Agenda

- Defining annual giving in healthcare
- Using database software to start an annual giving program
- Grateful Patients
- Specialty Areas
- Final Discussion and Questions
Likelihood & Capacity

- Upgrades
- Top Prospects
- Low Yields
- Projects

giving likelihood

giving capacity
Defining Annual Giving in Healthcare
November 12, 2007

With Health Costs Rising, a Tougher Sell for Hospitals

By REED ABELSON

AFTER charging tens of thousands of dollars for a knee replacement, the hospital wants a donation?

While America’s private and public medical institutions continue to have success raising money — $8 billion last year alone — fund-raisers and others say that the rising cost of health care is an issue they must address sometimes with potential donors.
What are the Challenges?

Donations to Hospitals Grew 8.3% in 2006, Report Finds

Contents

1. Giving in Canada

Giving to American hospitals and health-care providers grew to $7.9-billion last year, but donations did not increase as fast as they did in 2005, according to a new report.

Contributions to health-care institutions rose last year by 8.3 percent, adjusted for inflation, compared with a 12.9-percent rise from 2004 to 2005.

The report, published by the Association for Healthcare Philanthropy, in Falls Church, Va., was based on a survey of 291 hospitals and other health-care providers.

The association’s president, William C. McGinly, expressed frustration about the slowing pace of giving, blaming the deceleration on what he called "a perfect storm of problems" for the field.

Among other difficulties, he said, are tough privacy rules that limit access to potential donors, and attempts in Congress to challenge and change the tax-exempt status of nonprofit hospitals.

"All the attention health care is getting, in terms of coverage for the uninsured and the activity in Congress, ends up focusing so much on the high costs, the instances of fraud and abuse, that it's too easy for the good story to get lost," Mr. McGinly said.
What are the Solutions?

- Improved messaging
- Increasing Major Gift support
- Developing a strong Annual Giving Program
- Turning Grateful Patients into Donors
- Legislation – HIPAA
Healthcare Philanthropy Funding Mix

- Major Gifts: 17%
- Annual Giving: 18%
- Capital Campaign: 17%
- Special Events: 13%
- Grants: 11%
- Planned Giving: 10%
- Endowment Interest/Income: 5%
- Memorial Gifts: 5%
- Other: 4%

-- From the Foundation Center
Healthcare Philanthropy Funding Mix for $6M Foundation

--- From the Foundation Center
The Value of Annual Giving

Equivalent to a healthcare system billing for / or generating $21.2M in clinical services.

-- From the Foundation Center
What is Annual Giving?

➢ Foundation for all other giving programs
  – Start with a strong Case
  – Designed to provide funds for basic program operations and normal growth
  – Twelve month time table
  – Address relatively short-term needs (a year or less)
  – Uses: direct mail, phone solicitation and volunteers
  – Repeatable

➢ Cultivation strategies
  – newsletters
  – Appeals- message
  – Phone cultivation/ thank you
What is Annual Giving?

- Compare gross income with expenses
- Look for trends
  - Year to Year and Month to Month
  - Divide among appeals
- Think about ROI
  - What does it cost to raise $1?
  - National Average = $.20
- Dream big and plan realistically
Sample 12 Month Timeline

- **January**
  - Thank you calls/mailing to ’07 donors
  - Identification of new annual donors

- **February**
  - Thank you calls/mailing to ’07 donors
  - Newsletter / PR piece to annual donors

- **March**
  - First renewal letter to ’07 donors
  - Appeal letter to SYBUNTS and LYBUNTS from ’06

- **April**
  - PR piece to targeted prospects (with large concentrations of annual givers)

- **June**
  - Phone-A-Thon to 1st half year donors who have yet to renew

- **July**
  - Database clean up and preparation for Fall campaign
Sample 12 Month Timeline (continued)

- **August**
  - Renewal call / mailing to 3rd and 4th quarter renewals
  - Appeal to any new annual giving prospects
- **October**
  - Reminder post card for donors who have not renewed
- **November**
  - PR piece with year update
- **December**
  - Final year end appeal all non-renewals, all new prospects, any non-renewal SYBUNTS and LYBUNTS
  - Holiday appeal for any special funds
Who Gives to Healthcare on an Annual Basis?

About 4% of healthcare support comes from private philanthropy

- Community members
- Patient Family / Friends
  - Honor
  - Memorial
- Employees
- Physicians
- Grateful Patients
Why Do They Give?

Association for Healthcare Philanthropy’s Institute for Healthcare Philanthropy

- What is the value of philanthropic practice in this new era of managed care and integrated health systems?

- What factors help maximize the contribution of philanthropy to the new integrated system?
Why Do They Give?

