

Introduction and Definition of Health Equity

There is an important ongoing discussion regarding Health Equity. The Robert Wood Johnson Foundation¹ has provided a few definitions of Health Equity. For this paper, these three definitions will serve as the working definition:

1. Health equity means that everyone has a fair and just opportunity to be as healthy as possible.
2. Health equity means removing economic and social obstacles to health such as poverty and discrimination.
3. For the purposes of measurement, health equity means reducing and ultimately eliminating disparities in health and its determinants that adversely affect excluded or marginalized groups.

Equity in Ancillary Benefits

From an employee benefits perspective, it may be tempting to limit the focus of the Health Equity conversation to medical benefits; however, the concepts of the Health Equity discussion can be extended to ancillary employee benefits, such as life insurance, disability, leaves of absence, dental, vision and other voluntary benefits, like critical illness and legal services.

For many larger employers, ancillary benefits tend to have one or more of three characteristics that are different from medical benefits, which may make them feel separate from medical, and thus outside the Health Equity conversation: a) they are insured (as opposed to medical, which is typically self-insured), b) they are fully employee-paid, and c) they have lower participation rates than medical coverage. It may be tempting to look at the first Health Equity definition above and focus on the word “opportunity,” and believe that since ancillary benefits are offered to all employees on equal terms, usually via annual enrollment, Equity has been achieved.

If we turn to the second and third definitions of Health Equity, however, there may be more to the story. One way to begin to extend the Equity conversation to ancillary benefits is to focus on **participation rates for different groups of employees.**

¹ Braveman P, Arkin E, Orleans T, Proctor D, and Plough A. What Is Health Equity? And What Difference Does a Definition Make? Princeton, NJ: Robert Wood Johnson Foundation, 2017

The Robert Wood Johnson Foundation provides this infographic to illustrate the difference between Equality and Equity:



The bicycle can be thought of as all aspects of an ancillary plan taken as a whole. Offering the same plan, communicated the same way, with the same contribution rates, to everyone, is Equality, but that approach may not achieve Equity, with one definition of Equity being roughly equal participation rates across various employee groups.

Many employees have economic obstacles to participating in ancillary benefit plans. Employees may not have enough disposable income to afford the cost, even if they believe the protection provided by the plans is important. Economic and other obstacles or challenges may be contributing to disparities in participation rates for certain groups of employees.

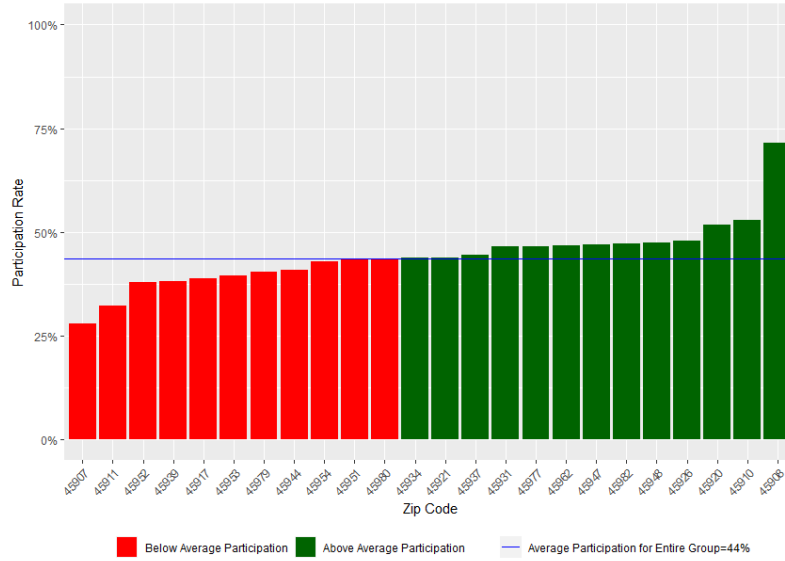
McKinsey & Company² recently published a paper containing suggestions for how employers can advance Health Equity in the context of benefits. One area of focus is to “ensure benefits are easy to access, understand, and use.” What might this mean for ancillary benefits, and what steps could be taken to advance Equity in ancillary benefits?

