

# FEATURED CRITERIA

## Trans-Inclusive Health Benefits

BY XAVIER PERSAD

Transgender individuals — those whose gender identity differs from that typically associated with their assigned sex at birth — have long suffered discriminatory barriers in virtually every aspect of life. While progress is being made on advancing workplace non-discrimination protections for transgender people, the elimination of discrimination in one vitally important area has lagged behind: health care benefits for public sector employees.

Many U.S. employer-based health care plans explicitly contain “transgender exclusions.” These exclusions prohibit coverage for medical care related to

gender transition, otherwise known as transition-related health care. Transition-related health care encompasses mental health care, hormone therapy, gender affirmation surgery, and other gender affirming care.

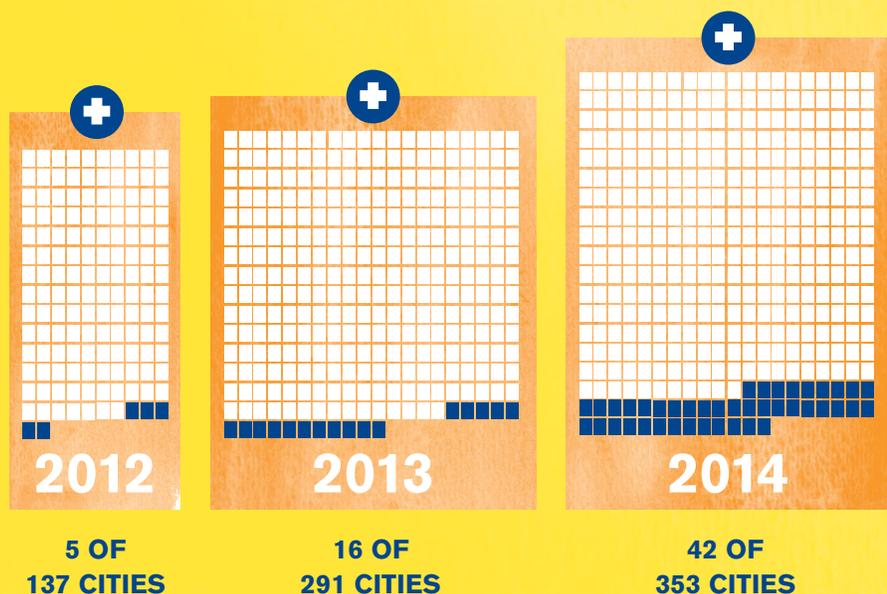
Even when health care plans do not explicitly contain “transgender exclusions,” coverage of transition-related care is still often denied on the basis that it is cosmetic or experiential, and therefore perceived by the insurer to be not medically necessary. Furthermore, transgender people are even denied coverage for many of the procedures routinely provided to people

who are not transgender (such as hysterectomies for transgender men).

These discriminatory exclusions persist despite the fact that the nation’s top professional health associations—including the American Medical Association and the American Psychological Association—have unequivocally denounced the notion that transition-related care is cosmetic or experimental and affirmed that transition-related health care is medically necessary for the health and well-being of many transgender people.



### Percent of Rated Cities Offering Trans-Inclusive Health Benefits



### TREND TOWARD INCLUSIVITY

Fortunately, a growing number of employers are doing away with these discriminatory exclusions. More and more municipalities are offering employees transgender-inclusive health care plans that affirmatively cover transition-related health care.

Data compiled by the MEI over the past three years demonstrate this trend. The number of municipalities that offer at least one affirmatively transgender-inclusive health care plan has increased every year since the MEI's inception.

In 2012, only 5 out of 137 MEI-rated municipalities (4%) offered transgender-inclusive health care benefits. This number rose to 16 out of 291 municipalities (5%) in 2013.

