



CITY COUNCIL

Darryl Moore
Councilmember District 2

CONSENT CALENDAR
May 8, 2006

To: Honorable Mayor and
Members of the City Council

From: Councilmember Darryl Moore
Councilmember Kriss Worthington

Subject: Sex Reassignment Surgery as Part of Employee Healthcare Benefits

RECOMMENDATION:

Request the City Manager and the Personnel Board to discuss the financial feasibility of incorporating sex reassignment surgery into employee healthcare benefits. Return to City Council in six months with an implementation strategy.

BACKGROUND:

(See Attachment)

FINANCIAL IMPLICATIONS:

Unknown

CONTACT PERSON:

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Councilmember Kriss Worthington, District Seven

981-7120

981-7170

Attachment:

1: San Francisco Chronicle Article

SAN FRANCISCO

More U.S. employers cover sex transition surgery

Large corporations follow city's lead in offering benefit

Wyatt Buchanan, Chronicle Staff Writer

Wednesday, January 31, 2007

People who change their gender must undergo rigorous mental health evaluations and trial periods that last years, and they sometimes face stigma, but the biggest challenge for many is paying for the process.

In the past few years, however, following the model of San Francisco, some of the world's largest employers have begun covering surgical procedures, including gender-reassignment surgery, and a host of other related care.

When San Francisco became the first major American employer known to offer comprehensive coverage for gender transitions in 2001, some city officials feared that people who wanted to transition would flock here for work and bankrupt the city's insurance fund. But it turned out that covering transition surgeries and other treatment -- which can cost more than \$50,000 -- cost the city relatively little, because there was no flood of claims.

General Motors, IBM, Eastman Kodak and Hallmark Cards, as well as the universities of Michigan and California, now include transition-related coverage in their standard employee benefits.

"We took a look at it, the cost was negligible and we said it was the right thing to do," said David Kaffnoff, a spokesman for Eastman Kodak in Rochester, N.Y. "We don't sit here in any judgment on how a person chooses to self-identify."

Company officials compared transition benefits with benefits workers already enjoyed -- like hormone replacement for menopausal women or reconstructive surgery for people disfigured in an accident -- and granted the request, Kaffnoff said.

The surgeries can be profoundly important for transgender people, but the vast majority of employers still don't cover them.

After taking testosterone to begin his transition from female to male, Lance Moore, 46, became depressed when he could not afford a mastectomy, which cost \$7,500, and his insurance did not cover transitions. He took out a loan from his retirement account in 2000 that he's still paying back.

"When I finally got that, my whole life changed," Moore said. "I was able to be myself in a way I never had before. ... Being congruent in the world is a great thing, which many folks take for granted."

The Human Rights Campaign, a gay, lesbian, bisexual and transgender civil rights organization in Washington, found in a survey released last year that 67 major companies now cover surgeries, hormone therapy, short-term leave, medical visits and mental health services for transsexual employees.

Opposition in San Francisco included social concerns as well as financial. Some members of the city's Health Service System Board questioned why the city should pay for surgery that is cosmetic or why taxpayers should "subsidize a spurious alternative lifestyle choice," according to a report by the San Francisco Human Rights Commission.

Cost was the main issue, though.

"There was a great deal of fear because of a lack of actuarial information," said Marcus Arana, a discrimination investigator with the Human Rights Commission.

The cost of transitioning varies. A female-to-male transition, including breast and genital surgeries, runs \$30,000 to \$70,000, according to Carrie Davis, director of adult programs at the Lesbian, Gay, Bisexual and Transgender Community Center in New York. But many do not have both surgeries. For male-to-female transsexuals, breast augmentation and surgery to create a vagina, plus facial feminization and laser hair removal, can range from \$50,000 to \$67,000, Davis said.

At first, San Francisco charged everyone it insured an extra \$1.70 per month so it could insure coverage for sex-reassignment surgery. But between 2001 and 2005 it collected \$5.6 million from the extra fee and paid out just \$183,000 for 11 transition claims. The city insures 36,365 employees, 21,342 retirees and thousands of their dependents.

Seeing low claims, the city's insurance carriers -- Kaiser Permanente, Blue Cross and Blue Shield, and Health Net -- began covering the surgeries. And after reducing the surcharge, the city dropped it in July.

"It's now actually part of the overall rate structure in the same way as any other medical condition or need is," said Bart Duncan, executive director of San Francisco's Health Services System. "It was kind of like domestic partner benefits. People were scared until San Francisco pioneered and figured out how to price and offer it."

Those same insurers don't yet offer the benefit to people who buy insurance on their own, though. More employers must ask for the benefit before it becomes normalized, said Dr. Robin Dea, chairwoman of the chiefs of psychiatry for Kaiser Permanente of Northern California.

"Let's face it: these surgeries are not cheap, and if you're a large insurer in an area with many people who are transgender and only one insurance company has it available as part of the basic benefit, every transgender person would be waiting for the next open enrollment," Dea said.

Even where it is offered, using the insurance can be an ordeal.

Jennifer Milburn, a researcher at UCLA, has had trouble getting reimbursed for the \$7,000 she paid out of pocket for her surgery.

"Everyone is honestly trying to help, but it's just so new that there's sand in the gear of every single wheel," she said. UC began offering the coverage in 2005.

Still looming is the question of how transitioning should be classified medically.

"Down the road, the judgment that needs to be made is judging psychologically what is the person's gender identity and, in addition to that, is doing this kind of surgical procedure really going to be a life-enhancing event for this individual?" Dea said.

The sex-reassignment-surgery coverage that HealthNet, Cigna, Aetna and many other insurers do offer still excludes procedures that some consider cosmetic -- laser hair removal, breast augmentation and other plastic surgeries.

"Gender reassignment is not a medical necessity in terms of treating disease or injury," said Brad Kieffer, a spokesman for HealthNet.

Still, those pushing for health insurance coverage for transsexual procedures expect to keep making progress.

"Ultimately, the understanding that this is a life-saving and fundamental service for people who need it really deals with all those questions," said Andre Wilson, a Michigan transgender activist who said he was depressed and suicidal before transitioning. "When something saves life, we don't debate on whether we have political fallout for it. We just do it."

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