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filling the gap*

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# Physicians and Fund Development

## *Overcoming the Objections*

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# W

hether or not it is true, physicians are often perceived as one or more of the following:

- A significant opportunity for major gifts
- Prospects who should be predisposed to philanthropy where they practice

- A group of individuals that is less philanthropic than it could/should be
- The primary source for relationships with grateful patients

Fund development with physicians, like any other major gift activity, can be both challenging and rewarding. Physicians, like health care itself, are facing great uncertainty and changes in the way they work and get paid. Physicians' time, like that of all major gift prospects, is limited. They want everything on one page, or at least in very readable bullet format, so that it's easy to skim. Development officers find themselves facing the same time constraints.

Physicians inevitably raise a number of objections to participation in fund development activities. We have answered the 20 most frequently asked questions regarding the role of the physician in fund development. There are a variety of ways we have used these questions and answers, including presentations to medical executive committees, departments and sections, meetings with individual physicians and campaign volunteer education.

### POTENTIAL CONFLICTS

#### 1. Won't fund development activities damage my relationship with my patient?

No. When done properly, it shouldn't. This dialogue may, in fact, strengthen the relationship. In addition, patients often express appreciation



to the physician for the opportunity to contribute and see a worthy goal accomplished.

A corollary may be drawn from Section 9.012 of the American Medical Association's (AMA) Code of Medical Ethics. This section discusses political communication with patients. It states that such communication "must be conducted with the utmost sensitivity to patients' vulnerability and desire for privacy ... Physicians are best able to judge both the intrusiveness of the discussion and the patient's level of comfort." A fund development conversation would benefit from these same standards.

## **2. Isn't fund raising with patients a breach of ethics?**

No. There is no specific reference to fund development activity in the AMA's Code of Medical Ethics. Many physicians are very comfortable with philanthropy and are its champions, advocates and donors.

However, Section I of the AMA's Principles of Medical Ethics states

that "A physician shall be dedicated to providing competent medical service," while Section VII indicates that "A physician shall recognize a responsibility to participate in activities contributing to an improved community." Both of these principles broadly endorse activities that enhance patient care and contribute to an improved community. Therefore, when communicated properly, most philanthropic projects have a positive foundation in the principles of medical ethics.

Also relevant is Section 8.061 of the AMA's Code of Medical Ethics, which describes acceptable gifts to physicians from medical industry sources: "Many gifts given to physicians ... serve an important and socially beneficial function." For example, gifts to underwrite educational activities "can contribute to the improvement of patient care and therefore are permissible." When this reasoning is applied to gifts given not to the physician but to the hospital, it makes the physician's personal

distance from the transaction even more acceptable.

Some physicians are uncomfortable with fund raising for a variety of reasons, including:

- Lack of experience or knowledge
- Prior unsuccessful or poorly handled solicitations
- Limited understanding of how the patient's needs may be met by philanthropy

## **3. Doesn't this kind of activity by physicians create an illegal conflict of interest?**

No. Physicians do not benefit directly and personally from these gifts. They are advancing the hospital's services and its charitable purpose, so there is no "private inurement."

Section 8.03 of the AMA ethical code states that "Under no circumstances may physicians place their own financial interests above the welfare of their patients. The primary objective of the medical profession is to render service to humanity ..."



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Providing better care by creating awareness of voluntary gift opportunities actually enhances, rather than conflicts, with the patient's welfare and service to humanity. (see The Privacy Rule and HIPAA below.)

#### **ASKING FOR A GIFT**

#### **4. Doesn't the hospital system have enough money to afford its needs?**

Like physicians, hospitals are experiencing increasing demand and shrinking reimbursement. Hospitals always have projects to improve the health of the community that could benefit from additional support. Some very beneficial programs are the least funded by traditional sources of reimbursement, e.g., community education, research, professional education, indigent care, certain highly specialized services, research and others. Philanthropy is the only source of

income with significant growth potential from which the system can fund its future.

Other successful not-for-profit organizations, such as universities and major arts organizations, have used philanthropy to transform themselves into world-class community assets. They proved themselves to be "worthy" of charitable investment. Philanthropy allows the hospital system to advance its services further and faster than it otherwise could by depending upon reimbursement and internal reserve funds.

