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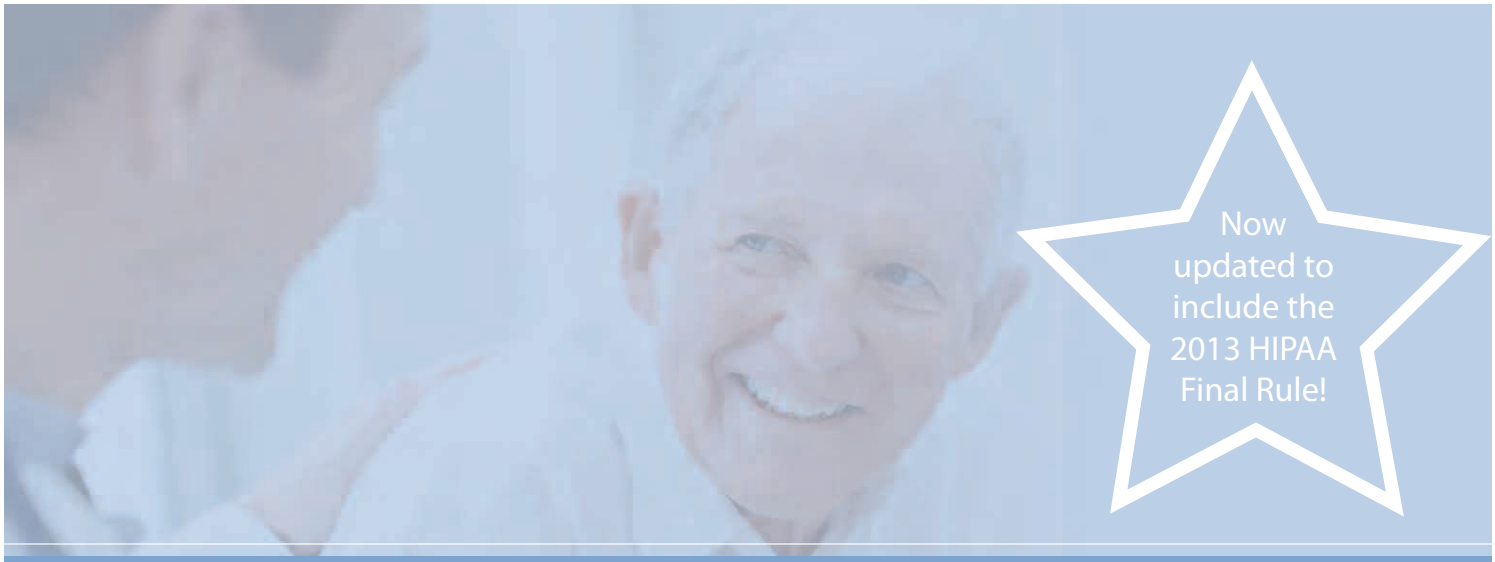

Now updated to include the 2013 HIPAA Final Rule!

Grateful Patients:

Critical Success Factors for Navigating Healthcare's Fastest Growing Donor Segment

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About GG+A

Grenzebach Glier and Associates (GG+A) is the leading international consultant to fundraising institutions and organizations of all sizes and the foremost authority on fundraising best practices. GG+A's goal is to assist clients in building extraordinary fundraising programs for long-term, sustainable philanthropy that will have a significant impact on their missions.

Over the last 50 years, GG+A has served hundreds of healthcare organizations, helping them to build and enhance their fundraising successes, including academic medical centers, community hospitals, specialty facilities and research institutes. GG+A has recently worked with 86 percent of the 2010 - 2011 *US News & World Report's* Top Hospitals Honor Roll, and for the last 12 years has managed the Association of American Medical Colleges annual Development Survey.

Patients and their families are a natural fit for fundraising opportunities. The American Hospital Association reports more than 35 million admissions in the United States each year.

