

# The Center on Philanthropy & Public Policy

Research and analysis to advance public problem solving

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## Philanthropy and Health Policymaking

Given the increasing challenges of governing the states, particularly in California with its severe budget crisis, term limits, and initiative-imposed public programs, The Center on Philanthropy and Public Policy convened fifty health policy experts from foundations, government, and nonprofits organizations in November 2003 for a roundtable that addressed the question: How can philanthropy and government work together to leverage resources to advance health policy? The conversation focused on the relative strengths of philanthropy and government, the rules for engagement between the two sectors, and strategies for foundations to join forces with policymakers to develop and implement policies to improve health and health care.



UNIVERSITY OF SOUTHERN CALIFORNIA



On November 10-11, 2003, The Center on Philanthropy and Public Policy convened 50 key leaders and decision makers to examine the role of philanthropy in health policymaking at the state level, with a particular focus on California. Among the participants were experts from state and national foundations, government (including representatives from the executive and legislative branches), nonprofit advocacy groups, and policy researchers. This report summarizes their discussion.

The Center acknowledges the generous support of The California Endowment and The James Irvine Foundation, and the assistance of Glenn Melnick and the USC Center for Health Financing, Policy and Management, for this roundtable.



## The Context

### DISCUSSION FRAMERS:

**Robert K. Ross, M.D.**, *President and Chief Executive Officer, The California Endowment*  
**Robert J. Blendon, Sc.D.**, *Professor of Health Policy and Political Analysis, Harvard University, School of Public Health and Kennedy School of Government*

To begin the discussion, Robert Ross highlighted issues inherent in foundation-government partnering. He observed that many foundations have chosen public policy as part of their missions. However, with health grantmaking in California a mere “rounding error” on the state’s mammoth health budget, foundations must leverage their assets – money, knowledge, and networks – to maximize impact.

Partnering with government offers intriguing potential, but can be a challenge for foundations. For example, philanthropy has the luxury of working within a relatively insulated environment, whereas policy must function in an open and inclusive one. Policymakers’ viewpoints must be broad, while philanthropy can focus more narrowly, deploying resources on discrete issues. Yet despite key differences, the potential impact of partnerships makes the effort entailed worthwhile.

Robert Blendon discussed the climate for forging a dynamic model for health policy and philanthropy given today’s politics. He pointed to polling data that suggest increasing partisanship among state legislatures. Legislators are focused on initiatives that are visible and have strong constituencies, but do not burden the system with additional costs. Innovative programs stimulated by foundations that entail substantial public dollars appear less sustainable in today’s environment. Blendon suggested that foundations could have more impact if they act as information sources for legislative staff, media and the public via legislative convenings, evaluative polls and surveys, and capacity building of advocacy groups.

## Government & Philanthropy: “Rules of Engagement”

### DISCUSSION FRAMERS:

**Richard Figueroa**, *Legislative Director, Office of Insurance Commissioner John Garamendi*  
**Margaret Laws**, *Director, Public Financing and Policy Program, California HealthCare Foundation*

The traditional notion of “foundations create, government sustains” appears to be unworkable in the current political climate, a casualty of state budget crises and the discontinuous, transitory nature of government and its fiscal priorities. This makes establishing “rules of engagement” to guide foundation-government partnerships especially nettlesome. Understanding the incentives of government and how the policy process works are crucial to effective partnerships.

Policymakers generally seek to avoid controversy and may have little incentive to champion new ideas. They may also be hesitant to partner with foundations on pilot programs because of the financial impact of full-scale implementation, and the potential that fiscal commitments cannot be sustained as political priorities shift. A further inhibitor is that there are no natural mechanisms for sharing ideas and identifying needs. Even worthwhile ideas may be short-circuited simply by a dearth of government staff with whom to collaborate.

