



**YOUNG AND VULNERABLE: THE GROWING PROBLEM OF
UNINSURED YOUNG ADULTS AND HOW NEW POLICIES CAN HELP**

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Executive Summary

Thank you, Mr. Chairman, members of the Committee, for this invitation to testify on health insurance options for young adults. The Committee is to be commended for exploring ways to stem the growing tide of uninsured young adults. Adults ages 19 to 29 are among the largest and fastest growing segment of the population without health insurance in the United States. There were 13.2 million uninsured young adults nationwide in 2007, according to the latest available Census data. There are an estimated 750,000 uninsured young adults in the state of New York out of approximately 2.6 million uninsured residents under age 65. Young adults are disproportionately represented among people who lack health insurance, accounting for nearly 30 percent of the 45 million uninsured people under age 65, even though they comprise just 15 percent of the population.

Why Do Young Adults Become Uninsured?

- The most gaping hole in our voluntary, employment-based health insurance system occurs when people do not have access to employer coverage and have incomes that are too high to qualify for Medicaid and the State Children's Health Insurance Program (SCHIP).
- The individual insurance market has proven to be a largely inadequate substitute for employer group coverage because of underwriting in many states and the fact that people face the full cost of the premium.
- Young people making the transition from childhood to adulthood fall into this gap in greater frequency than any other age group.
- Young adults are at risk of losing access to employer coverage or public insurance programs at two critical transition points: nineteenth birthdays or graduation from high school, and graduation from college.

Critical Transition Points: 19th Birthdays and High School Graduation

- Young adults covered as dependents on their parent's employer policies often lose their eligibility for that coverage at age 19 or graduation from high school, particularly if they do not go on to college. Among employers who offer coverage,

nearly 60 percent do not insure dependent children over age 18 or 19 if they do not attend college.

- Similarly, Medicaid and SCHIP reclassify all teenagers as adults on their 19th birthdays. Most low-income young adults are ineligible for Medicaid, since eligibility for adults in most states generally is restricted to very-low-income parents or disabled adults.
- As a result of these public and private insurance rules, uninsured rates jump sharply at age 19, rising from 11 percent among children age 18 and under to 29 percent among those ages 19 to 29. Low-income young adults are particularly at risk of losing coverage: among those in families with incomes under poverty, more than half (51%) are uninsured, compared with about one of five (19%) low-income children age 18 and under.
- Young adults who enroll in college full-time when they graduate from high school are the most likely in their age group to have insurance coverage, primarily because they are able to maintain eligibility under their parents' employer's policies. Some full-time students also gain coverage through plans offered by universities or through the individual insurance market.
- According to an analysis of the Survey of Income and Program Participation (SIPP), among all young adults graduating from high school, three of 10 are uninsured for some time in the year following high school. Nearly 2 in 5 young adults who graduate from high school but do not go to college are uninsured for some time during the year following their graduation—more than twice the rate for young adults who attended college.
- For young adults entering the labor market without the benefit of a college education, the jobs available are those that are least likely to have health benefits—jobs that pay low wages, are with small companies, or are part-time or temporary.

Critical Transition Points: College Graduation

- Among young adults who go to college, the year following their college graduation also can be perilous with respect to health insurance coverage. Coverage available to them as students either through a parent's employer or a student health plan is lost upon graduation.
- As new entrants to the labor force, albeit with a college education, they confront hazards that reduce their likelihood of having coverage similar to those faced by high school graduates: waiting periods, temporary positions, lower-wage jobs, employment in small firms, and job turnover.

- Of those college students who graduated during 2001-2003, 34 percent were uninsured for at least part of the time in the year following graduation, with 13 percent uninsured for six months or more.

What Are the Demographics of Uninsured Young Adults?

- By far, the young adults most at risk of lacking coverage are those from low-income households. Of all uninsured young adults ages 19-29, more than 7 in 10 (72%) have household incomes of less than 200 percent of poverty.
- Young adults in low income households are both more likely to experience some time uninsured and to go without coverage for long periods of time. In the analysis of the SIPP, 80 percent of young adults 19-23 with incomes under 200 percent of poverty level were uninsured for at least part of a three-year period; half (50%) were uninsured for 13 months or more.
- Nearly half of uninsured young adults are white. But Hispanics and African Americans are both at greater risk of being uninsured than white young adults: 36 percent of African Americans and 53 percent of Hispanics ages 19 to 29 are uninsured, compared with 23 percent of whites in that age range.
- Hispanics and African American young adults are at high risk of being uninsured at any time and for experiencing long spells without coverage. In the SIPP analysis, 82 percent of Hispanic young adults ages 19–23 were uninsured over a three year period and 19 percent were uninsured for the entire time period, four times the rate of white young adults.

