System Focus
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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 a health system, leading the journey to address health equity begins with defining the problem, understanding the human and financial rationale for addressing it, and determining how to harness the power of the system's collective influence to create real and sustainable change.

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.

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

While health systems maintain a firm commitment to 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

→ Key Board Takeaways

As your organization 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 populations we serve? What is our role in health equity and how can we provide guidance to enable broad action?
- How can our board support efforts to leverage the organization’s ability to design, test, and share solutions regarding 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? Where can synergy be created by addressing similar issues in multiple markets?
- 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 health organization’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.

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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 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 health systems are already reimagining their roles. While hospitals have traditionally treated illness and injury, the emerging mandate is for healthcare organizations to assume an essential role 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 health systems 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.

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]

Health systems are accustomed to navigating the macro implications of choices and systems across a patchwork of facility types, payor mixes, and geographic areas. Therefore, most systems keenly understand a callout made by KFF, which notes,

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.

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"Disparities in health and healthcare not only affect the groups facing disparities, but also limit overall gains in quality of care and health for the broader population and result in unnecessary costs."[9] That said, while systems will perceive the financial benefits that exist at the macro level, health systems must reconcile this opportunity with current market-to-market realities. Simply, many financial incentives for health systems are still not 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 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 pursue community health. This disconnect makes it more important for health system boards to discuss their philosophy and strategy in this space and to determine how to balance the short game with the long game.

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Leveraging Influence

Not-for-profit health systems have an uncommon opportunity to define the vision and expectations of healthcare organizations in addressing health equity. Just the ten largest U.S. non-profit health systems represent almost 700 of our nation's 2,937 non-government, not-for-profit community hospitals.[10,11] Additionally, given that tax-exempt hospitals must provide community benefit to address community health in lieu of paying federal, state, and local taxes, this creates a baseline commitment to community health that is not necessarily shared by their for-profit counterparts. This commitment coupled with their influence and sweeping geographic footprints ideally position non-profit health systems to shape the national dialogue about the role of healthcare

9 Samantha Artiga Kendal Orgera, Olivia Pham, "Disparities in Health and Health Care: Five Key Questions and Answers," *KFF*, March 4, 2020.

10 Laura Dyrda, "100 of the largest hospitals and health systems in America | 2019," *Becker's Hospital Review*, January 15, 2020.

11 American Hospital Association, "Fast Facts on U.S. Hospitals, 2020," March 2020.

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organizations in addressing health equity. This conversation is also a natural extension of the conversations progressive systems have already been having about the evolving definition of mission fulfillment.

Taking Action as Leaders

As your health organization 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 organization, and to the various populations the health system serves. What does it look like? What is the system's role and obligation in this space? How can the system provide intellectual leadership and replicable practices to enable broad action?
- Leverage knowledge management. Systems are uniquely positioned to create and test solutions in a variety of organizations, communities, and cultures. So, talk about how the organization can create and test solutions that could lead to replicable and sustainable solutions. How can board leaders support efforts to leverage the organization's ability to design, test, and share solutions?
- Understand priorities outlined in each market'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? Where can synergy be created by addressing similar issues in multiple markets?
- Evaluate the health system's current "community benefit" spending at the system and market level. In reviewing how these dollars are spent now, are there ways dollars could be more strategically deployed to achieve health equity?
- Engage outside funding partners. Outside grantors and donors are interested in supporting social impact and in affecting real change. Funders are also attracted to boundary-spanning, multi-site efforts that present broader opportunities for partnership. 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?
- Forge community partnerships. Consider market-based opportunities to foster collaboration with community non-profits, governments, and others. Partnership not only could unleash access to information, infrastructure, and scale but also could support creating more robust solutions. How can board members leverage their influence and connections to facilitate collective solutions?

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Starting the Journey Forward

Health systems have intellectual capital, infrastructure, scale, business intelligence, and access to key populations across a diversity of organization and community types that ideally position them to lead the way in addressing health equity. Board leaders must build on this moment of focus on equity by harnessing their intellectual leadership and extended capacity for impact by shaping the conversation and defining the path forward.

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.