



EXECUTIVE GUIDE

# Building equity into your employee health plan design

How to take and implement action now

Nonprofit**HR**

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## INTRODUCTION

**It has taken centuries to create the societal structures that exist in America that enable healthy lives for some and unhealthy lives for others. It will take decades to unravel and rebuild, but as leaders of mission driven organizations you are uniquely poised to drive social movement broadly and within your organizations towards removing barriers to healthy living for your staff. It is a daunting task but the time to start is now.**

The long-term impacts of these critical challenges continue to affect all aspects of society in America, including health benefit management practices in public, private and social sector employment. While all employers should seek to understand the value of a healthy workforce, nonprofit organizations of the social sector have a unique requirement in that many of their missions espouse the principles of social equality. Leaders of mission-driven organizations are uniquely poised to drive social movement within communities.



### What's covered in this guide:

This executive guide, co-presented by Nonprofit HR and Nonstop Administration & Insurance Services, Inc. covers:

- + Why it is essential that nonprofit employers begin removing barriers to healthy living for their workforce
- + The critical impact health benefit plan design has on diversity, equity, inclusion and workforce health
- + What deliberate and intentional steps are needed to address health inequity within their own organization
- + How to move from an internal focus to external collaboration in order to make an equitable impact on your community

# Today's mission-driven leader is health equity conscious

As leaders in your organization, you are faced with the balancing act of finding ways to optimize precious financial resources, while providing health insurance to meet the needs of your staff. These priorities now demand not only equitable access to healthcare, but equitable access to the use of these healthcare plans within your organization.

## Health equity defined

To affect real and lasting change in health equity we must broaden our understanding of what is preventing equal access to healthy living. The Robert Wood Johnson Foundation offers the following definition of health equity and health disparity to consider:

**Health equity means that everyone has a fair and just opportunity to be as healthy as possible. This requires removing obstacles to health such as poverty, discrimination, and their consequences, including powerlessness and lack of access to good jobs with fair pay, quality education and housing, safe environments, and health care.**

Added to this is employer-sponsored health insurance plan design that may discourage or disable access and use of health care benefits known to benefit healthy living and wellbeing.

**Access to quality health care services is important for promoting and maintaining health, preventing and managing disease, and achieving health equity for all.**



Listen to leaders from Pacific Clinics, a large nonprofit that provides mental healthcare services in Los Angeles, share their commitment to creating equitable health plans for their valued staff.

[WATCH NOW](#)

## Root causes of health inequity in employer-based insurance

According to the World Health Organization, the main determinants of health include the social and economic environment, the physical environment and the person's individual characteristics and behaviors. The inter-relationships between these factors determine individual and populations health. Intervention that holistically targets all determinants will be most effective.

Informed by the Robert Wood Johnson Foundation (RWJF) Culture of Health Action Framework and the Prevention Institute's Systems Framework to Achieve an Equitable Culture of Health:

**It is through multi-sector collaboration that include partners from agriculture, banking/finance, business/industry, economic development, education, health care, housing, human/social services, justice, labor, land use and management, media, public health, transportation, and workforce development, among other sectors.**

Health equity simply hasn't been on the radar for most organizations, which is also why it hasn't been incorporated into common health benefits practices.



# The inherent challenges of employer-sponsored health insurance

The number of people who get their health insurance through their jobs is one of the most prominent features of the U.S. healthcare system. According to recent data from the Kaiser Family Foundation (KFF), about 156,199,800 Americans, or around 49 percent of the country's total population, receive employer-sponsored health insurance (also called group health insurance). Why is this a concern?

**It can create job-lock, which refers to the reduction of the mobility of labor.**

It means that people stay in their jobs for fear of losing or not having access to affordable health insurance. It also can deter the startup of new business and often factors in the decision to reduce hours to care for family or for other personal reasons.



## Did you know...

The consequences of being underinsured are significant and include use of fewer preventive services, poorer health outcomes, higher mortality and disability rates and advanced illness at the time of diagnosis. The underinsured tend to be disproportionately poor, young, people of color. Published in JAMA Network Open, the first-of-its-kind study finds that Black cancer survivors on high deductible health plans face more cost-related barriers to care than white cancer survivors on the same plan, including needing to skip a medication or delay a refill to save money, and not being able to see a specialist.

