

The Effect of the Affordable Care Act on Health Care Philanthropy

AHP Survey - February 2014



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Survey Purpose

- The Affordable Care Act (ACA) was signed into law in 2010 with many of the reforms just now going into effect. The impact of these reforms on nonprofit hospitals and health care systems is still unknown, including their impact on philanthropy. The public and donors in particular are uncertain about the future and it is playing a role in their giving decisions. In addition, continued mergers and for-profit acquisitions heighten the anxiety and uncertainty about the future of health care. AHP conducted a short survey to determine how organizations are adjusting to these current and future changes.

Executive Summary

- At the end of January and early February 2014, AHP surveyed its U.S. members to determine how health care development fared in 2013 based on the implementation of the Affordable Care Act (ACA), which was signed into law in 2010.
- A little more than half (53%) of the respondents reported *no effect* while one third (33%) reported a *somewhat negative* effect when asked about the overall effect health care reform and the ACA had on their development office, fundraising activities and results during 2013.

Executive Summary (cont.)

- A majority (71.3%) of AHP members report that they *did not change* their overall giving forecast for the next 2-3 years because of ACA.
- 12.9% of respondents report that they made *increases* to their giving forecast for the next 2-3 years. The most frequently cited (mode) forecast increase was 6-10%.
- 15.8% of respondents report that they *decreased* their giving forecast for the next 2-3 years. The most frequently cited (mode) forecast reduction was 0-5%.

Executive Summary (cont.)

- A majority (57.7%) of AHP members report that they *have not made changes* to their development organization's operating budget.
- Nearly one third (30.3%) of respondents report that they *reduced* their operating budget. The most frequently cited (mode) operating budget reduction was 6-10%.
- 12% of respondents report that they *increased* their operating budget. The most frequently cited (mode) operating budget increase was 0-10%.

Executive Summary (cont.)

- The majority of respondents (65.4%) *had not experienced* a merger or acquisition in the past three years; and a majority (72.1%) do not anticipate one within the next three years.
- A little over one third (34.6%) of AHP members reported experiencing a merger or acquisition in the past three years.
- A majority of the respondents (48.5%) have 3-9 professional and administrative fundraising staff.
- A majority of the respondents (42.6%) raised between \$1M - \$5M during the last fiscal year.

Executive Summary (cont.)

