conversation | with Uche Enemchukwu

Understanding the socioeconomic factors that affect the daily lives of plan participants will help employers and plan sponsors design and provide meaningful employee benefits, says Uche Enemchukwu, co-founder and chief executive officer of Nelu Diversified Consulting Solutions, a diversity, equity and inclusion (DEI) consultancy with offices in Chicago, Illinois and London, England. Enemchukwu presented "Modernize Your Benefits and Well-Being Programs to Meet the Needs of an Increasingly Diverse Workforce" during the Health Benefits Conference & Expo in February. She discusses the barriers that prevent organizations from taking action and describes a path forward for incorporating DEI in employee benefits.

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What barriers do organizations face in following up on their commitments to social justice, combating systemic racism and promoting DEI over the last two years?

There are often barriers to breaking from the status quo—breaking from doing business as usual. First, many of us in the benefits space are limited by our own harmful assumptions about participant populations: "Well, all of our employees are eligible for the retirement plan and can elect coverage under our health plans, so they have what they need." Although many in the benefits industry understand that systemic racism and social determinants of health do not necessarily refer to overt and visible actions but instead to the long-term effects of discriminatory laws, policies and institutions, we still see participants as having overcome such challenges by virtue of being eligible for a benefit plan. Second, the benefits industry is entrenched—It is known for being resistant to change. It also lacks diversity, particularly racial diversity. It is incumbent upon us to reflect on the commitments we made to employees and plan participants—to move beyond words to action. We need to diversify in order to support participants, drive innovation and create lasting change.

What do employers and benefit plan sponsors need to understand when considering the socioeconomic factors that affect their participant populations?

Plan participants' lives are more complex than we think. Until we understand the socioeconomic frameworks that affect the daily lives of participants, we will fail to effectively and meaningfully engage with them. Factors include the gender wealth gap, systemic racism and the racial wealth gap, and social determinants of health.

Speaking to the gender wealth gap, in addition to looking at wage disparities, employers and plan sponsors need to consider wealth accumulation. Individual income or wages is most certainly a strong factor in the gender wealth gap, but the gender wealth gap is also significantly affected by what is done with that income—requiring people to consider additional factors such as investments, retirement savings, real estate holdings and debt. When these factors are considered, we see that the gender wealth gap goes well beyond just the income divide.

Disparities in retirement savings by gender persist even as income rises. Studies in the U.S. and Europe, for example, show that men can hold up to three times more median retirement savings than women. And, because of the wage gap, women tend to receive lower pension and Social

Security benefits since both rely on past earnings. Moreover, in the U.S., women face higher student loan debt (across all racial groups) and, as such, take longer to pay off that debt, hindering their ability to save.

Race is another major piece of the wealth gap puzzle that has been ignored. In the U.S., for example, there is a sizable racial wealth gap between white communities and Black and Latinx communities. This gap exists across all income levels. According to recent data, on average, Black individuals are more likely to have savings lower than $1,000 when compared with whites because of a lack of savings and larger debt obligations among Black families. Again, disparities in retirement savings by race persist even as income rises. Zooming in on the gender distribution for each racial group shows that Black and Latinx women face the brunt of both the racial and gender wealth gaps. They have lower incomes and more debt, which impedes their ability to save, invest and build wealth.

Participant populations in today's workforce are more racially and ethnically diverse than ever before. There are more Black and Latinx college graduates, yet the wealth gap is widening. How is this possible considering the "progress made"? In short, the widening racial wealth gap is the result of barriers to wealth accumulation and growth due to the persistence of systemic racial inequality over time. *Systemic racism* can be defined as the persistence of racial inequality through institutions (including health care, financial, employment, etc.) and structures (including systems, communication, methods, processes, procedures, administration, etc.) in place today, which consistently places underrepresented groups at a disadvantage. For example, studies show that supporting parents and extended family financially takes a far heavier toll on the potential wealth of Black and Latinx college graduates—one of the symptoms of lack of generational wealth.

Finally, *social determinants of health* must be considered. These are the invisible driving forces (beyond medical factors) that can change health outcomes, especially for underrepresented groups who might be at a disadvantage due to systemic racism and other barriers affecting education, housing, financial security, food insecurity and access to affordable quality health care.

Study after study demonstrates that health disparities persist even when controlling for insurance coverage. A recent research study of 800,000 patients with insurance coverage receiving urological care found that while commercial insurance coverage may provide access to advanced therapies, other complex cultural and sociodemographic factors impact advanced therapy choices and access, with the patients of color receiving less advanced therapies. Other studies have come to similar conclusions in cancer care and in care for preventable chronic diseases. Specifically, with respect to the provision of care, a study from 2016 found that half of first- and second-year medical students surveyed believed myths that Black people have thicker skin or a higher pain tolerance.

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Education

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In short, bias in health care institutions and lack of cultural competency by health care providers affect minorities regardless of income level and insured status.

How can plan sponsors respond?

First, we must start moving more intentionally on diversity. One of the great benefits of diversity is that it offers multiple lenses through which to see, understand and communicate. When plan sponsors diversify their perspective, they extend their reach and increase their ability to have a meaningful impact on the lives of participants and their families. The key to diversifying perspective is diversifying teams, consultants and vendors. Everyone sees the world from their own lens of race, gender, identity and life experiences. Plan sponsors should make sure that those designing and communicating their retirement plans and programs reflect their participant populations—or the diversity they would like to see in their participant populations.