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**It creates inherent inequity to access and use of employer-sponsored health insurance plans between lower and higher wage earners.**

While lower earners may enroll in employer-sponsored health insurance plans, some forego care because they are unable to afford co-pays or out-of-pocket costs due to the ever-increasing prevalence of high deductible plans.

## **Fragmentation.**

Imagine the thousands of plan designs that exist due to the prevalence of half of the US population being covered by employer-sponsored health insurance plans. Small organizations typically have less power and options to purchase health insurance than their larger counterparts who have a multitude of options, such as self-funded or partially self-funded plans.

**US News and World Reports states, “the increase in Americans with leaner health coverage has largely been driven by employer-based plans not the ACA individual marketplace.”**

## Lack of quality and affordable, accessible health insurance leads to:



**Unmet health needs**  
in adults (chronic illnesses)  
and in children (diabetes,  
obesity, and asthma)



**Delays in receiving critical,  
appropriate care**



**Inability to access  
preventive care**



**Financial  
burdens**



**Preventive  
hospitalizations**

### **The link between access to affordable health insurance and quality of life is clear.**

As a result, every mission-driven organization will continue being held to a higher standard regarding its impact on society and its approach to healthcare plan design is part of the equation. Therefore, finding ways to optimize costs and increase security, well-being, and peace of mind for employees is part of the solution. Nonprofit employers, often first to attack societal ills, are uniquely positioned to lead the charge for equity in healthcare as well. Traditional fully-insured approaches to coverage have been failing working workers in America since before the challenges of 2020 began. **It's time for that to change.**



# Health equity conscious leaders understand that coverage matters

Organizations must reconsider its approach to healthcare plan design to ensure equitable coverage for their entire workforce. Although more people had insurance in 2018, nearly one-third (29%) of U.S. adults remained “underinsured”—an increase from 23% in 2014, the Commonwealth Fund reports. Underinsured employees struggle to pay deductibles or out-of-pocket expenses, critically limiting their access to health care.

Insurance and Health Care, published by the National Institutes of Health, explains, “the voluntary, employment-based approach to insurance coverage in the United States functions less like a system and more like a sieve. There are many ways to slip through the holes.”

As a nonprofit leader, it is your responsibility to re-evaluate your employee’s health benefit plan design in order to protect your workforce and align your mission with your actions as an organization.



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# Checklist

## Begin your evaluation by considering the following action-items:



**Create and/or invest in a Diversity, Equity and Inclusion council or committee within your organization.**

- Provide ongoing feedback and recommendations on proposed new initiatives.
- Why? This will enable voices from across the organization at different levels to provide much needed insight.



**Create a group within the Diversity, Equity and Inclusion committee that is specifically focused on benefits from a cross section of employees across the organization.**

- Be sure to create a benefits philosophy detailing your organization's commitment to benefits equity.



**Consider employee salaries when determining staff contributions to premiums; enabling staff earning lower wages to have the same coverage as staff earning higher wages, while their premium contributions are scaled to their salary.**

- One way to accomplish this is to determine the average salaries of staff in the organization and offer a lower employee/employer cost share to those that earn below the average and a higher cost share to those who earn above that average salary.
- You can also create tiers of salary levels and determine cost share in a more equitable way.
- For example, perhaps the highest earners pay 35% of the premium and the lower earners pay 15% of the premium. This is a great way to scale premium cost in an equitable way.



### Explore an innovative approach to health plan design called first-dollar coverage.

- Many employees who have health insurance are still making the decision not to access care due to the plan design which controls: cost of co-pays for health care visits, prescription co-pays, deductibles, and out-of-pocket costs for individual and family health insurance costs. **While healthcare costs continue to increase (from 2001-2019 costs have increased 70.8%), wage growth is stagnant.**

Fortunately, a first-dollar coverage approach to health plan design provides some advantages that can help. In its simplest terms, first-dollar coverage is an approach to healthcare plan design whereby the plan pays first. This allows employees and their families to access care without fear of being unable to pay upfront costs, such as copayments or deductibles. In practice, those seeking care needn't worry about meeting a deductible before the plan kicks in, either. The plan pays for medical appointments, hospitalizations, prescriptions, and a variety of other in-network medical expenses first as well.



