

**TESTIMONY OF REP. SHARON ANGLIN TREAT
SPONSOR, LD 146, "AN ACT TO PROHIBIT UNFAIR DISCRIMINATION
IN LONG-TERM CARE INSURANCE"**

**Insurance & Financial Services Committee
March 28, 2013**

Senator Gratwick and colleagues on the Insurance & Financial Services Committee, I am Sharon Treat and I represent House District 79, Farmingdale, Hallowell & West Gardiner. I am here today to present LD 146, "AN ACT TO PROHIBIT UNFAIR DISCRIMINATION IN LONG-TERM CARE INSURANCE."

Starting in April of this year, the largest carrier in the U.S. writing long term care insurance policies will start "gender distinct pricing," which could dramatically raise the cost of these policies purchased by women, by as much as 40%. Maine law does not prevent this discrimination, and indeed, Maine generally does not have laws that really address pricing of long term care insurance.

As a state, and as a country, we have engaged in a vigorous debate about to what extent gender and other factors such as health status, occupation, where you live, and age may be permitted to be considered in setting health insurance rates. In the health insurance context, Maine has long banned charging different rates to women and to men, and even in the most heated debates over the changes to health insurance rating policies in PL 90 in the past two years, no one proposed changing our laws preventing gender discrimination.

Even where factors such as age may be used to charge different rates, in the health care context our laws establish rating bands, in other words maximum amounts that the highest rate may vary from the lowest rate. In all the debate over PL 90, no one seriously suggested that the "sky could be the limit." We debated what the range between high and low would be, but not whether there would be limits on how much more a carrier could charge old versus young, or rural versus urban. These same concepts were adopted nationally in the Affordable Care Act.

Fast forward to the recent decision by Genworth Financial start charging women as much as 40% more than men for long term care insurance. Yes, women live longer than men, and also use long term care services more than men.

This is our life. Women frequently are caregivers for their husbands; on average, their husbands die before they do, and they are left single, elderly and poor. Women receive substantially lower social security benefits than men (\$11,000 average compared to \$15,000 for men) and are more likely to rely on those benefits as their sole income. According to AARP, 60% of women age 75 or older are at or below 250% of the poverty level (\$28,725 for a family of one) and 11.2% are at the poverty level (\$11,490 for family of one). Why are Maine women so poor? Because (1) many women work in the home raising their families for at least a portion of their working lives without receiving social security credit for that work and (2) women earn less than men and often work in professions that in general pay less than professions with more men.¹

Right now, only two states, Montana and Colorado, ban gender discrimination in long term care insurance pricing. You will hear from the Superintendent of Insurance and from insurance companies that Maine should not follow their lead, and that banning discrimination could drive up insurance costs for everyone, including women, and undermine the sustainability of the industry. I understand that in fact, the long term care insurance industry is in a somewhat precarious place anyway – the business models that have worked over the years may no longer be sustainable as the bills for care now come due.

This is an insurance issue, but it is also a social issue. If long term care insurance jumps 40% in cost for women, how likely is it that they will buy it? Right now, according to AARP, Maine has the highest rate of purchasing long term care insurance in the US. In the future, will we have a society where husbands get cared for by younger or healthier wives, and the women are left without long term care, or rather, Medicaid is their only option? As a state, we need to think about whether that is the public policy we want to have.

LD 146 is an effort to set some parameters on the scope of allowable gender discrimination. It also requires the Bureau of Insurance to look at this issue and make recommendations for how to stabilize long term care insurance rates. While I understand that the insurance carriers will oppose this approach, I challenge them, and the Bureau, to offer an alternative. No doubt my own view of this is highly colored by the fact that I am female and can easily envision this scenario playing out in my own life, but I just don't think this is an issue we can simply walk away from. I hope you will share my concern and work with me to find a solution.

¹ 2012 Report on the Status of Women and Girls in Maine, Secretary of State