THE JOHN A. HARTFORD FOUNDATION 1987 ANNUAL REPORT

"To do the greatest good for the greatest number... it is necessary to carve from the whole vast spectrum of human needs one small band that the heart and mind together tell you is the area in which you can make your best contribution."

This has been the guiding philosophy of the Hartford Foundation since its establishment in 1929. With funds from the bequests of its founder, John A. Hartford, and his brother George L. Hartford, both former chief executives of the Great Atlantic and Pacific Tea Company, the Hartford Foundation seeks to do the greatest good by supporting efforts to improve health care in America.

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Report of the Chairman

In 1987 the Foundation continued to address pressing national health care priorities. The *Health Care Cost and Quality Program* focused on the need to reduce inappropriate services, and to measure quality while trying to control costs. The *Aging and Health Program* sought to strengthen academic geriatrics, improve medication prescribing practices for the elderly, and explore better ways to organize and finance long-term care for the increasing number of older Americans.

Leonard Dalsemer

Financially, the year was more eventful than we might have preferred; the fall turmoil in the financial markets took its toll. The Finance Committee devoted much of the year to further diversification of the Foundation's investments. Those actions were not only of benefit late in 1987, but also promise longer-term gains. We are indebted to Chairman Norman Volk and his colleagues on the committee for guiding us through difficult times.

We were saddened by the death this past year of two former colleagues, Harry B. George and E. Pierre Roy. Harry George was President of the Foundation from 1969 to 1978. In that capacity, he sustained the Foundation's tradition of excellence in support of biomedical research. His continued commitment to the Foundation, as President Emeritus from 1978 to 1985 and as Trustee Emeritus from 1985 until his death, meant a great deal to all of us. Pete Roy was the Hartford Foundation's first administrator, serving in that capacity from 1953 to 1965, and as a Trustee from 1963 until his retirement in 1979. Prior to his Foundation service he had been with the A&P Company since 1921. He, more than any other individual, was responsible for building the organization that we now know as the Hartford Foundation. His extraordinary eye for talent and his capacity to identify the cutting edge in medical research were critical factors in the Foundation's history of achievement. The contributions of Harry George and Pete Roy to the Hartford Foundation and to the greater social good will live long in our memory.

Leonard Dalsemer

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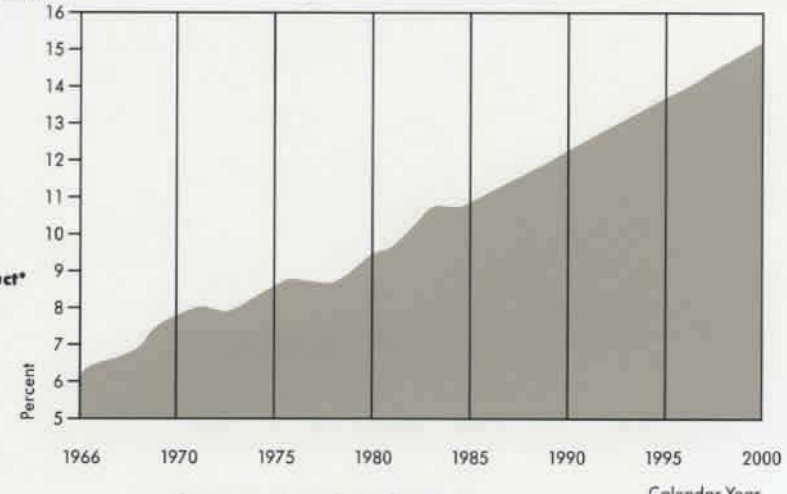
Health Care Cost and Quality

America's bill for health care continued to rise in 1987, at a rate almost double that of the Consumer Price Index. If present trends continue, the percentage of our Gross National Product required for health care will grow from the present level, about 11 percent, to 15 percent by the year 2000.

Few payors escaped the pain of health care cost inflation. About half the bill was paid by government programs. The remainder was shared almost evenly by patients and private health insurance.

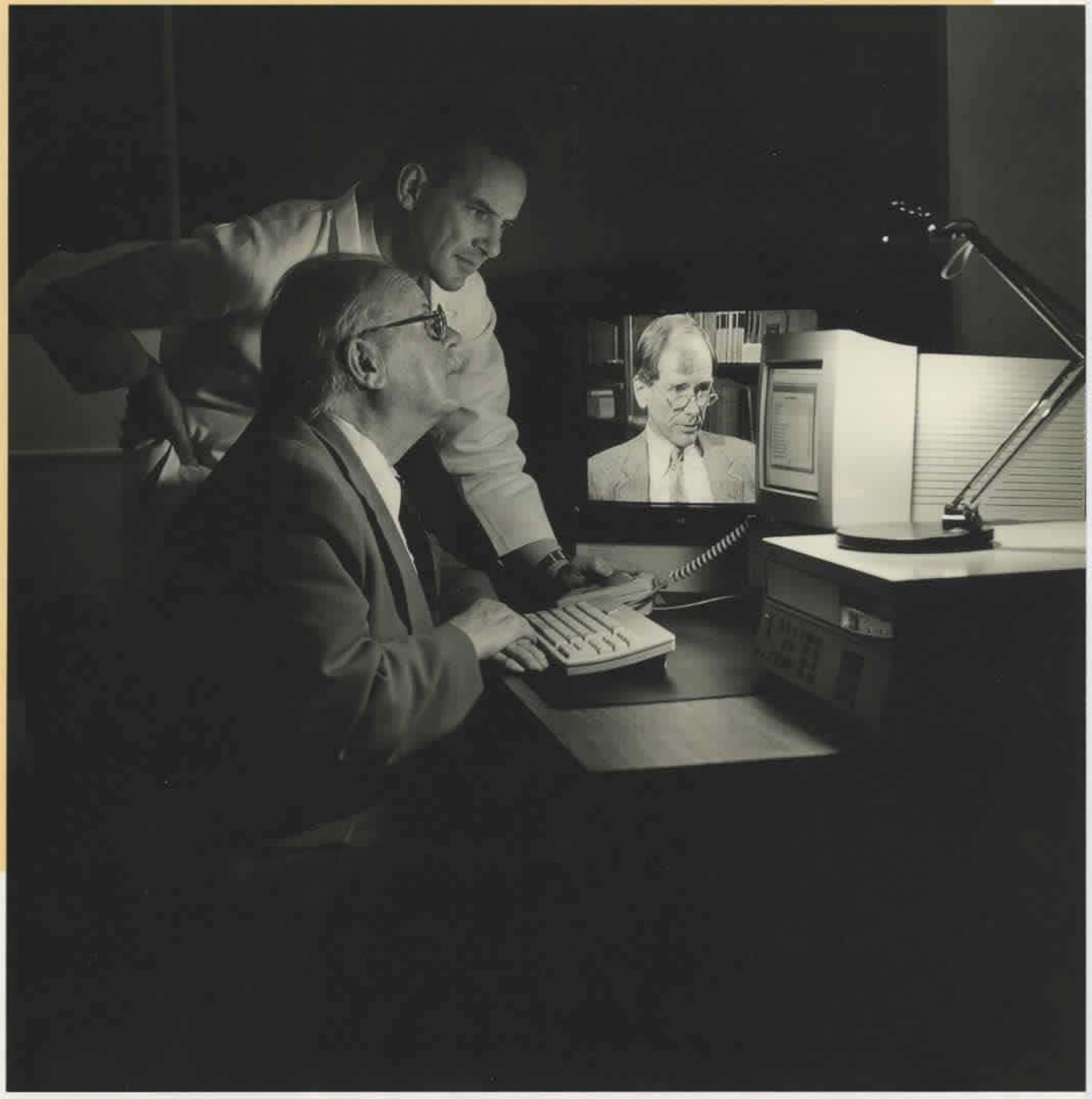
But the real burden of health care costs continues to fall on the shoulders of individual Americans. As employers face insurance premium increases of as much as 70 percent, they must pass on that cost to those who buy their goods and services or to their own employees and retirees. In 1988, individual premium payments for Medicare coverage of physicians' bills will increase by over one-third, the largest increase in the 22-year history of the program.

