Medical Xpress

Social investments could save Medicare, Medicaid, hospitals, health insurers billions

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Dr. Len M. Nichols, director of the Center for Health Policy Research and Ethics, is pictured. Credit: Alexis Glenn/Creative Services/George Mason University

Reliable access to housing, nutrition, and transportation are some of the best predictors of your future health. While this has been well documented by research, we have seen little investment in these social determinants from health care stakeholders, who could financially gain the most from them.

Dr. Len M. Nichols, director of the Center for Health Policy Research and Ethics (CHPRE) and professor of health policy at George Mason University and Lauren A. Taylor, a doctoral candidate in health management at Harvard Business School explain why and offer a sustainable investment model in the August issue of *Health Affairs*.

With their 12-step model based on one hypothetical community of 300,000 people, Medicaid, Medicare, private insurers, and hospitals or uninsured people could see a total net savings of $7M. The cost savings would vary locally, but if implemented across the United States could be in the billions.

Nichols explains, "I'm excited about this work because it shows how an economic model can help solve a vexing problem in a sustainable way: financing social services that could help people, health care stakeholders, and the community at large, all at the same time. The model is sustainable because it teaches stakeholders that their payments are actually in their own self-interest. The specifics can and must be tailored to local conditions, strengths and priorities. And the whole thing only works where a requisite level of trust exists or can be created. We are eager to find partners who are ready to test and implement it where they live, and just informally so far the level of interest has been encouraging."

In their article, "Social Determinants as Public Goods: A New Approach to Financing Key Investments in Healthy Communities," Nichols and Taylor acknowledge that there are challenges these health care stakeholders are facing that has historically dissuaded them from such investments. Their model addresses these challenges and incentivizes sustainable funding in these services. For example, since some stakeholders stand to gain more from these investments, they can pay more of the cost to even out the benefit across all stakeholders.

"It's always nice to be part of an academic project that can have near-term, real-world implications," says Taylor. "We've already received quite a bit of feedback from communities who have been looking for a way to solve the free rider problem with regard to social determinants investments. It usually surfaces as a fear that low-income people will switch or churn between plans before investments can be recouped, which is quite reasonable. Fortunately, I think we have found a very viable solution to that problem here."

Nichols and Taylor hope to implement their model next year in at least two communities.

More information: *Health Affairs* (2018). www.healthaffairs.org/doi/full … 77/hlthaff.2018.0039

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