

Health Foundations and the Political-Commercial Complex

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The following remarks are excerpted from Drew Altman's acceptance speech upon receiving The Terrance Keenan Leadership Award in Health Philanthropy on March 3, 2011.

I'm old enough to remember when we worked in the wilderness in health foundations and ours was a second tier issue. Now it's anything but that. It's actually a great time to be a health foundation. That's the good news and that's the bad news, too, because when our issue becomes big money and big politics it forces us to reconsider who we are, what we are, and how we operate, and that's what I will talk about today.

But first, I'm so proud to receive the Terry Keenan Award, which has special personal meaning for me. I had lunch with Terry almost every day in my formative years in foundations at the Robert Wood Johnson Foundation (RWJ), and we talked all the time. Mostly being young and somewhat full of myself, I talked and Terry listened and dispensed quiet bursts of wisdom.

It's a totally different organization today, but when I went to RWJ in the early 80s we were a foundation whose first instinct was to solve every problem in the most expensive way possible through a grant to a major teaching hospital or academic medical center, and preferably through a randomized controlled trial.

It may seem foreign to you in today's health care system, but the model of change was: you publish results in *The*

New England Journal of Medicine, and socially motivated deans and chairs of medicine would read them and translate research-based good things into practice, whether they were good for the bottom line or not. Health care institutions and health professionals were the main audience, and government policy and health care's big commercial interests were pretty much an afterthought.

Terry had a different view. He wanted the foundation to work with other foundations and to focus more on people and communities. Largely because of Terry's inspiration, the two biggest and best things I did at RWJ were to develop a giant Health Care for the Homeless Program in about 30 cities with another foundation, and an AIDS Health Services Program in about 20 communities (the first foundation HIV program), both aimed at developing new models of community-based services for the homeless and for people with HIV, which would ultimately become models for federal programs, including Ryan White.

One way of thinking of my programs is as "Terry with a policy hook." I'm as proud of those two programs as anything I've ever done, and they would not have happened without Terry. Terry was a better person than me and than any of us who worked with him. I owe him a lot and we should've listened to him more and been less concerned about getting things published in *The New England Journal of Medicine* or *The Journal of the American Medical Association* than we were then.

After 20 years of starting up and running the Kaiser

ABOUT THE TERRANCE KEENAN LEADERSHIP AWARD IN HEALTH PHILANTHROPY

The Terrance Keenan Leadership Award honors outstanding individuals in the field of health philanthropy whose work is distinguished by leadership, innovation, and achievement. Grantmakers In Health established this annual award in 1993 in honor of Terrance Keenan who, by example and instruction during his more than 40 years of service and contributions to health philanthropy, charged grantmakers with exercising the freedom to invest in leadership and develop new institutions and systems to confront major needs. He encouraged those in the field to embrace both the freedom to fail and the freedom to persist. He also challenged grantmakers to make "their self concept as public trusts...the overriding article of their faith and the guiding force of their behavior." The Terrance Keenan Leadership Award is intended to stimulate others to strive toward this same standard of excellence and acknowledge those whose work embodies his spirit.

Family Foundation, every day seems like a privilege to me. After all these years building Kaiser and working at three foundations, here are some things I believe about “us” and a few things I worry about.

FOUNDATIONS: AN INDEPENDENT FORCE

I believe strongly in an activist vision of foundations. By that I do not mean liberal or conservative; all shades of political orientation are fine with me, including eclectic and completely neutral. I believe that the country is best served by having a strong and active independent sector and that foundations are positioned to be leaders of that sector, nationally, regionally, and locally.

I do not believe nor do I understand why our democracy should be ceded on the one side to corporations and commercial interests, or on the other to government and partisan interests (though I care deeply about public service), with the only mediating influence we have being the news media, which are less and less able to do the job and

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increasingly part of the political process itself and not separate from it, especially cable news.

There needs to be an independent force that serves the public and not commercial or political interests. The IRS code proscribes certain narrow activities foundations can't do, all of which seem appropriate to me, but nothing in it really limits us in any meaningful way. We limit ourselves.

