



## Foundation Board Enrichment Webinar Series

### Opening Remarks

Renée Bianco

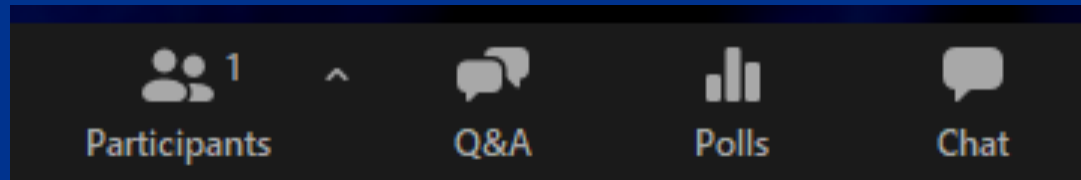
Associate Chief Philanthropy Officer  
South Division

# Questions or comments?



Use the **CHAT** feature for general comments for the whole group.

Use the **Q&A** feature to ask questions about the presentation.





## Foundation Board Enrichment Webinar Series

# Welcome

Kenya Beckmann  
Chief Philanthropy and Health Equity Officer  
South Division



# Reflection

Jeff Streblow  
Chair, Board of Trustees  
Queen of the Valley Foundation



# The Role of Philanthropy in Health Care Sustainability

Karma H. Bass, MPH, FACHE  
CEO/Managing Principal  
Via Healthcare Consulting



# Today's Objectives

1. Recognize the drivers of the need for additional revenue sources for hospitals
2. Explore the cultural and tactical changes in giving
3. Understand the growing value of philanthropy and the implications for philanthropy boards

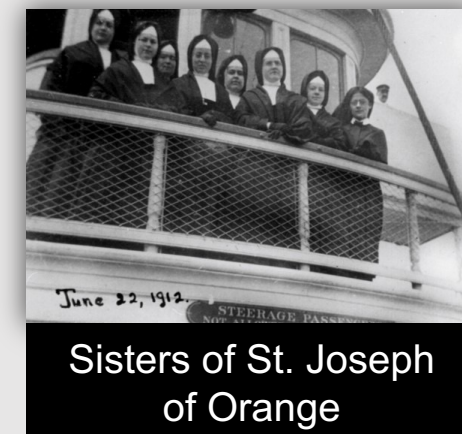
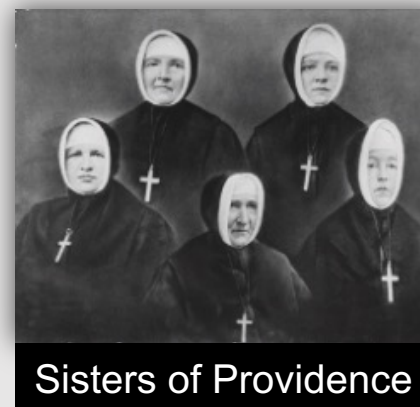
# Philanthropy: A Mainstay in Health Care

- ❑ Pennsylvania Hospital—founded in 1751 by Benjamin Franklin and Dr. Thomas Bond, partly with community funds

Source: Penn Medicine, <https://www.uphs.upenn.edu/paharc/features/creation.html>



- ❑ Sisters of Providence and Sisters of St. Joseph of Orange – major roles in establishing the PSJH health system of today, relied on philanthropy to build their ministries



# The Headwinds in Health Care

**FitchRatings**

**Early NFP Hospital Medians  
Show Expected Deterioration;  
Will Worsen**

March 2023

**TIME**

**The Coming Collapse of the U.S.  
Health Care System**  
January 2023

**The New York Times**

***'We're Going Away': A State's  
Choice to Forgo Medicaid Funds  
Is Killing Hospitals***  
March 2023

**KaufmanHall**

Research Report

**California Hospital Financial Impact  
Report – April 2023 Update**  
Hospital Services at Risk  
Throughout California