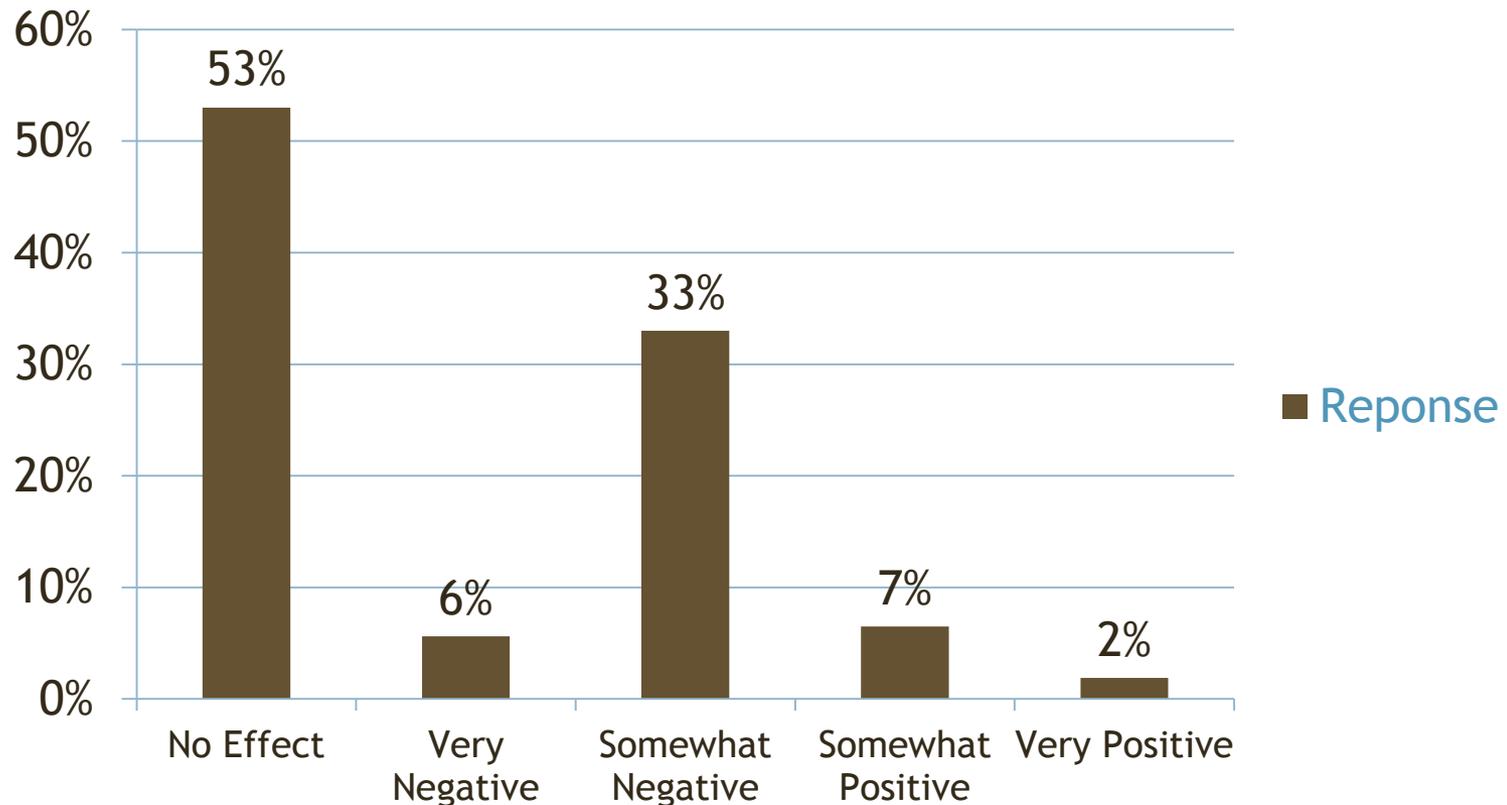
- Half (50.7%) of the respondents report that they plan to make changes to the development organization's staff size within the next three years.
- Two-fifths (38.9%) of AHP members plan to *increase* staff size within the next three years. The most frequently cited (mode) staff increase was 6-10%.
- Nearly twelve percent (11.8%) plan to *decrease* staff size in the next three years. The most frequently cited (mode) staff reduction was 6-10%.

Executive Summary (cont.)

- Nearly half (48.5%) of the respondents report that their organization is implementing travel restrictions and the other half (51.5%) is not.
- Nearly half (45.5%) of the respondents report that their organization is implementing restrictions on career development meeting attendance.
- A little more than half (54.1%) is not implementing restrictions on career development meeting attendance.

