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Issue Brief

Rite of Passage: Young Adults and the Affordable Care Act of 2010

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The mission of The Commonwealth Fund is to promote a high performance health care system. The Fund carries out this mandate by supporting independent research on health care issues and making grants to improve health care practice and policy. Support for this research was provided by The Commonwealth Fund. The views presented here are those of the authors and not necessarily those of The Commonwealth Fund or its directors, officers, or staff.

ABSTRACT: Young adults between the ages of 19 and 29 represent one of the largest segments of the uninsured; approximately 13.7 million were uninsured in 2008. The problem is linked to critical transition points in young adults' lives: aging off parents' coverage when they graduate from either high school or college, and losing eligibility for public programs like Medicaid and the Children's Health Insurance Program when they turn 19. Health reform, however, has the potential to cover millions of uninsured young people. This issue brief describes critical provisions in the new law that will help, including the ability to enroll in a parent's health plan up to age 26 beginning in September 2010; significant expansion in eligibility for Medicaid, beginning in 2014; and the creation of state or regional health insurance exchanges with subsidized private insurance for people with low and moderate incomes, also beginning in 2014.

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OVERVIEW

In 2003, the Commonwealth Fund first published *Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help*. Updated annually for the ensuing seven years, the report documented a critical problem—increasing numbers of young adults going without health insurance. As of 2008, the number of uninsured young adults between the ages of 19 and 29 was nearing 14 million, representing three of every 10 uninsured persons in the United States. But this figure most likely underestimates the problem. Unemployment has soared in this age group over the past year, reaching 17.2 percent among 20–24-year-olds and certainly increasing the number of young adults without health insurance.[1]

Health reform—specifically, the enactment of the Affordable Care Act of 2010—promises to cover approximately 32 million uninsured people over the next 10 years, including the majority of uninsured young adults. This issue brief describes the provisions in the new law that will help young adults gain health insurance, including the ability to remain on a parent's health plan up to age 26

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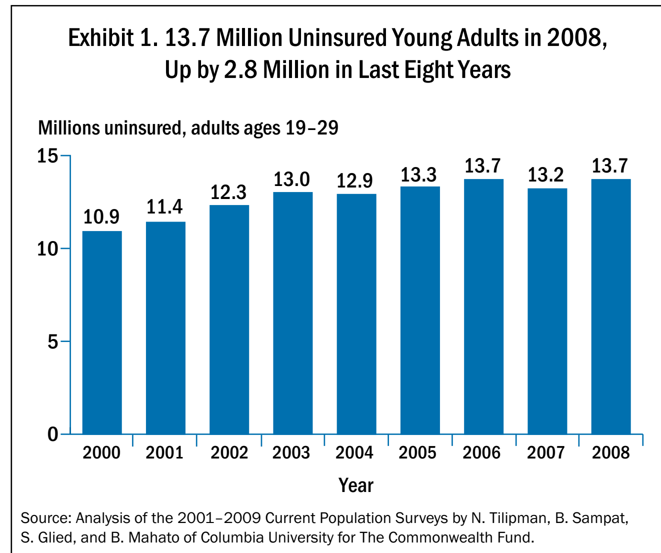
beginning in September 2010; significant expansion in eligibility for Medicaid, beginning in 2014; and the creation of state or regional health insurance exchanges with subsidized private insurance for people with low and moderate incomes, also beginning in 2014.

When fully implemented, the new law has the potential to help millions of uninsured young adults gain coverage, significantly reduce gaps in insurance commonly experienced at key transitions such as graduation, and enable young adults to gain the health care they need without risk of catastrophic medical bills.



WHY YOUNG ADULTS BECOME UNINSURED

Young adults between the ages of 19 and 29 represent one of the largest segments of the U.S. population without health insurance. The number of uninsured young adults ages 19 to 29 climbed to 13.7 million in 2008, up from 10.9 million in 2000 (Exhibit 1). Young adults are disproportionately represented among people who lack health insurance, accounting for 30 percent of the 46 million uninsured people under age 65, even though they comprise just 17 percent of the population.

Despite the fact that, on average, young adults are relatively healthy, the health and financial consequences of such high rates of uninsurance are substantial. The 2009 Commonwealth Fund Survey of Young Adults found that more than three-quarters (76%) of young adults who were uninsured reported not getting needed care because of cost, more than twice the rate (37%) of young adults with coverage all year (Exhibit 2).[2] Nearly one-third (32%) of uninsured young adults and 46 percent of uninsured young adults with chronic health problems reported that their condition worsened in the last 12 months because they did not get health care soon enough (Exhibit 3). Despite high rates of avoided care, about 60 percent of young adults with a time uninsured in the past year reported problems paying medical bills, more than double the rate of those who had insurance all year (27%) (Exhibit 4).[3] An estimated 11.3 million young adults, both insured and uninsured, said that they were paying off medical debt. Of those, 50 percent had asked parents or other family members for financial help, 31 percent delayed education or career plans, and 39 percent were unable to meet other debt obligations, such as school loans, because of their debt loads (data not shown).

The high rates of uninsurance and associated problems for young adults and their families are linked to a loss of health insurance at two critical transition points: nineteenth birthdays or graduation from high school, and graduation from college.

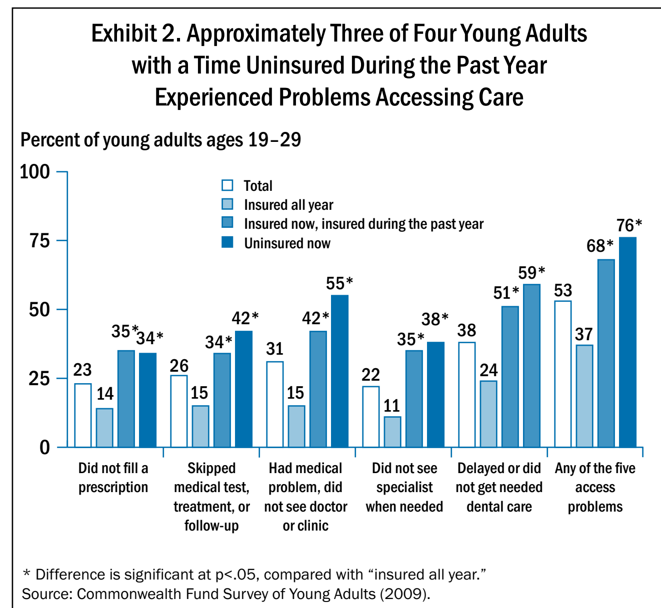
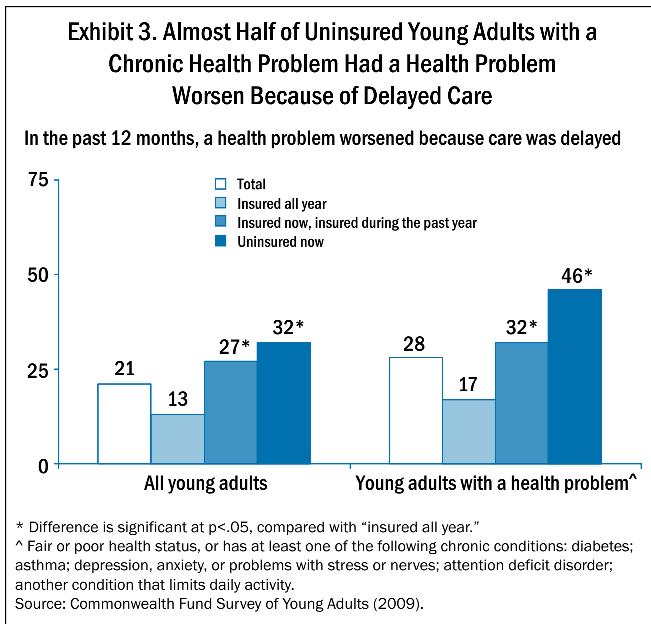
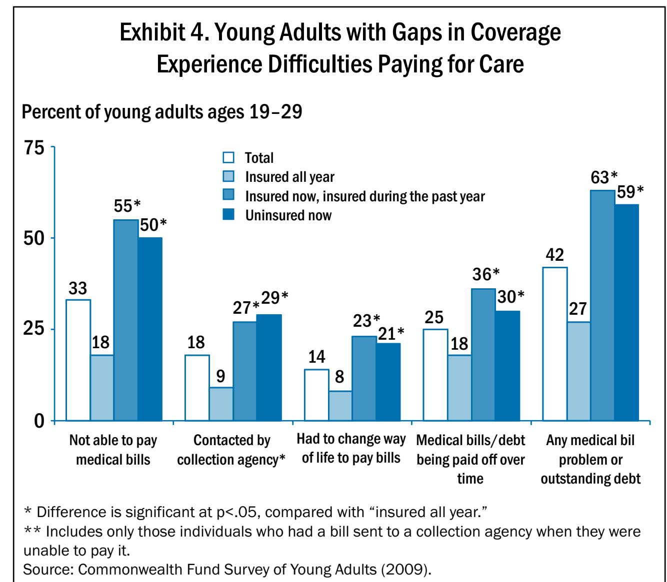


Exhibit 3. Almost Half of Uninsured Young Adults with a Chronic Health Problem Had a Health Problem Worsen Because of Delayed Care



* Difference is significant at p<.05, compared with "insured all year."
^ Fair or poor health status, or has at least one of the following chronic conditions: diabetes; asthma; depression, anxiety, or problems with stress or nerves; attention deficit disorder; another condition that limits daily activity.
Source: Commonwealth Fund Survey of Young Adults (2009).