What Are Consequences of Going Without Health Insurance for the Health and Economic Security of Young Adults and Their Families?

- While young adults are on average in better health than older adults, losing insurance disrupts their access to the health care system, introduces barriers to care when it is needed, and leaves young adults and their families at risk for high out-of-pocket costs in the event of a serious illness or severe injury.
- Health risks that are prevalent among young adults include:
 - Twenty-eight percent of 18–29 year olds are overweight, and 24 percent are obese. Over the past 30 years, obesity among this age group has increased three-fold.
 - There are 3.5 million pregnancies each year among the 21 million women ages 19 to 29.

- One-third of all HIV diagnoses are made among young adults.
- Injury-related visits to emergency rooms are far more common among young adults than they are among either children or older adults.
- The Commonwealth Fund Biennial Health Insurance Survey has consistently found that uninsured young adults are much more likely to go without needed care because of costs than are insured young adults: two-thirds of young adults ages 19–29 with a time uninsured in the past year, because of cost, either had failed to fill a prescription, not gone to a doctor or specialist when sick, or skipped a recommended medical test, treatment, or follow-up visit.
- The survey also found that uninsured young adults are far less likely than those with coverage to have a regular doctor: 2 in 5 uninsured young adults ages 19–29 had a regular doctor, compared with 4 in 5 of those who were insured all year.
- Nearly half of uninsured young adults in the Commonwealth Fund survey reported problems with medical bills including having trouble making payments, being contacted by a collection agency because of inability to pay bills, significantly changing their way of life in order to pay medical bills, or paying off medical debt over time.

New Policies to Expand Coverage to Young Adults

- Federal or state action to expand affordable, comprehensive health insurance to all would help ensure that young adults would avoid gaps in their health insurance when they make the transition from childhood to adulthood.
- Massachusetts has led the nation on expanding health insurance to all and has included policies targeted to ensure that young adults stay enrolled.
- In addition, 25 states have passed legislation that increases the age of dependency for young adults for purposes of private insurance coverage. New ages of dependency range from age 24 in four states to age 30 in New Jersey. Governor Paterson has proposed increasing the age to 29 in New York. Sixteen states have settled on age 25. All but four laws apply to both non-students and students. In general, these laws apply to plans covered under state insurance regulations and thus do not apply to self-insured employers.
- In the absence of universal coverage at the federal level, three targeted policy changes would help cover more young adults:
 - **Extend eligibility for Medicaid/SCHIP public coverage beyond age 18.** This change would have by far the biggest impact on reducing the number

of uninsured young adults. If extended to age 25, such a policy change could help the 3.6 million uninsured young adults ages 19 to 25 with incomes under 100 percent of poverty or the 7.6 million uninsured young adults ages 19 up to 25 with incomes under 200 percent of poverty.

- **Extend eligibility for dependents under private coverage beyond age 18 or 19, as 25 states have done.** Increasing the age to 23 could cover an additional estimated 1.4 million unmarried, dependent young adults with parents who have employer-sponsored insurance, and increasing the age to 25 could cover 1.9 million unmarried, dependent young adults. If the benefit requirement were extended to all family policies, with the dependency age limit increased from 19 to 23, the average premium for those plans is estimated to rise by about 3 percent. Because fewer young adults over age 23 would likely be covered under their parents' policies as they join the workforce and gain other coverage, increasing the age of dependency from 23 to 25 is expected to result in an additional premium increase of about 1 percent.
- **States could ensure that all colleges and universities require full-time and part-time students to have health insurance, and that they offer health insurance coverage to both.**

The persistent rise in the number of uninsured young adults each year reflects the spreading weaknesses in the United States' voluntary, employer-based health insurance system. As a country we depend nearly entirely on employers to provide health insurance to working age adults and indeed more than 160 million workers and their dependents are covered under employer-based health plans. But the unabated growth in health care costs of the last several years has made it increasingly difficult for many employers, particularly small employers, to provide affordable health insurance coverage to all their workers. New entrants to the labor force, particularly those with low wages or who are in temporary positions, are at high risk of not being offered health insurance by an employer or not being able to afford it when it is offered. It is imperative that the nation move affirmatively to address a situation that has become tragic for millions of families by expanding affordable and comprehensive health insurance coverage to everyone.

Thank you.

