

Health equity

Poor outcomes, economic impact and regulatory pressure drive advancement

The presence of disparities within the U.S. health care system prevents individuals from accessing affordable, high-quality care. These inequities result in avoidable costs and financial waste. They also impede the ability of individuals to attain optimal health and well-being. Inequities in the U.S. health system could exceed \$1 trillion in annual spending by 2040 if left unaddressed.¹ This would have consequences for everyone.

The Centers for Medicare and Medicaid Services (CMS) sees the risk and recently released an updated framework to further advance health equity for the more than 170 million individuals supported by its programs. This framework will inform action across health care for the next 10 years.²

More than 80% of health care C-suite executives see improved health equity as a top 10 goal for 2024. Nearly 50% expect to increase their health equity investment.³ They see it as a workforce recruitment and retention tool and a strategy for growth.

Forces driving health equity in 2024

Health equity continues to be a key goal for federal⁴ and state governments.⁵ States have ramped up their funding and messaging toward health equity initiatives, with an increased focus on behavioral health services.⁶ Additionally, financial implications remain a part of the equation. More and more states are moving toward risk-adjusting Medicaid for SDOH. In addition, CMS has revised Stars to put more emphasis on health equity and SDOH. If a Medicare Advantage plan falls from 4 Stars or higher to 3.5 stars, the consequence for most plans will be a significant loss in revenue.⁷



CMS is committed to modernizing systems and services to enhance public health. In response to the increasing need for health equity, the U.S. Department of Health and Human Services (HHS) intends to invest in improved data management practices.⁸ This investment will facilitate access to and standardization of demographic data, enabling the identification of disparities and informing targeted health interventions.

Digital health technology is being used to promote health equity and improve access to health care services. Regulatory pressure is also driving efforts to increase access to clinical trials and treatments to ensure they are tailored to the unique needs of various populations.

Health equity: Progress, challenges and what to watch

Health disparities come with economic costs, but addressing these disparities can lead to shared economic benefits. And for organizations with value-based competencies, addressing health equity is a lever for growth.

Disparities in the health system, particularly in chronic conditions and maternal outcomes, contribute to a dangerous rise in costs. Populations with higher rates of these disparities face escalating expenses over time.

A shared economic benefit is achieved by identifying populations that experience poor outcomes or have a higher likelihood of a diagnosis. This enables effective cost reduction through early prevention, identification and management of chronic conditions.

Yet, data availability, credibility and trust are some of the biggest challenges in addressing health disparities. Credible and validated self-reported data is limited and difficult to obtain. This hinders understanding of where disparities specifically exist. Additionally, systemic mistrust of the health delivery system affects the willingness for individuals to share their information. This remains a major barrier to data collection.

As these barriers are broken down, AI can be instrumental in generating personalized care plans based on individual health history and lifestyle factors. This should lead to more effective treatments, improved health outcomes and reduced costs.

Health organizations are making progress. Life sciences companies are reaching more diverse patient populations for clinical trials.⁹ And in state government, whole-person care is driving priorities for Medicaid coverage expansion.



Organizations that can successfully convene and share best practices will be the leaders in the health equity space. This sharing should include specific details on what interventions worked, why they worked and how they can be replicated in other communities or populations.

- Catherine Anderson
Senior VP Health Equity Strategy
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Moving forward on health equity



Gain commitment from your board of directors and leadership teams to make health equity a fundamental aspect of daily work, embedding it across all operations.



Build reliable data, insights and infrastructure to understand disparities in your populations and communities, as well as the interventions that drive impact.



Make community engagement a core competency. Build authentic relationships with community-based organizations – which often have the best understanding of what’s needed – to improve outcomes.



Combine health care and community insight to address the root cause of community health challenges.



Design health equity initiatives to be sustainable over the long term. Make sure communities have sufficient infrastructure and resources to be effective.

Why the time to act is now

Prioritizing health equity – as 80% of health care executives do – aligns with the business imperatives of improving health outcomes, reducing costs, meeting regulatory requirements, attracting talent and building relationships across the community. It is essential for promoting a healthier, more equitable and resilient society.

One of health care’s biggest opportunities is to provide better care for underserved populations by reducing long-standing health disparities. Health equity is a catalyst for growth and crucial in the context of value-based care. But regardless of whether health care providers operate under a fee-for-service or value-based care model, addressing health equity and social drivers of health is vital for improving health outcomes and ensuring quality care for all.

Health equity sources

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