Exhibit 4. Young Adults with Gaps in Coverage Experience Difficulties Paying for Care



* Difference is significant at p<.05, compared with "insured all year."
** Includes only those individuals who had a bill sent to a collection agency when they were unable to pay it.
Source: Commonwealth Fund Survey of Young Adults (2009).

Graduation from high school. Young adults covered as dependents on their parents' employer policies often lose eligibility for that coverage at age 19 or upon graduation from high school, particularly if they do not go on to college.[4]

Similarly, Medicaid and the Children's Health Insurance Program (CHIP) reclassify all teenagers as adults when they turn 19. As a result, young adults who had been insured under Medicaid or CHIP as children generally do not have an option to stay covered through those programs unless they are able to qualify for Medicaid as adults. And because current eligibility for adults in most states is generally restricted to very-low-income parents or disabled adults, most low-income young adults become ineligible for public programs.

Combined, these two major changes in eligibility for private and public heath insurance increase uninsured rates sharply at age 19. The rate of uninsurance climbs nearly threefold: the rate jumps from 10 percent among children age 18 and under to 30 percent among those ages 19 to 29 (Exhibit 5). Young adults with low incomes are particularly vulnerable to losing coverage. Among those in families living below the poverty level, more than half (51%) are uninsured, compared with about 17 percent of low-income children age 18 and under. Young adults with slightly higher incomes (100% to 199% of the federal poverty level) fare only marginally better—two of five (40%) are uninsured.

Young adults who are not in school full-time following graduation from high school are much more likely to be uninsured than those who enroll in college full-time because it is much harder for them to gain access to employer coverage. Young adults who enter the labor market after high school, as opposed to those who go on to college, are unlikely to be eligible for coverage under their parents' policies and may have difficulty finding a job, much less one with health benefits. The jobs available to them—jobs with low wages, with small companies, or part-time or temporary—are least likely to have health benefits. Thirty-seven percent of part-time students and nonstudents ages 19 to 23 are uninsured, compared with 18 percent of full-time students (data not shown).[5]

Graduation from college. The insurance protections afforded by being a full-time college student—coverage through a parent's employer policy or a student health plan—are lost upon graduation. As new entrants to the labor force, college graduates confront hazards similar to those faced by high school graduates: difficulty in finding employment, health insurance waiting periods, temporary positions, lower-wage jobs, employment in small firms, and job turnover. The Commonwealth Fund Survey of Young Adults asked 19–29-year-olds who went to college and had

Exhibit 5. Nineteenth Birthdays Are Critical Turning Points in Coverage for Young Adults

Percent Uninsured	Children, Age 18 and Under	Young Adults, Ages 19–29
Total	10%	30%
<100% FPL	17	51
100%–199% FPL	14	40
≥200% FPL	6	16

Source: Analysis of the March 2009 Current Population Survey by N. Tilipman and B. Sampat of Columbia University for The Commonwealth Fund.

insurance for most of the time they were in college what happened to their coverage when they graduated from or left college. Slightly more than one-quarter (28%) lost coverage and 39 percent eventually switched to a new source of coverage when they graduated from or left college (Table 1).[6] Of those who lost or switched coverage, 40 percent were uninsured for one year or more and more than one-quarter (27%) spent two years or more without insurance.

HOW YOUNG ADULTS WILL GAIN COVERAGE UNDER THE AFFORDABLE CARE ACT

The newly enacted Affordable Care Act of 2010 promises to significantly reduce the number of uninsured young adults. There are several ways in which the legislation will help young adults: by granting them the ability to remain on parents' health plans up to age 26, beginning September 2010; by instituting new insurance market regulations, including a ban of lifetime limits on insurance policies, beginning in 2010; by significantly expanding Medicaid eligibility to cover all adults with incomes below 133 percent of the federal poverty level, beginning in 2014; by creating new state or regional health insurance exchanges with subsidized private insurance for people with low and moderate incomes, beginning in 2014; and by penalizing employers that do not offer coverage or offer poor coverage. The provisions of the law that will benefit young adults are analyzed in order of their implementation.

2010: Young Adults Can Remain on Parent's Insurance Until Age 26

The major effects of the Affordable Care Act on young adult coverage will occur in 2014 and later, when central insurance reforms go into effect. But beginning on September 23, 2010, the legislation will provide important transitional relief to many young adults and their families. The law requires all insurance plans that offer dependent coverage to offer the same level of coverage at the same price to their enrollees' adult children up to their 26th birthday. This will include insurance offered through employers, whether self-insured (i.e., employers that pay benefits directly to employees) or fully insured (i.e., employers that purchase health insurance for employees from an insurance company). It will also include insurance plans that parents purchase on the individual insurance market. The law applies to all adult children regardless of living situation, degree of financial independence, or marital or student status. There is one restriction: prior to 2014, young adults may only be covered by their parents' employer group health plans if they are not eligible to enroll in any other employer-sponsored health plan (i.e., through their own employer or a spouse's employer).[7]

Beginning September 23, 2010, employers and insurers are required to give adult children an opportunity to enroll that lasts at least 30 days. Health plans and carriers are required to provide written notice about the enrollment period by the first day of the first plan or policy year beginning on or after September 23. In May, about 65 insurance carriers offered to allow young adults who might have otherwise have aged off

their parents' policies to remain on through September when the new law takes effect.

Currently, 37 states have passed laws that increase the age of dependency for insurance purposes (Table 2). The laws vary considerably by age, ranging from age 23 in Oregon and Wyoming to age 31 in New Jersey. The laws also vary by how they define dependent young adults. Some laws are restricted to full-time students, financially dependent young adults, young adults residing in the same state as their parents, or unmarried young adults. In the case of Nevada, South Carolina, and Wyoming, the law only extends to parents covered by small-employer policies. But most important, none of the state laws apply to employers that provide health benefits directly to their employees (i.e., self-insured plans) rather than purchase insurance through a carrier (i.e., fully-insured plans). Currently 55 percent of the U.S. population covered by employer-based health insurance are in self-insured plans.[8] Thus, substantially more young adults and their families can potentially benefit under the new federal law than under the state laws. In addition, the federal law will create a minimum standard in terms of age—young adults up to age 26 will be eligible for coverage on their parents' plans. But in states that have higher age limits, like New Jersey and New York, young adults ages 26 and older will still be able to qualify for dependent coverage under the provisions and definitions in their state laws.

This provision will help to reduce the number of uninsured young adults. In its interim final rules on this provision in the law, the Departments of Health and Human Services, Labor, and Treasury estimate that, in 2010, there will be about 6.6 million uninsured young adults between the ages of 19 and 26 and 2.7 million with coverage through the individual insurance market.[9] About 3.3 million of those uninsured and about 2 million of those with individual market coverage have parents with employer-based health insurance. The agencies estimate that approximately 1.2 million young adults will become covered under their parents' policies in 2011. Of those, 650,000 are estimated to be previously uninsured.[10]

The federal agencies also estimated the effect of this provision on premiums. Assuming that enrollment in employer plans averages in the mid-range of their estimates (1.2 million in 2011), the agencies estimated that the average annual premium cost for covering a young adult on an employer policy would be about $3,380 in 2011, $3,500 in 2012, and $3,690 in 2013. If this cost is spread across all employer family policies, family premiums—shared by employers and employees—would increase by 0.7 percent in 2011, 1 percent in 2012, and 1 percent in 2013.

