

# Mobilizing Community Investment for Health Payers

When it comes to determining one's health, ZIP Code is a more reliable predictor than genetic code. Partnering with Community Development can improve the vital conditions that shape health and well-being for beneficiaries of private and public health insurance plans. Successful partnerships between health payers and community development can reduce medical costs, improve health outcomes, and promote thriving communities.

*When health payers and community developers join forces, they lay the foundation for better health, stronger communities, and lasting impact.*

## The Promise of Community Development Investments for Health Payers

- [80% of a person's health outcomes are determined by social, economic, and environmental conditions rather than health care.](#) The Healthcare sector spends over \$1 Trillion each year treating preventable conditions caused by poverty and social inequity.
- Addressing the vital conditions for health and well-being is a valuable investment for health payers. Interventions focused on improving access to humane housing, healthy food, and transportation have [demonstrated savings and return on investment](#). These solutions are especially timely as recent cuts to social programs, including Medicaid and the Supplemental Nutrition Assistance Program (SNAP), create [additional strains on household finances, state budgets, and health systems](#).

- Between 2017 and 2021, the [top 20 private health insurers spent at least \\$1.87 billion to address social needs](#), including \$1.2 billion on housing, \$238 million on food security, \$58.6 million on employment, and \$13.4 million on transportation.
- State and federal policymakers have created incentives for health payers to support the vital conditions of health for their members. 25 states have been [approved for waivers to test new approaches to addressing the social determinants of health](#) through their Medicaid programs, although [recent federal guidance](#) may make future waiver approvals more difficult. The "One Big Beautiful Bill Act" passed in July 2025 also [expanded several tax credits that support affordable housing and other community development projects](#).

## Evidence Bites

### Investing in the Vital Conditions for Health and Well Being

- **Humane Housing:** People provided with stable housing are [significantly more likely to use preventive primary care services](#), reducing the likelihood of costly emergency care. Studies consistently find that supportive housing for homeless individuals generates significant savings in health costs, with one study estimating a minimum of [\\$3,919 in annual cost savings](#) to healthcare systems per individual living in supportive housing. For elderly recipients, affordable housing support yields [significant savings for Medicare and Medicaid](#) due to reduced hospitalizations and ER visits as well as large decreases in skilled nursing facilities and long-term-care days. Investments in affordable housing also enable families to spend more money on basic necessities to maintain their health, such as food, transportation, and health care. Families living in affordable housing experience an estimated [income boost of \\$7,716 annually](#) from reduced housing costs.
- **Equitable Transit-Oriented Development:** Equitable transit-oriented development (eTOD) maximizes housing, commercial, and leisure space within a half-mile of public transportation while minimizing displacement of existing residents. eTOD has wide-ranging [economic, environmental, and health](#) benefits including improved access to jobs and economic opportunity, more healthy and active lifestyles from increased walkability, and reductions in greenhouse gas emissions, air pollution, and congestion from reduced household driving. Each unit of affordable housing near transit is estimated to yield a \$250 reduction in

health care costs. [eTOD also generates annual income](#) boosts of \$10,160 per person from switching from driving to public transportation and saves society at-large \$4,960 per commuter from reduced mortality.

- **Food Security:** [More than 40% of the U.S. population lives in an area where](#) the closest grocery store that sells healthy food is at least one mile away. [Living in an area with limited access to healthy food is associated with reduced life expectancy](#). There is strong evidence that increasing [access to healthy food can significantly reduce health care costs](#) through reduction in ER visits and hospitalizations.
- **Meaningful Work & Wealth:** People who are unemployed are [more likely to be in fair or poor health](#), be diagnosed with depression, or develop a stress-related health condition such as stroke, heart attack, heart disease, or arthritis. [Underemployment is similarly detrimental to health](#), as lower incomes prevent people from accessing resources to support their health, such as housing in a safe neighborhood with available green space and grocery stores. A study of patients with severe mental illness receiving employment support services found that securing steady employment was associated with an [average reduction in health care costs of \\$166,350 per person over ten years](#).

## Evidence in Action

### King's Ridge

North Carolina based Alliance Health has [invested nearly \\$7.6 million into affordable housing initiatives](#) to support its most vulnerable members. This includes \$1M for the King's Ridge development in Wake County, which will provide permanent housing to 100 households, including 7 units for Alliance members. Alliance will also provide all supportive services for King's Ridge residents. The project is expected to reduce homelessness in Wake County by up to 10%.