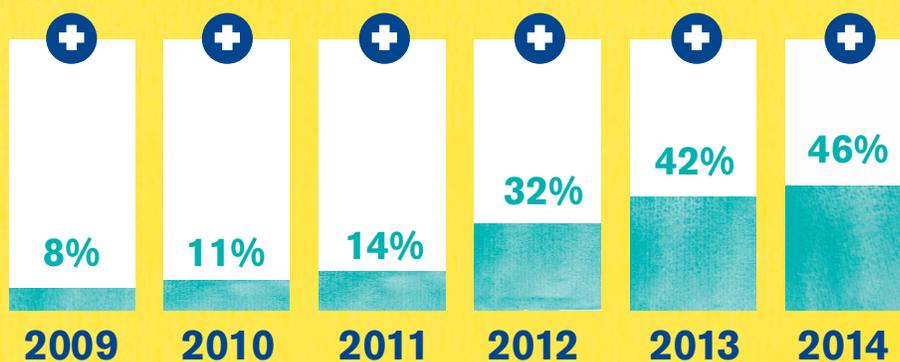
This year's MEI reflects the most encouraging numbers yet, with 42 of 353 municipalities (12%)—more than double the percentage from last year—receiving credit for transgender-inclusive health care benefits.

What's more, a number of states and the federal government have committed to offering transgender-inclusive health coverage. California, Connecticut, Maryland, Oregon, Washington, and the District of Columbia have all removed or are in the process of removing transgender exclusions from state employee health care plans. And in June of this year, the Office of Personnel Management announced that federal employee health care plans would no longer be required to exclude transition-related health care.

The movement toward inclusive health coverage is further paralleled in the private sector. The Human Rights Campaign Foundation's Corporate Equality Index (CEI), which assesses corporate policies and practices, has been tracking the number of major U.S. private employers that offer transgender-inclusive health care benefits since 2008.

From 2009 to 2014, the CEI observed a nearly seven-fold increase in the number of major employers that offer transgender-inclusive health coverage. In 2009, only 49 CEI-rated employers afforded inclusive health care coverage to their employees. As of this year, this number stands at an all-time high of 340 CEI-rated employers.

## Percent of Major U.S. **Private Employers Offering** Trans-Inclusive Health Benefits



BASED ON DATA FROM HRC'S CORPORATE EQUALITY INDEX

## BENEFITS

Providing transgender-inclusive health care coverage isn't just the right thing to do. Inclusive health coverage also brings many invaluable benefits.

A study conducted by the Williams Institute asked employers who provide transition-related health coverage about the benefits they receive as a result. 60% of responding employers stated that providing inclusive health coverage makes them more competitive and improves recruitment and retention. 60% also reported that providing

