

## The Business Imperative for Eliminating Health Care Disparities and Promoting Diversity

To provide the highest quality care, ensure the health of all patient populations and navigate future changes in health care delivery, hospitals and care systems must address the issue of equity in care—by eliminating health care disparities and promoting diversity. The convergence of demographic trends, continual quality improvement, financial and resource needs, coupled with new health care regulations, push health care organizations to focus on achieving equity in care.

**Demographics Trends.** Addressing diversity is inevitable, based on current demographic trends that will impact a hospital's patient population.

- Racial and ethnic minorities currently make up one-third of the U.S. population and will become the majority of the population by about 2050, according to U.S. Census Bureau estimates.
- 47 million people in the United States speak a language other than English as their primary language.
- The collective purchasing power of U.S. minorities is more than \$1.3 trillion and projected to exceed \$4.5 trillion in just a few years (Selig Center for Economic Growth, 2009).

**Quality of Care.** As the bar is raised for continual quality improvement, ensuring that all patients receive the highest quality of care will be critical.

- Racial and ethnic minorities are more likely to experience medical errors, adverse outcomes, longer lengths of stay and avoidable readmissions.
- Language barriers can contribute to adverse events.
- Racial and ethnic minorities are less likely to receive evidence-based care for certain conditions.
- Helping patients access appropriate services in a timely fashion improves efficiency.
- Eliminating linguistic and cultural barriers can aid assessment of patients and reduce the need for unnecessary and potentially risky diagnostic tests.
- Eliminating care disparities and increasing diversity at all levels of a hospital can lead to increased patient satisfaction scores.
- Health care disparities are unwarranted variations in care.
- All patients deserve not just equal care but care that is individualized to their needs.

**Financial Impact.** As the health care system moves toward a value-based versus volume-based reimbursement system, eliminating health care disparities will be vital.

- As payment becomes more dependent on outcomes, it is not financially viable to ignore persistent poor health outcomes in certain patient populations.
- Associated with health care disparities are increased costs of care due to excessive testing, medical errors, increased length of stay and avoidable readmissions.
- Pay-for-performance contracts are beginning to include provisions to address racial and ethnic disparities.
- Between 2003 and 2006, 30.6% of direct medical expenditures for African Americans, Asians and Hispanics were excess costs due to health care disparities (Joint Center for Political and Economic Studies, 2009).
- Eliminating health care inequities associated with illness and premature death would reduce indirect costs by \$1 trillion.

- Researchers estimate that eliminating disparities would reduce direct medical expenditures by as much as \$229 billion; clearly, business models should incorporate planning for the elimination of health care disparities.
- Eliminating care disparities gives hospitals and care systems a competitive marketing edge.

**Health Care Regulations.** Ensuring compliance with the many requirements placed on hospitals increasingly requires a focus on equitable care.

- New disparities and cultural competence accreditation standards from the Joint Commission
- New cultural competence quality measures from the National Quality Forum
- Provisions to reduce disparities in the Affordable Care Act
- State and local laws
- IRS compliance

In an effort to eliminate health care disparities, the National Call to Action to Eliminate Health Care Disparities was created, a partnership between America's Essential Hospitals (formerly the National Association of Public Hospitals and Health Systems), American College of Healthcare Executives, American Hospital Association, Association of American Medical Colleges and Catholic Health Association of the United States. This coalition provides resources and support to the health care profession to ensure that hospitals and care systems have the tools they need to eliminate health care disparities and promote greater diversity. Today there is a business imperative to provide equity in care. Addressing disparities is no longer just about morality, ethics and social justice: it is vital to performance excellence and improved community health.

Implementing change to eliminate health care disparities in the care continuum is challenging. Hospitals and care systems have limited resources and access to capital to make structural changes, while they also maintain and improve operating margins. Reduced reimbursement limits the available funds to make necessary changes. Additionally, resistance to change and competing regulatory issues cloud the direction that organizations should take. Facing a rapidly changing health care landscape and unconscious bias, health care leaders must work to overcome numerous challenges in eliminating care disparities.

The accompanying slide presentation makes the case for equity in care. Whether this presentation is used in community meetings, a health care setting or private meetings, the information shows persuasively that now is the time for action to address health care disparities.

## Additional Resources

Hospital leaders can pair this presentation with the following resources on eliminating health care disparities:

- Hospitals in Pursuit of Excellence guide [Reducing Health Care Disparities: Collection and Use of Race, Ethnicity and Language Data](#)
- Hospitals in Pursuit of Excellence guide [Becoming a Culturally Competent Health Care Organization](#)
- Hospitals in Pursuit of Excellence guide [The Role of the Chief Diversity Officer in Academic Health Centers](#)
- Hospitals in Pursuit of Excellence guide [Building a Culturally Competent Organization: The Quest for Equity in Health Care](#)
- Equity of Care website at [www.equityofcare.org/](http://www.equityofcare.org/)
- HRET Disparities Toolkit at [www.hretdisparities.org/](http://www.hretdisparities.org/)

## References

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LaVeist, T.A., Gaskin, D.J. and Richard, P. (2009). *The economic burden of health inequities in the United States*. Joint Center for Political and Economic Studies. Retrieved from [http://www.jointcenter.org/hpi/sites/all/files/Burden\\_Of\\_Health\\_FINAL\\_0.pdf](http://www.jointcenter.org/hpi/sites/all/files/Burden_Of_Health_FINAL_0.pdf)

U.S. Census Bureau. (2013, June 27). *State and county quickfacts*. Retrieved November 5, 2013, from <http://quickfacts.census.gov>

**Slide presentation accessible at:** <http://www.hpoe.org/EOC-businesscase-slides>

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