

Community Health and Economic Prosperity

The Problem, the Causes, the Opportunities, and
the Solutions—At a Glance



U.S. Department of Health and Human Services

ABOUT THIS BRIEF | The content of this brief is adapted from *Community Health and Economic Prosperity: Engaging Businesses as Stewards and Stakeholders—A Report of the Surgeon General*.



The complete Surgeon General's report describes the U.S. health disadvantage and the importance of strengthening communities and improving the health of residents. It also offers recommendations for how businesses can address the U.S. health disadvantage by engaging with and investing in communities, while creating value, lowering business costs, and improving the health of employees and other stakeholders.


For more content—including supporting references and additional resources—view the complete report, business digest, fact sheets, and other supplementary materials at <https://www.hhs.gov/surgeongeneral/reports-and-publications/>

The Problem

People in the United States have poorer health—more sickness and shorter lives—than people in other wealthy countries. U.S. workers are sicker and more likely to die earlier than workers in other wealthy countries. Americans pay too much for healthcare and lack adequate access to healthcare. This is called the U.S. health disadvantage.

- From alcohol-related car crashes to diabetes, the prevalence of poor health conditions is higher in the United States than in other wealthy countries.
 - Six of 10 Americans have at least one chronic condition and 4 of 10 have two or more chronic conditions. Among working-age Americans, 18% of 18-to 44-year-olds and 50% of 45- to 64-year-olds have two or more chronic conditions.
- Life expectancy declined in the United States for 3 straight years (2015–2017), a trend unique to the United States among wealthy nations. The poorer health that contributes to the declines in life expectancy affects all ages, races, and social classes.
 - The death rate among U.S. White males and females in every age group younger than 55, ranked 16th or 17th (worst) out of 17 peer countries. High-income Americans, people with health insurance, college graduates, and those with healthy behaviors also fare worse than their counterparts in other wealthy countries: These Americans have higher infant mortality, more chronic diseases, and lower life expectancy.
- The United States spends more dollars per person on healthcare than any other country, and has worse health outcomes than other wealthy countries. In 2018, healthcare expenditures were higher in the United States (\$10,586 per person) than the average of healthcare expenditures in other wealthy nations (\$3,994 per person).
 - About 80% of health outcomes are the result of conditions outside of healthcare. These conditions often compromise health, limit opportunity and shorten life. While the United States spends more than any other country on healthcare, U.S. expenditures outside healthcare lag behind other wealthy nations with better health.

The high level of U.S. spending on healthcare is ineffective, inefficient, and costly. These costs place unsustainable economic pressures on public payers (e.g., Medicare and Medicaid),



employers, and patients who struggle with out-of-pocket expenses. Countries that spend less on healthcare than the United States have healthier people and longer life expectancies.

Bottom line for business: Employers share the burden as chronic diseases, such as obesity and diabetes, become more common among workers and their dependents. Poor health generates costs for employers, such as greater healthcare expenses; and higher rates of disability, absences for illness and medical appointments, and presenteeism (working while sick) generate indirect costs that reduce workforce productivity and contribute to declines in labor force participation.

- For example, the average full-time worker with diabetes misses an estimated 5.5 workdays per year. Unplanned absences for this disease cost U.S. employers \$20 billion annually in lost productivity. The indirect costs of diabetes to employers may approach \$90 billion per year.

The U.S. health disadvantage has real impacts on the competitiveness and costs of U.S. businesses.

The Causes

The U.S. health disadvantage is not just about healthcare. It can be explained by (1) public policies and spending (e.g., taxation, social welfare programs, investments in housing and education), (2) social and economic factors (e.g., single-parent households, poverty, and income inequality), (3) social and physical environments (e.g., access to affordable housing and to parks and green spaces, and exposure to violence and racial segregation), and (4) individual behaviors (e.g., diet, misuse of alcohol and drugs, use of seat belts). In addition, racism and bias is an important contributing cause of poor health outcomes for such population groups as people of color in the United States

- The U.S. health disadvantage has its roots in poor conditions in neighborhoods and communities where the vital conditions that shape health are unmet for some residents. These vital conditions include basic needs for health and safety, meaningful work and wealth, humane housing, reliable transportation, a thriving natural world, life-long learning, and belonging and civic muscle.
- Communities that lack some or all of the vital conditions that shape health are considered “low opportunity neighborhoods” Such neighborhoods are plentiful across the United States

and are often found next to “high-opportunity neighborhoods.” Low-opportunity neighborhoods diminish the life chances of the people who live there, particularly children.

