

HEALTH POLICY GRANTMAKING A Report on Foundation Trends

by Loren Renz and Steven Lawrence

Throughout the 1990s, the nation's attention has focused on improving the cost, quality, and accessibility of the country's approximately \$1 trillion health care system. Some U.S. grantmaking foundations active in the health field have encouraged this examination through support for analysis, monitoring, research, education, or other activities that can be used to inform the policymaking process or that support advocacy, systems change, or reform around specific health care issues. Indeed, considerable coverage has been devoted to foundations' health policy-related activities, in the context of reporting on a particular policy issue or a specific funder's program. Yet, until now, no attempt has been made to report comprehensively on health policy grantmaking and the broad range of interests and priorities of policy funders. Nor has any attempt been made to measure the size and scope of this support and to place health policy funding within the broader context of all foundation health giving, which totaled an estimated \$1.9 billion in 1995. This study seeks to fill that gap.

Health Policy Grantmaking explores broad trends in grantmaker support for health policy-related activities during the first half of the 1990s. Components of the study include commentary by a noted health care funding expert on why foundations support policy-related activities and on strategies for effective grantmaking; examinations of health policy's share of all health giving, areas of growth in health policy funding, emerging topics in the field, policy-related giving for named population groups, and changes in the focus of support between national and state- and local-level activities—based on a sample of grants awarded by larger foundations in 1990 and 1995; and profiles of 17 leading national and state-level funders active in the health policy field.

This report is one of a series of benchmark studies produced by the Foundation Center on important areas of foundation philanthropy. It was made possible through funding from the Robert Wood Johnson Foundation.

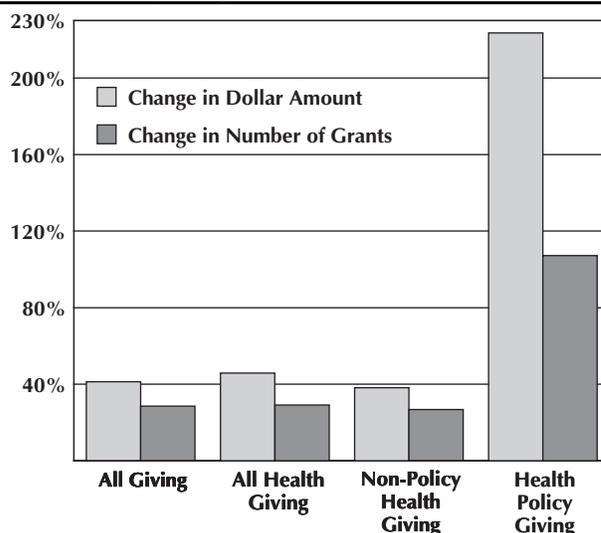
For information regarding this report, contact Loren Renz, Vice President for Research, or Steven Lawrence, Director of Research, at the Foundation Center, 212-620-4230, or E-mail, lr@fdncenter.org and sal@fdncenter.org.

Giving for Health

The following data derive from an analysis of health grants of \$10,000 or more reported in various editions of *The Foundation Grants Index* by 671 larger foundations for 1990 and 869 foundations for 1995. Giving by these foundations represented over 50 percent of all foundation grant dollars for health. As defined by the Foundation Center's grants coding system and by the National Taxonomy of Exempt Entities, health funding encompasses four principal subcategories: general and rehabilitative health, medical research, mental health promotion and the treatment of mental illness, and the prevention or treatment of specific diseases or physical disorders. While each of these subcategories includes grants for health policy, all but a few of these awards are captured in the general and rehabilitative health subcategory (see definition below).

Health Maintains Steady Share of Funding. U.S. foundations have a history of providing strong support for the health field, and since the 1980s health has almost invariably ranked second in funding behind education. In 1995, foundations in the *Grants Index* sample spent roughly \$1.1 billion for health, up from \$751.6 million in 1990. Throughout this time, foundations

Growth of All Foundation, Health, Non-Policy Health, and Health Policy Giving, 1990 to 1995



Source: *Health Policy Grantmaking*, 1998. Based on the *Grants Index* sample of grants of \$10,000 or more awarded by 832 larger foundations for 1990 and 1,012 foundations for 1995.

provided a relatively consistent one-sixth share of their total grant dollars for health.

