

Hospital lotteries not always the best bet

To call the home large would be like calling the sun warm. The 6815-square-foot behemoth, valued at some \$2.5 million, has a wine room (with 2 fridges), a fitness room (fully equipped) and a “lavish” master bath (with his-and-her bathtubs). And yet, it was only the second most popular of the 7 houses offered as prizes in the Princess Margaret Hospital Home Lottery 2008 for Cancer Research. Top honours, as determined by Internet voters, went to a quaint 6255-square-foot abode, described on the lottery website in the breathless language of a real estate ad: Spectacular! Irresistible! Sumptuous!

The lottery’s organizers appear to have a weakness for grand adjectives, and they also have a tendency to achieve grand success. In its 11-year history, the lottery has earned \$170 million for the Toronto-based Princess Margaret Hospital. Lotteries account for 30% of all private funding, and without them, organizers say, the hospital would suffer.

“We wouldn’t be able to do what we are doing and be 1 of the top 5 cancer research hospitals in the world,” says Christine Lasky, vice-president of strategic initiatives for the Princess Margaret Hospital Foundation.

It could be argued that Canadian hospitals have become dependent, if not addicted, to gambling revenues. Lotteries in particular have proven a stable and effective means to raise money. Yet experts say that engaging in any kind of gambling activity is not without cost, or consequence.

Though seemingly ubiquitous today, hospital lotteries haven’t been around that long. Toronto’s Hospital for Sick Children held the first one in Ontario in 1996. Within months, the Princess Margaret Hospital launched its lottery, now the most successful of its kind in the country. Today, many large Canadian hospitals, as well as organizations like the Heart and Stroke Foundation of Canada and the Canadian Cancer Society,



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Exterior view of a dream home offered in the last lottery run by the Toronto-based Princess Margaret Hospital Foundation.

depend heavily on lottery proceeds. The BC (British Columbia) Children’s Hospital Lottery, for example, had one of its most successful years in fiscal year 2006/07, generating \$3.3 million. In fiscal year 2006/07, lotteries accounted for 11% of the \$91 million raised by the Calgary Health Trust, which funds several Alberta health care organizations.

Buying a lottery ticket is generally considered the most benign of gambling activities. You’re more likely to find a gambling addict in front of the spinning reels of a slot machine than at a lottery booth at the mall. Still, there are lotto junkies. The Princess Margaret Hospital Foundation, which actually runs 3 lotteries, recently surveyed ticket buyers and found that although many participate to support cancer research or because of personal ties to the hospital, there is, in Lasky’s words, a “hard core group that buys tickets for a lot of lotteries.”

Some addiction researchers are concerned that hospital lotteries blur the line between gambling and philanthropy. Of greater concern, however, is the ethical quagmire hospitals could find themselves in if they become too

dependent on gambling revenues. Objectively evaluating the pitfalls of any activity, even one linked to addiction, can be difficult when its absence would leave a crater in the budget.

“I think it is something that needs to be explored,” says Jennifer Reynolds, a University of Toronto gambling researcher. “The ads for these lotteries are so prevalent. It adds to the culture of normalization of gambling.”

Reynolds coordinated a 2005 project, funded by the Ontario Problem Gambling Research Centre, to examine the gambling practices and policies of Ontario hospitals and hospital foundations. Of the 97 that responded to a survey (a 53% response rate), 59 indicated they raise funds through gambling activities, but only 5 had policies to guide them.

The project’s principal investigator, Dr. David Korn, an addiction expert and University of Toronto public health professor, doesn’t propose that hospitals cease gambling activities but does suggest the practice not be taken lightly. In his final report, Korn writes: “For hospitals, whose business is to prevent and treat illness, gambling

focuses the values and principles that underpin the hospital's mandate and direction, and thus is worthy of careful consideration and study."

