The National Credit Union FOUNDATION

HEALTH AND FINANCIAL WELL-BEING: TWO GOOD THINGS THAT GO BETTER TOGETHER

The Case for Credit Union and Health Care Collaboration

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THE National Credit Union FOUNDATION

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Executive Summary

Health and financial well-being are intrinsically linked: financial insecurity is a major source of stress, and stress impacts physical and mental health; poor health impacts the ability to work, or perform well at work, which can lead to financial insecurity.

> In this brief:
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> - ➢ The Link Between Health and Financial Well-being
> - ➢ The Burden of Health Care Costs
> - ➢ Credit Unions and Health Care: Common Ground, Separate Realities
> - ➢ Building Successful Health and Financial Well-being Partnerships
> - ➢ Designing a Collaborative Health and Financial Well-being Model

A major medical procedure or extended hospital stay can wreak havoc simultaneously on health *and* financial well-being, notwithstanding the patient having health insurance. Rising health care costs, coupled with the trend of increasing cost-sharing responsibilities for consumers and risk of personal bankruptcy, are key drivers of physical, mental and financial stress, especially for low- and middle-income families.

Together, health and financial well-being are a strong predictor of future success, and as such healthy behaviors (whether physical, mental or financial health) are best taught and acquired early in life. However, healthy behaviors alone are not enough to improve outcomes, as the overlapping conditions in which we are born, live, learn, work, and play – the social determinants of health – also must be improved to create a healthier population, society, and workforce. Access to quality and affordable health care, education, jobs, housing, and food are as much social determinants of health, as is access to quality and affordable financial services.

Although not readily apparent, credit unions and health care share much in common. Their business strategies have evolved to place the needs and wants of the consumer at the center of decision-making, and in many cases, they serve the same population. However, absent an appreciation of the connection between health and financial well-being and the will to make it a strategic priority, a health care provider is more prone to partner with a *food* bank, rather than a credit union, to improve patient health outcomes; just as a credit union is more prone to partner with a school, as opposed to a health care provider, to improve financial well-being for students. Separately the interventions may have some positive effect,

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however, the potential for demonstrating maximum immediate or lasting progress should rise if the institutions work collaboratively, rather than independently.

Increasingly, energies and funding are being focused on improving the social determinants of health, including economic security. Health systems, public health leaders, philanthropy, community development investors, and government are supporting initiatives that align with community needs. These entities are facilitating cross-sector collaboration among traditional and non-traditional partners and are building strong ties to respected providers and leaders who have trusted relationships with families living in the community.

Financial well-being, as a social determinant of health, deserves a seat at the table, as a vital facet of community-wide, collaborative strategies. With millions of Americans still struggling to meet their basic monthly financial obligations, save for the future or unforeseen events, the need for credit unions, health care providers and public health leaders to come together, and systematically integrate financial well-being with health decisions, has never been more timely or greater.

We invite you to engage with us on this evolving topic. We welcome the opportunity to work with credit unions, health care providers and public health leaders to serve as a catalyst to collaborations that help consumers achieve health and financial well-being.

The Link between Health and Financial Well-being

A robust body of research supports the connection between health (be it physical or mental health) and financial well-being.

In fact, it's best to start on the path to both of these goals early in life. Early-life exposure to local financial institutions increases household financial inclusion and improves financial health thereafter.[1] Young people who develop the fundamentals of health and financial capability are more likely to become healthy and financially secure adults.[2] Health and financial well-being influence each other. Financial insecurity - the inability to have sufficient income to cover basic needs, save for unforeseen expenses or a prosperous future -

[1] Brown JR, Cookson JA, Heimer R. Growing Up Without Finance (September 8, 2016). 7th Miami Behavioral Finance Conference 2016. https://ssrn.com/abstract=2809164.
[2] Moffitt T, Arseneault L, Belsky D, Dickson N, Hancox RJ, Harrington HL, Houts R, Poulton R, Roberts BW, Ross S, Sears MR, Thomson WM, Caspi A. "A Gradient of Childhood Self-Control Predicts Health, Wealth, and Public Safety." Proceedings of the National Academy of Sciences, 108 (7) (2011):2693–2698.

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is a major source of stress for individuals and families, which in turn impacts their health.[3] As a focus group participant from Rochester, N.Y. bluntly, yet concisely once put it, “If you want to lower my blood pressure, help me pay my electricity bill."[4]

Families who experience financial stress are more likely to cope by smoking, overeating, drinking alcohol, and leading a more sedentary lifestyle.[5] According to research commissioned by Transamerica, when asked, "What concerns you most about your financial future," 1 in 5 said that an unexpected personal or family health crisis could significantly eat into savings. It was the most popular answer.[6] Alternatively, health influences our ability to learn, work and become financially secure. Health is also tied to larger societal issues – such as chronic income poverty[7] - which in turn, affect the health of populations and communities.

What the Adrians (see text box at right) regularly face is what many Americans

“Tim and Clara Adrian are in their early 30’s and live in Mississippi in a four-bedroom house that they own. Looking at the most basic measure of financial stability, the difference between income and expenses, Tim and Clara, appear to be on fairly solid ground. Tim has a full-time job at a hotel, and Clara works part-time for a local preschool.

[H]owever, the linchpin in their budget is the income they earn from caring for foster children – income that is erratic and, in many ways, beyond their control. The payments often come after the due dates for various bills, including expenses connected with the foster children.

As a result, the Adrians regularly miss payments for their recurring bills such as utilities, and it is not uncommon for them to pay a few months’ worth of payments at once, along with associated late fees or penalties.