We should be engaged. We should be unapologetic and transparent about it. But the really key thing for me is that we should be INDEPENDENT. I know many liberal foundations that think the conservative ones are just pawns of larger conservative political interests. Maybe they are. But don't the same dangers exist for liberal foundations? If you think about it, if the conservative foundations become part of the republican apparatus and the liberal foundations part of the democratic apparatus, then we as a field are little more than an appendage of the “commercial-political complex” that dominates health care and all of our politics in our country today.

This to me is our biggest challenge as we become more engaged – to be more relevant and involved without becoming pawns in the game – to be a truly INDEPENDENT force. I have dedicated much of my life and built Kaiser on this set of core beliefs about what an activist foundation standing up for our sector can be, and it translates into almost everything that we do – our profile; our effort to build expertise; paying real, competitive

salaries in the markets we compete in; the kind of people that we have on our board – almost everything.

It is seductive to talk to the senator or the White House, or the governor, and sometimes a president, and everyone wants to be praised and appreciated. We do not always achieve the relevance we want and the independence we should aspire to. It's not easy, but I think it is the right aspiration.

Overall, we have made unbelievable progress as a field toward a new kind of engagement. Some of you are newer to the field than I am so you may not see the huge progress that has been made. It is the health foundations that have been the leaders in the foundation world, I think because the nature of our issue required earlier engagement in public affairs. I know this because of our own history at Kaiser.

When we announced our new organization and our new mission in March 1991 – that we would be involved in analysis and communications about policy and legislation in real time – it was then considered so radical that it was front page news in many national newspapers. Shortly after that, I actually received a handwritten note from the then most prominent health foundation president, and the note said, “You will drag us down and destroy us all.” “I am trying to lift us up,” was my reply.

Not too long after that, after we forged our joint ventures with commercial media organizations, such as MTV and many others (partnerships that have won seven Emmy and three Peabody awards), another major foundation president was quoted as saying about us in a major paper: “How low will they go?” My response: “We will go wherever we need to go to reach young people and save lives.”

We would never hear these things today. It would seem bizarre and strange because our sector has changed so profoundly and so many foundations are now engaged in policy and media in creative and similar ways. Look around the room, and think about the kinds of things that The Atlantic Philanthropies is doing, and The SCAN Foundation is doing, and The California Endowment, and Blue Shield of California Foundation, and California Healthcare Foundation, and so many more. And this is not about whether foundations are quiet or loud, or whether they make grants proactively or reactively. It's not about tactics; it's about the role that we now play as a field. We have made incredible progress, and I may see it a little more and appreciate it a little more keenly than some of you do just because I've been in the field now for quite some time.

“METRICS MOVEMENT” AND CORPORATE-STYLE GOVERNANCE

There are also a few things I worry about on the current foundation scene, and I will mention two of them with some trepidation.

First, I worry that the current metrics movement in the foundation world can go too far and rob us of our essential difference from a business – the opportunity to take risks and fail and, most importantly, to pursue broad strategic goals that are not easily measured. For me, the most exciting aspect of foundation work is the opportunity to pursue goals that are hard to measure.

I mentioned the Health Care for the Homeless Program at RWJ – 30 sites and more than \$30 million in 1985! But the goal of that program was not to measure the number of primary care visits provided in our homeless sites in the program or the number of cases of tuberculosis treated, it was to mobilize cities around the issue; build coalitions that had not worked together before (in fact, usually were at each other’s throats); and most especially to hook in the federal government, which happened when the McKinney Act passed, providing hundreds of millions of dollars for homeless services. It was a set of strategic goals.

When we launched the largest HIV prevention program in South Africa at Kaiser, in the face of the intransigence of the Mbeki government, our goal was to build a prevention agenda that could operate outside the government and then be embraced by the new government when the government changed hands, which has now happened. Now the program is a big line item in the state budget and operating all across South Africa. Of course we measured all the services that were delivered across the country, but our real goal was strategic. We weren’t counting the number of condoms distributed on a scorecard, and there was no guarantee we would achieve our goals. At times it looked like we would not, but we were happy to be trying.

Our biggest impact at Kaiser is invisible and behind the scenes. It comes through the countless briefings for policymakers we do, and the daily background work we do by phone and e-mail for policymakers and journalists and editorial writers from which we may never be cited or quoted. I would have no idea how to quantify it, but I’m absolutely certain it’s how we have our biggest impact.