Given these constraints, foundations are testing various avenues for working with government. Four broad areas of foundation efforts were highlighted:

- Providing financial resources for educational opportunities, training, or information polls.
- Investing in government-targeted initiatives (e.g., supporting policy work on the recent Governor’s Task Force on Managed Care; assisting the state’s Managed Risk Medical Insurance Board with implementation of the Health Insurance Act of 2003 (SB), which mandates employer health coverage).
- Innovating in government space – employing foundation resources, speed, and lack of constraints to rapidly create on behalf of government. An important example is foundation support in developing California’s Health-E and subsequent One-E application forms, which simplified eligibility determination and application for public benefits programs, including Medi-Cal and Healthy Families.
- Partnering with government to bring together the authority and vital expertise needed to tackle government’s strategic work. Examples range from supporting experts in the creation of a new reimbursement methodology for Medi-Cal, to providing funding to enable the re-engineering of a county health department.



Among the important considerations in weighing the merits of each are whether to connect with government from the top down, or vice versa; whether to play an inside role and work directly with government, or to influence policy through external grassroots initiatives; and whether to be proactive, recognizing that government may have ultimate control of the outcome, or simply to respond to government's needs and requests. Foundations also are gauging how to work with states, counties and local communities to improve implementation and operations, rather than just replace government funding. Finally, foundations seeking to partner with government need to assess the risks of partnering, including whether government will have the wherewithal to maintain its investments and commitments.

## State Governments in a Crunch: How Statewide Foundations Can Respond

### DISCUSSION FRAMERS:

**Ruth Holton**, *Director of Public Policy, The California Wellness Foundation*

**Karen Voci**, *Senior Vice President for Programs, Rhode Island Foundation*

Faced with constraints of time, internal resources and expertise, government policymakers naturally rely on a variety of external resources to aid in policy formulation and adoption. These include written materials containing solid information and data, along with trusted sources of demonstrated credibility and objectivity. Personal interactions are likely to be valued most when they are nurtured by a continuous presence and day-to-day visibility.

In this context, foundations are recognized both as capacity builders and knowledge brokers. Capacity building can be accomplished in numerous ways, from core support of grassroots organizations, to direct financial support that enables government to underwrite the development of staff expertise. As knowledge brokers, foundations have a powerful ability to leverage media, academia and philanthropy in order to assemble and communicate information. They are also uniquely able to stimulate cross-sector, non-partisan dialogue focused on specific issues.

A spirited discussion concerned the role and effectiveness of grassroots advocacy in shaping policy. One view expressed was that it is vital for policymakers to receive well-conceived content, not personal contact alone, from constituents. If not accompanied by knowledge and proposed solutions, advocates have limited policy impact. However, another perspective offered was that, rather than attempting to make decisions or change policymakers' minds, grassroots advocates give voice and context to hard data, and encourage citizens to be involved in the political process. It is for the latter reason that many foundations choose to support grassroots advocacy.

## State Challenges: How National Foundations Can Respond

### DISCUSSION FRAMERS:

**Dennis Beatrice**, *Vice President, Policy Division, SRI International*

**Marguerite Johnson**, *Vice President for Programs, W.K. Kellogg Foundation*

Although national foundations have an important role to play in national policy, they are best served by not focusing exclusively on Washington, D.C. or the nation as a whole. There is much to be gained from partnering with states, as states are often the laboratories for new policy.

Strong relationships between state and local policymakers and foundation leaders enable national foundations to gain insight into community experiences and values, inform decision making, and leverage their resources. And with the advantage of their size and scope, national foundations can offer much to states. They can provide a tremendous service conducting cross-state research that helps to identify shared needs and priorities, as well as in disaggregating and disseminating national information to the state level. They can stimulate states as learning labs, providing practical models to share what works or is promising, as well as what does not. National foundations also can be powerful allies in getting the right people to the table to explore leadership strategies and create the broad sense of ownership necessary to effect change. They have an ability to bring issues to the attention of national government, and to sustain a presence and public focus on those issues.