The family sometimes faces sudden and unexpected expenditures, however, such as a $200 traffic ticket in July. That month, Clara also postponed visiting a doctor for an upper respiratory infection for a week because she had no medical insurance or funds on hand at the time.”
(Edited for length)
http://www.usfinancialdiaries.org/house5-mi

[3] According to the Financial Health Institute, 75 percent of Americans report finances are the main cause of their stress, which in turn impacts health. http://www.financialhealthinstitute.com/about-us/our-results/.
[4] Purnell, JQ. Financial Health is Public Health. Essay in What It’s Worth: Strengthening the Financial Future of Families, Communities and the Nation. Prosperity Now (formerly CFED), the Federal Reserve Bank of San Francisco and the Citi Foundation. 2015. http://www.strongfinancialfuture.org/essays/financial-health-is-public-health/.
[5] American Psychological Association, “Stress in America: Paying with Our Health.” (Washington, DC: American Psychological Association, February 4, 2015). https://www.apa.org/news/press/releases/stress/2014/stress-report.pdf.
[6] “Transamerica Wealth and Health Survey,” Luntz Global Partners, 2016.
[7] Callander EJ, Schofield DJ. Multidimensional Poverty and Health Status as a Predictor of Chronic Income Poverty. Health Econ. 2015 Dec;24(12):1638-43.

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regularly face – a constant juggling of priorities to make financial ends meet.

This includes waiting to pay key bills, like electricity, and deferment of needed health care due to lack of funds and/or insurance. In fact, a recent research paper[8] by the J.P. Morgan Chase Institute highlighted how preventive health care is often deferred until individuals and families receive a cash inflow such as from a tax refund.

> Many of the same conditions affecting health are also social determinants of financial well-being.

Much of what determines the health of an individual, family and community relates not only to personal behaviors, but also to the *conditions* where people are born, live, learn, work, and play. These integrated and overlapping conditions - access to health services, affordable and nutritious food, safe neighborhoods, reliable transportation, quality education and job opportunities - are called social determinants of health.[9] If left unaddressed, social determinants of health are barriers not only to good health, but also financial well-being. While it has been argued that financial well-being is a social determinant of health[10], many of the same conditions affecting health are also social determinants of financial well-being.

The good news is a growing number of public health leaders and health care providers recognize the importance of the social determinants of health. In addition, major philanthropic players such as the Robert Wood Johnson Foundation, the Kresge Foundation, and community development investors such as the Local Initiatives Support Corporation (LISC) are devoting thought leadership and funding toward strategies, policies and practices that support positive changes in behaviors and encourage cross-sector collaboration to close gaps in the social determinants of health. And as employers look to control health care costs, and improve their workers' financial well-being, there is growing interest in behavioral

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[8] JP Morgan Chase & Co. Institute. Deferred Care: How Tax Refunds Enable Healthcare Spending (January 2018). https://www.jpmorganchase.com/corporate/institute/report-deferred-care.htm.

[9] Healthy People 2020. Social Determinants of Health. Centers for Disease Control and Prevention. https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-of-health.

[10] Landgraf, R. Treating Financial Well-being as a Public Health Issue: Lessons from Delaware. Essay in What It's Worth: Strengthening the Financial Future of Families, Communities and the Nation. Prosperity Now (formerly CFED), the Federal Reserve Bank of San Francisco and the Citi Foundation. 2015. http://www.strongfinancialfuture.org/essays/treating-financial-well-being-as-a-public-health-issue/.

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economics[11], the cognitive, emotional and social determinants of economic decision making, which once understood can be used to create strategies, communications and incentives that nudge people toward wiser decisions and healthier lives.

The more difficult news is in post-Great Recession America, achieving a financially secure life remains an uphill battle for millions of people still feeling the stress of being financially insecure. The U.S. Treasury, Federal Reserve Banks, Consumer Financial Protection Bureau (CFPB) and financial institutions such as credit unions are rising to meet this challenge with a variety of programs aimed at improving financial well-being through literacy, capability and resilience.

Philanthropy, government, public health, health care and financial services providers have a tremendous opportunity to make real and sustained progress for individuals, families, and communities. Progress can be accelerated if each of these influencers intentionally collaborate to develop models designed to strengthen the nexus of health and financial well-being. The key is to make improving health and financial well-being central to institutional strategies – elevating it from being *a* thing to being *the* thing.

The Burden of Health Care Costs

In 2016, health care costs consumed $3.3 trillion or 17.9% of Gross Domestic Product[12] and are projected to approach $4.1 trillion by 2020.[13] This is a staggering number fueled by a trend showing little sign of reversing. So, what does this mean for the typical family?

According to the Milliman Medical Index, in 2017, the annual health cost for a typical family of four covered under an average Preferred Provider Organization plan was nearly $27,000, with $11,685 or 43% of the cost borne by the employee.[14] The Kaiser Family Foundation

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[11] Moore R. Behavioral Economics Not Just Useful for Retirement Plan Nudges. May 30, 2018. https://www.plansponsor.com/behavioral-economics-not-just-useful-retirement-plan-nudges/

[12] Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group; U.S. Department of Commerce, Bureau of Economic Analysis and National Bureau of Economic Research, Inc.

[13]Kamal R, Sawyer B. How much is health spending expected to grow? Kaiser Family Foundation. February 22, 2018. https://www.healthsystemtracker.org/chart-collection/much-health-spending-expected-grow/#item-start.