1. Measure participation rates by variables that are important to the employer in the context of Health Equity or in the overall context of Diversity, Equity, and Inclusion. In addition to typical variables such as age and sex, an employer may want to measure participation by income group, race/ethnicity, sexual orientation, gender identity, zip code, job category, work location or other variables that the employer tracks.

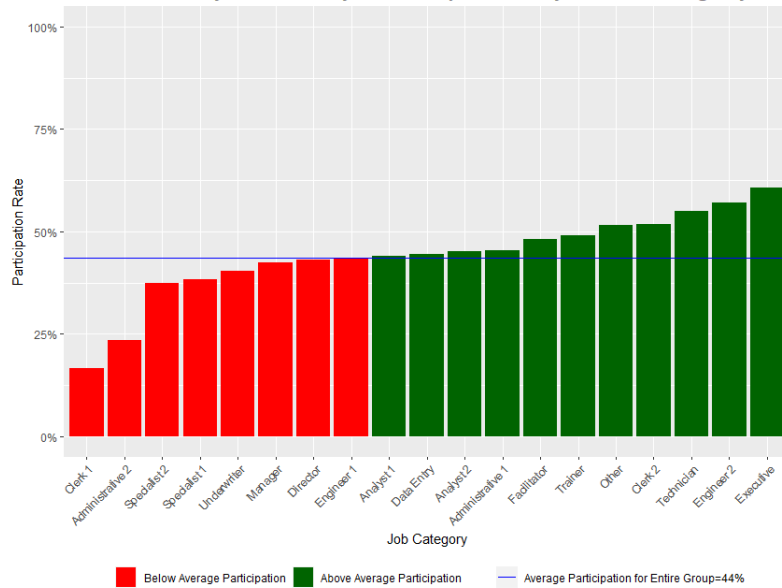
Below are two graphs which show an analysis of participation rates by zip code and job category for a hypothetical employer. Such analyses can help employers pick areas of disparity (participation significantly below average or a fixed benchmark) for focus.

² <https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/income-alone-may-be-insufficient-how-employers-can-help-advance-health-equity-in-the-workplace#>

Voluntary Disability Participation by Zip Code Zip Codes with 100 or more employees



Voluntary Disability Participation by Job Category



The zip codes and job categories in red have participation rates below the overall average for the entire group. These zip codes and job categories can be studied to understand the reasons for below-average participation. Such analyses could be done for other variables, such as race/ethnicity or income group, to highlight other disparities, which may be indications of inequity and may be of concern to the employer.

2. Once areas of inequity are identified, attempt to determine why such inequities exist. Employee Resource Groups, focus groups and surveys can help here. The employer's Diversity, Equity, and Inclusion office can also provide valuable input.
3. Depending on which reasons for disparities are determined, some options for plan changes may be:
 - a. Plan design changes – are there aspects of the plan that are more or less attractive to various employee groups? Insurance carriers may be willing to make plan changes and, if necessary, file for contract changes.
 - b. Plan administration changes – are there aspects of plan administration that are causing inequities? Engage TPAs, carriers and other vendors to make changes or address issues.
 - c. Create and use targeted and customized communications for various employee groups based on research regarding optimal communications strategies. These would be supplemental to annual enrollment materials and/or this could include attempting to make sure annual enrollment materials resonate across a diverse workforce.
 - d. Contribution rate strategies – some options here may be complicated by insurance or other regulations. If a plan has age-based rates, might equity be advanced with composite rates, or vice-versa? Another option might be progressive contribution rates, which vary with income, with lower rates for employees with lower incomes. Carriers will have a lot of input on this one, but it may be worth exploring, subject to regulatory requirements.

Conclusion

Many employers, carriers, TPAs and professional organizations in employee benefits care deeply about Diversity, Equity, and Inclusion in general, and Health Equity in particular. So far in this emerging discussion about Health Equity, most of the focus has been on medical benefits, but the conversation can and should extend to ancillary benefits, as these benefits address important risks such as premature death, disability, severe illness, and legal needs, which are relevant to all employees. This paper focuses on participation rates as an entry point for applying Health Equity principles to ancillary benefits. Plan design, administration, communication, and pricing are among the other aspects of ancillary plans that can be examined through the Equity lens.