

NEWS

Association for Healthcare Philanthropy

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Unprecedented Challenges to Community Hospital Philanthropy Possible for Decades 2010 to 2030

WASHINGTON, D.C., (February 15, 2005) – While some predict a coming “golden age of philanthropy”, Gary J. Hubbell, senior strategist, Growth Design Corporation, in a new book entitled *Forces of Change: The Coming Challenges in Hospital Philanthropy*, published by The Association for Healthcare Philanthropy (AHP), presents a much less robust future for hospital philanthropy — especially for community hospitals.

According to Hubbell, the growing commercialization of nonprofit hospitals, continuing evidence of civic disengagement, and generational characteristics are the leading forces of change that will intersect in unprecedented ways. These trends and others could lead to diminished returns on hospital fundraising.

Other forces of change include:

the effects of increased health insurance costs,
regulation and reimbursement,
corporate direct contracting,
growing demographic diversity,
low donor confidence levels,
challenges to nonprofit status, and
hospitals as a mature industry.

Hubbell’s work represents an analysis of existing information coupled with personal observations from 26 years in the industry. “The intent of the manuscript is not to be a doomsayer, nor to simply inventory barriers and bemoan the insurmountable,” Hubbell says. “Rather, the desire is to offer an interpretation of some prominent and well-documented trends that could lead to diminished returns for hospital fundraising.”

Hubbell points out that medical innovation and treatment continues to stretch the imagination at the same time that many bemoan a health care crisis in America—particularly around financing and insurance. The Association for Healthcare Philanthropy (AHP) reports record numbers of professional hospital fundraisers and the growing involvement of CEOs in fundraising, yet the proportion of philanthropic income to total hospital income remains a nominal amount, largely an unchanged percentage for decades.

According to Hubbell, while some (Havens and Schervish, 1999) predict the coming “golden age of philanthropy,” others take note of the growing scrutiny of the tax-exempt status of nonprofit hospitals. While respected observers like Independent Sector and Schervish study and interpret donor motivations for giving, other trends, such as the commercialization of health care, are creating significant barriers to the engagement of those donors by hospital fundraisers. Our understanding of civic engagement and social capital is still emerging. Hubbell suggests that one must consider the potential that personal involvement and gift support of hospitals—and potentially many other nonprofit organizations—may decline, in part because of civic disengagement.

The central conclusion drawn by Hubbell is that converging trends may lead to a decline in hospital philanthropy—especially for community hospitals—in the second decade of this new millennium. There are incredibly competitive forces at work, demanding that hospital CEOs lead sound, efficient business operations that are clearly attuned to gaining and maintaining market share. Yet the same forces that propel today’s nonprofit hospitals to operational excellence will also foster comparisons to big business, with all the negative connotations that comparison brings for personal giving. It is becoming increasingly important to understand and interpret all of the above influences in the context of changing generational personalities. With Baby Boomers entering their “golden years”—the oldest among them turning 60 in 2005—the 13th Generation (Strauss and Howe, Nichols)—also referred to in popular literature as Generation X—will have a very different mindset for personal giving and philanthropy in general.

Hubbell presents a number of possibilities for the future of hospital philanthropy and points out that all is not “gloomy” if these predictions unfold. Potentially, the predicted “golden age of philanthropy” moves to find other needs beyond hospitals, so the collective impact of philanthropy remains significant and compelling despite the loss of benefit to nonprofit community hospitals.

According to Hubbell, hospital leaders should embrace these change forces and recognize the possible future diminution of interest by donors. If hospital philanthropy is to mitigate the effects of what Hubbell believes is a strong possibility of decline, hospital development officers and CEOs will need to adopt a new stance, raise a new vision and collaborate with new partners in order to be seen and accepted by donors as being part of the health care solution for society. Hubbell states that in doing so hospitals will regain the opportunity to engage philanthropy as innovation capital and likewise capture the idealism, the advocacy and the resources of donors in the future.

Gary J. Hubbell is a senior strategist with Growth Design Corporation, Milwaukee, Wisconsin. Drawing on a 26-year career and academic inquiry, Hubbell provides service to a national client base seeking innovative solutions and best practices to the evolving challenges and opportunities in philanthropy.

A copy of Hubbell’s paper is available for purchase in the AHP Book Store. (\$65 US member, \$85 US nonmember).

AHP, established in 1967, is a not-for-profit organization whose 3,700 members manage philanthropic programs in 1,900 of the nation’s 3,400 not-for-profit health care providers. AHP members raised more than \$5.8 billion in FY 2003.