

Findings from the 2001 Survey of **New Health Foundations**

The past three decades have witnessed unprecedented growth in the number of transactions involving non-profit hospitals, health plans, and health systems. Often referred to as conversions, many of these transactions have led to the creation of new foundations that are charged with funding health-related activities in their communities. Each year since 1996, Grantmakers In Health (GIH) has surveyed these foundations in order to gain a better understanding of their operations, contributions to the community, and the circumstances surrounding their development and growth as grantmaking organizations. The subsequent reports are designed to:

- provide clear, concise, and comprehensive background information on these newer entrants to the field;
- highlight and examine important issues regarding these organizations, including independence, board structure, and community responsiveness; and
- serve as a user-friendly resource on new health foundations for different constituents, including funders, policymakers, community advocates, and the media.

This *Issue Focus* highlights results from the latest GIH survey of these new foundations, conducted between September and December 2001 among 166 identified grantmaking organizations. The full report, *Assets for Health: Findings from the 2001 Survey of New Health Foundations*, has just been published.

THE FOUNDATIONS

As the chart displays, GIH collected data from 139 foundations that are either newly created through conversion agreements or are existing foundations that received assets generated by conversions. In total, these foundations hold more than \$15 billion in assets, and fund in 33 states and the District of Columbia.

Although the assets of many of these individual foundations are small relative to their older, more well-established counterparts, they still have the potential to significantly affect health and health care in their communities. The fact that most of these organizations fund in a limited geographic area means that they are often the largest single source of assets dedicated

to health projects in the community. Altogether, the \$15.3 billion in assets that this group of foundations currently holds represent almost \$752 million in potential annual grantmaking geared toward improving health and health care in local communities.

Analysis of this year's survey results revealed some interesting trends:

- The conversion phenomenon is continuing: between 1999 and 2001, at least 15 foundations were created. In addition, the number of health plan conversions is growing relative to the number of transactions involving other types of nonprofit health care organizations.
- There is a great deal of diversity in the tax status choices and foundation structures of these new organizations. Most of

GROWTH IN NEW HEALTH FOUNDATIONS

Year of Conversion	Number	Total Assets	Median Assets	Mean Assets
1973	1	\$30.7	\$30.7	\$30.7
1977	1	47.0	47.0	47.0
1981	1	2.3	2.3	2.3
1983	1	18.5	18.5	18.5
1984	12	504.6	27.5	42.0
1985	5	1,043.8	143.0	208.8
1986	4	147.7	20.3	36.9
1987	3	178.7	75.0	59.5
1988	1	18.7	18.7	18.7
1989	1	9.0	9.0	9.0
1990	2	180.8	90.4	90.4
1991	1	96.3	96.3	96.3
1992	3	1,064.7	79.3	354.9
1993	2	81.6	40.8	40.8
1994	11	994.6	81.0	90.4
1995	24	2,517.9	81.8	104.9
1996	21	5,521.2	65.0	262.9
1997	18	621.8	27.5	34.5
1998	12	1,267.2	56.2	105.6
1999	9	495.5	45.0	55.1
2000	4	288.7	79.0	72.2
2001	2	148.5	74.3	74.3
Total	139	15,279.9	45.0	109.9

Source: Grantmakers In Health, *Assets for Health*, 2002.

