Global Health Equity Network: A Business Case for Health Equity

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Health equity: A moral and financial imperative

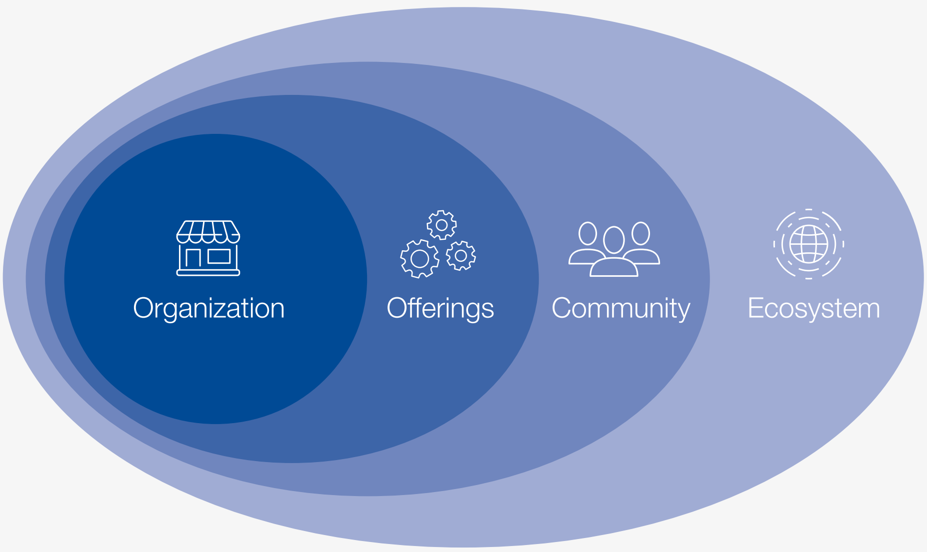
All individuals deserve the opportunity to fulfill their human potential in all aspects of health and well-being. Unfortunately, many around the world are not afforded this right. Social identities such as gender, race, ethnicity, sexual orientation and economic status underlie disparities in quality of life and lives lost. They impact access to and quality of care, and they have significant economic costs for both the public and private sectors.

In Europe, health inequities cost an estimated 1.4% of the European Union's annual GDP. The amount is nearly equivalent to the coalition's annual defense spending.[1] Ill health and premature mortality in 2015 cost the African continent nearly $3 trillion.[2] And in the United States, health inequities cost $320 billion annually.[3] These numbers are staggering and will continue to grow without immediate action.

Businesses have a major role to play in addressing health equity. As the place where many individuals spend much of their time, and with legal responsibilities ranging from providing healthcare coverage to childcare benefits for many employees around the globe, businesses have a great opportunity to fulfill the health equity needs of their workforce. Even the US surgeon general has made a plea to workplace leaders to listen to workers about their needs in order to create a mentally and physically healthy workplace.[4] Without that support, workers experience difficulties ranging from issues with sleep, to infection, to depression – ultimately affecting their potential productivity and satisfaction at work. Beyond their workforce, businesses can create products that are cognizant of health equity needs, support the diverse communities in which they operate, and take on a partnering role in the health equity ecosystem. Their wide reach and large platforms mean companies can make a meaningful difference in all four domains of health equity activation: across their organization, offerings, community and ecosystem.[5]

The private sector alone cannot secure global health equity; however, businesses remain an influential player in many communities around the world, and with the convergence of global climate, health and cost of living crises, more eyes than ever are turned towards corporate C-suites and boards to build sustainable, shared socio-economic, environmental, and health value for all stakeholders (e.g. employees, customers, investors, and the public). Aside from doing good, business have something to gain in advancing health equity. The potential impacts of health equity go beyond building a healthier society: there is strong evidence that addressing health equity boosts worker recruitment, retention and productivity; grows business sales and market share; and protects the long-term sustainability of a company by ensuring their license to operate. Thus, investing in health equity not only benefits societies; it also benefits a company's bottom line.

FIGURE 1: **Leaders can activate health equity through four primary domains**



Source: Deloitte Insights

Organization

For a business, advancing health equity begins with its workforce.

One area where businesses can create value is in driving productivity through a healthier workforce across the entire value chain. Based on a survey run by Hero Health, 23% of employees identify employee health and well-being as the top driver of their productivity. Business leaders agree, with 93% of leaders saying employee health affects productivity, and 91% saying it affects performance.[6] However, research shows that the loss of productivity due to poor health and well-being is not evenly distributed, as an estimated $42 billion in untapped productivity exists globally due to health disparities.[7]

In the United States alone, 164 million hours of work are lost each year as a result of oral health problems.[8] Further studies demonstrate a 21.5% loss in productivity for employees experiencing depression, and a 13% productivity loss for those experiencing chronic pain.[9] Identifying and responding to these health needs, and offering comprehensive benefits, inclusive of mental and dental health coverage, to address them, can lead to higher productivity in the form of reduced turnover, fewer sick days, lower employer healthcare costs, and improved quality of work.