Rise in National Health Expenditures as a Percent of Gross National Product*



If costs continue their alarming climb, 15 percent of our Gross National Product will be required for health care by the year 2000.
Source: Health Care Financing Administration, Office of the Actuary; Data from the Division of National Cost Estimates
**1966-86 and Projections for 1987-2000*

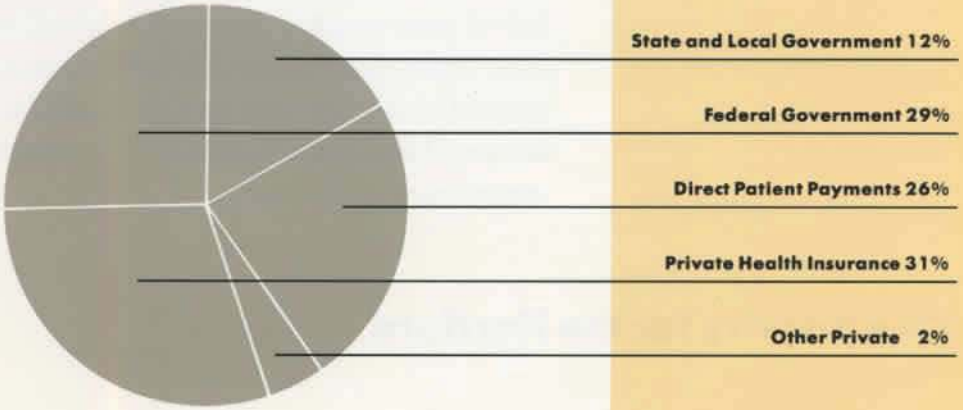
With Hartford Foundation support, Dr. John E. Wennberg of Dartmouth Medical School and his associates are developing a ground-breaking approach to help patients consider the risks and benefits of treatment options, using computer-controlled video presentations in physicians' offices. Key to the project is incorporating in the presentations the results of research on the outcomes of alternative treatments, drawn from actual cases. Here, Dr. John A. Heaney (standing), a urologist at Dartmouth, and a patient volunteer, Charles A. Bauerdorf, view a prototype video on options for treating benign hypertrophy of the prostate.



Dr. Robert H. Brook of the University of California, Los Angeles, is working with leading Health Maintenance Organizations (HMOs), to develop an integrated, state-of-the-art quality assessment system for HMOs. A one-year Hartford Foundation grant provides support needed to organize the project. Below, Dr. Brook (standing) discusses the goals of the project with representatives from Cigna Health Plans, several of the Kaiser Permanente HMOs, the Group Health Cooperative of Puget Sound, and Partners National Health Plan, among others.

Earlier in the decade, Americans were optimistic that such alternatives as Health Maintenance Organizations (HMOs) and cost-containment initiatives by government and major employers would go a long way in solving the problem. And, indeed, there have been some signs of success, particularly in the area of inpatient hospital costs. But even those at the forefront of such efforts are learning that there is no quick fix; that further progress will require fundamental changes in the relationships among those who provide health care, those who receive it, and those who pay the bill. And to make those changes possible, we must develop new institutional arrangements and methodologies for assessing the appropriateness and value of medical services. That important enterprise is the principal focus of the Hartford Foundation's Health Care Cost and Quality Program.

Who Pays the Health Care Bill: Source of Payment for Estimated U.S. Health Expenditures, 1987



Through direct patient payments, individuals foot 26 percent of the rising bill for health care. But that's just the beginning. Americans are also facing premium increases and higher taxes as insurers and government struggle to meet escalating health care costs.
Source: Health Care Financing Administration, Office of the Actuary; Data from the Division of National Cost Estimates

Reducing Inappropriate Medical Services

One priority for the Hartford Foundation is the development of better ways to identify and reduce inappropriate medical services.

Widespread variation in medical practice patterns demonstrates that physicians themselves hold differing opinions as to the efficacy of a range of medical procedures. Therefore, in order to reduce unnecessary care, health care providers and third parties must have access to much more explicit information than is currently available on the comparative benefits of varying tests, treatments, services, surgeries, etc. But gathering the necessary data, analyzing it, and disseminating it to help bring medical practice variations into line with those findings represents a formidable task. The traditional method of clinical trials is not always practical. Such testing can be enormously costly and time-consuming. To evaluate the effectiveness of many procedures, then, one very promising alternative is to examine the outcome of actual cases.

An important study, led by Dr. Robert H. Brook of UCLA and the Rand Corporation, and supported in part by the Hartford Foundation, used available records to find that 17 to 32 percent of Medicare claims in three diagnostic areas were for medical procedures considered inappropriate in the situations in which they were used. Reducing the inappropriate procedures in just those three diagnostic areas studied by the Brook team would save the federal government an estimated $850 million annually. With wider application to other diagnostic areas, reductions in national health care costs would not only be even more dramatic, but would also spare thousands of Americans the risks of unnecessary procedures.

One priority for the Hartford Foundation is the development of better ways to identify and reduce inappropriate medical services.

Systems to Measure and Manage Quality

A second priority for the Hartford Foundation in this program area is the development and application of systems for measuring and managing the quality of health care.

As third parties increasingly monitor and regulate health care, both they and the providers of that care will benefit from an explicit, shared understanding as to what constitutes quality. Key to that understanding is developing the capacity to measure critical dimensions of health care providers' effectiveness, linking the process of care to outcome.

The Foundation is working with health care providers in their efforts to develop and apply such measurements of effectiveness in order to improve and demonstrate quality, as well as efficiency. While developing better ways to measure quality is an important part of that endeavor, most enlightened providers understand that they must also develop better ways to "manage quality," since most problems of care are the result of failures in the meshing of complex system components. Delays in receiving and analyzing the results of a patient's lab tests, for example, may indicate an important systemic failure. Through its support of several projects, the Hartford Foundation is now working with experienced managers to develop and test techniques to improve their organizations' management of quality and to offer valid evidence of their success.

The development of such systems promises enormous benefits for health care purchasers as well. With access to valid measurements of effectiveness, they will be able to compare quality of services as well as cost, and thus make the best possible health care purchasing decisions. The Foundation is currently supporting a number of projects aimed at enhancing purchasers' skills in assessing quality.

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of effectiveness in order to improve

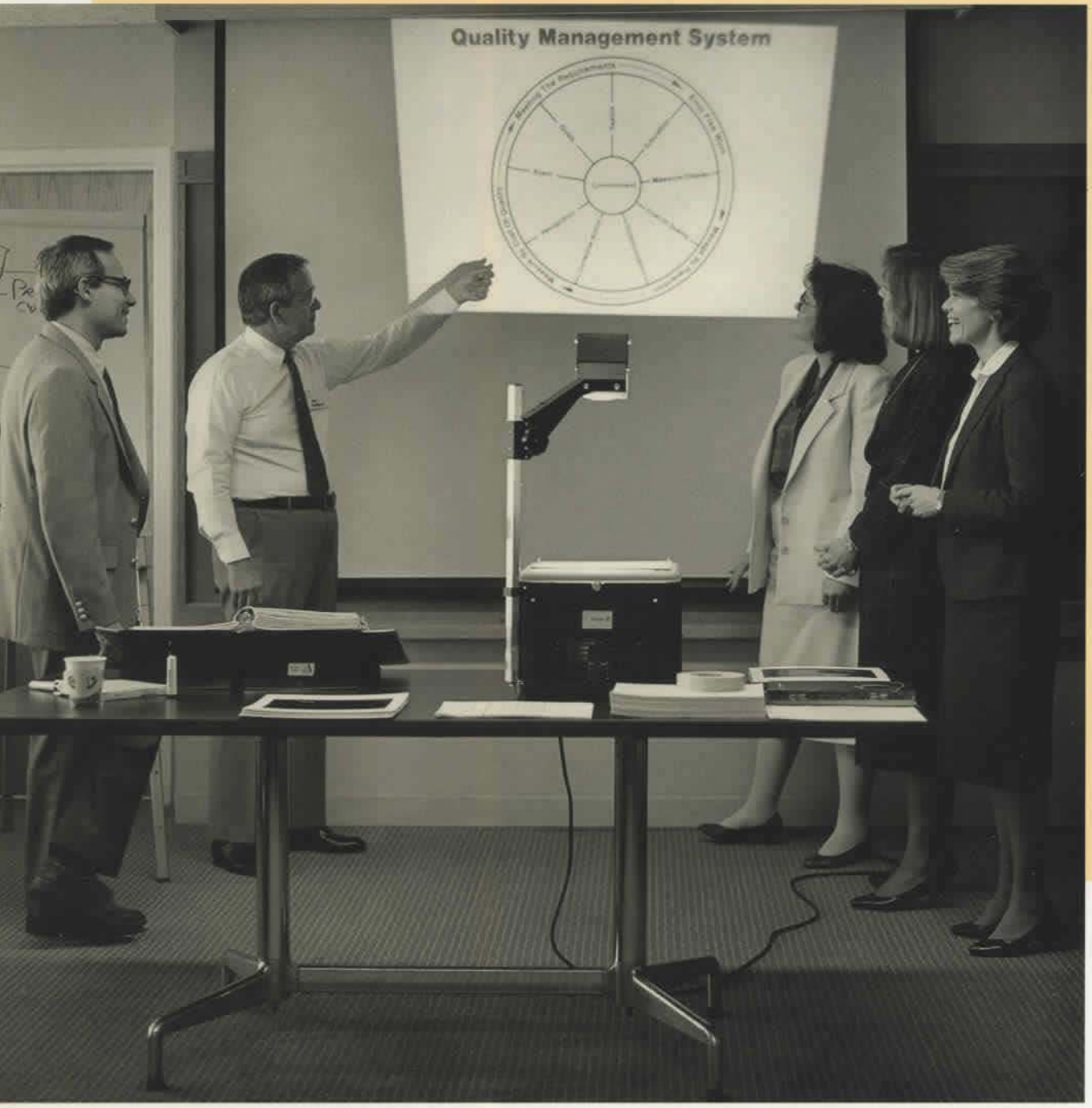
and demonstrate quality.