[14] The difference has gradually narrowed since 2001, when employees contributed 39%.
Girod, CS, Hart, SK, Weltz, SA. Milliman Medical Index May 2017.
http://careers.milliman.com/uploadedFiles/insight/Periodicals/mmi/2017-milliman-medical-index.pdf.

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(KFF) reports more adults are struggling to pay their medical bills.[15] In 2017, a KFF Health Tracking Poll found that 45% of Americans said they'd have a difficult time paying an unexpected $500 medical bill and an estimated 40% of Americans racked up debt resulting from a medical issue. This includes individuals who have insurance, whether independently or through an employer.

Not surprisingly, problems paying medical bills are more common among those with lower or moderate incomes. In a Kaiser Family Foundation/New York Times survey, just under four in ten (37 percent) of those with annual household incomes below $50,000 report experiencing such problems, however, about a quarter (26 percent) of those with moderate incomes between $50,000 and $100,000 reported problems as well.[16] Medical debt is a serious problem – it is the No. 1 source of personal bankruptcy filings in the U.S. and almost 20 percent with medical bill problems have declared bankruptcy.

Rising health care costs, coupled with the trend of increasing cost-sharing responsibilities for consumers[17] and risk of personal bankruptcy, are key drivers of financial well-being. Adverse health events, such as those requiring hospital admissions for insured non-elderly adults, have been found to increase out-of-pocket medical spending and unpaid medical bills, reduce earnings and income (following hospitalization), reduce access to credit and consumer borrowing, and increase bankruptcy.[18]

All of these indicators should accelerate efforts to increase financial literacy, capability and resilience, and cross-sector collaboration – as the ability to meet competing financial obligations may influence health care decisions. As revealed in the 2017 KPP survey, 27 percent of Americans said they have put off or postponed getting health care they needed, 23 percent said they have skipped a recommended medical test or treatment, and 21 percent said they have not filled a prescription for a medicine.[19]

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[15] DiJulio B, Kirzinger A, Wu B, Brodie M. Data Note: Americans' Challenges with Health Care Costs Mar 02, 2017. Henry J. Kaiser Family Foundation. Polling. https://tinyurl.com/ycjj57dc.
[16] Kaiser Family Foundation/New York Times Medical Bills Survey (conducted August 28-September 28, 2015).
[17] Ibid. While both employer and employee costs increased, employees had a larger percentage increase since 2013.
[18] Dobkin C, Finkelstein A, Kluender R, Notowidigdo MJ. (2017). The economic consequences of hospital admissions. The National Bureau of Economic Research. Retrieved from http://www.nber.org/papers/w22288.
[19] DiJulio B, Kirzinger A, Wu B, Brodie M. Data Note: Americans' Challenges with Health Care Costs Mar 02, 2017. Henry J. Kaiser Family Foundation. Polling. https://tinyurl.com/ycjj57dc.

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At the extreme end of the spectrum, the daily patient experience of dealing with a catastrophic illness such as cancer not only impacts health, but considerable out-of-pocket expenses can lead to other side-effects or what researchers termed “financial toxicity,”[20] which carries both financial burden and financial distress. Like physical toxicity, financial toxicity can diminish quality of life and impede delivery of the highest quality care.

Janet is a 67-year-old woman with metastatic breast cancer. Despite having insurance, Janet has been saddled with life-altering out-of-pocket expenses from her cancer treatment. “We don't travel; we don't do anything now because it's a $100,000 illness. And it sucks.… What are you going to do? Caught between a rock and a hard spot.”

Consider Janet’s struggle (see text box at right) with out-of-pocket health care expenses. As reported, “[S]he was not unique; a growing body of evidence has detailed the negative impact of costs on insured patients receiving cancer treatment. In order to defray cancer-related out-of-pocket costs, patients are altering their lives and their care: they are nonadherent with their medications; they are opting out of expensive treatment; they are spending less on basics like food; and they are spending down their retirement savings.”[21]

Credit Unions and Health Care: Common Ground, Separate Realities

Given the consequences of health-related out of pocket expenses and medical debt on American families, and the connection between health and financial well-being, one might expect collaboration between health care and financial institutions, such as credit unions, to occur naturally and with great frequency.

Each institution shares common ground. Credit unions and health care are driven by consumer preferences that are forcing them to “rethink” their business models. As such, each institution is shifting the individual to the center of decision-making, with the design of services and products targeted to meet individual needs, conveniently, quickly, at all stages in life. Consumers expect to have the care and services they need and want, when they need and want them. Each institution shares a common set of key business metrics - customer and

[20] Zafar SY, Abernethy AP. Financial toxicity, Part I: a new name for a growing problem. Oncology (Williston Park). 2013 Feb; 27(2):80-1, 149.

[21] de Souza JA. The cost of cancer care: there is more than one elephant in the room. Oncology (Williston Park) 2012; 26:926–28.

