

CASE #11: WOMEN AND HEALTH INSURANCE

Roughly 10% of Americans, including 6% of American women, who have health insurance purchase that coverage as an individual, rather than through an employer¹. Premiums are generally higher than one would pay through one's employer, but one need not worry about losing the insurance due to job loss.

According to a recent article in the *New York Times*, however, the deal may be more costly if you don't happen to be male. Women pay between 20% and 50% higher premiums than men for the same insurance coverage². (Employer-subsidized insurance plans offer all employees the same benefit plan, regardless of sex or gender.) Furthermore, women are charged more even if they decline maternity coverage. Only ten states have passed laws prohibiting this kind of discrimination in the individual insurance market, leaving the vast majority of women unprotected on the open market.³

Insurance companies argue that the higher cost for women is justified. Women use more healthcare services than men, including a broad array of services associated with maternity and reproductive health, and are thus more expensive to insure. In this respect, the high premiums women pay are like the higher premiums associated with age, despite one's inability to choose one's sex or stop getting older. The higher premiums simply reflect the higher expenses to the insurance company. Men and women seeking insurance on the individual market can expect to pay more for a policy if they have a pre-existing condition or other factors that cause them to use more healthcare services. Women use more services in general, particularly regular checkups and screenings, and unfortunately happen to be the only demographic that can get pregnant.

Others claim that despite the business logic behind the higher premiums, they are discriminatory. A significant wage gap already exists between men and women who work similar jobs. To expect women to pay more on the individual insurance market increases the wage gap even more. Charging higher premiums based on racial or ethnic differences has been banned for some time, despite the potential for differences in healthcare consumption between races. These and other reasons fuel the contention that sex-based insurance premium differences should be outlawed.

Of course purchasing insurance on the individual market is already expensive for men, as well. Increasing their costs would introduce further disincentives to buy insurance, potentially leading to fewer insured people altogether. The concept of insurance implies that all of the people who pay premiums subsidize others who use more than their "share" of medical care, but the line between dispassionately pricing risk and sexism remains extremely controversial.

¹ Kaiser Family Foundation, "Women's Health Insurance Coverage Fact Sheet," http://www.kff.org/womenshealth/upload/6000_07.pdf (Oct. 2008).

² Pear, Robert, "Women Buying Health Policies Pay a Penalty," <http://www.nytimes.com/2008/10/30/us/30insure.html>, *New York Times* (Oct. 28, 2008).

³ Varney, Sarah, "Women Pay the Price for Health Insurance," <http://www.npr.org/templates/story/story.php?storyId=102618109>, *All Things Considered*, NPR (Apr. 2, 2009).