1987 Grant Commitments

The Hartford Foundation awarded thirteen grants under its Health Care Cost and Quality Program in 1987, for commitments totalling $4,516,571. Some of the thirteen grants fall within one, and some within both, of the Program's priority areas: *Reducing Inappropriate Medical Services* and *Systems to Measure and Manage Quality.*

Recent research has indicated that many admissions to hospital intensive care units (ICUs) may be inappropriate. Hartford Foundation support is making it possible for a team at the ICU Research Unit of George Washington University Medical School in Washington, D.C., led by Dr. William A. Knaus, to work on the development of a promising prototype model to aid physicians in deciding on ICU admissions. Below, Dr. Knaus (left) consults with Dr. Jack E. Zimmerman, Director of the Division of Intensive Care Medicine at the University's Medical Center, on the practical applications of this system.

With Hartford Foundation support to Boston's Harvard Community Health Plan, Dr. Donald A. Berwick (left) has matched quality management experts from industry with hospital administrators around the country to help the hospitals develop new approaches to health care quality management. Here, James R. Holland (second from left) draws on his years of quality management experience at Corning Glass Works to help representatives of Boston's Beth Israel Hospital, North Carolina Memorial Hospital, and The University of Michigan Medical Center explore new ways to address delays in patient discharges.



Center For Policy Studies
Minneapolis, MN
Robert D. Holmen
Dale V. Shaller

Implementation of the "Buy-Right" Strategy in Two or More Communities Across the Country

With Hartford Foundation support over the last four years, the Center for Policy Studies has developed the innovative "Buy-Right" approach to containing costs and insuring quality. Using that approach, communities 1) create competitive provider arrangements; 2) help purchasers and patients choose among the competitors on the basis of rigorously assessed quality in addition to price; and 3) set up public and private arrangements for the poor and uninsured to "buy right." The Hartford Foundation's current grant will permit testing the strategy in several carefully selected communities, augmenting local demonstrations already underway in Pennsylvania. $386,074 over two years.

Dartmouth Medical School
Hanover, NH
John E. Wennberg, M.D.

A Demonstration of Patient Informed Decision Making: Patients with Benign Hypertrophy of the Prostate

With Foundation support, Dr. John Wennberg has developed a methodology that permits analysis of the outcomes – and hence, the benefits and risks – of differing medical treatments. He now plans to apply that methodology to help patients make informed decisions as to the appropriateness of alternative treatments. Dr. Wennberg and his team will convey to patients suffering from benign hypertrophy of the prostate information on surgical and nonsurgical outcomes, helping them clarify their own feelings and evaluate their own preferences and circumstances, to make an informed choice as to treatment. Continuation of previous awards totalling $879,040 over five years; $629,340 over three years.

The George Washington University,
ICU Research Unit
Washington, D.C.
William A. Knaus, M.D.

Development of Prototype to Aid Physicians' Intensive Care Decisions

Intensive care units (ICUs) now account for approximately 7 percent of all U.S. hospital beds and 15-20 percent of hospital charges. Yet there has been little guidance to help physicians identify a range of situations in which ICU admission may not be necessary or beneficial. Dr. William Knaus and his colleagues in the ICU Research Unit of George Washington University have already developed a system for classifying severity of illness in ICU patients. Under this project, the Knaus team will attempt to adapt the system to make it of use in admissions decisions. The system will be most helpful to physicians in identifying those whose condition is not sufficiently severe to warrant intensive care, as well as those suffering such serious illness or injury that ICU treatment would be of no benefit. $533,615 over three years.

The George Washington University,
National Health Policy Forum
Washington, D.C.
Judith Miller Jones

National Health Policy Forum Meetings on Topics Related to Health Care Cost and Quality

The National Health Policy Forum was created in 1971 to assure that new ideas as well as the insights gleaned from practical experience are continuously infused into the country's health policymaking process. The Forum has played a strong role in bringing information from the cutting-edge of health care innovation to those who can apply that information to the task of building a socially accountable health care system. With Hartford Foundation support, the Forum will undertake up to five meetings of national experts and policymakers on topics related to health care cost containment and quality. $134,879 over two years.

Harvard Community Health Plan
Brookline Village, MA
Donald M. Berwick, M.D.

National Demonstration Project on Industrial Quality Control and Health Care Quality

Some elements of health care quality assurance have to be developed from scratch. As the purchasers and producers of health care turn more energy and resources to the measurement and monitoring of quality, however, we may save future time and effort if we try to build on the achievements of quality assurance in other industries. Under the direction of Dr. Donald Berwick, Harvard Community Health Plan will implement demonstrations that apply lessons gained in industrial quality control to the management of health care quality. The demonstrations will be carefully planned, executed, and assessed by small working groups of professionals from industrial quality control, medicine, and health care administration. $218,071 over eighteen months.

Joint Commission on Accreditation of Healthcare Organizations
Chicago, IL
James A. Prevost, M.D.

Improving Health Care Quality by Reducing Medical Uncertainty: A Feasibility Study

The Joint Commission on Accreditation of Healthcare Organizations certifies virtually all U.S. hospitals. Under this grant, the Commission will collaborate with leading health services researchers and several hospitals to develop better ways to analyze implications for quality in the differences among hospitals in delivering medical services. One purpose of the project is to address the medical uncertainty that may underlie those differences. Currently, most hospitals do not collect the kind of information that would be most useful for this analysis. Key to the effort, then, will be the development of practical systems to collect and interpret such data. $296,280 over eighteen months.

Midwest Business Group on Health
Chicago, IL
James D. Mortimer

Value-managed Health Care Purchasing

As purchasers continue to seek the best possible health care for their dollars, they will have to become more sophisticated in assessing the value of services. To do so, they must be able to evaluate effectiveness and efficiency. For years, the Midwest Business Group on Health has been assisting Midwestern employers in their efforts to contain health care costs. Under this project, the Group will explore and develop new ways for employers to apply value-oriented health care purchasing concepts. The project will include a review of the available tools for assessing medical care, and an evaluation of current health care purchasing approaches. $200,000 over one year.

National Academy of Sciences/ Institute of Medicine
Washington, D.C.
Bradford H. Gray, Ph. D.

Critical Evaluation of Utilization Management

Utilization management by public and private purchasers of health care is fast becoming an institutionalized part of our health care system. Through such methods as retrospective and concurrent review of clinical services and pre-authorization of hospitalization, utilization management seeks to limit the use of health care services to those procedures that are necessary and appropriate. With this grant, the Institute of Medicine will organize a special committee to analyze the strengths and weaknesses of different approaches to utilization management; identify needed safeguards; and recommend ways to improve the current state of the art. $300,000 over fifteen months.

