

An Employer's Guide to
Reducing Racial & Ethnic
**Health
Disparities**
in the Workplace



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**National
Business
Group on
Health**

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An Employer's Guide to Reducing Racial & Ethnic Health Disparities in the Workplace



EXECUTIVE SUMMARY

As the U.S. workforce becomes increasingly diverse and company operations globalize, health disparities in the workplace are also becoming more common. Not only do health disparities affect employees physically and financially but so do employers who provide health benefits coverage to their employees and must shoulder the additional costs incurred.

Health disparities are differences in health status and care delivery offered to people with similar health conditions.¹ Health disparities directly and indirectly affect total medical expenditures for both public and private payers.² In 2009, the Urban Institute reported that in the U.S., health disparities among African Americans, Hispanics and non-Hispanic whites for diabetes, hypertension, stroke and renal disease cost all payers \$23.9 billion. Despite the Institute of Medicine's 2003 landmark report, *Unequal Treatment*,³ which sent a wake-up call to industry stakeholders, health disparities continue to pervade the U.S. health care system. To this end, how much measurable progress have large employers made to reduce health disparities in the workplace? What should employers do now to close disparity gaps?

In 2011, the National Business Group on Health and the Urban Institute conducted research using Medical Expenditure Panel Survey data that revealed how health disparities associated with the race and ethnicity of workers constitute approximately 3.75% of total corporate medical expenditures for management and professional employees and 5.28% for non-management employees in 2011.⁴ That is, for every \$1 billion spent, at least \$37.5 million is incurred for disparities among managers and \$52.8 million for disparities among non-managers.

Astoundingly, our figures underestimate the true cost of disparities due to under-reported health events among minorities, which may reflect cultural stigma and/or missing care. Overall, the percentage cost of health disparities for all workers (9.03%) is directly attributable to nervous system/sensory organ disorders (19%), musculoskeletal conditions (15%), heart disease (14%), depression and other mood disorders (13%) and cancers (6%). Meanwhile, the percentage cost of lost workdays due to productivity losses for health disparities is 10.39% for both managers and non-managers.

Many employers fear legal uncertainties on managing race and ethnicity workforce data; thus, preventing them from truly understanding the bottom-line impact of health disparities on organizational performance. However, a few innovative employers are boldly leading the way in supporting on-site multicultural wellness champions and crafting measurable data-driven solutions through active investigation of their own medical and productivity drivers, as well as cultural and diversity forces, which dictate whether minorities successfully obtain the appropriate care they need. Although certain employee factors – disposable income, lifestyle demands, primary spoken language, trust in the health care system, and health literacy

and numeracy – may not typically fall under employer control, it pays to review these factors because they drive data partnerships focused on strengthening your disparities data strategy and operations plan with a diverse communications network.

The environmental, social and political challenge of eliminating health care disparities continues to be a tremendous problem for communities nationwide primarily because disparities touch on multiple components of our fragmented health care system with misaligned financing channels and incentives, as well as perceived legal barriers on data collection, analysis and reporting.⁵ Nevertheless, with the launch of the National Partnership for Action and National Stakeholder Strategy, led by the U.S. Health and Human Services, Office of Minority Health, our collective cause is not lost. Hospitals are working to integrate stronger care delivery for minority patients.⁶ Physicians and health care providers are realizing that treatment

recommendations must take into account cultural differences.⁷ Health plans are collaborating to achieve industry certifications, such as the National Committee on Quality Assurance's (NCQA) multicultural health care distinction,⁸ to equip staff with cultural competencies for carrying out disparities-related initiatives. Yet much more must be done to support minority patients – valuable employees in your organization – who continue to experience vast differences in health status and care delivery, despite possessing adequate health benefits coverage, equivalent socioeconomic status and comparable comorbidities.⁹

We hope that you will join the National Business Group on Health; the U.S. Health and Human Services, Office of Minority Health; and other forward-thinking companies, health providers, data partners and diverse communities nationwide to eliminate racial and ethnic health care disparities in the workplace collectively.

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ABOUT THIS EMPLOYER'S GUIDE

As part of a multiyear grant funded by the U.S. Health and Human Services, Office of Minority Health, this employer guide is designed to raise awareness and promote action on closing the gaps in health disparities among large member companies of the National Business Group on Health.

Every employer must strive to identify employee touch points (i.e., critical points of contact with employees and dependents) and strengthen multicultural competency underlying medical, pharmacy, wellness, disability leave and benefits. Further, an employer must hold its data partners, such as health plans and wellness/health promotion vendors, accountable for customizing plan designs and health and productivity programs that economically support the health and cultural needs of an employer's diverse workforce. With expert

guidance provided by health plans, consulting firms, academic institutions, corporate member companies and other special industry partners who serve on the Business Group's Advisory Board on Reducing Racial and Ethnic Health Disparities, we present this employer's guide to emphasize the business imperative of reducing health disparities at work as a viable way to control corporate health spending and boost workforce productivity—and in effect, achieve health equity among the insured.

How to Use This Employer's Guide

The goal of this guide is to build on our knowledge of health disparities in the workplace and aim our targets high for closing unequal gaps in status, treatment and outcomes among minority workers.

This guide is divided into five parts:

- I. **Build Your Business Case**
- II. **Develop Your Data Strategy and Operations**
- III. **Customize Your Plan Design Benefits**
- IV. **Communicate to Your Diverse Employees**
- V. **Navigate Your Legal Environment**

Also provided is a benchmark checklist with practical steps for each of the five parts above that an

employer must take to close the health disparities gap at the workplace based on three priority action levels:

- Level 1: Act Now**
- Level 2: Plan Ahead**
- Level 3: Think Forward**

Each level contains its own subset of employer goals based on work performed by the Business Group's Advisory Board on Reducing Racial and Ethnic Health Disparities. Our goals reflect recommended guidance that a company can pursue according to its own corporate health care strategy, diversity inclusion policies and overall business performance.

Before completing this checklist, each employer may benefit from applying a suitable competitive intelligence tool to evaluate which specific goals support organizational needs and enhance program effectiveness. Competitive intelligence theory, for example, helps a company assess its role and rivalry pressures in the industry or market based on a variety of factors, including political, economic, sociocultural, technology, legal and environmental

forces. As a result, we provide a Strength, Weakness, Opportunity and Threat (SWOT) matrix to help you target internal capabilities with external situations that may guide you as you develop your corporate health care strategy and diversity inclusion policies. Often, a SWOT matrix and other analytical tools can help you determine how to govern supplier relationships and staff on-site wellness services, and how to reach out to diverse employees.