In addition to providing a new source of coverage to many uninsured young adults, the provision has the potential to shorten or eliminate gaps in health insurance coverage experienced by young adults transitioning between high school or college and the job market. The Commonwealth Fund Survey of Young Adults found that in 2009, of the young adults who were covered as dependents on their parents' employer plans during high school, 42 percent either lost or switched coverage upon leaving or graduating from school (Exhibit 6). Of those, 16 percent went without coverage for less than six months, 15 percent went without coverage for six months to one year, 23 percent went without coverage from one year to two years, and 46 percent were uninsured for two years or more. Similarly, among young adults who were covered under their parents' employer plans during college,

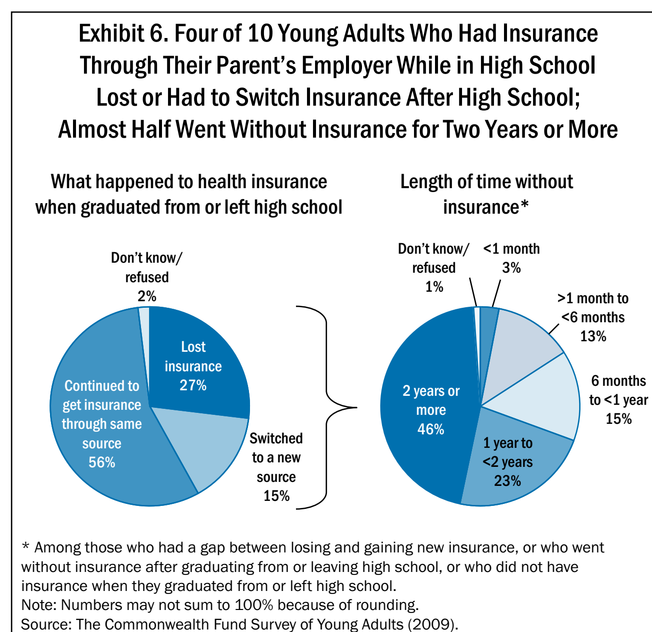


Exhibit 6. Four of 10 Young Adults Who Had Insurance Through Their Parent's Employer While in High School Lost or Had to Switch Insurance After High School; Almost Half Went Without Insurance for Two Years or More

* Among those who had a gap between losing and gaining new insurance, or who went without insurance after graduating from or leaving high school, or who did not have insurance when they graduated from or left high school.
Note: Numbers may not sum to 100% because of rounding.
Source: The Commonwealth Fund Survey of Young Adults (2009).

75 percent either lost or switched coverage after college (Exhibit 7). Of those, 47 percent went without coverage for less than six months, 15 percent went without coverage for six months to one year, 14 percent went without coverage for one year to two years, and 23 percent were uninsured for two years or more.

The provision will also potentially provide better coverage at lower cost to many young adults who are now purchasing coverage through the individual market or who are enrolled in college plans. Currently, young adults who purchase on their own must pay the full premium for their coverage, regardless of income, and in most states can be charged a higher premium for a preexisting condition, like asthma or a mental health problem, or have that condition excluded completely from their plan. The provision of premium subsidies, along with new regulations that prevent insurers from underwriting on health status, will help young adults with both cost and access. These features, however, do not go into effect until 2014.

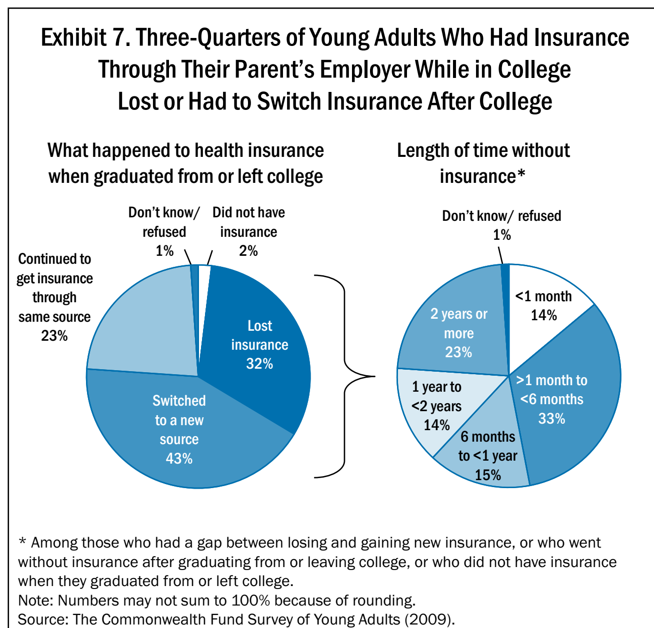


Exhibit 7. Three-Quarters of Young Adults Who Had Insurance Through Their Parent's Employer While in College Lost or Had to Switch Insurance After College

* Among those who had a gap between losing and gaining new insurance, or who went without insurance after graduating from or leaving college, or who did not have insurance when they graduated from or left college.
Note: Numbers may not sum to 100% because of rounding.
Source: The Commonwealth Fund Survey of Young Adults (2009).

2010: Eliminating Limits on Benefits and Requiring Plans to Report Share of Premiums Spent on Medical Costs

The Affordable Care Act this year will prevent insurance carriers from imposing lifetime limits on the amounts health plans pay enrollees and place restrictions on annual limits on benefits. In 2014, annual limits will be banned completely. This provision will benefit young adults who are currently purchasing health insurance in the individual market and those who enroll in health plans through colleges or universities. While college and university health plans provide some measure of protection for many college students, many offer only limited benefits and have low yearly or lifetime limits on the amounts the health plans will pay. A study by the Government Accountability Office of a sample of student health plans found that 96 percent had a maximum benefit amount.[11] Among student insurance plans with a maximum benefit amount on a per-condition, per-lifetime basis, more than one-quarter (27%) had a maximum benefit of less than $20,000. Another 25 percent had a maximum benefit of between $20,000 and $29,000. Such limited plans put college students at risk of having high medical bills and medical debt if they experience a serious illness or injury. In fact, some college athletes have found themselves in debt after experiencing injuries during training that are not covered by their private insurance plans or by their schools.[12]

Such benefit restrictions in some college plans have helped to decrease the benefits paid to students as a share of their premiums. The New York State attorney general is currently investigating student health plans that pay significantly less in benefits than they collect from students in premiums.[13] The Affordable Care Act will place new standards on what health plans must spend on medical care as opposed to administration and profits. Starting in 2010, the law will require health plans to report the share of premiums spent on items other than medical care. Beginning in 2011, health plans in the large-group market that spend less than 85 percent of premiums on medical care and health plans in the small-group and individual market that spend less than 80 percent on medical care will be required to offer rebates to enrollees.

Exhibit 8. Distribution of 13.7 Million Uninsured Young Adults by Federal Poverty Level and Provisions of the Affordable Care Act (ACA)

Uninsured young adults ages 19–29

Federal Poverty Level	Percent	Number Uninsured	ACA Premium Subsidy Cap as a Share of Income	ACA Cost-Sharing Cap (enrollee share of medical costs)
<133% FPL	52%	7,139,948	Medicaid	Medicaid
133%–149% FPL	7%	908,520	3.0%–4.0%	6%
150%–199% FPL	13%	1,726,171	4.0%–6.3%	13%
200%–249% FPL	9%	1,270,858	6.3%–8.05%	27%
250%–299% FPL	5%	740,081	8.05%–9.5%	30%
300%–399% FPL	7%	912,303	9.5%	30%
≥400% FPL	7%	973,338	n/a	30%

Source: Analysis of the March 2009 Current Population Survey by N. Tilipman and B. Sampat of Columbia University for The Commonwealth Fund; Commonwealth Fund analysis of Affordable Care Act (Public Law 111-148 and 111-152).

2014: Medicaid Expansion to Adults with Incomes Up to 133 Percent of the Federal Poverty Level

Beginning in 2014, the Affordable Care Act expands eligibility for Medicaid to all legal residents with incomes up to 133 percent of the federal poverty level—about $14,404 for a single adult or $29,327 for a family of four. This is a substantial change in the Medicaid program in its coverage of adults, and a change that will particularly benefit young adults. Although several states have expanded eligibility for parents of dependent children, in most states income eligibility thresholds are well below the federal poverty level (Table 3). In addition, adults who do not have children are not currently eligible for Medicaid, regardless of income, in most states.

Of all the provisions in the Affordable Care Act, the Medicaid expansion will potentially have the largest impact on reducing the number of uninsured young adults. More than half (52%) of uninsured young adults are in families with incomes under 133 percent of poverty (Exhibit 8). The eligibility expansion has the potential to provide health insurance to up to 7.1 million uninsured young adults in that income range.[14]

2014: Insurance Exchanges and Tax Credits to Reduce Premiums and Out-of-Pocket Costs

The Affordable Care Act requires each state to establish a new health insurance exchange for individuals and another for small employers, or a single exchange for both individuals and small employers. States can set up their own exchanges or band with other states to establish regional exchanges. States can also decline to establish an exchange and the federal government will do it for them. The individual and small-group markets will continue to function outside the exchange, but new insurance market regulations will apply to plans sold inside and outside the exchange. The new regulations include prohibition of rating on the basis of health, limits on the amount plans can vary premiums based on age, removing lifetime or annual limits on the amounts plans will pay, and eliminating the ability of plans to drop coverage if an enrollee becomes ill.

The exchanges will provide a new regulated marketplace in which people without access to employer coverage that meets certain affordability and coverage standards can purchase insurance. People with employer coverage who spend more than 9.5 percent of their income on premiums or those with a plan that covers less than 60 percent on average of their medical costs are eligible to purchase coverage through the exchange. Qualified health plans sold through the exchange and those sold in the individual and small-group markets will be required to provide a federally determined essential benefits package. The package will be similar to those offered in employer plans, including the provision of maternity services, a benefit rarely covered in the current individual insurance market. People purchasing coverage through the exchanges can choose among four levels of cost-sharing: plans that cover an average 60 percent of medical costs (bronze plan), 70 percent of medical costs (silver plan), 80 percent of medical costs (gold plan), and 90 percent of medical costs (platinum plan). Out-of-pocket costs are limited to $5,950 for single policies and $11,900 for family policies. The essential benefits package and choice of cost-sharing level will provide consumers with far more information than they currently have in the individual market.

