Move to “more corporate” health care system may affect hospital donations

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In brief

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“Reduced government funding, hospital closures and regionalization of services are putting new pressures on philanthropists and fund-raisers as system reform continues to touch virtually everyone and everything related to the delivery of health care in Canada.” Patricia McCallum, executive director of the Victoria General Hospital Foundation in Winnipeg, told the recent Manitoba Health Organizations annual conference. “Decreases in government funding mean an increased reliance on philanthropy.”

Manitoba’s provincial government has suggested that 25% to 30% of funds for capital building and renovation will have to come from nongovernment sources. “Other provinces have capital fund-raising, but that’s new to Manitoba,” said McCallum, the provincial representative to the Association for Healthcare Philanthropy of Canada.

Although philanthropic organizations such as hospital foundations will be expected to raise more money, they also have to adapt to new rules of governance. This often requires that their structure be adjusted or completely overhauled. At the same time, fund-raisers need to be aware that traditional donor loyalties are wavering because of uncertainty about the future of local facilities such as hospitals.

Ross McGregor, chair of Ketchum Canada Inc., a company that raises funds for not-for-profit organizations, highlighted this uncertainty when the Health Care Reform Initiative of the Association for Healthcare Philanthropy and the Canadian Centre for Philanthropy was launched in 1995. The initiative began with 15 roundtable discussions involving provincial representatives, followed by a comprehensive survey of 1500 hospital and health care organizations to assess the impact of reform on philanthropy. A national symposium on philanthropy was also held.

McGregor said the most important challenge facing fund-raisers is the increased level of scrutiny they will face. The scrutiny means that donors, especially from the corporate sector, want accountability to be more visible when they are asked to contribute large sums.
He also warned of the impact reforms such as hospital closures will have on individual donors. McGregor stressed that there “are emotional ties upon which individual philanthropy is grounded. These are the bonds that may arguably weaken as institutions merge and we move toward a less personalized, more corporate health care system.”

There is no clear answer on whether charitable foundations should merge, because the fate of individual foundations will depend, for example, on the community’s size and characteristics. There are 3 likely models:

- the single regional structure, in which different organizations within a region would amalgamate;
- the cluster model, which would leave different organizations intact but working more collaboratively, possibly through joint projects; and
- case-specific partnerships in which organizations raising funds for the same type of service or program, such as extended care, would work as partners.

“No single model works for all foundations,” McCallum emphasized.

Fund-raising is one of many thorny challenges that have arisen because of the trend toward regionalization within Canada’s health care system. Should funds be raised for a charitable foundation that is likely to be more at arm’s length from political pressure? Or should fund-raising be done for the regional authority, which would direct the funds to its specific needs?

“A hospital or regional health authority could approach a foundation and sell its own priorities, with the foundation raising funds for it,” McCallum noted. “There’s less incentive to raise money if you’ve been ‘ordered’ to do it. The issue of control of the money is important.

“The foundation could be a powerful ally for the regional health authorities. Foundations can spend money on public relations, but if the health authority does, it could be seen as self-serving.”

How philanthropic foundations interact with health regions may be further complicated by the findings of the Centre for Health Economics and Policy Analysis at McMaster University. As reported recently (Lomas J. Devolving authority for health care in Canada’s provinces: 4. Emerging issues and prospects. Can Med Assoc J 1997;156:817–23), regional health board members identify “improved effectiveness and efficiency of the system [as] their highest priority.”

If regional boards are focusing on system rationalization or cost reduction, will foundations want to be closely linked with them? Regional boards whose mission is to cut costs certainly will increase the workload for local fund-raisers. Not surprisingly, perhaps, one of the themes that emerged from the Health Care Reform Initiative was the need to focus communication about fund-raising not on governance or structure but on quality and availability of care, and accountability.

McCallum did have some good news for fund-raisers. For example, tax incentives in the last federal budget are “encouraging,” and potentially will lead to an increase in new charitable donations. She also believes that working to overcome the challenges of health care reform may offer an opportunity to educate the public about the value of and need for fund-raising.

“We can be the architects of our future and assist health care to become stronger and better,” she concluded. ¶