Survey Results

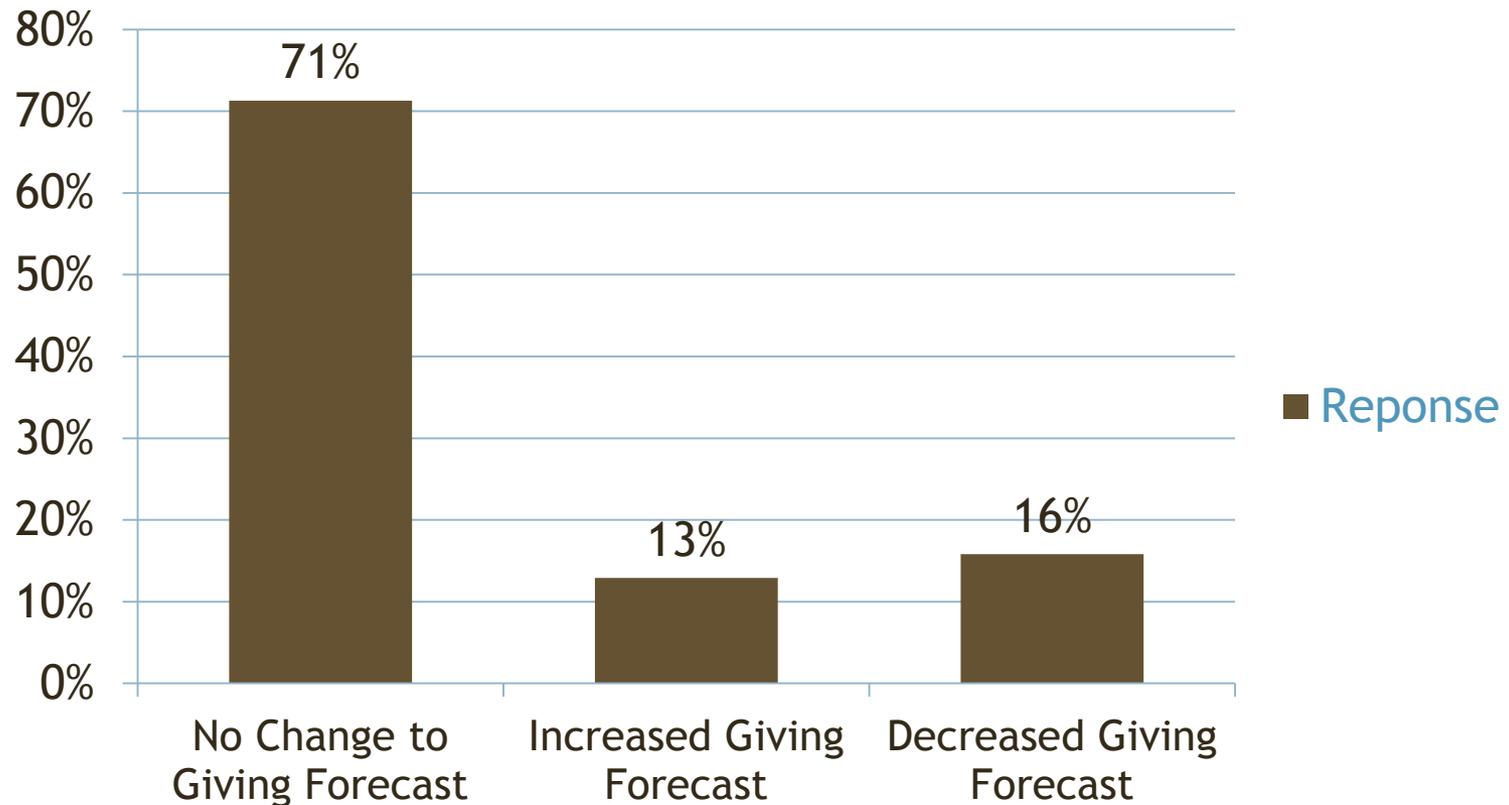
- What overall effect has health care reform and the Affordable Care Act had on your development office, your fundraising activities and results during 2013?



