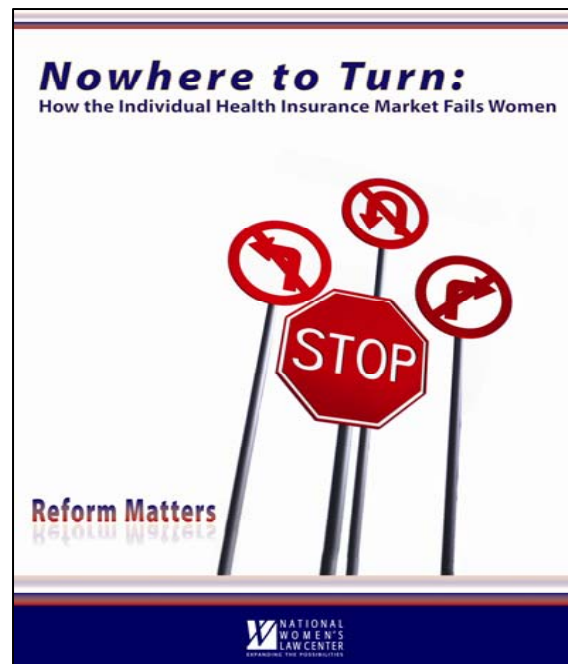


Nowhere to Turn: How the Individual Health Insurance Market Fails Women



The National Women's Law Center

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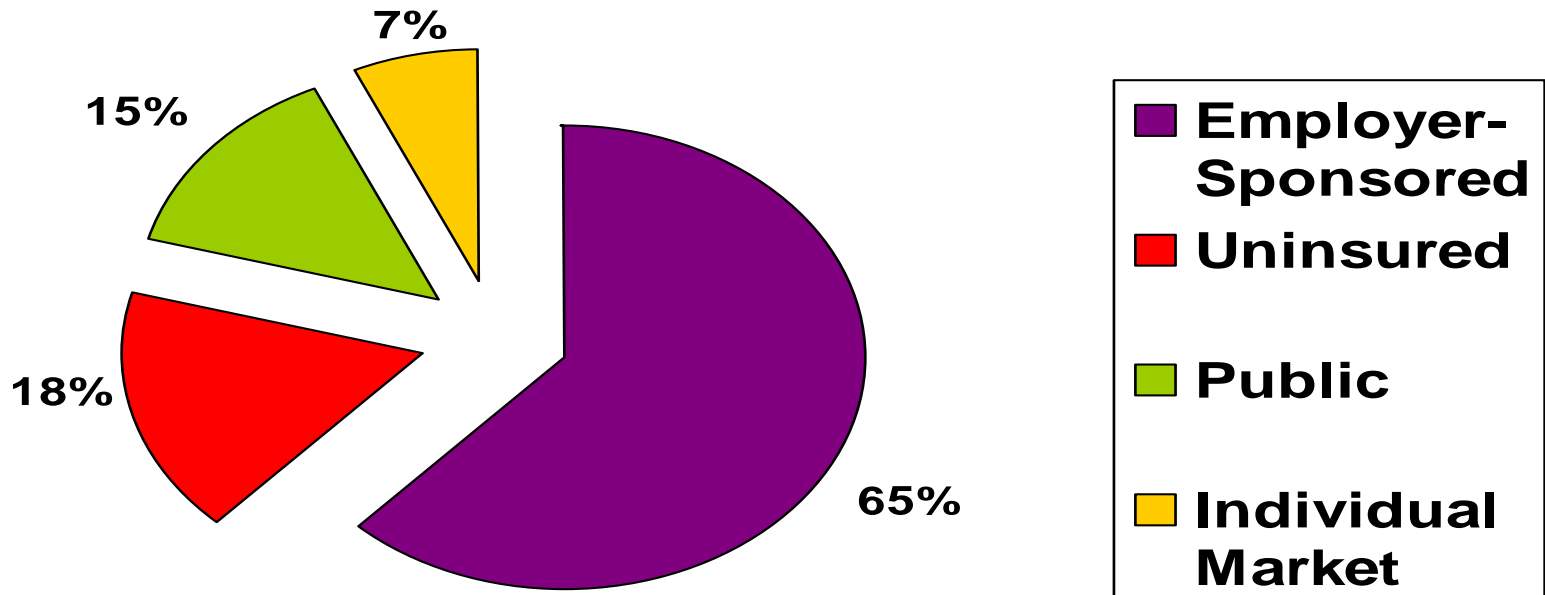


Today's Presentation Will Cover

- Background on the individual market
- Gender rating
- Maternity coverage
- Additional challenges women face
- Policy recommendations
- Q&A

How Do Women Get Their Health Coverage?

