

Advancing Health Equity

Strategies for a
Resource-constrained
Health Care Environment



Letter from the AHA's Institute for Diversity and Health Equity (IFDHE) Leadership Council

The AHA's Institute for Diversity and Health Equity's (IFDHE) Leadership Council comprises hospital and health system leaders and diversity, equity and inclusion (DEI) practitioners from across the country. We provide IFDHE with thought leadership, expertise and real-world experiences as subject matter experts in the field. We are committed to advancing the AHA's vision of *a just society of healthy communities, where all individuals reach their highest potential for health.*

We recognize the increasing financial constraints that many hospitals and health systems face. Despite these challenges, it is imperative that the field continue to champion health equity, diversity and inclusion at every level in our organizations. We cannot risk shelving these initiatives — the health, well-being and lives of our patients, families and communities depend on our commitment to sustain progress.

As health care leaders, our goal is to ensure that every person has access to quality, patient-centered care, regardless of who they are or where they live. Hospitals and health care systems must invest in resources that will help advance this goal — how we choose to lead will significantly impact the future well-being of our communities.

In this resource, we offer our insights regarding the importance of advancing health equity efforts and questions for consideration that we encourage you to discuss with decision-makers to facilitate progress.

We hope these insights are helpful as you champion health equity, diversity and inclusion initiatives in your organizations.

Sincerely,

2023 AHA IFDHE Leadership Council

Janet A. Liang, <i>Chair</i>	Peggy Harris
Dr. David K. Lee, <i>Chair-Elect</i>	Lisa Mallory
Mike Abrams, <i>Board Liaison</i>	Dr. Charles Modlin
Joy A. Lewis	Dr. Joseph Perras
Deborah J. Bowen	Marcos Pesquera
Shelly Buck	José R. Sánchez
Rosalyn Carpenter	Dr. Yolanda Wimberly
Kathleen A. Curran	

SITUATION OVERVIEW

Advancing Health Equity in a Resource Constrained Environment

In April 2023, the American Hospital Association released its **Cost of Caring** report detailing the financial pressures and challenges currently facing hospitals and health systems. The report highlights key data points about rising expenses from 2019 to 2022.

“A confluence of several factors [...] led to 2022 being the most financially challenging year for hospitals since the pandemic began.”

American Hospital Association, 2023



Overall hospital expenses

- Exceeded Medicare reimbursement, which only increased **75%** during this period.



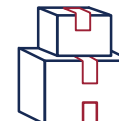
Labor costs

- Partially due to increased reliance on contract staffing agencies.
- Hospitals saw a **258%** increase in total contract labor expenses.



Drug expenses per patient

- The growth in hospital drug expenses is a result of drug companies' deliberate decisions to increase the prices of their products.



Hospital supply expenses per patient

- Expenses for emergency services supplies (i.e., ventilators, respirators) increased by nearly 33%.

Increased expenses not only hurt hospitals and health systems financially, but they can also impact patient access to quality care.

During these historic financial challenges, hospitals and health systems are faced with tough budgetary decisions — which may lead to lower investment in health equity and DEI programs. Research, data and lived experience demonstrate that health inequities carry human and economic costs.

“When health care providers cannot afford the tools and teams they need to care for patients, they will be forced to make hard choices and the people who will be impacted the most are patients”

AHA president and CEO Rick Pollack

- \$42 billion** in untapped productivity.*
- \$93 billion** in excess medical care expenditures.*
- \$175 billion** in premature deaths.*
- Racial and ethnic health disparities cost the U.S. **\$451 billion.**†
- By 2050, the United States stands to gain **\$8 trillion** in gross domestic product (GDP) by closing the U.S. racial equity gap.*

* Turner, A. (2018, June 24). W.K. Kellogg Foundation. Retrieved June 23, 2023, from W.K. Kellogg Foundation: <https://wkkf.issuelab.org/resource/business-case-for-racial-equity.html>

† NIH. (2023, May 16). NIH-funded study highlights the financial toll of health disparities in the United States. Retrieved June 23, 2023, from NIH: <https://www.nih.gov/news-events/news-releases/nih-funded-study-highlights-financial-toll-health-disparities-united-states>

QUESTION 1

Given the current financial challenges that many hospitals and health systems face, why is it important for organizations to continue investing in health equity programming and efforts?