Introduction

As private support becomes an increasingly important part of healthcare funding, renewing and identifying sources of philanthropy has taken on a critical role in development operations nationwide. Patients and their families are a natural fit for fundraising opportunities for many reasons, not least of which is that this large group has perhaps the greatest understanding of the healthcare organization's success in mission-delivery. Far from an abstract desire to support research and clinical care, patients have often had life-changing experiences within hospital walls and with physicians and hospital staff. Further, they represent an enormous philanthropic opportunity from a sheer numbers standpoint. The American Hospital Association reports more than 35 million admissions in the United States each year.

Of course, there are a number of challenges related to patient fundraising. Making a relevant case for support and sorting though vast numbers of individual names is daunting and resource-consuming. Complying with federal—and a patchwork of state—regulations, as well as integrating fundraising teams with other hospital divisions can present a difficult set of obstacles. Even the mere concept of patient fundraising can be a challenge, as healthcare providers, the media, and patients may view overt fundraising as unseemly or inappropriate.

This paper discusses GG+A's history of working with healthcare organizations to develop successful fundraising programs, as well as the author's own experience in working with more than 40 hospitals on issues related specifically to patient fundraising. By highlighting common characteristics that have led to productive and sustainable programs—as well as established solutions to numerous challenges—GG+A hopes to continue to support a discussion about the importance of patient fundraising that is ethical, financially beneficial to non-profit health-care organizations, and richly rewarding for donors.

Why are Patient Fundraising Programs Important?

The Association of Healthcare Philanthropy (AHP) reported that healthcare organizations received $8.9 billion in charitable contributions in 2011, an amount that has steadily increased over the last decade.

Comparison of Charitable Contributions in 2004 and 2011, as Reported by AHP

Contribution Source	2004	2011
Individuals	60%	85%
Corporations	19%	10%
Foundations	12%	3%

As depicted in the chart above, the vast majority off funding (85 percent) was contributed to not-for-profit healthcare organizations by individuals in 2011, with 10 percent given by corporations and 3 percent by foundations. Compare these totals to AHP's 2004 data, which showed that 60 percent of total contributions were made by individuals, 19 percent by corporations, and 12 percent by foundations. Closer analysis of the data over time indicates clearly that dollar-value growth in healthcare philanthropy has been driven by increasing numbers of individuals making consistently larger gifts.

Most relevant to this discussion, AHP data shows that the share of giving coming from patients has grown sharply. In 2011, patients contributed 21 percent of total individual contributions, whereas in 2004 the share was just 7 percent ofi ndividual contributions. Over the same period, giving by board members, employees, physicians and other individuals has remained flat or even declined, both in terms of percentage of overall giving and absolute value. The combined impact of these data demonstrates that growth in philanthropic support is quite likely to come from patients and patient families and, as such, careful consideration of patient fundraising programs is warranted at most organizations.

This in no way suggests that other sources of support are not important. Indeed, more dollars are currently raised from individuals other than patients. However, board members, employees, and physicians represent limited populations in terms of number of prospective donors. Especially in the case of board members, these groups have often been cultivated and solicited on a more consistent basis than patient populations. Patients are largely under-developed as prospects, and they provide a predictable stream of new names that measure in the hundreds or thousands for most organizations.

Characteristics of Successful Patient Fundraising Programs

The definition of success will vary widely based on institution size, historical fundraising practices, program maturity, institution type, geography and other factors. Broadly, success can be defined by two primary measures:

- Growth in dollar value support from patients and in relative share compared to other sources
- Sustainability so that patient fundraising generates a predictable baseline level of philanthropic support

GG+A has identified five major characteristics that consistently exist in successful patient fundraising programs, which foster growth and sustainability. These are:

1. Maintaining a Distinct, yet Integrated, Patient Fundraising Initiative: A distinct patient fundraising initiative that is integrated with broader development and communications programs.

2. Programs Driven by Data: Timely, analytically sound information and decision-making practices based on analysis of available data.

3. Good Patient and Patient Family Experiences: Hospital experiences that are supportive of continued contact between patients, patient families, and the institution.

