The Time Is Now:

The $5.9 Billion Case for Massachusetts Health Equity Reform

EXECUTIVE SUMMARY

JUNE 2023

Racial and ethnic disparities in health care access, quality, and outcomes have been well documented in Massachusetts and across the country.[1] These disparities derive not only from the experiences that populations of color[2] have with the health care system but also from the legacy effects of generations of disadvantage as well as ongoing structural racism and discrimination that is embedded in our health care, housing, criminal justice, educational, and political systems.[3]

Many in Massachusetts feel a moral imperative to address *disparities and inequities in health*,[4] and they see the opportunity to be a leader on this issue, as the state has been in other health reform initiatives. Like health reform, solutions for reducing inequities in health require investments of time and resources for which there will always be competing priorities. Solutions also require the commitment of a broad spectrum of stakeholders in Massachusetts who must be willing to bring the same sense of "shared responsibility" to reducing disparities and inequities that they brought to previous health reform efforts. In understanding the value of these investments, it is critical to recognize that in addition to the human toll, they represent a significant economic burden to individuals and families, health care providers, employers, public and private sector payers, and the overall Massachusetts economy. This study, commissioned by the Blue Cross Blue Shield of Massachusetts Foundation in collaboration with the Health Equity Compact,[5] aims to quantify that economic burden.

This analysis uses a health equity framework, identifying the optimal level of health for *all* racial and ethnic groups and then measuring the gap between that goal (referred to as the "health equity targets") and current levels of health. This differs from a disparities framework, which typically compares the status of a disadvantaged group or groups (in this case, populations of color) to an advantaged group (in this case, the White population).

Because populations of color bear a disproportionate burden of health inequities driven by poorer health and a disproportionate burden of disease, and for the Black population also a disproportionate burden of premature death (see Exhibit 4 in the full report for more detail), this report primarily focuses on the health inequities faced by populations of color.[6]

TYPES OF ECONOMIC BURDEN

Inequities in health are associated with increased disease and disability as well as premature mortality. Three types of economic burden from health inequities were estimated: (1) the avoidable health care spending that arises due to poor health, (2) the lost labor productivity due to poor health, and (3) the economic value of lost years of life due to premature death. To estimate each type of economic burden, the study compared outcomes based on the current health of the Massachusetts population with the outcomes that would be achieved if *all* groups attained the health equity target rates for better health and reduced mortality. The models used to quantify the economic burden of health inequities in the Commonwealth were customized to Massachusetts-specific data.

This study found that the economic burden due to health inequities experienced by Black, Hispanic/Latino, and Asian populations in Massachusetts total **$5.9 billion each year**. Among populations of color:

- **$1.5 billion**, or about one-quarter of this burden, is associated with avoidable health care spending, which translates to approximately 2.2 percent of total medical spending in Massachusetts.
- **$1.4 billion**, roughly another quarter, is associated with lost labor productivity due to higher rates of poor health, which can also be understood as the loss of 27,000 full time workers every year.
- **$3.0 billion** or just over half of this burden, is associated with the cost of premature death.

The White population in Massachusetts is also not at optimal health and, given its size, contributes significantly to the total economic burden of health inequities in Massachusetts. This study found that the **total economic burden of health inequities across all major racial and ethnic groups in Massachusetts was $23.5 billion** each year.

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The economic burden associated with inequities in health in Massachusetts is not limited to a few population groups or business sectors but has broad implications for all residents and all businesses in the state. For example, the costs of avoidable health care spending are borne by Massachusetts residents and by both public (MassHealth and Medicare) and private entities (employers, health insurance companies) in the health care system, and the cost of lost labor productivity is spread across employees and employers in a wide range of industries. Moreover, in addition to the tragic human toll of premature death, the families not built, and milestones not celebrated, Massachusetts also misses out on the contribution those individuals would have made to the Commonwealth's society and economy.