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employee satisfaction, engagement, and retention; as well as enhanced reputation and brand value over a lifetime. And just as health care providers and public health leaders are moving away from "sick care" and toward chronic disease prevention or "well care" (in essence, separating "health" and "care" into equal parts of their mission), financial services institutions are moving in the direction of becoming financial health and wellness providers.[22]

Moreover, before making the investment in transformation, each institution requires a persuasive business case and the promise of a positive Return on Investment (ROI). Given that consumer confidence in health care and financial institutions remains low[23], collaboration between the two presents an opportunity to use health and financial well-being to their competitive advantage by creating value, and increasing trust and profitability. The Center for Financial Services Innovation (CFSI) notes that making the business case for financial well-being can be derived from lessons learned by health care providers and public health leaders, as they implement a patient-centered care approach to reduce costs and risk, while increasing revenue and market share. "This paradigm shift [to patient-centered care] within the healthcare industry is instructive for the financial services market as there are analogous opportunities to diagnose and improve consumers' financial health while generating returns for financial services institutions."[24] In addition, according to a 2015 Gallup survey, customers who say their bank looks out for their financial well-being are more likely to be fully engaged with their bank, leading to greater confidence in and better financial outcomes for their bank.[25] Research shows companies that focus on understanding their customer's struggles and developing products and services that address them (i.e. maximizing customer value) generated shareholder returns of 150% over a time period when the S&P 500 generated returns of just 14%.[26]

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[22] Gutman A. Making the Business Case for Financial Health, March 2018. Center for Financial Services Innovation. https://s3.amazonaws.com/cfsi-innovation-files-2018/wp-content/uploads/2018/04/27001545/Making-the-Business-Case-for-Financial-Health-2018.02.28-2.pdf.

[23] Norman J. Americans' Confidence in Institutions Stays Low. June 13, 2016. http://news.gallup.com/poll/192581/americans-confidence-institutions-stays-low.aspx.

[24] Gutman, A. Making the Business Case for Financial Health, March 2018. Center for Financial Services Innovation. https://s3.amazonaws.com/cfsi-innovation-files-2018/wp-content/uploads/2018/04/27001545/Making-the-Business-Case-for-Financial-Health-2018.02.28-2.pdf.

[25] Riffkin R, Jalajel A. Customers Want Banks to Improve Their Financial Well-Being. May 27, 2015. http://news.gallup.com/businessjournal/183419/customers-banks-improve-financial.aspx.

[26] Gulati, R. Reorganize for Resilience: Putting Customers at the Center of Your Organization. Harvard Business Press, 2009. https://www.hbs.edu/faculty/Pages/item.aspx?num=30395.

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For health care providers and public health leaders, as compensation models move from volume-based to value-based care, accountability increases as healthier patients mean higher reimbursement from insurers and a diminished risk of unnecessary, uncoordinated or more expensive disease treatments that can lead to patient medical bad debt or charity care.

> Healthier people become more profitable over time to health care and financial institutions than unhealthy people.

Similarly, for financial institutions, healthier customers tend to save, borrow sustainably and invest more, purchase more products such as insurance. Generally, they also tend to cost the institution less in terms of lower loan delinquencies, charge-offs and customer service costs.

Health care providers and public health leaders are finding their efforts to transform health care delivery from the predominant fee-for-service model, which reimburses services regardless of outcome, to a value-based care model in which health outcomes are reimbursed – by improving the patient experience, addressing the health of populations, and reducing cost[27] – require a significant investment and are yielding mixed results.[28]

There are simply too many factors influencing cost and patient health inside and outside the four walls of a clinic, hospital or physician's examination room for providers or patients to make progress on their own.[29] As health systems attempt to address social determinants of health such as transportation, housing, and food security, the processes can be labor-intensive, non-standardized, and service availability may not be well-publicized. The mantra "doctor knows best" is giving way to the health care sector and its payers (commercial health

[27] Institute for Healthcare Improvement. The IHI Triple Aim Initiative. http://www.ihi.org/Engage/Initiatives/TripleAim/Pages/default.aspx.

[28] Nichols L, Cuellar AE, Helmchen L, Gimm G, Want J. What Should We Conclude From 'Mixed' Results In Payment Reform Evaluations? Health Affairs Blog August 14, 2017. https://www.healthaffairs.org/do/10.1377/hblog20170814.061537/full/.

[29] Health care delivery drives only 20 percent of health outcomes, with behavioral and social determinants playing a much bigger role in overall health. Booske BC, Athens JK, Kindig DA et al., *Different Perspectives for Assigning Weights to Determinants of Health* (Madison, Wis.: University of Wisconsin Population Health Institute, Feb. 2010). http://www.countyhealthrankings.org/sites/default/files/differentPerspectivesForAssigningWeightsToDeterminantsOfHealth.pdf

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insurers, Medicare, and Medicaid Managed Care Organizations) recognizing that partnering with conventional and unconventional community institutions and agencies, is necessary to move health reform forward and achieve successful outcomes.[30]

In the parallel world of financial services, following the Great Recession research was conducted to evaluate how people are doing with their finances. In the face of several startling statistics – for example, almost half of Americans couldn't come up with $400 in the case of an emergency[31] – it was clear that people weren't "bouncing back" financially from the monumental downturn of 2009-2012. Rather, they were becoming more and more financially fragile. In 2017, over one-fourth of adults skipped necessary medical care due to being unable to afford the cost.[32] According to recent surveys by Bankrate.com, despite an improving economy, most Americans don't have enough savings to cover a $1,000 emergency and 20 percent of Americans don't save any of their annual income at all.[33]

Health care providers and credit unions offer many strategies, programs and resources designed to achieve healthier outcomes, yet such efforts typically are neither coordinated, nor cross-integrated into standard practices. For example, many credit unions have health care within their field of membership and serve the financial needs of employees, offering financial education and an array of products and services. However, health care providers may not fully appreciate the value credit unions bring to the table beyond being an HR benefits vendor. Neither may recognize that a collaborative, coordinated model with the goal of improving health and financial well-being *in tandem* is essential to maximizing and sustaining positive impact on outcomes for employees and consumers.

