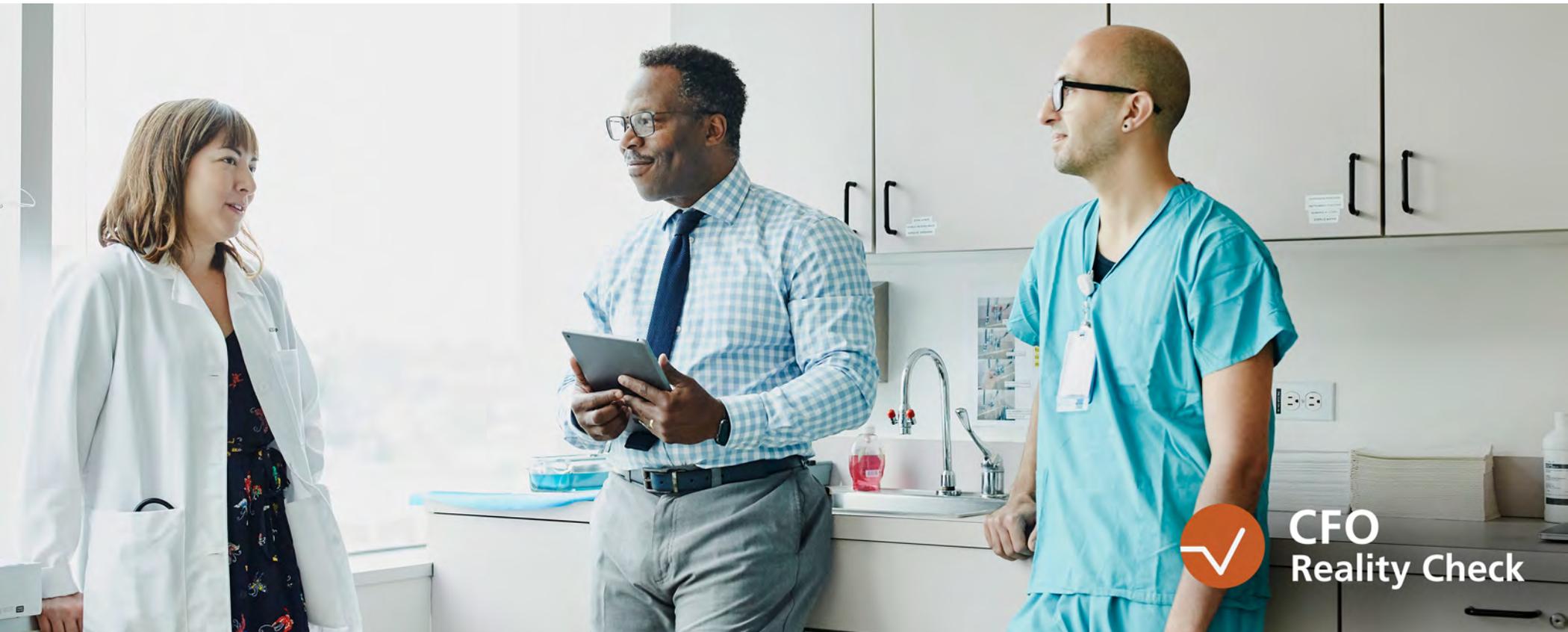




# The high cost of unchecked bias in the health system

CFOs are building the financial framework for achieving health equity



**CFO**  
Reality Check

**Disparities in health care lead to extraordinary and avoidable human suffering. And the financial toll in this country represents \$93 billion in excess medical care and \$42 billion in untapped productivity.**

Resolving these disparities represents a potential economic gain of \$135 billion per year.<sup>1</sup>