Leaders in Massachusetts have known for decades about the human cost of health disparities between populations of color and the White population in the state, as well as the opportunities to improve health for the entire population. Now is the time to shift from awareness to action. Given demographic trends in Massachusetts, if action is not taken to reduce health inequities, the economic burden of health inequities experienced by the Black, Hispanic/Latino, and Asian populations will almost double in a generation, from **$5.9 billion each year today to $11.2 billion each year by 2050**.

Massachusetts will do better and have a stronger economy when all Massachusetts residents have better health.

The full report describes the findings from this study in more detail.

ENDNOTES

1 Anthony, S., Boozang, P., Elam, L., & McAvey, K. (2021). *Racism and Racial Inequities in Health: A Data-Informed Primer on Health Disparities in Massachusetts.* Blue Cross Blue Shield of Massachusetts Foundation and Manatt Health. https://www.bluecrossmafoundation.org/publication/racism-and-racial-inequities-health-data-informed-primer-health-disparities.

2 For purposes of this report, the term "populations of color" includes individuals who identify as Asian, Black, or Hispanic/Latino.

3 Bailey, Z.D., Feldman, J.M., & Bassett, M.T. (February 25, 2021). How Structural Racism Works—Racist Policies as a Root Cause of U.S. Racial Health Inequities. *The New England Journal of Medicine, 384*(8), 768-773. https://www.nejm.org/doi/full/10.1056/NEJMms2025396.

4 There is not a standardized set of health equity terminology. This report uses the following definitions from Healthy People 2030: Health equity is the attainment of the highest level of health for all people. Achieving health equity requires valuing everyone equally, with focused and ongoing societal efforts to address avoidable inequalities, historical and contemporary injustices, and the elimination of health and health care disparities. Health disparity is a particular type of health difference that is closely linked with social, economic, and/or environmental disadvantage. Health disparities adversely affect groups of people who have systematically experienced greater obstacles to health based on their racial or ethnic group; religion; socioeconomic status; gender; age; mental health; cognitive, sensory, or physical disability; sexual orientation or gender identity; geographic location; or other characteristics historically linked to discrimination or exclusion. U.S. Department of Health and Human Services. *Healthy People 2030: Health Equity in Healthy People 2030.* https://health.gov/healthypeople/priority-areas/health-equity-healthy-people-2030.

5 The Health Equity Compact (the Compact) is a coalition of over 70 Massachusetts leaders of color who seek to dismantle systemic barriers to equitable health outcomes for all residents of the Commonwealth. Compact members are high-level executives and experts from a diverse set of health, business, labor, and philanthropic organizations, including hospitals, health centers, payers, academic institutions, and local public health. The Compact's vision is the elimination of systemic barriers and creation of new structures and processes that will lead to equitable health care and health outcomes for all in Massachusetts. The Compact's mission is to realize bold statewide policy and institutional practice changes that center racial justice and health equity. The Compact is committed to leveraging its members' lived experiences and professional expertise to advance health equity in Massachusetts. For more information, see: https://healthequitycompact.org/.

6 For this Massachusetts-specific analysis, we also provide the economic burden associated with all major racial and ethnic groups, since the White population represents almost 70 percent of the total population in the Commonwealth. U.S. Census Bureau. *Massachusetts: 2020 Census.* https://www.census.gov/library/stories/state-by-state/massachusetts-population-change-between-census-decade.html#.

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A message from the Health Equity Compact:

A significant hurdle in tackling health inequities and the subsequent disparities lies in the historical inadequacy of available data to fully comprehend the extent and impact of the problem. This analysis is helpful in revealing the broader consequences of health inequities to all, and a motivation for leaders in both the public and private sectors to initiate proactive measures.

The Health Equity Compact would like to underscore the notion that Massachusetts faces a choice to "pay now or pay greater later," as demonstrated by this report, which highlights the unacceptable cost being paid by communities of color and ultimately borne by businesses and the Commonwealth. In response to this data, our charge is to effect meaningful change!

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