Association for Healthcare Philanthropy’s Institute for Healthcare Philanthropy

- Mission anchored on community need – NOT institutional need for money
- Clear case for support that speaks to the philanthropists’ need for giving
  - Fun
    - Inherent Need to Give
    - Prevention
    - Honor
- Informed and committed leadership
- Excellent communication capabilities
- Trusted stewardship of resources given
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– Patient Family / Friends
– Employees
– Physicians
– Grateful Patients
How Do They Give?

- **Cash**
  - Employees often use payroll deduction
  - One time honor / memorial gifts – want to turn into annual donors

- **Stock**
  - Larger annual gifts – “Society” level

- **In-Kind**
  - Be careful how you account for in-kind gifts
Annual, Major and Planned Giving

➢ Determine strategy for Major Giving prospects in the Annual Fund program
  – If they are giving at a certain high level…exclude from direct mailing prospects
  – Use Solicit Code or Attributes to easily remove MG prospects from mailings

➢ Determine strategy for Planned Giving prospects in the Annual Giving program
  – Take advantage of the overlap between these groups to promote both
Using Database Software to Manage Annual Giving
Annual Fund Giving Levels

- Determine Appropriate Levels
  - Use your database to look at trends in giving
  - Can you tell that you have “a lot” of gifts in one range
  - Identify trends both Year to Year and Month to Month
    - Pay attention to “anniversary” renewals

- Identify Current Projects the AF can benefit
  - Refer to case
  - Do some aspects appeal to one group of donors more than another
  - Are there certain gift sizes that can be directed to support specific activities
  - Buy a Brick, etc.

- Service Areas
  - Think in terms of appeals among different specialties (i.e. Oncology, Nursing)
  - Divide Annual Fund asks among appeals – Use database software to help you determine who might respond to what appeals
  - Do some aspects appeal to one group of donors more than another?
Annual Fund Giving Levels

- Segmentation & Identification
  - Group donors by gift level (Ex. $1-$25, $26-$50, etc.)
  - Group donors according to years of giving
    - 5 Year, 10 Year, 15 Year – again look for trends
  - Group donors by geography as well

- Solicitation & Stewardship
  - Appeals – use specific ask amounts based on past giving
  - Stewardship process – Consider having a “Thank-A-Thon”

- Society Level
  - Pay attention to high level annual gifts
  - Become the foundation for major giving
  - Use database to determine trends in this area as well
Annual Fund Giving Levels -- Example

**Society of 1884** -- Those who contribute at least $1,884
- Name listed on Hospital Lobby “Donor Wall"
- Invitation to Society of 1884 Gala
- Invitation to Lunch with Hospital CEO

**Platinum Circle** -- $1,000-$1,883
- Name listed on Hospital Lobby “Donor Wall"
- Invitation to Lunch with Hospital CEO

**Gold Circle** -- $500-$999

**Silver Circle** -- $250-$499

**Bronze Circle** -- $1-$249

**15 Year Society**
- Recognizes all donors who have consistently given for 15 years or more
- Invitation to Lunch with Chief of Staff
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**15 Year Society**  
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Recognizes donors by gift size. Larger level annual gifts become the foundation for major giving.
Annual Fund Segmentation

- Community members
- Patient Family / Friends
  - Honor
  - Memorial
- Employees
- Physicians
- Grateful Patients
Annual Fund Segmentation

- **Community members**
  - Group them by levels
  - Group by length of giving
  - Group by affiliation – volunteer, former employee, what else?
  - This group should be divided among appeals
    - Use information in your database to track this. Example – list of names of individuals who attended Oncology Health Fair
Patient Family / Friends – may be harder to retain

- The trick is to present them with a compelling reason to give again
- Again…refer to case
- Group these constituents by
  - Giving Level
  - Years of Giving
  - Appeals – i.e. Cancer Center Support, Brick at Meditation Garden
Annual Fund Segmentation

Employees

- Some of the most consistent donors in healthcare
- Group by different types of levels
  - PTO deductions – 1 hour per week, 10 hours per quarter, etc.
  - Group by gift size – however be sure that individuals feel recognized in accordance with their contribution (% of salary)
- Group by years of giving

- Make a special effort to recognize employees both internally and externally
Annual Fund Segmentation

- Physicians
  - Together with Employees they account for 28.8% of individual giving in healthcare
  - Often feel “their work is done” due to patients they bring in
  - However, some of the most loyal donors and some of the best advocates for the organization.
  - Their involvement is considered a benchmark for fundraising success in healthcare
  - Consider creating a Physician Partner group to honor their contributions
Annual Fund Segmentation

➢ Grateful Patients – last but not least…
  – Account for about 14.8% of healthcare giving
  – Often they are one time major donors rather than annual donors
  – However, you can successfully cultivate these constituents
  – Same segmentation applies – gift size, years of giving, etc.
  – These individuals may respond to specific appeals even more so than other groups but…be mindful of HIPAA
  – Be careful of information in fundraising database as well
Grateful Patients
The word “syndrome” usually carries a negative connotation and is most commonly associated with a disorder. **But then there is “grateful patient syndrome” — and most doctors don’t mind if their patients come down with that.**

Grateful patient syndrome is a nickname for what occurs when people are so appreciative of the medical care they or family members have received that they donate money to a hospital or to related research or organizations.