YOUNG AND VULNERABLE: THE GROWING PROBLEM OF UNINSURED YOUNG ADULTS AND HOW NEW POLICIES CAN HELP

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Thank you, Mr. Chairman, members of the Committee, for this invitation to testify on health insurance options for young adults. The Committee is to be commended for exploring ways to stem the growing tide of uninsured young adults. Adults ages 19 to 29 are one of the largest and fastest growing segments of the population that lacks health insurance in the United States.¹ There were 13.2 million uninsured young adults nationwide in 2007, according to the latest available Census data (Figure 1).² There were 6 million young adults uninsured between the ages of 19–23 and more than 7.2 million uninsured between ages 24–29. There are an estimated 750,000 uninsured young adults in the state of New York out of approximately 2.6 million uninsured residents under age 65. Young adults are disproportionately represented among people who lack health insurance, accounting for nearly 30 percent of the 45 million uninsured people under age 65, even though they comprise just 15 percent of the population.

Why Do Young Adults Become Uninsured?

The most gaping hole in our voluntary, employment-based health insurance system occurs when people do not have access to employer coverage and have incomes that are too high to qualify for Medicaid and the State Children’s Health Insurance Program (SCHIP). The individual insurance market—where just 6 percent of the under-65 population buys coverage—has proven to be a largely inadequate substitute for employer group coverage because of underwriting in many states and the fact that people face the full cost of the premium. Young people making the transition from childhood to adulthood fall into this gap in greater frequency than any other age group. Only 3.8 million, or 8.4 percent of young adults 19–29, have coverage through the individual market, 62 percent of whom are 19–23.³ Young adults are at risk of losing access to employer coverage or public insurance programs at two critical transition points: nineteenth birthdays or graduation from high school, and graduation from college.

Graduation from high school. Young adults covered as dependents on their parent’s employer policies often lose their eligibility for that coverage at age 19 or

¹ J. L. Kriss, S. R. Collins, B. Mahato, E. Gould, C. Schoen, *Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help* (New York: The Commonwealth Fund, May 2008).

² J. L. Nicholson, S. R. Collins, B. Mahato, et al., *Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help* (New York: The Commonwealth Fund, forthcoming May 2009).

³ Analysis of March 2008 Current Population Survey by Bisun Mahato of Columbia University for The Commonwealth Fund.

graduation from high school, particularly if they do not go on to college. A 2004 Commonwealth Fund study found that among employers who offer coverage, nearly 60 percent do not insure dependent children over age 18 or 19 if they do not attend college.⁴ In addition, given the severe downturn in the economy, many young adults who do go on to college and have coverage through their parent's policies after high school are at risk of losing that coverage if a parent loses their job and either does not qualify for continuing coverage under COBRA or cannot afford the premiums. Congress's Economic Stimulus Package which includes subsidies to cover 65 percent of COBRA premiums will help many eligible families.⁵

Similarly, Medicaid and SCHIP reclassify all teenagers as adults the day they turn 19. As a result, young adults who had been insured under Medicaid or SCHIP as children typically do not have an option to stay covered through those programs, unless they are able to qualify for Medicaid as adults. Regardless of school, work, or dependent status, they lose their eligibility as dependents or children. Most low-income young adults become ineligible for public programs, since eligibility for adults in most states is generally restricted to very-low-income parents or disabled adults. Even teenagers with disabilities who qualified for Medicaid before their 19th birthdays must go through a new set of screening tests to determine whether they are still eligible for benefits as disabled adults.⁶ The needs of foster children aging off Medicaid have been addressed through the federal Foster Care Independence Act of 1999, which allows states to continue Medicaid coverage for former foster children up to age 21.⁷ However, few states have taken advantage of this legislation.⁸

As a result of the combined impact of public and private insurance rules, uninsured rates jump sharply at age 19. Turning 19 increases the uninsured rate nearly threefold; it rises from 11 percent among children age 18 and under to 29 percent among those ages 19 to 29 (Figure 2). Low-income young adults are particularly vulnerable to being uninsured. Among those in families living below the poverty level, more than half

⁴ 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, Mar. 2004).

⁵ Subsidies are available to workers who were "involuntarily terminated" between Sept. 1, 2008, and Dec. 31, 2009, and whose annual incomes do not exceed \$125,000 for individuals or \$250,000 for families.

⁶ E. Fishman, "Aging Out of Coverage: Young Adults with Special Health Needs," *Health Affairs*, Nov./Dec. 2001 20(6):254–66.

⁷ U.S. Social Security Administration, Legislative Archives of the 106th Congress, The Foster Care Independence Act of 1999, http://www.ssa.gov/legislation/legis_bulletin_112499.html, accessed Nov. 9, 2007.

⁸ S. R. Collins, "[Widening Gaps in Health Insurance Coverage in the United States: The Need for Universal Coverage](#)," Invited testimony, Subcommittee on Income Security and Family Support Committee on Ways and Means, United States House of Representatives, Hearing on Impact of Gaps in Health Coverage on Income Security, Nov. 14, 2007.

