

NEWS

Association for Healthcare Philanthropy

January 24, 2002

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New Privacy Rules Could Cost Philanthropic Health Care Industry \$150-\$180 Million in Compliance, AHP Tells HHS

Paperwork Burden, Economic Recession, and September 11th Events Trigger AHP Request For Access to Previously Used Grateful Patient Information

WASHINGTON, D.C., (January 24, 2002) – Confusion over the new HHS privacy rules and compliance with its paperwork requirements will cost the philanthropic health care industry between \$150-\$180 million per year and drain funds earmarked for the poor and the needy, Association for Healthcare Philanthropy (AHP) President and Chief Executive Officer William C. McGinly told a Health and Human Services (HHS) National Committee today.

"The paperwork burden and compliance confusion surrounding the new rule, coupled with the recessionary economy and the terrorist attacks on September 11th, have combined to hurt the philanthropic health care industry. To that point, AHP respectfully requested that HHS allow AHP members to use previously accepted methods of gathering patient service information from grateful patients in accordance with AHP's Statement of Professional Standards and Conduct and its companion Donor Bill of Rights as part of "health care operations," he said. McGinly added that given the current climate in America, "It is now crucially imperative that HHS reduce any roadblocks to philanthropic health care organizations and their efforts to solicit donations from grateful patients, so that the poor and the needy served by those donations may benefit."

He said much of the confusion in the industry surrounds the extent of the rule and its requirements because compliance guidance is not standardized and can be open to varying interpretations. McGinly added his cost figures do not take into account millions of dollars which will also be spent by AHP membership on computer upgrades, staff training, attorneys' fees and other compliance obligations before the rules go into effect in 2003. "All in all, the philanthropic health care industry is in a state of flux caused by the new HHS standards and their effective date and requirements," he said.

For 35 years before the new HHS rules were proposed, AHP's members, employed by the nonprofit health provider, were able to access patient service department and other demographic information without authorization, to effectively target those grateful current and former patients most likely to contribute a charitable donation to the health facility or operation where they were treated. AHP's time-tested information gathering techniques, which were a model for the philanthropic health care industry, adhered to strict internal Donor Bill of Rights, AHP's statement of Standards and Conduct and confidentiality rules, plus state and federal privacy laws. These efforts protected patients' privacy and kept their information from falling into the hands of commercial and telemarketing

efforts. McGinly also noted that AHP members, as nonprofit health providers, have an obligation to raise funds to support the health provider and the community.

However, under the new HHS rules, certain critically needed patient service information is denied to AHP members. The result, McGinly testified, is that the new HHS regulations "force us to use a shotgun approach, not targeted approach to fundraising" by causing greater databases to be developed and more unnecessary mailings. The increased cost of these searches, McGinly explained, comes out of the donated dollars which are then lost to service the poor and needy in areas such as wellness programs, mobile health vans, mammography screenings, and health care services for the uninsured.

McGinly also asked the Committee to take into account the negative effects the recession and the events of September 11th are having on charitable giving. "The condition of the economy does have a direct influence over people's giving and their levels of confidence," McGinly said about the recession's impact. Meanwhile, the effect of September 11th on giving, McGinly said, was difficult to measure. "We are seeing that some organizations have experienced a decline in giving, while others directly helping or assisting those affected by the attacks are seeing increases as individuals, corporations and foundations shift some of their giving away from philanthropic health care and other programs to various September 11th relief efforts," he added.

In conclusion, McGinly said AHP members are working to comply with the new HHS rules, but the convergence of costs, paperwork, confusion, the recession and September 11th is proving too great of a burden to carrying out its members' philanthropic services and thus, AHP is seeking a change in the rules. "AHP members have as their mission to serve their communities. This modification would allow the health care philanthropic industry to continue to build resources for their patients and communities while providing the medical record safeguards they have had in place and adhered to for more than 35 years."

McGinly's statement and accompanying documents can be found in the Government Relations section of the AHP website.

AHP, established in 1967, is a not-for-profit organization whose 3,100 members manage philanthropic programs in 1,900 of the nation's 3,400 not-for-profit health care providers. AHP members raised more than \$7 billion in FY 2000.