

EMPLOYEE BENEFITS

The Role of Employers in Advancing Health Equity

By: Uthona Mikrut, *Health Strategies Consultant*, and Rachel Piccolino, *Senior Analyst, Population Health & Well-Being*



Prioritizing health equity in the workplace not only helps to improve employee health and well-being, but also fosters a successful, inclusive environment, unlocking the full potential of a diverse workforce and driving success.

Over the last several years, employers have increasingly recognized that employees' social determinants of health (SDOH) including race, ethnicity, socioeconomic status, gender, age, sexual orientation, gender identity and geographic location, among others – can hinder their ability to access health care and achieve optimal health outcomes. As a result, employees from disadvantaged backgrounds or marginalized communities often face higher rates of chronic illness, mental health challenges and other conditions compared to their counterparts. This awareness, coupled with efforts to promote diversity, equity and inclusion (DEI) within their workforce, has led the majority of employers (95%) to adopt at least one strategy to address health equity and/or improve health outcomes for diverse employee populations.¹

Why Should Employers Care?

Health disparities lead to higher rates of illness and shorter life expectancy, with an enormous financial toll on the U.S. healthcare system. Annual medical costs related to healthcare inequities currently exceed \$300 billion. These costs could surpass \$1 trillion (about \$3,100 per person in the U.S.) by 2040 if unaddressed.⁴ Productivity losses cost U.S. employers an estimated \$3,600 per hourly employee and \$2,560 per salaried employee for absenteeism associated with healthcare inequities each year. Research suggests the cost of presenteeism is even greater – costing approximately ten times that amount.⁵ Additionally, many employees are more likely to leave a job if they feel that diversity and equity are not being prioritized, leading to high turnover.⁶



Avoidable differences in health between different groups of people are called **health inequities** or **health disparities**.² Health disparities adversely affect groups of people who have systemically experienced greater barriers to health based on social determinants of health or other characteristics historically linked to discrimination or exclusion.³



What Can Employers Do?

Employers can help address health inequities by allocating resources to help employees reach their highest levels of health, regardless of individual circumstances. Recommendations for action include the following:

Collect Data to Understand Needs within the Population

While most employers routinely evaluate trends within their medical plan data, few carriers and Third-Party Administrators (TPAs) are collecting and/or reporting data specific to SDOH. Information about an individual's SDOH, such as housing stability and food security, can identify basic needs that may impact health. To access SDOH data, employers can take the following steps:

- Talk with their carrier or health plan reporting vendor(s) to evaluate the availability of Z code data to document SDOH challenges.⁷
- Incorporate optional SDOH questions about housing stability, food insecurity, transportation needs and interpersonal safety into anonymous employee surveys.
- Utilize community data sets, such as the Centers for Disease Control & Prevention's PLACES,⁸ to cross-analyze employee zip codes to evaluate how specific SDOH are impacting the employee population.
- Build a plan to use this data to measure and monitor the progress of health equity initiatives.

Evaluate and Enhance Benefit Design to Prevent Inequities

Health plan benefit design can impact different populations in different ways and may unintentionally create barriers to care. Employers can help decrease the likelihood of health inequities by evaluating the impact of benefit and cost-sharing designs on historically marginalized employees within their population, those living with chronic conditions and rural or low-socioeconomic status employees.

- Reduce cost barriers by evaluating the impact of lowering or waiving co-pays, coinsurance or deductibles for high-value services such as behavioral health visits, physical therapy, primary and urgent care, prescriptions and care for chronic disease management.
- Improve patient access and mitigate the impact of provider shortages within rural and underserved communities by providing high-quality virtual care (primary care and behavioral health services) from culturally competent and diverse providers.
- Enhance family-building benefits and policies to provide equitable access and coverage for LGBTQIA+ individuals, same-gender couples and single prospective parents. Benefit enhancement options can include removing an actual diagnosis of infertility as a requirement to receive fertility treatment(s) (e.g., in vitro fertilization), ensuring paid parental leave policies are equitable for both birthing and non-birthing parents and all types of families and providing a financial benefit for adoption and surrogacy.
- Encourage primary care – which is associated with fewer hospitalizations and emergency room visits – by providing a financial incentive to employees for completion of annual wellness exams and/or screenings.⁹
- Evaluate if there is an opportunity to expand benefits to address health-related social needs. For example, an estimated 37% of Americans cannot cover a \$400 unexpected expense (medical or otherwise).¹⁰ Employers may consider low-interest, small-dollar loan programs; Earned Wage Access (EWA) programs, financial literacy trainings and financial planning services; subsidized childcare and other caregiving benefits; tuition reimbursement; transportation subsidies; and programs to support access to healthy foods.