(51%) are uninsured, compared with about one of five (19%) low-income children age 18 and under. Those young adults with slightly higher incomes (100%–199% of poverty) fare only marginally better—two of five (40%) are uninsured.

Young adults who enroll in college full-time when they graduate from high school are the most likely in their age group to have insurance coverage, primarily because they are able to maintain eligibility under their parents' employer's policies. A small share of full-time students also gains coverage through plans offered by universities or through the individual insurance market. Roughly 38 percent of public universities and 79 percent of private universities and colleges require that students have health insurance as a condition of enrollment.⁹ Six states (California, Idaho, Illinois, Massachusetts, Montana, and New Jersey) have either a state mandate or a higher education governing board mandate that full-time undergraduate students who are U.S. citizens must have health insurance in order to enroll.¹⁰ Half (49%) of full-time students ages 19 to 23 receive health insurance through their parents' employer-sponsored plans, while another 20 percent have individual coverage, including college and university plans (Figure 3).

Young adults who are not in school full-time following graduation from high school are much more likely to be uninsured, primarily because it is much harder for them to gain access to employer coverage. Thirty-nine percent of part-time and non-students ages 19 to 23 are uninsured, compared with 17 percent of full-time students (Figure 3). Young adults who opt to enter the labor market rather than go to college are unlikely to be eligible for coverage under their parents' policies, and may have difficulty finding a job with health benefits. For those entering the labor market without the benefit of a college education, the jobs available are those that are least likely to have health benefits—jobs that pay low wages, are with small companies, or are part-time or temporary.¹¹ The Commonwealth Fund Biennial Health Insurance Survey (2007) found that 40 percent of all workers ages 19 to 29 who earn less than \$10 per hour are

⁹ Dana M. Mills, "The State of Student Health Insurance: Implications for ACHA's Standards," 2007 Student Health Insurance/Benefit Plan Survey Results, presentation at ACHA's Annual Meeting, Jun 1 2007; Communication with S. Beckley, Stephen L. Beckley & Associates, Inc., Fort Collins, Colo, June 9, 2007.

¹⁰ Ibid.

¹¹ S. R. Collins, K. Davis, and A. Ho, "A Shared Responsibility: U.S. Employers and the Provision of Health Insurance to Employees," *Inquiry* Spring 2005 42(1):6–15; S. R. Collins, K. Davis, M. M. Doty, and A. Ho, *Wages, Health Benefits, and Workers' Health* (New York: The Commonwealth Fund, Oct. 2004); S. R. Collins, C. Schoen, D. Colasanto, and D. A. Downey, *On the Edge: Low-Wage Workers and Their Health Insurance Coverage, Findings from the 2001 Health Insurance Survey* (New York: The Commonwealth Fund, Mar. 2003); B. Garret, L. M. Nichols, and E. K. Greenman, *Workers Without Health Insurance: Who Are They and How Can Policy Reach Them?* (Washington, D.C.: The Urban Institute, Sept. 2001); S. H. Long and M. S. Marquis, "Low-Wage Workers and Health Insurance Coverage: Can Policymakers Target Them Through Their Employers?" *Inquiry*, Fall 2001 38(3):331–37.

uninsured.¹² More than one-third (36%) of workers between ages 19 and 29 have jobs that pay less than \$10 per hour.¹³

Using the Survey of Income and Program Participation (SIPP), a federal survey which follows people over time, Elise Gould tracked a sample of young adults in the year following graduation for the Commonwealth Fund. Among all young adults graduating from high school between 2001 and 2003, three of 10 were uninsured for some time in the year following high school (Figure 4). Thirty-eight percent of young adults who graduated from high school but did not go to college were uninsured for some time during the year following their graduation—more than twice the rate of young adults who attended college that year.

Graduation from college. Among those young adults who go to college, the year following their college graduation also can be a time during which connections to the health system are fragile and break down. The protections afforded them by virtue of being a full-time student—coverage through a parent’s employer policy or a student health plan—are lost upon graduation. As new, albeit college-educated, entrants to the labor force, they confront hazards that reduce their likelihood of having coverage similar to those faced by high school graduates: waiting periods, temporary positions, lower-wage jobs, employment in small firms, and job turnover. Of those college students who graduated during 2001 to 2003, more than one-third (34%) were uninsured for at least part of the time in the year following graduation, with 13 percent uninsured for six months or more (Figure 5).