Park Nicollet Medical Foundation
Minneapolis, MN
Jinnet Fowles, Ph. D.
Sheila T. Leatherman

Quality Assessment and Assurance in an HMO: The Managed Care Development Project

The Park Nicollet Medical Foundation and MedCenters Health Plan, a Health Maintenance Organization (HMO), are collaborating to strengthen the MedCenters' quality assurance system. They hope to develop the capacity to routinely monitor and analyze the appropriateness, quality, and results of inpatient and outpatient services for MedCenters' over 250,000 members throughout Minnesota and Western Wisconsin. Initially, their work will focus on prenatal care and treatment of asthma, diabetes, and breast cancer. $407,082 over two years.

The People-To-People Health Foundation
HEALTH AFFAIRS
Millwood, VA
John K. Iglehart

Publication of a Special Issue of Health Affairs *Devoted to Quality in Medical Care*

The United States is still in the early stages of developing the capacity to assure and assess the quality of its medical services. In the process, it must deal with such complex issues as the appropriateness of certain procedures, the need for better methods by which to monitor care, and the definition of quality. Those who need to understand these issues – including those responsible for purchasing services and those providing them – have not had a place to turn for a balanced discussion. Project HOPE, publisher of the quarterly journal *Health Affairs,* proposes to devote its Spring issue in 1988 to a thorough exploration of the quality of medical care in the United States. $75,000 over one year.

Rochester Area Hospitals Corporation
Rochester, NY
William J. Hall, M.D.
Robert J. Panzer, M.D.

Development and Evaluation of Severity Adjusted Outcome Measures in Assessing Hospital Inpatient Quality at the Community Level

Among the tools needed for assessing quality is one that measures severity of illness. With the aid of such a measurement, assessment of the result of inpatient care can take into account how sick the patient was when care commenced. One such severity measurement tool is MEDISGRPS. As hospitals around the country have begun to use MEDISGRPS in measuring quality, its validity and practicality are of increased concern. With this grant, the Rochester Area Hospitals Corporation will evaluate MEDISGRPS, including its cost effectiveness, for use on a multi-hospital basis to assist in community-wide quality assurance. $628,881 over 3 years.

Stanford University Medical Center
Stanford, CA
Harold C. Sox, Jr., M.D.

Multi-institutional Technology Assessment Consortium

Physicians are often uncertain as to which of many possible diagnostic tests are most appropriate. Addressing this problem, five leaders in technology assessment will collaborate in this project to strengthen the methodology for assessing the diagnostic tests for fourteen common internal medicine problems. They will disseminate their findings in a manner that helps physicians make well-informed decisions. In addition to the project coordinator, Harold Sox, those participating in the consortium are: Eric B. Larson, M.D., University of Washington; Albert G. Mulley, Jr., M.D., Harvard University; Alvin I. Mushlin, M.D., University of Rochester; and J. Sanford Schwartz, M.D., University of Pennsylvania. $501,868 over three years.

University of California,
Los Angeles
Los Angeles, CA
Robert H. Brook, M.D.
Albert L. Siu, M.D.

Monitoring the Quality of Care in Capitated Systems of Health Care

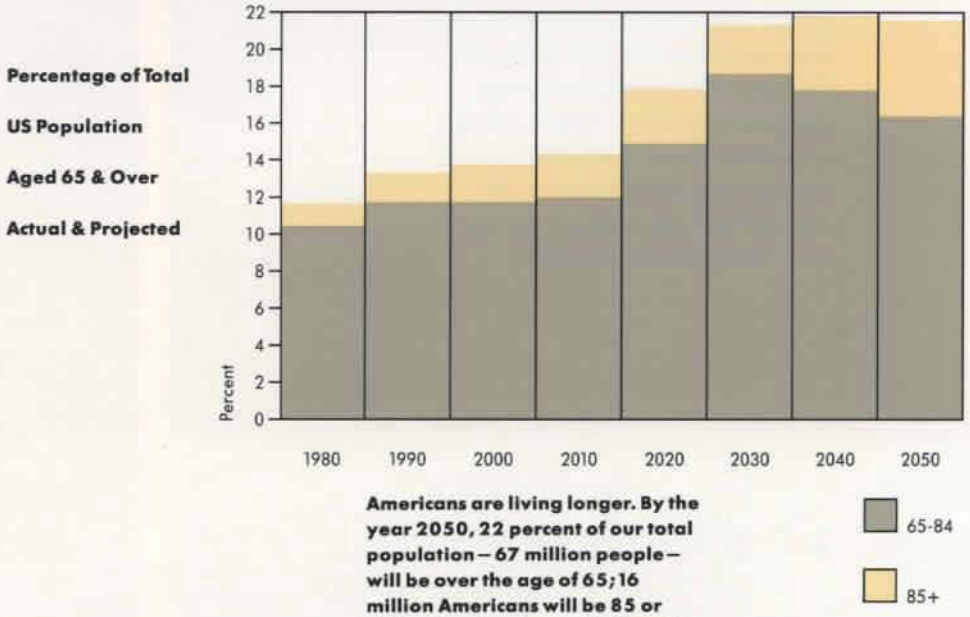
As growing numbers of Americans enroll in Health Maintenance Organizations (HMOs) and as health care becomes increasingly competitive, HMOs must be able to assure enrollees, payors, and regulators that they provide quality care. Also, their managers need the information and analysis by which to assure that quality. In collaboration with leading HMOs, Dr. Robert Brook and his colleagues at UCLA will undertake a project to develop and test a quality assessment system to serve this purpose. This grant provides for the first phase of the project, devoted to planning the system that will: 1) document the impact of preventive services; 2) identify possible problems related to access to care; 3) employ process and outcome measures of quality; and 4) assess the appropriateness of care. $205,481 over one year.

Aging and Health

One in eight Americans is 65 or over. By 2035, that figure will be one in five. People 85 and over are the fastest-growing age group in the nation: 2.7 million today, about 5 million by the year 2000, and at least 16 milllion – more than 5 percent of the population – by 2050.

Many of us may be aware of those figures, but those interested in health cannot be reminded too often of the coming demographic revolution. The aging of our population poses special challenges for our health care system. The prospect of Medicare's coverage of catastrophic costs and the increasing recognition of the need for long-term care insurance represent encouraging responses, but more will be required.

As individuals live longer, they are increasingly afflicted by chronic ailments. Some are minor and need little medical attention, but others can be severely disabling. Many cannot yet be



Americans are living longer. By the year 2050, 22 percent of our total population – 67 million people – will be over the age of 65; 16 million Americans will be 85 or older. Meeting the medical needs of these elderly will represent a significant challenge for our health care system.

Source: U.S. Bureau of the Census

Dr. David Little is one of 29 outstanding mid-career physicians who have received training under the Hartford Foundation Geriatric Faculty Development Award program at Johns Hopkins University, Harvard Medical School, Mount Sinai School of Medicine, or University of California, Los Angeles School of Medicine. Each program participant returns to his or her home institution to strengthen its program in geriatrics. As part of his year at Harvard, Dr. Little is an attending physician at the Hebrew Rehabilitation Center for the Aged in Boston. Here, he and nurse Lisa Perry are shown visiting with Esther Cohen, a resident of the Center.

There is growing consensus among health care professionals that home-based care of the frail elderly is preferable to nursing homes. Adult day care can help facilitate this approach providing health and custodial care only as needed. A Hartford Foundation grant to the University of North Carolina, Chapel Hill, supports Dr. William Weissert's development of a computer-based planning tool to aid communities in planning needed adult day care services, based on a national survey of such programs. Here, Dr. Weissert (standing) gets feedback on the usefulness of his software from Brian Pritchard in Vermont's Office on Aging.