American Express identified one such example of this loss in productivity in their organization. An employee survey identified that poor health is associated with increased requests for short-term disability, whereas higher self-reported health decreases the likelihood of short-term disability. This alone encouraged an increased focus on improving the health status of their workforce.[10]

Another way to improve productivity is through creating a healthier environment within the workplace by ensuring there is a reduction in hazardous exposures. A Harvard study identified that improving air quality in buildings could generate $6,500 in productivity per employee per year.[11] With a national roll-out to improve indoor work environments, this could generate $20 billion in economic benefit each year.[12] These benefits are even larger in industries like raw material processing or for workers with direct workplace exposures. Healthier buildings are a win-win for businesses and employees, yielding higher productivity and improving employee health.

Beyond environment, accidents at work can also impact economic productivity. According to the United Nations, an estimated 2.78 million people worldwide die annually in workplace-related accidents.[13] Employees who work informally, belong to a marginalized group, labour in a small or medium enterprise, or hold a non-full-time position are at a higher risk of workplace accidents.[14] According to the International Labour Organization, these incidents also disproportionately impact young workers highlighting the disparity in risk between workers in the same occupation as well as the work still to be done to improve the workplace safety.[15]

In addition, inequitable compensation can affect productivity. On average, a person of colour in the US makes 63% of what a White person would make.[16] If this wage gap were addressed, there would be an additional $1 trillion in earnings for employees of color, which has been shown to directly benefit health.[17] Historically, when the US economy observed 25% productivity growth from 1960-2008, analysis showed it was due to increased diversity in the workforce.[18]

Investing in family-friendly policies can also directly boost workforce productivity, reduce workplace accidents, and improve an organization's ability to attract, motivate and retain employees. For example, The Bank of Tokyo-Mitsubishi UFJ in Japan increased retention of new mothers by over 400% and saved $45 million in turnover-related costs by providing childcare services and extended maternity leave to its employees.[19]

Aside from impacts on productivity due to health inequity, leading with purpose can help a company to attract, retain and engage top talent. Data from Deloitte shows that 80% of employees say they want to work for a company that values diversity, equity and inclusion, and that purpose-oriented companies experience 40% higher retention than their competitors.[20] This synergy can yield cost savings by making hiring more efficient through quickly identifying candidates that align with the mission, reducing turnover by orienting everyone around the mission, and lowering absenteeism.[21]

Intermountain Healthcare

Intermountain Healthcare measures its performance through employee engagement. It has found that the level of employee engagement correlates with their patient satisfaction and employee participation in their employee wellness program, LiVe Well. This demonstrates that there can be positive downstream effects to customers if employees feel engaged, and it also is motivating employees to take part in wellness programmes.[22]

Offerings

How companies create, price, market and distribute their products impacts health equity and public perception. The populations pharmaceutical companies choose to include in their clinical trials impact who benefits from a drug, which in turn impacts market share.[23,24] Cost and accessibility issues may also keep even an equitably formulated drug out of reach for the target patient population. For example, if a clinical trial for an HIV prevention drug only includes cisgender men and transgender women who have sex with men, there can be unforeseen implications for individuals assigned female at birth. Coincidentally, these women are disproportionately impacted by HIV globally. [25,26,27]

An increasing share of the public is demanding responsible corporate action. They are speaking out when companies lack a health-first approach to their offerings, and they are willing to pay more for those that do.[28] Data shows 80% of customers are willing to spend more when they know they are buying from a company that is environmentally or socially responsible.[29]

Companies that are considering health equity in their product design, development, and distribution are excelling. For example, institutional investors are finding success with funds that have been designed with benchmarks for investing in health-related and equitable companies. In one study from 2021, a fund of health-first businesses (those that demonstrated pursuing a culture of health, safety and well-being) consistently outperformed the market by 2% annually for 10 years, demonstrating clear value in a health-first approach.[30]

Rare Beauty: Inclusive cosmetics

Selena Gomez launched her line of cosmetics in 2020 with the mission of supporting self-acceptance and mental well-being. She offered 48 shades of foundation to include many skin tones, designed product bottles that can be used easily by those with arthritis, and emphasized that "makeup should be an accessory to complement what's already beautiful".

