

How Healthcare facilities can embrace the power of ESG



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[Environmental, Social and Governance \(ESG\)](#) has transformed the landscape for health systems over the past few years. Stakeholders have expanded their expectations beyond financial results. Healthcare facilities should be proactive and identify meaningful ESG metrics that will resonate with their stakeholders and employees, which will vary depending on your size, location, and more.

Human resource departments should play an active role in this endeavor as ESG should be used as a retention and recruitment tool. People want to work for institutions that have a sustainable future. Additionally, the purchasing department needs to be part of the ESG team due to the impact of the supply chain on ESG metrics. Your healthcare organization needs to ensure that your third parties share in your commitment to ESG to maximize the benefits as well. For example, you may choose to place product orders with other groups that also have ESG programs, versus those who do not.

Here are some ESG areas that healthcare facilities should consider measuring and reporting:

“Environmental” refers to the impact of the facility’s operations on the environment. This includes environmental factors such as energy use, waste management, and water conservation. By tracking and reporting on these metrics as part of their ESG strategy, healthcare facilities can identify opportunities to reduce their environmental impact, improve sustainability, and enhance their reputation among stakeholders.

Some of the key environmental metrics that healthcare facilities should consider measuring and reporting on to support their ESG initiatives include:

- Greenhouse gas emissions
- Water consumption
- Recycling
- Materials, including plastic use

The “S” in ESG stands for “Social” and refers to a company’s commitment to ethical and social responsibility. It includes areas such as employee welfare, community involvement, diversity and inclusion, and human rights.

In the healthcare sector, social responsibility is particularly important as it involves the care and well-being of patients and the impact healthcare organizations have on the communities they serve. By addressing social factors, healthcare facilities can enhance their reputation, improve employee retention and recruitment, and ultimately improve patient outcomes.

Below are some of the social factors that healthcare facilities can include within their ESG framework:

- Safety

- Community impact and integration
- Diversity and inclusion
- Investment policies

The “G” in ESG stands for “Governance” and refers to a company’s commitment to transparency, accountability, and ethical leadership. In the healthcare industry, governance is critical and is probably already a part of most organizations’ everyday monitoring. This includes the responsible management of resources and maintaining high standards of patient care in health services.

By addressing governance factors, healthcare facilities can strengthen their relationships with stakeholders, improve financial performance, and ensure regulatory compliance. Included within these governance factors are:

- Supply chain management
- Board diversity
- Policies
- Long-term strategy

Examples of ESG Principles at Work in Healthcare

Institutions have begun to update investment policies to divest from fossil fuels, divert funds to green initiatives and focus on investments that lean towards diversity measures.

Baptist Health South Florida has focused on sustainability. Their green initiatives include:

- Green building practices
- Recycling more than 20 tons of waste per month
- Paperless purchases
- Sustainability educational and training events
- Community outreach to market the importance of sustainability activities

UnitedHealth Group’s Sustainability Report has the following social pillars:

- Expanding access to care – 85% of members to receive preventive care services annually by 2030
- Improving health care affordability – 55% of outpatient surgeries and radiology services will be delivered at high-quality, cost-efficient sites of care by 2030
- Enhancing the health care experience – established a training program with the American Academy of Family Physicians to help family physicians change the culture of health care organizations and improve physician wellness using operational improvements and change management tactics. 200 family physicians will undergo training to lead change for improved clinical well-being.
- Achieving better health outcomes – close 600 million gaps in care for members by the end of 2025
- Advancing health equity including equity and diversity in the health workforce – actions include funding scholarship programs for students of color pursuing careers in healthcare, supporting STEM programs in high schools focused on girls and Black and Hispanic/Latino students and using innovation to help hard-to-reach communities receive needed care including improved access to telehealth, mobile medical units, home visits and school-based care programs.
- Building healthier communities – committing funds to build new homes for seniors and families, all with connections to health and wellness services and social supports.

UnitedHealth Group has a variety of ESG metrics in 2020 including:

- 6 million employee volunteer hours
- 41% people of color (U.S. workforce)
- 37% of female in top management positions
- 627 diverse suppliers with average spend of \$849,000 per year
- 2 directors of color out of 10 directors
- 6,709 metric tons of waste transferred

- 19,647 MWh renewable energy use (5% of total energy consumption)

No matter what ESG direction you choose, you need to ensure that your ESG metrics align with your institution's mission. Additionally, boards should hold management accountable to measuring ESG metrics accurately and for providing regular ESG reports to the board.

Wondering how to get started with ESG for your hospital, physician practice, or medical clinic? Contact us to learn more.

Sources: <https://baptisthealth.net/non-indexed-content-folder/old/greening-our-future>
<https://www.unitedhealthgroup.com/content/sustainability/en.html>

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