

Compliance Today – December 2022



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Intersection of ESG, health equity, and 501(r) compliance

by Rebekuh Eley and Richard Kes

We are at a critical moment of change when it comes to truly addressing health inequities in this country. With the intersection of environmental, social, and governance (ESG) reporting and the added commitment to addressing disparities in social determinants of health (SDOH), these efforts could drive real change, innovation, and prioritization in the healthcare industry and communities. At the same time, governing bodies like the Centers for Medicare & Medicaid Services (CMS) and The Joint Commission have created standards and metrics for various healthcare provider programs to further advance improvements in health outcomes and address inequities.

Indeed, the healthcare industry is ripe for change with ESG emphasis and new standards compliance. Let's explore what's happening along with some key considerations for healthcare providers.

Data and programs work hand in hand to address disparities

As electronic health record systems were the main focus of technological advances for the healthcare industry in the past two decades, this allowed massive volumes of patient-centered data to be harnessed and, as a result, has given the healthcare industry real data insights and statistics to support the understanding of disparities that exist today. Given that the healthcare industry is at a pivotal point in addressing these issues, opportunities lie within to increase the velocity at which the core issues can be addressed. We anticipate throughout the 2020s that ESG initiatives will drive improvements and potentially help reduce disparities in SDOH, which will hopefully benefit all stakeholders in the healthcare industry. Adding to ESG strategies are new governmental programs focusing on climate and health change.

In January 2021, the U.S. Department of Health & Human Services established the Office of Climate Change and Health Equity (OCCHE) as directed by President Joe Biden.^[1] OCCHE serves as a hub to coordinate policies, programming, and analysis related to climate change's impact and the health of the American people. The new priorities will include identification, research, and outreach associated with the affect climate hazards pose on vulnerable populations and proposed solutions to create health equity.

Likewise, in 2021, the CMS Innovation Center released its strategic objectives through 2030. All five of their core strategic objectives have social determinants of health weaved into their ultimate goal of achieving equitable outcomes through high-quality, affordable, and person-centered care: driving accountable care, advancing health equity, supporting innovation, addressing affordability, and partnering to achieve system transformation.

In addition, The Joint Commission also announced new standards related to health equity as part of their accreditations for healthcare providers starting in 2023. These standards range from assessing social needs and food insecurity to evaluating sociodemographic characteristics.

The data requirements for establishing, monitoring, and improving the items that The Joint Commission and other agencies will be evaluating could be a potential issue for providers and time-consuming to compile and monitor. We expect that as healthcare organizations continue to have operational challenges with their workforce and considering the margin challenges within the industry, healthcare providers will look to the efficiencies of technology to track and monitor the data required.

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