Testimony in Opposition to Senate Bill 247

Vermont House Committee on Health Care

March 30, 2022

Thank you for the opportunity to provide written testimony in opposition to Senate Bill 247. My name is Dr. Deborah VanDommelen, and I am the Chief Medical Director at Northwestern Mutual.

I would like to reiterate that insurance only works if the insurers can properly price for individual risk based on what is known to the applicant at the time of underwriting. Stated another way, we need to know what the applicant knows to prevent adverse selection.

In fact, the American College of Medical Genetics and Genomics recently noted that while legislative efforts like this may be rooted in good intentions, preventing this symmetric flow of relevant health information "***may adversely alter insurance underwriting in a way that has unanticipated consequences for both the industry and the individuals who are, or wish to be, insured***."

This would be the most restrictive bill not only in the US, but potentially the world. Even proponents of restrictions understand that family history is foundational to risk selection and proper pricing, but the introduced version of SB 247 threatens that. Without proper pricing, long-term solvency is put at risk.

Medical Objections

Know that we take the concerns expressed by the University of Vermont Medical Center seriously. ACLI has addressed similar concerns from clinicians and researchers in other states like Louisiana. For that reason, we would suggest that state's model – which was developed by the **insurance commissioner** – be considered as an alternative.

It prevents insurers from basing coverage on applicant or family member participation in research, unless the results are in the medical records and predict future mortality or morbidity.

Please know that the insurance industry has done proactive outreach with the National Society of Genetic Counselors to educate them on how to help their patients access coverage.

The simplest option is to purchase coverage before getting a genetic test. Nothing prevents individuals from: 1.) applying and getting underwritten for our products, and 2.)

getting a genetic test afterward. In this case, no genetic test would be part of the underwriting process – a process that we only conduct once.

For those who have already undergone testing, guaranteed issue is an option for life insurance.

DI and LTC

There are many similarities between individual life, disability, and long-term care insurance. Purchasing is **a voluntary and personal decision** as part of financial planning. Underwriting occurs once and lasts for the duration of the policy which is typically decades. Again, testing that is done later cannot be used to change premiums or take away coverage.

Group **disability coverage** is provided by the majority of employers without underwriting. Individual disability coverage is voluntary and meant to supplement what employers offer.

Long term care, on the other hand, is offered by only a small portion of employers. So, access is dependent on each state supporting the health of the individual long term care market.

There are those who have told us to price for it. That approach is much more problematic for long term care given the pricing challenges that already exist. Further increases put the viability of the entire product at risk. By expanding coverage to a few, existing policyowners could be priced out of the market. LTC is unique. While rates cannot be increased on an individual bases, it may be necessary to do so for the entire pool to address unfavorable claims experience. Price increases necessitated by adverse selection are detrimental to meeting insurance coverage needs as it limits – and potentially cuts off – consumer choice.

Let me offer an example: dementia is the most common reason for extended long term care claims. There are multiple known inherited risk factors for early cognitive decline. Given the small population of VT and even smaller number of long-term care policyholders, insurance tourism could force insurers to shut down the long-term care market to protect those existing policyholders.

Be aware that the negative effects of adverse selection will show up sooner in disability insurance and long-term care, since the inability to work or perform personal care will occur many years before premature death would affect a life product.

Conclusion

During prior committee hearings on Senate Bill 247, the suggestion was made to put a limit on the amount of coverage before genetic information can be used. There are no other medical tests for which a threshold exists. Therefore, this bill creates a situation

of genetic exceptionalism. The director of the Genomic Medicine Program at the University of Vermont observed in a 2016 *Burlington Free Press* interview that "**taking a patient's genetic information is no different than taking her blood pressure, temperature, heart rate, height and weight.**"

We would agree with that characterization and ask that genetic information be treated the same way as those other measurements, since they all affect longevity. As genetic testing becomes more routine, that will make adverse selection even more likely to drive up costs, undermine solvency, and disrupt the market.

I would like to circle back to the specific concern expressed by UVM as the reason this bill should be passed. While a subset of consumers may indicate a real or perceived fear of insurance discrimination as the reason for not being tested, there are many other reasons. Fear is a strange thing and difficult to counteract, so there is limited assurance that passage will result in more people agreeing to testing. On the other hand, damage to the insurance market is much more likely to be the result.