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Understanding Health Equity

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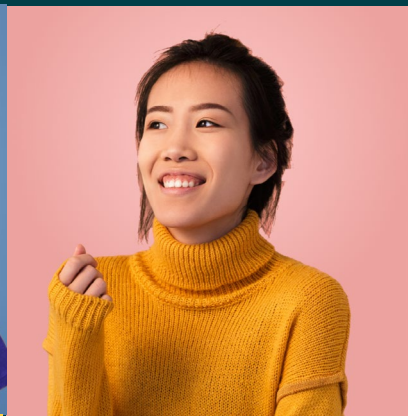


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What is health equity?

In short, health equity exists when every person has the same opportunity to get care and be as healthy as possible.

Everyone deserves an equal opportunity to be healthy. Unfortunately, much of the U.S. healthcare system has complex obstacles to health. Your access to health care can vary based on your geographic location, age, race, and more.

As a small business offering health care, you have an opportunity to provide employees with health plans that are equitable and fair. You'll likely improve your bottom line as a result too.

This guide aims to help small businesses better understand health equity and their role in offering fairer care.

Robert Wood Johnson Foundation (RWJF) [provides the following full definition](#):

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"Health equity means that everyone has a fair and just opportunity to be as healthy as possible. This requires removing obstacles to health such as poverty, discrimination, and their consequences, including powerlessness and lack of access to good jobs with fair pay, quality education and housing, safe environments, and health care.

Let's break this definition down further.

“Everyone” or “every person” includes those who have historically been marginalized by their:

- Age
- Dis/ability
- Education
- Employment
- Ethnicity
- Gender
- Geographic location
- Income
- Mental health
- Race
- Sexual orientation
- Veteran status

... and any other identifying characteristics that may impact a person's access to care.

“Care” refers to more than the services provided in a doctor's appointment. It also [refers to the allocation of power and resources](#) within the healthcare system. That includes how goods, services, and societal efforts are all distributed.

The Office of Disease Prevention and Health Promotion groups determinants of “health” into five buckets:

1. Economic stability through things like employment or food and housing security.
2. Education across a person's lifetime.
3. Social and community context, including a person's experience with discrimination.
4. Health and access to health care providers and plans.
5. Environment through things like access to food, safety, and air and water quality.

Examples of health inequity

2.3x

African American infants have [2.3 times the infant mortality rate](#) as non-Hispanic white infants.

2x

Native Americans have [diabetes rates more than two times the white rate](#), and Mexican Americans are two times more likely than whites to be diagnosed with diabetes.

1/3

One-third of all car accidents occur [in rural areas](#), with two-thirds of deaths attributed to those accidents occurring on rural roads.



**15
years**

The life expectancy in the U.S. can [vary by 15 years](#), depending on a person's income level, education, and geographic location.

The status of the U.S.'s health equity today

Achieving health equity is more than just a moral initiative. It has economic and legal implications as well.

17%

of U.S. GDP is spent on health care, yet the U.S. ranks last in health equity [among 11 industrialized countries](#), despite having the most expensive health care system.

62 provisions

for health equity were [included in the Affordable Care Act \(ACA\)](#) to reduce and end health disparities among minorities and vulnerable populations.

HEAA

In 2020, the Senate introduced legislation called the Health Equity and Accountability Act (HEAA) of 2020 to combat health inequities. The legislation provides policy solutions designed to end racial and ethnic health disparities. It would also put policies in place to support health equity, such as better data collection, a diversified health care workforce, and expanded health care services. However, as of Spring 2021, it has not yet been brought up for a vote.

**\$42
billion**

is spent per year in [lost productivity](#) due to racial health disparities.

\$93 billion

is spent per year in [excess medical spending](#) due to racial health disparities.