4. Support from Hospital Leadership: Public and full endorsement by institutional leadership.

5. Engagement of Physicians and Other Hospital Staff: Engagement of at least a select group of physicians and additional program support from other healthcare providers, such as nurses, patient relations teams, and non-development marketing staff.

Common misconceptions in the healthcare philanthropy community are that certain widespread characteristics will prevent the implementation of successful programs. These include:

- Lack of a widely recognized brand. While nationally-known entities with reputations for excellence certainly capitalize on that image to raise funds, many rural, local, and otherwise less prominent institutions still manage successful programs.

- Sub-optimal physical facilities, low patient satisfaction ratings, or high proportions of patients unlikely to be philanthropic prospects. Clearly these conditions are not ideal for a

broad-based fundraising program. However, by focusing on targeted and clearly defined prospect pools and emphasizing the strengths of particular areas, most programs can generate additional private support.

The Five Major Characteristics that Consistently Exist in Successful Patient Fundraising Programs:

1. Maintaining a Distinct, yet Integrated, Patient Fundraising Initiative

Successful programs operate as specific fundraising initiatives within comprehensive development programs. Programs that treat patients as simply another source of prospect names (e.g., the patient is a friend of a board member or other known individual) will tend to achieve less success than programs that have developed specific strategies for identification, prospect management, and communication geared toward patients.

Dedicated staffand program budgets are a must, permitting a designated staffmember to coordinate patient fundraising efforts across the enterprise and to allocate financial resources to major and planned gifts, annual giving, communications, and infrastructure/support roles. Smaller programs can allocate dedicated staff as a portion of one individual's total responsibilities, but the need to have a single and clearly defined program manager remains.

2. Programs Driven by Data

Successful fundraising programs of any stripe are aided by accurate and relevant data management. Tracking prospects, managing staffassignments, evaluating historical giving, assessing relationship data, and maintaining contact information are as crucial to patient fundraising as any other initiative. Additionally, patient fundraising presents certain challenges that are less likely to be encountered in other fundraising programs. Patients represent a steady flow of new names that emerge more or less evenly throughout the year, as opposed to alumni populations, for example, that arrive in groups a few times each year and then very slowly "mature" into prospects.

Another challenge is sheer volume. A large medical center or a multi-hospital system can easily admit 300 inpatients and 2,000 outpatients daily, not counting emergency room visits, visits to clinic or test sites, or appointments with affiliated physicians. Addressing this challenge presents a major issue for data management. Merely storing and transmitting data useful for fundraising, much less analyzing it and implementing solicitation strategies, is a chore.

Patient fundraising managers must first determine program goals, such as whether the patient fundraising program is intended to be primarily a direct mail/annual giving approach, a pipeline of major gift prospects, or a hybrid. An analysis of available segmentation data should also be undertaken. Until March 2013, the data consistently available to fundraisers was limited to demographic and contact information. However, with the release of the Final Rule (link) related to implementation of HIPAA and its companion law, HITECH, fundraisers are now explicitly permitted to use department of service, treating physician, and a broad description of the outcome (successful, sub-optimal, deceased, etc).

- Name
- Address
- City, State, Zip

Organizations are also able to use the following information:

- Date of Birth/Age
- Insurance status
- Dates of service
- Site of service (provided the site does not divulge diagnostic information)
- Total number of visits (occasionally available as total number of invoices)
- Guarantor name and address

Fundraising offices can make significant use of this data. Identifying patients above a certain age is a broad but effective mechanism to isolate groups with greater giving potential. Insurance status can permit distinctions between self-payers and privately insured patients, versus patients who may qualify for Medicaid or are unable to pay for services. City or Zip code is a common method for segmenting large files, since, clearly, there are correlations between geographic areas and relative wealth. Data about area of service is extremely useful for sending information of specific interest to patients in particular areas, as well as those patients with co-morbidities that maye dovetail with integrated care programs. However, some recent (albeit preliminary) analysis by GG+A uncovered three interesting findings:

- In densely populated urban areas, ZIP codes can cross many neighborhood boundaries and wealthy households can share ZIP codes with much poorer areas, leading to a high rate of "false positives."
- In competitive hospital markets (where there are many hospitals from which to choose), hospitals that are not in the most elite category for their area frequently raise more gifts from patients who are the wealthiest among a middle- or working-class seg-ment, rather than from people who live in the wealthiest areas.
- With new availability of treating a physician as a data point, organizations now have the option to send solicitations from specific physicians and care providers, as well as a mechanism to solicit for specific types of research.