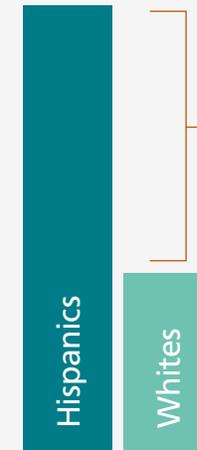


These disparities have been well-tracked. They are defined in health care by lack of coverage, lack of access to care and failing health outcomes. At their root, they are linked to social determinants of health, structural racism and bias — forces that impact health overall. These factors have created a costly public health crisis. And we can already measure cause and effect. Organizations and communities will come into balance only when each person has the opportunity to attain his or her full health potential. Clearly there is work to do. The health industry needs to ensure it can produce equitable clinical outcomes. All stakeholders need to come together to help people remain free of injury or disease and maintain their highest state of well-being.

But factors that lead to these outcomes can be harder to spot within the confines of an organization unless leadership makes their resolution integral to its mission and purpose. The cost of doing nothing outweighs the cost of trying something. The CFO's job is to make the economic case for addressing health disparities and inequity. Organizations need their leadership to confront these issues not just because it's the right thing to do, but also because of the economic impact if they don't.



Low-income individuals experience **more barriers to care and received poorer quality care** than high-income individuals.<sup>2</sup>



**2.5x**

Hispanics are **2.5 times more likely to be uninsured** than whites.<sup>2</sup>

**48%**  
of **LGBTQ youth** reported  
engaging in  
self-harm.<sup>4</sup>





# Quantify the areas of need

The CFO can assess multiple categories and help their organizations identify areas of need and opportunity:

The CMO and the clinical staff may already recognize where clinical outcomes are not what they should be. But CFOs can validate those perceptions and quantify a broader set of metrics. This is critical to finding the areas of focus that are achievable and can deliver measurable gains in quality of life for people and reduced cost for organizations and communities. Listed in this graph are calculations to consider, areas that indicate need, and data sources that CFOs can use to validate concerns.

Calculations to consider	Areas of indication		Data sources to audit	
<b>Where do clinical outcomes fail to meet benchmarks?</b>	<ul style="list-style-type: none"> <li>• Disease-specific outcomes</li> <li>• Mortality rates</li> <li>• Vaccinations</li> </ul>	<ul style="list-style-type: none"> <li>• Percentage of population receiving preventive services</li> <li>• Percentage of people controlling disease</li> </ul>	<ul style="list-style-type: none"> <li>• Claims data</li> <li>• Clinical data</li> <li>• Public data</li> </ul>	<ul style="list-style-type: none"> <li>• Physician performance metrics</li> <li>• Hospital mortality rates</li> </ul>
<b>How do these outcomes rank by gender, economic status or ethnicity?</b>	<ul style="list-style-type: none"> <li>• By ZIP codes, SDOH</li> <li>• By ethnicity, language</li> </ul>	<ul style="list-style-type: none"> <li>• By age</li> <li>• By economic status</li> </ul>	<ul style="list-style-type: none"> <li>• Claims data</li> <li>• Clinical data</li> </ul>	<ul style="list-style-type: none"> <li>• Community data</li> <li>• Public data</li> </ul>
<b>What is the excess cost in related utilization?</b>	<ul style="list-style-type: none"> <li>• Emergency department (ED) utilization</li> </ul>	<ul style="list-style-type: none"> <li>• Rate of disease progression</li> <li>• Medication costs</li> </ul>	<ul style="list-style-type: none"> <li>• Claims data</li> <li>• Clinical data</li> </ul>	
<b>What is the cost in lost employee productivity or turnover?</b>	<ul style="list-style-type: none"> <li>• Performance</li> <li>• Competitive strength</li> <li>• Staff morale</li> </ul>		<ul style="list-style-type: none"> <li>• Absenteeism, overtime costs</li> <li>• Employee health care costs</li> </ul>	<ul style="list-style-type: none"> <li>• Turnover rate</li> <li>• Productivity levels</li> <li>• NPS scores</li> </ul>
<b>What is the impact on quality scores and contracts? What is the related loss in revenue?</b>	<ul style="list-style-type: none"> <li>• Access to care</li> <li>• Treatment on arrival</li> <li>• Treatment at discharge</li> <li>• Time to service</li> </ul>	<ul style="list-style-type: none"> <li>• Length of stay</li> <li>• Readmission rates</li> <li>• Death rates</li> </ul>	<ul style="list-style-type: none"> <li>• Quality scorecards</li> <li>• Satisfaction scores</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of business</li> <li>• Contract renewals</li> </ul>
<b>How would solving for health equity impact our brand value?</b>	<ul style="list-style-type: none"> <li>• Culture</li> <li>• Clinical outcomes</li> <li>• Cost reduction</li> </ul>	<ul style="list-style-type: none"> <li>• Operational KPIs</li> <li>• Reputation</li> </ul>	<ul style="list-style-type: none"> <li>• All of the above plus:</li> <li>• Employee surveys</li> <li>• Customer surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Share of voice</li> <li>• Market share</li> <li>• Brand mission KPIs</li> </ul>



