



## NEWS RELEASE

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### **Affordable Care Act Has Potential to Extend Health Insurance to Up to 13.7 Million Uninsured Young Adults, Protect Young Adults from Medical Debt**

*Commonwealth Fund Report Finds More Than Three-Quarters of Uninsured Young Adults Went Without Needed Care Because of Cost in 2008; 60 Percent of Uninsured Young Adults Have Medical Bill Problems*

New York, NY, May 21, 2010—Most of the 13.7 million currently uninsured young adults in the U.S. could gain health insurance coverage under the recently enacted health reform law, according to a new report from The Commonwealth Fund. The law's provision requiring health insurers to extend dependent coverage up to age 26 for young adults on their parents' plans will go into effect in September 2010, and could provide coverage to an estimated 1.2 million young adults next year, of whom 650,000 are uninsured and 550,000 have coverage in the individual market and would likely switch to more comprehensive, affordable coverage through their parents' plans. Many insurers have elected to implement this provision early, filling in the coverage gap for many new college graduates.

In 2014, expanding Medicaid eligibility could provide health insurance for up to 7.1 million uninsured young adults, and insurance exchanges and premium subsidies for lower and moderate income families could provide coverage for more than 6 million uninsured young adults. New insurance market regulations, an essential benefit package, and limits on cost-sharing will ensure young adults have comprehensive health insurance that protects them from high out-of-pocket costs and medical debt.

Based on findings from the 2009 Commonwealth Fund Survey of Young Adults, *Rite of Passage: Young Adults and the Affordable Care Act of 2010* is the latest annual accounting of how 19- to 29-year-olds are faring when it comes to health insurance coverage, medical debt, and access to health care. This year's report also details how specific provisions of the Affordable Care Act of 2010 will affect young adults.

“The Commonwealth Fund has issued this report annually since 2003, and every year the results show increasing numbers of young adults who cannot afford the health care they need and end

up skipping needed care or struggling with medical debt,” said Sara Collins, lead author and Commonwealth Fund Vice President for Affordable Health Insurance. “This new legislation will not only make coverage more affordable, but also more comprehensive and secure, allowing young adults to pursue careers and start families without having to worry about losing their health insurance or falling into medical debt.”

### **Young Adults Struggle With Health Care Costs**

The report finds that health care costs continue to be a significant problem for young adults, especially those without insurance. According to the report, 76 percent of uninsured young adults went without needed care because of costs compared with 37 percent of insured young adults, and 60 percent of uninsured young adults had trouble paying medical bills, compared to 27 percent of young adults with health insurance in 2009. In addition, 11.3 million young adults, both insured and uninsured, are paying off medical debt—50 percent of them have had to turn to family for financial help and 39 percent were unable to meet other financial obligations like student loans. One-third of all uninsured young adults and 46 percent of uninsured young adults with chronic health problems said their condition worsened because they delayed getting medical care.

The report authors found that provisions in the Affordable Care Act that will eliminate lifetime limits on health insurance coverage this year could go a long way to helping young adults who purchase health insurance on the individual market, or through their college or university, avoid medical debt in the event of a serious injury or illnesses.

A major expansion in eligibility for Medicaid for adults and premium and cost-sharing subsidies available for comprehensive private health benefits in 2014 will also have a significant impact on young adults’ ability to afford health insurance and their health care, the report finds:

- More than half (52 percent) of uninsured young adults are in families with incomes that will make them newly eligible for Medicaid under the new law.
- An additional 29 percent are in families whose incomes will qualify them for health insurance premium subsidies so that they will have to spend no more than 3 to 8 percent of their income on health insurance premiums. In addition, cost-sharing subsidies would reduce their out-of-pocket costs.
- Twelve percent of uninsured young adults are in families whose incomes will qualify them for health insurance premium subsidies so that they won’t have to spend more than 9.5 percent of their income on premiums.

- Fewer than 1 million uninsured young adults would have incomes too high to qualify for premium assistance. However, under the new law, new insurance market reforms which will ban underwriting on the basis of health—combined with an essential benefit package and a range of cost-sharing options—will significantly improve the ability of those young adults who do not have health insurance through an employer to find an affordable, comprehensive health policy that will protect them from being underinsured.

“Young adults will feel the immediate impact of this new legislation, and many will benefit from the Affordable Care Act this year,” said Commonwealth Fund President Karen Davis. “With secure coverage, families can be confident that their adult children will have health insurance even in economic environments that make finding a job difficult after graduation.”

### **Additional Report Findings**

- Forty-two percent of young adults who were covered under their parents’ employer plans lost or had to switch their health insurance when they graduated from or left high school, and of that group, 46 percent were uninsured for two years or more.
- Seventy-five percent of young adults who were insured under their parents’ employer plans lost or switched their health insurance when they graduated from or left college and, of those that had a gap between losing and gaining coverage or were uninsured after college, 23 percent were uninsured for two years or more.
- The new law requires most Americans to have health insurance, with a few exceptions. The report finds that 62 percent of young adults are strongly or somewhat in favor of such a requirement.

### **Methodology**

Data come from the Commonwealth Fund Survey of Young Adults (2009), a national telephone survey conducted May 12, 2009 through July 2, 2009, among a nationally representative sample of 2,002 young adults ages 19 to 29 and living in the continental United States. The survey was conducted by Social Science Research Solutions (SSRS). Since many young adults use cell phones “mostly” or “exclusively,” this survey employed a dual-frame landline and cell phone telephone design in which half (1,002) of the interviews were conducted by cell phone. The 25-minute telephone interviews were completed in both English and Spanish, according to the preference of the respondent.

The survey achieved a 32 percent response rate (calculated according to the standards of the American Association for Public Opinion Research). The survey has an overall margin of sampling error of +/- 2 percent at the 95 percent confidence level.

**The Commonwealth Fund is a private foundation supporting independent research on health policy reform and a high performance health system.**