

 **OUR TAKE**

for health system philanthropy leaders

# Using Philanthropy to Improve Community Partnerships

Expanding the value of health system development programs

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Health systems are putting more time and resources into community partnerships that address underlying drivers of poor health: food insecurity, unstable housing, lack of access to quality education, and more. Nevertheless, many development teams are reluctant to step outside their legacy focus on clinical and capital priorities. By not proactively supporting community partnerships, they risk a reduction of value to their institution and their donors.

In this report, we present the case for expanding the scope of philanthropy's value to better serve emergent community health goals and describe three approaches to doing so.

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## What are community partnerships?

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In the context of this publication, the term “community partnerships” refers to collaborative efforts between provider organizations and external nonprofit organizations to address social determinants of health and related community health challenges outside of the clinical environment.

# The conventional wisdom

As hospitals and health systems increasingly adopt strategies to address the social determinants of health, their development teams are caught in an existential dilemma. Philanthropy professionals have long understood their role vis-à-vis the hospital as providing funding for internal investments: capital projects, clinical technologies, research, and so on. But with social determinants of health, the investment opportunities often exist *outside* of the institutional environment: community health programs managed, at times, in whole or in part by other organizations. In fact, an [Association for Community Health Improvement study](#) found that 78% of hospitals have community partnership strategies in place (including nine partners, on average).

Even though [72% of surveyed hospitals](#) report not having dedicated funds to address social needs for all of their target populations, many development programs remain on the sidelines. Advisory Board’s [philanthropy benchmarking survey](#) found that the median hospital raised less than 4% of its funds in FY2019 for population health programs.

When asked why they aren’t yet helping to fund or facilitate community partnerships for their organizations, development leaders often explain that doing so would fall outside of their mandate. Quite simply, they argue that their development function exists in order to provide funding for the clinical enterprise. Any time or resources spent elsewhere necessarily detracts from that core purpose and risks cannibalizing their primary initiatives. Added to this fear of mission-creep is the reality that many foundations are incorporated as single-organization support entities with the IRS, thereby limiting their ability to provide funds beyond their hospital or health system.

Source: “What Organizations do Hospitals Partner With for Population Health?”, <https://www.beckershospitalreview.com/pop-outable-care-organizations/what-organizations-do-hospitals-partner-with-for-population-health.html>, Becker’s Hospital Review, Lee J and Korba C, “Social determinants of health: How are hospitals and health systems investing in and addressing social needs?”, <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/health-care/us-health-care-addressing-social-determinants-of-health.pdf>, Deloitte, 2017; Advisory Board Philanthropy Benchmark Generator; Advisory Board interviews and analysis.

# Our take

While the mission of an organization should always be its guide, hospital philanthropy teams risk a loss of institutional value if they don't proactively adapt with the health system as it expands to include a community health focus. They also risk losing interest among their funders, who are increasingly keen on supporting systemic and collaborative approaches to solving health problems.

## **The risk of inaction**

As health systems choose to invest in social determinants of health, development teams must assume that those choices will impact their function. Consider the example of the foundation for a mid-sized health system that took on a fundraising initiative for a mobile health clinic, not realizing that in doing so they became implicitly responsible for managing the program until a clinical leader stepped up. At another health system, foundation leaders struggled to update their case for support to donors when the system announced it would begin making its own community impact grants to external organizations out of an operating revenue surplus. In cases like this, an unprepared philanthropy team may find itself challenged to perform even its core function.

Chief executives can at times move quickly—one CEO built a new strategic framework around health equity, including a new C-level position, within four months of attending an Advisory Board meeting on the topic. Foundations that do not anticipate these emergent strategies will be caught off balance, or worse, left unable to leverage their expertise and relationships as part of the solution.



## New opportunities with donors

While avoiding these downside risks is essential, there are also upside benefits for development teams in pursuing a community health funding strategy.

Individual and institutional donors indicate that community health investments are a top priority. A Fidelity Charitable [survey](#) of 3,200 individual donors found that the most important societal issues for both millennials and baby boomers are social determinants of health. A [Grantmakers in Health survey](#) from 2018 found that 88% of health-focused foundations and corporate giving programs invest in neighborhood conditions that shape health. More than 60% specifically fund coalition-based solutions. While hospital foundations may prefer to raise funds for internal investments, many of their existing and yet-to-be-discovered donors are excited by collaborative approaches.

