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The C-Suite's New Strategic Imperative—Philanthropy

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The chief executive officers of some of the most progressive health systems in the US are talking a lot about philanthropy. No longer is philanthropy a nice to have or a means of raising a few extra dollars. Like everything else in healthcare, philanthropy is now a fundamental building block of the best organizations' business model and strategic plan, complete with business goals and expectations, key metrics and dashboards, and a prescriptive focus.

Many chief executive officers, including several I have spoken with this past year, understand that philanthropy is even more critical than ever to their ability to deliver on their missions. Still true is the need for charitable giving to the financial situation of our hospitals and health systems, but the pandemic and an increased focus on social justice and inequities ushers in a new spotlight on the foundation and elevates our work as a key strategic imperative.

PHILANTHROPY AS FINANCIAL IMPERATIVE

Diversification of revenue streams has always been a strategic imperative for hospital and health system leadership, but after 18 months of pandemic-related revenue reduction and expense increases, it is now beyond urgent. Philanthropy serves first as one very viable alternative revenue stream.

For Marc Harrison, MD, president and chief executive officer of Intermountain Health, the value of philanthropy is multi-factorial. As he said to me during our Fireside Chat at AHP's 2021 International Conference,

“The easiest explanation is the financial explanation and it's probably the least important. We raise a lot of money. In order to generate the income that the foundation generates we would have to add \$3 billion worth of gross patient revenue. So it's a great investment. But much more than that, I think done right, philanthropy connects the organization to the community and connects the community to the organization. It allows us to take huge leaps above and beyond day-to-day operations. We try really hard to use philanthropy to do things that are going to dramatically change things for the communities that that we invest in.”

Philanthropy also helps to bridge the gaps and help our organizations go beyond where we would otherwise be able to go. Gene Woods, president and chief executive officer of Atrium Health,

explained at Leading Forward 2021, “Through the integration of Navicent Health and other similar relationships, we will be driving a lot of savings in the revenue cycle, the supply chain, etc. We are relying on those synergies and efficiencies to fuel growth and drive affordability. But that alone is not going to allow most systems to reach their aspirations, so where the gap gets filled is through philanthropy and through the community really supporting the investments that organizations like ours or make it in the community.”

Michael Dowling, president and chief executive officer of Northwell Health, looks at philanthropy as one of the key drivers to fund mission projects. At Leading Forward 2021, he noted, “Philanthropy is five years out. It funds the future. Our executive leadership team gets together, and we define a long list of things we want to do—our mission projects. Then we commit to funding some through philanthropy and commit as leaders to supporting that work.”

PHILANTHROPY AS COMMUNITY ENGAGEMENT

For all of these leaders, the work of the foundation is at least as much about the community connections as it is the charitable dollars raised. For Atrium, the pandemic was a time to really double down on their relationships. Woods added, “From a philanthropic perspective, people got to know who we are and what our mission is. They wanted to contribute to the cause of helping our teammates and also to helping other people in the community.” Atrium was able to engage donors in this way to broaden the impact they had throughout the community.

For Northwell, the pandemic underscored the critical role that healthcare plays as a defender of public health in the community. Michael Dowling said, “People realized that we were there when everyone else was struggling. One of the lessons of COVID was the importance of the frontline worker.” This realization fueled an outpouring of support and changed the way the public thinks about healthcare. The foundation team was able to talk about how powerful the model of an integrated system is in a time of crisis, changing the image of the organization from “big corporate behemoth” to community supporter and defender, all while illuminating the need of the system for charitable support.

PHILANTHROPY AS CATALYST FOR SOCIAL JUSTICE AND HEALTH EQUITY

As we look to the future, these progressive systems are laser focused on the meaning of health in the community. Michael Dowling expressed it this way, “We need to broaden what we define as health and healthcare. I want to be known as a real health system which means I want to be as good at prevention and wellness as I am at treating illness. Right now, as a sector, we are essentially medical care delivery systems not health systems.” Intermountain Health has embedded this idea into their organization’s tagline, which is “Helping people live the healthiest lives possible.”

For all three of these systems, this translates into an increased focus on social determinants of health and health equity. For Dowling, “Inequities in healthcare is an urgent priority for all of us. Even when COVID is over, we need to maintain our commitment in our communities which for us is in several areas: housing, employment, education, gun control, healthcare delivery.”

For Dr. Harrison, this is personal, “Injustice makes me crazy. It’s been extraordinarily exciting to use my lifelong interest in addressing injustice in a divided and divisive time to unify people around doing good things for folks who don’t look like them.”

Atrium, with their mission of “Help, Hope, and Healing for All,” has recently launched a comprehensive campaign which has social impact and community initiatives as one of its central components. As Gene Woods put it, “It took us less than 10 years to put Neil Armstrong on the moon, so why can’t we all commit to eliminating health disparities in 10 years? We have the ingenuity. If we can work together to partner businesses with government with health systems, I think we could do it.”

With so many critical components of the health system’s work now connected to the work of the philanthropy team, and with the recognition of philanthropy as a strategic imperative by the nation’s chief executive officers, the most progressive organizations have made the chief philanthropy officer a member of their executive leadership team. When I asked Dr. Harrison why he had done this years ago, he said, “Done well, people in philanthropy inject another voice into a health system’s leadership conversation, and it is the voice of the people who care about the institution. They share the voice of people who are really important. As you know I believe in philanthropy because of the relationships it builds. The foundation team members have the potential to connect people to their organizations in ways that will profoundly change the lives of their neighbors for generations to come. What an incredible gift.”