Sliding-scale premium subsidies will be available to people with incomes up to 400 percent of poverty who purchase insurance through the exchanges. Premium contributions for individuals and families will be limited to about 3 percent of income at just over 133 percent of poverty ($14,404 for a single adult or $29,327 for a family of four) and gradually increase to 9.5 percent at 300 percent to 400 percent of poverty ($43,320 for a single person and $88,200 for a family of four) (Exhibit 8).

In addition, cost-sharing credits and lower annual out-of-pocket limits will limit cost-sharing for low- and middle-income individuals and families. With cost-sharing credits, costs covered by the silver plan will increase to 94 percent for those with incomes up to 150 percent of poverty ($16,245 for a single person and $33,075 for a family four), 87 percent for those with incomes up to 200 percent of poverty ($21,660 for a single person and $44,100 for a family of four), and 73 percent for those with incomes up to 250 percent of poverty ($27,075 for a single person and $55,125 for a family of four) (Exhibit 8). In addition, out-of-pocket expenses will be capped for families earning between 100 percent and 200 percent of poverty at $1,983 for individuals and $3,967 for families. For families earning between 200 percent and 300 percent of poverty, out-of-pocket expenses will be capped at $2,975 for individuals and $5,950 for families. For those with incomes between 300 percent and 400 percent of poverty, out-of-pocket expenses will be capped at $3,967 for individuals and $7,933 for families.

Subsidized private coverage has the potential to provide health insurance for up to 5.6 million uninsured young adults with incomes between 133 percent and 400 percent of poverty. (Exhibit 8).[15] About 30 percent of uninsured young adults, or 4 million, are in families with incomes between 133 percent and 250 percent of poverty. Young adults in this income range will benefit from premium credits that will cap premiums from 3 percent to less than 8 percent of their income. They also will benefit from cost-sharing credits that would limit out-of-pocket expenditures. An additional 12 percent of uninsured young adults, or 1.6 million, have incomes of between 250 percent to 400 percent of poverty and will be eligible for premium credits that cap their contribution from 8 percent to 9.5 percent of their income. There are fewer than 1 million uninsured young adults with incomes over 400 percent of poverty who would not be eligible for a premium subsidy through the exchanges.

By way of example, a 25-year-old adult in a medium-cost area of the country who earns 150 percent of poverty (or $16,245) would spend about $650 annually (net of subsidies) for a silver-level health plan sold through the exchange (Exhibit 9). This amounts to about one-quarter of his full premium of $2,637. A 25-year-old from the same city who earned 200 percent of poverty (or $21,660) would spend about $1,365 on insurance premiums for the year, or about 52 percent of his premium. Another 25-year-old in the same city

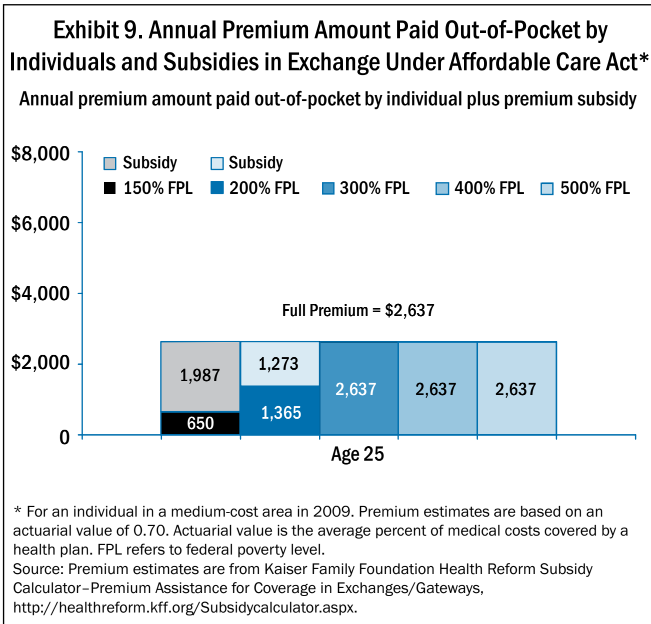


Exhibit 9. Annual Premium Amount Paid Out-of-Pocket by Individuals and Subsidies in Exchange Under Affordable Care Act*

* For an individual in a medium-cost area in 2009. Premium estimates are based on an actuarial value of 0.70. Actuarial value is the average percent of medical costs covered by a health plan. FPL refers to federal poverty level.
Source: Premium estimates are from Kaiser Family Foundation Health Reform Subsidy Calculator–Premium Assistance for Coverage in Exchanges/Gateways, http://healthreform.kff.org/Subsidycalculator.aspx.

who earned 300 percent of poverty (or about $32,490) would spend about $2,637 annually. This is equivalent to the full premium because it is less as a share of income than the premium cap he is eligible for in that income range (9.5% of income). In addition, unlike today's individual insurance market where women can be charged premiums up to 84 percent more than men for the same insurance policy, female 25-year-olds would face the same premiums as men in their age group.[16]

The Congressional Budget Office (CBO) estimates that premiums for coverage purchased either through the new insurance exchanges or the individual market will be 10 percent to 13 percent higher in 2016 than they would have been under current law.[17] The increase is attributable to the fact that the essential benefits package makes health plans more comprehensive and protective from out-of-pocket costs than those currently available in the individual market. Because of this improvement in benefits, premiums would rise by 27 percent to 30 percent. This increase would be offset by reduced costs, including economies of scale from broader risk-pooling and lower administrative costs from benefit standardization and prohibition of underwriting. Collectively, these features are estimated to lower premiums by 7 percent to 10 percent compared with levels under the current law. Premiums would decline by an additional 7 percent to 10 percent because of an influx of younger and healthier enrollees. In addition, 57 percent of enrollees in the exchange and individual market would receive a premium subsidy, which CBO estimates would reduce their premiums by 56 percent to 59 percent relative to premiums under current law.

Under the law, adults under age 30 who are not eligible for subsidized coverage will have the option to purchase a catastrophic "young invincibles" health plan. The plan will be required to have the essential benefits package and include three primary care visits per year but could have cost-sharing similar to health savings account-eligible, high-deductible plans. This would likely result in a lower premium for enrollees. Preventive services will be excluded from the deductible as under current law and cost-sharing would be limited to the current health savings account out-of-pocket limits, as would the rest of the plans offered through the exchange ($5,950 for single policies and $11,200 for families). People over age 30 who could not find a plan with a premium that is 8 percent or less of their income would be able to purchase the young adult plan as well.

2014: Employer Penalties for Not Offering Health Insurance or Offering Benefits of Low Quality

The Affordable Care Act does not include an employer mandate but does impose penalties on employers. If employers with more than 50 full-time equivalent workers do not offer health insurance, the legislation will require a payment of $2,000 per full-time employee (those working more than 30 hours per week) if an employee becomes eligible for a premium subsidy through the exchanges. The penalty does not apply to the first 30 full-time workers in a company. If a firm offers coverage and has more than 50 full-time workers and a full-time worker is determined to be eligible for premium subsidies through the exchange either because his premium contribution exceeds 9.5 percent of income or his coverage does not meet the minimum creditable benefit standard (plan covers at least 60 percent of an enrollee's costs), the company

must pay the lesser of $3,000 for each full-time worker who receives such a premium subsidy through the exchange or $2,000 for each full-time employee.

The Congressional Budget Office estimates that about 6 million to 7 million more people will have coverage through employers under the legislation as a consequence of the employer penalties and the individual requirement to have health insurance.[18] Consequently, many young adults who are working in jobs in which they do not have health insurance may gain employer benefits.

Currently, employed young adults are far less likely to have health insurance through their jobs than are older adults. The Commonwealth Fund Biennial Health Insurance Survey (2007) found that only slightly more than half (53%) of 19-to-29-year-olds who were working part-time or full-time were eligible for coverage offered by their employers, compared with three-quarters (74%) of 30-to-64-year-olds (data not shown).[19] Only one-third were covered by their employer plan and 28 percent of workers in this age group were uninsured, nearly three times the rate of older workers.

However, many young adults who are working in small, lower-wage firms and currently have coverage through their jobs may lose their benefits under the new law. The CBO estimates that 8 million to 9 million workers, mostly in small, lower-wage firms, will lose their employer coverage as their companies decide that employees can gain similar, subsidized coverage through the insurance exchanges.[20]

Finally, young adults who are enrolled in plans through their employers and who spend more than 9.5 percent of their income on premiums or have health plans with substantial cost-sharing obligations (i.e., the plan covers less than 60 percent of their total medical costs), may become eligible for subsidized coverage through the insurance exchanges, depending on income.