# Project the economic opportunity

CFOs can analyze the potential economic risk and opportunity of addressing each health equity goal.

Costs associated with low vaccination rates, high ED utilization and repeat readmission are already well-tracked. But CFOs can model the financial impact of creative solutions suggested by their clinical, HR and quality teams — over both short- and longer-term timelines. They can take the cost/value of the current approach as a baseline and project the financial impact that social determinants of health (SDOH) and bias within the health system are having on clinical outcomes. This allows for a reliable financial assessment of recommended solutions. Here are a few high-level examples of how scenario adjustments might be considered.

Health equity goals	New or reduced costs	Shared or new costs	Reallocation of existing costs	New costs	Projected value
<b>Examples</b>	<b>New solution</b>	<b>Partnerships to consider</b>	<b>Reassignment of existing resources</b>	<b>Investment required</b>	<b>This can be calculated as a test, over time, and at scale</b>
Increase access and engagement in PCP visits by XX per month	Create mobile force of primary care physicians to bring the care to the community <ul style="list-style-type: none"> <li>• On-site services vs. in-house</li> <li>• Reduced in-office time</li> <li>• Increase in visits</li> </ul>	Rent or insurance to offer services at population centers such as: <ul style="list-style-type: none"> <li>• Local schools</li> <li>• Community centers</li> <li>• Faith-based organizations</li> </ul>	Clinician salaries	<ul style="list-style-type: none"> <li>• Communicate new access to target population</li> <li>• Transportation</li> <li>• Mobile equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Increased PCP visits</li> <li>• Improved contract performance</li> <li>• Reduced TCOC</li> <li>• Increased prevention</li> <li>• Increased quality scores</li> <li>• Increased employee productivity</li> </ul>
Analyze and address SDOH within our geographic footprint	Bring affordable care to the consumer <ul style="list-style-type: none"> <li>• Telehealth</li> <li>• In-home</li> <li>• Remote monitoring vs. in-person care</li> </ul>	Intelligence gathering from: <ul style="list-style-type: none"> <li>• Community health workers</li> <li>• Local government</li> <li>• Purchased data</li> </ul>	Improve intake process and adjust data collection to create more holistic view	<ul style="list-style-type: none"> <li>• SDOH analysis at a community level</li> <li>• Database improvements</li> </ul>	<ul style="list-style-type: none"> <li>• More accurate risk assessments</li> <li>• Increased prevention</li> <li>• Reduced TCOC</li> </ul>
Reduce ED visits from patients who saw no other way to access care	Offer coaching during ED visits to guide patient to accessible provider	Transportation services to appropriate physician	Training	Outbound communication regarding access	<ul style="list-style-type: none"> <li>• Increased prevention</li> <li>• Reduced TCOC</li> <li>• Increased quality scores</li> <li>• Improved contract performance</li> </ul>



