

The Equality Center

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SEX DISCRIMINATION AND HEALTH AND DISABILITY INSURANCE

Legislation is now pending before the U.S. Congress which would require that insurance companies end sex discrimination in the health and disability insurance policies they offer (as well as other forms of insurance discrimination, such as in pensions and life insurance). The Senate bill is the Fair Insurance Practices Act (S 372) and the comparable House bill is the Nondiscrimination in Insurance Act (HR 100).

These bills prohibit discrimination on the basis of sex, race, color, religion and national origin in the writing and selling of insurance contracts. They are modeled after other provisions designed to guarantee equal opportunity and access -- specifically, Titles VII and VIII of the Civil Rights Act of 1964 (which prohibit discrimination in employment and housing) and the Equal Credit Opportunity Act.

The insurance industry maintains that this legislation is unnecessary and that discrimination on the basis of sex is "fair discrimination," without which they could not set realistic premium rates. In fact, however, sex differentials in health and disability insurance policies are not fair. They require women and men with families to pay more for the same health insurance. And they require women to pay more for the same disability insurance.

Some common discriminatory practices are:

- Women (and men with families) pay additional fees for covering temporary disabilities due to pregnancy -- even though Congress amended Title VII of the Civil Rights Act in 1978 to say that pregnancy discrimination in fringe benefit plans constitutes unlawful sex discrimination. The average cost of a normal pregnancy is \$2,300, the largest medical expense that some people ever have. Employees who work for small businesses with under 15 employees are not protected by Title VII. Nor are many people with individual policies or non-employment group policies, such as those provided by associations and organizations. Despite claims by insurance companies that covering pregnancy like other temporary disabilities in these plans is financially impossible, the largest provider of health insurance in the country -- Blue Cross and Blue Shield -- has been doing just that for years.

- Women pay more than men for equivalent health insurance coverage -- even though other factors (such as cigarette smoking and obesity) are both more appropriate and as predictive. Insurance companies stopped using other discriminatory criteria, such as race, years ago.
- Women pay more for disability insurance -- even though the Health Insurance Association reported in one of its publications that a Census Bureau study attributes "the higher disability rate for women to differences in labor force attachment and work opportunities rather than to differences in health conditions." Despite this, Consumer Reports magazine found in 1983 that a 35-year-old female pays from 1 1/3 to 1 3/4 more for identical disability insurance than a 35-year-old male. Already, some companies have gone to unisex tables for professionals -- doing exactly what the health insurance industry says is economically impossible. The result of this is a dramatic rate reduction for women. For example, a 30-year-old woman wishing to have a \$3,000-a-month disability policy to age 65 would have her annual premium decreased by \$1,000 (almost 50%) with this change to unisex rates with one major insurance carrier.

Some insurance companies have claimed that the changes required by this legislation would drastically increase health and disability insurance rates for both women and men, the same claim that they made before Title VII was amended to end pregnancy discrimination. These claims proved false then and they are false now.

In short, the Fair Insurance Practices Act and the Nondiscrimination in Insurance Act are needed in order to assure that women and their families have fair and equal access to good health care.

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May 1983