IFDHE 2023 CHAIR

Janet A. Liang

Executive Vice President, Group President and COO, Kaiser Foundation Hospitals and Health Plan, Inc.

“Addressing the root causes of health inequity can lead to effective preventative care, early accurate diagnosis and appropriate treatment that continually improves quality and affordability for all populations. Hospitals and health systems have a social contract with the people and communities they serve. Investing in health equity and creating inclusive environments for patients and practitioners strengthens that contract, makes for more effective care and provides a blueprint for equitable outcomes in our communities.”

IFDHE 2023 CHAIR-ELECT

David Lee, M.D.

President, OhioHealthy Medical Plan; VP, Ohio Health Employer Services

“We are mission-driven organizations. Living our mission means improving the health of the communities and populations we serve and that includes many who face daily challenges accessing care. Health equity programming is critical to taking care of all of those we serve in the community, at our hospitals, ambulatory facilities and even in their home if that is what the patients need. As we continue to evolve the way we deliver health, we must address health equity the same way we address innovative technologies; by embracing it as a key component of healing our patients and promoting overall well-being. It is the right thing to do and why we are in the business of health care.”



Marcos Pesquera

System Vice President Community Health and Chief Diversity Officer, CHRISTUS Health; President-Elect, National Association of Latino Healthcare Executives

“There is no quality without equity. More than ever, we need to find sustainable solutions to ensure that each patient encounter is optimized. Health equity approaches are integral to our ability as health care systems to be efficient and provide quality health care.”

Charles Modlin, MD, MBA

Vice President and Chief Health Equity Officer, MetroHealth Medical Center

“Given the increasing percentage of historically underrepresented minority and multicultural populations who are more prone to suffer from health inequities, we must focus our collective efforts and resources to take steps in making progress to not only address but to eradicate health disparities and inequities. We must identify and put into action the promising practices that have been implemented at various medical institutions and communities across the nation to put an end to these devastating health disparities that disproportionately impact our nation’s racial and ethnic minority populations.”



QUESTIONS FOR CONSIDERATION

- How does our organization integrate health inequity considerations when designing preventative care?
- How does our organization acknowledge and address disparities faced by historically marginalized and underrepresented populations?
- How can our organization learn from broader health care networks and peer organizations working to eradicate health disparities and inequities?

QUESTION 2

How do we quantify the return on investment of health equity when competing with a constrained bottom line?



AHA BOARD OF TRUSTEES LIAISON TO THE COUNCIL

Mike Abrams

President and CEO, Ohio Hospital Association

“Investing in health equity is the right thing to do to improve health outcomes in the communities we serve, and it makes good business sense. The data tell us our patients who connect with providers of the same race, ethnicity or background achieve better outcomes – especially patients with long-term and chronic conditions. Effective staff equity and inclusion programs help our employees feel safe, respected and connected, which can reduce workforce attrition and enhance job satisfaction for those people on whom we rely.”

Shelly Buck

President, Main Line Health Riddle Hospital

“Embedding health equity resources into everyday care delivery models and practice design will not only improve outcomes in care metrics such as less than 30-day readmission rates, but will also help to improve overall community health and well-being. Through maintenance and preventative care models, health care organizations can address the social drivers that impact health. Focusing on these efforts will lead to increased economic opportunity driven by community investment and employment. This is the bottom-line in today and tomorrow’s health care systems.”



Joseph Perras, M.D.

