Government of the District of Columbia

Department of Insurance, Securities and Banking

Testimony of

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Associate Commissioner

B18-450: Health Care Equality Reform Act of 2009

Committee on Public Services and Consumer Affairs
Muriel Bowser, Chairperson
Council of the District of Columbia

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Good Afternoon Chairperson Bowser, Members of the Committee on Public Services and Consumer Affairs, and Committee Staff. I am Philip Barlow, Associate Commissioner for Insurance of the Department of Insurance, Securities and Banking ("Department" or "DISB"). Thank you for providing the Department with the opportunity to present testimony today on Bill 18-450, the Health Care Equality Reform Act of 2009.

The Department is responsible for regulating the activities of most of the financial services companies doing business in the District of Columbia, including insurance companies, health maintenance organizations, and hospital and medical service corporations that provide individual health benefit plans to District residents. For individual health benefit plans, our regulatory oversight includes reviewing and approving the rates used in the District of Columbia. The standard the Department uses for its rate reviews is that rates not be excessive, inadequate, or unfairly discriminatory, as delineated in the various laws regarding health insurance rates.

Bill 18-450 would prohibit a premium rate, or any other underwriting decision, determined through a method that is in any way based upon the gender or sex of a person for any individual health benefit plan offered, sold, issued, or renewed to a District resident. The Department supports the adoption of Bill 18-450. Should the bill be adopted, the Department will require individual health benefit plan rates to be gender neutral prior to approving the rates.

Ten states currently require unisex rates for individual health benefit plans. The Department surveyed those states to get feedback on the use of unisex rates. Based on the

responses we received, Maine, Minnesota, Montana, New Jersey, and Oregon have had gender neutral requirements in place since the early 1990's and none of the states reported any issues with the use of unisex rates for individual health benefit plans.

As a general rule for health benefit plans, gender-distinct rates for females tend to be higher than male rates at younger adult ages and the reverse is true at older ages. Blended, or unisex, rates would lower female rates and raise male rates at the younger ages, and raise female rates and lower male rates at the older ages. To the extent that individual health benefit plans are price sensitive, the change may attract younger women and older men to purchase or retain individual health benefit plans, and may discourage younger men and older women from obtaining or retaining health care coverage.

The Department reviewed current practices among issuers of individual health benefit plans in the District of Columbia and determined that some major health benefit plan providers already use unisex premiums in the majority of their individual health benefit plan policies. Therefore, the proposed legislation will not have an immediate impact on the premiums for individuals covered by those plans.

Employer-provided group health insurance plans use unisex premiums. Under B18-450, individual health benefit plan policies would be required to use unisex premiums. However, non-employer group health benefit plans, such as health insurance purchased by individuals through an association to which they belong, would not be subject to B18-450's requirement that they use unisex premiums.

This concludes my testimony. Thank you again for the opportunity to present the Department's views and I will be happy to answer any questions.