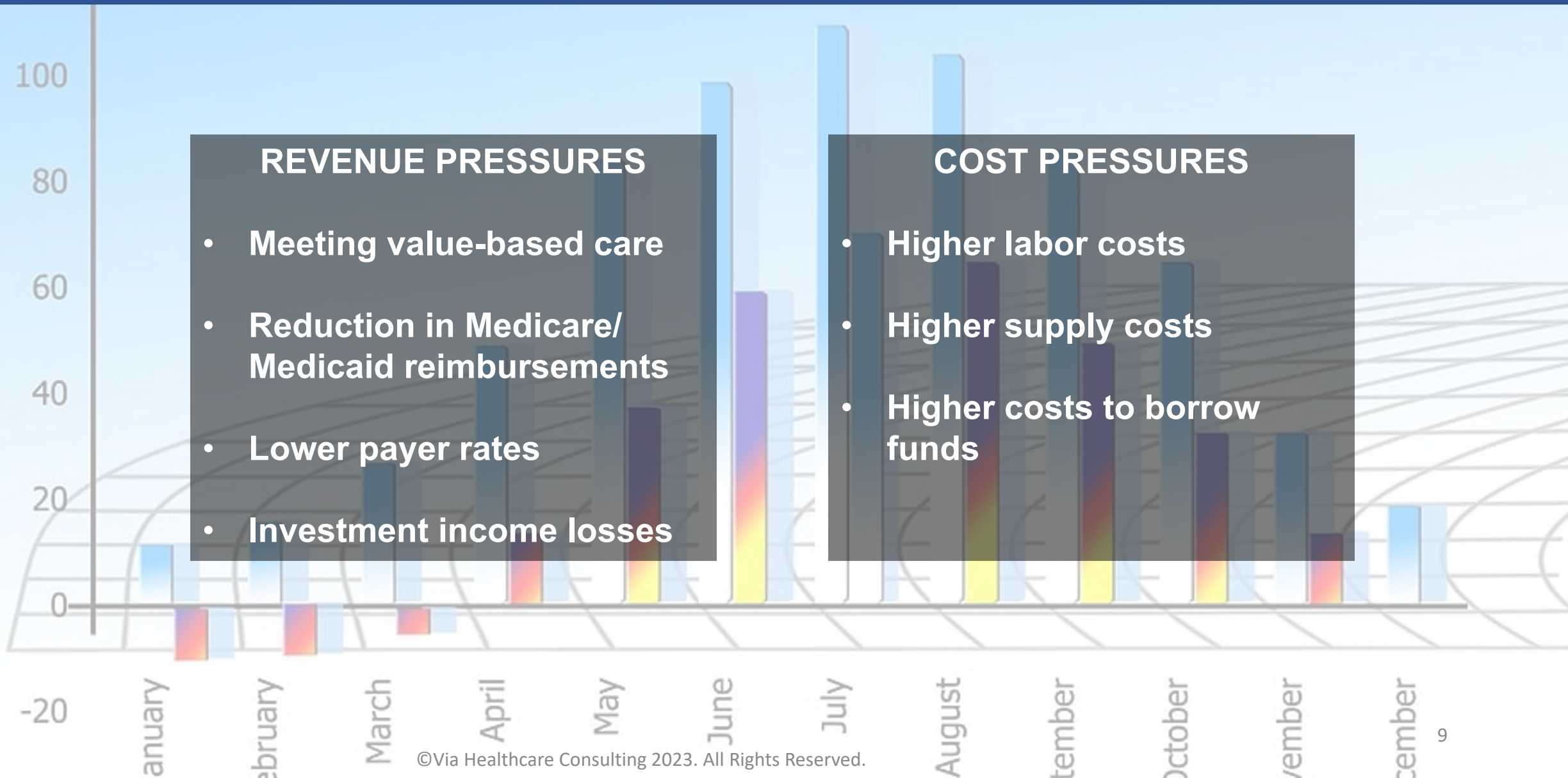


*Advancing Health in America*

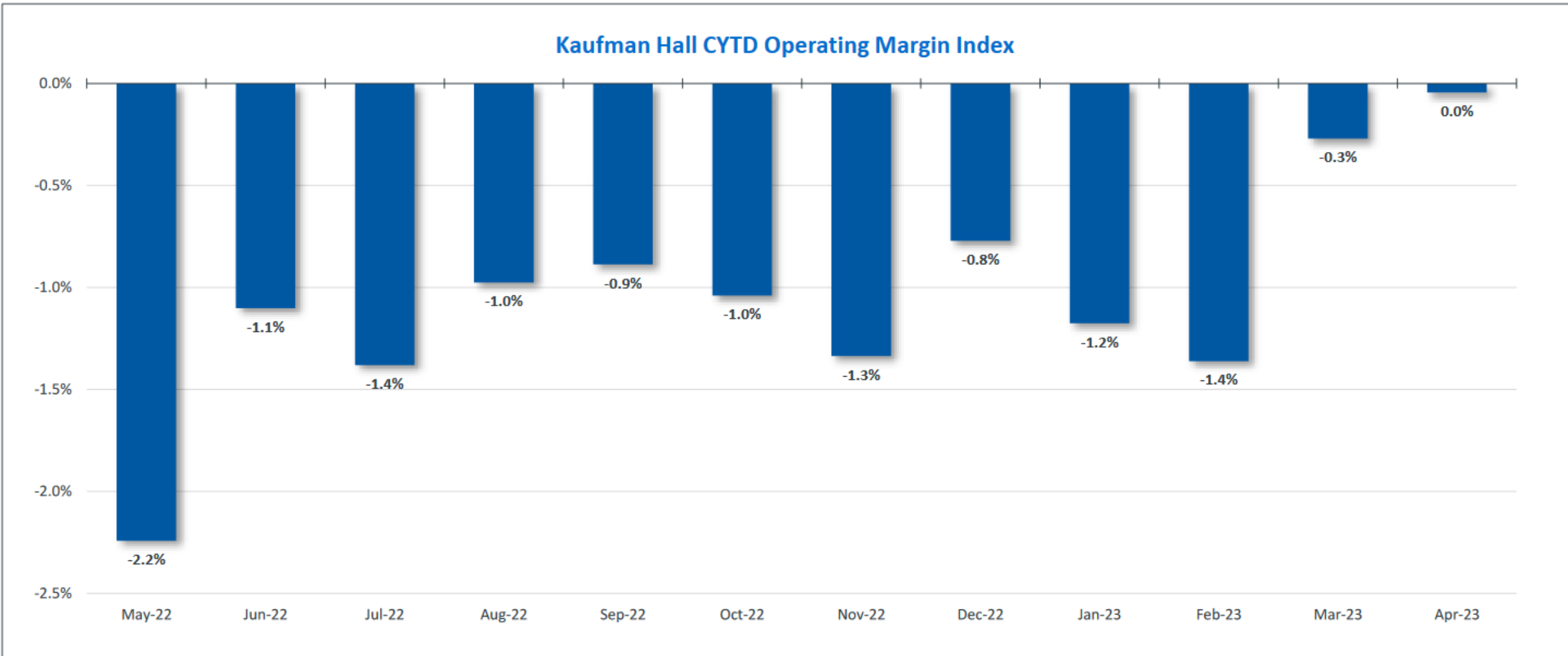
**The Financial Stability of America's  
Hospitals and Health Systems Is at Risk  
as the Costs of Caring Continue to Rise**  
April 2023



# Financial Pressures of Hospitals and Health Systems



# Weak Hospital Operating Margins



Kaufman Hall, National Hospital Flash Report (May 2023)

\* Note: The Kaufman Hall Hospital Operating Margin and Operating EBITDA Margin Indices are comprised of the national median of our dataset adjusted for allocations to hospitals from corporate, physician, and other entities.