Relatedly, we have to change the rules of engagement. If it is not yet clear, wealth and health disparities are the result of complex institutional and structural barriers, including the man-

ner in which medical and financial advice and resources are presented to women and underrepresented groups. Often referred to as *information bias* in benefits, people's assumptions about the lived experiences and the knowledge of participants create significant barriers to access. Moreover, in the studies previously mentioned, findings indicated that Black and Latinx individuals are less comfortable discussing finances or receiving financial advice from financial advisors and resources that do not share their racial and cultural backgrounds. These studies also demonstrate that health outcomes improve for Black patients when treated by practitioners who share their background. Reviewing plan communications and resources for accessibility, inclusion and diversity is an important step forward.

What role can data play?

Data provides plan sponsors and practitioners with insight on how plan participants are doing. Data also helps to focus energy in the specific areas that will improve access, engagement and equity. Without a clear understanding of where the issues lie and why they exist, the benefits industry will continue to drive without headlights.

Some plan sponsors are starting to analyze their plan data in meaningful ways. For example, data points from a 401(k) plan can include who is contributing and who is taking loans and distributions from the plan. Health plan data could include who is accessing primary care and preventive care.

We must also analyze data with respect to our plan design. Do plan designs have a disparate impact on certain groups? Are plan administrative requirements creating barriers to access, including unnecessary steps?

Qualitative data can then move plan sponsors closer to understanding the "why." We can ask participants—in an approachable and culturally competent manner—what is working and where they may need additional support.

Various tools are available to collect both quantitative and qualitative data,

Resources

- Economic Policy Institute. www.epi.org/blog/who-are-essential-workers-a-comprehensive-look-at-their-wages-demographics-and-unionization-rates.
- Employee Benefit Research Institute (EBRI) *Retirement Confidence Survey: A Closer Look at Black and Hispanic Americans*. June 2021.
- The Organisation for Economic Co-operation and Development (OECD). 2020. www.oecd-ilibrary.org/finance-and-investment/towards-improved-retirement-savings-outcomes-for-women_f7b48808-en.
- U.S. Bureau of Labor Statistics data on minimum wage and household earnings. See www.bls.gov/opub/reports/minimum-wage/2020/home.htm and www.bls.gov/cps/cpsaat37.pdf.
- National Center for Transgender Equality. https://transequality.org/sites/default/files/docs/usts/USTS-Full-Report-Dec17.pdf.
- "College Was Supposed to Close the Wealth Gap for Black Americans. The Opposite Happened." *The Wall Street Journal,* August 7, 2021. www-wsj-com.cdn.ampproject.org/c/s/www.wsj.com/amp/articles/college-was-supposed-to-close-the-wealth-gap-for-black-americans-the-opposite-happened-11628328602.
- The Aspen Institute. www.aspeninstitute.org/wp-content/uploads/files/content/docs/rcc/RCC-Structural-Racism-Glossary.pdf.
- *The Economic Impact of Closing the Racial Wealth Gap.* 2019. www.mckinsey.com/industries/public-and-social-sector/our-insights/the-economic-impact-of-closing-the-racial-wealth-gap.
- World Health Organization. 2021. www.who.int/health-topics/social-determinants-of-health#tab=tab_1.
- "Racial and Socioeconomic Factors Influence Utilization of Advanced Therapies in Commercially Insured OAB Patients: An Analysis of Over 800,000 OAB Patients." 2020. https://pubmed.ncbi.nlm.nih.gov/32439551/.
- *Does Diversity Matter for Health? Experimental Evidence from Oakland.* 2018. www.nber.org/papers/w24787.
- "Racial bias in pain assessment and treatment recommendations, and false beliefs about biological differences between blacks and whites." 2016. www.ncbi.nlm.nih.gov/pmc/articles/PMC4843483.
- Willis Towers Watson. 2021. *Emerging Trends in Health Care Survey.*

including directly from the plan, health risk assessments, participant surveys and focus groups.

With all of that said, it is important to note that applicable laws and regulations including, for example, the Employee Retirement Income Security Act (ERISA), the Health Insurance Portability and Accountability Act (HIPAA) and related data protection laws—do not preclude us from analyzing plan data by diverse cohorts. However, applicable law does provide a framework around collection, protection and use, which can and must be navigated with care. For example, is the data being used for the provision of care under a health plan? Is the data anonymized or provided voluntarily? Will the data be stored? Where and how? Accordingly, we cannot be afraid to collect data that will provide us with critical guidance for the administration of our plans; however, it is imperative to work with legal counsel and to understand administrator, recordkeeper and vendor capabilities.

Do you have any final thoughts to share?

If there is anything employers and plan sponsors have realized about the workforce in the past two years, it is that employees and participants are more diverse than ever before, and they are paying close attention to words and actions around DEI. This requires employers and plan sponsors to work to understand the unique challenges participants face and use that information to take meaningful, purposeful and measurable action to change the way they do benefits.

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