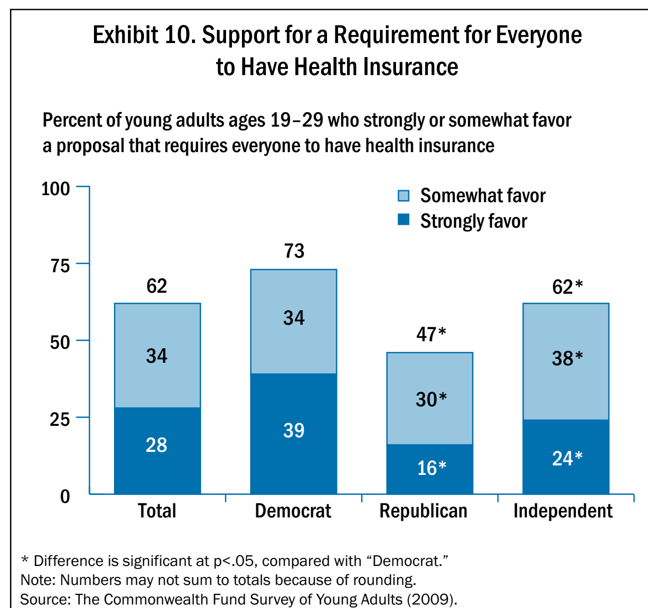
2014: Will Young Adults Comply with the Individual Requirement to Have Health Insurance?

Beginning in 2014, all U.S. citizens and legal residents will be required to maintain minimum essential health insurance coverage through the individual insurance market, insurance exchanges, public programs, or employers, or face a penalty. There are some exemptions: individuals who cannot find a health plan that costs less than 8 percent of their income net of subsidies and employer contributions, people who have incomes below the tax-filing threshold ($9,350 for an individual and $18,700 for a family), and those who have been without insurance for less than three months. There are a few additional circumstances that act as exemptions, including membership in an Indian tribe or religious objections.

People who are not exempt from the mandate and cannot demonstrate on a tax form that they have health insurance will be required to pay a penalty equal to the greater of $95 or 1 percent of taxable income (excess of household income over the personal exemption for the taxable year) in 2014, $325 or 2 percent of taxable income in 2015, and $695 or 2.5 percent of taxable income in 2016, up to a cap of the national average bronze plan premium. Families will pay a penalty of half the amount for children up to a cap of $2,085 per family. The tax, which will be assessed through the tax code and applied as an additional amount of federal tax owed, will be prorated for partial years of noncompliance.

The compliance of young adults will be particularly important in terms of creating broad and diverse risk pools in the exchanges and individual markets. Indeed, CBO estimates that the influx of young and healthy people into the exchanges and individual markets will lower premiums by 7 percent to 10 percent.[21] To understand young adults' attitudes toward an insurance requirement, the Commonwealth Fund Survey of Young Adults asked 19–29-year-olds in 2009 whether they would favor a proposal that requires everyone to have health insurance—similar to the way drivers are required to have liability insurance. Under such a

proposal, people with higher incomes who do not have coverage would be required to buy it; for those who cannot afford insurance, the government would help pay for it. The survey found that a majority of young adults (62%) were strongly or somewhat in favor of the requirement: 28 percent strongly favored it and 34 percent were somewhat in favor (Exhibit 10). Support for the requirement was stronger among Democrats and Independents than among Republicans: 73 percent of Democrats were strongly or somewhat in favor, as were 62 percent of Independents, compared with slightly less than half of Republicans (47%). Young adults with low incomes were the most supportive: two-thirds (67%) of those with incomes below $20,000 were strongly or somewhat in favor, compared with half (51%) of those with incomes of $60,000 or more (Table 4). Women were slightly more supportive than men: 65 percent of women strongly or somewhat favored a requirement, versus 58 percent of men. Blacks and Hispanics (74%) were more supportive than whites (55%).



The experience of young adults in employer-based plans suggests that when young adults face similar premium costs as older adults, they tend to enroll in coverage at similar rates. In the Commonwealth Fund Biennial Health Insurance Survey of 2007, young adults over age 24 (i.e., those not generally eligible for dependent coverage) enrolled in employer-based coverage when it was offered at nearly the same rate as older adults: 78 percent of working young adults between 24 and 29 took up coverage when it was offered, compared with 84 percent of workers ages 30 and older.[22] Of all age groups, young working adults under age 24 were least likely to be eligible for coverage and the least likely to take it up when it was offered. The lower take-up rates among 19-to-23-year-olds are partly explained by their greater likelihood of being covered as dependents on parents' policies, compared with young adults ages 24 and older.

In a study of mandates in health insurance systems in Europe and of non-health related functions in the United States, such as automobile insurance and income tax, Sherry Glied and colleagues found a wide degree of variation in compliance.[23] The authors observe that high compliance with health insurance and other mandates depends critically on three factors: 1) whether it is easy and inexpensive to comply; 2) whether noncompliance penalties are stiff, but not excessive, and carry a perception that they will be enforced; and 3) in the case of health insurance, whether there is a specified sign-up period, as in the case of Switzerland and the Netherlands.

In the case of the Affordable Care Act, affordability of the premium and ease of enrollment will be key to the compliance of low- and moderate-income young adults, particularly those who are exempt from the mandate. Young adults earning below 133 percent of poverty (about $14,404 for an individual) are eligible for Medicaid; those with incomes under $9,350, the tax-filing threshold, are exempt from the mandate. It will be an ongoing challenge for state Medicaid programs and the federal government to enroll all eligible people. For young adults earning between 133 percent and 250 percent of poverty ($27,075), premium contributions will be capped between 3 percent of income and 8 percent of income. This translates into no more than $432 at a $14,404 annual income to no more than $2,166 at a $27,075 annual income. An individual in this income range who chooses not to comply will incur a penalty of $695 in 2016.[24] For those earning between 250 percent and 400 percent of

poverty, premium contributions are capped between 8.1 percent of income and 9.5 percent of income. This translates to about $3,086 for someone earning $32,490 (300 percent of poverty) and $4,115 for someone earning $43,320 (400 percent of poverty). In this subsidy range, if young adults contribute more than 8 percent of their income, they are exempt from the penalty.

For young adults who are currently uninsured or those who face purchasing coverage on the individual market, the passage of health reform creates a marked improvement. These young adults will be able to either enroll in Medicaid or purchase comprehensive subsidized private insurance without the fear of being charged a higher premium because of a preexisting condition.

In addition, the essential benefits package, new insurance market regulations, out-of-pocket limits, and cost-sharing subsidies will help reduce the number of young adults who have problems paying medical bills or who have such high out-of-pocket costs relative to their incomes that they are effectively underinsured. Such standards and regulations will ensure that people have comprehensive health plans that both encourage the use of timely preventive services and protect against catastrophic costs in the event of a serious accident or injury. However, even with more affordable and comprehensive coverage choices, many young adults will continue to face stark budget trade-offs between the costs of health insurance and housing, food, and tuition.

CONCLUSION

The Affordable Care Act will bring sweeping change to the nation's health system—promising to cover nearly 94 percent of legal residents, approximately 30 percent of whom are between the ages of 19 and 29. Young adults will benefit substantially from the ability to remain on their parent's health plans, an unprecedented expansion in the Medicaid program, new insurance market regulations including bans on lifetime limits and rating based on health status, subsidized private health insurance with comprehensive benefits package through the new insurance exchanges, and employer penalties for not offering health insurance. The Congressional Budget Office estimates that about 32 million people out of an estimated 54 million uninsured people will gain coverage by 2019, leaving about 23 million people uninsured.[25] About one-third of those remaining uninsured are expected to be undocumented immigrants who are not eligible for coverage under the law. The remaining 15 million uninsured people will be composed of people who are eligible for Medicaid, but not enrolled; individuals who are exempt from the penalty and opt to go without health insurance; or people who choose to pay the individual requirement penalty and go without health insurance. To cover 32 million people and move closer to universal coverage, it will be critical that federal and state policymakers ensure easy, barrier-free enrollment with seamless transitions between different coverage sources. But the affordability of premiums and the comprehensiveness and cost protection of the benefits package over time will likely play the most decisive role in ensuring universal participation under the law.

Notes

[1] U.S. Department of Labor, Bureau of Labor Statistics, The Employment Situation–April 2010, http://www.bls.gov/news.release/pdf/empsit.pdf.

[2] Avoided health care included not filling a prescription; skipping a medical test, treatment, or follow-up visit recommended by a doctor; not going to a doctor or clinic when sick; not seeing a specialist when a doctor or the respondent thought it was needed; or delaying or not getting needed dental care.

[3] Reported problems included having trouble paying bills, being contacted by a collection agency because they were unable to pay bills, significantly changing their way of life in order to pay medical bills, or paying off medical debt over time.