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[30] Schroeder, MO. Health System Partnerships Boost Community Health. US News and World Report https://www.usnews.com/news/healthcare-of-tomorrow/articles/2017-11-02/health-systems-turn-to-local-partnerships-to-make-communities-healthier.

[31] Board of Governors of the Federal Reserve System, Report on the Economic Well-Being of U.S. Households in 2014, May 2015 https://www.federalreserve.gov/econresdata/2014-report-economic-well-being-us-households-201505.pdf

[32] Board of Governors of the Federal Reserve System, Report on the Economic Well-Being of U.S. Households in 2017, May 2018. https://www.federalreserve.gov/publications/files/2017-report-economic-well-being-us-households-201805.pdf

[33] Bankrate Financial Security Index. January 18, 2018. Available at https://www.bankrate.com/financial-security-index/

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Given the connection between health and financial well-being, health care providers and public health leaders need to view credit unions in a new light – as care team partners who bring valuable insights and interventions designed to improve financial well-being that can be used to compliment efforts to improve health outcomes for patients. Similarly, credit unions need to view and present themselves in this light and seize the opportunity to "treat" consumers who are wrestling with how to fund and/or pay for medical care in a manner that doesn't jeopardize their financial health. In order to accomplish this, credit unions need to have the right products, services and policies to meet consumers where they are in their financial lives.

Moreover, changes in health care delivery models and the insurance marketplace have shifted more health care costs to patients, resulting in greater patient financial responsibilities and higher stress levels that affect patient heath and financial behaviors. In some cases, other needs like housing, transportation, food may be prioritized over adhering to medical advice or seeking health care at all. At the extreme, out of-pocket patient costs

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associated with a catastrophic illness can create an insufferable level of financial hardship that severely impacts health and quality of life.[34]

Addressing health needs without consideration of financial well-being yields an incomplete picture of the patient experience. Similarly, it is difficult to address financial well-being comprehensively if a person doesn't possess the capability to better manage their health. An estimated 90 million American adults may lack health literacy "the degree to which individuals have the capacity to obtain, process, and understand basic health information and services needed to make appropriate health decisions."[35]

> The need for collaboration and the integration of financial literacy, capability and resilience with health care decisions has never been greater.

Building Successful Partnerships around Health and Financial Well-being

Cross-sector collaboration between health care, public health, credit unions, and other community organizations makes sense because of the connection between health and financial well-being, and in many cases, providers are engaging the same populations. For example, a child who frequently visits an emergency room due to asthma exacerbated by unhealthy housing conditions more than likely experiences financial insecurity in the home – yet absent collaboration between the health, housing and financial services providers the approaches to addressing the child's needs are fragmented and uncoordinated, which will not lead to a healthier outcome for the child.

Due to the complexity of social determinants of health, effective strategies to understand and treat the root cause of physical and financial health challenges for individuals, families and communities require a community-wide effort from all sectors. Each institution, no matter how big or small, actively contributes because it understands what it can do within its own specialty and in collaboration with similarly dedicated partners. Community partnerships

[34] Tucker-Seeley RD. Financial Hardship: A Social Determinant of Health and Health Care. Massachusetts Family Impact Seminar. https://www.purdue.edu/hhs/hdfs/fii/wp-content/uploads/2017/08/Reginald_D_Tucker-Seeley_policy_brief_HiRes.pdf.

[35] Ratzan SC, Parker RM. 2000. Introduction. In: National Library of Medicine Current Bibliographies in Medicine: Health Literacy. NLM Pub. No. CBM 2000-1. Selden CR, ZornM, Ratzan SC, Parker RM, Editors. Bethesda, MD: National Institutes of Health, U.S. Department of Health and Human Services.

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inject new perspectives and resources into the challenges at hand, and can help alleviate concerns that addressing social determinants of health will lead to new responsibilities that a health care or financial services provider feels ill-equipped to handle.

Partnerships typically develop through a confluence of need and opportunity. A "catalyst event"[36] – such as an assessment of community health[37] or financial needs, a new initiative championed by an elected official, a grant opportunity from a public or private funder, or a commitment from a community development investor – brings organizations to the table, creating a favorable environment for new and nontraditional partnerships.

Elements of successful partnerships among health systems and community partners

- Executive sponsorship and Board support;
- Internal champions to lead the developments of a plan and "quarterback" implementation;
- A confidence in partner competence and ability to lead, define institutional-specific and shared goals, metrics, and measurement that can demonstrate improved outcomes and positive ROI;
- Data sharing agreements that comply with privacy requirements and encourage transparency; and
- A sustainability strategy to incorporate the pilot into every day work. Sustainability should not be an afterthought once the pilot is complete. Rather, it should be contemplated and developed alongside the actual work, with partners such as insurance companies and other payers who can incentivize the work long-term.

Here are three examples where credit unions, health systems, and other community partners are working together to address community needs that affect health and financial well-being outcomes:

- **Allegacy Federal Credit Union - Striving to be a community headquarters for physical and financial well-being:** In Winston-Salem, NC, since 2006 Allegacy FCU has focused on wellness programs for their employees. Brett Jordan, Allegacy's AVP of Finance &

[36] Creating Effective Hospital-Community Partnerships to Build a Culture of Health, http://www.hpoe.org/Reports-HPOE/2016/creating-effective-hospital-community-partnerships.pdf.
[37]Community health needs assessments (CHNAs) are conducted every three years by nonprofit hospitals. The CHNA presents an opportunity to identify and address a broad spectrum of factors that impact health and well-being in local communities.