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Survey Results

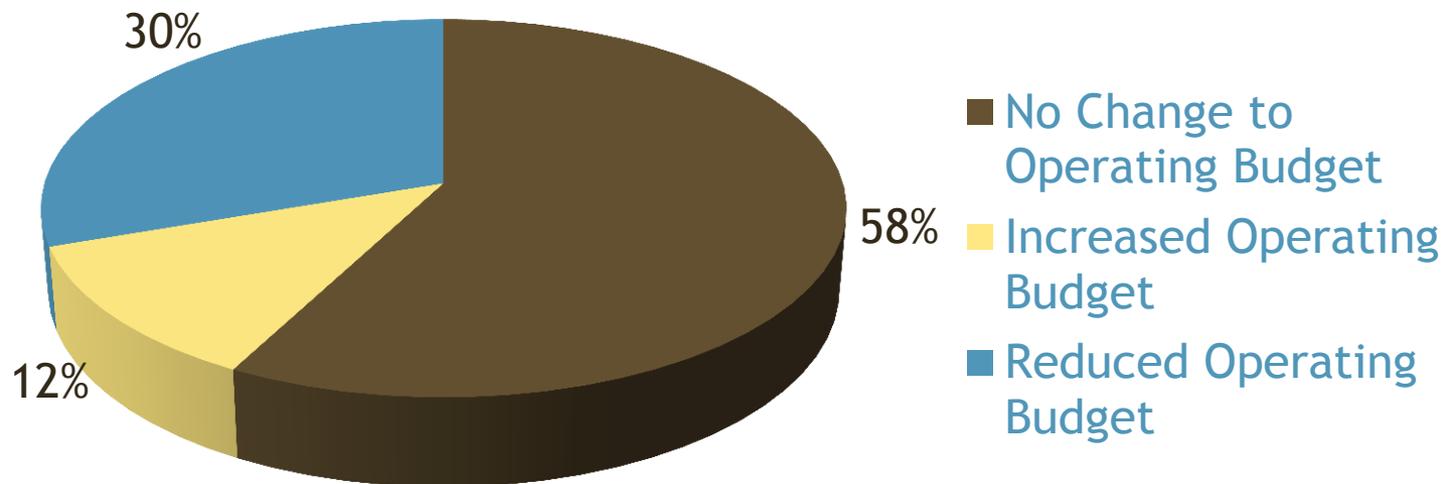
- Did you change your overall giving forecast for the next 2-3 years as a result of health care reform?



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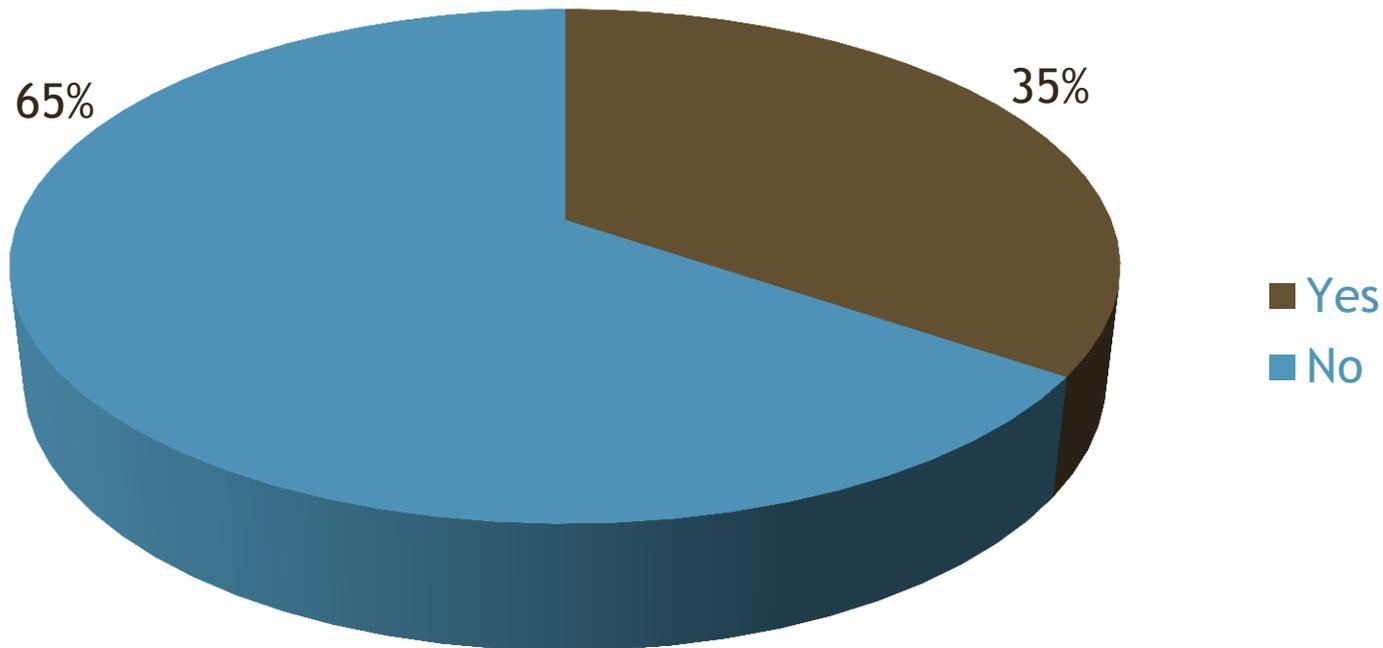
Survey Results

- Have you had to make changes to your development organization's operating budget?



