



## Standardized Plans in Individual Market Health Insurance Key Considerations for Consumer Advocates

The Affordable Care Act (ACA) requires all individual health plans to cover broadly similar benefits, adhere to some limits on cost-sharing, and offer plans within specified metal tiers that cover approximately the same percentage of average medical costs. Standardized cost-sharing designs move a step further, providing advantages for consumers.

Early in ACA implementation, six states and the District of Columbia made the decision to require health insurers to offer plans with standardized cost-sharing parameters, such as uniform deductibles and copayments for certain services. For the 2021 plan year, seven states (California, Connecticut, Massachusetts, New York, Oregon, Vermont, and Washington) and the District of Columbia require some, or all, individual market plans offered through the health insurance marketplaces be standardized plans.

In 2017 and 2018, the federal government allowed standardized cost-sharing options for private insurers in the federally facilitated marketplace, Healthcare.gov. In contrast to the approach taken by the states with standardized plans, federal regulators encouraged, but declined to require, participating insurers to offer standardized plans.

As states continue to implement standardized plans or consider new legislation or regulations creating standardized plans and given that, under a new administration, standardized plans could be brought back to Healthcare.gov, either as an option or a requirement, Consumers for Quality Care (CQC) has worked with researchers from the McCourt School of Public Policy at Georgetown University to create a guidebook of [Key Considerations for Consumer Advocates](#). In the guide, we identify:

- **Potential benefits for consumers offered by standardized plans**, like simplifying plan choices and providing higher value coverage for enrollees;
- **Challenges that may prevent the realization of those benefits**, including understanding the trade-offs standardization requires around premiums and cost-sharing, copays and coinsurance and other aspects of plan design; and
- **How consumer advocates can be prepared to engage in standardized plan discussions**, including identifying goals, being prepared to talk about the trade-offs, and setting expectations for navigating around potential barriers for plan development.

Research shows that people struggle to pick the health plan that is right for them. Standardized plans can help by facilitating apples-to-apples comparisons of plans' premiums, networks, and quality. They are also a vehicle to improve adequacy and affordability of coverage. Neither states nor the federal government can design the perfect plan for every health care consumer. But by implementing standardized cost-sharing designs, a state can remove one cognitive hurdle for consumers, thereby simplifying plan choices and coverage use and bringing more value to consumers.

We hope this guide helps to arm consumer advocates to be prepared to inform policy decisions and play a strong role in standardized plan design.