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Account Management notes, "We've seen tremendous benefits from a productivity standpoint, from a cost-savings standpoint, from a return on investment just with our employee base. So, our executive team wanted to challenge our organization to how you take that benefit and that wellness culture we've established internally and how can we look to more broadly impact our membership and our community."[38]

Wake Forest Baptist Health approached Allegacy to join forces to offer a more holistic approach to wellness – combining health and financial well-being. They worked together to develop WellQ™ to offer a bundle of services that help members feel better and live better. The goal is to provide "[e]asy access to quality healthcare for everyday illnesses and wellness, financial & health coaching and education, as well as incentives for making healthy choices."[39]

Organized in 2018 as a credit union service organization or CUSO, WellQ™[40] is open to anyone to join. Individuals, families, or businesses can join WellQ™ for an annual fee starting at $199. Membership is not currently available to those who are enrolled in certain government insurance plans (either as primary or secondary insurance) including TriCare, Medicaid/CHIP, or Medicare Part B. Also, in order to keep costs low for WellQ™ members, no insurance is accepted for medical treatment or prescriptions. Basic labs, such as a strep test, are included in the $35 clinic visit or telehealth virtual visit fee.

This innovative program strives to bridge the gap between physical and financial health and to offer consumers co-located health and financial advisors to facilitate information sharing, collaboration and improved outcomes. In addition to this program, the credit union's work and products/services such as Allhealth Wellness Savings[41] and Allhealth Lite Consulting[42] are cutting-edge examples of the link between health and financial well-being. As a community-wide, collaborative strategy, the Allhealth Wellness Savings account links financial rewards to physical or

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[38] Lawson M, CUBroadcast interview with Brett Jordan at 2018 NACUSO Conference. https://www.cubroadcast.com/episodes/nacuso-interviews-allegacy-fcus-brett-jordan-shares-health-and-financial-benefits-of-wellq-program.
[39] Ibid.
[40] WellQ™, backed by Allegacy Federal Credit Union and Wake Forest Baptist Health. https://yourwellq.com.
[41] https://www.allegacy.org/savings/allhealth-wellness-savings/
[42] https://www.allegacy.org/business/consulting-solutions/

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volunteer activity at the YMCA of Northwest North Carolina and University of North Carolina at Greensboro (UNC-G) Leonard J. Kaplan Center for Wellness.

- Bethpage Federal Credit Union - Leveraging a long-term relationship to do more to improve community health and financial well-being: Bethpage Federal Credit Union on Long Island, NY has developed a relationship with Northwell Health® over the past ten years through mutual service on community boards and sponsorship of community events that promote health and financial wellness. Both entities have partnered with local YMCAs and LGBT youth communities to focus on healthy living, including physical health and financial health. When Superstorm Sandy hit Long Island in 2012, Bethpage and Northwell collaborated to offer interest free loans to healthcare employees affected by the storm. Northwell guaranteed the loans and paid the interest to the credit union.

  Recently, Bethpage FCU merged with Northwell's original credit union to now directly serve Northwell Health's 67,000 employees across Long Island. Bethpage sponsors fit trackers for all new Northwell employees and participates in the health system's annual Health Walk by offering financial information and well-being resources as well as having credit union employees volunteer and participate. From the business perspective, the opportunity to serve Northwell came about because of relationship building.

  Linda Armyn, SVP of Corporate Affairs for Bethpage notes, "If the credit union wasn't so community minded and serving on community boards, we never would have had the opportunity to build the relationship with Northwell and ultimately add them to Bethpage FCU's field of membership. The relationship pays financial dividends by allowing us to give their employees the loans and services they need."

- Boeing Employees Credit Union - A three-way collaboration that seeks to embed financial coaching and lending circles into an existing health coaching program: The Financial Health for Diverse Communities Project "supports the integration of financial coaching and inclusion services with health education to improve the health and well-being of immigrant and refugees living in South King County (Seattle). The Prosperity Agenda is partnering with Global to Local (G2L), Boeing Employees Credit Union (BECU), and Express Credit Union to design, test, and evaluate a unique

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approach to increasing financial capability and inclusion in the immigrant and refugee community.

The project is testing two complementary interventions: 1) a group-financial coaching approach facilitated by Community Health Workers at Global to Local that is integrated into community fitness and health classes and 2) a community and employee assessment and action plan for local credit unions that measures and seeks to optimize trust, transparency, community representation and community engagement."[43]

Designing a Collaborative Health and Financial Well-being Model

We've presented the connection between physical health and financial well-being, the importance of recognizing access to affordable, quality health care and financial services as social determinants of health, and the benefits of partnering to lessen the health and financial stress individuals and families experience in trying to make ends meet, on a daily basis or as a result of an unforeseen event. Having explored the "what" and the "why," the remaining question is "how" could a collaborative model between health care providers, public health leaders and credit unions get off the ground?

Credit unions, as not-for-profit cooperatives dedicated to member service, public health leaders, and health care providers are natural partners to strengthen and sustain the connection between health and financial well-being. Each shares a common bond of placing the individual at the center of decision-making, using technology, continuous improvement and innovation to meet an expectation of personalized and convenient care and services, through all stages in life.

As more credit unions make financial well-being a key part of their strategic path for members, the opportunity to shift from a financial service provider to a financial health and well-being provider becomes more apparent.[44] Similarly, as health care systems focus on value-based care to gain more resources from payers (commercial insurers, Medicare or

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[43] http://www.theprosperityagenda.org/innovation-lab/

[44] Gutman A. Making the Business Case for Financial Health, March 2018. Center for Financial Services Innovation. https://s3.amazonaws.com/cfsi-innovation-files-2018/wp-content/uploads/2018/04/27001545/Making-the-Business-Case-for-Financial-Health-2018.02.28-2.pdf.

