

May 30, 2002

The Honourable Roy Romanow, Q.C.
Commissioner
Commission on the Future of Health Care
P.O. Box 160
Station Main
Saskatoon, SK Canada S7K 3K4

Dear Mr. Romanow:

On behalf of the Cabinet of the Association for Healthcare Philanthropy Canada (AHP Canada), I would like to thank you for your keynote address and subsequent information sharing session with us at our conference in Banff. We appreciated the opportunity to meet with you and Michel Amar informally to discuss the role of philanthropy and voluntarism in the future of the Canadian health care system. Your willingness to further review and consider the impact of philanthropy and how individual donations impact health organizations is very much appreciated.

On February 8, 2002, we submitted a response to the Commission's Interim Report with a letter serving as an overview of AHP Canada's views on the four areas identified by the Commission: Values, Sustainability, Continuous Change and Cooperative Relations. The attached submission focuses on the role of philanthropy in today's health system, the way in which fundraising is currently conducted by hospital foundations and health care organizations and the threats and opportunities facing health care philanthropy today.

We strongly believe that individual and corporate philanthropy is an essential ingredient in the present and future of health care in Canada, providing both valued resources and a sense of individual empowerment and ownership of health care services. We can bring to the consultation tables, devoted supporters of health systems who have shown personal commitment to the future of health care in Canada.

Our industry is entirely focused on providing key philanthropic resources to identified priorities of our institutions through education, cultivation and solicitation of individuals, corporations and charitable foundations. Our task is to understand and communicate the needs of our institutions and bring compelling

messages to potential donors. We know that our efforts can be valuable in helping Canadians understand the future vision of health care in Canada and gaining their personal support for change.

In response to your request for information and for ease of reference, the following enclosures are attached as appendices.

Thank you for this opportunity to explain our role. If you have any further questions, I can be reached at University Health Network, 190 Elizabeth Street, Toronto ON, M5G 2C4 or at (416) 340-3632.

Sincerely

Pearl Veenema, Chair
AHP Canada

Enc: Initial response from AHP to the Interim Report (dated: February 8, 2002)
AHP response to the Draft Ontario Privacy of Personal Act
Quiet Partners
Ketchum Philanthropic Trends 2002

What is the Association for Healthcare Philanthropy?

The Association for Healthcare Philanthropy is an international, professional organization dedicated exclusively to developing individuals who encourage charity in North America's health care systems. Established in 1967, AHP is the complete source for education, networking and information and research opportunities in health care philanthropy today. AHP is a not-for-profit organization with more than 3,100 members (more than 1,900 are from the largest health care facilities in the United States and Canada). In 1999, AHP members raised more than \$7 billion.

AHP Canada is the Canadian region of AHP, comprising almost 400 members, primarily in hospitals and health care organizations throughout the country. AHP Canada is the primary voice for education, establishment of best practices and advocacy for the role of philanthropy in health care delivery in the country. AHP also continues to offer education and accreditation programs to advance the skills required for effective and accountable fundraising practices within the health care sector.

Philanthropy – defined and quantified

Philanthropy can be defined in many ways. The word comes from the Greek, meaning "love for mankind." A more modern definition is denoted as, the concept of voluntary giving by an individual or group to promote the common good and improve quality of life. The promotion of philanthropy involves encouraging individuals, groups and corporations to support causes which benefit society.

According to the National Survey of Giving, Volunteering and Participating (NSVGP), Canadian individuals contributed total financial support of more than \$5 billion in 2000. This number increases to \$7.2 billion for the same year, if corporate giving is also considered (as estimated in the Ketchum Canada document "Philanthropic Trends").

Canadians are especially generous to health charities, which tend to be among the most effective organizations involved in fundraising. While health-related charities account for only 7% of Canada's registered charities, in 2000 they received 41% of all reported donations, accounting for 20% of all donated funds by individuals. Support of health charities has increased by 2% as a percentage of donated funds since 1997. Clearly, Canadians are concerned about their health organizations and are willing to help. Using these statistics from the NSVGP, individuals in Canada contributed \$1 billion to health organizations voluntarily in 2000, excluding corporate giving which is more difficult to quantify.