Successful programs consistently augment this type ofi nternal data with externally obtained information from a variety of sources. In the simplest application of this approach, organizations compile lists ofl ocal notables (i.e., rich lists), and manually compare the individuals on these lists to patient lists.

A wide variety of segmentation data is commercially available, and can be added to most records that have a valid address. This data includes estimates of household income, home value, net worth, investable assets, presence of children and many other factors. Some of this information is available at the household level, while other information is based on averages from slightly larger geographies, such as those provided by ZIP+4, which extends the five digit zip code out to nine, and includes about five households. The 2013 regulations permit all of these data to be shared with screening companies and direct mail firms, among other business associates.

In addition to the above data sources, more detailed wealth screening products are in wide use across healthcare fundraising organizations. Wealth screening provides data from a range of sources and compiles information about employment, real estate, charitable giving, board affiliations, and ownership of certain assets. This information can be appended to records on a periodic basis of your choosing. Some data providers offer daily or even hourly screening of records.

Having the capability to wealth screen on a daily basis is not directly applicable to direct mail programs, as this level of real time information is not, generally speaking, necessary for mailing purposes. However, direct mail programs can make strong use of wealth screening on a monthly or quarterly basis, as a means of establishing solicitation amounts and developing communications messaging. Conversely, patient fundraising programs that are intending to establish major gift relationships tend to require more rapid and frequent integration of patient wealth information, which permits in-hospital visits or timely follow-up within a few weeks of discharge. GG+A's research and work with clients has found that in-hospital visitsfor new prospects are less effective than quick follow up after discharge.

A recent GG+A analysis of 15 hospitals (9 academic medical centers and 6 community hospitals) that have conducted daily patient screening for at least one year found that only three-quarters of one percent of all records were rated for capacity at $100,000 or more, and an additional 6 percent were rated between $25,000 and $99,999. The reality is that most patients simply do not have major gift capability, so an effective screening tool can sharply increase gift officer productivity by focusing staffon patients who demonstrate at least some evidence of capacity to make a significant gift.

Another practice to consider is surveying patients who have the capacity to give regarding their affinity with your organization. By asking questions about the quality of the patient experience, how the patient rates the hospital compared to others in the community and similar topics, many prospects can be qualified or disqualified with an effort that is less intensive than a full-blown visit from a gift officer. An additional advantage to surveying is the likelihood of discovering more about a patient's specific medical-interest area in a manner that is compliant with privacy regulations.

3. Good Patient and Patient Family Experiences

Anecdotal evidence indicates that positive patient experiences lead to increased giving. While much study remains to be done on the exact interaction between patient satisfaction, medical outcomes, and donor behavior, medical environments that offer higher levels of comfort and communication appear to support better philanthropic outcomes. As a baseline tactic, hospitals interested in raising funds from patients should look carefully at patient services across the organization, as well as evaluate Press Ganey (or similar) patient satisfaction survey responses.

Concierge or VIP programs have become increasingly popular and may offer donors and prospective donors priority admissions, comfort items, free internet access, valet parking and other services. Many programs report high levels of satisfaction from donors and higher conversion rates among prospects who receive concierge-type services than those who do not. However, it is critical that these programs maintain a separation between upscale patient services and clinical/medical services. In other words, it must be abundantly clear and widely known that there is only one standard of medical care for all.