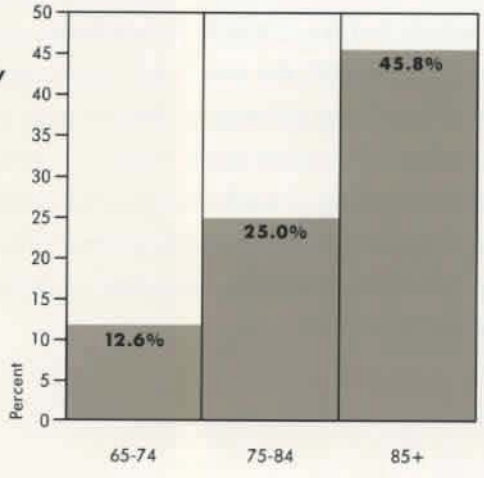
The aging of our population poses special challenges for our health care system. There have been encouraging developments in this area, but more will be required.

cured, but they require treatment aimed at helping individuals to function independently and productively for as long as possible.

Almost half of those age 85 or over suffer from some kind of disability, usually as a result of serious illness or a chronic condition. As this group – the so-called old-old – grows in number, it will place new demands on the management and financing of our health care system and test the limits of our medical knowledge.

It is the need to better respond to these challenges that inspires the Hartford Foundation's Aging and Health Program activities.

Percentage of Elderly with Disabilities By Age Group



A large number of our nation's elderly – almost 13 percent of those 65 to 74, and climbing to 46 percent of those over 85 – suffer from disabilities, and many of these disabilities require long-term treatment. We must be equipped to provide the best possible care for these patients.

Source: National Long-Term Care Survey, 1982

Academic Geriatrics

There is strong agreement that we need more physicians trained in geriatrics to care for our nation's elders. But now there are only about 250 full-time faculty members formally trained in that field, and less than twenty well-established geriatrics programs in our medical schools.

In June 1983, the Hartford Foundation initiated a program that provided the funds for one full year of training in geriatrics for mid-career medical school faculty wishing to teach in that area. The Foundation placed fellows at four training sites: Harvard University, Mount Sinai Medical Center, Johns Hopkins University, and the University of California, Los Angeles. Twenty-nine physicians received support during the program's three-year duration, and many have assumed leadership positions in academic geriatrics. By 1986, it had become apparent that even the successes of this mid-career training approach could not adequately meet the challenge at hand. Accordingly, the Foundation sought a new approach.

In 1986, the Institute of Medicine of the National Academy of Sciences, with Hartford Foundation support, convened the country's leading experts in geriatrics and gerontology to formulate a national strategy for strengthening academic geriatrics. The essence of the group's recommendations was to concentrate resources on the nation's leading geriatrics programs, "centers of excellence," which, in turn, could train academic geriatricians for other institutions. In 1987, the Hartford Foundation responded to the Institute of Medicine recommendations with a new program aimed at fostering innovative recruiting of prospective academic geriatricians for training in such centers of excellence. Ten outstanding programs were invited to submit proposals to the Foundation. All of those invited submitted proposals, which will be evaluated early in 1988.

Based on the success of its 1985 initiative to improve medication prescribing practices for the elderly, the Foundation in 1987 announced its continuing interest in this area.

Medications Problems of the Elderly

Though individuals over 65 years of age comprise about 12 percent of the U.S. population, they consume over 25 percent of all prescription drugs. A great deal of this medication is therapeutic, but it also can create problems. Numerous studies have documented the high frequency of hospital admissions related to adverse effects of medications. Many geriatricians consider drug toxicity to be the single most important reversible cause of the symptoms of "senility" in the elderly. Inappropriate use of drugs in nursing homes is particularly widespread.

Many – if not most – of the medications problems of the elderly could be avoided if the physicians prescribing the drugs applied state-of-the-art knowledge in geriatric pharmacology. There is a "knowledge gap," however, between ideal and real clinical practice. The need for the application of accurate information is equally great among nurses, pharmacists, and other health professionals. The principal challenge is finding ways to change prescribing practices, by finding practical methods to convey available information to the decision-makers.

In June 1985, the Hartford Foundation announced an initiative to meet this challenge. An expert advisory committee assisted the Foundation in evaluating the 210 proposals that were submitted, and in selecting the four projects that received support in 1986. All four projects are aimed at improving the prescribing of medications for the elderly by physicians. Those projects were described in detail in the Foundation's 1986 Annual Report.

Based on the success of the 1985 initiative and the continuing need to improve prescribing of medications for the elderly, the Foundation in 1987 announced its continuing interest in this area. In this second phase of the medications and the elderly initiative, proposals will be considered on a continuing basis over the next three years. It is expected that several grants will be awarded each year. Further information on the initiative can be obtained by writing the Foundation.

Organization and Financing of Long-Term Care

There was continued concern in 1987 that the organization and financing of long-term care for elderly Americans is inadequate. Many older individuals suffer from multiple ailments, sometimes chronic, sometimes acute. As a person's capacity to function independently begins to falter, he or she deserves the kind of care that preserves dignity, function, and contact with the community. We fall far short of that goal today. Nor have we resolved the question of who is to pay the cost of such care. In 1987, the Hartford Foundation's staff intensified its exploration of these issues, seeking to sharpen the focus of grant-making in this area.

1987 Grant Commitments

The Hartford Foundation awarded two grants under the Aging and Health Program in 1987, for commitments totalling $981,911. Both projects address the need to improve the organization and financing of long-term care for the elderly.

A Hartford Foundation grant to the University of Florida, Gainesville, is supporting a project to explore and improve the ways in which community pharmacists can assist both patients and their physicians in averting potential problems associated with drug use. Community pharmacist Sharon MacMahon (right) here draws on training she received from the University to assist Elizabeth Leslie (left) in choosing the appropriate "reminder system" for taking her medication. Ms. MacMahon also employs a computer to monitor her customer's drug use.

For over a decade, On Lok Senior Health Services in San Francisco has been meeting the medical, nutritional, therapeutic, and social needs of over 300 frail elders in its community, with a path-breaking prepaid HMO type of financing arrangement. With support from the Hartford Foundation and others, On Lok is now providing technical assistance to a number of organizations across the country seeking to replicate its successful approach in their own communities. Below, On Lok's Executive Director Marie-Louise Ansak (left) discusses plans to test the On Lok model in Boston with Ann Marie Giovino, Adult Day Health Director of the East Boston Geriatric Services Corporation.

Brandeis University
Waltham, MA
Walter N. Leutz, Ph. D.
John A. Capitman, Ph. D.

Project to Develop National Strategy for Strengthening Long-term Care of the Elderly, Based on Appraisal of Recent Innovations

The past ten years have generated significant innovation in the delivery of long-term care to the elderly. Yet there has been no overall appraisal of these experiments to pave the way for the next much-needed round of innovation. A team based at the Heller Graduate School's Health Policy Center at Brandeis University, in association with an expert advisory committee, will work to formulate a national strategy, based on such an appraisal, to strengthen long-term care policy and practice. Among the areas covered will be benefits, eligibility, organization of service delivery, financing, and relevant housing arrangements. $372,000 over two years.

On Lok Senior Health Services
San Francisco, CA
Rick T. Zawadski, Ph. D.

Technical Assistance for Replication of the On Lok Model of Community-based Long-term Care for the Elderly

With support from the Hartford Foundation and others, On Lok Senior Health Services has successfully demonstrated that the long-term care needs of the frail elderly can be met while allowing these patients to remain in their own community. With prepaid, capitated financing from Medicare and MediCal, On Lok assumes complete financial risk and provides all medical and social support services to its clients. This model is at least 5 percent less costly than traditional services. With this grant, On Lok will provide assistance to as many as six other community-based organizations around the country in their efforts to institute similar programs. $609,911 over three years.

Financial Summary

The annual financial statements, which have been audited by Arthur Andersen & Co., appear on pages 37 to 47.

On December 31, 1987, the Foundation's assets were $205.8 million, a decline of $1.5 million for the year, despite net withdrawals from the investment portfolio (in excess of additional assets received) of $8.5 million for grants, expenses and federal excise tax. Total return on the investments, income plus realized and unrealized capital gains was 2.2 percent. In 1987 revenues totalled $10.8 million, a yield of approximately 5 percent for the year.

The Foundation's investment objective continues to be securing maximum long-term total return on its investment portfolio so that we can maintain a strong grants program while assuring continued growth of our assets at a level greater than the rate of inflation.

In light of this objective, the Foundation took steps in 1987 to diversify its assets into investments that offer potentially greater rates of return. These new investments along with our previous investments in venture capital limited partnerships comprised approximately 3 percent of the portfolio at the end of 1987 versus about 2 percent at the prior year end. The stock and fixed income portfolios comprised 54 and 43 percent of the total investments at the end of 1987, compared with 56 and 42 percent on December 31, 1986.