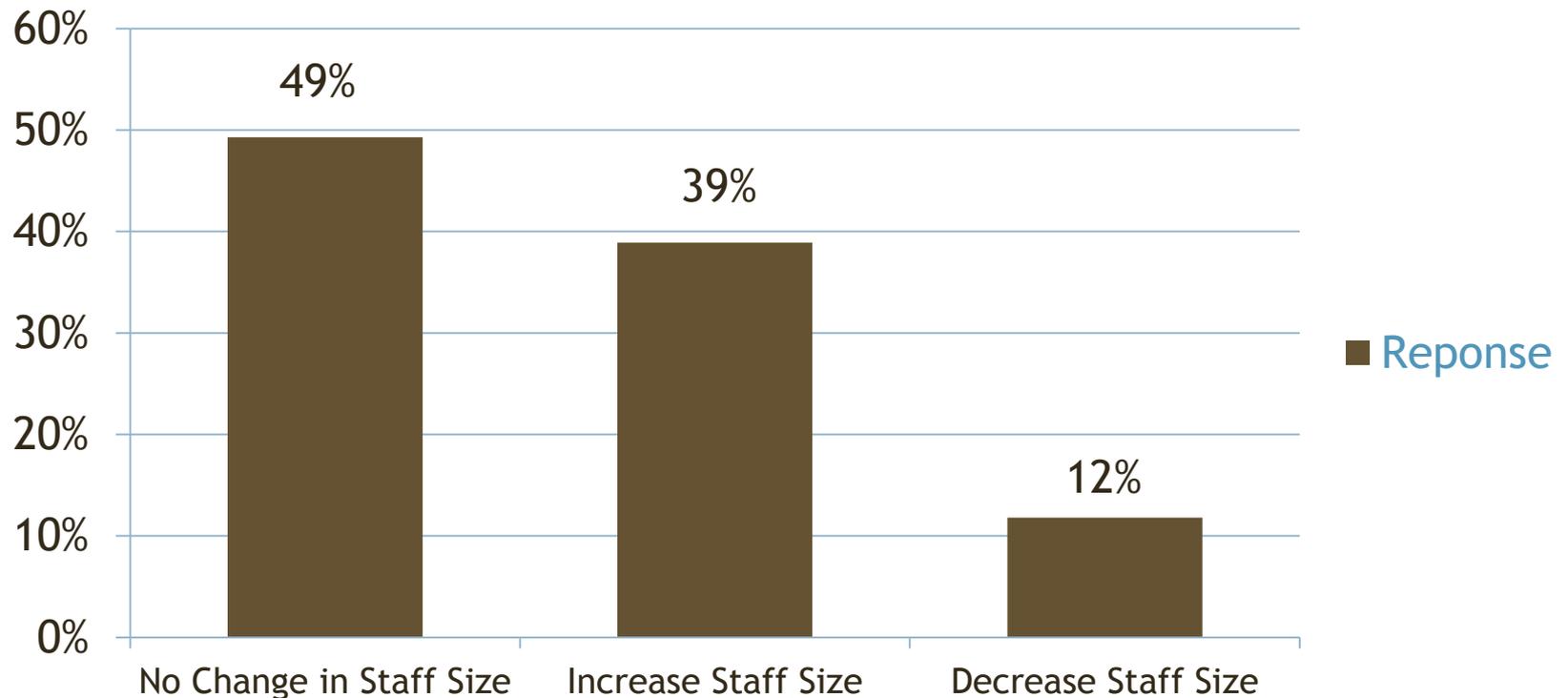
Survey Results

- Have you experienced a merger or acquisition in the past 3 years?