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COMPETITIVE INTELLIGENCE ANALYSIS

As a large employer, before you decide whether to launch a comprehensive campaign to eliminate health disparities in your organization, consider conducting some type of competitive intelligence analysis to target your strengths with industry opportunities.

Figure: Sample SWOT Analysis for Disparities Reduction Strategy

	HELPFUL to achieving the objective	HARMFUL to achieving the objective
INTERNAL ORIGIN attributes of the organization	<p>STRENGTHS</p> <ul style="list-style-type: none"> Integrated employment and health data using single vendor platform for over 3 years. 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> Failed to incorporate health disparities into corporate health strategy and diversity inclusion policies with C-Suite support.
EXTERNAL ORIGIN attributes of the environment	<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> Use data-driven results to achieve equity among all employees based on health status, treatment and outcomes. Collaborate with community leaders to address socioeconomic factors that are beyond employer control. 	<p>THREATS</p> <ul style="list-style-type: none"> Major competitor in same industry already implemented disparities-reduction program to attract top talent.

Note: SWOT analysis is a planning method used to evaluate the Strengths, Weaknesses, Opportunities and Threats involved in a project.
Strengths: characteristics of the company that give it an advantage over others in the industry.
Weaknesses (or Limitations): characteristics of the company that place it at a disadvantage relative to others.
Opportunities: external chances to make greater sales or profits in the environment.
Threats: external elements in the environment that could cause trouble for the company.

While many tools exist, the sample SWOT analysis above (Figure) shows the process of how employers can create their strategy on reducing employee health disparities. In your company, for example, your human resources (HR) department may be adept at health data integration. However, due to competing objectives, the HR staff was unable to secure C-suite

buy-in and ongoing support and has discovered at an industry conference that a major competitor has already implemented a disparities-reduction initiative to attract top minority workers. Opportunities remain, however, to use disparities data and work with community leaders to implement a company-wide disparities reduction program.

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EMPLOYER BENCHMARK CHECKLIST

For each section of this guide, the employer goals are prioritized into three action levels.

- **Level 1: Act Now** reflects basic steps on securing workplace support and promoting diversity that employers must take to begin developing their health disparities initiatives.
- **Level 2: Plan Ahead** represents more complicated processes on fostering plan partnerships and disparities research.
- **Level 3: Think Forward** contains the most sophisticated actions on data collection, analysis and reporting for an employer's workforce.

I. Build Your Business Case

Priority Action Level	Employer Goals	Target Partner
1	<input type="checkbox"/> Secure senior management buy-in and ongoing support for closing health disparities gaps.	C-Suite
1	<input type="checkbox"/> Incorporate closing health disparities gaps as part of corporate health care strategy and HR diversity/inclusion strategy.	C-Suite / Employees
1	<input type="checkbox"/> Highlight the value of cultural diversity in the workplace and in the community.	All
2	<input type="checkbox"/> Close health disparities gaps through better plan design and employee engagement.	All
2	<input type="checkbox"/> Support research on racial and ethnic health status, treatment and outcome differences.	Health Plan / PBM / Behavioral Health Provider / Wellness Provider / EAP
3	<input type="checkbox"/> Use the Health Disparities Cost Impact Tool to identify, evaluate and rank the most prevalent and costliest—yet manageable—health conditions by ethnicity, age and job category.	Health Plan / Data Warehouse
3	<input type="checkbox"/> Investigate the impact of health disparities on productivity measures.	Health Plan / Data Warehouse

II. Develop Your Data Strategy and Operations

Priority Action Level	Employer Goals	Target Partner
1	<input type="checkbox"/> Create an action plan to collect and analyze racial and ethnic data using all available resources: new employee intake forms, health appraisal or health plan enrollment information.	Health Plan / PBM / Behavioral Health Provider / Wellness Provider / EAP / Data Warehouse
1	<input type="checkbox"/> Ask health partners who support employees to identify gaps in engagement and/or outcomes and recommend highest-value solutions.	Health Plan / PBM / Behavioral Health Provider / Wellness Provider / EAP / Data Warehouse
1	<input type="checkbox"/> Review certification status of vendors for implementing disparities-directed initiatives (e.g., National Committee on Quality Assurance/NCQA multicultural health care distinction).	Health Plan / Behavioral Health Provider / Wellness Provider
2	<input type="checkbox"/> Examine key employee factors, including race/ethnicity, primary language, gender, age, length of service, location, disability, and job category (primary); full-time status, income, education, health literacy and other perceptions (secondary).	Health Plan / PBM / Behavioral Health Provider / Wellness Provider / Data Warehouse
2	<input type="checkbox"/> Consider environmental factors where employees live with respect to multicultural lifestyle demands, provider practice variations, community feedback and geographic well-being.	Health Plan / Behavioral Health Provider / Wellness Provider / Employees
3	<input type="checkbox"/> Modify HR policies to increase internal access to sensitive but aggregated employee data (i.e., employment data with medical data) for health promotion.	C-Suite

III. Customize Your Plan Design Benefits

Priority Action Level	Employer Goals	Target Partner
1	<input type="checkbox"/> Hold health plan partners accountable for closing health disparities gaps by developing a strategic action plan using touch points.*	Health Plan / PBM / Behavioral Health Providers / Wellness Providers / EAP / Data Warehouse
1	<input type="checkbox"/> Build staff cultural competency using training tools incorporated into your renewal contracts and performance guarantees for all health and wellness vendors.	Health Plan / PBM / Behavioral Health Provider / Wellness Provider / EAP / Data Warehouse / Employees
1	<input type="checkbox"/> Implement favorable benefits premiums and out-of-pocket pricing for low-wage workers if there is a high number of racial/ethnic minority workers in this income group.	All
2	<input type="checkbox"/> Investigate psychosocial and biological differences among racial/ethnic minority workers, which may increase their susceptibility to certain health conditions (e.g., healthy-weight Asians at risk for diabetes or hepatitis) or behaviors (e.g., African Americans less likely to participate in health appraisals).	Health Plan / PBM / Behavioral Health Provider / Wellness Provider / EAP / Data Warehouse
3	<input type="checkbox"/> Manage program incentives, especially those that may have a negative effect on the health of racial/ethnic minority workers who are disproportionately more affected by health conditions (e.g., obesity) or behavior (e.g., tobacco use).	Health Plan / PBM / Behavioral Health Provider / Wellness Provider / EAP / Data Warehouse

Note: Touch points are critical points of contact with employees and dependents.

