

Tufts Health Plan launches philanthropic foundation

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In another sign of its improved financial performance, Tufts Health Plan -has become the state's third major health insurer to launch its own philanthropic foundation -- with a \$53 million endowment.

The insurer plans to give out \$2.5 million in grants through the foundation in 2008 and on Friday will formally announce the first 26 grant-award winners.

Groups including AIDS Action Committee, the Boston Area Rape Crisis Center and YWCA Boston will be among recipients of more than \$700,000 in initial grants ranging from \$5,000 to \$60,000.

"We are excited about this," said Tufts Health Plan President and CEO James Roosevelt Jr.

Funding comes from general cash reserves generated by operating income, a number that has improved in recent years as THP has negotiated more competitive reimbursement fees and reversed a steep membership decline.

Net income for THP reached \$110 million in 2007, up from \$78 million in each of the previous two years. Overall net worth jumped to \$631 million in 2007 from \$435 million in 2005, according to the insurer's 2007 financial report.

Membership has also rebounded during this period to more than 687,500 as of June 30 from a low of about 605,000 at the end of 2004.

The insurer's improved fortunes made it a logical choice to create a formal foundation, said Thomas P. O'Neill III, CEO of **O'Neill and Associates** and a Tufts Health Plan board member, who will also serve as chairman of the new foundation. "I was among the (loudest) people at the board meetings when talking about institutionalizing our giving and following the example of (Blue Cross Blue Shield of Massachusetts) and (Harvard Pilgrim Health Care)," O'Neill said. "It just made sense ... we have turned the company around."

Roosevelt added that the foundation will enable THP to keep its philanthropic donations more consistent, rather than seeing those donations vary depending on operating income.

"The easiest place to cut is charitable contributions and I think that ought to be treated separately," Roosevelt said.

Harvard Pilgrim Health Care, with more than 1 million members, has had a philanthropic foundation since 1980 but it does not have a formal endowment. The insurer has set aside about \$5 million annually for community grants. The Blue Cross Blue Shield of Massachusetts Foundation, which began in 2001, reported a \$108 million endowment at the end of 2001, with funding largely supplied by the insurer. The foundation has awarded \$25 million in grants to 241 health care organizations over that period, but it is also known for its research and policy work on health care.

Observers see plenty of room for the Tufts foundation, reflecting the work typical in the mission of a nonprofit health care insurer that goes well beyond collecting monthly premiums and paying providers.

"It's more of a statement of where they are right now and where their broader sense of mission is," said Stephen Weiner, chairman of the health law practice at the law firm Mintz Levin Cohn Ferris Glovsky and Popeo PC.

Roosevelt said THP has hired three people to administer the foundation, which will be run out of the insurer's Waretown offices. David Abelman, the insurer's general counsel, will also serve as the foundation's executive director.

Other Tufts Health Plan Foundation board members include: Donald Berwick, president and CEO of the Institute for Healthcare Improvement; Dr. David Green of Emerson Hospital; Jackie Jenkins-Scott, president of Wheelock College; George Russell Jr., executive vice president for community affairs at State Street Corp.; state Sen. Steven A. Tolman; and Liz Walker, host and executive producer of a Sunday public affairs program on WBC-TV.