

Carrier Diversity, Equity & Inclusion RFI Summary Briefing

US Carrier Relations - December 2021

Overview

At the request of Mercer clients and internal stakeholders, Mercer's US Carrier Relations Team conducted its second annual RFI of medical and Life, Absence, and Disability (LAD) carriers regarding aspects of Diversity, Equity and Inclusion (DEI), Health Disparities and Social Determinants of Health (SDOH).

The 24 medical and 15 LAD carriers surveyed represent approximately 89% of US Mercer health and LAD placements.

Survey Background & Goals

This year, our goals were to understand what carriers are doing to address DEI within their own **COMPANY**, for our mutual **CLIENTS** and within their **COMMUNITIES**. More specifically we were looking to:

1. Acknowledge carriers' DEI journey over time and highlight the benefits to our mutual clients
2. Provide consultants information on what carriers are doing in the areas of diversity, equity and inclusion so they can answer high-level questions coming from clients
3. Encourage carriers to have more diverse (race, gender, age, disability, etc.) representation on their client facing teams as more clients are seeking to partner with diverse organizations
4. Determine how carriers, using their data, can identify and reduce health inequity issues within our clients' employee populations
5. Understand how carriers are helping to eliminate social determinants of health and health disparities in the communities they serve

Mercer's research on leadership accountability for diversity

15 to 20%

of S&P 500 companies include D&I metrics in their exec annual or long-term incentive plans

52%

of board members say CEO should include D&I metrics in their updates and should impact their pay

5%

is the typical weighting percentage applied; used as a modifier to increase or decrease overall incentive plan payout



Key success factors

Objective measures are in place to track representation, hiring, advancement & retention

Clear timeframes for progress defined

Always choose the best candidate

Executive Leadership must buy-in

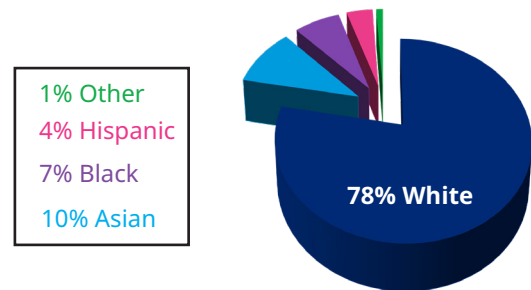
Weight of DEI achievement in short-term incentive is 5% and up to 15%

Carriers

Diversity within the Insurance Industry

Medical and LAD carriers are at various stages of their DEI journeys. Some carriers are at the infancy stage while others have well developed plans coordinated by a DEI leader. Of the carriers that responded to the question, “Does your organization have a leader whose dedicated role is diversity and inclusion?” 94% have a person dedicated to this role. In addition to having a dedicated resource for DEI, carriers are also demonstrating commitment by seeking external recognition of their efforts. Of carriers surveyed, the Human Rights Campaign is the most common external recognition among carriers who sought designations.

Medical and LAD carriers are partnering with many diverse professional groups. While too many to name, some of the common organizations are National Minority Supplier Development Council (NMSDC), local Hispanic Chamber of Commerce, local Black Chamber of Commerce and Women’s Business Enterprise National Council. An area of opportunity is the racial makeup of executives at medical and LAD carriers as seen in the chart below:



ESG Considerations

In Marsh McLennan’s [2020 Environmental, Social and Governance report](#), Kate Brennan, Chair of Marsh McLennan Management ESG Committee, stated, “ESG is at the heart of who we are at Marsh McLennan and how we serve our clients and our communities. When we approach our business through this lens, we can champion the success of our company and all of our stakeholders without compromising the opportunities of future generations.” While acknowledging this concept may be new to some, we were excited to see how the carriers are creating a sustainable future. At the time of the RFI, 64% of carriers are setting ESG targets and 61% are publicly reporting their ESG commitments. While these are strong foundational steps, 39% of carriers are taking additional steps to link ESG expectations and metrics to executive incentive compensation plans and 41% are evaluating reserve/capital investments through an ESG lens. Mercer looks forward to collaborating with carriers who promote sustainable environments and model behaviors that support social, environmental and other public policy initiatives.

Supplier Diversity

Supplier diversity is an essential part of the DEI/ESG strategies for both Mercer and many of our clients. As clients focus on their own ESG efforts, they are also looking to align with organizations that share a similar vision. Clients are beginning to examine their carrier partners’ commitment to DEI and supplier diversity as a component of their evaluation. The majority of carriers responding to the survey were in the 1% - 6% range of Minority-owned Business Enterprise (MBE) spend. Two carriers self-reported to be around 13%. Supplier diversity programs can intentionally address systemic racial inequities that exist in business and society more broadly. An inclusive supplier diversity strategy widens the pool of potential suppliers, promotes competition, builds sustainable supply chains and encourages innovation to develop creative solutions to business issues.