Working young adults ages 19 to 29 are less likely than working adults ages 30 to 64 to work for a company that offers health benefits and to be eligible for those benefits, if offered (Figure 6). They are also less likely to take up coverage when it is offered. The Commonwealth Fund Biennial Health Insurance Survey 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. Just 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. Overall, two-thirds (66%) of working young adults take up coverage when it is offered by their employer, compared with 84 percent of workers ages 30 and older. Of all the age groups, young working adults under age 24 were the least likely to be eligible for coverage and the least likely to take up coverage when it was offered. The lower take-up

¹² Authors’ analysis of the Commonwealth Fund Biennial Health Insurance Survey (2007).

¹³ Ibid.

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 age 24 and older.

Demographics of Uninsured Young Adults

By far, the young adults most at risk of lacking coverage are those from low-income households. Like children and adults, young adults in lower income families are disproportionately represented among the uninsured. About 23 percent of adults ages 19 to 29 live in households with incomes below 100 percent of the poverty level, but more than two-fifths (41%) of uninsured young adults live in households with incomes below poverty (Figure 7).¹⁴ More than 7 in 10 (72%) uninsured young adults have household incomes of less than 200 percent of poverty.

Young adults from low-income households are both more likely to experience some time uninsured and to go without coverage for long periods of time. In Elise Gould's analysis of the SIPP, 80 percent of young adults 19-23 with incomes under 200 percent of the poverty level were uninsured for at least part of the three-year period spanning 2001–2003; half (50%) were uninsured for 13 months or more (Figure 8).

Nearly half (45%) of uninsured young adults are white. But Hispanics and African Americans are both at greater risk of being uninsured than white young adults: 36 percent of African Americans and 53 percent of Hispanics ages 19 to 29 are uninsured, compared with 23 percent of whites in that age range. Hispanics are also disproportionately represented among uninsured young adults, representing 19 percent of adults ages 19 to 29, but accounting for nearly one-third (33%) of uninsured young adults. Hispanic and African American young adults are at high risk of being uninsured at any time and for experiencing long spells without coverage. In the SIPP analysis, 82 percent of Hispanic young adults ages 19–23 were uninsured for some time over the three year period and 19 percent were uninsured for the entire time period, four times the rate of white young adults.

What Are Consequences of Going Without Health Insurance for the Health and Economic Security of Young Adults and Their Families?

Young adults are on average in better health than older adults. They also have lower per-capita health expenditures than do older age groups (Figure 9). But going without

¹⁴ In 2007, the under-65 poverty thresholds were \$10,787 for one person, \$13,884 for two adults, \$16,689 for two adults and one child under 18, and \$21,027 for two adults and two children under 18. See C. DeNavas-Walt, B. D. Proctor and J.C. Smith, *Income, Poverty, and Health Insurance Coverage in the United States: 2007*, Current Population Reports, Consumer Income (Washington, D.C.: U.S. Census Bureau, Aug. 2008).

insurance disrupts their access to the health care system, introduces barriers to care when it is needed, and leaves young adults and their families at risk for high out-of-pocket costs in the event of a serious illness or severe injury. Young adults, particularly women, are in need of regular preventive care. If young adults lose their coverage at age 19 or upon graduation from college, their ties with their physicians may be severed at precisely the time they should be forming stronger links to the health care system and taking responsibility for their own care. The following are a few reasons why coverage is as important for young adults as it is for everyone else:

- Twenty-eight percent of 18–29 year olds are overweight, and 24 percent are obese. Over the past 30 years, obesity among this age group has increased three-fold.¹⁵
- There are 3.5 million pregnancies each year among the 21 million women ages 19 to 29.¹⁶
- One-third of all HIV diagnoses are made among young adults.¹⁷
- Injury-related visits to emergency rooms are far more common among young adults than they are among either children or older adults.¹⁸
- More than 20,000 people with congenital heart disease reach their 19th birthday each year.¹⁹

The Commonwealth Fund Biennial Health Insurance Survey (2007) shows that being uninsured or having gaps in health insurance impedes access to the health care system. Two-thirds (66%) of young adults ages 19 to 29 who either were uninsured for the entire year or had a time without coverage said that they had gone without needed health care because of cost (Figure 10). Forgone care included failing to fill a prescription, not seeing a doctor or specialist when sick, or skipping a recommended medical test, treatment, or follow-up visit.

In addition, uninsured young adults are far less likely than those with coverage to have a regular doctor. In the survey, 2 in 5 (41%) uninsured young adults ages 19 to 29 had a regular doctor, compared with 4 in 5 (79%) who were insured all year (Figure 11).

¹⁵ National Center for Health Statistics, *Health, United States, 2008*, (Hyattsville, MD: NCHS, 2009).

¹⁶ K. Quinn, C. Schoen, and L. Buatti, *On Their Own: Young Adults Living Without Health Insurance* (New York: The Commonwealth Fund, May 2000).

¹⁷ Quinn, Schoen and Buatti, *On Their Own: Young Adults Living Without Health Insurance*, 2000.