#### **5. I bring my patients here—isn't that enough?**

Our health system is grateful that so many physicians practice at its facilities. Most physicians choose to bring patients to a specific hospital because of the quality of care, the array of services and geography—based on their convenience and that of their

### **The Privacy Rule and HIPAA**

While not a conflict of interest, the legality of physician philanthropic activity with regard to patients is about to change. The privacy rule of the Health Insurance Portability and Accountability Act (HIPAA) regulations requires compliance by April 14, 2003. Under these rules, physician disclosure of patient information will be restricted. The new provisions include:

- Private practice physicians, as "covered entities," will be prohibited from disclosing any patient information to unrelated parties or organizations, for fund-raising purposes, without prior written authorization by the patient.
- Contracted physicians (e.g. emergency, anesthesia, etc.) probably will be required to have specific language included in their con-

tracts with hospitals that allows the transfer of patient information for fund-raising purposes between the hospital and the physician and addresses HIPAA privacy standards.

Generally, all physicians' patients must be given the opportunity to "opt out" of any non-clinical use of their information, especially to an unrelated person or organization for marketing or fund raising. These points refer specifically to physicians and the interpretation of these regulations is still under consideration.

More detailed HIPAA information regarding hospital or foundation solicitation of patients is available from AHP and a number of other sources, including your institution's compliance officer or legal counsel.

patients. As not-for-profits, our facilities also offer physicians and others the opportunity to participate in the improvement of care by making philanthropic investments.

**6. Why would patients want to donate if they already are paying so much for their hospital bills?**

Much like tuition at a school, our patients receive significant benefits from their care. Many are grateful and believe they have received the very best care.

Our health system has made every effort to maintain prices within traditional local standards and provide maximum value for that care. Much of our reimbursement is also limited by Medicare and other managed care contracts. Historically, our net revenue from operations for the system is only three to five percent.

**7. Since I don't like the implication of "hitting up" patients for money, why should I help?**

It is not our style to "hit up" or otherwise pressure potential donors. Long-term relationships are the most effective way to raise major gift support. These relationships are not established or enhanced by short-term strong-arm tactics. Physicians treat patients with dignity and respect. Development professionals should do the same.

There are many ways to assist other than asking and many benefits to physicians assisting with fund development, as discussed in Answers 15 and 17.

**8. Shouldn't the board members and managers be helping instead of asking the medical staff to participate in non-medical activities?**

All members of the hospital system will be given an opportunity to participate. Board members will be asked first. Having both board and physi-

cians' names on the donor list creates confidence and encourages others as they consider their own gifts. A vast majority of health care gifts are influenced by either board members or physicians.

**9. Why don't we just concentrate on the wealthy people out there and**

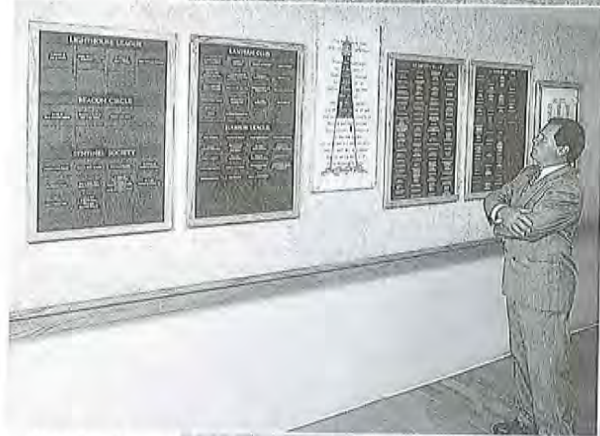
**not ask former patients for money?**

We do prioritize which community prospects we approach. Everyone should be given the opportunity to hear our case for support and participate if they wish. To do otherwise would do one of the following:

- Make that decision for them.

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- Deny them the chance to learn more about these projects and make their own informed decision.

Former patients and their families are most likely to have experienced and benefited from the services and care we offer and, therefore, are more likely to contribute.

## EXPECTATIONS AND ALTERNATIVES

### 10. With managed care and shrinking reimbursements, how can I be expected to make a gift?

The only expectation is that a physician will hear the case for support and give it thoughtful consideration. Each person must make his/her decision whether to give and how much, based on personal/professional financial considerations.