## Consider health equity as a financial strategy

Eliminating health disparities by 2050 would reduce the need for more than \$150 billion in medical care and reduce lost productivity by \$80 billion, for a total of

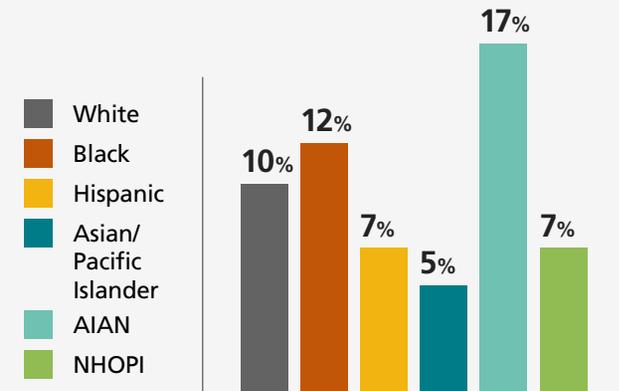
**more than \$230 billion per year.<sup>1</sup>**

The COVID-19 crisis proved that health care can be flexible, creative and cost-effective and is able to reach people anywhere and at any time. It unlocked creativity in how work environments function, how teams communicate, and how services are delivered and paid for. We can now extend those skillsets to overcome the public health crisis of structural inequity and racial disparities in health care.

### Actions CFOs can take to uncover more opportunities:

- ✓ Assess the level and the cost of organizational bias within your organization. What is the financial risk?
- ✓ Measure the financial impact of health inequity. Can you calculate the costs to your organization in total cost of care, quality, outcomes and satisfaction?
- ✓ Keep the health of your own employees and your covered lives as high as possible. What is your medical spend?
- ✓ Confirm that your data and analytics support health equity efforts across the organization and help people manage their own health independently.
- ✓ Measure and track the relationship from a consumer's environment and socioeconomic status to their health outcome.
- ✓ Calculate the value of your partnerships. Map where your goals overlap with others in your health ecosystem and your community at large.

Percentage of Americans with heart disease:<sup>2</sup>



Note: AIAN refers to American Indians and Alaska Natives. NHOPI refers to Native Hawaiians and Other Pacific Islanders. Persons of Hispanic origin may be of any race but are categorized as Hispanic for this analysis. Other groups are non-Hispanic. Includes nonelderly adults 18–64 years of age.

**Demonstrating equitable outcomes is really important for a CFO with lines of business that service Medicaid, Medicare, or the state exchanges. You can't adequately serve these members without showing that you're addressing social determinants of health.**



# Start from the perspective of an employer

Another calculation of health equity is the well-being of your own employees. Many health organizations are also large employers within their communities.

## Identify the issues

A focus on a few simple questions may inspire the conversations that uncover unseen or under-recognized issues.

- ✓ How many of your employees are earning minimum wage or are living below the poverty line?
- ✓ What coverage do they have or lack?
- ✓ What are they seeking in terms of care?
- ✓ What SDOH exist for them?
- ✓ What physical, cultural and financial barriers to care do they face?
- ✓ Do the right providers exist and are there enough of them?
- ✓ What is keeping them mentally and emotionally from engaging in their health?
- ✓ Can you offer longer lunch hours, flextime, daycare services, transportation benefits?
- ✓ What is your single biggest line item in talent expense?

The answers will help quantify the financial impact that health inequities are having on your own organization's staff. Some of these questions can be answered through data.<sup>3</sup> Some will require conversations within the community itself.