Support Favors General and Rehabilitative Health. The broad field of general and rehabilitative health received nearly three-fifths of health grant dollars in both 1990 and 1995. Giving in this area included support for hospitals, outpatient treatment, reproductive health, public health programs, nursing services, and most health policy funding. Funding for medical research, which encompasses support for research and other activities to advance knowledge about specific diseases, disorders, or medical disciplines, dipped to just under one-fifth of health dollars in 1995. Grantmaker awards to promote mental health and the treatment of mental illness, including research on the causes and cures for mental illness, substance abuse treatment services, crisis intervention services, and mental health policy, also remained steady throughout this period at about one-eighth of health grant dollars. Finally, grant dollars awarded for the prevention or treatment of specific diseases or physical disorders nearly tripled in 1995, and the share of support for this subcategory increased to more than one-eighth of health funding.

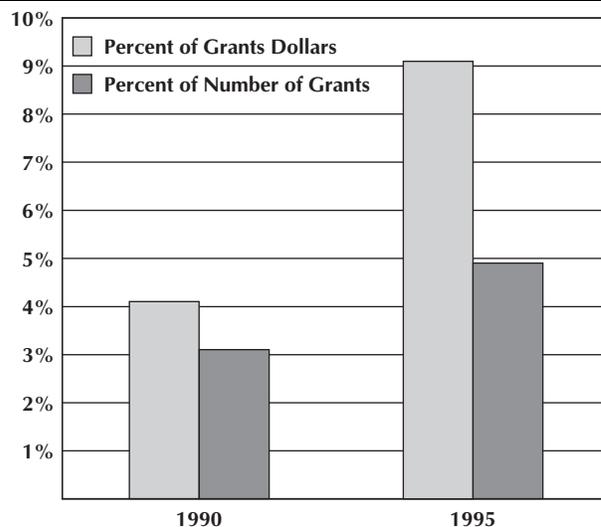
Giving for Health Policy-Related Activities

Seventy-eight foundations in the 1990 Grants Index sample and 87 in the 1995 sample awarded grants of \$10,000 or more supporting research, analysis, education, and advocacy related to health care policy.

Health Policy Funding Triples, Outpacing Health Giving Overall. Policy funding was one of the fastest growing areas of health spending by private foundations in the 1990s. In 1995, foundations in the grants sample allocated \$99.8 million for health policy, more than triple the \$30.9 million reported five years earlier. In inflation-adjusted dollars, support for policy increased over two-and-one-half times (177.1 percent) between 1990 and 1995. During the same period, overall health giving rose by only one-quarter (24.8 percent) in constant dollars. If spending for health policy is removed from the total for health, dollars targeted to the remaining health fields increased by less than one-fifth (18.3 percent) in real terms.

Share of Health Grantmaking for Policy More Than Doubles. As a result of these striking increases in support, health policy more than doubled its share of all health funding, rising from 4.1 percent of dollars in 1990 to 9.1 percent in 1995. By number of grants, the share rose from 3.1 percent to 4.9 percent. Nonetheless, relative to all foundation health funding, health policy giving continues to maintain a relatively modest share of support.

Health Policy as a Share of All Foundation Health Giving, 1990 and 1995



Source: Health Policy Grantmaking, 1998. Based on the Grants Index sample of grants of \$10,000 or more awarded by 671 larger foundations for 1990 and 869 foundations for 1995.

Slower Growth in Number of Health Policy Funders.

The dramatic growth in health policy grant dollars resulted much more from increased giving by a small pool of grantmakers than from a rise in the number of policy funders or in the share of health funders making policy grants. In fact, the number of health policy grantmakers in the sample grew by only about one-tenth, from 78 in the earlier year of the analysis to 87 in 1995, and the proportion of policy funders as a share of all health funders dropped from one in eight in 1990 to one in ten at mid-decade.

Leading Givers Account for Growing Share of Health Policy Support.

A small number of foundations active in funding for health policy provided the overwhelming share of support for the field. The top 25 funders of health policy awarded 96.8 percent of the \$99.8 million recorded in 1995, up slightly from 94.7 percent in 1990. Among the top ten grantmakers in this area, however, their share of policy funding increased to over nine-out-of-ten grant dollars (90.7 percent), up from just over eight-out-of-ten (82.5 percent) five years earlier. Among the top health policy funders in 1995 were the Robert Wood Johnson Foundation, California Wellness Foundation (a health conversion foundation established in 1991), John A. Hartford Foundation, Henry J. Kaiser Family Foundation, and Commonwealth Fund.