**Women's Health Coverage, Ages 18-64
2007**





Why Understand the Individual Market?

Only a modest number of women are currently covered that way, BUT

1. Many more try to find individual market coverage without success – nearly 9 out of 10 people who seek policies do not ultimately buy a plan
2. Some reform plans could expand the role of this market
3. Some employers are replacing employer-sponsored coverage with fixed sums to buy insurance through the individual market



Comparing Employer-Sponsored and Individual Market Coverage

EMPLOYER-SPONSORED

- Medical risk and costs are spread across a group
- More comprehensive benefits
- More affordable
- Subject to state and federal anti-discrimination protections

INDIVIDUAL MARKET

- No group to spread risk or costs
- Limited benefits
- More expensive
- Subject to few, if any, protections



Obtaining Coverage in the Individual Market

“Medical underwriting” = Insurance companies decide:

1. Whether to offer coverage (and what to cover)
 - Deny coverage altogether
 - Offer a policy that excludes coverage for a pre-existing condition
2. What premium to charge
 - Consider factors such as health status, age, gender, and previous medical history



Research Methodology

- Research on Insurance Policies
 - Used www.eHealthInsurance.com
 - Reviewed over 3,500 policies offered to women living in the capital cities of 47 states and D.C.
 - Investigated 2 phenomena:
 1. The “gender gap” or difference in premiums charged to female and male applicants of same age and health status
 2. The availability and affordability of comprehensive maternity coverage
- Research on State Individual Market Insurance Rules
 - Reviewed statutes and regulations for 50 states and D.C.
 - Determined whether states had:
 1. Protections against premium rating based on gender, age or health status
 2. Mandate laws requiring insurers to cover maternity care



Gender Rating

Common insurance industry practice of charging women and men different premiums for the same health insurance coverage



Gender Rating: “Actuarial Justification”

- Insurance industry defense
 - “Actuarially justified” = based on actual differences in providing health insurance to women versus men
 - Women cost more (on average) so they are often charged more
- Even if actuarially justified, it is bad public policy to allow this discrimination to continue
 - Insurers abandoned practice of rating based on race
 - Gender rating is prohibited in employer-provided benefits



Women Often Face Higher Premiums than Men

- Gender rating is prevalent throughout the country
- Wide variations across and within states undercuts insurance industry defense of gender rating as actuarially justified
- Maternity coverage does not necessarily explain the difference



Wide Variation in Gender-Based Premiums Across The Country

- NWLC examined premiums charged to women and men at 3 different ages for identical health plans and found:
 - At age 25, women are charged between 6% and 45% more than men.
 - At age 40, women are charged between 4% and 48% more than men.
 - At age 55, women are charged between 22% less and 37% more than men.