Expanding social media channels represent an opportunity for healthcare fundraising, though there is little reliable data that links social media interactions to increased giving. On the other hand, it is important to note that there are not any data that indicate the two are not linked either. It is simply too early to know and adequate study has not been conducted. That said, it is widely accepted that enhanced communication between hospitals and prospective donors leads to increased giving, and social media represent additional items in the toolkit, along with newsletters, web sites, events and other channels. Hence, investing in building disease-specific social media communities that increase the flow and accessibility ofi nformation and discussion could be a very smart move. The new 2013 regulations also make clear that opt-in documentation is not required prior to fundraising contact or solicitation. Organizations need only to provide straightforward opt-out opportunities and include fundraising usage in their notice of privacy practices.

4. Support from Hospital Leadership

Marshalling the resources to implement a successful patient fundraising program requires coordination and participation across a range ofi nstitutional divisions including, at least:

- Major gifts
- Annual giving
- Development communications
- Development data systems
- Hospital marketing
- HIPAA compliance, risk management, and legal counsel
- Hospital data systems
- Nursing staff
- Physicians

Depending on the program, further support may be required from patient scheduling, patient services (e.g., to identify room numbers for in-hospital visits from staff) and other departments. The only way to attain a high level of cooperation across hospital groups is by engaging the support of the organization's CEO. The CEO must be willing to publicly state that this program is important and that necessary resources will be committed.

Skeptical hospital leaders may need to be convinced, so here are some means to do so:

- Benchmark other patient fundraising programs at local, peer, and aspirant facilities. If your peer hospitals have programs, it strengthens your case for a program.

- Estimate the amount of private support you currently receive from patients, and then estimate the potential of the rest of the patient pool. A number of companies will provide data on wealth and gift capacity on sample patient populations for low or even no cost. Revealing the gap between the current state and what is possible is very compelling.

- Look for support from your Board or other volunteers close to the fundraising operation. If they support the efficacy and credibility of a patient fundraising program, hospital leadership will be more comfortable supporting you.

5. Engagement of Physicians and other Hospital Staff

Physicians and nurses, in particular, are the "faces" of a healthcare facility and patients most closely link their interactions with these professionals to their overall experience. Yet, while their engagement is critical to the enterprise, there are a number of reasons that physicians and nurses may present challenges to program implementation.

The following are examples of the quotes from physicians that GG+A has compiled from interviews conducted in the development of patient fundraising programs:

- "This is not why I went to medical school."
- "I thought we had a development department to ask people for money."
- "No one's going to give when they already think they pay too much for healthcare."
- "HIPAA won't let us do this."
- "The last thing the nursing station needs is another suit coming to the floor to go into patient rooms."

These are all valid concerns, and the only real solution is to address them directly and candidly. Basic principles of change management apply here. Excellent communication, demonstration of the practices of successful programs, training of staffwho will participate, and dedication of organizational leadership to stand behind the program will mitigate much of the resistance that can be encountered.

An excellent strategy is to form a group of select physicians and nurses who are supportive of the development program and work with this team to develop protocols and success stories. With their support, rolling the program out through the rest of the hospital will be much easier.

Conclusion

Formal and specific patient fundraising programs are relatively new in healthcare development offices, and conclusive evidence about best practices remains scarce. Programs that create a culture that supports the five characteristics described in this paper do show financial return on the investment, growth in private support, and sustainability to achieve success over time. Finally, what is permissible is not always advisable. Patients have well-developed and legitimate notions of privacy, and fundraisiers need to be prepared to answer questions of "why are you asking me" and to continue to be sensitive to the use of health information.

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Dan joined GG+A in 2000 and has worked with dozens of healthcare organizations on issues of campaign planning, prospect management, prospect identification, and grateful patient programs. His clients have included: University of California-Irvine Medical Center, University of California-San Francisco Medical Center, University of Chicago Medical Center, Duke Medicine, University of Illinois Medical Center, Johns Hopkins Medicine, Loma Linda University Health, Lucile Packard Foundation for Children's Health, North Shore-Long Island Jewish Health System, Penn State Milton S. Hershey Medical Center, and many others.