IV. Communicate to Your Diverse Employees

Priority Action Level	Employer Goals	Target Partner
1	<input type="checkbox"/> Design communications on general disparities information, how employees can help close health care disparities gaps through appropriate use of health services, and success stories of ethnic workers enrolled in health improvement programs.	All
1	<input type="checkbox"/> Affirm privacy protection statements, non-punitive use of data collection, and information about plan and community partnerships.	All
1	<input type="checkbox"/> Establish multicultural staff representatives to support on-site health services (e.g., wellness champions, employee resource groups, marketing teams and HR/benefits professionals).	All
2	<input type="checkbox"/> Understand and overcome cultural mistrust among ethnic employees and where it exists by partnering with community leaders.	All
2	<input type="checkbox"/> Encourage healthy lifestyles for diverse spouses, domestic partners, dependents and families.	All

V. Navigate Your Legal Environment

Priority Action Level	Employer Goals	Target Partner
1	<input type="checkbox"/> Work with corporate counsel to translate law into health disparities policy.	C-Suite
1	<input type="checkbox"/> Confirm compliance with existing federal laws (e.g., HIPAA privacy and security).	All
1	<input type="checkbox"/> Develop or revise Notice of Privacy Practices and HIPAA authorization forms, as necessary.	All
1	<input type="checkbox"/> Review any applicable state laws.	All
2	<input type="checkbox"/> Manage HR risks associated with using various methods of collecting racial/ethnic data.	Health Plan / PBM / Behavioral Health Provider / Wellness Provider / EAP / Employees
3	<input type="checkbox"/> Support aggregating and integrating employee data with medical, health and productivity, and wellness/health promotion data to develop more complete information for use in planning.	All

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I. BUILD YOUR BUSINESS CASE

Companies of all sizes in every industry should investigate the true economic impact of health disparities in the workplace. Unequal health statuses, treatments and outcomes pervade the entire U.S. health care system, affect all workers at all ages and undermine bottom-line performance for total corporate medical spending and workforce

productivity.¹⁰ To build your business case, you must complete priority action levels 1 and 2, which will help you develop your disparities program infrastructure and strive to implement more complicated data-directed initiatives in level 3 with complete health partner cooperation.

Priority Action - Level 1: Act Now

1	<input type="checkbox"/>	Secure senior management buy-in and ongoing support for closing health disparities gaps.	C-Suite
1	<input type="checkbox"/>	Incorporate closing health disparities gaps as part of corporate health care strategy and HR diversity/inclusion strategy.	C-Suite/Employees
1	<input type="checkbox"/>	Highlight the value of cultural diversity in the workplace and in the community.	All

Senior Management Buy-In and Ongoing Support

Few companies are completely able to streamline corporate, human resources and health benefits objectives harmoniously. All too often, HR departments are compartmentalized with other business units due to structural barriers. Miscommunication ensues among hiring teams, training teams, benefits teams, etc. While these related teams fall under human resources, they may speak different languages or talk to different suppliers to carry out their work processes or accomplish their internal goals. Recruiters, for example, may bring on board candidates from diverse backgrounds who self-reported on their applications forms, yet this information may not necessarily reach colleagues in other HR units who are responsible for continued training.

Communication Barriers to Developing a Disparities Reduction Plan

- Certain HR units may not see the functional importance of sharing demographic data, such as race or ethnicity, with colleagues in other units. For instance, the hiring team may collect and report race data for federal purposes or other corporate requirements, but file them away for employee protection. Yet this type of data can be used to support all HR units, including health and wellness benefits. To learn more, see Section II: Develop Your Data Strategy and Operations.
- Corporate counsel may advise HR units to leave racial and ethnic data alone out of fear of the legal consequences based on possible discrimination. Counsel cautions that using this data may lead to selective targeting of

diverse employees who legitimately fall under state or federal protections. However, this fear of collecting, analyzing and reporting on race and ethnicity is not grounded in today's laws. To learn more, see Section IV: Navigate Your Legal Environment.

- For many companies, eliminating health disparities at work feels incredibly daunting because the scientific literature on customizing benefits by ethnicity under employer-sponsored coverage is limited.

As a result, a company's human resources department must raise the complex issues of disparities with the C-suite to receive total buy-in and ongoing support for customizing health and wellness programs. The HR units need to design programs that are not necessarily standardized across all employee populations but also avoid alienating or giving the impression of favoring one employee group over another.

Communicating strategically by targeted messaging and relying on evidenced-based data to tailor benefits for ethnic workers are some ways that a company can strengthen the health of its employees. To accomplish this, each company must assess its workforce data to compare baseline costs with disparities costs for improving health quality initiatives.

Corporate Health Care Strategy and Diversity Inclusion Policies

As companies globalize and hire individuals from diverse backgrounds, the role of HR becomes more critical as the need to develop and implement people-oriented initiatives increases. Large employers must strive to align disparities reduction with overall corporate objectives and HR inclusion policies. The multifaceted functions of HR – hiring, training, compensation and benefits – must integrate seamlessly for HR to deliver services that cultivate workforce productivity, vendor partnerships and culturally diverse environments.

Cultural Diversity

Cultural diversity is a multifaceted concept that is commonly championed at many leading U.S. companies with far-ranging global operations as a critical component of successful business practice. Diversity Inc.'s annual ranking of the [Top 50 Companies for Diversity](#), based on CEO commitment, human capital, corporate and organizational communications and supplier diversity, lists the variety of large employers that strongly value diversity-management initiatives aligned with business operations.¹¹

On many accounts, talented workers from diverse backgrounds with respect to race, ethnicity, gender and age, among other personal attributes, can bring an assortment of unique life experiences and perspectives to a company that helps teams to think flexibly, communicate effectively and problem-solve innovatively beyond traditional lines.¹² Overall, leading global companies in all industries agree that cultural diversity is a necessity in carrying out multinational operations and building strong work units with cross-functional abilities and different life perspectives. Not only can true teamwork help boost product quality or enhance manufacturing safety, for instance, but it can also cultivate a family-oriented environment that sustains staff satisfaction, morale and loyalty for many generations.