# Payers and Providers: Same Pandemic, Different Outcomes

## Third-quarter payer profits (2021):

- ❑ [UnitedHealth Group](#): \$5.3 billion, up over 28 percent
- ❑ [Cigna](#): \$2.8 billion, up over 70 percent
- ❑ [Elevance Health](#): \$1.6 billion, up over 7 percent
- ❑ [Humana](#): \$1.2 billion, down 20 percent
- ❑ [Centene](#): \$738 million, up over 26 percent
- ❑ [Molina](#): \$230 million, up over 60 percent
- ❑ [CVS Health](#): \$3.4 billion in losses, attributable to legal settlement

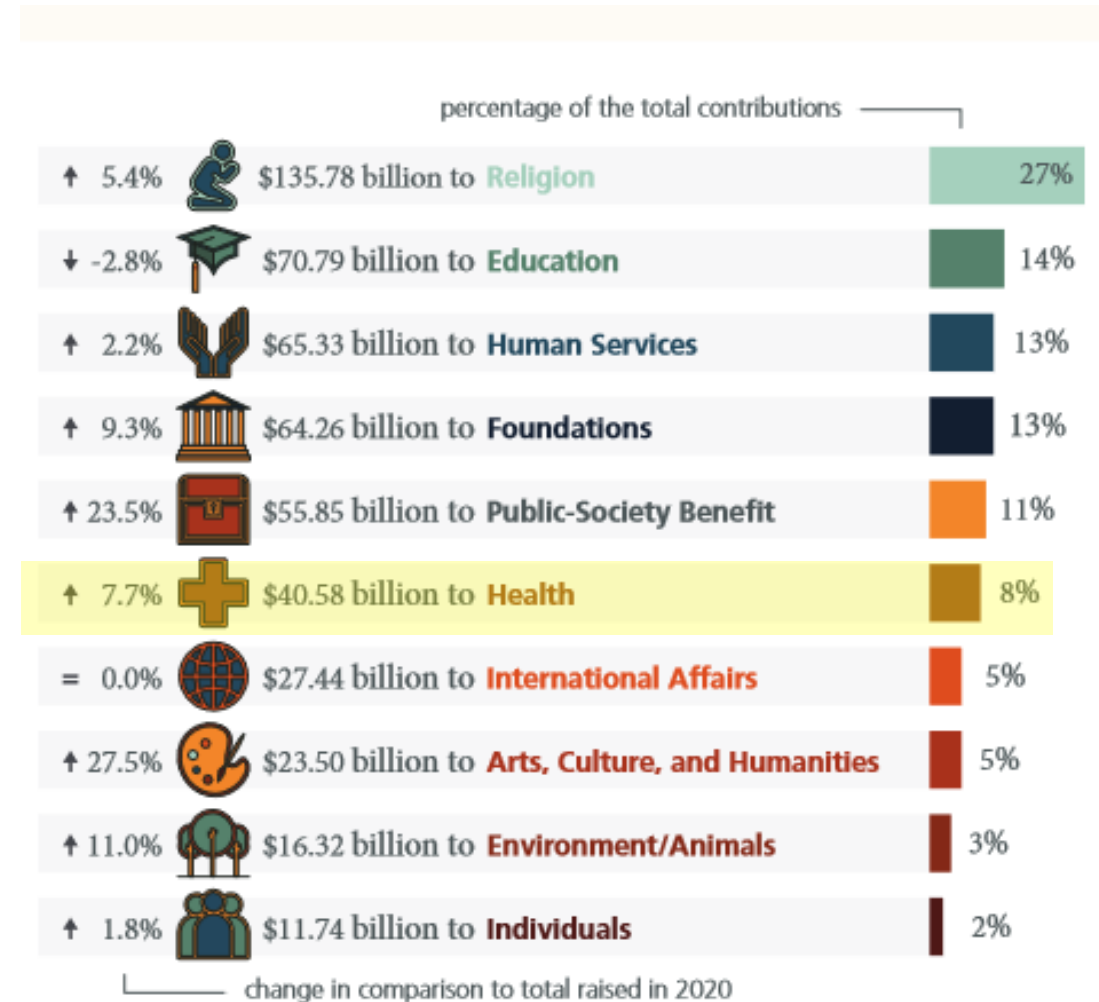
## Third-quarter provider profits (2021):

