



The Power and Purpose of Advancing Health Equity

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2020 was an inflection point in U.S. healthcare as two events coincided to accelerate conversations about health equity. First, the COVID-19 pandemic illuminated the vulnerable underbelly of health disparity as Black, Hispanic, and American Indian populations were four times more likely to be hospitalized and over two times more likely to die from COVID-19 than white patients.¹ Then the May 2020 death of a Black man, George Floyd, Jr., after a white police officer knelt on his neck while he was in police custody in Minneapolis, fueled intense conversations about racism in America. Together, these events created unprecedented urgency around the role of hospitals in addressing the impact of racism on health status and in driving health equity.

As board leaders for an independent hospital, leading the journey to address health equity begins with defining the problem, understanding the human and financial rationale for addressing it, and engaging the partners needed to create sustainable solutions.

Unpacking Health Equity

Today in the United States, widespread differences in health status—such as illness, disability, or mortality— are closely linked to race, ethnicity, socioeconomic status, gender, sexual identity, and more. Health inequity is largely fueled by consistent and avoidable differences in access to resources and support, and results in health disparities such as increased rates of heart disease, cancer, diabetes, and asthma as well as drug abuse and violence.² The U.S. Department of Health and Human Services

1 See www.cdc.gov/coronavirus/2019-ncov/covid-data/investigations-discovery/hospitalization-death-by-race-ethnicity.html.

2 Alvin Powell, "The costs of inequality: Money = quality health care = longer life," *The Harvard Gazette*, February 22, 2016.

notes inequities are “unfair, unjust, avoidable, or unnecessary” conditions that can be “reduced or remedied.”³

While independent hospitals place a keen focus on providing access to high quality, culturally competent healthcare, as much as 80 percent of a person’s health is shaped by factors outside the influence or scope of the traditional hospital.⁴ These include individual risk factors such as behavior or genetics and “social determinants of health.”

Social determinants of health are social, economic, and environmental factors that shape the conditions in which a person is born, lives, works, and plays. Social determinants and related social needs are manifested in things like access to healthy, affordable food; safe, stable, and affordable housing; reliable transportation; safe places to play, and clean water. The differences people experience in these areas are deeply intertwined with socioeconomic status, educational attainment, and social power—so social determinants are often deeply intertwined with structural racism. Since social

→ Key Board Takeaways

As your hospital advances a strategy to address health equity, use the following discussion questions to determine which valuable efforts can be undertaken by the board:

- What does health equity look like to our organization and the community we serve? How is it aligned with our mission? What is our role and obligation in health equity? How will we determine success in health equity?
- Based on the results from our Community Health Needs Assessment, what are pressure points and opportunities in our community that our board can strategically address?
- Are there ways our community benefit spending could be more strategically deployed to achieve health equity?
- How can our board bring a trusted, objective, and authoritative voice to sharing the hospital’s vision for impact with potential donors and funders?
- How can our board leverage their influence and connections to facilitate collective solutions using community partnerships?

3 Health Resources and Services Administration, Office of Health Equity, *Health Equity Report 2017*, U.S. Department of Health and Human Services, 2018.

4 See www.countyhealthrankings.org/explore-health-rankings/measures-data-sources/county-health-rankings-model.

determinants strongly drive health status, health systems must tackle these root causes of poor health to truly elevate health status.

Amplified conversations about addressing disparities come at a time when independent hospitals are already reimagining their roles. While hospitals have traditionally treated illness and injury, they now perceive their essential involvement in “going upstream” to address prevention and social needs in order to elevate individual and community health status. In this emerging paradigm, there are significant vulnerabilities if hospitals fail to address health equity. Today, overall health status and healthcare in the U.S. ranks below that of dozens of other countries based on measures including mortality, disease burden, treatment outcomes, and more.⁵ One of the obstacles frequently cited to explain the United States’ low rankings is the consistency and severity of health disparities.

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Exploring the Financial Rationale for Change

There is a powerful financial argument for addressing health equity. Today, the United States spends more on healthcare than any other country in the world—and without having the health status to show for it. U.S. healthcare costs represent 17 percent of the value of all goods and services produced within our country in one year—also known as our Gross Domestic Product or GDP. This 17 percent spend is 50 percent more than the next highest spender, France, which spends 11.6 percent.⁶ This equates to the U.S. spending more than \$9,000 per American per year on healthcare while most developed nations spend \$3,000 to \$6,000 per person per year.⁷ Further, a significant percentage of this annual spend is associated with racial health disparities including “an estimated \$35 billion in excess healthcare expenditures.”⁸

5 Nisha Kurani, Daniel McDermott, Nicolas Shanosky, “How does the quality of the U.S. healthcare system compare to other countries?,” *Peterson-KFF Health System Tracker*, August 20, 2020.