To advance cultural diversity, employers must further raise awareness and action on building health equities among their employees and beneficiaries. Some government/industry publications that are helpful sources of information about health disparities include: the Agency for Healthcare Research and Quality's [National Healthcare Quality & Disparities Report](#),¹³ Dartmouth Atlas's [Regional and Racial Variation in Primary Care and the Quality of Care among Medicare Beneficiaries](#),¹⁴ U.S. Department of Health and Human Services' [Action Plan to Reduce Racial and Ethnic Health Disparities](#) and the Centers for Disease Control and Prevention's [Health Disparities and Inequalities Report](#).

Priority Action - Level 2: Plan Ahead

2	<input type="checkbox"/>	Close health disparities gaps through better plan design and employee engagement.	All
2	<input type="checkbox"/>	Support research on racial and ethnic health status, treatment and outcome differences.	Health Plan / PBM / Behavioral Health Provider / Wellness Provider/ EAP

Plan Design and Employee Engagement

Based on scientific evidenced-based research, plan design and employee engagement that effectively identifies and reduces disparities must constitute a C-suite imperative for all health and wellness data vendors. HR/benefits specialists without integrated access to workers' employment and health data are unable to evaluate where inequities in status, treatment and outcome exist. They miss vital data that may help them identify program gaps for areas of improvement and in effect, realize hidden cost-saving potential. For example, have you compared condition prevalence and program utilization between managers and non-managers in each race/ethnic group? Sample guidance on benefits and incentive design for disparities reduction is provided in Section III: Customize Your Plan Design Benefits.

Today's stark reality is that health disparities alarmingly undermine the bottom-line performance for every company because they drive up total medical and pharmacy costs associated due to unequal treatment or unhealthier outcomes for all employees regardless of racial/ethnic background. Research indicates, for example, that certain ethnic groups are more likely to use the emergency room for care deemed non-emergent, which leads to utilization of more intensive and costly services. Pharmacy benefits trend is another area where ethnic groups vary in terms of compliance. Even geographic regions with provider practice variations are known to contribute to disparities, as documented in the Dartmouth Atlas and AHRQ state quality dashboard. To learn more, see Section IV: Communicate to Your Diverse Employees.

Priority Action - Level 3: Think Forward

3	<input type="checkbox"/>	Use the Health Disparities Cost Impact Tool to identify, evaluate and rank the most prevalent and costliest—yet manageable—health conditions by ethnicity, age and job category.	Health Plan/ Data Warehouse
3	<input type="checkbox"/>	Investigate the impact of health disparities on productivity measures.	Health Plan/ Data Warehouse

Health Disparities Cost Impact Tool

According to the National Business Group on Health and Urban Institute, a company can expect to spend at least 3.75% of its total health care spend on health disparities, or \$124.56 per insured employee. The health conditions with the highest disparities-related costs were: 1) nervous system/sensory organ disorders, 2) musculoskeletal conditions, 3) heart disease, 4) depression and other mood disorders. To a large degree, these costs could have been avoided with strategically targeted health and wellness diversity programs based on integrated HR and health care utilization data. To learn more,

see Section II: Develop Your Data Strategy and Operations.

When reviewing the major disparities-related cost drivers in your organization, it will be helpful to target the most prevalent or expensive conditions that dramatically affect your workforce, in line with your corporate objectives and employee needs. For example, a telecommunications company may be most interested in addressing the cost of disparities for conditions afflicting call center employees, whereas a manufacturing company may have more pressing concerns for employees on the assembly

line. A transportation company may want to focus more on disparities costs for truck drivers, while a financial services firm may prefer to investigate them for office professionals.

For whichever ethnic group or condition is investigated, several medical cost buckets must be tracked for quality improvement efforts. Typically, a company's cost analysis begins with medical claims or encounters for emergency room visits, office visits (primary and specialist), on-site services and other community-provided care, such as convenience care clinics or urgent care centers. An employer may also look at pharmacy trends with respect to compliance, generic versus brand, specialty, and mail order versus retail. Many companies, however, do not break out these cost buckets by ethnicity and only analyze them at the population level. However, many legitimate health cases affecting minority health go unreported and thus, undiagnosed, resulting in underestimation of any cost evaluation.

Employers should also consider reviewing the variations in use and cost among their ethnic workers for clinical support and case management, as well as wellness, health promotion and prevention programs. Ultimately, the primary objective for all companies is to understand how their employees use health care services and at what cost in order to target data-driven quality initiatives for improving overall health. A company that lacks C-suite support, IT infrastructure or a systematic way of managing workforce data on race and ethnicity, as a result of failing to collaborate with the health plan administrator or data warehouse, will be unable to measure, design and invest in targeted benefits directly to meet the needs of every diverse employee.

Productivity Impact for Disability, Workers' Compensation, Lost Workdays and Family Medical Leave

Companies that have evaluated direct medical costs comparing baseline and disparities groups for given conditions are looking even further at productivity data associated with lost workdays, short-term disability, workers' compensation and family medical leave. Leading companies also use their disparities data collection and analysis to get productivity metrics. Knowing the number of lost workdays is also important for helping minority employees return to work quickly and safely. However, only a few companies are equipped with the data analysis tools to evaluate these types of indirect data because it is generally very difficult to quantify accurately how potential quality initiatives can demonstrably boost workforce productivity measures.

Nevertheless, anecdotal evidence suggests that companies have much to gain from reducing disparities-related productivity costs because helping ethnic minorities return to work quickly and safely will minimize added costs for temporary staff replacement and also rebuild morale among existing staff employees. For an employer with 85,000 employees, at least 5% of its workforce's total lost workdays are due to health disparities, according to the National Business Group on Health and the Urban Institute. Therefore, the most challenging component of this investigation is actively directing your health plan, data warehouse and other vendor partners to include these valuable data in your analytical reports.