[4] According to a survey of employers, of those who offer coverage, nearly 60 percent do not insure dependent children over age 18 or 19 if they do not attend college. See S. R. Collins, C. Schoen, M. M. Doty, and A. L. Holmgren, *Job-Based Health Insurance in the Balance: Employer Views of Coverage in the Workplace* (New York: The Commonwealth Fund, March 2004).

[5] Analysis of the March 2009 Current Population Survey by N. Tilipman and B. Sampat of Columbia University for The Commonwealth Fund.

[6] J. L. Nicholson and S. R. Collins, *Young, Uninsured, and Seeking Change: Health Coverage of Young Adults and Their Views on Health Reform—Findings from the Commonwealth Fund Survey of Young Adults, 2009* (New York: The Commonwealth Fund, Dec. 2009).

[7] The White House, *Young Adults and the Affordable Care Act: Protecting Young Adults and Eliminating Burdens on Businesses and Families*, http://www.whitehouse.gov/sites/default/files/rss_viewer/fact_sheet_young_adults_may10.pdf; http://www.whitehouse.gov/sites/default/files/rss_viewer/qa_young_adults_may.pdf; Department of the Treasury, Department of Labor, Department of Health and Human Services, *Interim Final Rules for Group Health Plans and Health Insurance Issuers Relating to Dependent Coverage of Children to Age 26 Under the Patient Protection and Affordable Care Act, May 10, 2010*; S. Amendment 2786 and S. Amendment 3276 in the nature of a substitute to H.R. 3590, The Patient Protection and Affordable Care Act, Introduced November 18, 2009, Manager's Amendment December 19, Passed December 24, 2009, 111th Congress, 1st session, Section 2714, available at http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h3590eas.txt.pdf; H. R. 4872, The Health Care & Education Affordability Reconciliation Act of 2010, introduced March 18, 2010, 111th Congress, 2nd Session, available at http://docs.house.gov/rules/hr4872/111_hr4872_amndsub.pdf.

[8] Employee Benefit Research Institute, *Health Plan Differences: Fully Insured vs. Self-Insured*, EBRI Fast Facts #114. Feb. 11, 2009, http://www.ebri.org/pdf/FFE114.11Feb09.Final.pdf.

[9] Department of the Treasury, Department of Labor, Department of Health and Human Services, *Interim Final Rules for Group Health Plans and Health Insurance Issuers Relating to Dependent Coverage of Children to Age 26 Under the Patient Protection and Affordable Care Act, May 10, 2010.*

[10] The agencies estimate a range of 680,000 to 2.1 million young adults being covered in 2011, with 200,000 to 1.6 million of those previously uninsured.

[11] "Health Insurance: Most College Students Are Covered Through Employer-Sponsored Plans and Some Colleges and States Are Taking Steps to Increase Coverage," Report to the Committee on Health, Education, Labor, and Pensions, U.S. Senate, U.S. Government Accountability Office, March 2008.

[12] K. Peterson, "College Athletes Stuck with the Bill After Injuries," *New York Times*, Jul. 16, 2009.

[13] D. Hakim, "Colleges Skirt Rules on Health Plans, Cuomo Says," *New York Times*, Apr. 8, 2010.

[14] Analysis of the 2009 Current Population Survey by Nicholas Tilipman and Bhaven Sampat of Columbia University.

[15] Ibid.

[16] National Women's Law Center*, Still Nowhere to Turn: Insurance Companies Treat Women Like a Pre-Existing Condition* (Washington, D.C.: NWLC, Oct. 2009), http://www.nwlc.org/pdf/stillnowhereto-turn.pdf.

[17] In November 2009, the Congressional Budget Office (CBO) estimated the potential effect of the provisions in the Senate health reform bill on health insurance premiums in the individual market (including the new insurance exchange), small-group market, and large-group market compared with trends under current law. While the version that CBO analyzed was somewhat different than the bill ultimately passed in December 2009 and signed into law in March 2010, the effects on premiums would likely be very similar, according to the CBO. See Congressional Budget Office, Letter to the Honorable Evan Bayh, Nov. 30, 2009 and Congressional Budget Office, Letter to the Honorable Harry Reid, Dec. 19, 2009, pg. 19, http://www.cbo.gov/ftpdocs/108xx/doc10868/12-19-Reid_Letter_Managers.pdf. According to CBO, the substitution of the public health plan with the multistate health plans under contract with OPM in the bill that was ultimately signed into law would likely make little difference in premiums. The new provision limiting medical loss ratios would tend to lower premiums somewhat, while the restrictions on insurers' ability to place annual limits on what plans will pay might slightly increase premiums.

[18] Congressional Budget Office, Letter to the Honorable Nancy Pelosi, March 20, 2010.

[19] J. L. Nicholson, S. R. Collins, B. Mahato, E. Gould, C. Schoen, and S. D. Rustgi, *Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help, 2009 Update* (New York: The Commonwealth Fund, Aug. 2009).

[20] CBO, Letter to Pelosi, 2010.

[21] CBO, Letter to Bayh, 2009; and CBO, Letter to Reid, 2009, http://www.cbo.gov/ftpdocs/108xx/doc10868/12-19-Reid_Letter_Managers.pdf.

[22] Nicholson, Collins, Mahato, Gould, Schoen, and Rustgi, *Rite of Passage?* 2009.

[23] S. A. Glied, J. Hartz, and G. Giorgi, "Consider It Done? The Likely Efficacy of Mandates for Health Insurance," *Health Affairs*, Nov./Dec. 2007 26(6):1612–21.

[24] H. Chaikind, B. Fernandez, M. Newsom et al., "Private Health Insurance Provisions in the Patient Protection and Affordable Care Act (PPACA)," Congressional Research Service, May 4, 2010.

[25] CBO, Letter to Pelosi, 2010.

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 landline portion of the sample used a disproportionate, stratified random digit dialing design to increase the potential of reaching young adult households overall, as well as those specifically low-income and African American and Hispanic. A prescreened strata was included, which supplemented the sample with additional interviews of households identified as having a 19-to-29-year-old in prior waves of SSRS's national omnibus survey. The cell phone portion of the sample was accomplished using basic random digit dialing methodology of working cell phone exchanges. Using this dual-frame stratified sampling design, this study obtained an oversample of low-income, African American, and Hispanic adults. Survey data were weighted to 1) correct for the fact that not all survey respondents were selected with the same probability, and 2) account for gaps in coverage and nonresponse biases in the survey frame. In the first stage, SSRS developed design weights to compensate for sample-frame biases and the number of telephones in the household/cell phone-only status. Population counts for telephone status were requested from the National Center for Health Statistics and drawn from their National Health Insurance Survey. In the second stage, the data were weighted by age, education, geographic region, gender, and race/ethnicity using the 2007 American Community Survey population exhibits. The resulting weighted sample is representative of the approximately 46 million adults ages 19 to 29.

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.

Table 1. Transitions in Insurance After High School and College (base: young adults ages 19–29)

	Total 19–29	Gender		Income		Race/Ethnicity		
		Men	Women	<200% FPL	200%+ FPL	White	Black	Hispanic
Percent	100%	51%	49%	57%	38%	60%	14%	18%
Total (millions)	45.8	23.5	22.2	26.0	17.2	27.7	6.3	8.4
Unweighted n	2,002	1,010	992	1,058	824	1,184	256	367
TRANSITIONS FROM HIGH SCHOOL								
Insurance in high school								
Parent's employer	61%	62%	59%	56%	70%*	69%	54%*	41%*
Medicare	3	2	3	4	2	1	3	7*
Medicaid	10	8	12*	12	7*	9	21*	8
Individual	5	5	5	5	5	7	3*	1*
Other/military	2	2	3	3	2	2	2	3
Uninsured	19	20	18	20	16	12	17	41*
Among those who had insurance in high school, what happened when graduated or left high school?								
Continued to get insurance from same source	52	49	56*	54	51	56	44*	48
Switched to a new source of insurance	15	17	12*	10	21*	14	20	12
Lost insurance	30	30	30	33	26*	28	33	34
What happened when switched/lost insurance?								
Got insurance through an employer	24	29	18*	15	36*	25	22	26
Purchased insurance on the individual market	8	8	8	8	7	7	9	8
Got insurance through a college/university health plan	7	7	7	7	7	6	8	5
Got insurance through the military	6	8	4	4	10*	6	12	3
Went without insurance	49	44	54*	58	36*	51	40	50
Something else/other	6	4	8	8	3*	5	10	6
Among those who switched insurance, was there a gap?								
Yes	50	56	40*	52	50	48	^	^
No	48	43	58*	47	48	51	^	^
Among those who had a gap in insurance or went without insurance, how long were you without insurance?								
1 month or less	4	4	3	3	4	5	^	^
>1 month to <6 months	13	13	13	12	14	11	^	^
6 months to <1 year	12	11	13	10	16	12	^	^
1 year to <2 years	21	18	24	19	24	19	^	^
2 years or more	49	52	46	53	40*	52	^	^