Robert Wood Johnson Foundation Leads Growth in Health Policy Funding.

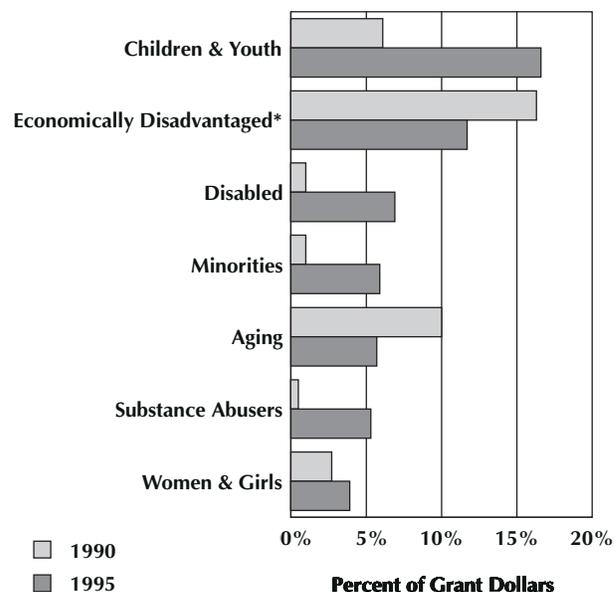
The Robert Wood Johnson Foundation (RWJ) contributed to the increase in support for policy grantmaking overall and among the top ten funders. While RWJ was the largest health policy funder in both 1990 and 1995, in the latter year the foundation's share of giving more than doubled to

44.6 percent (\$44.5 million). Other top 25 health policy funders that reported increased support in 1995 included the John A. Hartford Foundation, Henry J. Kaiser Family Foundation, Commonwealth Fund, Carnegie Corporation, David and Lucile Packard Foundation, Public Welfare Foundation, Annie E. Casey Foundation, Metropolitan Life Foundation, and W.K. Kellogg Foundation.

Most Policy Grants Focus on Health Care Cost, Quality, and Access and on Special Topics. Health policy grants encompassed a wide range of topics, and the issues addressed broadened by mid-decade. Almost half (48.7 percent) of health policy grant dollars in 1995 focused on topics related to health care cost, quality, and accessibility—up from 28.5 percent in 1990. The largest shares of foundation grantmaking provided for the analysis and support of general health care reform at the national, state, and local level (18.6 percent) and examinations of the effects of changes in Medicare, Medicaid, HMOs, and private insurance on the provision of health care (12.2 percent).

Health policy funders directed 29.4 percent of grant dollars to special topics in 1995, down from 42.2 percent five years earlier. Nonetheless, actual dollars in this area more than doubled during the first half of the decade, from \$13.0 million in 1990 to \$29.3 million. Grants awarded in 1995 also provided support in areas not funded by foundations in the 1990 grants sample, such as end of life/right-to-die. Among special topics in 1995, grants addressing smoking prevention/tobacco addiction accounted for the largest share of overall health policy support (10.7 percent), followed by mental health/substance abuse (3.0 percent), and end of life/right-to-die issues (2.1 percent).