The brand focus on mental well-being has taken off, with $60 million in revenues in its first year, 1% of which are donated to mental health resources in underserved communities.[31]

Product companies are making the shift to creating inclusive products. This shift has been especially relevant in the cosmetics industry, with companies such as Rare Beauty and Fenty Beauty focusing on inclusion and mental well-being within their consumer base. These companies have benefitted from revenue growth and customer retention, as consumers are more attracted to and loyal to brands that drive social good.[32] Furthermore, health equity-focused companies can grow their addressable market as they expand their definition of what makes a target customer and make their products and services more accessible to traditionally underserved consumer segments through targeted marketing and distribution.

Community

Companies that allocate funds to address the drivers of health lower their direct and indirect healthcare costs by improving health outcomes among employees and the surrounding communities in which they live. This creates a larger market of healthy and economically empowered consumers capable of spending and generating incremental revenue growth. Consumers also value ethical and socially impactful organizations, and they are known to remain loyal to companies that demonstrate they are stewards of the community. Investment in community health can also retain the current workforce and create a healthy talent pool for future recruitment.[33]

CVS: Affordable housing

70% of the 10.8 million low-income renters in the US spend more than half of their income on rent and utilities, making affordability of other necessities a challenge.

CVS is making investments in affordable housing, a key part of their approach to addressing health equity through the Drivers of Health in underserved communities.

In 2021, CVS invested $185 million in a crucial Driver of Health: affordable housing. This investment has gone towards development of 6,570 affordable housing units in 64 cities across 28 states to support individuals experiencing homelessness, disabilities, behavioral health conditions, addiction, or domestic violence.[34]

There are many ways a company can look to support local community health equity priorities. They can invest in affordable housing, nutritious foods, early childhood education, financial literacy, transportation, or many other non-medical drivers of health. Companies can apply their expertise to uniquely impact drivers of health. For example, through their Solidarity in Action initiative, Mastercard works in partnership with cities and local communities to provide digital access to essential financial tools to Black Americans, half of whom are excluded from the financial mainstream.[35] Importantly, to achieve positive and sustainable community-level outcomes, affected communities themselves must be involved in developing solutions to ensure alignment with local needs.[36]

Historically, companies were less likely to invest in community health than in employee, consumer, and environmental health, largely because of the difficulty in measuring the return on investment. However, with more data demonstrating economic and reputational value, investing in community health is a growing priority. For example, General Dynamics subsidiary Bath Iron Works invested in reducing diabetes in its local community and expects a 60% drop in participants' healthcare costs over five years.[37] While direct measurement is challenging, an integrated approach to community health can allow a company to track all health-related initiatives through one governing body and observe longitudinal impact. These efforts also generate a strong reputational impact that can boost future sales and shareholder value.

Conversely, if companies do not support their local communities, or make actions in opposition to what the local community wants, there is evidence that it can hurt the bottom line. One company saw losses of $20 million per week when a local community protested its operations due to environmental health concerns related to hydrocarbon extraction.[38] Without the license to operate within a community, the jeopardy to long-term business sustainability and continuity is material.

Ecosystem

Vendors and suppliers that operate in an inequitable manner may expose their clients to legal and financial risk. In 2018, the Canadian province of British Columbia filed a class-action lawsuit accusing opioid manufacturers, drug distributors, and consultants of deceptive marketing practices that fueled addiction and overdose deaths.[39] The lawsuit ended in a CAD$150 million settlement.

Companies that engage in reviewing fair labour practices throughout their supply chain can avoid potential legal action or loss of customers due to working with poor actors. A lack of fair labour practices can take a toll on workforce health and well-being, compounding employee loss of productivity and absence. Companies that evaluate potential vendors and partners for fair practices, transparency and living wages before entering contracts can help create positive health equity impact across their ecosystems.

The LEGO Group: Responsible business principles

The LEGO Group sets an importantly high bar on worker rights and family-friendly polices across its value chain.

LEGO's minimum expectations and best practices for protecting children, workers and the environment extend beyond their direct production sites. Working with both direct and indirect suppliers, LEGO aims to create societal value for all communities impacted by their supply chain by setting standards for worker rights and community protections.

LEGO's commitment to ensuring positive impact across its wider value chain has won it multiple accolades including first place in Reputation Institute's Global Corporate Responsibility Study, helping to safeguard the organization's license to operate and long-term sustainability.[40]

