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II. SPECIAL REPORT

New Priorities For The Robert Wood Johnson Foundation

by Steven A. Schroeder

As it prepares to enter its third decade of grant making in the health care arena, The Robert Wood Johnson Foundation faces formidable challenges. Despite impressive progress in many areas of national health—for example, decreasing death rates from heart disease and stroke—unmanageable health care costs and inadequate services for some groups continue to vex providers, payers, and recipients alike. Our nation now spends over 12 percent of its gross national product (GNP) on health care, and health costs continue to escalate. There is no apparent coordination of health care policy. For many Americans, the health care safety net is not loosely woven, it is nonexistent. At least thirty-one million people are uninsured, and the numbers are increasing. Crowded hospitals are filled with cases of preventable disease and injury, and our fragmented system of services responds poorly to individuals with multiple health care needs. And, while many experts believe the U.S. health system requires fundamental restructuring, leadership is too entrenched in special interests to come together on solutions.

This atmosphere of crisis, coupled with the greater demands of the population for health-related services, has led the foundation to reassess its goals and direction. The foundation also hopes to build on the lessons it has learned from its grant-making experience. Adding impetus to the decision to reevaluate the foundation’s grant-making priorities is a dramatic growth in assets over the past few years, from $2.1 billion in 1988 to $3.4 billion estimated for 1991, with a subsequent increase in our legal payout requirement to over $160 million this year.

In February 1991, after an extensive and comprehensive review of program opportunities by the staff, the foundation’s board of trustees authorized three new grant-making priorities. These are aimed at furthering the foundation’s role of helping the nation and its health care system to identify and pursue new opportunities to address persistent health problems. The new priorities are: (1) to assure that Americans of all ages have access to basic health care; (2) to improve the way services are organized and provided to people with chronic health conditions; and (3) to promote health and prevent disease by reducing substance abuse.

While these goals represent a change from those articulated in 1988, they are more evolutionary than revolutionary. The foundation’s historic mission remains unchanged: to improve the health and health care of Americans. We are not abandoning our past or present grant portfolios. In fact, most of our current national programs and major initiatives fit under at least one of these new goal areas. We will also maintain our long-standing policy of precluding support for applicants’ general operating expenses, endowment or capital costs, and biomedical research, and direct support to individuals. The foundation will also continue to be responsive to significant new program opportunities or exceptional funding possibilities outside these three goal areas.

Our interest areas have been narrowed to place the foundation in a better position to leverage the health care system. These areas also reflect our desire to target problems of the health care system rather than defined population groups. The new goals further recognize that many health problems have complex origins; their amelioration requires broader strategies than those found in the health care system alone. Examples of these proposed interventions include media efforts, health services and epidemiologic research, technical assistance, gathering and monitoring of selected health statistics, and convening leaders from the public and private sectors to address health care problems.

We intend to shift away somewhat from service demonstration projects as our dominant intervention, toward more integrated

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use of other strategies. This is a result, in part, of political and economic realities. Demonstration projects, to be successful beyond responding to a specific local problem, require substantial funding and strong leadership. An entrepreneurial leader must be dedicated to the project, help it grow roots in the community, and attract other sponsors to the project. To replicate the programs elsewhere, new projects must garner funds and attract entrepreneurs. Without funding and regulatory assistance from government, projects may be unable to reallocate resources, consolidate expenses, or reduce costs, and the chain will be broken.

**Access to health** care. Our first goal is the one most closely identified with the foundation’s previous priorities: to make services more available and accessible by increasing and expanding site; offering services (including services at home) and by training categories of practitioners (specifically, minority and generalist physicians, nurse practitioners, and physician assistants). As a result of our substantial commitments in this area since 1972 and the accomplishments of our grantees, the foundation is widely recognized as a leader in addressing health care access problems, which gives us a solid base for further action.

Our approach is designed to address the fundamental constructs that prevent people from receiving timely, appropriate services, which in turn may affect the incidence, severity, and duration of disease or disability. To help assure access to basic health services, we have adopted a strategy to address reducing three types of barriers to care: financial, distributional and supply, and sociocultural and organizational. We plan to provide technical and financial assistance to help states design and demonstrate approaches to restructuring incentives for primary care providers to serve in high-need areas, and ways to engage community institutions and residents in overcoming language and other sociocultural barriers.

Care providers also bear an extra burden because of inequalities of access. In particular, the financial viability of hospitals—both urban and rural—is jeopardized by uncompensated care. A recent case study of New York City hospitals’ critical shortage of beds in 1987–1988 indicates, for example, that a significant number of beds were occupied by patients with preventable conditions and illnesses better treated elsewhere. Presumably, many of these hospitalizations either could have been prevented or their duration shortened if earlier care had been available.