Of course, I’m not against evaluation and accountability or metrics per se. In the end, it’s a question of how you do it and of balance. I do worry that the “metrics movement” is taking us in the wrong direction, and the balance is tipping too far and driving us away from embracing the kind of strategic activities, which should be our greatest strength. I also see lots of consultants getting rich on money that could be going into foundation programs.

One other thing I worry about is that our preoccupation with corporate-style “governance” has grown too much over

the years as we have mimicked the corporate sector. My point here is not that we should ignore governance – far from it. We should think hard about the role of our boards and our staffs and a host of governance issues. What I worry about is the mimicking – because “best corporate practice” is not always “best foundation practice.” We are not corporations with profit and loss statements, and shareholders. We need our own best practices that fit what we are. My quarrel is not with governance, it’s with the mimicking of corporate practice.

We care about governance and management at Kaiser. We have perfectly balanced 20 straight budgets and have had 20 perfect audits in a row, and what I call “management and governance” take at least half my time if not more. But our job is to make a difference for people and we – both our staffs and our boards – need to spend more time on our programs and strategic directions to do that and much less time on process.

No one among us wants to be against “good governance.” I know you don’t want to stand up at your board meetings and say, “I’m against good governance.” But taken together, the metrics and governance pendulums if they swing too far, and I fear they already have, have the potential to divert us from our real jobs. Somebody has to say it so I will.

THEORY OF CHANGE

I will offer you a radical theory: At some point if you’ve done enough 360-degree reviews, you are going in circles. 360 is not the direction we should be going; forward is a better direction.

The Kaiser story may make more sense to you with these basic beliefs about foundations as background. I have never really told it publically before, and I will be brief and stick to the theory and not the details.

Kaiser came along for me after the Massachusetts Institute of Technology, the Carter Administration, and RWJ, and after running the New Jersey Department of Human Services – then a wonderful mess of an umbrella agency with one-third of the state budget and workforce (about 27,000 people) where we were able to lead the states in such areas as welfare reform and school-based services and homeless assistance programs for a republican governor, Tom Kean, and where I was offered a bribe on my first day and amassed enough crazy stories to last two lifetimes. Kaiser also came along after almost running the Health Care Financing Administration but withdrawing after a war with John Sununu and after a brief stint at The Pew Charitable Trusts.

As many of you know, there was what I call a Soviet purge at Kaiser and the chair and the president were asked to leave. I laid out a new vision for the organization, was hired, the entire staff left shortly after that as we changed things, and in short order we established a new mission and

started a new organization. We call it a “re-start.” As far as I know, nothing like this has happened before or since in the health foundation world or the foundation world generally. And you are all also familiar with the organization we created: an independent voice and source of information and analysis in the health policy field. Every program that you see us do, and the ones you don’t see, are continuing investments in our capacity to produce information and analysis on health issues and our ability to communicate broadly about them.

I’m always asked: Is your theory of change that information and data change the world? Well, I do believe they have an impact because we see that every day, but actually the idea that studies or fact sheets, or polls, or news stories change the world is not the theory behind Kaiser at all. The broader vision was to build an organization that could be a modest counterweight to the dominance of money and politics in health and through our often technical work, a voice for people. It’s a theory, which says that what is broken in health most of all is not the problems we work on every day – the uninsured

or health care costs, or Medicare or Medicaid, or health reform – but the politics and the democracy of health. All the studies and

fact sheets, and polls, and news stories we produce, even if individually they have an impact, give us the tools we need to play the broader role we want to play in health care as an institution. The product is information, yes, but the goal is the institutional presence and voice.

This is why we became an operating foundation. Our mission is the very definition of “direct charitable activity”: to build an institution, which itself plays this role, through its products and its people and its presence. It is also why we don’t take positions, because if we do, we become combatants, not a counterweight and an independent voice.

Are we objective? Yes. Do we ever cook our data? Never. Do we put out findings we don’t like? All the time, and Kaiser Health News stories and opinion pieces, too. Are we credible? I would like to think so. Are we neutral? No, actually. Because objective is not neutral in American health care where data and evidence are always inconvenient for someone; obviously we make choices about what we work on and we mostly work on programs and issues that affect people in need.