What does Philanthropy Fund?

In Canada, donated funds traditionally go towards purchasing medical equipment, constructing and renovating health care facilities and medical research. All provinces have had long-standing arrangements to fund major capital projects, based on a percentage of funding from the local community. Philanthropy has been a vital part of facility growth long before Medicare. Many local hospitals throughout Canada were built through local donations and individual philanthropists.

Hospital foundations and development programs set their funding priorities based on their organization's strategic plan. The task of the Foundation is to understand the needs of the community as expressed by the organization, convey those needs to the general public and then seek philanthropic support for those needs. However, the Foundation is also strongly accountable to the donor, ensuring that the donor's intent in making the gift is honoured and that they are informed of the investments of their gifts. Demonstrating this stewardship of donor dollars is a paramount goal and responsibility of health care foundations.

Encouraging Philanthropic Support

The rapidly growing need for voluntary contributions has created a vast body of knowledge and best practices in the fundraising industry. Within health care philanthropy, a model of respectful solicitation has been developed which seeks to identify and educate potential supporters, cultivate their interest and solicit their support in creating a meaningful gift that meets the needs of both the donor and the organization.

Cost effective foundations employ a diverse array of fundraising strategies, from traditional vehicles such as special events, direct mail and telemarketing, to more advanced and effective methods of major gift solicitation, capital campaigns and planned giving (the application of estate planning models to charitable giving). For an effective operation, it is important to employ a wide variety of methods, as the traditional vehicles build on the organization's public image, assist in identifying new donors, and involve potential donors in the mission of the organization. The more advanced efforts in major gift work and planned giving involve greater understanding of stewardship, accountability and tax strategies to enable larger, more strategically oriented gifts.

The growth in individual support of health-related charities over the past several years can be directly attributed to the increasing sophistication of fundraising practices employed in health care, the increasing awareness of the escalating needs of the health sector and the ability of individuals to help address these needs.

Major gift fundraising and planned giving do more than simply raise the bar for sizeable gifts. The process of identification, cultivation and solicitation, followed by effective and consistent stewardship, leads to a sophisticated and engaged philanthropist who becomes deeply involved in the mission they support. Examples of engaged philanthropy can be found across the country in both large and small communities. In a typical example, a Foundation may work for many months on developing an understanding of the needs faced by the organization, and preparing a feasibility study to test whether the community agrees with the perceived need. Once a need is established, a Foundation will then develop a “case for support” or prospectus outlining the need and how philanthropic support will help meet the need.

Volunteers working with the Foundation will assist in identifying those individuals and corporations, private and public, who may be interested in supporting the need. Cultivation begins by attempting to understand a prospective donor’s current awareness of the need and determining a personalized and tailored proposal with which to approach the individual. An early meeting may be requested with the prospective donor to introduce them to the organization, the current needs, and determine if there is common ground worth exploring. Once the relationship is established, a proposal is finalized and discussed with the individual or corporation and a specific request for support is made. Often, several further meetings are scheduled to negotiate the terms of the gift and any recognition opportunity that may be suitable to both the donor and the organization.

What often results from this relationship is a longer-term volunteer affiliation and stewardship cycle where the donor remains informed of the outcome of the gift and may become more involved with committees or boards of the hospital. According to NSVGP, this correlation of philanthropic support to voluntarism is dramatic. Among the top 25% of donors who contributed financially, 46% percent also volunteered time. Among non-donors, only 11% volunteered. As the trend indicates, involvement often brings investment to charities and vice-versa.

Meeting the needs and interests of donors is a primary tenet of fundraising today. Respectful relationships, built on trust, accountability and sensitivity are driving the continued increase in fundraising revenue and cost effectiveness. The industry is ready and able to play an even greater role in charting the future of health care and, with proper participation in the process, we will be able to help.

What Threatens Philanthropy and Voluntarism?

Several trends in health care delivery in recent years have threatened philanthropic and volunteer support, though the sector has been able to adapt. However, dramatic changes without advance preparation have challenged cost effectiveness and leadership participation.