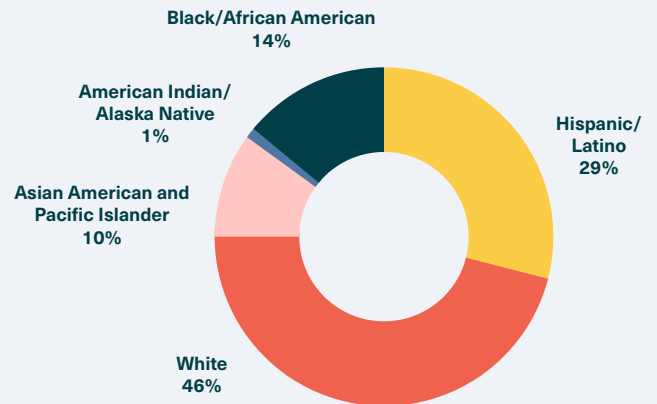
\$8 trillion

in U.S. GDP [could be gained by 2050](#) by closing the U.S. racial equity gap (That's more than the GDP of every country in the world, except the U.S. and China!).

1/3

of the U.S. population is represented by racial and ethnic minorities, who will become a majority by 2050. But [they generally have worse health outcomes](#) than non-Hispanic white people.

2050 Working Age Population



Health equity's effect on health care costs

Unsurprisingly, health inequities have a direct impact on the cost of health care in the U.S.

The cost of health inequities

Health inequities mean people have less access to preventative care, screenings, and diagnoses. Doing so can lead to higher rates of chronic conditions and preventable diseases like diabetes — not to mention higher morbidity and mortality rates. It also leads to lost productivity, as people try to live per usual while dealing with untreated health challenges.

90%

[90% of the U.S.' \\$3.8 trillion](#) in annual health care expenditures are for people with chronic and mental health conditions.

Ultimately, this leads to a greater reliance on emergency

services and higher-cost treatments that could have been avoided with preventative care.

2/3

[Two-thirds of emergency department visits](#) are "avoidable," and the average cost of a visit exceeds \$2,000.

Unsurprisingly, this all leads to higher health care prices. [Eighty-six percent of health care costs](#) are attributable to chronic disease. With the cost of health care listed as the top challenge for small businesses, this begs the question: Can improved health equity increase preventative care and, thus, lower health care costs?

The short answer: Yes!

The potential savings of health equity

Improving health equity can lead to more preventative care, fewer unnecessary and expensive treatments, and lower costs associated with health care.

If someone has equal access to health care opportunities, that person is more likely to get proactive and preventative treatments, saving money and lives. For example, here's a chart of the cost savings of some preventative treatments [from ASTHO, the Association of State and Territorial Health Officials](#).

For every \$1 spent on:	We save:
Water fluoridation	\$38 in dental treatments costs
Preconception care programs for woman with diabetes	\$5.19 by preventing costly complications in both mothers and babies
School-based HIV/STD and pregnancy prevention programs	\$4.65 in medical and social costs

Advantages of health equity for small businesses

Small business owners [employ more than 47% of the private-sector workforce](#) and are trusted members of their communities. A small business's employee base will include people who experience health inequities.

Promoting health equity is a critical way for employers to support their employee base while strengthening their business. Doing so goes beyond offering equitable health insurance to employees (although that is critical). It also involves supporting general workplace wellness and assuming corporate and social responsibility for the community's wellbeing.

Small businesses will see two primary benefits if they tackle health equity in this comprehensive way.

1. Save on health care costs

Health care costs for small businesses are rising, and it's an ever-increasing challenge for employers to offer affordable, high-quality benefits.

[Health benefits costs](#) are rising at **2X** the rate of wage increases and at **3X** general inflation.

Offering health insurance that is as equitable as possible is one way to cut costs. When health care is more equitable, every employee has quality access to preventative and diagnostic care. This means all employees can detect and treat many preventative health issues — avoiding costly treatments down the road if those health issues had progressed. For employers, this can lead to lower premiums to save the business money.



For [every dollar spent in workplace health promotion](#), the employer saves more than a dollar.

2. Support employee health and productivity

Employees who receive inadequate care have [increased rates of absenteeism and presenteeism](#), or going to work while sick or injured. And historically, [minority workers are at greater risk for increased absenteeism and presenteeism](#) — while facing fewer opportunities for professional growth and promotion. All of this leads to decreased productivity.

The total cost of employee absences is [more than 4X the total medical payment](#) — in fact, absence-related costs amount to 76% of net income.