As of December 31, 1987, the Foundation's investments are managed by Capital Guardian Trust Company, Towneley Capital Management, Sound Shore Management, Luther King Capital Management, Morgan Stanley Asset Management, and T. Rowe Price Associates. In addition, the Foundation is an investor in the Oak Investment Partners III, Brentwood Associates IV and Mayfield V venture capital limited partnerships, the Advent Realty Fund and Tullis-Cook Capital Focus limited partnerships. The Foundation is also an investor in United Meridian Corporation, a non-publicly traded company, and an equity mutual fund managed by Grantham, Mayo, Van Otterloo & Co. The Finance Committee and the Board of Trustees meet regularly with each of the investment managers to review their performance and discuss current investment policy. The Chase Manhattan Bank, N.A. is custodian for all the Foundation's securities. A complete listing of investments is available for review at the Foundation offices.

Auditors' Report

To The John A. Hartford Foundation, Inc.:

We have examined the balance sheets of The John A. Hartford Foundation, Inc. (a New York not-for-profit corporation) as of December 31, 1987 and 1986, and the related statements of revenues, grants and expenses and changes in fund balance for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of The John A. Hartford Foundation, Inc. as of December 31, 1987 and 1986, and the results of its operations and changes in its fund balance for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Our examinations were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The data contained in pages 41 to 47, inclusive, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

New York, New York
February 19, 1988

Arthur Andersen & Co.

Balance Sheets December 31, 1987 and 1986	1987	1986
Assets		
Cash in Operating Account	$ 1,433	$ 1,836
Interest and Dividends Receivable	1,562,258	1,509,399
Receivable for Pending Investment Sales	1,837,123	1,016,146
Bequest Receivable (Note 6)	275,000	600,000
Prepayments and Deposits	63,717	50,450
Investments, at quoted market prices (Notes 1 and 2):		
Short-term investments	22,829,076	17,475,756
Stocks	107,609,050	112,420,125
Long-term bonds	62,409,249	66,299,811
Venture capital partnerships	4,391,492	3,796,901
Other investments	1,300,001	—
Total investments	198,538,868	199,992,593
Program Loans Receivable	—	549,190
Office Condominium, Furniture and Equipment, (Net of accumulated depreciation of $340,343 in 1987 and $109,555 in 1986) (Note 3)	3,570,449	3,675,359
Total assets	$205,848,848	$207,394,973
Liabilities and Fund Balance		
Liabilities:		
Accounts Payable	$ 273,310	$ 334,393
Payable for Pending Investment Purchases	4,399,685	1,829,082
Federal Excise Tax Payable (Note 1):		
Current	—	319,726
Deferred	—	350,277
Grants Payable (Notes 1 and 5)	9,410,685	10,327,791
Total liabilities	14,083,680	13,161,269
Fund Balance	191,765,168	194,233,704
Total liabilities and fund balance	$205,848,848	$207,394,973

The accompanying notes to financial statements are an integral part of these balance sheets.

Statements of Revenues, Grants and Expenses and Changes in Fund Balance for the Years Ended December 31, 1987 and 1986

	1987	1986
Revenues:		
Dividends	$ 3,910,642	$ 3,510,213
Interest–		
Short-term investments	1,778,202	1,449,409
Long-term bonds	5,088,825	5,778,623
	10,777,669	10,738,245
Grants and Expenses:		
Grants awarded (less cancellations and refunds of $160,842 in 1987 and $466,108 in 1986) (Note 1)	5,843,639	4,005,336
Grant-related direct expenses	81,361	92,704
Federal excise tax on net investment income (Note 1)	196,703	97,945
Investment fees	886,429	878,414
Personnel salaries and benefits (Note 4)	660,251	640,374
Professional services	117,651	105,337
Office and other expenses	546,573	536,269
Depreciation	230,787	109,555
	8,563,394	6,465,934
Excess of revenues over grants and expenses	2,214,275	4,272,311
Net Realized and Change in Unrealized Gain (Loss) on Securities Transactions (Note 2)	(4,957,811)	21,936,024
Bequest from Distribution of Trust (Note 6)	275,000	2,100,000
Increase (decrease) in fund balance for the year	(2,468,536)	28,308,335
Fund Balance, beginning of year	194,233,704	165,925,369
Fund Balance, end of year	$191,765,168	$194,233,704

The accompanying notes to financial statements are an integral part of these statements.

Notes to Financial Statements – December 31, 1987 and 1986

(1) Summary of significant accounting policies:

Method of accounting

The accounts of the Foundation are maintained, and the accompanying financial statements have been prepared on the accrual basis of accounting. The liability for grants payable is recognized when specific grants are authorized by the Trustees and the recipients have been notified.

Investments

Investments in marketable securities are stated at quoted market prices, except that short-term investments are stated at cost, which approximates market. Investments in venture capital partnerships and other investments are carried at cost plus the Foundation's share of the undistributed earnings or losses.

Tax status

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as a "private foundation." The Foundation is subject to a two percent excise tax on net investment income, as defined. The applicable excise tax rate for 1987 was two percent. For 1986, the Foundation qualified for the one percent excise tax rate reduction which is available to private foundations which meet certain distribution requirements. Deferred Federal excise taxes payable are recorded on the unrealized appreciation of investments.

Fixed assets

The Foundation's office condominium, furniture and fixtures are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (office condominium – 20 years; office furniture and fixtures – 5 years).

(2) Investments:

The net gain on investments in 1987 is summarized as follows:

	Cost	Quoted Market Price	(Depreciation) Appreciation
Balance, December 31, 1987	$204,626,588	$198,538,868	($ 6,087,720)
Balance, December 31, 1986	$182,478,728	$199,992,593	$17,513,865
Decrease in unrealized appreciation during the year, net of decrease in deferred Federal excise tax of $350,277			($23,251,308)
Realized gain, net of provision for Federal excise tax of $373,337			18,293,497
Total net (loss)			($ 4,957,811)

The Foundation is a participant in three venture capital limited partnerships. As of December 31, 1987, $5,150,000 had been invested in these partnerships and future commitments for additional investment aggregated $850,000.

Other investments include $500,000 invested in two limited partnerships and an investment of $800,001 in convertible preferred stock of a closely held company. As of December 31, 1987, future commitments for additional investment in the two limited partnerships and the investment in the convertible preferred stock amounted to $3,500,000 and $1,200,000, respectively.

(3) Office condominium, furniture and equipment:

At December 31, 1987, the fixed assets of the Foundation were as follows:

Office condominum	$3,597,965
Furniture and equipment	312,827
	3,910,792
Less – Accumulated depreciation	340,343
Office condominium, furniture and equipment, net	$3,570,449

(4) Pension plan:

The Foundation has a defined contribution retirement plan covering all eligible employees. Pension expense under the plan for 1987 and 1986 amounted to $59,361 and $39,937, respectively. The Foundation's policy is to fund pension costs currently. There are no prior service costs. The Foundation also incurred additional pension costs of approximately $34,000 in 1987 and $50,000 in 1986 for payments to certain retirees who began employment with the Foundation prior to the initiation of the formal retirement plan.

(5) Grants payable:

The Foundation estimates that the grants payable balance as of December 31, 1987, will be paid as follows:

1988	$5,124,562
1989	2,567,768
1990	1,093,426
1991	624,929
	$9,410,685

(6) Bequest received:

During 1986, the Foundation was advised that it was named as the remainder beneficiary of the estate of Loretta B. Ehrgott, the wife of a former trustee. A total of $2,375,000 has been received from the trust, including $275,000 distributed to the Foundation in January, 1988.

(7) Foreign currency purchase commitments:

In connection with investments in foreign securities, the Foundation was obligated at December 31, 1987 and 1986, under short-term foreign currency forward purchase commitments aggregating $1,133,930 and $608,673, respectively.