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Medicaid) to meet consumer needs, the need for an understanding of a person's financial health can have a direct impact on assessing physical health.

Creating a collaborative, coordinated continuum of care model: Where to begin?

Creating a collaborative, coordinated continuum of care model - that is, a system that effectively guides, manages, oversees and tracks members/patients over time through a comprehensive array of precise health and financial wellness "interventions and treatments" - is complex and requires a great deal of thought, strategic planning, alignment, and coordination. Remember, reaching this goal is an ideal. That said, there are initial steps that a credit union and health care provider can take, to operationalize the connection between health and financial well-being:

1. Be visionary. Adopt financial well-being and its connection to health as a strategic objective and differentiator for building member loyalty with your credit union. Make it *the* thing you do for members, not *a* thing. Don't focus solely on changing or influencing behaviors, but also focus on understanding the external conditions affecting behavior, the social determinants of health, and the importance of how members feel about and experience their daily lives.

2. Seek out health care leaders who share your vision. It should not be difficult to convince clinicians - doctors and nurses – and HR personnel of the connection between health and financial well-being and the benefit of collaboration to their patients and employees. Making the business case to the CEO, CFO, and Chief Strategy Officer is a steeper climb. Health care providers have many competing priorities, especially as they shift to meeting numerous population health and community needs. But ultimately, your collaboration should demonstrably improve health outcomes, improve the patient experience, and reduce costs – called the Triple Aim[45], which health care leaders strive to achieve. And if you have health care providers and systems within your field of membership, collaboration under the banner of connecting health and financial well-being can only deepen the relationship.

[45] https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.27.3.759

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3. <u>Build a collaborative screening tool.</u> A health system and credit union can collaborate to incorporate financial well-being and health questions into their respective screening tools to gauge where a patient/consumer member "is" versus where the provider would like him/her to be. The health system also can embed financial well-being questions within a patient Electronic Health Record. Low- and moderate-income patients, many of whom are likely to screen positive for financial hardship, may require more granular questions about specific areas of strain (e.g., debt, housing, food, utilities, transportation, etc.) in order to connect patients with appropriate community services and supports, such as credit unions.[46] Though not as detailed as Electronic Health Records, credit unions can develop screening tools with indicators that measure financial health based on how consumers borrow, spend, save and plan[47] as well as how they feel about their financial well-being.[48] The screening tools can identify and track members/patients level of risk: from "well", to "at risk", "unwell", or "chronically unwell" and connect them to appropriate treatment, products and services, as well as resources in the community. As an example, CFSI built a Financial Health Score™ Toolkit[49] that helps organizations, like credit unions. diagnose a consumer's financial health. Credit unions can use the toolkit to inform conversations with members and develop a strategy to improve members' financial well-being over time.

4. <u>Build upon or merge with an existing model or tool that improves outcomes and delivers a measurable, positive ROI.</u> For example, the patient-centered medical home is a collaborative, team-based health care delivery model that provides comprehensive, integrated and continuous medical care to patients with a goal to optimize health outcomes. In some cases, the care team is augmented to include community health workers (CHWs) as liaisons to help families manage complex decisions, provide coaching, education, actionable guidance and to close gaps in

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[46] Gold R, Cottrell E, Bunce A, et al. Developing electronic health record (EHR) strategies related to health center patients' social determinants of health. Journal of the American Board of Family Medicine : JABFM. 2017;30(4):428-447. doi:10.3122/jabfm.2017.04.170046. https://www.ncbi.nlm.nih.gov/pubmed/28720625.
[47] Parker S, Castillo N, Garon T, Levy R, Eight Ways to Measure Financial Health https://cfsinnovation.org/research/eight-ways-to-measure-financial-health/.
[48] Consumer Financial Protection Bureau. Measuring financial well-being: A guide to using the CFPB Financial Well-Being Scale. December 2015. https://www.consumerfinance.gov/data-research/research-reports/financial-well-being-scale/.
[49] https://cfsinnovation.org/score/

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needs, care and services by linking families to community resources. CHWs or other pertinent care team members such as nurse practitioners could be trained to be on the lookout for signs of financial distress in an individual or family and refer the patient to a representative at the credit union. If your credit union provides philanthropic support for or employee benefits to local health care systems, consider how you can leverage that commitment with financial well-being resources and training to assist staff and caregivers in helping individuals or families address financial distress, especially if brought about by medical debt and the costs of health care.

5. Expand the meaning of patient/consumer engagement to include the connection between health and financial well-being – starting with employees. Employees are likely to mirror the struggling patient/consumer population in need of improved health and financial well-being. Trained and empowered employees become the strongest advocates for motivating others to develop a positive relationship with their own health and financial well-being. Efforts to help people improve their financial and physical health need to be grounded in the aspirational. In other words, getting physically and financially healthier can move you forward to go on that vacation, retire comfortably, eliminate student debt, send your kids to college, own your own home, etc. Credit unions, employers and insurers can incentivize and reward employees to take actionable steps to improve their health and financial well-being (for example, higher savings rates, bonus dividend payments, or lower insurance premiums).