How Medical Carriers Prioritize Social Determinants of Health

Carriers are identifying health disparities through data using a number of tools. Heat maps were a commonly mentioned method that highlight areas having the highest disparity. Some carriers use heat maps to locate food deserts, while others use this tool to pinpoint social and economic risk factors by zip code. Heat maps provide a graphic representation of disparaging health outcomes by location and allow change-leaders to target local disparities.

Screening tools are also a commonly used method for identifying health disparities. Screenings help identify an individual’s need for preventive or corrective interventions. This tool incorporates questions about an individual’s race, ethnicity, language, household size and housing situation, financial resources, and social and emotional health. In addition, some tools ask respondents to identify specific needs such as childcare, food, transportation, clothing, utilities, and other physical and environmental factors.

To ensure these tools are sustainable, a few carriers noted their partnerships with community leaders using the tools noted above to help advance equitable programs and policies at the local level.

How LAD Carriers Incorporate DEI into Financial Wellness Tools

The pandemic has forced LAD carriers to implement innovative solutions to reach populations that are more diverse and less likely to invest in life and/or disability benefits. Similar to medical carriers, it is important for LAD carriers to incorporate inclusive benefits that allow individuals to customize their financial wellness and risk management experience. While traditional tools and workshops help educate individuals on budgeting, debt management, life insurance, and retirement, carriers who incorporate inclusive benefit options will stand out to our clients.

Based on RFI responses, a few carriers are supplementing their benefit offering with more inclusive educational resources. Some great examples of workshops carriers have offered include Marriage Equality, Women & Investing and Decision Making for the LGBTQ+.



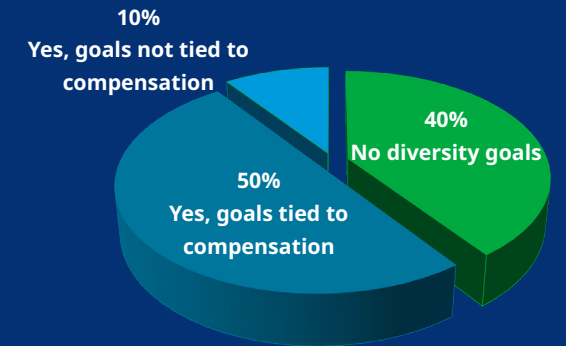
Inclusive Benefits

Traditional benefits assume a linear and monolithic life path. However, today’s workforce is multidimensional and requires health, risk protection and well-being benefits that reflect their varied present and future realities. One of the ways carriers can support clients and their members is by ensuring the benefits offered are more inclusive.

As Mercer engages with our clients and works to ensure benefits are inclusive, carriers can support this work by:

1. Leveraging data to identify benefit gaps
2. Working with clients to develop action plans to eliminate gaps
3. Be flexible and supportive of clients that challenge the status quo on inclusive benefits

Do your people leaders have inclusion & diversity goals?



94%

of carriers have a leader whose dedicated role is diversity and inclusion

96%

of carriers have an area that actively looks at social determinants of health in the communities they serve

69%

of carriers provide navigation tools to help members access social services from community-based organizations

92%

of carriers have interpreters on their care management teams to assist members who do not speak English

84%

of carriers have regular trainings for the member service teams to increase cultural competency and inclusion

75%

of carriers track COVID-19 prevalence by race, ethnicity and gender

Clients

How Carriers can Support Mercer Clients

Carriers can support clients in many ways from a DEI perspective. One of the foremost ways is to collaborate with clients to help identify and eliminate health disparities within a client's employee population. Based on responses to the RFI, very few carriers have race and ethnicity data for clients. Clients can bridge this data gap by asking their employees to self-identify race/ethnicity and sharing this data with their carrier partners. Carriers can then cross tabulate the information with their claims data to identify health disparities. Sixty-eight percent of medical carriers surveyed confirmed that if provided demographic data, they could report on health disparities at the client level. Fourteen percent of carriers are currently working on this solution. By working collaboratively, clients, carriers and consultants can implement solutions that address and reduce the health disparities.

In situations where race/ethnicity data is not available, many carriers are still finding ways to identify disparities. Although not client-specific, they are looking at disparities based on geographic areas such as zip codes and counties. Several carriers are utilizing a geographic interface to graphically display where health disparities and social determinants of health exist.