- Compared with children in high-opportunity neighborhoods, children in low-opportunity neighborhoods attend preschool and graduate from high school at lower rates, have fewer green spaces, experience more days of extreme heat, and are more likely to lack health insurance and to live in homes with incomes below the federal poverty level. The intertwined health and economic disadvantages are substantial for business and society.
- Differences in life expectancy between high- and low-opportunity neighborhoods can be as high as 25 years.


Bottom line for business: Lack of educational opportunities (from early child development to higher education) and lack of economic opportunities (jobs, job skills, career pathways, and family-sustaining incomes) found in low-opportunity neighborhoods contribute to the U.S. health disadvantage and raise costs for businesses. Characteristics of low-opportunity neighborhoods—such as poor education, unstable housing, low incomes and food insecurity—affect workers’ health and productivity and contribute to higher healthcare costs, more absences, and greater presenteeism.

The Opportunities

Today’s business leaders can play a meaningful role in the lives of their employees, consumers, and communities—some of the key stakeholders that help businesses succeed. By investing in the health, wealth, and well-being of communities across the country, businesses can change the trajectory of wellness for generations to come.

According to stakeholder theory, businesses exist to create value for the groups that are part of the cooperative scheme that allows a firm to exist and be successful over time. Businesses will be in a stronger position to succeed if they consider the needs and perspectives of these groups or “stakeholders.” Stakeholders are employees, customers, suppliers, communities, and shareholders and investors.

- Firms that consistently implement a stakeholder approach tend to achieve better outcomes, including greater innovation and higher profits over time.



Communities are a critical stakeholder for businesses and are ripe for the kinds of engagement and investment that can improve the vital conditions that shape health, wealth, and well-being.

Businesses engaging and investing in communities can be rewarded with a range of benefits or types of value.

- **Healthier workers and lower healthcare costs:** For example, healthier communities have lower rates of diabetes. Annual health care costs to employers for employees with diabetes are more than \$4,000 higher than for employees without diabetes.
- **More productive on-the-job employees:** For example, workers who live in healthier communities are more likely to arrive at work on time and have fewer unplanned absences.
- **Greater ability to recruit and retain talent:** For example, businesses such as Greyston Bakery, Bank of American, and Hyatt Hotels that implement specific community-strengthening strategies substantially reduce recruitment costs and increase retention rates.
- **Greater brand recognition and more loyal customers:** For example, 66% of adults are willing to pay more for products and services from companies committed to positive social and environmental action; and 88% of consumers would buy from, and 66% would switch purchases to, a purpose-driven company;
- **Greater profitability:** For example, publicly traded companies with a stated purpose, generous compensation, and quality customer service that invest in their communities and minimize their impact on the environment outperform less values-focused companies by a factor of 10.

Bottom line for business. Businesses have an economic interest in improving the conditions in workers' neighborhoods and in working with community partners to maintain or create an environment that is healthy and safe. The same conditions that shape health are also the features that enable employers to attract and retain talented workers and loyal consumers, better control healthcare costs, and increase profits. Optimizing value for all stakeholders, including mobilizing resources and investments to create high-opportunity neighborhoods, is a winning strategy to fix the U.S. health disadvantage and build resiliency into communities, businesses, and the economy.

The Solutions: Actions for Businesses

Everyone—including the public, private, and nonprofit sectors and individuals, families, and communities—has a role to play in assuring the vital conditions, equitably, for all Americans. The consequences of unmet vital conditions, which are considerable, are borne by society. Everyone pays. Here’s what businesses can do. Each recommendation represents a potentially powerful action that businesses can take, often in partnership with others, to begin the work of strengthening communities and creating value for business and society.

1. Learn More About Your Stakeholders

Valuing the needs and interests of all stakeholders, and avoiding prioritizing one stakeholder at the expense of another, helps ensure success.