### Rethink high-deductible plans.

- While they are increasingly popular and may bring lower costs overall to the organization in the form of lower premiums, it can be unaffordable for lower wage earning staff to pay a high-deductible. 40% of the nearly 160 million America-based employees that have employer health insurance plans have a \$1,500 individual deductible and \$3,000 for a family. Yet nearly half of America-based workers do not even have \$400 in savings available for emergencies.

## First-Dollar Coverage with Nonstop Health

Nonstop Administration and Insurance Services, Inc.'s mission is to provide reduced barriers in access to healthcare. Nonstop's core product, Nonstop Health, uses an innovative first-dollar approach to plan design that provides cost certainty for employers and reduces or eliminates upfront medical expenses for employees and their families enrolled on the plan. Nonstop Health uses a Section 105 plan called a Medical Expense Reimbursement Plan, which allows employers to pay for their employees' qualified medical expenses on a pre-tax basis. It's important to note that although similar to an HRA, the biggest difference between an HRA and a MERP is that with a MERP, both employers and employees can contribute. MERPs are proven to lower costs for employers and employees while enabling the elimination of upfront co-pays and deductibles. To utilize this arrangement, certain plan design features must be in place, so connect with your broker about utilizing a MERP type plan within your organization.

**Learn more about first-dollar coverage here:** <http://bit.ly/nphr-fdc>



**When selecting or renewing your health insurance plan, ensure that your strategy is committed to:**

- First-dollar coverage and ensuring preventive care is covered 100%.
- Spending dollars on ensuring health equity, patient access and affordability of coverage, as opposed to merely investing in wellness apps or technology that only serve certain populations and not those most in need.



**Consider providing transportation subsidies and pre-tax transportation benefits to staff, enabling access for work and personal use, such as doctor visits.**

- Reliable access to transportation is often a barrier to accessing quality health care.



**Create a Wellness Committee, utilizing the benefits that are often available through an Employee Assistance Program, benefit providers and brokers.**

- Create a culture of health that enables easy access and participation.
- Go a step further and incorporate it into your values.



**Ensure your leave policies reflect the diversity and needs of your staff.**

- For example: how do you define family in your leave policies?
- Your leave policies should consider the needs of multiple generations and their needs (childcare, elder care, etc.).



# Imagine...

You've elevated your commitment to DEI as a workplace priority. Rallying your external stakeholders increases visibility around the importance of health equity by viewing their health benefits management program through an equity lens. Now what?

Here are several ways to build new bridges within your community and region:



**Engage with other nonprofit leaders in your community** with an intent to share experiences, learn from each other, and generate new ideas.



**Develop relationships with state and local health departments** or Chamber of Commerce to understand the unique societal constraints impacting your staff where they live and work.



**Challenge your health benefits broker to work with your organization to mitigate health disparities** that exist within your plan design by exploring non-traditional funding models that provide first-dollar coverage access to healthcare services.



**Advocate for local, state, and federal programs** that support dismantling societal practices that enable health disparities.

## How else can you demonstrate a commitment to your DEI initiatives?



**Promote a non-racist work environment.** Review and adapt policies and practices to eliminate discrimination, increasing effectiveness in handling complaints about racism, increasing staff diversity, creating performance measures to assess progress in addressing racism, and establishing standards for culturally appropriate materials and compliance mechanisms.



**Create and support a culture that includes open and honest conversations** with employees around systemic racism and involve employees in identifying problem areas and developing solutions.



**Ensure that organizational leadership, board of directors and programming are diverse**, reflecting the different perspectives of the communities that they serve.

## CONCLUSION

# Leadership & Legacy

The impact of COVID-19 has not only served as a shock to the system for the American healthcare industry itself, but it has also become a call to action for nonprofit leaders to seek out alternative solutions to the health benefits status quo that will protect their employees' health and the well-being of their organization. In no other time has the national dialogue been more focused on equitable access to healthcare. The time to evaluate your own practices is now.

