the hospital each day and creating a system to identify which of those patients are most appropriate for a visit while in the facility.

There are some very strong opinions about whether rounding is an appropriate method to contact patients. Administration, and frequently gift officers themselves, often are uncomfortable with the idea of visiting a patient while they are still in the facility. There are some variations of rounding, though. You can have a non-fundraising staff member stop by and visit prospective donors, possibly leaving a small token of appreciation. An alternative would be to only visit donors, not prospects, during stays in the facility.

Having a culture in which physicians will refer patients to the foundation for rounding creates a wonderful opportunity to connect, without the typical objections from either staff or the patient regarding a "cold" visit. A referred visit also has the advantage of potentially shortening the time from the first meeting to a closed gift.

Visits also can occur at some point after the facility stay. Timing can vary, but we recommend contacting a patient within 60-90 days following the patient's visit to the facility. The experience will still be fresh on his or her mind, and it is most likely you'll be aware of any adverse situations where it would be unwise to visit.

The upside to visits is the level of feedback received. The downside is time required. The time spent per prospect—from research, to calling to make an appointment, to the visit itself—is high. Each development

staff member is limited in how many contacts can be made each month, so this method should be used for the highest-rated prospects.

Phone calls

Next to a personal visit, a phone call is the best way to communicate with patients. It provides two-way communication and, thus, enables you to gather comments and feedback.

As with a personal visit, the timing of a phone call is key. Depending on the types of patients you are including in your outreach, you need to allow time for acute patients to begin to heal and time for pain to subside. At the other end of the spectrum, if you wait too long, the patient is "all better" and the feeling of gratitude may begin to dissipate.

For chronic patients, the window is a little longer; but in this case, results suggest a patient begins to accept his or her condition, influencing a diminished feeling of gratitude. Before making contact, be sure the patient has received a quality control survey and his or her bill. So, as with personal visits, the 60-90 day post-discharge/post-procedure window is the most effective for phone outreach.

When choosing to call a grateful patient non-donor, it is very important the purpose of the call is clear to the patient: To discuss possible philanthropic support. Tying the call back to patient experience and then asking for a contribution eventually leads to a feeling of "bait and switch" from the potential donor. That, in turn, can lead to complaints about the grateful patient calling program.

Calling grateful patients allows you to tailor your message based on real-time feedback and allows you to gather important information about patients and donors. In addition to learning whether or not they will give to your institution, you may learn key information: Are they charitably inclined at all? Are they disposed to give specifically to you? Do they have an estate plan? You also will receive feedback about their specific patient experiences. Although this is not the purpose of the call, it is important to capture and share feedback with appropriate hospital staff.

Phone programs do tend to be more expensive than direct mail, but response rates are higher and the level of personalization makes the phone a perfect outreach method as part of a grateful patient, major donor cultivation program.

Direct mail – Personalized letters

Direct mail to patients should be on your "must have" list. Direct mail has the advantage of being relatively low in cost, while having the ability to reach a very large number of potential donors.

The key with sending letters directly to prospects is to build a quality list and target the message appropriately for the reader. Obviously easier said than done, but that is the challenge to make direct mail effective.

The typical gift size through direct mail is relatively small in most cases, but the important benefit is that you are adding a base of donors for your organization. This base can then become the next generation of major and planned gifts prospects.

Under the new U.S. health care privacy laws, direct mail can be further segmented by service area to increase its effectiveness.

Tracking of direct mail is very important. Try to retain as much of the information within your database as possible with direct mail. Knowing who gave to which appeal at what time are key elements for future outreach.

Direct Mail – Newsletters

Although so much information is electronically transmitted, there still is a segment of prospects who do not use computers regularly and who want to receive a tangible document to hold and read. A newsletter can be a very cost effective method to deliver your message, with the advantage of providing very compelling articles and pictures to capture the attention of some very important prospects.

Paper newsletters can be used for disseminating planned giving information to prospects. It is a complement to a direct mail program. Look at the statistics of your direct mail outreach and segment prospects, by age and address, to receive a planned giving newsletter as a part of the appeals. Newsletters often are not the first way to reach out to prospective donors, but more of a step in the process of gathering information and identifying major and planned gift prospects.

Publications

Major publications, such as magazines, also can play an important role in prospecting. The upside is that you can deliver a lot of information in paper form and recipients often will keep a magazine or other large publication around for a while. It also can deliver information on a wide range of potential giving opportunities within one publication.