¹⁸ National Center for Health Statistics, *Health, United States, 2005* (Hyattsville, Md.: NCHS, Nov. 2005), Table 89.

¹⁹ G. Rosenthal, “Prevalence of Congenital Heart Disease,” in *The Science and Practice of Pediatric Cardiology*, Second Edition, A. Garson, J.T. Bricker, D.J. Fisher, and S.R. Neish (eds.) (Baltimore: Williams and Wilkins, 1998), pp. 1095–96.

Many young adults have problems paying medical bills or are paying off medical debt over time. More than one-third (35%) of all young adults surveyed, both insured and uninsured, report problems with medical bills: including having trouble making payments, being contacted by a collection agency because of inability to pay bills, significantly changing their way of life in order to pay medical bills, or paying off medical debt over time (Figure 12). More than one-quarter (28%) of young adults were paying off medical debt over time. Uninsured young adults were the most burdened with medical bills and debt; nearly half (49%) reported at least one bill-related problem.

New Policies to Expand Coverage to Young Adults

Reform of the U.S. health system has moved swiftly to the top of the nation's policy agenda. Health care reform played a central role in the 2008 presidential election, with all candidates proposing strategies to expand coverage and improve health system performance.²⁰ Senator Max Baucus, chairman of the Senate Finance Committee, released a proposal shortly after the election outlining a framework aimed at universal coverage and improvements in health care quality and efficiency.²¹ In his first address to Congress in February, President Obama identified health care as a top domestic priority. The president underscored his commitment by setting aside \$634 billion in a Health Reform Reserve Fund over 2010-2019 in his federal budget proposal.²² In addition, the president announced eight principles for reform including health care cost control and universal coverage. Congress and the administration have already taken steps to expand coverage by reauthorizing the State Children's Health Insurance Program and including provisions in the economic stimulus package to subsidize health plans for the unemployed under COBRA.²³ The president has asked Congress to pass health reform legislation by the end of the year and both Houses appear poised to act. Universal health insurance coverage is critical to ensuring that young adults avoid gaps in their health insurance when they make the transition from childhood to adulthood, from high school or college or graduate school to the workforce.²⁴

²⁰ S. R. Collins, J. L. Nicholson, S. D. Rustgi, K. Davis, *The 2008 Presidential Candidates' Health Reform Proposals: Choices for America* (New York: The Commonwealth Fund, October 2008); S. R. Collins, J. L. Kriss, *Envisioning the Future: The 2008 Presidential Candidates' Health Reform Proposals* (New York: The Commonwealth Fund, January 2008).

²¹ M. Baucus, *Call to Action: Health Reform 2009*, November 12, 2008, <http://finance.senate.gov/healthreform2009/home.html>.

²² Budget of the United States Government, Fiscal Year 2010, White House Office of Management and Budget, February 26, 2009. <http://www.whitehouse.gov/omb/budget/>.

²³ M. M. Doty, S. D. Rustgi, C. Schoen, and S. R. Collins, *Maintaining Health Insurance During a Recession: Likely COBRA Eligibility* (New York: The Commonwealth Fund, January 2009).

²⁴ The Commonwealth Fund Commission on a High Performance Health System, *A High Performance Health System for the United States: An Ambitious Agenda for the Next President* (New York: The Commonwealth Fund, November 2007); S.R. Collins, C. Schoen, K. Davis et al., *A Roadmap to Health Insurance For All: Principles for Reform*, (New York: The Commonwealth Fund, October 2007).

The Commonwealth Fund Commission on a High Performance Health System recently released its recommendations for universal insurance coverage as well as payment and health system reforms.²⁵ The policy framework put forth in the report would build on the existing health system requiring employers to offer coverage, expanding income eligibility limits in the Medicaid and SCHIP programs, and creating a new national health insurance exchange with a choice of private and public health plans with a benefit standard of comprehensive and affordable health insurance and new insurance market regulations including guaranteed issue and community rating. Sliding scale premium subsidies would be available for premiums that exceeded 10 percent of income or 5 percent for those in lower tax brackets. Everyone would be required to have health insurance that met affordability standards. In addition, the framework includes provisions that extend affordable health coverage to the 13 million young adults who lack insurance coverage and the millions more who undergo rapid transitions in their early working years. Young adults could remain covered under their parents' policies until age 26. Those young adults with low income up to 150 percent of the poverty level would be eligible for Medicaid/SCHIP, and those with incomes up to 200 percent of the poverty level would be eligible for premium assistance that caps premiums at no more than five percent of income. A portable public health insurance plan within a national health insurance exchange will provide a continuous source of coverage for young adults making frequent job changes.