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National Business Group on Health



II. DEVELOP YOUR DATA STRATEGY AND OPERATIONS

In conjunction with the launch of the National Stakeholder Strategy by the U.S. Health and Human Services, Office of Minority Health, all health partners in the community are encouraged to strengthen their disparities data collection, analysis and reporting capabilities. For large employers, accomplishing this sophisticated objective requires

working together effectively with health, pharmacy, behavioral and wellness vendors and data warehouse firms. In order to reach Priority Action – Level 3 of fully integrating employment/demographic information with health care utilization and cost data for health promotion purposes, Levels 1 and 2 must be completed for optimal vendor performance.

Priority Action - Level 1: Act Now

1	<input type="checkbox"/>	Create an action plan to collect and analyze racial and ethnic data using all available resources: new employee intake forms, health appraisal or health plan enrollment information.	Health Plan / PBM / Behavioral Health Provider / Wellness Provider / EAP / Data Warehouse
1	<input type="checkbox"/>	Ask health partners who support employees to identify gaps in engagement and/or outcomes and recommend highest-value solutions.	Health Plan / PBM / Behavioral Health Provider / Wellness Provider / EAP / Data Warehouse
1	<input type="checkbox"/>	Review certification status of vendors for implementing disparities-directed initiatives (e.g., National Committee on Quality Assurance/NCQA multicultural health care distinction).	Health Plan / Behavioral Health Provider / Wellness Provider

Data Resources Action Plan

With an industry-wide push to gather disparity data for measurable quality improvement initiatives, the federal government's Affordable Care Act supports public health agencies in their efforts to collect, analyze and report health care data concerning race, ethnicity, sex, primary language and disability status.¹⁵ The belief is that researchers and policymakers need to review the disparities statistics in order to develop quality improvement action and communication plans around them.

For an employer, the first major step to take is to establish a disparities data and operations strategy that aligns with the corporate mission and

objectives. Formulating your disparities data strategy requires obtaining C-suite approval and ongoing support, as well as cooperation from line managers and corporate counsel. Next, you need to review which available data resources (e.g., employment application, health appraisal, benefits portal, staff survey) or techniques (e.g., geocoding or matching an employee's address with census data, name association) can effectively capture disparities data elements that you will need to perform subsequent analyses on appropriate program utilization across the beneficiary population.

Employee Engagement/Outcomes Gaps

A company without an established data mission statement focused on closing the disparities gaps will inevitably spread more potentially avoidable direct and indirect costs among the same number of covered lives. A company that fails to tackle health disparities head-on will continue to shoulder a greater percentage of health care costs than one that is actively collecting and analyzing its minority workforce data to identify multicultural health trends worth targeting. As a result, data partners must provide viable recommendations to employers about where health equity gaps are and how to close them.

Vendor Certification

As you work aggressively with your health plan partners, review your business contracts to make sure that they adhere to industry recommendations on provider diversity and staff cultural competency. Some employers build in cultural competency requirements into renewal contracts and performance guarantees for plan partners. For example, HEDIS *metrics* capture the percentage of language diversity and racial/ethnic diversity in a certified health plan.¹⁶ The NCQA has a multicultural standards *certification*.¹⁷ Additionally, you can steer employees to hospitals that actively strive to reduce health disparities, see the *Health Research & Educational Trust toolkit*.¹⁸ Also, the Robert Wood Johnson Foundation produced a *toolkit* on health plan collaborations on disparities reduction.¹⁹

Priority Action - Level 2: Plan Ahead

2	<input type="checkbox"/>	Examine key employee factors, including race/ethnicity, primary language, gender, age, length of service, location, disability, and job category (primary); full-time status, income, education, health literacy and other perceptions (secondary).	Health Plan / PBM / Behavioral Health Provider / Wellness Provider / Data Warehouse
2	<input type="checkbox"/>	Consider environmental factors where employees live with respect to multicultural lifestyle demands, provider practice variations, community feedback and geographic well-being.	Health Plan / Behavioral Health Provider / Wellness Provider / Employees

Key Employee Factors

Depending on your plan partnership capabilities and health information technology systems, you will need to focus on collecting, reporting and analyzing two types of workforce demographic data elements over an extended period of time (at least 3 years): primary and secondary.

- For primary data, at a minimum, review data on race/ethnicity, primary language, gender, age, location, length of service, disability and job category.
- For secondary data, review data on employee full-time status, income, education, health literacy and other perceptions.

With your primary and secondary data, ask your data vendors to cross-link them with health care cost and utilization data for direct medical spending. Understanding health disparities-related medical expenditures in your plan data—baselines versus disparities—is necessary because it will help you

target your quality program initiatives. For example, research indicates that ethnic minorities experience higher rates of unnecessary emergency room use. To get at these critical findings, it may take you several years to compile enough trend data on your ethnic groups, which generally represent small sample sizes in comparison to the white population/non-ethnic group.

With your list of disparities variables, discuss with your data suppliers—health plan, data warehouse, wellness vendor—which fields they can accurately provide in your analytical reports for targeted action. Depending on your company size and quality of partner relationship, you may receive pushback saying that these sensitive data may not be available through current channels. According to one data warehouse representative, approximately only 10%-15% of large company clients ask for disparities data to be included in their plan summary reports.

Environmental Factors

In addition to looking at your workforce disparities data, you may want to compare them with standardized data sets from publicly available and credible sources, such as AHRQ's *State Snapshots*,²⁰ Dartmouth Atlas of Health Care's *report* or Gallup-Healthways' *Well-Being Index*.²¹ With these interactive tools, you can gain extra insights into the

environmental conditions where your employees live and work as you compare baselines with disparities health indicators. For example, you can quickly realize that your efforts as a large purchaser may make more of an impact in certain geographic areas based on current local or regional stakeholder initiatives.

Priority Action - Level 3: Think Forward

3	<input type="checkbox"/>	Modify HR policies to increase internal access to sensitive but aggregated employee data (i.e., employment data with medical data) for health promotion.	C-Suite
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HR Policies on Data Aggregation

As with any data mining exercise, employers will face critical privacy questions in terms of how they intend to use the sensitive results collected and what they discover about their diverse work populations. Therefore, employers must modify their HR policies to ensure that any HR/benefits staff member with increased internal access to aggregated employee data

will only use this information for health promotion – and not punitive purposes. HR/benefits staff must also keep in mind that ethnicity variables reflect only part of the disparities picture because non-ethnicity variables, such as socio-environmental-cultural conditions, can also dramatically affect two different workers from the same ethnic background and job category.