President and CEO, Cheshire Medical Center

“Speaking as a CEO and chief medical officer for a rural health system, I know that late-stage care for underserved populations can be the largest expense driver for hospitals and health centers. Improved upstream efforts to reach underserved populations and improve health outcomes will do more to support the bottom line in the long term than any other immediate effort. Creating efficient and equitable primary care access is far more cost effective than building ICU beds.”

Lisa Mallory

CEO, National Association of Health Services Executives

“There are departments and programs within hospitals and health care systems that are deemed necessary to the long-lasting success of a hospital/health system that do not necessarily generate direct revenue (i.e., human resources, legal, etc.). Why not view health equity investments in the same way? While the immediate return on investment may not be as apparent when it comes to championing health equity efforts, cutting these programs and policies to meet the bottom line will only lead to increased operating expenses for health care-providing organizations in the future. Given the changing demographics of this country – we either invest now or we will have to pay significantly more later.”



QUESTIONS FOR CONSIDERATION

- How can present-day investments in health equity and DEI programs lead to reduced system costs in the future?
- How does our organization embed health equity resources into everyday care delivery models and practice?
- How can our organization create efficient and equitable primary care access to decrease overutilization in emergency departments?

QUESTION 3

How does organizational accountability play a role in health equity and DEI strategies — both internally (within an organization) and externally (through communities served)?



Rosalyn Carpenter

Senior Vice President and Chief Diversity, Equity, Inclusion and Community Impact Officer, CommonSpirit Health

“Organizational accountability is essential to health equity sustainability. This is demonstrated through health equity and DEI metrics reported directly to the Board, as well as regularly being an agenda item during leadership meetings and internal town hall forums. Organizational annual reports that are shared externally should provide overviews and highlights of DEI, advocacy, sustainability, supplier diversity and social justice priorities and progress.”

Charles Modlin, M.D.

Medical Director – Inclusion, Diversity, Equity, MetroHealth

“Internally, organizations should be held to a certain level of accountability when it comes to including and promoting health equity, diversity and inclusion initiatives for their employees, and externally for the communities in which they reside, serve and conduct business. Most importantly, all sectors of society need to join efforts in addressing the escalating rates of health disparities nationwide that are accompanying the rapidly changing national demographics of our nation. As minorities assume the majority percentage of the nation’s population, health disparities will continue to widen if not addressed in present-day activities. Organizations should take advantage of the plethora of existing research and best practices available in the field. The proverbial ‘ball’ needs to get rolling even more aggressively to implement various best practices NOW to better engage and promote for the FUTURE. There is no excuse for waiting.”



Yolanda Wimberly, M.D.

Senior Vice President and Inaugural Chief Health Equity Officer, Grady Health System

“The COMMUNITY has the solutions to decreasing health disparities; they just need a partner to provide guidance, resources and engagement to execute a plan and achieve their goals.”

QUESTIONS FOR CONSIDERATION

- Does our board discuss health equity, diversity and inclusion through board and leadership forums?
- Are we including health equity and DEI metrics in our reports and dashboards to leadership and the board?
- How can we develop new and strengthen current community partnerships that focus on solving the drivers of health disparities and inequities?

QUESTION 4

What are some examples of how federal and state policies align with your health equity efforts and initiatives?



Joseph Perras, M.D.

President and CEO, Cheshire Medical Center

"In Vermont, our state-wide ACO provides incentives for delivering high-value care with a focus on health equity. As part of our budget approval process, we are specifically questioned by our regulator, as well as the health care advocates, regarding our local efforts to promote health equity. We design outreach programs to underserved populations based on the results of our community health needs assessment and are held accountable by state regulators."

Kathleen A. Curran

Senior Director – Public Policy, Catholic Health Association of the United States

"CMS is actively working to decrease health disparities and inequity through Medicare and Medicaid payment regulations, which are powerful policy levers for advancing health equity. Hospitals are required to report how they have committed to health equity and to screen patients for social drivers of health. Improvements are being made to increase access to health care through Medicaid, which will help to decrease health disparities in certain populations."