From ensuring that all employees have equitable access to care to taking action to reinvent the way health plans are engineered, nonprofit leaders are innovating to curb health benefits costs while transforming health benefits for valued staff in a way that aligns with their mission and the tenants of the DEI movement.

These health and economic crises have shown us that the most important aspect of employer-sponsored plan design should reduce financial barriers to care for the employee using it. Fortunately, there are some options that emphasize access to care, and these options are a place for leaders to rally your peers to proactively search for and add to the growing list of alternative solutions to the high-deductible health plan toxicity.

Will future health crises further disrupt your nonprofit's ability to meet its mission? As a leader, you have a say in the matter. You have the ability to prioritize health equity and to lead the charge toward equitable health benefits. **Now is the time to take intentional, deliberate action trusting that your leadership team, staff, and external stakeholders will follow.**

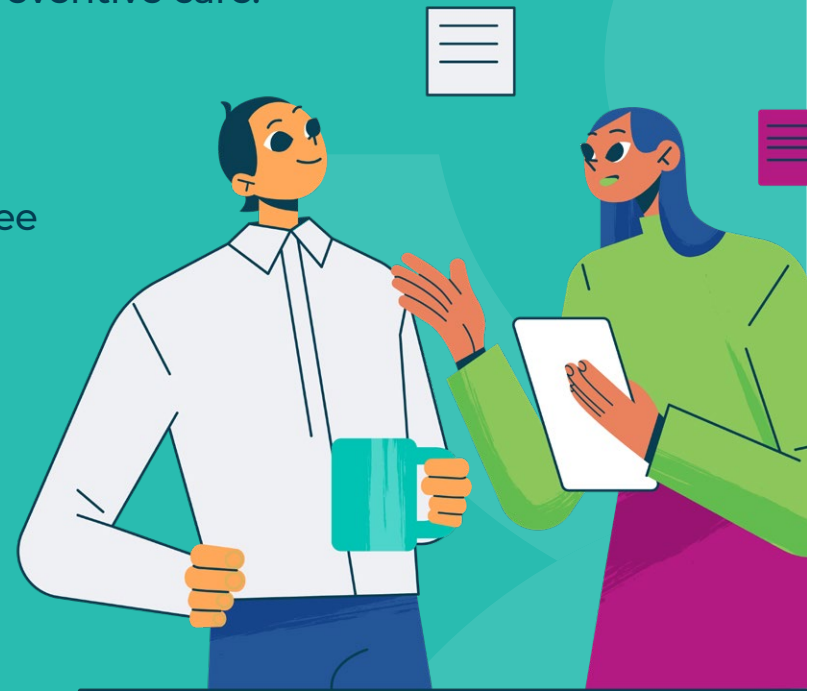


# Take a step into a more equitable healthcare future.

Addressing the impact of low healthcare literacy needs to begin with executive leadership. Research confirms that Improving literacy and reducing barriers to care, can create a more equitable healthcare landscape whereby all employees, especially the financially vulnerable, aren't discouraged by the complexity and costs associated with accessing routine and preventive care.

A step-by-step approach, when coupled with a top-down health plan redesign that emphasizes education, outside assistance, and the removal of financial barriers to care, the benefits to employee wellness, the resulting satisfaction and financial benefits—can be substantial.

Please visit us at [nonstophealth.com](https://nonstophealth.com) to learn more and schedule a brief introduction to compare your current plan design to Nonstop Health or connect Nonstop with your broker.





# Sources

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**NONSTOP ADMINISTRATION AND INSURANCE SERVICES, INC.**  
**[nonstophealth.com](http://nonstophealth.com) • 877.626.6057**

1800 Sutter Street, Suite 730, Concord, CA 94520  
CA #0111857, TPA

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**NATIONAL HEADQUARTERS** 1441 L Street NW, Suite 620,  
Washington, DC 20005 • 202.785.2060

**WEST COAST OFFICE** 388 Market Street, Suite 1300,  
San Francisco, CA 94111 • 650.899.9811

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