Summary of Active Grants 1987

HEALTH CARE COST AND QUALITY	Balance Due January 1, 1987	Grants Authorized During Year	Amount Paid During Year	Balance Due December 31, 1987
Brigham and Women's Hospital Boston, MA Creation of a product cost accounting system for hospital management. Barbara J. McNeil, M.D., Ph.D.	$201,501		$119,551	$ 81,950
Center for Policy Studies Minneapolis, MN Implementation of the "Buy-Right" competition strategy in two or more communities across the country. Robert D. Holmen Dale V. Shaller		$386,074	187,456	198,618
Dartmouth Medical School Hanover, NH A renewal grant to study the outcome and quality of care associated with practice pattern variations. John E. Wennberg, M.D.	104,920		104,920	
Dartmouth Medical School Hanover, NH A demonstration of patient informed decision making: patients with benign hypertrophy of the prostate. John E. Wennberg, M.D.		629,340	147,240	482,100
Duke University Center for Health Policy Research and Education Durham, NC Expansion and dissemination of the Confidence Profile Method for assessing the effectiveness of health technologies. David M. Eddy, M.D., Ph.D.	447,124		148,711	298,413
The George Washington University Medical Center Washington, DC Development of prototype to aid physicians' intensive care decisions. William A. Knaus, M.D.		533,615	73,550	460,065
The George Washington University National Health Policy Forum Washington, DC National Health Policy Forum meetings on topics related to health care cost and quality. Judith Miller Jones		134,879	32,879	102,000

	Balance Due January 1, 1987	Grants Authorized During Year	Amount Paid During Year	Balance Due December 31, 1987
Harvard Community Health Plan Brookline Village, MA National demonstration project on industrial quality control and health care quality. Donald M. Berwick, M.D.		$218,071	$145,381	$ 72,690
Henry Ford Hospital Detroit, MI Pilot study for determining the feasibility of home treatment for children with infectious bacterial diseases. Edward B. Lewin, M.D.	$ 30,056		30,056	
Johns Hopkins University Baltimore, MD A renewal grant to the Center for Hospital Finance and Management which studies hospital reimbursement issues and provides technical assistance on payment issues to hospitals. Gerard F. Anderson, Ph.D.	200,000		200,000	
Joint Commission on Accreditation of Health Care Organizations Chicago, IL Improving health care quality by reducing medical uncertainty: a feasibility study. James A. Prevost, M.D.		$296,280	98,760	$197,520
Mayo Foundation Rochester, MN A renewal grant for the development of benchmarks for more cost-effective care. Fred T. Nobrega, M.D.	255,579		158,446	97,133
Midwest Business Group on Health Chicago, IL Value-managed health care purchasing. James D. Mortimer		200,000	100,000	100,000
National Academy of Sciences Institute of Medicine Critical evaluation of utilization management. Bradford H. Gray, Ph.D.		300,000	119,203	180,797
New England Medical Center Boston, MA Improving efficiency in the medical, surgical and pediatric units of a hospital. Peter Van Etten	50,000		50,000	
Park Nicollet Medical Foundation Minneapolis, MN Quality assessment and assurance in an HMO: the managed care development project. Jinnet Fowles, Ph.D. Sheila T. Leatherman		407,082	228,663	178,419

	Balance Due January 1, 1987	Grants Authorized During Year	Amount Paid During Year	Balance Due December 31, 1987
People-to-People Health Foundation Project HOPE Millwood, VA Health Affairs: a special issue on the quality of medical care. John K. Iglehart		$75,000	$37,500	37,500
Rochester Area Hospitals Corporation Rochester, NY Development and evaluation of severity adjusted outcome measures in assessing hospital inpatient quality at the community level. William J. Hall, M.D. Robert J. Panzer, M.D.		628,881	99,743	529,138
Stanford University Medical Center Stanford, CA Multi-institutional technology assessment consortium. Harold C. Sox, Jr., M.D.		501,868	83,169	418,699
University of California, Los Angeles Los Angeles, CA Monitoring the quality of care in capitated systems of health care. Robert H. Brook, M.D. Albert L. Siu, M.D.		205,481	53,304	152,177
University of Pennsylvania Philadelphia, PA Improving cost-effectiveness of physician practice patterns in hospitals. J. Sanford Schwartz, M.D.	$343,882		179,696	164,186
University of Rochester Rochester, NY Research and demonstration project to improve cost-effectiveness of outpatient care. Paul F. Griner, M.D.	281,129		183,398	97,731
Washington Business Group on Health National Association of Health Data Organizations Washington, DC A project to foster a more rational and uniform approach to data collection among state health care data agencies and others. Marlene Larks	189,879		60,121	129,758
Subtotal	$2,104,070	$4,516,571	$2,641,747	$3,978,894
AGING AND HEALTH				
Beth Israel Hospital Boston, MA Improving the use of medications in nursing homes. Jerome L. Avorn, M.D.	198,847		198,847	

	Balance Due January 1, 1987	Grants Authorized During Year	Amount Paid During Year	Balance Due December 31, 1987
Brandeis University **Heller Graduate School** Waltham, MA Project to develop national strategy for strengthening long-term care of the elderly, based on appraisal of recent innovations. Walter N. Leutz, Ph.D. John A. Capitman, Ph.D.		$372,000	$ 90,500	$281,500
Brigham and Women's Hospital Boston, MA Demonstration and evaluation of an outpatient geriatric assessment unit. Arnold M. Epstein, M.D.	$198,704		60,000	138,704
Community Care Organization of Milwaukee County, Inc. Milwaukee, WI Community effort to help senior citizens remain at home, avoiding premature or inappropriate institutionalization. Kirby G. Shoaf	291,500		121,500	170,000
Dartmouth Medical School Hanover, NH Development of a system to alert physicians to patients with suspected drug-related problems. John H. Wasson, M.D.	333,693		180,700	152,993
InterStudy Excelsior, MN A project to promote and facilitate further experimentation with long-term care services by HMOs. Cynthia L. Polich	300,000		100,000	200,000
Louis Harris and Associates, Inc. New York, NY National survey examining physician prescribing practices and subsequent compliance of older patients. Merl W. Baker	107,605		107,605	
On Lok Senior Health Services San Francisco, CA Technical assistance for replication of the On Lok model of community-based long term care for the elderly. Rick T. Zawadski, Ph.D.		609,911	201,192	408,719
United Seniors Consumer Cooperative Washington, DC A renewal grant to implement a comprehensive consumer health information program for older patients. James P. Firman, Ed.D.	104,613		104,613	

	Balance Due January 1, 1987	Grants Authorized During Year	Amount Paid During Year	Balance Due December 31, 1987
University of California, San Francisco San Francisco, CA Use of hospital pharmacists to coordinate and review older patients' prescriptions. Helene Levens Lipton, Ph.D.	$433,208		$171,503	$261,705
University of Florida, Gainesville Gainesville, FL Training of community pharmacists in addressing medications problems among the elderly. Carole L. Kimberlin, Ph.D.	323,394		107,772	215,622
University of Minnesota Minneapolis, MN Development of a drug audit system for use in HMOs serving elderly patients on multiple medications. Thomas Choi, Ph.D./Robert Kane, M.D.	287,250		121,016	166,234
University of North Carolina Chapel Hill, NC A national review of adult day care programs to develop a state-of-the-art planning model for effective program designs. William Weissert, Ph.D.	82,407		82,407	

HARTFORD GERIATRIC FACULTY DEVELOPMENT AWARDS

Implementation and operation of a training program for mid-career physicians who are retraining for academic careers in geriatrics.				
Harvard Medical School Boston, MA John W. Rowe, M.D.	80,000		80,000	
Johns Hopkins University School of Medicine Baltimore, MD John R. Burton, M.D.	80,000		80,000	
Mount Sinai School of Medicine New York, NY Robert N. Butler, M.D.	40,000		40,000	
UCLA School of Medicine Los Angeles, CA David H. Solomon, M.D.	120,000		120,000	

1986 – 87 HARTFORD SCHOLARS

Partial salary support for the selected mid-career physicians who are retraining for academic careers in geriatrics. (See page 49 for list of others, for whom no payments were made in 1987.)				
Baylor College of Medicine Houston, TX Richard W. Demmler, M.D.	25,000		25,000	