Recent state initiatives. Young adults benefit from several state initiatives to either expand coverage to the full population or specifically to young adults. The Commonwealth of Massachusetts passed a universal coverage law with employer and individual mandates in 2006, and has enrolled 430,000 people to date, effectively reducing the state's uninsured rate to 2.6%.²⁶ Maine implemented DirigoChoice in 2003 which offers subsidized coverage to employees of small firms, the self-employed and individuals on a voluntary basis, covering more than 29,000 people since its inception.²⁷ Vermont enacted a new coverage expansion for its uninsured residents in late 2007 comprised of subsidized coverage for people with incomes under 300% of poverty, standardized benefits, some new insurance regulations, and an employer play or pay requirement for firms other than small firms.²⁸

²⁵ The Commonwealth Fund Commission on a High Performance Health System, *The Path to a High Performance U.S. Health System: A 2020 Vision and the Policies to Pave the Way* (New York: The Commonwealth Fund, February 2009).

²⁶ Massachusetts Health Connector, Health Connector Facts and Figures, April 2009, <http://www.mahealthconnector.org>.

²⁷ Dirigo Health Monthly Numbers, February 2009, <http://www.dirigohealth.maine.gov>

²⁸ Kaiser Family Foundation, *Vermont Health Care Reform*, December 2007; http://hcr.vermont.gov/green_mountain_care.

Twenty-five states have passed legislation that increases the age of dependency for young adults for purposes of private insurance coverage (Figure 13).²⁹ New York Governor Paterson has proposed a similar initiative for New York, increasing the age of dependency to age 29. In the states that have passed such laws, new ages of dependency range from age 24 in Delaware, Indiana, South Dakota, and Tennessee to age 30 in New Jersey. Sixteen states have settled on age 25. All but four laws apply to non-students and students. In general, these laws apply to plans covered under state insurance regulations and thus do not apply to self-insured employers.

Some of the new laws and proposals are part of broader state efforts to expand coverage. As part of Massachusetts' 2006 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 parents' tax returns—whichever comes first.³⁰ The state's new Commonwealth Choice program also provides lower-cost insurance products for young adults ages 19 to 26.³¹

Targeted Policy Options

Whether they are included in a broader coverage expansion plan or implemented on their own, targeted policy options for young adults could improve access to coverage for young adults and help them stay insured. At the same time, expanding coverage for this group could very well lower the average cost of group insurance, since young adults are generally healthier than older adults and have far lower per capita health care expenditures (Figure 9).³²

Three policy changes could extend coverage to a substantial portion of uninsured young adults and prevent others from losing coverage in the future.

1. *Extend eligibility for Medicaid/SCHIP public coverage beyond age 18.* Congress could allow or require states to extend coverage to those young adults in Medicaid and SCHIP who lose their eligibility because of age, with federal matching funds provided. Young adults in households with incomes under 100 percent of poverty are by far the group most at risk of lacking health insurance coverage. Such an expansion would have the biggest

²⁹ See also, National Conference of State Legislatures, <http://www.ncsl.org/programs/health/dependentstatus.htm>; State Coverage Initiatives, <http://www.statecoverage.net/matrix/dependentcoverage.htm>.

³⁰ Massachusetts H.B. 4850, <http://www.mass.gov/legis/laws/seslaw06/sl060058.htm>.

³¹ "Health Care Access and Affordability Conference Committee Report," April 2006. <http://www.mass.gov/legis/summary.pdf>.

³² Analysis of the Medical Expenditure Panel Survey (MEPS), 2004, by S. Glied and B. Mahato, Columbia University, for The Commonwealth Fund. See Methodology for a description of the MEPS.

impact in terms of lowering the number of uninsured young adults. Young adults with incomes of 100 percent to 199 percent of poverty also lack insurance at a high rate. States would have the option of extending coverage up to a target age such as 26, and could phase in coverage one year at a time. Alternatively, Congress could require states to extend coverage to those currently enrolled in the programs and who “age off,” just as states are now required to extend Medicaid coverage to those who become ineligible because of higher earnings.³³ Such a policy change could help the 3.6 million uninsured young adults ages 19 to 25 with incomes under 100 percent of poverty or the 7.6 million uninsured young adults ages 19 up to 25 with incomes under 200 percent of poverty.