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III. CUSTOMIZE YOUR PLAN DESIGN BENEFITS

Designing disparities-directed plan benefits depend heavily on a company's effective data strategy and operations based on employee program results. Currently, comparative effectiveness research focuses

on general populations regardless of race or ethnicity, and more needs to be done to understand the impact of health disparities on minority workers.

Priority Action - Level 1: Act Now

1	<input type="checkbox"/>	Hold health partners accountable for closing disparities gaps by developing a strategic action plan using touch points.*	Health Plan / PBM / Behavioral Health Provider / Wellness Provider / EAP / Data Warehouse
1	<input type="checkbox"/>	Build staff cultural competency using training tools incorporated into renewal contracts and performance guarantees for all health and wellness vendors.	Health Plan / PBM / Behavioral Health Provider / Wellness Provider / EAP / Data Warehouse / Employees
1	<input type="checkbox"/>	Implement favorable benefits premiums and out-of-pocket pricing for low-wage workers if there is a high number of racial/ethnic minority workers in this income group.	All

Note: Touch points are critical points of contact with employees and dependents.

Plan Partner Accountability

Although employers monitor and adjust their plan design on a regular basis, they primarily do so for the entire eligible working and dependent population but do not necessarily target care for their diverse ethnic groups. Despite limited scientific research on this topic, employers need to understand that disparity gaps in health care exist and strive to implement a comprehensive approach that integrates total employee health, wellness and disability support for all workers. Health and wellness plans are credibly suited with the scientific and technical knowledge to support this specialized research on race and ethnicity, which you can use to refine your plan designs. To optimize the benefits plan

accordingly so that each employee obtains the most effective treatments needed for acute or chronic conditions, employers must work with plan partners to determine how each ethnic group responds to various treatments for a given condition.

Staff Cultural Competency

As you strive to understand how various health conditions and plan designs affect your workers and their health decisions, it is equally important to aggressively promote cultural competency among your senior management, employee resource groups and multicultural wellness champions, and the support staff on the plan partner side—both carved in and out. Staff members who interact

with minority workers directly must be highly proficient in language and communication skills and cultural awareness to empower minority workers to use judiciously the health care services available to them. According to the U.S. Department of Health and Human Services, Office of Minority Health, all employers must adopt culturally and linguistically appropriate services (CLAS) when defining staff roles around health and wellness based on cultural competency to ensure that their diverse employees feel supported in a multicultural work environment. See [National Standards on Culturally and Linguistically Appropriate Services](#).²²

Benefits Premiums/Out-of-Pocket Pricing

Many companies periodically review employer/employee cost-sharing strategies for premiums,

and in some cases, deductibles and out-of-pocket maximums, to accommodate workers in lower income bands.²³ Some companies look exclusively at premiums because it is more difficult to obtain data on out-of-pocket spending and/or they want employees to feel a personal sense of financial responsibility at home and at the doctor's office. Employers need to determine which ethnic backgrounds their low-wage employees come from because they may be more disproportionately affected by standardized benefits and incentives that fail to alleviate their health conditions. For example, employees in non-management positions are more likely to suffer from health-related disparities than their management colleagues, and may be more stretched in paying for basic necessities, such as food, utilities, family needs and other lifestyle obligations.

Priority Action - Level 2: Plan Ahead

2	<input type="checkbox"/>	Investigate psychosocial and biological differences among racial/ethnic minority workers, which may increase their susceptibility to certain health conditions (e.g., healthy-weight Asians at risk for diabetes or hepatitis) or behaviors (e.g., African Americans less likely to participate in health appraisals).	Health Plan / PBM / Behavioral Health Provider / Wellness Provider / EAP / Data Warehouse
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Psychosocial and Biological Ethnic Differences

A growing body of scientific literature indicates that certain ethnic groups may be more susceptible to specific health conditions or behaviors because of lifestyle choices and/or biological predisposition. For example, some research suggests that healthy-weight Asians face a greater risk for having diabetes or hepatitis. While body mass index generally serves as an accurate predictor for increased risk of developing complex conditions, there may be exceptions that are not yet comprehensively documented in the

literature. In addition, some research reveals that African Americans are less likely to participate in health appraisals possibly due to cultural, health comprehension or communication factors. As a result, your African American employees may not be receiving adequate care because you may not have identified the problem for targeted intervention since it was not effectively captured in your health appraisal. Although not an exhaustive list, these types of nuanced situations dealing with conditions and behaviors deserve stronger attention and action among employers who are

Priority Action - Level 3: Think Forward

3	<input type="checkbox"/>	Manage program incentives, especially those that may have a negative effect on the health of racial/ethnic minority workers who are disproportionately more affected by health conditions (e.g., obesity) or behavior (e.g., tobacco use).	Health Plan / PBM / Behavioral Health Provider / Wellness Provider / EAP / Data Warehouse
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Health Program Incentives

When an ethnic minority employee joins the workforce and enrolls in a standardized health plan, he or she will receive the standard level of benefits

comparable to his or her other colleagues. At first glance, this may seem culturally appropriate and fair because everyone can buy into a similar plan, or at least, a default plan. However, by not considering

the potential biological drivers or sociocultural differences that an ethnic individual may experience with a certain treatment, this benefits plan may inadvertently undermine health outcomes for this particular employee. The HR/benefits staff has the opportunity to design targeted incentives around multicultural and psychobiological pathways. For example, if we know that African Americans are less likely to complete health appraisals, we can work with data partners to develop culturally-

competent medical, pharmacy, behavioral and wellness initiatives that promote healthy behaviors and overcome resistance. Even then, intra-group cultural differences may moderate the impact of a targeted plan option but the key rests in investigating controllable differences in health utilization and outcomes. It may not be possible to close all disparities gaps immediately, but quality-improvement initiatives depend on ethnic data analyses to target educational opportunities for all

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IV. COMMUNICATE TO YOUR DIVERSE EMPLOYEES

Employees may feel uneasy about sharing personal information on race and ethnicity. It is important to communicate to them why this demographic information is being collected, how it will and will not be used, and how they will benefit from sharing this sensitive but important information. Begin

with Level 1, which involves general education and interpreter services on racial and ethnic health disparities through basic statistics that show the differences in health status of different races and ethnicities nationally and, if possible, in your specific workforce.

