# Medical-Financial Partnerships Offer Hope in Health Equity and Value-Based Care

This is a pivotal—and possibly existential—moment for large healthcare providers (HCPs). The business landscape is evolving rapidly. Increased labor costs, inflation, reduced patient volumes and other pernicious factors are straining business models to a near breaking point in many cases. Without significant changes to the way they offer care, sizeable healthcare organizations will see their service base siphoned by other entities offering care in ways consumers want it.

While evidence points to several factors causing consumers to look to nontraditional providers, for the purpose of this piece we'll focus on financial coaching as a way for HCPs to remain front of mind for those they serve and demonstrate holistic value to underserved communities.

## The healthcare industry is changing quickly

In addition to the long-term financial factors impacting HCPs mentioned above, recent factors like the cessation of COVID-19 funding and cuts to Medicare reimbursement rates have brought additional pressures.

With increased competition from large tech companies, big box retailers and independent startups, HCPs are not only seeing changes to their costs and revenue streams, but also potentially an enormous exodus of their care population.

Research from PwC projects a five-year shift of $1 trillion away from traditional healthcare payers and providers. Further, PwC envisions an entirely new healthcare landscape by 2030 and emphasizes the need for traditional providers to take on new roles in how they provide care.

## Financial stress in individuals is causing a greater incidence of negative health outcomes

The link between worries about money and negative health outcomes has been well established with various studies showing strong associations between financial stress and:

- **Obesity**
- **Smoking**
- **Type 2 diabetes**
- **Cardiovascular disease**
- **Hypertension**
- **Depression**
- **Migraines**

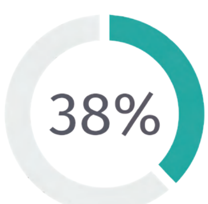
The deleterious effect of financial strain isn't just seen in the onset of health problems. It's showing up in treatment results as well. A group of doctors from Roswell Park Comprehensive Cancer Center in 2021 published the results of a study on the relationship between financial stress and negative outcomes for their cancer patients. Dr. Anurag Singh of Roswell Park noted that for participants in the research, ***"If you are worried about your finances, your risk of dying is roughly double."***

"We need to make sure we are doing everything possible to maximize quality of life," Dr. Singh continued. "That includes maximizing pain control, minimizing the worries patients have, either financial or otherwise, and doing financial counseling to lessen the fears they may have."

With pressures from stagnant wages, inflation, rising debt, astronomical housing prices, the lingering financial effects of COVID-19, and other factors weighing heavily on the American public, these stressors show no signs of abatement. With many considering the next recession a fait accompli, these strains could be at the center of a growing health crisis. And with some polls showing up to 70% of Americans reporting stress over their finances, there will be no shortage of people impacted by this threat to wellness.

## People are avoiding treatments because they feel they can't afford it

Compounding the problems caused by financial stress is the fact that many people are avoiding seeking medical care because they feel their cash flow doesn't allow it.




of Americans said they or a family member had foregone medical treatments due to the cost.

A Gallup poll found that in 2022, 38% of Americans said they or a family member had foregone medical treatments due to the cost. A Kaiser Family Foundation study also conducted in 2022 put the number at 43%.

With this number rising in recent years, a worrying trend is developing. While some point to COVID-19 as a driver for this vector, it seems more likely that inflation and wage stagnation may be just as large of a contributor, if not more, given that a significant amount of time has passed since the onset of COVID-19 on a large scale in the US.

Given that the overall trend has been toward patients bearing more of the responsibility for their medical expenses, the financial feasibility of accessing care looks to become more and more tenuous for many Americans.

## Financial guidance is needed broadly

It can be appealing to try to reduce the issue of people avoiding medical care to a matter of them simply not having enough income. While income levels are certainly a factor, they don't necessarily tell the whole story. There is ample evidence that many Americans aren't maximizing their available resources due to a lack of knowledge.

***Financial illiteracy cost the average American adult $1,819 in 2022, according to a survey of over 3,000 people conducted by National Financial Educators Council.*** Research conducted by the website The Ascent found that poor credit alone can cost someone $1,420 per year. That doesn't even factor in diminished access to higher-paying jobs and the high cost of not being able to access mainstream banking services.

