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How Philanthropists Can Help Meet the Challenges of Healthcare Reform

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As a development executive for a growing hospital network, I hear many questions about national healthcare reform from philanthropists who are unsure how the **Affordable Care Act (ACA)** will affect not-for-profit hospitals. With state health insurance exchanges set to open on October 1, it's too early to predict all the healthcare needs and gaps that will emerge as reforms are implemented. But many of the new challenges hospitals will face as a result of the law and other changes in the healthcare landscape are already clear — especially in the areas of emergency care, care coordination, and primary care.

One emerging trend that surprises donors is the growing importance of emergency departments in healthcare delivery. Because one goal of the Affordable Care Act is to reduce costly visits to emergency departments for routine cases, it is sometimes assumed that emergency facilities will be less likely to require private support.

In fact, according to a **RAND Corporation report**, emergency departments, which are responsible for more than half of all

hospital admissions, are and will remain key entry points to the healthcare system, "either facilitating or preventing hospital admissions." That is unlikely to change any time soon. A surge of patients who are now eligible for Medicaid under the ACA are likely to turn to emergency departments for primary health care, **one California study** finds. What's more, nearly one-quarter of the hospital emergency facilities in urban and suburban areas have closed in the last two decades, and that fact, along with hospital consolidations, adds to the pressure on existing facilities.

In order to handle more patients and provide them with access to the clinicians they need — both inside and outside the hospital — emergency departments must reinvent themselves. And private support is needed to make that happen. At WCHN, for example, planned changes include a major expansion and reconfiguration, acquisition of new technology to enable quicker diagnoses, and the division of emergency facilities into more specialized areas of care, such as an express care area dedicated to routine cases. In early October, we will break ground on a new emergency department at our New Milford Hospital funded entirely by private donations. At the same time, construction continues on a new emergency department at Danbury Hospital that will double the emergency care capacity at that hospital. The same trend can be seen in hospitals across the country.

Another of the ACA's goals is tighter integration and coordination among healthcare providers to improve care delivery and lower costs. The law provides incentives for hospitals, physicians, nursing homes, and other caregivers and facilities to form accountable care organizations (ACOs) — through which healthcare providers will work together to provide care to patients in different settings. A similar goal is inherent in the concept of patient-centered medical homes (PCMHs) — where a physician manages a patient's health care, coordinating and working closely with various healthcare providers.

Both of these concepts require enhanced information technology to facilitate timely access to patients' health information across specialties and facilities. But implementing and/or integrating this technology into new or existing health networks is not simple. Although the federal government has invested millions in incentive grants to encourage hospitals to do so, a recent **Reuters report** found that many hospitals — particularly small

and rural facilities — still lag. Private funding can make a significant difference for hospitals that want to implement or keep up with rapid technological changes.

The emphasis on primary care practitioners (PCPs) is another important aspect of healthcare reform. Increasing the number of PCPs will keep people healthier and should ultimately reduce the number of expensive specialty procedures. Unfortunately, there is a **shortage** of PCPs as well as other medical specialists. Yet, at a time when the healthcare system desperately needs more doctors, cutbacks in federal funds for graduate medical education in hospitals — including the training of future PCPs — **are being considered** in Washington. WCHN recently secured a federal grant to train future PCPs in the patient-centered medical home model. But there are major funding gaps around the country, and they will widen further unless private donors step in to ensure that Americans have more PCPs available to them.

Amidst all these changes, donors frequently ask me, "Should I invest in bricks and mortar? Does that matter as much as it used to, given all the reforms that are under way?" The answer is a definitive yes. Hospital margins are increasingly thin. We have less money to invest in ourselves, in part because of reductions in state and federal funds that aren't likely to be replaced any time soon. Foundations and individual donors have a vital role to play in helping hospitals fund necessary construction and renovations and acquire life-saving technology.

William C. McGinly, of the **Association of Healthcare Philanthropy**, **estimates** that under the healthcare reforms that already have been passed, 50 percent or more of American hospitals will operate at a deficit by 2015. Well before current reforms were under discussion, many philanthropists were asking why healthcare facilities were not better able to support themselves. This question will — and should — continue to be asked. At a time when there is considerable, and understandable, pressure on hospitals to curb spending, donors should continue to expect hospitals to structure their finances in a responsible way. At the same time, hospital executives and boards must continue to pursue the goal of delivering the best possible care to everyone who seeks it. Philanthropy will and must play a role in turning that dream into reality.

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