For small businesses especially, it's critical to the bottom line that every employee be healthy and motivated to do their best. Providing equal and unilateral access to care can nip preventable injuries and diseases in the bud. That way, every employee can stay at 100%, and your business can continue its forward progress.

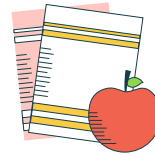


Healthier employees are [less likely to call in sick](#) or use PTO due to illness.

3. Improve the community's wellbeing

A small business's health is impacted by the health of its community. Small businesses rely on the local workforce to build their teams. They play a role in local economic growth, which, in turn, positively impacts their business's reputation. And they can contribute to pride in a community's business opportunities and advancements, leading to better consumer and employee loyalty.

Unsurprisingly, investing in their community's health equity will benefit the business too.



There is a [\\$10 return in reduced health care costs](#) for every dollar invested in food and nutrition education.

Business' role in promoting health equity

The U.S. is seeing more and more employers step up to promote health equity, with larger corporations taking the lead. The coronavirus pandemic has only accelerated corporations' work: [40% of S&P 500 companies](#) discussed diversity in their Q2 2020 earnings calls, compared to 4% in Q1.

Their increased attention makes sense; health equity impacts the U.S. economy at the highest level.

In short, doing nothing to improve health equity has direct implications on all businesses across the U.S. and the economy at large. The projected economic burden of health disparities in the U.S. will be \$353 billion by 2050 if disparities remain unchanged.

Health care systems' role in improving health equity

Employer-sponsored health insurance has a significant influence on the state of health care in the U.S.

49%

[Forty-nine percent of Americans](#) are enrolled in employer-sponsored health insurance.

The role that health insurance companies and health care providers play in achieving health equity is critical. Thankfully, as explained earlier, health equity is more than a moral issue — it's an economic one that can positively impact health care providers' bottom lines.

When looking to offer health care as a small business, look to see if your considered provider has invested in any (or all) of the below initiatives.



Value-based care (VBC)

VBC is a payment structure that gives incentive payments to providers based on the quality of the care. This structure helps motivate providers to improve their offerings.



Provider-led structures or processes to tackle inequities

Look for providers that have implemented leadership roles, committees, or even measurable goals around improving equity in their plans. Their efforts should go well beyond enhancing diversity in their hiring pipelines and into the general wellbeing of their employees and communities.



A more diverse network of practitioners

Patients are [more likely to seek early care](#) from practitioners who look like them. Therefore, health insurance providers have a responsibility to offer networks that match the communities they serve. Ideally, providers have also taken concrete steps to improve social determinants of health through changes to their networks.



Partnerships with community organizations

Community organizations are often the gatekeepers of their community's determinants of health (which we covered in the section [What is Health Equity?](#)). Providers that partner with these organizations show a dedication to addressing those determinants of health.



24/7 digital care

Leveraging technology such as offering Telehealth, creating online portals, and publishing a "find a doctor" feature makes it easier for everyone on a plan to access care.

When will health equity be achieved?

[According to RWJF](#), health equity will be achieved...

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"When everyone has the opportunity to attain full health potential, and no one is disadvantaged from achieving this potential because of social position or any other socially defined circumstance."

Achieving health equity is an ongoing initiative, and one that is never finished. But the benefits abound with each step closer we come to reaching true equity, for those receiving health care and for those offering it.

To learn more about achieving health equity, consider looking at the work done by these organizations:

- [Robert Wood Johnson Foundation \(RWJF\)](#)
- [The American Public Health Association \(APHA\)](#)
- [National Center for Chronic Disease Prevention and Health Promotion \(NCCDPHP\)](#)

How to offer better, more affordable care to your employees

These resources may be a good place to start:

- [eBook: The Small Business Guide to Offering Employee Benefits](#)
- [Sana's Blog: We cover insurance 101 for small businesses to help you feel informed.](#)
- [Why Sana: How we're helping small businesses offer health care that's affordable, accessible, and understandable.](#)

If you're interested in learning more about Sana's value-based care approach to health insurance, [click here](#).

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