	Balance Due January 1, 1987	Grants Authorized During Year	Amount Paid During Year	Balance Due December 31, 1987
East Carolina University School of Medicine Greenville, NC Eugene D. Furth, M.D.	$25,000		$25,000	
Eastern Virginia Medical School Norfolk, VA William A. Steiger, M.D.	25,000		25,000	
1987 – 88 HARTFORD SCHOLARS				
Brown University Program in Medicine Providence, RI David B. Reuben, M.D.	55,000		55,000	
St. Louis University School of Medicine St. Louis, MO Douglas Kent Miller, M.D.	55,000		55,000	
University of Mississippi Medical Center Jackson, MS David Raymond Thomas, M.D.	55,000		55,000	
University of South Florida College of Medicine Tampa, FL Bruce E. Robinson, M.D.	55,000		55,000	
University of Tennessee College of Medicine Chattanooga, TN Ann Harris Rybolt, M.D.	55,000		55,000	
University of Vermont College of Medicine Burlington, VT David Nelson Little, M.D.	55,000		55,000	
Subtotal	$3,386,221	$981,911	$2,372,655	$1,995,477
DEVELOPMENT OF BIOMEDICAL TECHNOLOGY				
University of Texas Health Science Center at Dallas Dallas, TX Model to channel research into the business community for more rapid commercial application, and return a majority of profits to the University. William B. Neaves, Ph.D.	2,875,000		250,071	2,624,929
Subtotal	$2,875,000		$250,071	$2,624,929
HARTFORD FELLOWS PROGRAM				
Fellowships Starting in 1985	510,300	12,150	522,450	
Fellowships Starting in 1986	1,166,400		583,200	583,200
Subtotal	$1,676,700	$12,150	$1,105,650	$583,200

OTHER	Balance Due January 1, 1987	Grants Authorized During Year	Amount Paid During Year	Balance Due December 31, 1987
American Institute of Medical Preventics Albany, CA		$150,000	$75,000	$75,000
Americas Society New York, NY		10,000	10,000	
Educational Broadcasting Corporation New York, NY		50,000		50,000
The Foundation Center New York, NY		5,000	5,000	
Grantmakers in Health New York, NY		5,000	5,000	
National Foundation for Facial Reconstruction New York, NY	$166,940		63,755	103,185
New York Regional Association of Grantmakers New York, NY		7,200	7,200	
Pennsylvania Hospital Philadelphia, PA		1,000	1,000	
Presbyterian Homes, Inc. Camp Hill, PA		25,000	25,000	
Matching Grants*		240,649	240,649	
Subtotal	$166,940	$493,849	$432,604	$228,185
Grants Cancelled or Refunded	$118,860	($160,842)	($41,982)	
Total (All Grants)	$10,327,791	$5,843,639	$6,760,745	$9,410,685

*Grants made under the Foundation's program for matching charitable contributions of Trustees and employees.

Additional Active Projects

(Grants and program related investments still active in 1987, but no Foundation payout remaining.)

HEALTH CARE COST AND QUALITY

American Academy of Pediatrics
Elk Grove Village, IL
An experiment to test the relative merits of a health care reimbursement plan for Medicaid children in which doctors are prepaid.
Gretchen V. Fleming, Ph.D.
1983; $373,428; 3 years, 6 months

InterStudy
Excelsior, MN
A six-month feasibility study to identify and determine the acceptability of mechanisms that could facilitate the setting of standards among major health care organizations.
Paul M. Ellwood, Jr., M.D.
1986; $50,000; 6 months

People-to-People Health Foundation
Millwood, VA
Evaluation of selected employer initiatives to control health costs.
Burton Dunlop, Ph.D.
1984; $50,000; 3 years, 3 months

University of California, Los Angeles
Los Angeles, CA
A renewal grant to conclude a three-year comprehensive national study of variations in clinical practices.
Robert H. Brook, M.D.
1983; $425,000; 3 years

Yale University
New Haven, CT
Demonstration of controlling costly hospital admissions from the emergency room for patients with suspected heart attacks or serious head injuries.
Donald A. Brand, Ph.D.
1985; $240,000; 2 years

AGING AND HEALTH

Brookings Institution
Washington, DC
Major national study examining ways to improve the financing and organization of long-term care for frail elderly.
Alice M. Rivlin, Ph.D.
1984; $70,000; 2 years, 6 months

The Gerontological Society of America
Washington, DC
Publication of a biennial report which documents trends in income, health, and demographics among the elderly, and identifies research and program options.
Eric R. Kingson, Ph.D.
1984; $50,000; 1 year, 6 months; and $50,000 loan

Mount Sinai School of Medicine
New York, NY
Development and implementation of an ambulatory care clinic for the prevention and treatment of mobility problems.
Arthur Kay, M.D.
1984; $300,000; 2 years, 6 months

Philadelphia Geriatric Center
Philadelphia, PA
A renewal grant to continue demonstration and evaluation of a respite program for family caregivers of Alzheimer's patients.
Elaine M. Brody
1985; $295,669; 2 years

Research Foundation of CUNY
New York, NY
Development of an inter-generational life history program.
Rose Dobrof, D.S.W.
1985; $244,791; 1 year, 9 months

HARTFORD GERIATRIC FACULTY DEVELOPMENT AWARDS PROGRAM

1986-87 SCHOLARS

Medical College of Virginia
Richmond, VA
Robert B. Scott, M.D.

Olive View County Hospital
Sylmar, CA
Fran E. Kaiser, M.D.

SUNY/Buffalo School of Medicine
Buffalo, NY
John A. Edwards, M.D.

University of Connecticut School of Medicine
Farmington, CT
James E.C. Walker, M.D.

University of Texas Medical School
Houston, TX
Cheves M. Smythe, M.D.

DEVELOPMENT OF BIOMEDICAL TECHNOLOGY

University of California, San Diego School of Medicine
La Jolla, CA
Study to improve the University's present system of biotechnology transfer of its research.
Oliver W. Jones, M.D.
1986; $159,696; 1 year, 7 months

ENERGY

Energy Conservation and Facilities Management Corporation
New York, NY
Energy Conservation Capital Fund for non-profit organizations.
Clara Miller
1981; $250,000 loan

The Health Services Improvement Fund, Inc.
New York, NY
Hospital Energy Efficiency Capital Fund.
Kenneth Weiner
1981; $750,000 loan

Application Procedures

Organizations seeking grant awards from the Foundation may submit proposals at any time. No formal application forms are required, but proposed projects should be consistent with the Foundation's interests and within the scale of other Foundation-supported activities. The scope and purposes of the Foundation's grant programs are described in this Report.

Within each program area, preference will be given to projects that seek to demonstrate and evaluate specific innovative solutions to clearly defined problems, with emphasis on projects that, if successful, can serve as models for other organizations or decision-makers facing similar problems. Support is not provided for general research or for general activities not clearly linked to specific objectives.

To apply for support, please submit a brief letter describing the proposed project. If a project is adequately described in a prepared proposal, the Foundation will accept the proposal for review without further introduction, but if a proposal must be prepared, applicants are strongly encouraged to describe the activity first in a letter of inquiry.

Project descriptions and proposals should be concise and should outline the nature and importance of the problem to be addressed; the specific solution to be designed or evaluated; how the proposed solution differs from other projects addressing the same problem; what the unique contributions of the project are anticipated to be; the criteria for measuring the project's success; the relevant experience and expertise of the persons and organizations proposing to conduct and sponsor the project; and the funds required.

The Foundation makes grants only to organizations in the United States having tax exempt status under Section 501(c)(3) of the Internal Revenue Code, and to those that are not private foundations within the meaning of Section 509(a) of the Code, or in

the absence of such a determination, to a State or any political subdivision thereof within the meaning of Section 170(c)(1) of the code, or a state college or university. The Foundation does not make grants to individuals.

Initial inquiries should be made at least six months before funding is needed. The proposed project will be reviewed by members of the Foundation's staff and possibly by outside reviewers. You will be notified of the results of this review in approximately one month and may be asked to supply additional information. The Foundation rarely provides support for periods longer than three years.

Program-Related Investments

The Foundation sometimes provides conventional financing on a loan, guarantee, or equity basis to organizations working in its program areas. Organizations conducting work in the Foundation's program areas are encouraged to inquire about the possibility of a program-related investment.

Further Information

Inquiries about the Foundation's programs should be addressed to:

Program Director
The John A. Hartford Foundation, Inc.
55 East 59th Street
New York, NY 10022
Phone: (212) 832-7788

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