Recent survey results at one institution showed there is a large group of constituents who faithfully read the magazine and prefer it as the way to stay connected. Keep in mind the importance of including a giving mechanism in the publication, such as a postage-paid reply envelope.

The downside to large publications is mainly the expense—both from a time perspective, as well as material and mailing costs.

Email

An advantage to using email to reach a huge number of prospective donors is its cost efficiency. However, email addresses tend to change, so the lists tend to be out of date quickly.

The most important element of email solicitation is to make sure you have a very user-friendly online giving method. If prospects are to respond to an electronic appeal, it follows that they will want to give right then by clicking on a link. The process must be easy. The success of an email program is highly diminished if donors have to write and mail a check to respond. It also is important to ensure your giving page is mobile-optimized so your donors and donor prospects can make a gift easily using a smart phone.

Advertising

Working with the hospital marketing department to give input on external advertising often can have great benefits for attracting patient and family donations. One of the most difficult messages to effectively communicate to the community, and sometimes even our own staff, is what it means to be a nonprofit health care provider. Advertising can be a great help in showing the community benefits of the facility to a wide audience.

If the foundation must advertise on its own, it likely will not be very cost effective. The best option is to embed the nonprofit message into the overall branding and messaging of the facility.

Social media

Social media has become more and more important as a means of connecting prospects and donors to health care institutions. The initial thought that social media would change the face of fundraising as we know it was somewhat overblown, but social media does have a place in a multi-channel approach to reaching patients.

Social media avenues for reaching patients can include Facebook, Twitter, blogs and other online posting sites. On the bright side, many people spend time researching possible causes to donate online and they want to know what others think as well. On the downside, a negative comment or review may be seen by many people before the institution is able to respond; people often will believe what they see on the Internet, whether there is truth to the comment or not.

Again, a simple and effective online giving platform is needed if social media is used as an outreach method.

The fundraising case

Reaching out to patients for philanthropic support requires a case presentation and an ask strategy. Your approach can either be hospital-oriented or service line-oriented. Using broad-based themes helps cast a wider net, allowing the non-donor patient to relate to your request for philanthropic support. As you develop a relationship with the donor, you can refine your approach.

Some broad-based approaches with strong track records include: Capital campaigns, oncology, cardiology and pediatrics. Specialized approaches for specific areas—such as a children's or rehabilitation hospital or for a service line of excellence—also work well.

Some things to consider

As you implement your multi-channel grateful patient program, you will be using a mix of outreach methods, each of which is measured differently. For mail, phone and email, you will be able to use standard campaign performance measurements: Response rate, average gift, cost per dollar raised, etc. In nearly all grateful patient programs, the initial acquisition approach will result in a loss. The cost may be as high as $2.00 to make $1.00.

Given that fact, it is important to take the next step and establish goals for obtaining major gifts as a result of the program. This is best accomplished by implementing a best practice follow-up strategy for new major gift donor prospects that you discover as a result of your mail or phone program.

Once the new patient donor has responded to mail, phone or email, and you assign the prospect to a major gift officer (MGO), measure the moves management results using benchmarks. Examples of these benchmarks include:

- MGO makes contact with the donor
- MGO has a meeting with the donor
- MGO presents the donor with a gift proposal
- Donor has made a gift to the hospital/foundation

Without measuring these steps, the initial investment in the mail or phone campaign cannot be accurately assessed.

In summary

The purpose of this paper is not to suggest that every institution should use every method to contact patients for gifts. We contend that patients are the greatest resource when developing a base of support and the next generation of major donors to our institutions. Using a strategic, multi-channel approach to contact patients should be in every nonprofit health care provider's plan.

About the Authors

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Timothy D. Logan, FAHP, ACFRE is vice president, donor engagement strategy at Innovairre Communications where he develops multichannel strategy for data-driven digital fundraising and donor-engagement. Logan has been a leader in developing innovative multichannel direct response programs targeted to major and planned giving donors and has worked extensively in developing grateful patient programs for hospitals.

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In addition to his full-time work, Hervey is involved in service and leadership positions with several organizations, including the Corps of Cadets Association, the Texas A&M University Department of Political Science Former Student Advisory Board, Holy Cross Lutheran Church in College Station, the Bryan-College Station Chamber of Commerce, and the Brazos County March of Dimes.

In early May, Hervey will transition from his current role to become the associate vice chancellor for health advancement at the University of California, Irvine.

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