### 11. Since the hospital is sometimes my competitor, why should I contribute?

In some cases, the hospital and physicians offer the same services. However, in most cases, particularly inpatient services, the hospital is not a competitor but rather, an important clinical setting for physicians. Contributions improve the environ-

*The percentage of contributors from the board, physicians and employees makes a strong statement to external prospects—especially corporations, foundations and individuals considering a large gift.*

ment for physicians and their patients. This improvement comes with no direct cost to the physician and because of these community donations, there is great benefit for all concerned.

### 12. Will I be required or pressured to donate?

No. Giving is a voluntary process that creates benefits for both the donor and the health system. No one should feel obligated to make a gift. One's giving should reflect his/her level of interest and commitment to the project and be commensurate with his/her financial circumstances. Even though fund development is an exchange of value, a prospect still must be asked in order to start the dialogue.

The percentage of contributors from the board, physicians and employees makes a strong statement to external prospects—especially corporations, foundations and individuals consider-

ing a large gift. They believe that these internal groups have first-hand knowledge and also would benefit most from improvements. Therefore, participation by members of the health system is seen as an indicator of the project's importance to the institution.

### 13. What size gift is expected?

There is no magic number or average gift size. Each person must make that decision themselves or with the assistance of his/her family or financial advisors. No one can tell an individual what size gift he/she "should" make.

An amount, however, is often suggested for consideration. It could be based on previous history, the importance of the need for the projects, or a minimum required amount for naming an area or building. While gift amounts are confidential, each person should give an amount of which he/she can be proud.

### 14. I already do charity work with my patients, can't that count as my gift?

A physician's charitable work with his/her patients is commendable. Health systems, like most business people and physicians, also have bad debt, contractual discounts and work that they choose to do on a pro-bono basis. The funds for a project or campaign are usually designated for specific buildings, programs and services. Pro-bono and charity services are very laudable but will not accomplish these specific priority objectives.



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### 15. I hate asking for money! Are there other ways that physicians can help?

There is a role for everyone in the fund development process. Among them are:

- Identification
- Evaluation of donor prospect
- Cultivation of donor prospects
- Informational presentations about a specific medical area
- Letters or phone calls that open doors for others to contact prospects

## BENEFITS OF GIVING

### 16. Why should a patient consider donating?

All donors give to meet their particular needs. There are as many reasons as there are donors. They include but are not limited to:

- To feel good about themselves
- To express gratitude for the care they received
- To honor or memorialize a loved one
- To fulfill what they feel is their moral/social obligation
- To minimize or redirect money that would have been spent on taxes
- To make programs happen sooner
- To make projects happen that otherwise wouldn't have been implemented

### 17. Why should a physician consider donating?

In addition to the benefits listed in Answer #16, physician gifts:

- Create a better work environment for themselves and their colleagues.
- Create a better care environment for their patients and the community.
- Set an example and lead the way for other physicians, former patients and the community.

Across the country, physicians take additional pride in contributing to their medical facilities and having their names associated with quality care and community service.

Individual physicians/groups have even contributed millions of dollars to projects of their choice.

### 18. What guarantees that the money will be used for a specific purpose?

Our best interest is served by satisfied donors. Not using funds as directed would be contrary to that interest. Also, by law, restricted funds must be used for their donated purpose. Our health system has both internal and external auditors and a volunteer board of directors that monitor philanthropic activity. No gift is large enough to risk jeopardizing our tax-exempt status by illegally using it for any purpose other than what the donor requested.

### 19. Is my gift tax deductible?

Our health system and its Foundation are not-for-profit organizations. All gifts are deductible, depending on your personal financial circumstances and how you structure your gift.

### 20. Can physician- or patient-donated funds be directed to a specific project?


Yes. There are a broad range of funds already established to accomplish specific projects and to meet ongoing needs. New funds can be established to meet system priorities and areas of future focus.

Physicians are just like any other volunteers or donor prospects. They are most engaged when they are:

- Treated with respect
- Well-informed
- Well-prepared
- Communicated with regularly

- Involved in a pre-existing relationship
- With someone they trust

No matter who the donor is, philanthropy works best as a voluntary process that matches prospect and hospital in a transaction that is mutually beneficial and free of preconceived notions of what is "owed" or expected.

While these responses may answer the immediate and typical objections raised by physicians, they are not the end of the subject. The details of a physician's many possible roles will be explored in "Physicians and Fund Development, Part II: Uncovering Their Many Roles," which will appear in the *AHP Spring 2002 Journal*. 

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