96%

of carriers provide education to members on how high-deductible plan designs may impact their financial wellness

68%

of carriers would be able to provide client specific health disparity reporting if a client provided race and/or ethnicity data

Top Health Disparities

Carriers identified the following top health disparities in communities they serve:

- Maternal Health (higher pre-term births, cesarean sections and mortality)
- Comprehensive Diabetes Care
- Cardiovascular Health
- Behavioral Health

Other trending answers included disproportionately higher emergency department utilization in minority areas, depression & other mental health diagnoses, and lack of screenings and early detection for colon and breast cancer. Also identified were a lack of immunizations, poor medication management and lower rates of preventative care office visits.

Z Codes

One of the best ways carriers can support clients is to promulgate the use of Z codes. Z codes help identify where social determinants of health are a factor in a member receiving care. Improving slightly from last year, eighty-eight percent of medical carriers are utilizing Z codes. However, there continues to be an opportunity for improvement when it comes to actually coding claims with Z codes. Despite the lack of consistent coding, the majority of carriers are either not tracking Z codes, or are tracking on less than 2% of claims if they are.

Provider Networks

Carriers are enhancing their support of clients and their members. One question clients and members are asking with greater frequency is, "Can members select a provider by race/ethnicity?" Many carriers have this as a field in their provider directory; however, the field is rarely populated. Some carriers have pictures of the providers, which provides some insights into the providers' race/ethnicity. All carriers surveyed offer members the capability to speak with someone in their language of choice and most carriers offer a language line to support this functionality. Eighty percent of the carriers surveyed also offer members the ability to select a different case manager if they choose.

Community

By leveraging U.S. census track data, [The United States Small-Area Life Expectancy Project \(USALEEP\)](#) illustrated how life expectancy can vary by geographic area. This research, along with an interactive zip code map, supports the fact that health outcomes are primarily driven by geographic, demographic and socioeconomic factors, more so than clinical determinants.

In an effort to improve this reality, carriers are taking concerted measures to reach individuals in communities most at risk of being uninsured, underinsured or living with chronic illnesses. Notable carrier investments to improve accessibility to health care include, but are not limited to, the following:

- Mapping food deserts with high incidences of chronic illnesses
- Recruiting and training health care staff using the "train the trainer" model to increase local confidence
- Partnering with community organizations to be a trusted advisor and increase the understanding and impacts of social determinants of health
- Translating all communications, marketing materials and websites to Spanish
- Providing corporate sponsorship to repeal laws that do not provide adequate protection for targeted populations. For example, lobbying against policy and nondiscrimination laws at the state legislature
- Developing trainings to address social determinants of health for provider teams
- Offering and/or requiring unconscious bias training
- Engaging with local leaders to influence technology, infrastructure developments, and varied payment models
- Creating toolkits to survey patients regarding their living situations and help with activities of daily living, ability to pay for services, transportation, stress, etc.
- Expanding multichannel outreach to help locate specialty providers for members
- Targeting rural hospitals and medical centers to increase health literacy



In comparison to last year's survey, carriers are challenging their own status-quos and creating new tools, procedures and initiatives to provide sustainable support to communities most in need.

In June 2021 America's Health Insurance Plan (AHIP) aggregated the philanthropic investments carriers have made towards addressing physical, mental and financial health outcomes in the article [Health Insurance Providers Actions Concerning SDOH](#). Individual carriers are donating millions of dollars to promote food and housing security, providing resources that meet the needs of communities in response to COVID-19, developing programs that positively influence maternal and infant health outcomes, and are establishing internet access and placing telehealth hubs throughout areas most in need. These are just a few of the many progressive actions taken by carriers over the last few years.

92%

of carriers have an area that actively looks at social determinants of health in the communities they serve

67%

of carriers provide navigation tools to help members access social services from community-based organizations

Looking Ahead

As we look ahead to the upcoming year, it is encouraging to see the targeted investments carriers are making to address social determinants of health. Together we can support growing and diverse populations as they tackle issues such as food security, health care accessibility, financial wellness and health education.

Mercer looks forward to the continued collaboration with carrier partners to eliminate health disparities and social determinants of health. Some ways carriers can support clients in this effort is by:

- Leveraging data to identify disparities
- Promoting the importance of employee self-identification of race/ethnicity
- Capturing and highlighting diversity within provider networks
- Encouraging network providers to use Z codes and/or other methods to identify social determinates of health

Together we can help to make healthcare more inclusive for our clients' employees and foster healthier communities where they live and work.



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Mercer's US Carrier Relations team would like to thank each carrier that participated in this important and timely RFI. The responses help us to better serve our mutual clients and align their needs with the carrier's capabilities. We look forward to our continued partnership on this and many other topics in the years to come.