### Gem City Market

CareSource, a Medicaid managed care provider, awarded a [\\$220,000 grant to support the construction of Gem City Market](#), a 15,000 square foot grocery store in Dayton, Ohio serving an area whose residents previously had limited options to purchase quality, healthy food. "We certainly partner with a number of foodbanks but we're always looking for 'What's the innovation to help solve big, critical social issues?'" explained Cathy Ponitz, vice president of the CareSource Foundation. The grocery store has now been in operation for more than three years, has [over 5000 member-owners, and serves almost 3000 customers each week](#).

### West Lakes Community Wellness Center

FloridaBlue joined Orlando's two largest health systems in investing in the [West Lakes Community Wellness Center](#), a project implemented by nonprofit Lift Orlando to support their mission of breaking down the systemic barriers that prevent underinvested communities from achieving health and wellness. In addition to healthcare services, the facility offers a community cafe, community gathering spaces, a financial wellbeing center, community offices, and a fitness facility. It is also expected to create at least 40 full-time jobs.

### Healthy Neighborhoods Equity Fund II

[UnitedHealth Group invested \\$25 million in the Healthy Neighborhoods Equity Fund II](#) (HNEF II), which was launched by Conservation Law Foundation (CLF) and Massachusetts Housing Investment Corporation (MHIC) to finance inclusive mixed-use developments near public transportation that offer retail, housing and social services to support healthier communities. This investment will help create 102 mixed-income homes along with neighborhood-serving ground floor retail space.

## DEFINITIONS

### **Vital Conditions for Health and Well-Being:**

Vital conditions are properties of places and institutions that all people need for health and well-being. They include a thriving natural world, basic needs for health and safety, humane housing, meaningful work and wealth, lifelong learning, reliable transportation, and, central to all of these, belonging and civic muscle.

**Community Development:** Community development is a multi-billion-dollar sector of the American economy that invests in low- and moderate-income communities through the development and financing of affordable housing, businesses, community centers, health clinics, job

training programs, and services to support children, youth, and families. [Click here](#) to learn more about the Community Development Corporations.

### **Community Development Financial Institution**

**(CDFI):** CDFIs are "private financial institutions dedicated to delivering responsible, affordable lending to help low-income, low-wealth and other disadvantaged people and communities join the economic mainstream" (see the [Opportunity Finance Network](#)).

**Health Payer:** Health payers include commercial health insurance plans and government programs such as Medicare and Medicaid. They negotiate or set rates for healthcare services, collect revenue through premium payments or tax dollars, and use this revenue to pay health provider claims. (See [Brookings Health System](#)).

**Alternative Payment Model (APM):** An Alternative Payment Model (APM) is a payment approach that "gives added incentive payments to provide high-quality and cost-efficient care" (see [Centers for Medicare and Medicaid Services](#)).





## Where to Start:

### Key Considerations for Partnership



As health payers consider possible partnerships with community development actors, the following questions can help identify opportunities for collaboration:

- *What are the key healthpayer incentives and regulatory requirements at play?* As state and federal policymakers increasingly recognize the value of investing in the vital conditions of health, there may be new incentives or opportunities available to facilitate your organization's investments and partnerships to support community development.
- *Have you evaluated potential partners in addressing the vital conditions of health?* A variety of actors could be valuable collaborators, including [community development financial institutions](#) (CDFIs), [community development corporations](#) (CDCs), local health or economic justice advocacy groups, or other community-based organizations that provide supportive services such as healthy food, employment support, or financial coaching.
- *What portion of your community benefit spending or population health budget could create lasting infrastructure that serves your members for decades?*
- *Who are the key decision makers who would need to approve community development partnerships?* Health plan executive leadership and board members will ultimately make decisions about any significant partnerships and investments. Local regulators, including state insurance commissioners, may also be important to engage in order to clarify how community development investments would be treated for regulatory purposes.

## Tools to Move Forward

- [Jargon Buster](#) demystifies common industry jargon across sectors.
- [Partner Finder](#) is a directory of practitioners for possible collaboration with community development agencies near you.
- [BHPN Playbooks](#) provide practical advice on navigating partnerships between community development and healthcare.
- Community Close-Up Case Studies: Learn how two community efforts, [West Lakes Community Wellness Center](#) and [Healthy Neighborhoods Equity Fund II](#), resulted in co-investments from community development and health payers.
- [Four insights from health insurance companies investing in community development and health equity.](#)
- [Healthy Neighborhood Investments: A Policy Scan & Strategy Map](#) identifies policy actions for advancing health and racial equity through multi-sector investments, serving as a tool for community-owned priority setting.