Health Policy Grants by Major Population Group, 1990 and 1995

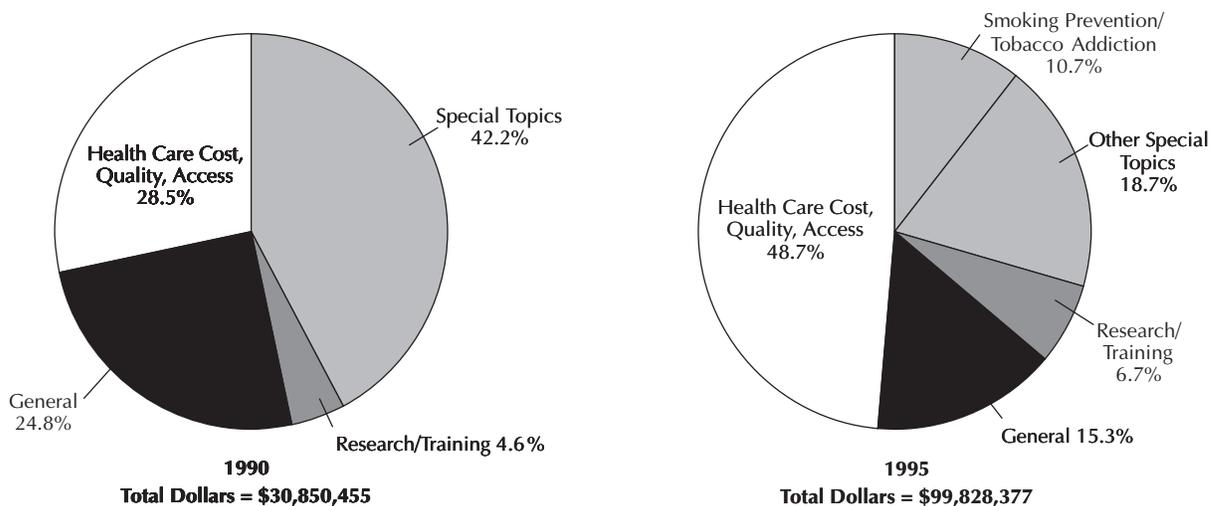


Source: *Health Policy Grantmaking*, 1998. Based on the *Grants Index* sample of grants of \$10,000 or more awarded by 78 larger foundations for 1990 and 87 foundations for 1995.

*Most grants to improve access are intended to help the economically disadvantaged, however, only grants that mentioned aiding low-income, uninsured groups were counted in this category.

Children and Youth, Economically Disadvantaged, and Disabled Targeted in Health Policy Grantmaking. Although many leading health policy grantmakers characterize their support in terms of funding for specific aspects of health, e.g., health care reform, others frame their giving in terms of serving the health needs of children and youth, the economically disadvantaged, women, or other population groups. A number of foundations emphasize both.

Health Policy Grant Dollars by Topic, 1990 and 1995*



Source: *Health Policy Grantmaking*, 1998. Based on the *Grants Index* sample of grants of \$10,000 or more awarded by 78 larger foundations for 1990 and 87 foundations for 1995.

*Due to rounding, figures may not add up.

Of the groups targeted in health policy support in 1995, one-in-six grant dollars (16.6 percent) specified children and youth, the highest share of dollars recorded for any population group, and close to three times the share reported five years earlier. Grants that directly referenced the poor, other low-income persons, or the uninsured accounted for more than one-in-five policy grants at mid-decade, up from 13.0 percent in 1990. Other groups accounting for at least 5 percent of grant dollars or grants in 1995 included the disabled, minorities, the aging, substance abusers, and women and girls.

Nearly Two-Fifths of Grants Target State-Level Activities. The pronounced shift in responsibility for the nation's health care to the states has been mirrored by the increased targeting of health policy funding to the state or local level. Foundations directed \$39.1 million or 39.2 percent of 1995 health policy dollars for support of state- or local-level activities or for national programs that focused on the state or local level. Five years earlier, \$6.4 million or 20.8 percent focused on state- or local-level initiatives. During this period, the number of grants awarded for state- or local-level activities nearly doubled, from 81 to 156.

Policy Funding Favors Health Policy, Higher Education, and Broad-Based Public Policy Organizations. Most policy analysis and research is conducted by health policy organizations, academic institutions, and broad-based policy institutes. Health policy funders provided over half of their 1995 grant dollars to health policy organizations (30.1 percent) and higher educational institutions (24.8 percent). Health policy organizations nearly doubled their share of giving from 15.9 percent of dollars in 1990, while the share diminished for higher educational institutions. (Overall, the number of national and regional health policy organizations and centers accounted for in the *Grants Index* sample increased by more than half between 1990 and 1995.) Broad-based policy research institutes, e.g., Rand Corporation, ranked third among health policy recipients in 1995, taking nearly one-in-five grant dollars (19.1 percent)—roughly triple the share of grant dollars reported in 1990.

Future Outlook

Health policy funding is a fast growing field by dollar amount, but support is dominated by a relatively small group of grantmakers—a trend that became more pronounced during the first five years of the decade. Still, this analysis showed tremendous change among the ranks of top funders. From 1990 to 1995, several established leading grantmakers increased health policy's share of their overall health funding, and a few new leaders emerged. Moreover, while grantmakers typically made policy awards in support of specific initiatives or on an ad hoc basis when a policy funding opportunity coincided with their grantmaking agenda, several funders embraced a wide variety of objectives beyond the often central concerns over improving the cost, quality, and accessibility of health care in this country. In addition, the grantmaking activities of recently established health conversion foundations, as demonstrated through the grants sample and a review of 1996-1998 program guidelines, suggest a possible source for expanding the pool of health policy funders.

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