

Study: Paying for transgender health care cost-effective

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A new analysis led by the Johns Hopkins Bloomberg School of Public Health suggests that while most U.S. health insurance plans deny benefits to transgender men and women for medical care necessary to transition to the opposite sex, paying for sex reassignment surgery and hormones is actually cost-effective.

The researchers, reporting online in the *Journal of General Internal Medicine*, say that the cost of surgery and hormones is not significantly higher than the cost of treatment for depression, substance abuse and HIV/AIDS, all of which are highly prevalent in those who are transgender but are not in a position to medically transition to the opposite sex. In 2014, the Center for Medicare and Medicaid Services began paying for sex reassignment surgery and other transitional care, after a 33-year-ban on covering those costs was lifted.

"Providing [health care](#) benefits to transgender people makes economic sense," says study leader William V. Padula, PhD, MS, MSc, an assistant professor of health policy and management at the Bloomberg School. "Many insurance companies have said that it's not worth it to pay for these services for transgender people. Our study shows they don't have an economic leg to stand on when they decide to deny coverage. This is a small population of people and we can do them a great service without a huge financial impact on society."

Estimates vary widely but it is believed that between 3,000 and 9,000 Americans undergo sex reassignment surgery each year. Transition

[medical care](#) can include hormone replacement therapy, mastectomy, plastic surgery, psychotherapy and more.

For their study, Padula and colleagues analyzed data from the 2011 National Transgender Discrimination Survey, which includes information on access to medical care and health outcomes, as well as the Healthcare Bluebook, which outlines the cost of medical services. They also looked at previously published research on the topic.

When determining cost-effectiveness of medical services in the U.S., policymakers consider something cost-effective if the price is below \$100,000 per year of quality of life. In the first five years, the researchers found, providing health care for transgender people cost between \$34,000 and \$43,000 per year of quality of life; after 10 years, the cost dropped to between \$7,000 and \$10,000 per year of quality of life.

Padula likens the case of paying for transgender care to caring for people with rare diseases. For example, cystic fibrosis affects just 30,000 people in the United States but can be treated as a chronic condition with the availability of new medications at a cost of \$300,000 per year. While this is neither cost-effective nor individually affordable, Padula says, society has decided to pay for the treatment out of compassion. The same can be done for transgender people, he says.

Health insurance policies also pay for treatments that can be considered elective, such as breast reduction and spinal fusion as well as medication for erectile dysfunction. Some employers and [health insurance](#) companies do offer at least one plan that covers transition care, but that is not the norm, Padula says.

"Most U.S. health insurance policies still contain transgender exclusions, even though treatment of gender identity disorder is neither cosmetic nor

experimental," he says.

The new analysis calculated that the cost to cover transgender people would be fewer than two pennies per month for every person with health insurance coverage in the United States.

"We would be paying a very small incremental amount to improve the quality of life for a population that is extremely disenfranchised from health care and other services we consider a right," Padula says. "For this small investment for a small number of people, we could improve their lives significantly and make them more productive members of society."

He says that providing sex-reassignment surgery and other services to transgender people could help mitigate the expenses of treating depression, which often occurs in people who cannot transition, often because they do not have the financial means, as well as drug abuse and HIV/AIDS.

More information: "Societal Implications of Health Insurance Coverage for Medically Necessary Services in the U.S. Transgender Population: A Cost-Effectiveness Analysis" was written by William V. Padula, Shiona Heru and Jonathan D. Campbell.

Provided by Johns Hopkins University Bloomberg School of Public Health

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