

## Health Equity: An Important Pillar of ESG

Article By:

Johnjerica Hodge

India D. Williams

Arron J. Pak

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In recent years, the federal government has placed a renewed emphasis on addressing structural, policy, and operational challenges and barriers to equity, including health equity. In the increasing public dialogue around environmental, social, and governance (ESG) issues, however, health equity is sometimes forgotten in those conversations. However, health equity frequently overlaps with and can be integral to ESG-related initiatives. Some health care organizations have already acknowledged the importance of achieving health equity by conducting health equity audits, sometimes in conjunction with racial equity audits. Other employers have similarly made commitments to addressing health equity within their organizations.

### Federal Push for Health Equity

Through a series of executive orders, President Biden has directed federal agencies to revise their approach to health equity issues. For instance, on January 20, 2021, President Biden signed Executive Order 13985, titled *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*, which announced the administration's plan to advance equity across the federal government in order to address economic, health and climate issues.

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A number of other executive orders highlight the administration's commitment to achieving health equity. For example, on April 5, 2022, President Biden signed Executive Order 14070, titled Continuing to Strengthen Americans' Access to Affordable, Quality Health Coverage, which called on the Department of Health and Human Services to take action to make health care more affordable and increasing the number of people with health insurance. In addition, on April 18, 2023, President Biden signed Executive Order 14095, titled Increasing Access to High-Quality Care and Supporting Caregivers, which directed several federal agencies to make efforts to improve jobs and support for caregivers, increase access to affordable care, and provide more care options for families.

## **CMS Framework for Health Equity**

In response to the federal push for health equity, in April 2022, the Centers for Medicare & Medicaid Services (CMS) released a comprehensive ten-year framework titled the CMS Framework for Health Equity. The framework provides what CMS describes as “an integrated, action-oriented approach for CMS to advance health equity among members of communities who have been historically underserved or disadvantaged and for providers, plans and other organizations serving such communities.”<sup>[1]</sup> The framework includes five health equity priorities:

1. Expanding the Collection, Reporting, and Analysis of Standardized Data: CMS seeks to improve the collection and use of standardized individual-level demographic and social determinants of health data, including race, ethnicity, language, gender identity, sex, sexual orientation, and disability status to provide increased access to equitable care and coverage.
2. Assessing Causes of Disparities Within CMS Programs and Addressing Inequities in Policies and Operations to Close Gaps: CMS is assessing its programs and policies for unintended consequences and taking action about its policies, investments, and resource allocations.
3. Building Capacity of Health Care Organizations and the Workforce to Reduce Health and Health Care Disparities: CMS supports health

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care providers, plans, and other organizations that ensure high-quality care and services.

4. Advancing Language Access, Health Literacy, and the Provision of Culturally Tailored Services: CMS seeks to ensure that all individuals can equitably access CMS benefits, services, and coverage.
5. Increasing All Forms of Accessibility to Health Care Services and Coverage: CMS is committed to ensuring that individuals can access health care services in a way that is responsive to their needs, preferences, and disabilities.

## **Health Equity and ESG for Employers**

With the increasing focus on ESG management, measurement, and reporting, employers should look to health equity as an element and outcome of successfully achieving their ESG initiatives. Employers have the ability to address major drivers of health disparities — income, economic stability, workplace benefits, and social conditions in the communities where the employer operates.

In addition to improving the overall health and well-being of employees, addressing health inequities can influence an employer's diversity and inclusion efforts. A June 2021 survey found that more than a third of Black, Hispanic or Latino, LGBTQ+, and younger employees said they had considered switching employers because of their health benefits.<sup>[2]</sup> Further, inequities in employees' ability to find, receive, and afford care for themselves and their dependents can also lead to employees of color missing work more often or feeling less productive while at work.<sup>[3]</sup>

There are also substantial financial benefits to achieving health equity. Health inequities are linked to billions of dollars in lost productivity annually.<sup>[4]</sup> Addressing the drivers of health inequities can help employers improve workplace well-being, increase employee engagement and productivity, and lower health care costs.<sup>[5]</sup>

A number of public and private business organizations have started to address health equity. For example, some health care organizations have conducted health equity assessments, or health equity audits, to examine

whether resources are distributed fairly relative to the health needs of different groups. In March 2023, a major health insurance provider announced that it engaged an independent third party to perform a health equity assessment to determine whether its service offerings are leading to equitable outcomes that improve health for all, regardless of age, race, ethnicity, sexual orientation, gender identity, disability, region, or financial status.

Outside of the health care sector, employers have made commitments to the health and well-being of their workforce. For instance, a multinational consumer goods company has committed to improving the health and living standards of its employees and communities, including by providing regular physical and mental health checks for employees. Other private and public employers have released frameworks for advancing health equity within their organizations.

As various private and public entities continue to implement ESG standards into their business practices, employers should consider the integral role of health equity in advancing ESG goals and outcomes.

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