Marcos Pesquera

System Vice President Community Health and Chief Diversity Officer, CHRISTUS Health; President-Elect, National Association of Latino Healthcare Executives

"Office of Civil Rights programs, CLAS standards, credentialing bodies and CMS requirements are but a few of the guiding regulations that champion our efforts. Diversity in health care is not about the right or the left, it is about saving lives and ensuring that everyone in our country has the opportunity to live a healthy life and experience wellness."

QUESTIONS FOR CONSIDERATION

- Has our organization engaged with the [AHA Health Equity Roadmap](#), a national framework to help hospitals and health care systems chart their own paths toward transformation — thus becoming more equitable and inclusive organizations?
- Are we referring to the [Crosswalk of AHA Health Equity Roadmap with Selected National Health Equity Quality Measures and Standards for Hospitals and Health Systems](#) when implementing organizational policies and procedures?
- How have we partnered with internal and external stakeholders to advocate for state and national policies that protect health equity, diversity and inclusion efforts across various sectors?

QUESTION 5

How can we continue to amplify the importance of health equity and DEI without getting burnt out?



Peggy Harris

Regional Chief Diversity Officer, Atrium Health

“What we do to ensure health equity and DEI today will inevitably impact what occurs in the future. Despite obstacles, public and private, we must resist any temptation to give up or give in. Our ancestors are watching and should expect no less than the levels of resilience that they displayed under even greater burdens than those being confronted today. Justice

for future generations demand our perseverance. May we all lean into our pool of discretionary energy that is fueled by hope for a more inclusive and just future to continue on this important path to health equity for all.”

Rosalyn Carpenter

Senior Vice President and Chief Diversity, Equity, Inclusion and Community Impact Officer, CommonSpirit Health

“As we focus on eliminating disparities and inequities, we must celebrate the progress that we have made and are making to impact the communities we serve. The journey of health equity for all, while seemingly elusive, is the promise of the aims of quality. High quality health care occurs only where health equity is present. We must never stop pursuing the elimination of inequities and the elimination of health care disparities as we build healthier communities.”



IFDHE 2023 CHAIR-ELECT

David Lee, M.D.

President, OhioHealthy Medical Plan; VP, Ohio Health Employer Services

“Health equity and DEI initiatives are best addressed and taken with a community approach. We must collaborate and partner with other local health systems, community organizations, local health care businesses, hospital associations and the payors in the community. This team-

based approach will alleviate the burden on one system or organization to figure it out or provide all the answers.”

Lisa Mallory

CEO, National Association of Health Services Executives

“Addressing issues of diversity, equity, inclusion and belonging (DEIB) should not be delegated to a one-person shop or a small under-resourced department. It is important to embed initiatives that address barriers to quality health care in all that we do and ensure it is the responsibility of all. If we all share in the commitment, it decreases the burden on the few that are singlehandedly carrying these initiatives. While it is important to have dedicated experts that focus on health equity and DEIB initiatives, employers can build a healthier and more productive workforce by engaging everyone in this work.”



QUESTIONS FOR CONSIDERATION

- Do we work in tandem with the local community, external organizations and peers across our network to create collaborative solutions to complex health equity and DEI issues? If not, how might we engage them?
- Is health equity and DEI integrated across all levels of our organization instead of siloed in one role or department?
- Are we taking time to celebrate and acknowledge the progress that has been made over the years?
- How can we continue to draw from experiences and resilience of past leaders in this work to provide continued hope for change for future generations?

AHA Resources



[AHA Health Equity Roadmap](#)



[Crosswalk of AHA Health Equity Roadmap with Selected National Health Equity Quality Measures and Standards for Hospitals and Health Systems](#)



[Health Equity Action Library](#)



[A2 Health Equity for hospital association employees](#)



[Board Room Briefs](#)



[Health Equity Influencers Roundtable](#)



[Equity Transformation Partner Program](#)