Combine the above findings with 2019 research conducted by OnePoll revealing the average Americans spending roughly $18,000 per year on nonessentials, and it becomes clear that many in this country have some money they could free up for things like healthcare, with the right approach.

To be sure, there are many in the US who are squeezing every ounce of utility out of their money. But just as assuredly there are many who are leaving a lot of money on the table due to a lack of understanding of effective money management.

## Financial coaching can help maintain higher appointment attendance

Findings released in 2022 by Creighton University researchers revealed that the proportion of subjects in their study who avoided medical care due to finances dropped from 49% to 33% after participation in a financial coaching program.

Bolstering the idea of financial coaching as a catalyst for increased utilization of medical care is research released by a team of researchers from UCLA in 2023 concerning financial coaching and parents:

> *Over the first months of their infants' lives, parents and children in the intervention group had half the rate of missed primary care pediatric visits compared to those in the control group. They were also 26% more likely to be up-to-date with immunizations each visit and had fewer missed vaccinations overall by the end of the six-month visit period. Parents who received financial coaching also reported increased monthly household income relative to when they enrolled in the program. (UCLA Health, 2023)*

The downstream results of this upstream approach are hard to argue with.

## Financial coaching works to improve outcomes, especially for financially at-risk individuals and families

In the past several years, the results of numerous studies have shown great promise in financial coaching's ability to generate life-changing results for those most in danger of experiencing health challenges related to money concerns.

A 2015 study funded by the Consumer Financial Protection Bureau (CFPB) and Annie E. Casey Foundation found that for ***945 low- and moderate-income recipients of financial coaching, savings improved by an average of $1,187, credit scores rose by 21 points and debt was decreased by $10,644.*** All these results far outpaced those achieved by the study's control group. Additionally, the study participants who received coaching reported feeling significantly less stress than the control group members.

In 2021, the CFPB released the results of 4-year close-ended, practical study of its Financial Coaching Initiative. Based on data gathered from providing coaching to over 23,000 veterans and under-resourced individuals, the CFPB determined that their research "further demonstrates the effectiveness of coaching as a strategy that helps consumers make progress toward their financial goals and improves their financial lives."

A team of researchers from Creighton in 2018 published findings from a 2-year study on the impact of financial education for single, low-income women. ***At the conclusion of the study, the participants showed a $8,026 lift in mean annual income accompanied by gains in measures of quality of life related to health.*** Various studies at Creighton have shown financial coaching to have a positive impact on job retention, savings, stress reduction, healthier eating, weight loss and decreased incidence of smoking.

With the ongoing shift to value-based care in healthcare, the impact of a relatively inexpensive measure with the potential to greatly improve outcomes is abundantly clear.

## When it's offered, patients appreciate financial guidance from their medical provider

The case for HCPs providing money coaching to patients doesn't just rest on improved financial or health outcomes. There is evidence that when it's offered to under-resourced populations, financial counseling is not only utilized, but very much valued.

At the Harriet Lane Clinic in Baltimore, a pediatric primary care clinic of Johns Hopkins Children's Center, participants in the financial empowerment program there were asked, "Do you think the clinic should provide financial services?" A full 68% of those queried responded in the affirmative.

With healthcare systems constantly on the lookout for ways to engage new care constituencies and engender loyalty among existing patient populations, financial coaching shows great potential as a relationship building and strengthening tool.

## Health equity necessitates financial coaching

Dr. Elizabeth Brondolo—chair of a 2018 American Psychological Association working group on stress—pointed out that, ***"Good health is not equally distributed***. Socio-economic status, race and ethnicity affect health status and are associated with substantial disparities in health outcomes across the lifespan. And stress is one of the top 10 social determinants of health inequities."

As the calls for equity becomes stronger, so too does the understanding that outreach should address the specific health needs of those with less access historically in a novel way. And to borrow a phrase used in many research findings, "wealth is health."

With many arguing that financial stability is THE social determinant of health, it's clear that providing guidance on money management can't be ignored in meeting the needs of underserved communities. While it clearly isn't the only solution to health inequity, financial illiteracy has been shown—as evidenced by the above-referenced studies—to be undoubtedly viable as a method for creating greater access for medically marginalized groups.