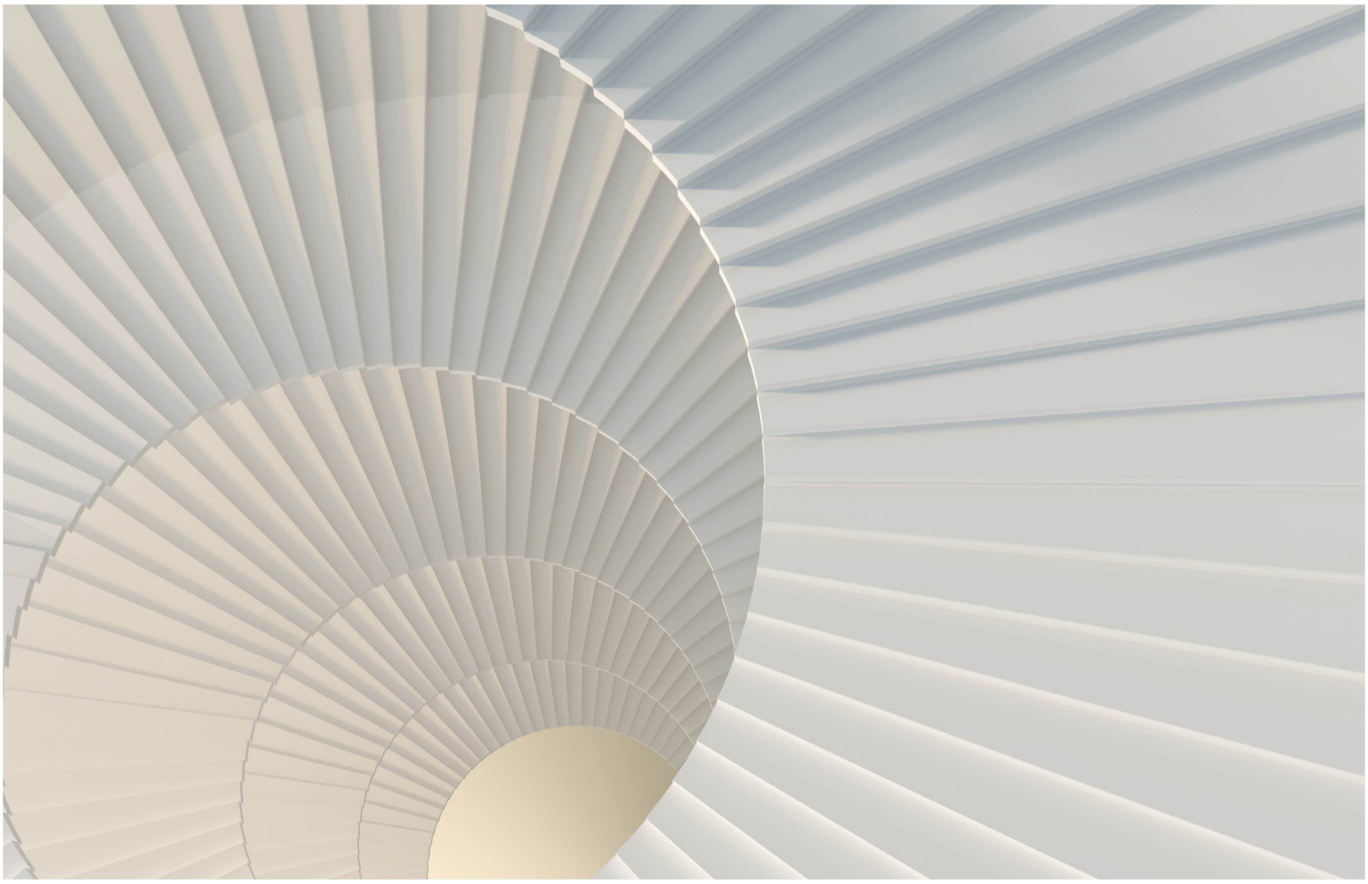
Companies can also foster sustainable practices to maintain supply chain continuity. For example, allocating funds to address the physical drivers of health – like climate change – can prevent supply chain disruptions caused by extreme climate events and reduce long-term capital costs. Investments in this area at an organizational level include reconfiguring one's own operations to reduce emissions and promoting sustainable innovation, and could also involve working with other vendors in the ecosystem.

Additionally, there are opportunities for businesses to engage with the broader ecosystem to support health through advocacy, engagement with the public, and when appropriate, public policy.[41] Businesses that proactively seek to understand and address health equity are better prepared for compliance and legal requirements in evolving external standards like those coming out of the EU and US Securities and Exchange Commission (SEC).

The value of a world with zero health gaps

Embedding health equity in every facet of an organization's operations is an act of moral and long-term business prudence. A healthy workforce is more productive. Consumers trust and are loyal to equitable companies. The communities where consumers and employees work and play directly impact their health. The evolving regulatory ecosystem will require stricter adherence to a social contract, while presenting opportunities for leaders to excel further. All of these are areas companies can invest in to advance health equity.

Creating a world with zero health gaps aligns with existing sustainability and responsibility reporting pressures. However, leaders across the global economy can take action beyond what is currently required. Multistakeholder collaborations, meaningful investments, social impact measurements and innovation are all needed to achieve an equitable global community. Each organization has a unique role to play in advancing health equity, and businesses have much to gain from it.



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Endnotes

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