Furthermore, claims Korn, the fact that many hospital lotteries are run by foundations that also solicit donations may lead people to believe that shelling out \$100 in hopes of winning a "dream home" is an act of charity. This is false, as ticket buyers do not receive charitable tax receipts. The fuzzy line between gambling and giving gets even fuzzier when ticket buyers are treated like donors. In March 2008, for example, the Princess Margaret Hospital hosted a series of lectures on cancer research for 700 lottery participants, something once done only for large private donors.

"It is important to acknowledge that although gambling is used clearly for fund development and revenue generation, it is not philanthropy/charity and should not be positioned as such. It is a business initiative with risks and benefits directed towards a specific purpose," writes Korn.

A hospital lottery can indeed be a risky venture if run poorly. Prizes are purchased, not received as gifts, which makes for a high break-even mark. A Princeton University study suggests that, to succeed, organizers must take great care in choosing prizes (*RES* 2000;64[4]:761-84). Otherwise, as Australian hospital operator Southern Health learned, a lottery can flop. It lost \$590 000 in 2006 on a lottery run by the Canadian company S.O. Asher Consultants Ltd. One reason for the

failure was that the prize homes weren't in a coveted area. Another was that Southern Health sold only 60% of its tickets. "It's really important in lotteries that you sell out," says Lasky.

Competition between hospital lotteries in the same city can also hurt profits. In Ottawa, for example, lotteries run by foundations for the Children's Hospital of Eastern Ontario and Ottawa Hospital both struggled in recent years. In hopes of boosting ticket sales, the hospitals announced a joint lottery with bigger prizes in March 2008.

In addition to the possibility of falling into financial jeopardy, hospitals that run lotteries could find themselves in moral jeopardy, says Peter Adams, director of the Centre for Gambling Studies at the University of Auckland, in New Zealand. He believes profiting from gambling is not a matter of right or wrong; rather, it's a matter of degree. "The issue is the scale of the profits from gambling," he says. "If the profits are small, then the issue is manageable."

Public good organizations that cannot function without gambling revenues may be prone to 4 risks: ethical, reputational, governance and relationship. Being perceived by the public as a major promoter of gambling, for example, is 1 ethical risk. In fact, the Princeton University study suggests people gamble more when profits go towards a good cause. Close ties with an activity that contributes to public harm can tarnish an organization's reputation, and over-reliance on that activity for funding could inhibit a hospital's ability to gov-

ern it. In addition, relationships among hospital employees could suffer if disagreements arise regarding the role gambling plays in fundraising.

Adams proposes a 4-pronged approach to addressing these issues. First, hospital administrators must at least recognize they are worth exploring. Employees should be encouraged to debate the pros and cons of running lotteries or other gambling activities, such as raffles, bingos and casino nights. Once discussions have begun, hospitals should facilitate negotiations on how to apply any issues raised to their gambling practices. Finally, hospitals should incorporate ethical considerations regarding gambling into their business plans.

Because so many hospitals depend on lotteries, it would be unwise, Adams suggests, to discuss gambling-related funding in a binary sense: that is, as all good or all bad. In a recent paper (*Addiction* 2007;102[7]:1027-33), he writes: "This over-simplified perspective can play a strategic role in putting pressure on organizations to consider rejecting funding ... It discourages people from thinking about the ethics of their involvement and discourages them from talking about it because questioning them is tantamount to accusing someone of ethical cowardice."

In the University of Toronto report, Korn recommends that hospitals conduct ethics reviews before engaging in any gambling activity, develop policies to guide gambling practices, and state on all advertising both the benefits and risks of participation, including odds of winning.

There is little doubt among researchers that well-run lotteries raise funds effectively. Canadian hospitals have been running them for more than a decade and some, like the Princess Margaret Hospital, have been successful every year, even during recessions. And, as indicated in the Princeton University study, lotteries outperform voluntary giving as a means of generating revenue. Not that Lasky needed an academic to tell her that.

"Of course we'd be better off if everyone wrote us a cheque for \$100," she says. "But many people don't do that." — Roger Collier, *CMAJ*



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Hospitals have become so dependent on revenues from lotteries that ethicists urge that they conduct ethics reviews before engaging in any manner of gambling.

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