-- From The New York Times, August, 5, 2007
Grateful Patients – The Impact

- Twenty-three percent of all American households gave to health-related causes in 2005, with an average annual total of $257

- Those with a net worth of at least $1 million or annual income of at least $200,000 — 70 percent gave to health organizations

- Average annual giving amount of $21,257 and a median of $975.

-- Giving USA
Grateful Patients – Identification

- Identification is the first step in building a successful Grateful Patient Program

- Who can help?
  - Involve the entire Healthcare team
    - Nurses
    - Physicians
    - Patient Liaisons
    - Executive Staff
    - Foundation Board Members

- How do they do this?
  - Informed by Foundation staff
  - Be mindful of HIPAA regulations
  - Cannot be a “shotgun” approach
Grateful Patients – Identification

• AHP Grateful Patient ID Card
  • http://www.ahp.org/ric-online/St-Jude-Grateful-Patient-ID-card.pdf

Philanthropy Reflects

THE SPIRIT OF ST. JUDE

I would like to refer to St. Jude Memorial Foundation the following person who may be interested in learning about:

☐ Making a donation  ☐ Volunteering
☐ Leaving a legacy  ☐ Other __________________

Name ____________________________
Address __________________________
City ___________________ State _______ Zip code ____________
Phone (____) ___________ E-mail __________________________
Referred by __________________________ (Please print)
Physician / Employee / Volunteer (Please circle one)
Specialty / Department ______________ Phone (____) ___________
Comments __________________________

St. Jude Medical Center

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Grateful Patients – Identification

- Hospital IT can help...

- No one likes to review the patient list…too many names and it is not a concentrated approach

- Work with hospital IT to have your database “screened” against the patient list

- Don’t need to put everyone in there…think about putting regular donors and those who are giving at higher levels

- Ideally you would receive a report that lets you know when your best annual donors are patients

- YOU (as the development office) have to help IT with the identification
Grateful Patients – Cultivation

- Now that you know *who* they are *how* do you get them to become donors?!

- Roll them into your regular Annual Fund – there is a special connection but you must be mindful of treating these prospects differently

- Would like to segment out but you must be mindful of HIPAA regulations
  
  – Do not have to obtain authorization prior to sending former and current patients fund-raising materials...if you are excluding information about diagnosis, nature of services, treatment, etc.

  – Cannot filter based on certain factors that go beyond the minimum information required to do the job (i.e. cannot filter psychiatric patients)

  – Should include “Opt Out” clause in your privacy materials

  – Refer to AHP’s analysis of The Privacy Rule
Grateful Patients – Stewardship

- Want to make sure they become a part of the Annual Fund
- Incorporate them into the organization’s annual giving timeline…
Grateful Patients – Renewal

- With successful cultivation Grateful Patients can become regular annual donors but keep in mind…
  - They sometimes give larger “one off” gifts
  - Once they become a regular donor they must be constantly stewarded…their gratefulness will not necessarily perpetuate an annual donation in and of itself
  - Be prepared for some complaints in response to solicitation
    - DEVELOP AN ACTION PLAN TO HANDLE THESE
  - Watch their trends in giving as you would any other donor…look for those who maybe good major gift prospects
Competition Among Departments
Separate but Equal

Today’s modern health organization has a myriad of departments… how then do we make sure that development resources are being allocated appropriately and that our departments work together in their fundraising efforts?
Funny Story (or Not)

A patient and his family walk into a hospital and…
  – They are asked to buy baked goods from the Auxiliary
  – Solicited for a raffle ticket from the Volunteer Organization
  – Given the opportunity to buy a blanket for a needy newborn

They leave and…
  – They are sent a solicitation letter from the Development Office
  – Asked to buy two tickets to the Annual Gala from the Student Nurse’s Association

So how do we fix it?
The Case for Support

- Must be developed with top down support
  - Upper level staff and board members must be active and participate in the development of the Case

- Should outline a clear and compelling need

- Defines the fundraising activities for the entire organization
  - Provides support for the Development Office when they are faced with requests for support

- Can help direct departments towards a more purposeful way to raise funds

- Helps departments understand how fundraising needs are tied into the needs of the entire organization
Final Thoughts

- A strong annual giving program is possible in a healthcare setting

- Need to know the correct constituent groups and what they respond to

- Grateful patients may seem the most obvious choice for annual donors but take special care when cultivating

- The annual giving plan must be tied to a strong case for support

- The entire organization should work towards developing a culture of philanthropy that ultimately benefits the community and its needs
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