One important lesson from the Kaiser story is that change is possible in foundations, as is continuing adaptation and new ideas. It has long been true, for example, that there are no members of our board who were on the board when we started. There is nothing I work at harder than my compact about what we are and what we are not with the

board. I believe if that compact goes, we go. We have very strong-minded trustees who express their views, from Cokie Roberts to Bill Frist, but all are “bought in” to the basic mission. A foundation our size, and I would suggest any foundation, cannot operate unless we are all pulling together.

I was speaking earlier of the issue of foundations mimicking corporations. I do not believe in the concept of foundation boards as oversight bodies. I believe the essential mission and purpose of a foundation board is to help oversee strategic directions, as well as of course, to hire and fire the CEO. Constant oversight and second guessing by a foundation board does nothing but cripple organizations, which, in most cases, are too sluggish and inflexible already. This is a big problem in the foundation world.

We also continually change at our foundation, or at least we try very hard to. Two of our biggest initiatives – Kaiser Health News and our Global Health Policy Program – are less than two years old. We just ended one of our oldest and most visible programs – the Program for the Study of

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Media and Health (that’s the program that produced the very visible studies of how much time kids spent watching TV and on the Internet, and even of how much sex there is on TV), and our big regional media campaigns all around the world are being phased out and replaced by the new Global Health Policy Program, which incidentally is funded by the Gates Foundation. We try to adapt constantly. It’s not easy.

The best proof that foundations can change is not Kaiser, it’s Pew, where I also worked. (I’m only talking about foundations I worked at today based on my experience when I was there.) Pew is a foundation that began as a subsidiary of a bank (The Glenmede Trust Co.), did not have a listed telephone number, and made its grants anonymously. Mostly in the beginning they made grants in Philadelphia to Philadelphia health care organizations. When I lived in Philadelphia, we used to say that Pew was responsible for every excess hospital bed in Philadelphia.

Gradually Pew professionalized. I was the first professional director of the health and human services program. Then Pew morphed into, in my opinion, the boldest of the big name, big money foundations, taking on huge issues by adapting a traditional grantmaking technique to cutting-edge public policy – thinking up and then putting the Pew name on big policy initiatives run by big names in different fields like Andy Kohut or Tom Rosenstiel, instead of putting the Pew name on a library at Cornell, which I

once actually did when I was at Pew.

Then Pew made their biggest change of all. They are no longer a foundation, they are a public charity.

What is most extraordinary about Pew is that they didn't have a purge like Kaiser and start over; all this was done under the same leader Becky Rimel, with the same board of family members. So Pew shows not only that a foundation can change, but that the same leader and board can adapt and change, too. It is a truly amazing story. To be clear, I don't love everything they do, but they get the prize for continual adaptation and change and putting themselves out there. I admire them and Becky greatly.

WHO WILL CARE AND HOW WILL IT MATTER?

Gus Lienhardt was the former chairman of the Johnson & Johnson Company and was the RWJ board chair and CEO and in house every day during the years I was there. He started as a stock boy in a J&J plant and was crusty and very smart. He always asked one question of everything we did: "If we did this, who would give a damn?" You could talk circles around him with all the statistics in your little Ph.D. brain, but you could never fool him. "Who would give a damn?" I thought it was a great question.

Terry Keenan asked a different question: "How will this matter for people?" Another great question and the one that guides us at Kaiser. We work on the policy issues that matter for the most people in need. Terry's question is our compass.

But I think there is a more basic question we have to answer as a field: Who are we as a set of institutions and where do we fit in health care today and in our democracy?

We no longer are the quiet bank tellers we once were. Given the dominance of both money and politics of our issue, I think we have both the opportunity and the obligation to redefine who we are. That's what we've been doing together for the last 20 years and that's what I have been trying to do at Kaiser. We've come a long way, but we're not there yet, and together we need to keep at it.

ABOUT DREW ALTMAN

Drew Altman is president and CEO of The Henry J. Kaiser Family Foundation, a leading independent voice and source of research and information on health care in the United States. In 1991 Dr. Altman directed a complete overhaul of the foundation's mission and operating style, leading to the foundation's standing today as a leader in health policy and communications. Prior to joining the foundation, he served in a number of senior leadership positions, including director of the Health and Human Services Program at The Pew Charitable Trusts, commissioner of the Department of Human Services for the State of New Jersey, and vice president of the Robert Wood Johnson Foundation.