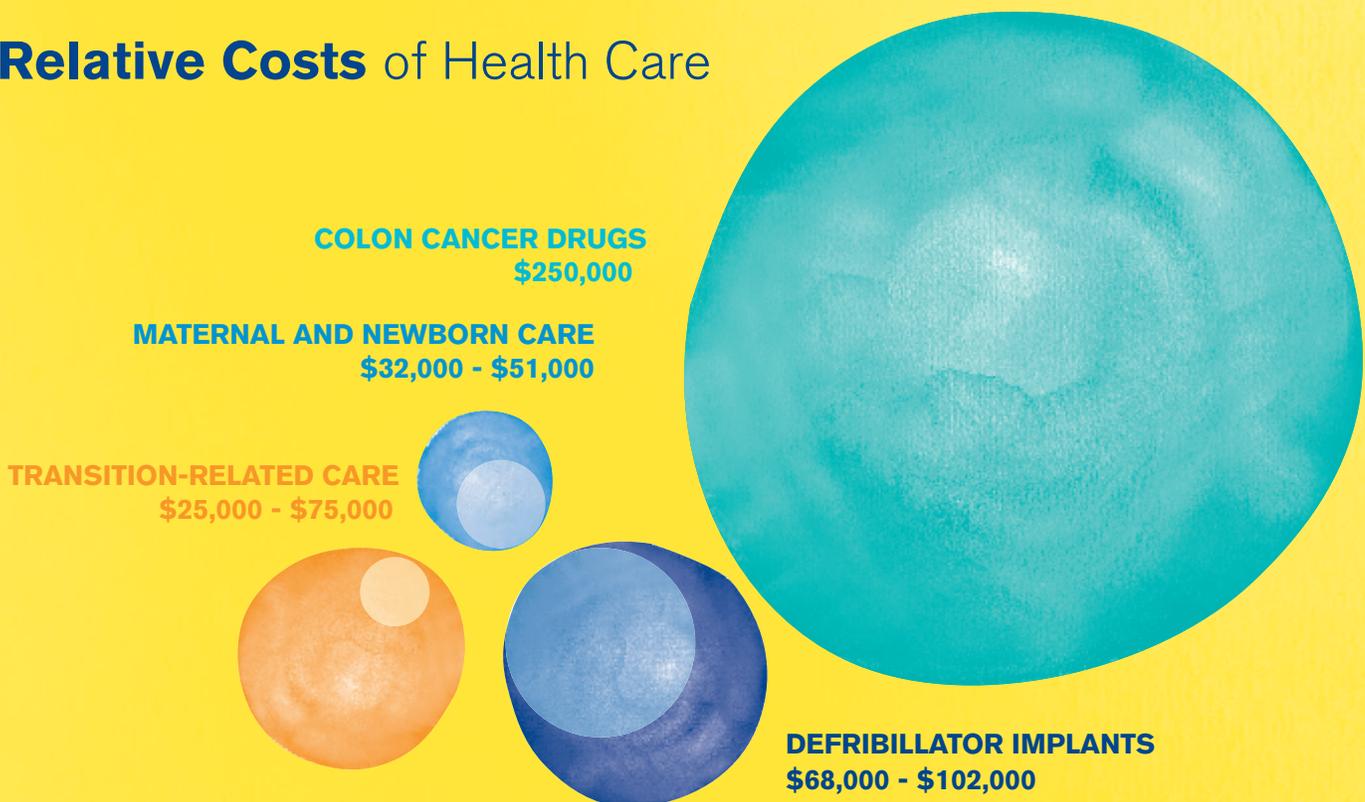
transgender-inclusive benefits brings them in line with and effectively communicates their commitment to fairness and equality. Moreover, employers noted that offering inclusive healthcare benefits increases employee satisfaction and morale, helps attract a diverse workforce, and puts them on the "leading edge."

## COST

The most common impediment to cities offering inclusive health coverage is misconceptions about cost.

Studies have consistently shown that the cost of providing transgender-inclusive health coverage is negligible. In fact, according to a Williams Institute study, 85% of responding employers who provide transgender-inclusive benefits report no cost at all. This is because of extremely low utilization rates. Since such a tiny percentage of people undergo transition-related medical care, distributed costs are nominal or nonexistent.

## Relative Costs of Health Care



# SUCCESS STORY: ROCHESTER, NEW YORK



Since the announcement, a wonderful community dialogue has ensued which allowed people to learn more about what it means to be transgender, as well as the challenges that so many of our friends and family members face every day.

**On May 17th, 2014, Rochester Mayor Lovely Warren and City Council member Matt Haag announced that effective January 1st, 2015, the City would offer trans-inclusive health coverage to city employees.**

This was an exciting announcement for the City, as Rochester has always been, and continues to be, at the forefront when it comes to the fight for civil rights. The City of Rochester was the first municipality in the State of New York to elect an openly gay person when Tim Maines was elected to City Council in 1985.

As such, this announcement furthers Rochester's commitment to fairness and equality for all of its citizens.

Since the announcement, a wonderful community dialogue has ensued which allowed people to learn more about what it means to be transgender, as well as the challenges that so many of our friends and family members face every day.

A growing number of cities and organizations across the country are realizing the benefits of adopting such policies and the positive effects that the policy change will have on the community. "This is not just a feel-good health measure, it is good business," said Councilman Haag.

Councilman Haag has continually pointed to how the City of Rochester, as well as companies

across the country making such changes, are recognizing the benefit to their organizations when employees and their families are well cared for.

Whether that benefit is corporate profit or public service, we are better served when our workers are well served. Rochester will continue to focus its policies around the common goal of ensuring our community is the most inclusive, and thus the best, community it can possibly be.

**MATT HAAG**  
Councilman

# SUCCESS STORY: SAN FRANCISCO, CALIFORNIA



The benefit cost employees virtually nothing.