Priority Action - Level 1: Act Now

1	<input type="checkbox"/>	Design communications on general disparities information, how employees can help close health care disparities gaps through appropriate use of health services, and success stories of ethnic workers enrolled in health improvement programs.	All
1	<input type="checkbox"/>	Affirm privacy protection statements, non-punitive use of data collection, and information about plan and community partnerships.	All
1	<input type="checkbox"/>	Establish multicultural staff representatives to support on-site health services (e.g., wellness champions, employee resource groups, marketing teams and HR/benefits professionals).	All

General Communications on Disparities Information

Integrated HR units that work toward meeting company goals are more likely to streamline their communications messaging about the relationship of workforce demographics and health status. Failing to sustain internal HR or C-suite support will inevitably impede building vendor partnerships and engaging employees with customized services, incentives and communications. Moreover, quantifying health inequities facilitates an internal and external understanding of why company initiatives are necessary, and stresses that the company is committed to creating a healthier workforce. It is also important to describe the culturally competent services and benefits that your

company is able to provide as workforce disparities data are collected.

When writing communication messages to employees, it may be more effective to encourage positive behavior rather than to ask employees to give up things or behaviors that they enjoy. For example, asking an employee to give up fatty foods may create a negative reaction because an employee associates the message with loss. Instead, an employer can focus on the positive and provide recipes for healthy ethnic meals and encourage employees to cook at home rather than eat out. Even if employees prefer to eat out, employers should communicate the importance of comparing menu nutrition labels at dining establishments.

Privacy Protection Statements

Employer communication before, during and after data collection is essential in forging employee privacy and confidentiality. Employers should take this opportunity to ensure that data will be used to strengthen health services for employees and their dependents and will not be used to discriminate in terms of insurance coverage, program surcharges, payment of claims or employment status. Employers should explain how the information will be protected and stored, such as describing how the data protection systems at the data warehouse work and how only a limited number of HR/benefits staff members will access and interact with the data. Explain to employees that employers may report non-identifiable data in aggregate form, but will not be used to single out specific individuals. To learn more, see Section V: Navigate Your Legal Environment.

Multicultural Staff Representatives

Employers should designate staff representatives (wellness champions, employee resource groups, marketing teams and HR/benefits professionals) to serve as points of contact for disparities-related

issues, questions or comments. These representatives should collaborate to publish and communicate publications in multiple languages as needed. If you sense that employees feel uncomfortable receiving disparities communications from you, brand related communications to come from the medical plan. In addition, communicate face to face when possible. Consider hosting a lunch-and-learn session or designating a representative at a health fair who can discuss racial and ethnic health disparities. Providing face-to-face interaction gives diverse employees the opportunity to ask questions related to their personal risk and discuss the issue in a more personal space.

Furthermore, communication strategies that work for external populations will almost always work for employee populations. Collaborating with your marketing department creates an excellent opportunity to share resources and develop mutually beneficial communication techniques and solutions. In addition, provide HR/benefits staff, line managers and health coaches or navigators with language-learning software programs if necessary, so they have tools that can help them communicate effectively.

Priority Action - Level 2: Plan Ahead

2	<input type="checkbox"/>	Understand and overcome cultural mistrust among ethnic employees, and where it exists by partnering with community leaders.	All
2	<input type="checkbox"/>	Encourage healthy lifestyles for diverse spouses, domestic partners, dependents and families.	All

Cultural Mistrust

An employee's cultural background will often influence how he or she responds to company communications/messages. When communicating to a particular race or ethnic employee group, an employer should learn as much as possible about the group's shared values based on cultural similarities and differences, including how the group prefers to receive disparities-related benefits communications. For example, some groups do not trust information that comes directly from the C-suite, and prefer to receive benefits communications/information from a leader of the employee group, a headman, or a shop foreman instead. Employers should also consider the

workplace location—urban office or rural, outside fieldwork—that plays a factor on an employee's social and cultural values. In addition, segmenting company communications and/or techniques based on the employee's job position may be more effective because employees differ in where they look for or receive health information. For example, a communications plan that involves email messaging or social media may prove less effective for employees in the manufacturing or construction field since their job functions require them to be more mobile or they may not have frequent access to a computer.

In your communications, focus on “success stories” within a particular race or ethnicity. Doing so may encourage more minority employees to serve as models or health champions. Some employees may be more receptive to encouragement from their coworkers and peers rather than from senior management. Health champions, also known as health advocates or health ambassadors, are instrumental in building a culture of health among diverse employee groups. Encouraging members of a particular group to share their success stories can often inspire other members of the group to adopt healthier lifestyles, such as quitting smoking, eating a healthier diet or exercising regularly.

Diverse Family Support

Consider the role of the family in a target racial/ethnic group because family values and customs can define underlying health behaviors. For example, instead of focusing on the direct health effects of smoking cigarettes, an employer could communicate the effects of second-hand smoke on a child or other family member. Based on workforce data in collaboration with plan partners, create disparities communication strategies targeting high-risk diverse populations and their conditions to encourage behavior change where possible. However, when marketing to different groups, avoid using stereotypes and clichés that may alienate and reinforce negative images of these groups.

To support your efforts, create actionable and personalized tools, such as scorecards or checklists, to engage employees to manage their own health.

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V. NAVIGATE YOUR LEGAL ENVIRONMENT

The HR/benefits staff or corporate counsel may have concerns about the legal consequences of HR data integration with employee racial or ethnic data. However, generally, federal and state laws do not restrict companies' ability to collect or integrate

employees' racial or ethnic data, provided the data are not used in a discriminatory manner. This section provides a summary of the federal and state legal requirements most relevant to collection and integration of racial or ethnic data.