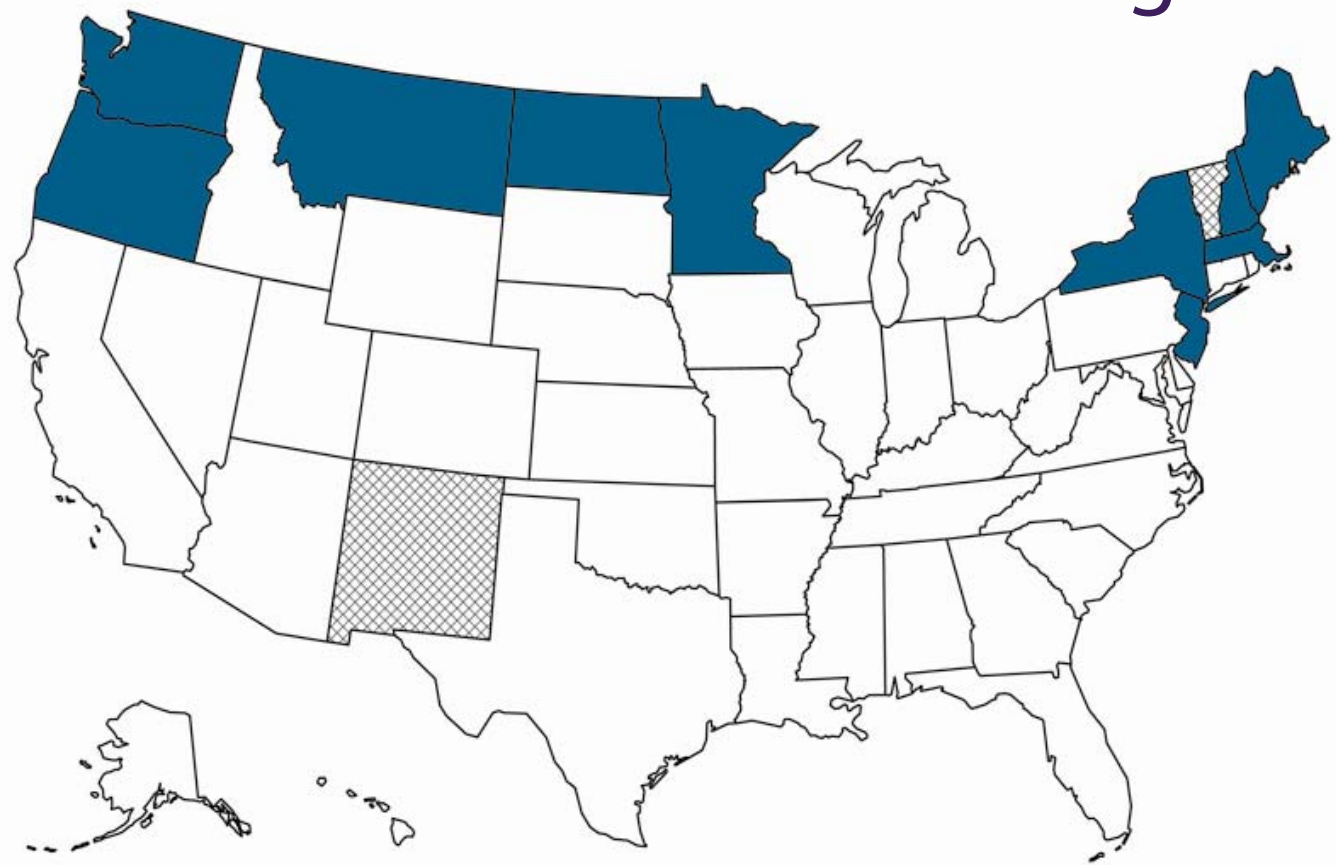





Wide Variation in Gender-Based Premiums Within a State

- NWLC examined “best-selling” individual plans available to 40-year-olds within each state and found wide variations. Some examples:
 - In Arizona, women are charged between 2% and 51% more than men
 - In Arkansas, women are charged between 13% and 63% more than men
 - In Missouri, women are charged between 15% and 140% more than men



State Efforts to Protect Against Gender Rating



-  State has protections against gender rating
-  State limits use of gender as rating factor with rate band
-  State does not have protections against gender rating



State Efforts to Protect Against Gender Rating

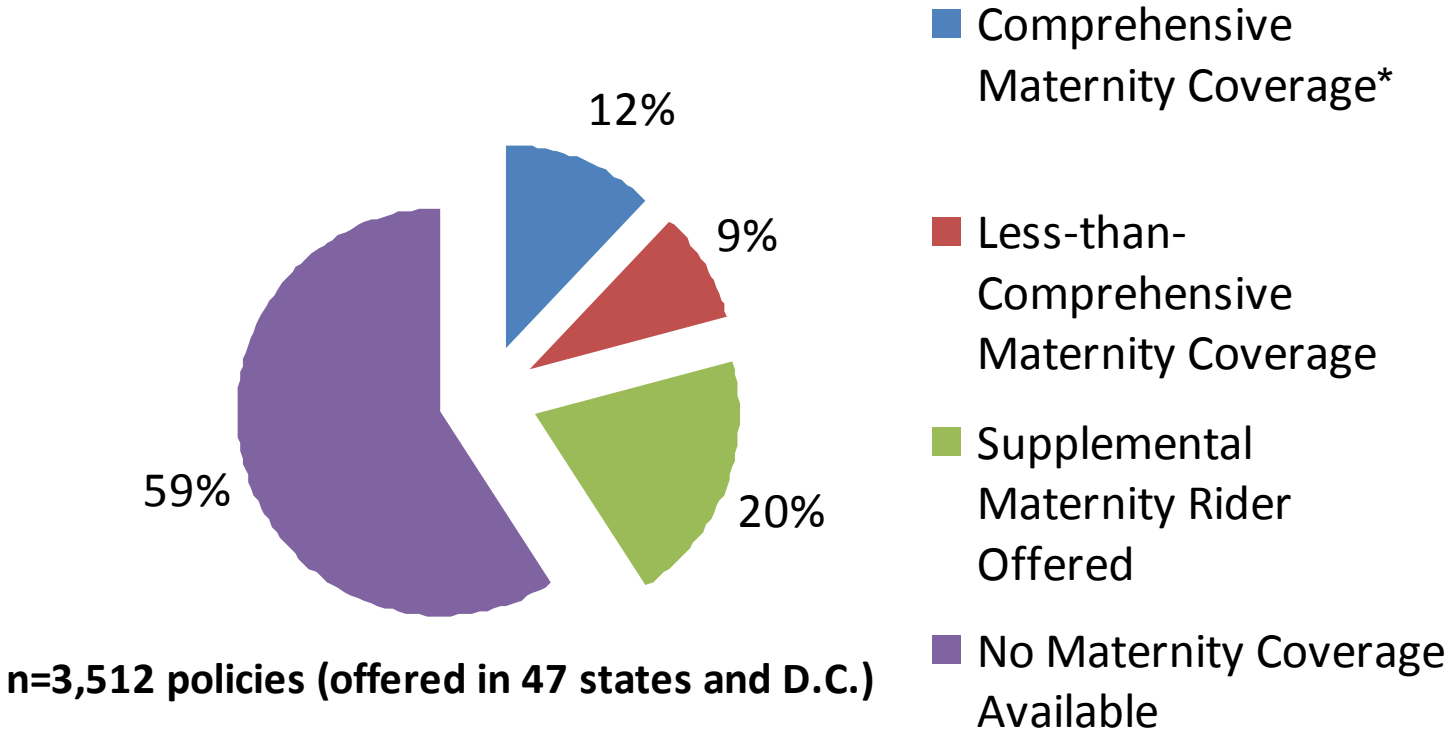
- 4 states ban gender rating outright
 - MN, MT, NH, ND
- 6 states have eliminated gender rating through “community rating” requirements
 - ME, MA, NJ, NY, OR, WA
- 2 states limit gender rating through “rate bands”
 - NM, VT