Papers on foundation roles and strategies in public policymaking, including "The Role of Foundations in Shaping Health Policy: Lessons From Efforts to Expand and Preserve Health Insurance Coverage" by Thomas Oliver and Jason Gerson, can be found on the Center's web site: [www.usc.edu/philanthropy](http://www.usc.edu/philanthropy).





The Center on Philanthropy and Public Policy promotes more effective philanthropy and strengthens the nonprofit sector through research that informs philanthropic decision making and public policy to advance public problem solving. Using California and the West as a laboratory, the Center conducts research on philanthropy, volunteerism, and the role of the nonprofit sector in America's communities. The Center communicates its findings and convenes leaders from the philanthropic, nonprofit, business, and policy communities to help them identify strategies for action.

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## Philanthropy as a Leverage Game: Strategies, Tools and Techniques

### DISCUSSION FRAMERS:

**Peter V. Lee, J.D.**, *President and CEO, Pacific Business Group on Health*  
**Lauren LeRoy, Ph.D.**, *President and CEO, Grantmakers in Health*

Just as there are “rules of engagement” between government and foundations, there are “rules of engagement” among foundations themselves. Foundations need to work together to bridge cultures and set realistic expectations, helping and advising one another in order to synergize various foundation niches.

A broad arsenal of tools is available to foundations. Each foundation needs to identify and play to its strengths. For instance, there is increasing comfort with a role in public policy and support for advocacy. Providing core operating support can facilitate rapid grassroots response and give legitimacy to advocacy efforts. Leveraging knowledge and information is a key foundation strategy; however, ideas need to be shared beyond the public sector.

Indeed, there are compelling reasons for philanthropy to engage the private sector. The private sector is a major economic player in health care, purchasing about 65 percent of health insurance. Business has tremendous influence over how economic decisions get embedded into health plans for their employees. Currently, however, employers have few strategic tools for “health benefits” analysis. Issues such as determining the impact of changing employee out-of-pocket costs for in-patient care or deciding whether to cover a specific pharmaceutical or service have huge implications for business, employees, and ultimately, the public's health. Foundations can inform private sector decision making by providing information to help them sort out difficult benefits questions, as well as by assisting business in responding to public mandates.

By working with the private sector, foundations have an opportunity to broaden their own thinking about programs related to access, quality, and cost. For example, employer benefits design can have a huge impact on access to health care and health outcomes, from which drugs to cover, to how much employees must share in premium costs and co-payments. Greater foundation activity also can be centered on improving the system's efficiency and patient-centeredness. Further, foundations can fund initiatives on quality measurement, operational improvement, and benefit-cost analysis.

There is much room for innovation. There is also a case to be made for foregoing “out of the box” ideas and ensuring the sustainability of grassroots organizations. Ultimately, each foundation must choose the strategies, tools and techniques that best leverage its capabilities and fulfill the organization's mission.

## Closing Remarks

### DISCUSSION FRAMERS:

**Diana Bontá, R.N., Dr.P.H.**, *Director, California Department of Health Services*  
**Steven A. Schroeder, M.D.**, *Distinguished Professor of Health and Health Care, University of California, San Francisco; and Former President and CEO, The Robert Wood Johnson Foundation*

Whether proponents of market competition or market intervention, foundations make a substantial contribution in the health arena and are beginning to overcome the hesitancy to engage public policy. Perhaps their most potent power lies in the ability to convene groups of individuals in an objective forum to explore solutions for improving health and the health care system. Influence can be gained in small ways; it is not necessary to create a public crisis in order to produce social change. Foundation initiatives around lead poisoning and water fluoridation are vivid examples of low-cost social change resulting from a combination of good science, advocacy and uniting key leaders from the health care industry, government, business and the community. They can stimulate creative thinking and dynamic alliances. Despite differences in culture or climate, government-foundation partnerships have – and will continue to – overcome obstacles in their shared efforts to improve individual and community health.