Communicate, Educate and Lead with a Health Equity Lens

In addition to benefit design, employers can help improve health equity by ensuring communications, policies and programs account for demographics, life circumstances and preferences. Some examples to consider are as follows:

- Review internal and external communications for language and imagery to ensure communications are inclusive, avoiding bias and sensitive to varied literacy levels within the population. Creating communications that are accessible and appealing to the entire population can help reduce inequities.
- Provide ongoing manager training to raise awareness of benefits and resources, hone management skills and increase managers' competency to identify and respond to employees who may be struggling with mental health concerns or unmet health-related social needs.
- Leverage and promote no-cost national and local resources (e.g., [211.org](https://www.211.org) and [findhelp.org](https://www.findhelp.org)) focused on supporting key areas of need, such as local food pantries, caregiver support services, housing subsidies and transportation support programs.

Improving health equity for an employer's workforce does not happen overnight. It requires routine evaluation of data, clearly defined objectives and organizational commitment across all levels. Benefit leaders are uniquely positioned to address health inequities through their organization's health plan, policies and culture. Thoughtful actions create greater health equity and positively impact the lives and productivity of employees, family members and the community.

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1. Business Group on Health. 2024 Large Employer Healthcare Survey.
 2. <https://www.medicalnewstoday.com/articles/health-inequity>
 3. <https://health.gov/healthypeople/priority-areas/health-equity-healthy-people-2030>
 4. <https://www2.deloitte.com/us/en/insights/industry/health-care/economic-cost-of-health-disparities.html>
 5. https://www.heart.org/-/media/Jotform-Documents/WF_276119-HE_Employer-Resource-Guide_AC_Final.pdf
 6. <https://www.hcinovationgroup.com/population-health-management/health-equity/news/21244961/survey-impact-of-diversity-and-equity-on-retention>
 7. Z codes are used by healthcare providers, case managers, patient navigators, and others during medical billing processes to indicate social needs and can be recorded in health records. See <https://www.cms.gov/files/document/zcodes-infographic.pdf>.
 8. <https://www.cdc.gov/places/index.html>
 9. <https://uat.mckinsey.com/industries/healthcare/our-insights/income-alone-may-be-insufficient-how-employers-can-help-advance-health-equity-in-the-workplace#>
 10. <https://www.federalreserve.gov/publications/2023-economic-well-being-of-us-households-in-2022-expenses.htm>



About the Authors



Uthona Mikrut, *Health Strategies Consultant*

As a Health Strategies Consultant for Brown & Brown, Uthona works with clients to ensure they are appropriately targeting risk, designing programs to drive engagement and incorporating programs that support behavior change. Prior to joining Brown & Brown, Uthona worked with a nationwide onsite and near site clinic vendor where she further developed her skills in the areas of implementation, clinical operations, data analysis and client account management. Uthona received her BS degree in Nutrition from Florida State University and her MS degree in Nutrition from Texas Woman's University.



Rachel Piccolino, MPH, *Senior Analyst, Population Health & Well-Being*

Rachel Piccolino is a Population Health & Well-Being Senior Analyst for Brown & Brown. She possesses deep experience in healthcare consulting, focusing on health policy, Medicare, Veteran and military health and other federal health programs. Prior to joining Brown & Brown, Rachel served as a federal healthcare consultant for a small federal government consulting firm located just outside Washington, DC. Her clients included the Centers for Medicare & Medicaid Services, the Department of Veterans Affairs and the Department of Defense. Rachel earned a Bachelor of Arts degree in Psychology with a minor in Medical Humanities from Boston College. Rachel also holds a Master of Public Health in Health Policy from The George Washington University and is a member of the American Public Health Association.



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