6. Go beyond the simple collection of data. Check out health and financial technology firms who are creating web- and mobile-based applications and platforms that analyze data to predict behaviors, risk levels, guide, coach and determine what products and services customers need (and when) to improve their health and financial well-being.[50] As behavioral economics teaches us, understanding where people go wrong can help you help people go right, in their health and financial well-being decisions.

7. Leverage existing philanthropic relationships. Many credit unions provide significant philanthropic support to Children's Miracle Network. The relationships that these

[50] For more information on Financial Wellness FinApps visit https://www.yodlee.com/products/featured-finapps/.

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credit unions have with local children's hospitals can be expanded to include efforts to address a family's financial health, as it works to get a sick child better. It can also include financial well-being efforts at the hospital for parents who may be wrestling with medical debt. Credit unions should serve as a trusted partner in providing quality financial education resources[51] to help the children and parents think about a future beyond their treatment, with a plan to secure their financial future.

Creating a collaborative, coordinated continuum of care model: Looking to the future

As the relationship between credit unions, health care providers and public health leaders strengthens and grows, the vision of a collaborative, continuum of care model can evolve further with these characteristics:

1. Develops more analytic capabilities to manage and improve health and financial outcomes for *populations* of individuals (not only based on income or zip code, but also other groups, such as employees, ethnic groups, or disabled persons), as well as the distribution of such outcomes throughout the population (which allows for measurement of effectiveness, inequality or inequity).[52]

2. Creates digital records that are capable of being shared with other authorized providers across more than one health care or financial organization, to facilitate coordinated care.

3. Differentiates beyond speed and convenience by adopting a combined precision medicine and banking model. Based on customized "care," medical and financial planning decisions, services or products are tailored to meet the immediate or long-term medical and financial needs of the individual consumer or their family. Powered by machine learning and artificial intelligence, institutions can use such a model to:

    - Track behaviors and impact of social determinants in real-time using key metrics and indicators to more holistically measure and predict health and financial well-being;

[51] See The National Credit Union Foundation's Medical Debt Toolkit; https://www.ncuf.coop/resources/toolkits/medical-debt/medical-debt.cmsx.
[52] Kindig D, Stoddart G. What Is Population Health? American Journal of Public Health. 2003;93(3):380-383. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1447747/.

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- Customize content, products and services to provide a better on-line, mobile or in-person experience that meets individual needs;
- Provide actionable guidance and tools to automate and improve individual health and finances (aka "set it and forget it" or "making the right thing, the easy thing to do"); and
- Track individual progress against peers and reinforce or incentivize good behavior.

A precision medicine and banking model[53] takes into account the individual variability in the environment, attitudes, preferences, and lifestyle for each person – thereby designing a targeted "treatment and/or prevention strategy" that will work best for improving a consumer's health and financial well-being.

4. Spawns a "learning health and financial well-being system."[54] The health care and financial services collaboration succeeds where the routine collection, analysis and interpretation of health and financial data, and the patient/customer experience, leads to findings that are fed back into the product and service delivery process to create behavior change (both of patients/customers and institutions/providers) and best practices that support healthier outcomes.[55]

Conclusion

Health and financial well-being go hand in hand. After all, achieving financial aspirations – landing a better-paying job or promotion, having affordable, reliable transportation, buying a house, eliminating student debt, starting a business or a comfortable retirement – are less

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53 https://obamawhitehouse.archives.gov/blog/2015/01/30/precision-medicine-initiative-data-driven-treatments-unique-your-own-body; https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5068209/

54 Adapted from the concept of a "health learning system" defined by the Institute of Medicine as a system in which, "science, informatics, incentives, and culture are aligned for continuous improvement and innovation, with best practices seamlessly embedded in the delivery process and new knowledge captured as an integral byproduct of the delivery experience." Institute of Medicine. The Learning Health System Series. 2015 [cited 2015 4 June]; http://www.nap.edu/ catalog/13301/the-learning-health-system-series.

55 Friedman C, Professor Charles Friedman Interview, Foley, T Fairmichael, F Editors. 2015, The Learning Healthcare Project. http://www.learninghealthcareproject.org/section/evidence/25/50/professor-charles-friedmaninterview.

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meaningful if the person is not physically or emotionally healthy enough to enjoy the benefits of the achievement.

Conversely, financial insecurity (typically exacerbated by out-of-pocket health care costs and medical debt) is consistently rated among the highest sources of stress, and can lead to physical and emotional problems, unhealthy behaviors, increasing health costs, absenteeism and less productive work performance.

A growing number of credit unions, health care providers, public health and government leaders, and philanthropic organizations have embraced the connection between health and financial well-being. We suggest that while this important work is designed to have a positive effect, the potential for accelerating improved outcomes should rise if these anchor institutions work collaboratively and across sectors, rather than independently.

As consumer-driven providers seeking to differentiate themselves in rapidly changing markets with new "disruptive" entrants, credit unions and health care share much more in common than either realizes. In fact, to gain a competitive edge, credit unions are increasingly adopting health care terminology in their strategic planning and marketing strategies as they seek to transform from being purveyors of financial "services" to providers of financial "health and well-being."

Access to quality and affordable health care is as much a social determinant of health as access to quality and affordable financial services. However, if people are to live full and healthy lives, the institutions that help ensure their *livelihoods* – health care providers, public health leaders, financial institutions, employers, community agencies, insurers, policymakers – must be willing to contribute on an individual and collective basis the knowledge and resources that make such a life possible. They must be willing to break down access and equity barriers to services so that *all* may benefit in ways that can be sustained over time. And they must be willing to strengthen the nexus of physical and financial health by making it the centerpiece of institutional focus and collaboration.

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