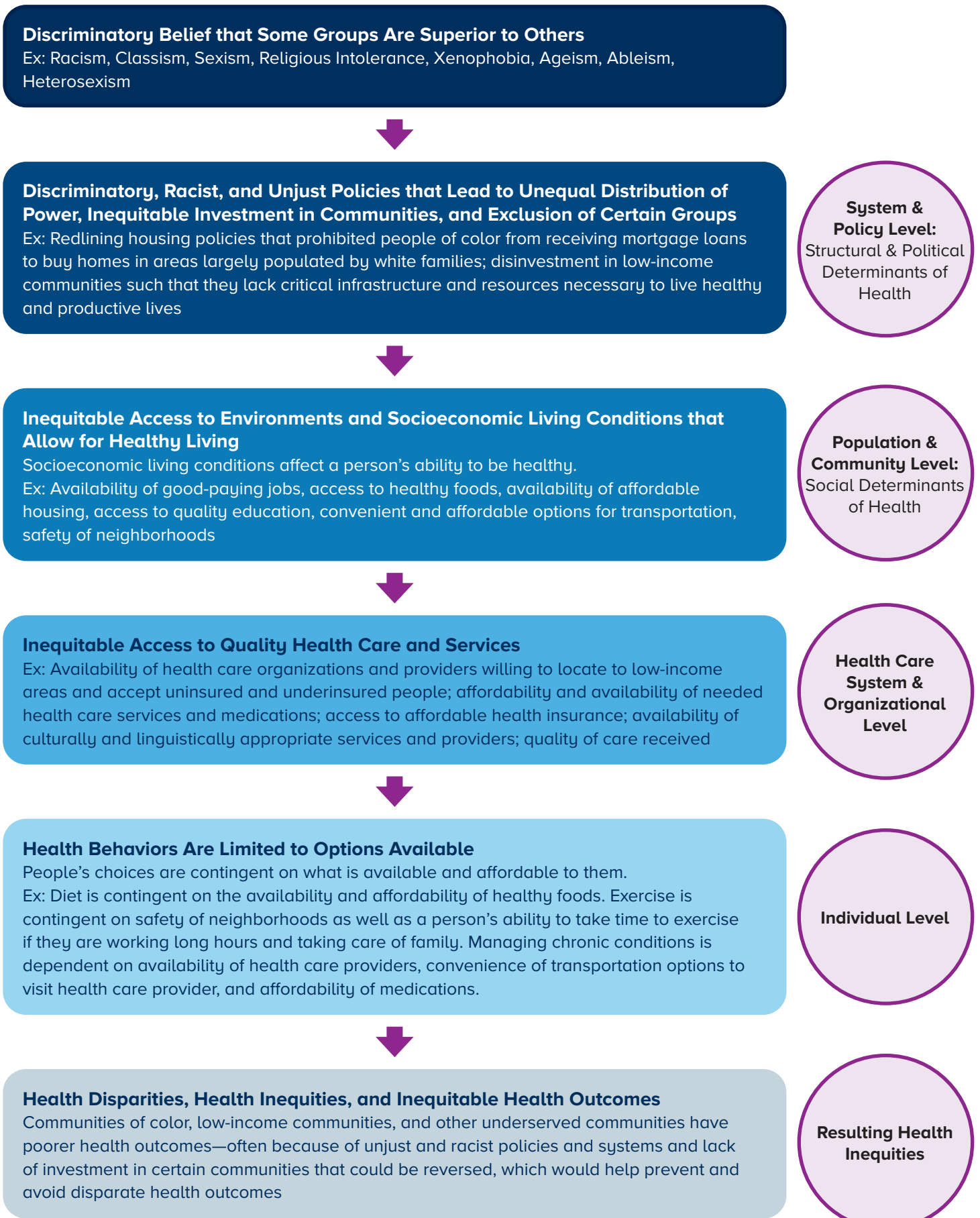


The Impact of Social Determinants of Health on Health Equity and Their Root Causes



Fig. 1. The Root Causes of Health Inequities



Why Is It Important to Address the Social Determinants of Health to Advance Health Equity?

To achieve health equity such that every person has a fair opportunity to live a healthy life, we must address these root socioeconomic and sociopolitical causes of poor health and health disparities. The cost of inaction on social barriers to health has glaringly emerged during the COVID-19 pandemic, exposing the stark inequities that exist in America and demonstrating the crucial link between socioeconomic barriers and health outcomes.