## The value of evolution

It is no longer necessary to interpret a foundation's mission so narrowly as to exclude its involvement in community health funding initiatives. While constraints imposed by specific IRS determinations must be considered, we feel development leaders should proactively identify opportunities to add value to the organization's community health strategy.

Foundations and development departments have deep expertise and established processes for fund procurement and distribution, project selection, and stakeholder engagement. This background can serve institutional goals as they evolve to tackle community health challenges. This publication outlines several approaches to creating value for the health system that extend the mission of the development team, while remaining within its core capabilities. These are not the only approaches available, but they have all proven their potential for success.

Source: "The Future of Philanthropy: Where individual giving is going," <https://www.fidelitycharitable.org/content/dam/fc-public/docs/insights/the-future-of-philanthropy.pdf>, Fidelity Charitable, 2016; Gray-Akpa K, "Philanthropy's Role in Addressing Neighborhood Conditions That Shape Health," <https://www.gi.org/publication/philantropys-role-in-addressing-neighborhood-conditions-that-shape-health/>, Grantmakers in Health, 2018; Advisory Board interviews and analysis.

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# Three approaches to improving community partnerships through philanthropy

Philanthropy teams are uniquely situated to provide added value to their health system's community health strategy, despite a long history of primarily funding clinical and capital projects. The following three approaches exemplify how philanthropy can improve community partnerships by using core capabilities in new ways.

## 01

APPROACH

**Advise internal stakeholders on a funding strategy**

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## 02

APPROACH

**Manage external grantmaking**

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## 03

APPROACH

**Fundraise jointly with community partners**

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# 01 Advise internal stakeholders on a funding strategy

Among the roles health systems can assume when addressing social determinants of health, becoming a funder of external organizations and projects is one of the most attractive and foundational. It provides the system a means of advancing community health initiatives that are aligned with its own goals, while stopping short of developing the capabilities to execute on those initiatives independently.

However, becoming a funder is a complex and potentially fraught ambition, particularly if the health system misunderstands the various funding opportunities available. Fortunately, philanthropy teams are skilled at setting overall funding goals, testing the viability of specific funding opportunities (e.g., campaign feasibility studies), structuring impact tracking frameworks with fund recipients, and engaging cross-functional stakeholders in the process. These are capabilities that health systems will benefit from greatly.

Development leaders should advise the hospital or health system on the most effective ways to create high-impact investments. Doing so will not only serve the interests of the health system, it will also afford the philanthropy team an opportunity to actively scope its own further involvement in community partnerships.



## 1. ADVISE INTERNAL STAKEHOLDERS ON A FUNDING STRATEGY (CONT.)

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**Case in brief: Texas Health Resources Foundation reconciles health system and donor goals**

- *27-hospital health system in North Texas*

Texas Health Resources (THR) sought to develop an infrastructure for funding new community health investments using philanthropy. THR's leaders initially hoped to ask donors to support a community health impact fund, which would make grants to local organizations aligned with critical health objectives. However, the foundation team was unsure that donors would attach to that idea. Despite showing interest in community health needs, donors weren't likely to invest in a grantmaking fund without knowing how the funds would be used.

THR Foundation used market research to understand whether donor interests aligned with the health system's funding strategy and offered evidence-based alternatives. The foundation conducted a feasibility study with donors to determine what type of community health strategy they would fund. Donor feedback helped the foundation design a two-pronged, market-informed approach to funding community health improvement programs.

As a result of the foundation's guidance, THR was able to put \$7.4 million of philanthropy and other resources into its community health improvement programs in FY2019.

**Full case study coming soon**

# 02 Manage external grantmaking

Health systems are not traditionally structured to manage an external grantmaking function, an increasingly common strategy for community partnerships. It is administratively cumbersome and requires unfamiliar expertise.

While foundations and development teams exist primarily to raise funds for their hospitals or health systems, they are also responsible for ensuring those funds are distributed and spent in a manner that is consistent with both the donor's intent and the organization's goals. As such, philanthropy teams are well positioned to design and even manage a community health grantmaking process, regardless of whether the funds are supplied through donors or the health system's operating income. With their inherent expertise, philanthropy teams offer the experience and tools the health system needs to source, vet, and select funding opportunities.

To be certain, other health system stakeholders should remain involved in establishing application requirements, evaluating submitted proposals, and selecting award recipients. But philanthropy teams can ensure that the right organizations are selected and that the funds are distributed to maximize impact.