Maternity Coverage in the Individual Market



NWLC Findings: Most Individual Market Insurance Policies Do Not Cover Maternity Care



*Comprehensive maternity coverage includes coverage for prenatal care, labor, delivery, and postnatal care, for both routine pregnancies and in case of complications.



Maternity Riders, When Available, Are Usually Inadequate

- In 31 states, some insurers offered plans with supplemental maternity coverage
BUT riders:
 - Can be prohibitively expensive
 - May impose waiting periods
 - Are often limited in scope
 - Can only be purchased with a qualifying health insurance plan (limiting choice)



Maternity Riders: A Bad Deal for Women

Example: A woman pays \$106 per month for a maternity rider, in addition to her regular health insurance premium. Her rider requires 20 % coinsurance and covers just \$2,000 of maternity charges for the first 2 years she is enrolled.

	Uncomplicated Vaginal Delivery (2006 Average = \$7,488)	Cesarean Section with Complications (2006 Average = \$16,996)
Rider Covers	\$2,000	\$2,000
20 % Coinsurance	\$1,498	\$3,399
Over Benefit Limit	\$3,990	\$11,597
Annual Rider Premium	\$1,272	\$1,272
Woman Pays	At least \$6,760	At least \$16,268



State Efforts to Ensure Access to Maternity Care

- 5 states have passed laws requiring all health insurers in the individual market to include maternity coverage
 - MA, MT, NJ, OR, WA
- Other states have adopted laws that are more limited in scope:
 - Only certain insurers are subject to the law
 - Insurers are merely required to *offer* the coverage
- Some states have enacted public programs to fill in the gaps



Additional Challenges Women Face in the Individual Market

- Rejection based on health history
 - Insurers in 9 states and D.C. can reject applicants who are survivors of domestic violence
 - Insurers can reject women for coverage based on a previous Cesarean section
- Rating based on age
- Rating based on health status
- Pre-existing condition exclusions



State Efforts to Address Additional Challenges

- 5 states have “guaranteed issue” laws that protect applicants from rejection
- 8 states prohibit or limit rating based on age
- 15 states prohibit or limit rating based on health status



Policy Recommendations

- ✓ Policymakers should eliminate the need for the individual market
- ✓ In the short term, individual market coverage must be made easier to obtain and afford
- ✓ All health insurance policies should include maternity coverage as a basic benefit



For More on Women and Health Reform...

- **Visit our website**

<http://www.nwlc.org/reformmatters> to:

- Sign up for a copy of our forthcoming *Reform Matters* toolkit for advocates
- Participate in our monthly conference calls
- Request technical assistance on health reform

- **Contact us at** reformmatters@nwlc.org