- ❑ [HCA Healthcare](#): \$1.13 billion, down over 50 percent
- ❑ [Universal Health Services](#): \$182.8 million, down over 16 percent
- ❑ [Tenet Healthcare](#): \$131 million, down over 70 percent
- ❑ [Encompass Health Corporation](#): \$45.4 million, down over 54 percent
- ❑ [Community Health Systems](#): \$42 million in losses, down over 137 percent

# How Health Fits into Charitable Giving

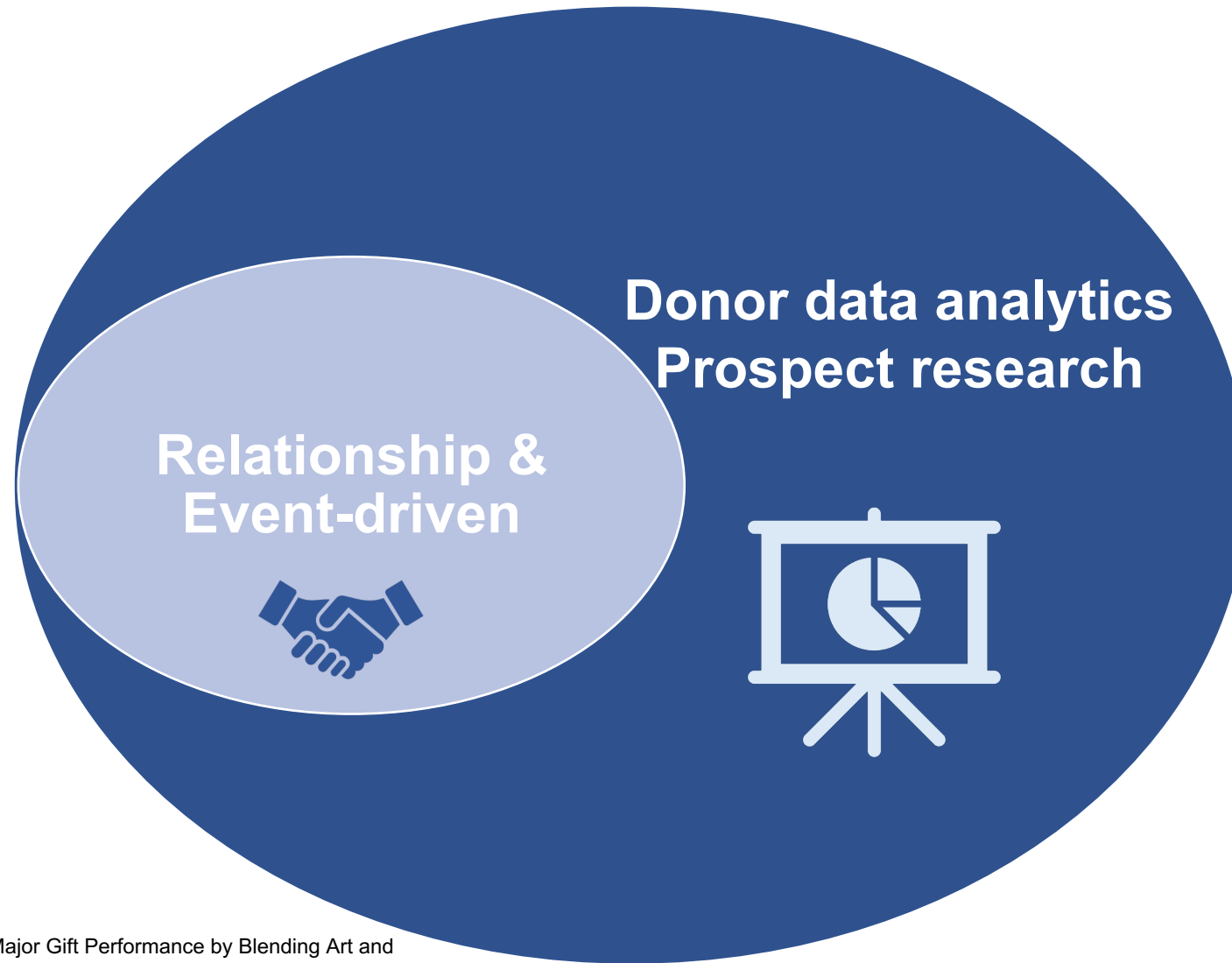
\$ □ 8% (~\$41 billion)  
of charitable  
dollars went to  
health in 2021