Priority Action Levels			
1	<input type="checkbox"/>	Work with corporate counsel to translate law into health disparities policy.	C-Suite
1	<input type="checkbox"/>	Confirm compliance with existing federal laws (e.g., HIPAA privacy and security).	All
1	<input type="checkbox"/>	Develop or revise Notice of Privacy Practices and HIPAA authorization forms, as necessary.	All
1	<input type="checkbox"/>	Review any applicable state laws.	All
2	<input type="checkbox"/>	Manage HR risks associated with using various methods of collecting race/ethnic data.	Health Plan / PBM / Behavioral Health Provider / Wellness Provider / EAP / Employees
3	<input type="checkbox"/>	Support aggregating and integrating employee data with medical, health and productivity, and wellness/health promotion data to develop more complete information for use in planning.	All

Federal Laws

Generally, federal law does not prohibit collection or integration of employees' racial or ethnic data. Most companies are already required to comply with these laws with respect to employment and benefits; collecting and integrating racial or ethnic data for employment and benefits purposes should not present significant additional compliance burdens or liability risks.

Title VII of the Civil Rights Act of 1964 (Title VII)

Title VII prohibits employment discrimination (including discrimination in health benefits) on the basis of race, color, religion, sex, or national origin. For example, establishing a group health plan that provided different levels of coverage based on race would be a violation of Title VII. However, companies likely already have policies in place to prevent such violations, and no part of Title VII prohibits collection or integration of employees'

racial or ethnic data. In fact, Title VII requires most large employers to collect and report employment statistics by race, ethnicity, gender and occupational groups to the EEOC annually.²⁴

Health Insurance Portability and Accountability Act of 1996 (HIPAA)

HIPAA imposes a number of requirements on group health plans and health care providers that are designed to protect “protected health information” (PHI). Companies that sponsor group health plans should already have policies and procedures in place to comply with HIPAA because HIPAA requires such policies and procedures.²⁵ Although HIPAA prohibits employers from using PHI for employment functions, such as hiring and firing decisions, no part of HIPAA prohibits collection or integration of employees’ racial or ethnic data. In fact, HIPAA rules specifically allow use and disclosure of PHI (which may include race and ethnicity data) for a health plan’s quality improvement activities or population-based activities relating to improving health or reducing health care costs.²⁶ Companies should incorporate a description of such uses and disclosures into the Notice of Privacy Practices required by HIPAA.²⁷ Companies also can (but are not required to) obtain written authorizations from employees to use or disclose PHI for specific purposes.²⁸

Genetic Information Nondiscrimination Act of 2008 (GINA)

GINA prohibits group health plans, health insurers, and employers from discriminating against individuals on the basis of their genetic information. Companies likely have already modified their group health plans and enrollment materials to comply with GINA. No part of GINA prohibits collection or integration of employees’ racial or ethnic data, and GINA regulations applicable to employers provide that if information about race and ethnicity is not derived from a genetic test, it is not “genetic information” for GINA purposes.²⁹ However, if an employer wishes to request, require, or purchase genetic information when offering health or genetic services (including a wellness program), the individual receiving the services must give prior written authorization.

Americans with Disabilities Act (ADA)

ADA generally prohibits employers from discriminating against employees on the basis of disability, including in the area of employee benefits. ADA also prohibits employers from making disability-related medical inquiries and examinations, although there is an exception for voluntary wellness programs, provided any medical information acquired as part of these programs is kept confidential and separate from personnel records. ADA does not prohibit the collection or use of racial or ethnic data.

Employee Retirement Income Security Act of 1974 (ERISA)

ERISA includes a number of rules regarding the establishment and operation of employee benefit plans, including most employer-sponsored group health plans. Generally, employers that sponsor group health plans will already have ERISA compliance procedures in place, and ERISA rules should already be incorporated into group health plans’ underlying plan documents. ERISA does not include requirements on an employer’s use of racial or ethnic data, and no part of ERISA prohibits collection or integration of employees’ racial or ethnic data.

State Laws

Although a comprehensive discussion of state law is beyond the scope of this guide, a 2001 assessment of state laws pertaining to collection and reporting of racial, ethnic and primary language data resulted in the conclusion that “state laws overwhelmingly do not prohibit the collection of racial, ethnic and primary language data by health insurers and managed care plans.”³⁰ Several states do restrict the ability to collect racial and ethnic data in connection with health insurance applications but do not extend to the collection and use of such data in other contexts.³¹ Furthermore, any state laws restricting collection and integration of racial and ethnic data would not apply to most self-insured group health plans because such laws would be preempted under ERISA.³² Therefore, it is unlikely that state laws would present legal impediments to collection and integration of employees’ racial or ethnic data in the health plan context.

Data Integration & Compliance with Applicable Law

As demonstrated above, use of racial or ethnic data in the health plan context can implicate a number of federal and state laws. However, health plan sponsors should keep in mind that these laws generally do not prohibit collection or integration of employees' racial or ethnic data. Following are general rules, based on the laws described above, that health plan sponsors should keep in mind when considering integration of such data:

- Health plan sponsors cannot access or use health, genetic, or racial/ethnic information in making employment-related decisions (e.g., hiring or firing); nor can the information be used as a basis for offering different levels or types of health coverage.
- However, integrating racial/ethnic data for health plan purposes, including for quality improvement, cost management, or health improvement purposes, should be permissible. In doing so, health plan sponsors should:
 - Make data integration efforts part of the group health plan(s) to the extent possible;
 - Communicate these efforts to employees (e.g., through the Notice of Privacy Practices required by HIPAA);
 - Get consent or authorization to use health information, to the extent required by law (as described above); and
 - Review existing policies and procedures for complying with the above-described laws.

CONCLUSION

Despite innovative initiatives from a few leading employers, many companies are just beginning when it comes to eliminating health disparities in the workplace. While some key tactics fall under employer control, such as communicating continuously with the C-suite and employees to support confidential data collection and analysis of sensitive personal information, other tactics are more effectively implemented through robust data

partnerships—namely, integration of employee information with health data, and program utilization and promotion with health plans, providers and warehouses. Employers must act now to combat the true cost of health disparities that is seriously undermining their company's total health investment, workforce productivity and diverse program initiatives.

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The Business Group is the only non-profit organization devoted exclusively to representing large employers' perspectives on national health issues and providing solutions to its members' most important health care and health benefits challenges. The Business Group fosters the development of a safe health care delivery system and treatments based on scientific evidence. Members share strategies for controlling costs, improving patient safety and quality of care, increasing productivity and supporting healthy lifestyles.

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