**Complex, chronic health problems.** While a variety of public programs may address specific needs of people with complex, chronic health problems, few, if any, encourage the integrated, coordinated approach envisioned by this goal. Health programs tend to be categorical, limiting the types and qualities of services to people in defined groups or specified settings. The foundation’s new goal emphasizes not the groups served, but the service system itself. We are not abandoning vulnerable populations or people with specific diseases. Instead, we are striving to help establish modes of care commonly needed by people of all ages with complex, chronic health problems.

This new goal reflects our sense that the current medical system is unbalanced, placing too much emphasis and funding on high-technology diagnostic and therapeutic services delivered in acute care hospitals and too little attention to supportive care for those with chronic problems. Our experience with case management for the frail elderly, people with human immunodeficiency virus (HIV) disease, and those with chronic mental illness convinces us that a more appropriate mixture of services can be provided at equal or even lower cost. Such solutions, however, will almost surely conflict with the current system’s organization, staffing, and reimbursement policies.

Examples of the population groups served by this new program goal may include low-birthweight infants or children living in unstable family environments; teenagers whose dysfunctional behavior compromises health, education, and future prospects for a productive life; adults confined to wheelchairs who seek an independent life; and elderly people in fragile health from an array of chronic diseases who require assistance to maintain themselves at home. A sample of appropriate services for such groups might
include mental health services, respite services for caretakers, transportation, and education and job training.

To help construct the systems of care indicated by this goal, the foundation has again evolved a three-part strategy. We plan to encourage policy analysis, service demonstration, research, and evaluation projects to (1) identify major barriers, such as fragmented service delivery, categorical financing, and lack of appropriately trained providers; (2) encourage the design, development, and demonstration of improved financing and organization; and (3) promote the supply and equitable distribution of providers of health and supportive services.

Examples of approaches employing this strategy would be to develop mechanisms for coordinating services, such as case management, at the individual and administrative levels; to encourage comprehensive private insurance coverage of appropriate services and efficient resource allocation among providers; and to conduct policy analysis to address the imbalance of funding allocation between acute and long-term care.

Substance abuse. We are primarily concerned with preventing the use of illegal drugs, tobacco, and alcohol—with special emphasis on children and youth. One of our first tasks is to better understand the causes of substance abuse: the role and interrelationships of individual factors in substance abuse; the positive factors that keep most people—even those in high-risk environments—from using harmful substances; the natural history of people who use substances for the first time; and the extent to which attitudes about substance abuse, particularly those of young people, can be influenced.

We will continue to develop and strengthen programs to prevent substance abuse and expand effective treatment strategies. Possible initiatives may include matching people with appropriate interventions; addressing legal and ethical concerns raised by substance abuse; and encouraging evaluation and dissemination of promising new prevention and treatment approaches. We also will actively pursue opportunities in health education relevant to this goal.

Health care cost control. Our decision not to address the problem of escalating health care expenditures as an explicit goal stems from the recognition that the essence of the failure to resolve this problem is a lack of political will. With so many special interest groups firmly entrenched in their narrow concerns, it is unrealistic to believe that any single reform could competently address such a complex and deeply rooted problem.

However, realistic, long-lasting improvement in the health care system must involve the containment of medical care expenditures. Therefore, the foundation will continue to encourage promising cost containment efforts by promoting relevant health services research, policy analysis, and health staffing programs, as well as convening the involved constituents in an attempt to find common points of agreement.

Looking back over nearly twenty years of philanthropy, we have embodied the strengths and weaknesses of a health foundation dedicated to health and health care. We recognize that workable ideas need time in which to work. We have the important advantage of being able to commit our resources beyond a two-year congressional cycle. Therefore, to make a difference, the foundation must be committed to programs and initiatives over longer spans of time. In addition, we have learned that we must exercise proper accountability over the projects we fund without dampening the spontaneity of our grantees, diverting them from their purpose, or preventing them from coming back to us with more good ideas.

While many of the problems for which we seek solutions appear intractable, we believe that several are solvable, given time and resources, which is why we intend to focus our philanthropy more sharply than ever before. The three new goals, and the funding strategies designed to realize them, are intended to preserve and strengthen the foundation’s ability to promote positive change in health care through the remainder of this decade. We hope to be as responsive and responsible as possible in an era when the spectacular advances in medical science must be matched by equally impressive advances in the health and health care of the American people.