↑ □ 7.7% increase  
from 2020



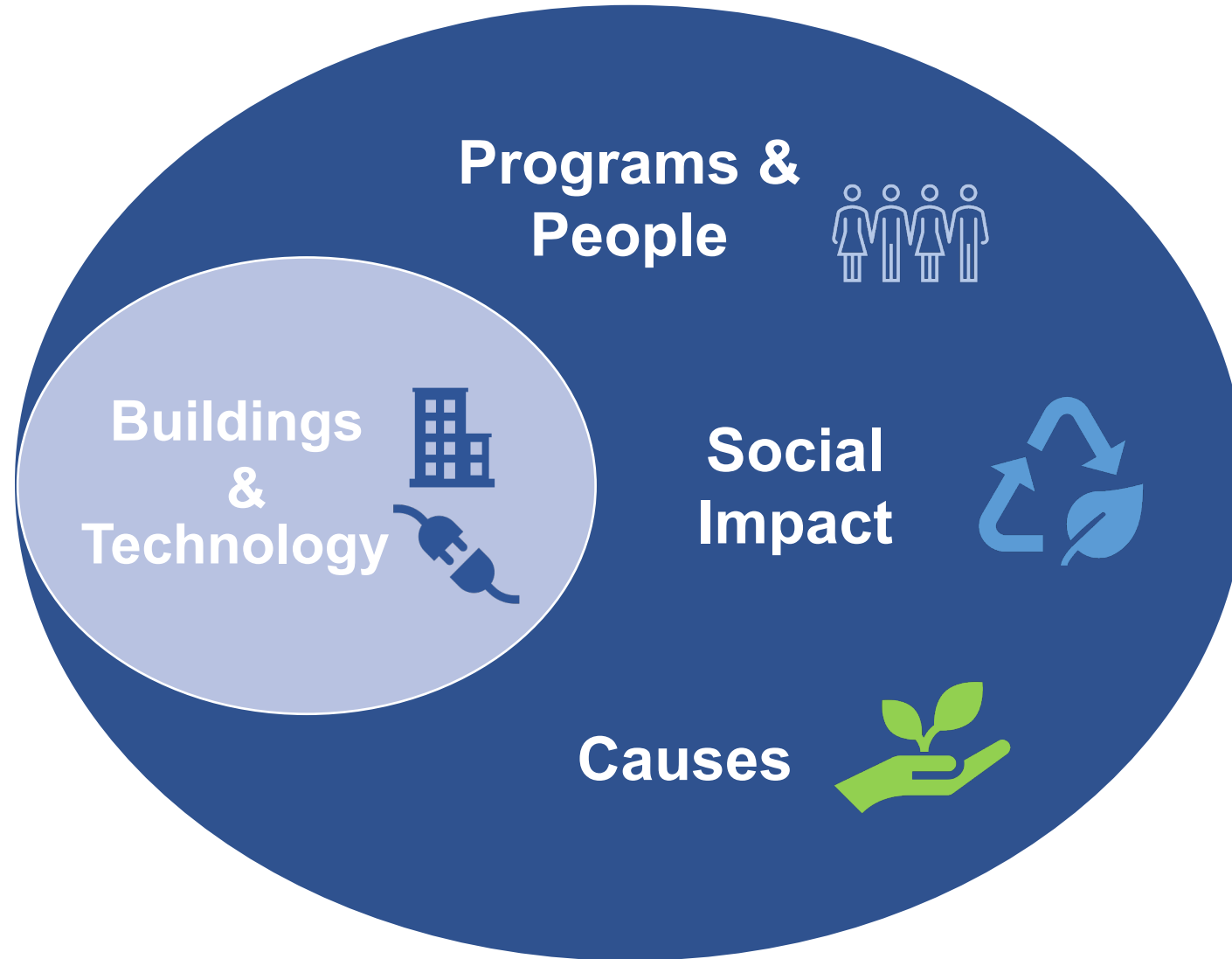
Source: *Giving USA 2022: The Annual Report on Philanthropy for the Year 2021*, a publication of Giving USA Foundation, 2022, researched and written by the Indiana University Lilly Family School of Philanthropy. Available online at [www.givingusa.org](http://www.givingusa.org).