Though sometimes covered by an HCP's social workers or navigators, benefits and resources available to financially struggling patients can be brought into sharper relief by a financial coach. When shown in the context of a revised (and improved) budget, supplemental assistance can help paint a picture of a suddenly improved ability to pay for needed medical care.

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While the focus of health inequity is naturally on providing the most comprehensive care to as many people as possible, the business impact of providing wellness to a broader swath of the population is potentially enormous. It is estimated that health disparities cost hospitals $230 billion per year.

## Funding is available for health equity projects, like financial coaching

It isn't difficult to envision the bottom-line financial impact of increased usage of medical care by those who have traditionally experienced impediments. However, HCPs may not have to rely only on long-term projections to justify pursuing financial coaching for marginalized groups.

***The Chartis Group noted in a report published in early 2023 that funding to counter health inequities has now topped $24 billion.*** This includes state, federal, private, and charitable funds. The National Institute on Minority Health and Health Disparities (NIMHD) has stated its intention to act as a pipeline of funding for health equity projects going forward.

In a 2021 report, Dr. Lucy Marcil of Boston Medical Center and the other authors noted that, "Corporate partnerships and revenue-generating social enterprise business models are largely unexplored for [Medical-Financial Partnerships]." As these collaborations continue to spread and evolve, new funding sources represent enticing possibilities.

## Medical-Financial Partnerships (MFPs) are a natural response to the upheaval in the healthcare business landscape

As described by Dr. Orly Bell of UCLA and others in a 2019 paper, "Medical-Financial Partnerships (MFPs) are novel cross-sector collaborations in which health care systems and financial service organizations work collaboratively to improve health by reducing patient financial stress, primarily in low-income communities."

The American Academy of Pediatricians and the American Hospital Association have expressed their support for this model, with the latter offering its belief that, "Hospitals should provide financial counseling to patients to assist them in paying their bill, and make the availability of this counseling widely known."

## Healthcare systems are already utilizing MFPs and they're working

Current estimates are that 20 to 30 distinct MFPs exist today to meet patient financial empowerment needs. Sponsoring participants at present include Nationwide Children's Hospital, UCLA, Johns Hopkins, Yale, and the University of Texas at Austin.

Perhaps the most celebrated MFP currently in place is Boston Medical Center's StreetCred, a program initiated in 2016 to assist eligible patients in gaining access to the state and federal Earned Income Tax Credit. It's worth noting that of the families who participate in StreetCred, 54% live below the federal poverty level. Also of interest is that Boston Medical Center's service population is 70% people of color and 30% are immigrants.

The StreetCred program has been so successful that Boston Medical Center has expanded it to hospitals across the country under the auspices of the Medical Tax Collaborative (MTC). To date, MTC has helped put more than $14 million in the hands of over 6,000 families just through focusing on one small detail in the larger picture of financial wellness.

New York City Health and Hospitals, a Medical Tax Collaborative member, has calculated the ratio of value to cost generated by the program to be 673%.

A study done by ProMedica, a nonprofit healthcare system serving parts of Ohio, Michigan and Pennsylvania, found that the 343 participants in its MFP initiative achieved an average:

- **$793 per month in increased net income**
- **69 point increase in credit score**

Given that the median adjusted gross income for participants was just over $25,000 per year, the changes brought on by these financial enhancements likely proved highly bountiful for the recipients.

## The time is now for MFPs

"They're really hurting financially," is a phrase that in the past we understood as a metaphor. Now we know that Americans are literally experiencing physical pain and poor health because of their money stress.

Furthermore, we know a downward spiral is happening as people forego treatments only to see their health issues become worse. And we know disparities of outcomes exist for people of color and those on the margins financially. With health systems looking to reach new care populations in a rapidly evolving ecosystem, it just makes sense to turn to an approach shown to keep patients in the loop and focused on bettering their health.

With funding available and returns to date showing tremendous promise, Medical-Financial Partnerships are sure to be an indispensable, value-driving part of the next generation of wellness tools offered by healthcare systems going forward.

BALANCE is a financial education and counseling service. Services include money management counseling, debt repayment options, credit report review, and more.

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