**In July 2001, the City and County of San Francisco became one of the first municipal governments in the country to include transgender benefits in employees' health benefit plans, including gender reassignment surgery. Specifically, the benefit provides surgical coverage, hormone treatments, and appropriate mental health care.**

At the time, the Mayor, the San Francisco Board of Supervisors and the Health Service System (HSS) Board approved these new services, yet there was a prevailing concern that providing these benefits would increase health care premiums for employees and the City. There was also a concern that individuals seeking reassignment surgery would seek out City employment disproportionately increasing utilization.

To address these concerns, the City initially set a surgical claim cap and required a one year waiting period. The City was also proactive in addressing cost with service providers. For example, HSS identified clinics in the United States and Canada that were centers of excellence in gender reassignment surgery and entered into specific contracts for those discrete services.

Also, to create a reserve to pay for transgender benefits, HSS loaded an additional \$2 on employee premiums from 2001 to 2006 to build a bank of several million dollars. However, with low utilization of the benefit, and pre-negotiated contracts, the benefit cost employees virtually nothing. In total, from July 2001 through August 2005, HSS had collected \$5.6 million and paid out \$183,000 on 11 claims.

As a result of this beneficial cost data, the City's contracted HMOs no longer separately rate and price the transgender benefit, but instead treats the benefit the same as other medical procedures such as gall bladder removal or heart surgery. As a result, HSS was able to provide transgender benefits to employees at no additional cost. Having now experienced the fiscal impacts of the program, San Francisco has improved upon the program by eliminating the one-year waiting period as well as the surgical cap to make it easier for any City employee to access necessary transgender benefits.

**THE CITY AND COUNTY OF  
SAN FRANCISCO**

The City and County of San Francisco—which has offered inclusive health coverage since 2001—demonstrates this. Data submitted for the first four years that San Francisco provided inclusive health coverage show an extremely low utilization rate, with only 11 total claims made between 2001 and 2005. During this period, San Francisco averaged between 80,000 and 100,000 enrollees per year.

Ultimately, San Francisco experienced no increase in overall premiums or plan costs attributable to the addition of transgender-inclusive health benefits.

Inclusive health coverage can even end up reducing health care expenditures. When municipalities ensure that their transgender employees are receiving the appropriate care, their health care plans may save money in the long term. Lasting negative health outcomes that can occur as a result of not being able to access medically necessary gender-affirming care can cost more to treat in the long run than appropriate transition-related care.

Additionally, the total cost of transition-related care is small compared to other procedures that are routinely or mandatorily covered.

### **MAKING THE CHANGE**

All municipalities should make the shift to transgender-inclusive health care benefits. For cities that engage in the health care marketplace in the same way as private employers, this can be done easily through consultation with insurance carriers, as most major insurance carriers already administer transgender-inclusive coverage in at least one employer plan. Most MEI-rated municipalities fall into this category.

Some cities, however, operate within a state benefits and pensions system that limits what health insurance options can be offered. Cities operating within non-inclusive state benefits and pensions systems are encouraged to lobby their respective state systems for change.

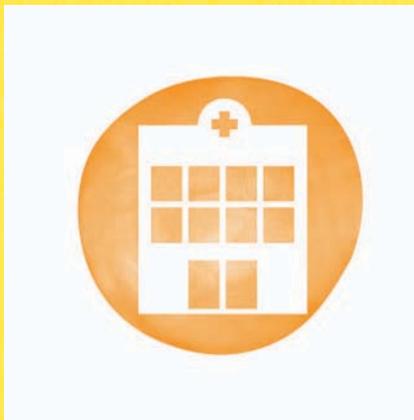
**To ensure full inclusivity, municipalities should ensure that their health care plans explicitly affirm coverage for the full range of services and procedures considered medically necessary** by the latest

World Professional Association for Transgender Health standards of care; cover a dollar maximum of at least \$75,000 for transition-related care; and extend all benefits and covered procedures—even those unrelated to gender transition—to transgender individuals on an equal basis.

Furthermore, cities should ensure that employees have easy access to plan documentation clearly indicating inclusive insurance options.

### **CONCLUSION**

Transgender-inclusive health care benefits are a matter of basic fairness and equality. Offering inclusive coverage promotes a workforce that is healthier, more productive, and more representative of the diversity of our communities. With little or no associated costs, there is no reason not to join the growing number of employers who are embracing inclusive coverage for all.



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