# The Art and Science of Philanthropy





# Evolution in Giving: Capital to Comprehensive



# Generational Preferences in Giving

“The Millennial generation—those born 1980–2000—is taking its first steps toward becoming a major force in philanthropy. As an active and enthusiastic generation, Millennials are motivated by a desire to make giving back and social change integral throughout their personal and professional lives.”

Fidelity Charitable

Source: “2000 Giving Report,” Fidelity Charitable.  
<https://www.fidelitycharitable.org/content/dam/fc-public/docs/insights/2020-giving-report.pdf>

# New Uses for Health Care Philanthropic Dollars

**Investments From Large  
Foundations**

Improving Community Health

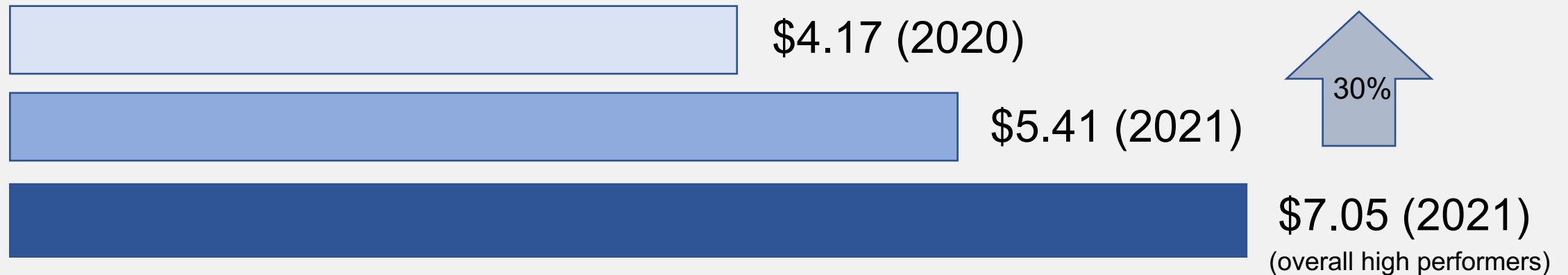
Reducing Health Inequities

Improving the Environment



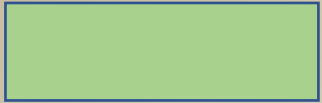
# Health Care Philanthropy: A Healthy Return

- ❑ Financial return on each dollar spent raising funds for hospitals and health systems surveyed by Association for Healthcare Philanthropy:

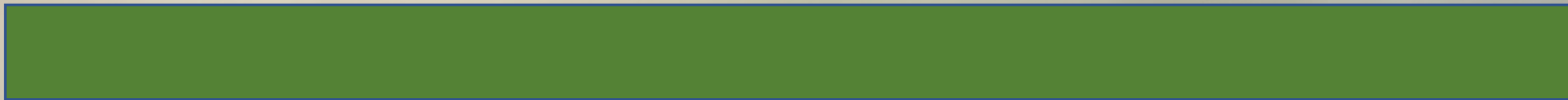


# There Is Potentially More Opportunity to Raise Funds

- ❑ Total production revenue (median) for hospitals and health systems surveyed by Association for Healthcare Philanthropy



\$1.7 million (2007)



\$8.8 million (2021)



# Revenue Acquired Through Philanthropic Giving Goes Directly to the Bottom Line

**\$75:\$1**

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“...it would take approximately \$75 in new patient revenue to have the same net income impact as \$1 in charitable giving.”

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# **What Does this Mean for Philanthropy and Philanthropy Boards?**

# Health Care Philanthropy: More than the Numbers

Reinforces the greater role of health care—to help people, not profits

Refocuses the “story” of health care—relying on giving to deliver care

Has to be a central focus for health care C-suite leaders

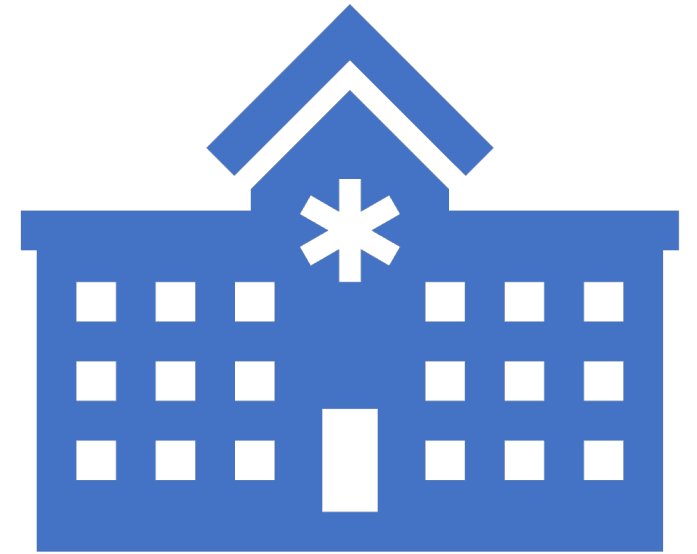
Seek a greater role for operational and clinical leaders



# Philanthropy and Strategic Direction

Tying philanthropy to strategic direction of the hospital or health system:

- Ensures that organization's goals are adequately financed
- Helps to ensure that funds are directed towards people, programs, and projects that align with the strategy of the local organization
- Connects donor funding priorities with strategic direction of the organization



# The Role of the Philanthropy Board: Creating Value

Four actions you can take:

- ☐ Be knowledgeable of health care and philanthropy trends
- ☐ Know the strategic direction of your local organization or ministry
- ☐ Know your “why” and what inspires those in your personal and professional networks
- ☐ Through effective matchmaking of interests, bring people closer to the organization







# Boardroom Perspective: A Conversation

Jeff Streblow  
Chair, Board of Trustees  
Queen of the Valley Foundation

Karma H. Bass, MPH, FACHE  
CEO/Managing Principal  
Via Healthcare Consulting

# Q&A Session



## Closing Comments

Renée Bianco  
Associate Chief Philanthropy Officer  
South Division

# Foundation Board Enrichment Webinar Series: Upcoming Webinars

- Topic: Board Recruitment and Diversity in the Fundraising Board  
When: Wednesday, September 15, 2023 | 12:00PM-1:00PM | Zoom Live
- Topic: Drawing the Distinction between Governance and Management for a Foundation Board  
When: Wednesday, November 8, 2023 | 12:00PM-1:00PM | Zoom Live

Today's webinar has concluded.

Thank you for joining us!



# Thank you!



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