	Total 19–29	Gender: Men	Gender: Women	Income: <200% FPL	Income: 200%+ FPL	Race/Ethnicity: White	Race/Ethnicity: Black	Race/Ethnicity: Hispanic
TRANSITIONS FROM COLLEGE								
Among those who graduated from college or had some college, their insurance in college								
Parent's employer	53%	50%	55%	49%	56%	61%	39%*	42%*
Own employer	8	10	6	4	11*	7	10	7
Medicare	0	0	1	1	0	0	1	1
Medicaid	5	1	7*	8	2*	4	9	2
Individual	4	5	3	3	3	4	1	0
College/university	5	6	4	5	5	4	4	7
Other/military	4	4	4	4	4	3	2	5
Uninsured	22	24	21	26	18*	16	32*	36*
Among those who had insurance in college, what happened when graduated or left college?								
Continued to get insurance from same source	30	30	30	33	28	30	^	^
Switched to a new source of insurance	39	38	40	19	52*	41	^	^
Lost insurance	28	31	25	43	19*	26	^	^
What happened when switched/ lost insurance?								
Got insurance through an employer	50	45	54	23	65*	52	^	^
Purchased insurance on the individual market	9	8	10	11	8	9	^	^
Got insurance through a graduate school health plan	2	1	2	2	2	2	^	^
Got insurance through the military	6	10	3*	4	7	6	^	^
Went without insurance	28	34	24	52	15*	28	^	^
Something else/other	3	1	4	4	2	1	^	^
Among those who switched insurance, was there a gap?								
Yes	44	46	42	^	42	43	^	^
No	54	52	55	^	56	55	^	^
Among those who had a gap in insurance or went without insurance, how long were you without insurance?								
1 month or less	13	9	16	13	12	15	^	^
>1 month to <6 months	33	30	35	23	43*	34	^	^
6 months to <1 year	14	13	14	13	15	14	^	^
1 year to <2 years	13	16	10	13	12	14	^	^
2 years or more	27	29	25	37	17*	23	^	^

* Difference is significant at p<.05, compared with first column in category (i.e., compared with men, <200% FPL, white).
^ Sample is too small for analysis (n<100).
Source: The Commonwealth Fund Survey of Young Adults (2009).

Table 2. State Laws That Increase the Age Up to Which Young Adults Are Considered Dependents for Insurance Purposes

State	Year law passed or implemented	Limiting age of dependency status	Applies to non-students?
Colorado[1]	2006	25	Yes
Connecticut[2]	2007	26	Yes
Delaware[3]	2006	24	Yes
Florida[4]	2009	30	Yes
Georgia[5]	*	26	No
Idaho[6]	2007	25	No
Illinois[7]	2008	26	Yes
Indiana[8]	2007	24	Yes
Iowa[9]	2008	25	Yes
Kentucky[10]	2008	25	Yes
Louisiana[11]	2009	24	No
Maine[12]	2007	25	Yes
Maryland[13]	2007	25	Yes
Massachusetts[14]	2006	26	Yes
Minnesota[15]	2007	25	Yes
Missouri[16]	2009	26	Yes
Montana[17]	2007	25	Yes
Nevada[18]	*	24	No
New Hampshire[19]	2007	26	Yes
New Jersey[20]	2006	31	Yes
New Mexico[21]	2005	25	Yes
New York[22]	2009	30	Yes
North Dakota[23]	*	22	Yes
Ohio[24]	2009	28	Yes
Oregon[25]	2009	23	Yes
Pennsylvania[26]	2009	30	Yes
Rhode Island[27]	2006	25	No
South Carolina[28]	2009	22	No
South Dakota[29]	2005	30	No
Tennessee[30]	2008	24	Yes
Texas[31]	2003	25	Yes
Utah[32]	1994	26	Yes
Virginia[33]	2007	25	Yes
Washington[34]	2007	25	Yes
West Virginia[35]	2007	25	Yes
Wisconsin[36]	2010	27	Yes
Wyoming[37]	2009	23	No

1 Colorado Rev. Stat. § 10-16-104.3; Requires group and privately purchased individual health plans to cover unmarried dependents up to age 25. Dependents must be unmarried or financially dependent, or live at the same address as parents, but eligibility is not dependent on full-time enrollment in school.

2 Connecticut C.G.S.A. § 38a-497; Requires that group health insurance policies extend coverage to children up to age 26, as long as they are unmarried and either remain residents of Connecticut or are full-time students; effective January 1, 2009.

3 Delaware Code Ann. Tit. 18, § 3354; Requires insurance providers to cover unmarried young adults under a pre-existing family policy up to age 24. Applicable as long as the young adult has no dependents and either lives in the state of Delaware or is a full-time student.

4 Florida Chapter 627.6562; Allows unmarried young adults up to age 25 who are financially dependent on their parents and who either live with their parents or are full- or part-time students to remain on their parent's health insurance; health insurance plan must cover these young adults at least until the end of the calendar year in which the young adult turns 25. Unmarried young adults up to age 30 may remain on their parent's insurance as long as they have no dependents of their own and either reside in Florida or are full- or part-time students.

5 Georgia Code § 33-30-4; Allows young adults who are financially dependent on their parents to remain on their parent's insurance up to and including age 25, as long as they are enrolled as a full-time student at least 5 months during the year or are prevented from enrolling as a full-time student due to illness or injury.

6 Idaho Stat. § 41-2103; Allows unmarried financially dependent full-time students up to age 25 to remain on their parent's health insurance, and unmarried non-students up to age 21.

7 Illinois 215 ILCS 5/356z.12; Allows parents to keep dependents on their health plan until their 26th birthday; parents with dependents who are veterans can keep them on their health plan until their 30th birthday.

8 Indiana IC 27-8-5-2,28 and IC 27-13-7-3; Requires commercial health insurers and health maintenance organizations to cover dependents up to age 24 on their parent's insurance.

9 Iowa Code § 509.3 and §514E.7; Requires health insurers to continue to cover dependents on their parent's coverage as long as the child is under the age of 25 and a resident of Iowa, a full-time student, or disabled. The dependent must be unmarried.

10 Kentucky Rev. Stat. § 304.17A-256; Allows parents to keep their unmarried children on their health insurance plans up to age 25. Parents may have to pay extra premiums for their child's coverage.

11 Louisiana Rev. Stat. Ann. § 22:1003; Allows unmarried, dependent children up to age 24 who are full-time students to remain on their parent's insurance.

12 Maine 24-A MRSA § 2742-B; Requires individual and group health insurance policies to continue coverage for an unmarried dependent child up to age 25 if the child is financially dependent on the policyholder and has no dependents of his/her own.

13 Maryland Code Insurance § 15-418; Allows young adults up to age 25 to receive coverage through their parent's health insurance as long as they live with the policyholder and are unmarried.

14 Massachusetts Gen. Laws Ann. Ch. 175 § 108; As part of Massachusetts' April 2006 health insurance expansion law, young adults are considered dependents for insurance purposes up to age 26 or for two years after they are no longer claimed on their parent's tax returns, whichever comes first.

15 Minnesota Chapter 62E.02; Effective January 1, 2008; Allows unmarried dependents up to age 25 to remain on their parent's private health insurance plans.

16 Missouri Rev. Stat. § 354-536; Allows unmarried dependents up to age 26 to remain on their parent's health insurance plans as long as the child is a resident of Missouri.

17 Montana MCA 33-22-140; Provides insurance coverage to unmarried children up to 25 years of age under a parent's policy; effective January 1, 2008.

18 Nevada NRS 689C.055; Allows unmarried, dependent children who are full-time students to remain on their parent's insurance policy up to age 24 if parent is covered by a small group policy.

19 New Hampshire Rev. Stat § 420-B:8-aa; Applies to unmarried dependents who are either under age 25 and a full-time student or under age 26, a resident of New Hampshire, and not provided coverage through another group or individual health plan. 2009 SB 115 allows young adults up to age 26 to purchase coverage through the New Hampshire CHIP program, Healthy Kids.

20 New Jersey S.A. 17B:27-30.5; Requires most group health plans to cover unmarried adult dependents up to age 31, as long as they have no dependents of their own, are residents of New Jersey or are full-time students, and are not provided coverage through another group or individual health plan.

21 New Mexico Stat. Ann. § 13-7-8; Requires that all insurance policies provide coverage for unmarried dependents up to age 25, regardless of school enrollment.

22 New York 2009 Assembly Bill 9038; Allows unmarried young adults up to age 30 who are not eligible for employer sponsored insurance to be covered under their parent's health insurance, regardless of financial dependence, as long as they are a resident of New York; effective September 1, 2009.

23 North Dakota Cent. Code § 26.1-36-22; Allows unmarried, financially dependent children up to age 22 who live with their parents to remain on parent's insurance; allows full-time students up to age 26 to remain on parent's insurance.

24 Ohio Rev. Code § 1751.14, as amended by 2009 OH H 1; Allows unmarried dependent children up to age 28 to remain on their parent's insurance, as long as they are an Ohio resident or a full-time student.