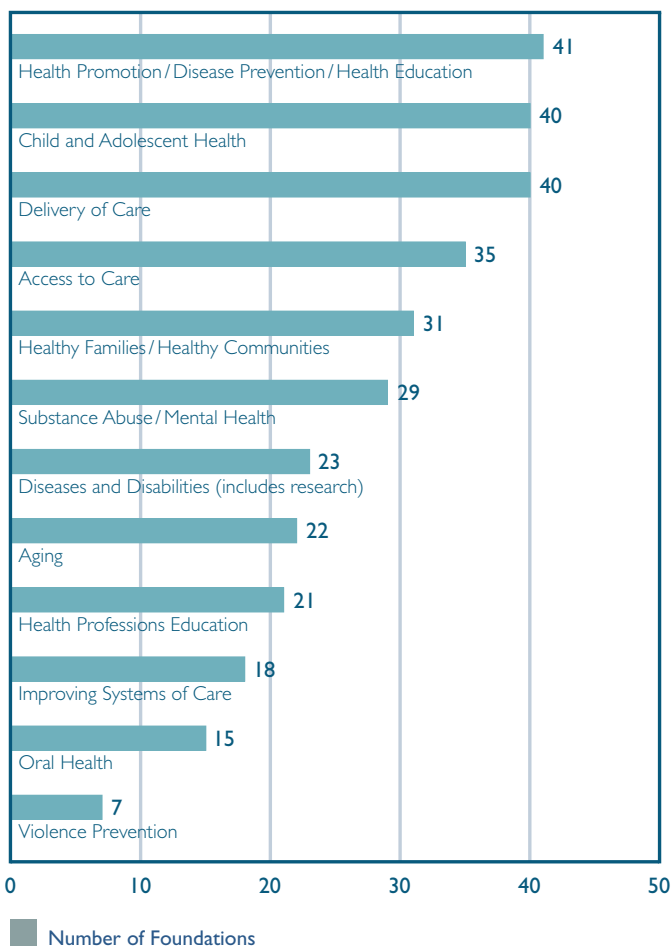
the new foundations are structured as private foundations or public charities, but a growing number are organized as social welfare organizations.

- A majority of the foundations use one or more strategies to involve the community in the development and ongoing operations of the foundation.
- The addition of new questions on board structure and the increase in the number of foundations surveyed mean that we have a better understanding of the independence of these new foundations. In general, new health foundations are shying away from maintaining formal relationships with the other organizations involved in the conversion.

IMPACT

Most foundations created from health care conversions focus their grantmaking in the health arena. As the chart indicates,

SELECTED HEALTH GRANTMAKING AREAS



Note: Foundations may have reported more than one health grantmaking area, and some grantmaking areas are included in more than one category.

Source: Grantmakers In Health, *Assets for Health*, 2002.

commonly funded areas of health and health care include delivery of services, child and adolescent health, and health education and prevention. Some foundations focus on specific populations – the elderly, minorities, or high-risk teens – while others concentrate on broader issues, including environmental health and access to care.

Some areas of health are beginning to attract more funders, most notably access to care, mental health, and substance abuse. Other areas, such as oral health and family violence, are being identified for the first time as priorities by some of these new health foundations. Racial and ethnic disparities in health, the weakened public health system, and the uninsured are also among the timely issues that new health foundations have taken a leadership role in addressing.

Among foundations that fund outside health, the share of funding spent in these areas varies. Only 18 percent of foundations indicate that they fund less than 50 percent in health, and only two foundations responded that they did not fund health at all. Areas often considered outside the scope of health include family support, children and youth, arts, education, and Jewish identity. Funders working in these areas, however, assert that due to the complex determinants of health, effective funding in some of these non-health related areas can influence the general health and well-being of communities. Therefore, foundation responses on the amount of non-health funding are likely to underrepresent the actual amount of health funding they provide.

CONCLUSION

New health foundations are at once maintaining a high profile and merging into the philanthropic mainstream. While the report focuses solely on a discrete group of foundations created from health care transactions, it is important to keep in mind that, in many cases, the source of their endowments may be the only factor these organizations have in common. In many ways, these foundations are like any other funder – they operate under the same federal and state guidelines for private foundations and public charities, they structure their organizations in the same manner, and they often seek similar ways to improve their work. As a result, they also reflect the diversity of the larger field of philanthropy, and have characteristics that make them each as unique as foundations in the larger philanthropic sector.

The landscape of health and health grantmaking has been significantly changed by these new health funders. Because of both their origins and their geographic grantmaking restrictions, these foundations are often poised to play important roles in both raising an awareness of community health needs and responding to them. As new foundations come on line, GIH will continue to conduct these surveys in an effort to glean important lessons from their experiences.