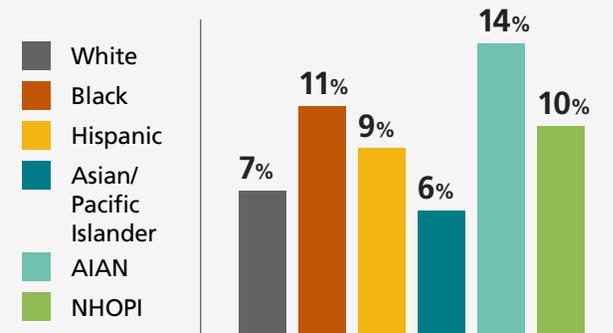
## Turn your culture and your community into an asset

Employees who work in a supportive, psychologically safe environment are more engaged and loyal. A healthy, open culture is a recruitment tool and a retention tool. It keeps you competitive. So does a healthy community. Companies with a healthy hiring pool save costs in employee recruitment, training, turnover and productivity. They will also save more on health care costs every year.

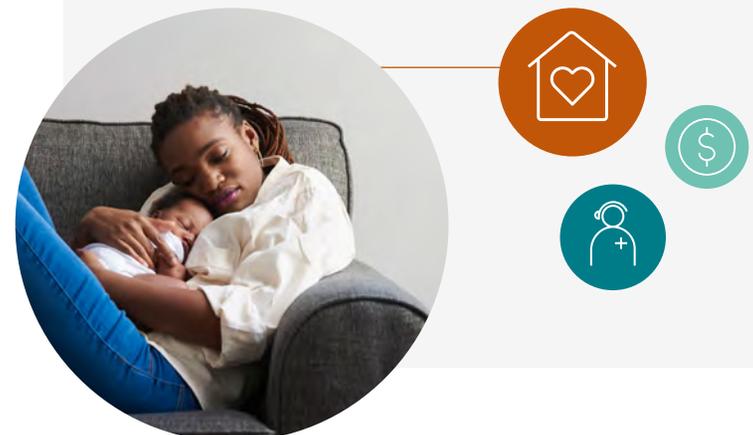
Raising the average earnings of people of color to match those of whites by closing gaps in health, education and opportunity would generate an additional \$1 trillion in earnings,

**a 15% gain.<sup>1</sup>**

Percentage of American ethnicities with diabetes:<sup>2</sup>



**Interventions with the most positive health outcomes, respectively, were: housing support, nutritional support, income support, and care coordination and community outreach.<sup>3</sup>**





# Project lifetime value of community investment

No one can do it alone. People may face years of bias and inequity before they even reach legal working age. Every type of organization has a role to play and a benefit to gain from improving health for their workforce, consumers and the broader community. By eradicating the barriers created by decades of structural bias, organizations can see very positive returns.

Establish healthy habits and knowledge



Maintain wellness



Prevent disease onset or advancement



Receive equitable treatment



Manage conditions



**80%**

of health outcomes are determined by social, lifestyle and behavioral factors

## Improving health equity creates economic gain

- ✓ **Public agencies** can improve educational outcomes, offer a competitive workforce and maintain resilient support systems
- ✓ **Community organizations** can increase the quality of life for their members and expand their footprint
- ✓ **Employers** can build a healthy hiring pool, increase productivity and reduce medical spend
- ✓ **Payers** are able to effectively reduce the total cost of disease
- ✓ **Providers** can treat more people with the resources they have and improve outcomes for the people they serve
- ✓ **Life sciences:** Demonstrate improved efficacy of their innovations across a broader population

**20%**

are attributed to medical factors — which can include confirmation bias and unconscious bias



As you consider the lifespan and experience of each individual, take time to project the value of investments that are made earlier, more holistically and in partnership with others in your community.

What is the cascading effect? Consider the savings and impact on health that could be achieved over time. Where and how do you contribute now? Where and how might you expand or redirect your efforts for greater effect?

For the fiscal health of any organization, CFOs need to be able to examine and quantify the cost of health inequities to their organization. They need to be able to track the domino effect that social, lifestyle and behavioral factors extend onto their human resources, their business contracts and financial capital. With an assessment in hand, they can inform decision-making, build a business case, and guide their organization and their communities into a more equitable future.

## Meet our experts



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