

The Bottom Line on Genetic Information and Medical Expense Insurance

There has been a growing discussion about the impact of genetic testing on the cost and delivery of health care. The American Academy of Actuaries has published the second in a series of issue papers dealing with genetic testing and health insurance. The issue paper, *Genetic Information and Medical Expense Insurance*, follows an earlier issue paper which outlined general principles of risk classification in the individual health insurance market. A third paper dealing with genetic testing and disability and long-term care insurance products is currently under development.

Recent scientific advances in the understanding of human genetics will affect the various public and private systems for financing medical care. It is difficult to predict what impact advances in genetic technology will have on the insurance system, because the technology is not yet mature. *Genetic Information and Medical Expense Insurance* analyzes this situation and makes a number of important observations, including:

- **Costs:** The impact of genetic technology on the delivery and cost of health care will likely have an effect on all forms of health care financing. Unless these new tests and treatments produce an offsetting reduction in other medical expenses they may produce an overall increase in medical care costs.
- **Prohibitions on Use:** Some proposals that ban use of genetic information may be overly broad, and conflict with the principles that underlie the financial soundness of voluntary, individually purchased medical expense insurance.
- **Predictive tests:** Most individual medical expense insurers will not, in the foreseeable future, routinely require predictive genetic screening tests of applicants, even if allowed to do so. The underwriting of medical expense policies focuses on medical care costs likely during the first few years after a policy is sold.
- **Access to Care:** A long-term ban on genetic testing could potentially disrupt the voluntary individual medical expense insurance system, ultimately hurting the American people by making individual insurance more expensive and more difficult to obtain.
- **Denial of Coverage:** Access to employer-sponsored medical expense programs cannot be denied based on genetic information. Both group and individual medical expense coverage already in force cannot be canceled due to genetic information or health status, nor can an individual be singled out for a rate increase.
- **Legislative Drafting:** A clear definition of the tests being regulated is critical to any attempt to regulate the use of genetic tests and the information derived from them. A broad definition of "genetic tests" would severely hamper individual medical expense insurance underwriting.

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