- **Fully understand the cost of poor health and other community challenges and the impact of these challenges on your company.** Understanding the world you live in and developing business models that work to enhance that world help make explicit the connections among good business practices, profitability, and responsibility to community and society.
- **Join the dialogue on community health, wealth, and well-being.** Engage in conversations about how to create a more equitable, just, and prosperous society, including addressing health, wealth, and well-being gaps across communities. View problems, policy options, and solutions from the perspective of the well-being of others.
- **Meaningfully engage all stakeholders on ways to optimize value.** Meaningfully engaging each stakeholder brings innovative ideas to the fore, increases productivity and commitment to the enterprise, improves business practices, and creates more sustainable operations.
- **Identify the interdependencies between your company and your stakeholders and between your business and society, and work toward ways of operating that benefit these stakeholders and society.** Paying attention to these interdependencies and delivering value to multiple stakeholders can help a business succeed.



2. Foster a Culture of Stewardship

Stewardship refers to a company managing its impact on society. This requires addressing problems at a systems level—through policy, investment, and education, for example.

- **Embrace the positive role of business to strengthen communities.** Businesses are perhaps the most powerful institutions on earth. Wielding that power for good has been a successful strategy for business.
- **Support local, state, and federal policies that meaningfully increase economic opportunities and equitably improve the health of communities, employees, and families.** Businesses have a powerful voice that can shape policy, including spending and implementing policies that have equitable impacts, with the most beneficial impacts on those most in need.
- **Use hiring and procurement tools to strengthen communities and explore opportunities to unleash untapped potential at the local level.** Strengthening local business relationships can help solve hiring and supply-chain problems while also strengthening communities.
- **Invest business profits in strengthening communities.** Businesses can invest in other businesses, entrepreneurs, community development, and more while prioritizing investments that will meet a community need.

3. Develop Strategic Cross-Sector Partnerships

Most efforts to improve community health, wealth, and well-being involve partnerships that bring a range of expertise and additional resources. Effective partners for business include community development organizations, philanthropic foundations, local government agencies, and other businesses.


- **Collaborate with local, regional, and national partners to implement effective solutions.** Complex societal challenges—like opioid misuse, disengaged young people, and lack of access to broadband Internet in rural areas—demand the resources, know-how, and creativity that multiple organizations working together provide.

- **Partner with community development corporations and community development financial institutions.** Collaborating with these partners brings specialized skills, financial capabilities, and deep community knowledge and trust.

4. Measure Performance Using Meaningful Indicators of Community Health and Well-Being

Many companies have key performance indicators to evaluate performance in major areas of business operations. Consider whether your company's performance metrics can be improved by including community health indicators.

- **Ensure that philanthropic giving strengthens community health and economic prosperity.** Businesses can help to ensure that their charitable contributions benefit the community by focusing their investment portfolios and holding themselves accountable for outcomes.
- **Redefine productivity in the value chain to include the economic costs from societal problems.** Societal problems create economic costs in a company's value chain. Addressing problems in the value chain—for example, by using resources more efficiently or implementing stronger employee health and safety protections—can optimize productivity and benefit both business and society.
- **Align wages, salaries, and benefits with the needs of a healthy, equitable, and prosperous society.** A job can be one of the most fulfilling aspects of life, bringing meaning and purpose to employees and their families. But jobs can also be dangerous, demoralize workers, and keep workers and families in poverty. Improving wages, salaries, benefits, and working conditions can turn an arduous and repetitive job into an opportunity and a livelihood.
- **Create shared value for companies and communities by combining social purpose with business opportunities.** Shared value happens when profitable business strategies produce real societal benefits. Business can uncover these opportunities by choosing to help solve a particular social problem and doing so in a way that creates or augments a business opportunity.



Bottom line for business. America's future holds both promise and uncertainty. The coronavirus pandemic of 2020 has all but ruled out continuation of the status quo, if Americans want to recover and thrive. Health and the economy are inextricably linked. Both must thrive if either is to be strong. To move beyond the status quo, leaders across the country must step up as engaged stewards, forming new partnerships with stakeholders and changemakers, to improve community health and expand economic opportunity, for everyone, together.



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