## 2. MANAGE EXTERNAL GRANTMAKING (CONT.)

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**Case in brief: IU Health Foundation administers Community Impact Investment Fund**

- *16-hospital health system headquartered in Indianapolis, IN*

Indiana University (IU) Health Foundation manages grantmaking activities associated with the IU Health Community Impact Investment Fund, a \$100 million commitment to address the social determinants of health. The foundation sources applications from health system employees on behalf of external partners, coordinates an interdepartmental committee review process, and manages the distribution of funds to award recipients. Ownership of these responsibilities has positioned the foundation as an indispensable contributor to IU Health's community health goals.

IU Health Foundation's management of the grantmaking process has also encouraged greater pooled funding from community partners and outside donors. The foundation's application process encourages and prioritizes proposals that demonstrate additional funding commitments to the project under consideration. The foundation is also instrumental in bringing new funders to the table during early project-scoping conversations.

**Full case study coming soon**

# 03 Fundraise jointly with community partners

Community partnerships, by definition, recognize the power of collaborative solutions to intractable challenges. When health systems decide to engage with outside organizations, whether in a funding capacity or in a more active role, they acknowledge a mutual benefit to all parties. They also create the context for joint fundraising activities between organizational collaborators.

Joint fundraising initiatives leverage the brands, expertise, and programmatic contributions of two organizations into a case for support that is often stronger than the same story told by only one organization. Institutional funders and individual philanthropists alike are drawn to support initiatives that show a heightened commitment to creating impact at a larger scale, a notion exemplified by partnership-driven approaches.

Health system philanthropy teams that agree to fundraise in collaboration with external partners can do so within a range of commitment levels. It is possible to co-create and co-brand a strong case for support, while otherwise maintaining relatively independent day-to-day fundraising activities. More ambitious initiatives will involve joint cultivation and solicitation of donors.

Regardless of the scope of activity, both organizations must define their roles and agree to certain parameters at the outset of the relationship. Navigating shared donor relationships, and determining how to appropriately split funds from joint gifts, will be much more efficient if these eventualities have been planned for.



3. FUNDRAISE JOINTLY WITH COMMUNITY PARTNERS (CONT.)

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**Case in brief: Children’s National Hospital and MedStar Georgetown University Hospital collaborate to raise funds for early childhood behavioral health initiative**

- *Children’s National is a 323-bed pediatric hospital located in Washington, DC*
- *MedStar Georgetown is a 609-bed teaching and research hospital located in Washington, DC*

Children’s National Hospital and MedStar Georgetown University Hospital are located just a few miles apart in Washington, DC. They share a goal of improving early childhood behavioral health in their region. They also understand that the challenges are too big for any single organization to solve. The hospitals began collaborating and combining their unique strengths in 2012, and then launched their programmatic partnership known as the Early Childhood Innovation Network (ECIN) in 2015.

ECIN is funded by philanthropy, raised through the combined efforts of the hospitals’ development teams. Children’s National and MedStar Georgetown began their fundraising collaboration with a seed grant request from a private foundation, which generated a multi-year, seven-figure investment to launch the initiative. Since then, the two teams have jointly crafted multiple grant proposals and share in ongoing cultivation and stewardship of their institutional and individual funders.

The collaborative efforts of these two organizations have helped ECIN drive impact and expand its reach. In addition to funding new pediatric behavioral health interventions, philanthropy enabled ECIN to hire more than twenty programmatic and clinical staff since its inception.



# Parting thoughts

Health systems will continue to deepen their commitments to addressing social determinants of health. And in doing so, they will pursue new investments in programs that are often managed—in part or in whole—by partner organizations. Philanthropy professionals must take notice and proactively identify opportunities to aid the health system as it expands its mission.

The approaches we outlined in this report are not exhaustive of all the ways foundations and development teams can support the work of community partnerships. Nor are they mutually exclusive approaches. The intent of this publication is to illustrate—using examples—three powerful and accessible strategies available to the typical organization. We hope that many other approaches emerge in the coming years.


Below are several guiding questions for philanthropy leaders and their teams to consider when charting their own path forward:

- What are your health system's current strategies for addressing community health needs, specifically the social determinants of health? What role(s) has the organization created for itself in relation to these strategies?
- What skills, capabilities, and relationships does your team have that can help your health system accomplish its role(s) in addressing community health needs?
- What are the most likely risks and benefits to your team's performance and institutional impact if you were to actively exercise those capabilities? What are the consequences of inaction for the development function, the health system, partner organizations, and the community more broadly?


For additional support or questions, please contact [philanthropy@advisory.com](mailto:philanthropy@advisory.com)


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