Health insurance providers recognize the importance of meeting the basic needs of their members and have utilized policy levers to mitigate the socioeconomic barriers that they face. Health insurance providers respond to socioeconomic barriers in a variety of ways, ranging from offering services that are covered under the insurance plan to designing and implementing new innovative programs—often in partnership with community-based organizations. Many health insurance providers also invest grant funding, reserve funds, or savings in community infrastructure and community-based resources to improve the socioeconomic living conditions of the communities they serve so that their focus is not just on reducing disparities for their members but also on advancing health equity across the community by increasing opportunities to live healthy lives. Even though these community investments are not covered services, health insurance providers understand that investing in communities and addressing socioeconomic barriers to health can equalize opportunities across all income levels and groups of people and improve health outcomes. For examples of how health insurance providers have addressed various socioeconomic barriers to health, please view the linked resources below.

Policy Recommendations to Scale Social Determinant of Health Work and to Advance Health Equity

Thanks to federal and state policy flexibilities and their own private investments, health insurance providers have made good progress in addressing health-related social needs. Unfortunately, many have faced challenges in sustaining and scaling these efforts due to policy barriers. To achieve even greater and more lasting impact on reducing disparities and advancing health equity, AHIP recommends the following policies to help scale and sustain health insurance providers' current work and facilitate additional work that address the social determinants of health:

Policy Recommendations to Build Foundational Elements to Address Socioeconomic Barriers and Advance Health Equity:

- **National Framework:** Develop a national social determinant of health framework that provides a plan of action with shared goals as well as appropriate roles and responsibilities of relevant stakeholders for identifying and addressing socioeconomic needs
- **Data Standards:** Create national data standards around social determinants data to promote standardization across states that will help facilitate data aggregation and analysis towards common evaluation metrics that help to reduce disparities and advance equity
- **Data Collection:** Allow health insurance providers to collect sociodemographic data on their members as part of enrollment to better identify and reduce disparities and to tailor communications and services appropriately
- **Cross-Sector Data Exchange:** Build a modern data exchange infrastructure that facilitates data sharing across cross-sector partners to inform efforts that address socioeconomic barriers
- **Cross-Sector Capacity:** Invest and build capacity in other relevant sectors that are critical to addressing social determinants, such as social services, education, housing, employment, food, broadband, transportation, public health, behavioral health, and community health sectors, among others
- **Health Equity Goals:** Convene stakeholders to identify goals that advance health equity to incentivize stakeholders to focus on equity and align efforts towards common goals while rewarding providers, organizations, and health insurance providers who achieve these goals
- **Research Funding:** Provide funding for social determinant of health research so that effective pilots, interventions, and programs that address socioeconomic needs can be scaled and so costs of these efforts can be better quantified
- **Risk Adjustment:** Research the process on how best to improve the incorporation of social risk factors into risk adjustment methodologies

Policy Recommendations to Advance Social Determinants Work in Medicaid and Medicare

- **Medical Loss Ratio:** Broaden the interpretation of quality improvement activities for purposes of calculating health plan medical loss ratios (MLRs) to include expenditures for interventions that address social risk factors so that these activities are treated as health-related and not lumped in with administrative costs.
- **Pooling Funds:** Extend flexibilities to allow health plans to participate in pooled funding arrangements with others in the community, such as state social service agencies.
- **Medicaid Waiver Flexibility:** Increase flexibility in Medicaid waivers that permit states to broaden the scope of covered services to include specific non-medical services and interventions that help address the social determinants of health
- **In Lieu of Services:** Permit greater latitude in the use of “in lieu of services” in Medicaid to address social risk factors
- **Interagency Medicaid Waivers:** Create a pathway that allows State Medicaid agencies to partner with other state agencies (e.g., Housing, Employment) to request interdisciplinary waivers and associated funding from multiple federal agencies
- **Medicare Supplemental Benefits:** Preserve and advocate for additional flexibilities that allow Medicare Advantage plan offerings of supplemental benefits to address health-related social needs
- **Medicare Star Ratings Program:** Support and advocate for improvements to the MA/Part D Star Ratings program (including the Categorical Adjustment Index methodology) to account for social risk factors that impact plan and provider performance

Health insurance providers are committed to working with policymakers to address the underlying root causes of poor health to reduce disparities and advance health equity so that everyone has a fair opportunity to live their healthiest life.

Links to Additional Resources Highlighting How Health Insurance Providers Are Addressing Social Determinants of Health:

- [How Health Insurance Providers Are Innovating to Address Socioeconomic Needs During COVID](#)
- [Bridging the Digital Divide: How Health Insurance Providers Are Addressing SDOH and Promoting Access to Telehealth](#)
- [The Value of Medicaid Managed Care in Advancing Health Equity](#)
- [Medicaid and Social Determinants of Health: Policy Recommendations to Achieve Greater Impact on Reducing Disparities and Advancing Health Equity](#)
- [How Health Insurance Providers Combat Social Isolation and Loneliness](#)
- [How Health Insurance Providers Provide Safe and Affordable Housing](#)
- [How Health Insurance Providers Secure Access to Healthy Foods](#)
- [How Health Insurance Providers Addressing the Social Determinants of Health](#)