



SB 703 – Equal Benefits in State Contracting for Transgender Employees

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In Brief

Senate Bill 703 will prohibit state agencies from doing business with companies that discriminate between the benefits offered to transgender employees and other employees.

The Issues

Discrimination in the provision of employee benefits has an economic cost impact. When workers are denied health coverage or excluded from medically necessary procedures, costs are pushed on to state funded programs and services. One mechanism that has been used to combat these costs and reduce discrimination is the state's market power through the contracting it does in the private sector. Despite California's advances in prohibiting discrimination, companies that contract with the state that self-insure under federal law, or that are based out-of-state, may offer insurance plans that don't comply with the same gender nondiscrimination requirements applied to other companies operating in California. Transgender employees at these companies are unfairly denied health coverage afforded to other employees.

The Solution

SB 703 will prohibit a state agency from entering into a contract in the amount of \$100,000 or more with a contractor who discriminates in the provision of benefits based on an employee's gender identity. In most circumstances, California already requires gender nondiscrimination in regard to employee benefits. This bill builds on previous nondiscrimination law and will ensure that California does business only with companies that provide equal benefits.

When individuals have health insurance that covers their care, they are less likely to use state funded services, saving taxpayers money. Moreover, studies show that having health insurance that covers essential healthcare for oneself and one's family reduces stress and improves effectiveness on the job. SB 703 will level the playing field in state contracting between in-state and out-of-state companies while also ensuring that state tax dollars are used in a cost-effective manner.

Background

In 2003, California enacted AB 17 (Kehoe), which prohibits state agencies from doing business with companies that discriminate in the benefits offered between employees with spouses and employees with registered domestic partners. Subsequently, the state enacted AB 2208 (Kehoe) in 2004, which mandates that California health care service plans and health insurers provide equal benefits to domestic partners as to spouses, starting in January 2005.

In 2012, the California Department of Insurance issued regulations to implement the California Insurance Gender Nondiscrimination Act of 2006 (Koretz), prohibiting health care insurers operating in California from discriminating against transgender people. In 2013, the Department of Managed Health Care similarly issued a letter to all plans under its jurisdiction, ordering them to remove blanket exclusions of coverage targeting the healthcare needs of transgender people.

In addition to California's ban, eight other states and the District of Columbia also have banned transgender exclusions in health insurance. Over 25% of Fortune 500 companies have also followed suit by offering equal health care benefits for transgender employees. Medi-Cal has also covered health care needed by transgender people since the 1970s, and the federal Medicare system removed its discriminatory transgender exclusion in 2014.

For More Information

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