6 David Squires and Chloe Anderson, “U.S. Health Care from a Global Perspective,” *The Commonwealth Fund*, October 8, 2015.

7 *Ibid.*

8 John Z. Ayanian, M.D., “The Costs of Racial Disparities in Health Care,” *Harvard Business Review*, October 1, 2015.

While there are clear financial benefits at the macro level, independent hospitals must reconcile this opportunity with their current reality. Today, financial incentives for most independent hospitals are not currently aligned with prioritizing community health. While the U.S. is moving toward a paradigm where hospitals are compensated based upon *value* rather than *volume*, many independent hospitals today still exist in a volume-driven, fee-for-service world, so reducing utilization reduces revenue. When hospital financial margins are already fragile, this provides a disincentive to proactively pursue community health. However, this disconnect makes it more important for independent hospital boards to discuss their philosophy and strategy in this space. Over time, addressing disparities will not only reduce the total cost of care but also support appropriate utilization of services and more whole care for patients. However, with many independent hospitals facing flagging bottom lines, there are critical conversations to have about how to balance the short game with the long game.

Independent hospitals have a significant opportunity to advance collaborative solutions to address health equity. Already, many hospitals serve as anchor organizations for community health partnerships by virtue of having the data, resources, organizational capacity, and expertise to provide leadership in this space.

Embracing the Opportunity for Collaboration

Independent hospitals have a significant opportunity to advance collaborative solutions to address health equity. Already, many hospitals serve as anchor organizations for community health partnerships by virtue of having the data, resources, organizational capacity, and expertise to provide leadership in this space. However, COVID-19 has now pushed health issues to the top of the agenda for many governments, corporations, community agencies, funders, and others—and independent hospitals are ideally positioned to leverage this local interest given often tight-knit relationships with and access to key players within the community served. Therefore, boards should consider how to harness this new level of community consciousness about the importance of health to accelerate the creation and expansion of partnerships and to craft holistic solutions to pervasive problems. Facilitating the involvement of local governments and community non-profits—from food banks to homeless shelters to school systems—to create a continuum of services and care is a natural opportunity for the independent hospital to pursue now. Pulling together the threads of a community to have a shared

vision for impact and to harness the power of many resources, agencies, leaders, and funders can be catalytic in driving real and sustainable change.

Taking Action as Leaders

As your hospital advances a strategy to address health equity, there are many valuable efforts that can be undertaken by the board.

- Discuss what achieving “health equity” means to the board, to the hospital, and to the community the hospital serves. What does it look like? How is it aligned with the organizational mission? What is the hospital’s role and obligation in this space? How will you know when you have been successful?
- Understand priorities outlined in the hospital’s Community Health Needs Assessment. All non-profit hospitals must complete one every three years and file an implementation plan. What are the pressure points and opportunities in your community that the board must position to strategically address?
- Evaluate the health organization’s current “community benefit” spending. All tax-exempt hospitals are required to provide goods and services to address community health in lieu of paying federal, state, and local taxes. While providing charity care to support the health needs of the poor is part of community benefit, the intent is larger than that. In reviewing how these dollars are spent now, are there ways dollars could be more strategically deployed to achieve health equity?
- Consider how donors and partners can help fund efforts to address health equity. Many hospitals face resource constraints in crafting and standing up solutions, since most community health efforts lack supporting revenue streams for program design, development, and implementation. However, outside grantors and donors are interested in supporting social impact initiatives. Donors are also well positioned to take risks by investing in new ideas and approaches that may be untested but could be transformational. How can board members bring a trusted, objective, and authoritative voice to sharing the health organization’s vision for impact with potential donors and funders?
- Help forge community partnerships. Fostering collaboration between hospitals, community non-profits, governments, and others to advance health will likely emerge as a vital, new imperative. Partnership not only could unleash access to information, infrastructure, and scale but also could support creating more robust solutions. Partnership provides access to more data to understand interconnected issues and to identify root causes. Coming together leverages limited resources and enables resources to be directed to areas of greatest impact. Community partnership creates an environment that is more conducive to building sustainable

solutions and to identifying replicable best practices. How can board members leverage their influence and connections to facilitate collective solutions?

Starting the Journey Forward

Independent hospitals have intellectual capital, infrastructure, scale, business intelligence, deep community relationships, and access to key populations that ideally position them to advance smart solutions to address health equity. Board leaders must build on this moment of lift when the nation's collective conscious is energized to address these issues. We also must understand the risk of hesitation: if hospitals fail to step forward to address these issues...others will. So, we must choose to lead.

The Governance Institute thanks Betsy Chapin Taylor, FAHP, President and CEO of Accordant for contributing this article. She can be reached at Betsy@AccordantHealth.com.