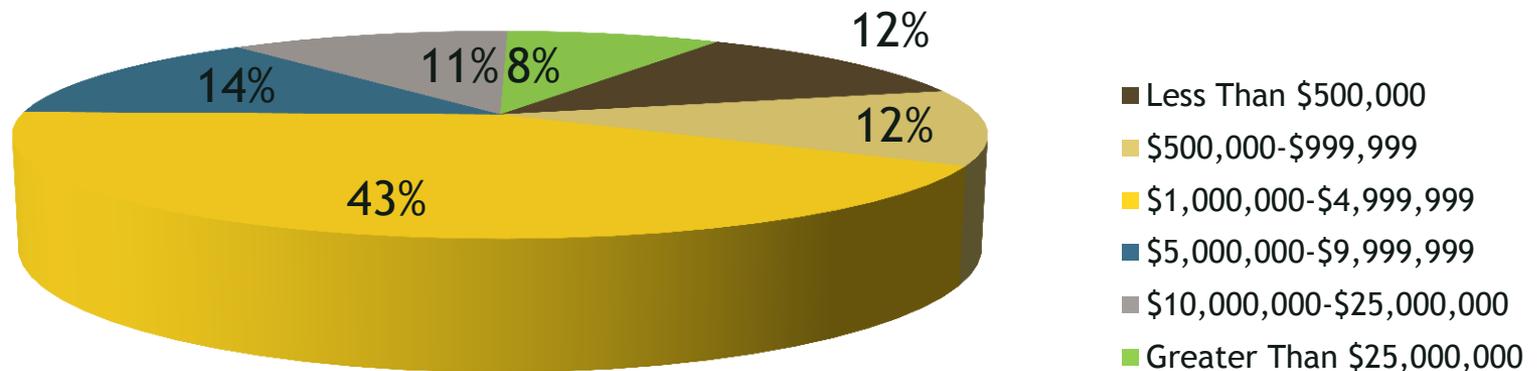
Survey Results

- Have you or do you plan to make changes to your development organization's staff size within the next 3 years?



