



CONSORTIUM FOR CITIZENS WITH DISABILITIES

Healthcare Reform Recommendation No. 2: Insurance Exchange

Issue: In a reformed healthcare system, many people are likely to seek coverage in a new insurance “exchange,” including many who have disabilities and chronic conditions. It is crucial to structure the exchange so that it makes affordable, comprehensive insurance coverage available to these individuals. This requires rules to ensure that benefits are adequate and that out-of-pocket costs for coverage are not too high. Rules should also ensure that private insurers participating in the exchange are not permitted or incentivized to attract only low-cost enrollees or deter higher-cost people from signing up.

Recommendation: The disability community supports the creation of a strong, national insurance exchange that has the authority necessary to ensure that all enrollees, including those with disabilities and chronic conditions, have access to comprehensive, affordable insurance. Insurers participating in the exchange should be encouraged to compete on the basis of price and quality of their products and should not be permitted to structure their benefits or health-care provider networks to deter enrollment by sicker, higher-cost beneficiaries. To operate effectively, the following elements must be requirements of the insurance plans available in an exchange:

- a basic benefit package that provides meaningful coverage for all Americans
- a reasonable cap on a beneficiary’s annual out-of-pocket costs
- no arbitrary or discriminatory limits on or exclusions of specific benefits
- protections against adverse selection, including risk-adjusted payments to insurers, so that people who choose plans that tend to attract higher-cost enrollees do not end up paying more for the same benefits
- a reasonable number of different benefit designs, to prevent confusion
- variation of benefit design that is easily managed by consumers
- a requirement that insurers include benefit designs that meet the needs of people with disabilities and chronic conditions
- a support structure to help people with disabilities and those with other special needs navigate the exchange

Rationale: An exchange has the potential to improve access to health insurance, but to accomplish this goal it must ensure that a diverse group of consumers has access to affordable, comprehensive coverage. The exchange must make sure that benefit packages meet consistent standards, that adverse selection is limited, and that consumers have the information needed to make decisions about coverage. The strength and effectiveness of the exchange is particularly important to individuals with disabilities and chronic conditions, who often have significant medical needs and would be most harmed by inadequate benefits and adverse selection.

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