25 Oregon O.R.S. § 735.720; Defines dependent for insurance purposes as an unmarried child up to age 23, regardless of student status.

26 Pennsylvania 2009 SB 189; Allows an unmarried child up to age 30 to remain on parent's insurance as long as they have no dependents themselves and are residents of Pennsylvania or a full-time student.

27 Rhode Island Gen. Laws § 27-20-45 and Gen. Laws § 27-41-61; Requires health insurance plans to cover unmarried dependent children up to age 19, or age 25 for financially dependent students.

28 South Carolina Code Ann. § 38-71-1330; Allows unmarried, financially dependent children up to age 22 who are full-time students to remain on parent's insurance if parent is covered by a small group policy.

29 South Dakota Codified Laws Ann. 3-12A-1; Prohibits any insurance provider that offers dependent benefits from terminating coverage before age 19, or 23 if the dependent is a full-time student and financially dependent on his/her parents. South Dakota Codified Law § 58-17-2.3 allows dependents who remain full-time students upon reaching age 24 but not exceeding age 29 to remain on their parent's insurance.

30 Tennessee Code Ann. 56-7-2302; Allows unmarried and financially dependent young adults up to age 24 to remain on their parent's health insurance plan.

31 Texas V.T.C.A. Insurance Code § 846.260 and V.T.C.A. Insurance Code § 1201.059; Allows unmarried dependents up to age 25 to be covered by their parent's insurance plans.

32 Utah Code Ann. Title 31A § 22-610.5; Requires insurance policies that include dependent coverage to cover unmarried dependents up to age 26, regardless of enrollment in school.

33 Virginia Code Ann. 38.2-3525; Allows dependent children up to age 25 to remain on their parent's health insurance, as long as they reside with the parent or are full-time students.

34 Washington RCWA 48.44.215; Requires all insurers to offer enrollees the opportunity to extend coverage to unmarried dependents up to age 25.

35 West Virginia Code § 33-16-1a; Increases the dependent age for a child or stepchild to 25 for health insurance coverage.

36 Wisconsin Stat. § 632.885; Requires insurers to cover unmarried dependents up to age 27 through their parent's insurance if they are not offered insurance through their employer. Effective January 1, 2010.

37 Wyoming Stat. § 26-19-302; Allows unmarried full-time students to remain on their parent's insurance up to age 23 if parent is covered by a small group policy.

* Year law passed/implemented unknown.

Additional sources: National Conference of State Legislatures, *Covering Young Adults Through Their Parent's or Guardian's Health Policy*, http://www.ncsl.org/IssuesResearch/Health/HealthInsuranceDependentStatus/tabid/14497/Default.aspx.

Table 3. Uninsured Rates and Medicaid/CHIP Income Eligibility Standards by State

	Percent Uninsured, 2007–08		Income Eligibility for Medicaid/CHIP (percent of federal poverty levels), 2009		
	Children (under age 18)	Adults (ages 18–64)	Children	Parents	Childless Adults
Alabama	5.5%	17.0%	300	24	NA
Alaska	12.9%	24.1%	175	81	NA
Arizona	14.9%	23.6%	200	106	110
Arkansas	7.7%	24.0%	200	17	NA
California	10.6%	24.4%	250	106	NA
Colorado	12.7%	19.7%	205	66	NA
Connecticut	5.3%	13.3%	300	191/300*	NA/300*
Delaware	8.3%	14.3%	200	121	110
District of Columbia	6.2%	12.0%	300	207	211*
Florida	18.0%	25.9%	200	53	NA
Georgia	11.0%	22.8%	235	50	NA
Hawaii	5.1%	10.6%	300	100/200*	100^/200*
Idaho	9.9%	20.1%	185	27	NA
Illinois	6.5%	17.8%	200	185	NA
Indiana	5.6%	16.6%	250	25/200*	200*
Iowa	5.0%	12.8%	300	83/250*	250*
Kansas	9.4%	16.1%	241	32	NA
Kentucky	9.0%	19.9%	200	62	NA
Louisiana	11.9%	26.2%	250	25	NA
Maine	5.4%	13.3%	200	206/300*	100^/300*
Maryland	8.3%	16.8%	300	116	116*
Massachusetts	3.2%	7.2%	300	133/300*	100*/300*
Michigan	5.5%	16.1%	200	64	45*
Minnesota	6.5%	10.8%	275	215/275*	250*
Mississippi	12.7%	24.2%	200	44	NA
Missouri	8.6%	16.6%	300	25	NA
Montana	11.6%	21.1%	250	56	NA
Nebraska	10.0%	15.8%	200	58	NA
Nevada	16.7%	21.6%	200	88	NA
New Hampshire	5.0%	13.9%	300	49	NA
New Jersey	12.1%	18.8%	350	200	NA
New Mexico	15.8%	30.2%	235	67/250^*	250^*
New York	8.0%	18.0%	400	150	100
North Carolina	10.7%	21.1%	200	49	NA

North Dakota	7.9%	14.3%	160	59	NA
Ohio	7.2%	15.5%	200	90	NA
Oklahoma	9.9%	22.0%	185	47	NA
Oregon	11.1%	21.6%	300	40/100^*/185^*	100^*/185^*
Pennsylvania	7.1%	12.9%	300	34/208^*	213^*
Rhode Island	8.4%	14.4%	250	181	NA
South Carolina	13.5%	20.6%	200	89	NA
South Dakota	8.9%	15.1%	200	52	NA
Tennessee	9.3%	20.1%	250	129	NA
Texas	19.6%	31.5%	200	26	NA
Utah	10.0%	16.2%	200	44/150^*	150^*
Vermont	6.6%	13.5%	300	191/300*	160/300*
Virginia	8.5%	17.9%	200	29	NA
Washington	6.8%	15.7%	300	74/200^*	200^*
West Virginia	5.4%	21.1%	250	33	NA
Wisconsin	5.8%	11.9%	300	200	200^*
Wyoming	9.2%	18.2%	200	52	NA

Notes: Income eligibility listed for children is the highest level reported among regular Medicaid, SCHIP-funded Medicaid expansion program, or separate state program. NA = not applicable because state does extend Medicaid eligibility to non-parent adults.

* Denotes income eligibility for a waiver or state-funded program with more limited benefits and/or higher cost-sharing than Medicaid.

^ Denotes enrollment is closed to new applicants.

Data: Uninsured—2008–09 Current Population Survey ASEC Supplement; Children eligibility levels: Kaiser Commission on Medicaid and the Uninsured, *Findings of a 50-State Survey of Eligibility Rules, Enrollment, and Renewal Procedures, and Cost-Sharing Practices in Medicaid and CHIP for Children and Parents During 2009*, December 2009. Parents and childless adults eligibility levels: Kaiser Commission on Medicaid and the Uninsured analysis of state policies through program web sites and contacts with state officials, *Where Are States Today: Medicaid and State-Funded Coverage Eligibility Levels for Low-Income Adults*, Dec. 2009.

Source: Updated from the Commonwealth Fund State Scorecard on Health System Performance, 2009.

Table 4. Support for Individual Insurance Requirement

The state of Massachusetts now requires that everyone have health insurance, the way all drivers are required to have automobile insurance. People with higher incomes who do not have health insurance coverage are required to buy insurance, and the state helps to pay for insurance for those who can't afford it. Would you strongly favor, somewhat favor, somewhat oppose or strongly oppose a similar requirement for all of America?

	Strongly favor	Somewhat favor	Somewhat oppose	Strongly oppose
Total	28	34	17	16
Age				
19–23	28	35	17	14
24–29	27	33	16	18*
Gender				
Men	27	31	17	19
Women	28	37*	16	14*
Race/ethnicity				
White	21	34	20	21
Black	46*	29	12*	9*
Hispanic	34*	40*	12*	6*
Income				
Less than $20,000	30	36	17	13
$20,000–$39,999	30	32	16	18
$40,000–$59,999	24	32	15	25*
$60,000 or more	17*	33	23	23*
Insurance status				
Employer	24	36	18	18
Medicaid	37*	34	15	9*
Individual	25	39	14	19
Other insurance**	35	40	11	8*
Uninsured	30*	30	16	17
Family status				
Married with children	24	35	17	18
Single with children	39*	26*	13	13
Married without children	19	36	22	18
Single without children	28	35	16	16

Political affiliation				
Democrat	39	34	14	7
Republican	16*	30	22*	29*
Independent	24*	38	19*	16*
Student status				
College student	23	39	18	15
Graduate student	36	37	15	11
Non-student	29	32	16	17
Family work status				
At least one full-time worker in family	26	33	18	18
Only part-time workers	25	41*	16	13
No worker in family	34*	32	14	15

* Difference is significant at p<.05, compared with first row in category (i.e., compared with age 19–23, men, white, etc.).

** Includes Medicare and college/university insurance.

Source: The Commonwealth Fund Survey of Young Adults (2009).

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