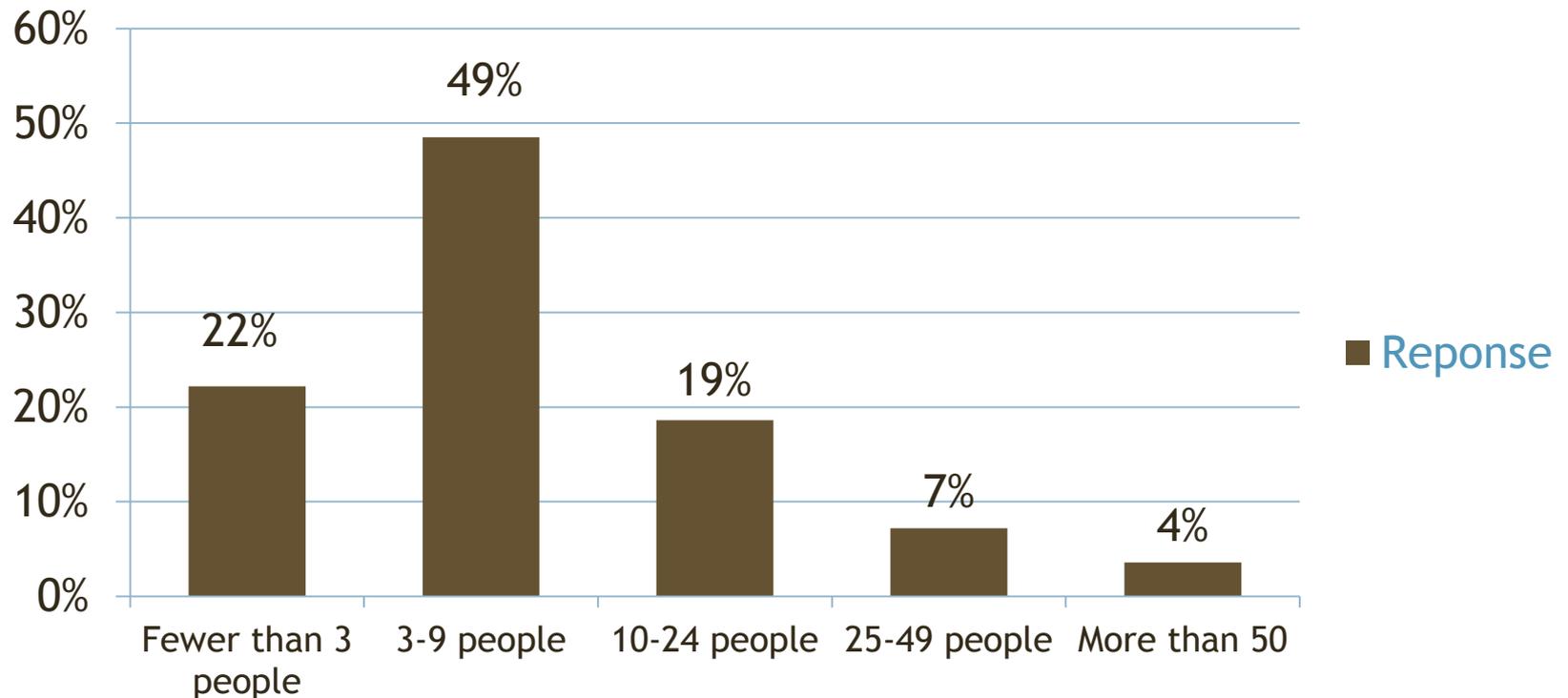
Survey Results

- What was the total amount of fundraising revenue your development organization raised during your last fiscal year?



Survey Results

- What is the current size of your fundraising organization (professional and administrative)?



Survey Results

Half of the survey respondents shared comments regarding changes they made to their fundraising programs and activities as a result of health care reform that were effective. Below is a summary of the most mentioned changes.

Shifted Focus	<ul style="list-style-type: none"> Impact of donated dollars and benefit to the community Population health initiatives Need to underwrite community wellness programs Philanthropic culture in the health care institution Raising money for general operations Strategies with greatest return on investment Major gift programs
Hired Staff	<ul style="list-style-type: none"> Adding staff to broaden donor base Added two major gifts officers
Reconfigured Message and Increased Communication	<ul style="list-style-type: none"> Stressed needs of hospital even with/because of ACA Rewrote case for support to focus on immediate needs Rethink definition of charity care Aligning our case with population health priorities
Reevaluated Efficiencies	<ul style="list-style-type: none"> Reduced expenses Focus on 1-on-1 meetings, not large events Outsourced direct mail Dropped a fundraising program that was not meeting goal Better at targeting our messages
Program Adjustments	<ul style="list-style-type: none"> Implemented direct mail to identify more prospects Added endowment to capital campaign Spending more time talking to donors Reduced size of events Reconfigured grateful patient program Added planned giving program Added two more events
Assumed Role in Educating Donors on ACA	<ul style="list-style-type: none"> Added talking points on ACA at events More education including seminars on ACA More time talking to donors
Presentations from CEO	<ul style="list-style-type: none"> Using CEO as spokesperson Engaging and educating the board

Other Observations

- Several AHP members commented that it was too early to tell if the ACA will impact philanthropy.
- Many respondents discussed how they are experiencing “a lot of change” and “uncertainty.”
- Many commented that they are still recovering from the recession and have not seen giving revenue return to pre-recession levels.
- One commented that they see ACA as an opportunity, not a problem.
- Many are experiencing more pressure from the hospital to raise more money.
- Many commented that ACA is a topic of conversation with donors.
- Many expressed the need to add staff, but there is “pressure to reduce.”

Survey Specifics

- The survey was e-mailed to 3,729 AHP U.S. members in late January and early February 2014. The survey closed on February 14.
- AHP's members are development professionals who support and raise funds for more than 2,000 non-profit hospitals and health care organizations in the U.S. and Canada.
- 201 AHP members responded to the survey (5%). There is a 95% confidence level that answers are accurate with a margin of error of 7%.