1. *Regionalization, Health Authorities and Reform:* Many provinces have undertaken the amalgamation, mergers and regionalization of hospitals and health service delivery. To date, there is no clear evidence that this move away from local autonomy and leadership has had any positive effect on health care delivery, cost effectiveness or accountability. However, the loss of local hospital boards and subsequent local autonomy, including the simple act of name changes and the ability to act on closures of hospital sites, has had a dramatic effect on volunteer involvement, volunteer auxiliaries and local participation levels.

Anything that removes individuals from a sense of local ownership and a sense of participative involvement in their chosen charities, threatens philanthropic and volunteer support. Where people feel ownership and the ability to affect positive change, they are empowered to act. Over time, new models of philanthropy and voluntarism can be developed to work within regionalization and hospital mergers. However, when these changes are implemented without consultation and significant phase-in periods, connections to loyal donors and supporters are lost. To avoid negative outcomes, we hope that governments will consult with foundations and local boards to ensure appropriate communication plans are in place, allowing volunteers and philanthropists to migrate to the new structures with confidence and personal comfort.

2. *Privacy Legislation:* Privacy legislation has the potential to dramatically curtail philanthropic support unless an appropriate balance is struck between an individual's right to privacy and their obligation to understand and participate in societal benefit. As noted earlier, many traditional vehicles of fundraising such as direct mail and telemarketing are essential in fundraising to identify and 'acquire' new donors who may be re-approached when new needs arise.

For hospitals and health organizations, those individuals who have previously been served by the organization are the best source of potential supporters. Former patients, and the family members of former patients, have an intimate knowledge of both the needs and the benefits of their health care facilities. They are in an excellent position to judge the need and to support their health providers, often through a gift given out of gratitude for service received.

There are many controls in place to ensure that patient solicitation programs are conducted with sensitivity and with only minimal address information provided for use in contacting the individual for support. In many provinces, privacy legislation has already forbidden or seriously hampered efforts to solicit former patients. The consequences include

a decrease in cost effectiveness, loss of net revenue and an inability to add and acquire new donors. The negative effect on donor acquisition is of the uppermost concern, as future fundraising depends on a strong base of existing, interested supporters.

For health care organizations to thrive in attracting philanthropic support, we need to ensure some limited access to basic address information of those who have benefited from the services we provide. In most organizations, fully 90% of those who donate have at some point benefited from the organization's services and programs. Response rates from these programs are very high – people are willing to help the organizations that help them, but they must receive the information to make a positive decision and they must be offered the opportunity to give.

What can AHP bring to the table?

AHP members raise funds in most of the hospitals and health care organizations across the country. Our primary task is to work with health organizations and donors to support health missions. To accomplish this task, we must understand the current and long-range needs of our organizations and be able to communicate these needs to the public. Our members have become sophisticated communicators, able to explain the needs of our systems in clear, compelling language. AHP members are admirably suited to work with other stakeholders towards developing a compelling vision for the evolution of our health system and to help communicate this vision in ways that will attract both philanthropic support and volunteer support.

Effective foundations work closely with volunteer leaders in our communities. Most successful campaigns and appeals are the result of highly motivated, highly respected community leaders. AHP members can work with these community leaders to invite them to become involved as change agents in understanding and facilitating the evolution of our health care systems.

Traditionally, health care philanthropy in Canada has focused on facilities, equipment and research. However, with proper preparation and leadership involvement, philanthropy can be directed towards almost any compelling vision, so long as measurable outcomes are identifiable and appropriate stewardship of funds can be assured. Several organizations have established philanthropic pilot projects, supporting direct care delivery, wellness programs, education programs, and other priorities. Canadians are willing and able to understand new priorities and will also be willing and able to support new priorities if communication and consultation is provided and maintained.

AHP Canada appreciates the opportunity to become closely involved with multi-sector consultations as a committed and capable stakeholder in the future of

Canadian health care. We have daily contact with some of the most devoted supporters of public medical care in the country. They have demonstrated their support through their gifts of time, talent and personal investments. We look forward to representing their interests and helping to marshal their support in maintaining and improving an effective public health system for all our communities.