2. *Extend eligibility for dependents under private coverage beyond age 18 or 19.* Private insurers and both public and private employers could be required to define dependent coverage as all unmarried dependents beyond age 18 or 19. As noted above, many states have recently redefined the age at which a young adult is no longer a dependent. Some private and public employers already provide such coverage voluntarily. Under the Federal Employees Health Benefits Program (FEHBP), government employees and members of Congress currently enjoy coverage for unmarried dependent children under age 22.³⁴ A bill introduced last year would extend health insurance under FEHBP to dependents up to age 25.³⁵ Such an expanded benefit could be either structured as a rider with a supplemental premium or simply extended to all policies and covered by the family premium. Increasing the age to 23 could cover an additional estimated 1.4 million unmarried, dependent young adults with parents who have employer-sponsored insurance, and increasing the age to 25 could cover 1.9 million unmarried, dependent young adults.³⁶ If the benefit requirement were extended to all family policies, with the dependency age limit increased from 19 to 23, the average premium for those plans is estimated to rise by about 3 percent. Because fewer young adults over age 23 would likely be covered under their parents’ policies as they join the workforce and gain other coverage, increasing the age of dependency from 23 to 25 is expected to result in an additional premium increase of about 1 percent.

³³ J. M. Lambrew and A. Garson, Jr., *Small But Significant Steps to Help the Uninsured* (New York: The Commonwealth Fund, Jan. 2003).

³⁴ Federal Employees Health Benefits Program Handbook, see <http://www.opm.gov/insure/handbook/fehb00.asp>.

³⁵ To amend Title 5, United States Code, to increase the maximum age to qualify for coverage as a “child” under the health benefits program for federal employees, H.R. 5550, introduced Mar. 6, 2008, by Representative Danny Davis (D-Ill.).

³⁶ Analysis of the March 2007 Annual Social and Economic Supplement to the CPS, S. Glied and B. Mahato. This is likely to be an underestimate of the number of unmarried, dependent young adults who would be affected, because it counts only those who live in the same household as their parents.

3. *States could ensure that all colleges and universities require full-time and part-time students to have health insurance, and that they offer health insurance coverage to both.* Many colleges and universities already require health insurance coverage as a condition of enrollment, and a handful of states (California, Idaho, Illinois, Massachusetts, Montana, and New Jersey) have either a state mandate or a higher education governing board mandate requiring that full-time undergraduate students who are U.S. citizens have health insurance in order to enroll. Students at these institutions generally can choose to enroll in a school health plan or provide proof of coverage from another source, usually a parent's employer-based plan.

The cost of the school plans, which ranges from about \$500 to \$2,400 per year, is usually added to tuition, along with other required fees.³⁷ The average annual cost for a school plan at public colleges and universities is \$1,482, and \$1,720 at private colleges and universities.³⁸ Using state mandates to increase the number of schools that require students to have health insurance coverage and offer coverage could help cover the 1.6 million part-time and full-time uninsured students ages 19 to 23. Federal or state subsidies for premiums would help offset the costs of insurance coverage for students.

Conclusion

The persistent rise in the number of uninsured young adults each year reflects the spreading weaknesses in the United States' voluntary, employer-based health insurance system. As a country we depend nearly entirely on employers to provide health insurance to working age adults and indeed more than 160 million workers and their dependents are covered under employer-based health plans. But the unabated growth in health care costs of the last several years combined with the recent, severe downturn in the economy has made it increasingly difficult for many employers, particularly small employers, to provide affordable health insurance coverage to all their workers. New entrants to the labor force, particularly those with low wages or who are in temporary positions, are at high risk of not being offered health insurance by an employer or not being able to afford it when it is offered. The individual insurance market has proven to be an inadequate substitute for employer-based coverage. As increasing numbers of adults have lost employer-based coverage over the last half decade, enrollment in the individual market has remained largely static: the majority of people who lose access to employer coverage become uninsured. It is imperative that the nation move affirmatively to address a

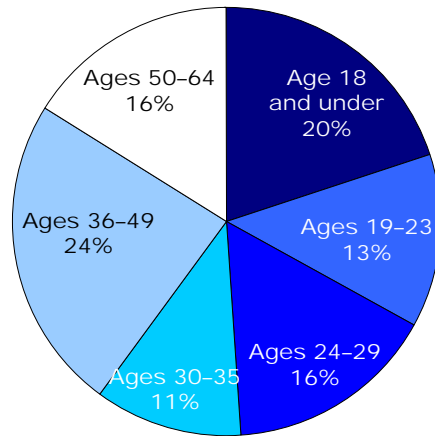
³⁷ The range reflects the costs of those school health plans that are consistent with standards recommended by the American College Health Association. Communication with S. Beckley, 2008; L. Rosellini, "Healthcare Headaches," *U.S. News & World Report*, Apr. 15, 2002, p. 52.

³⁸ Data from Hodgkins Beckley Consulting's fourth annual survey of the cost of college student health insurance plans that comply with benefit and management standards endorsed by the American College Health Association, Jan. 2008.

situation that has become tragic for millions of families by expanding affordable and comprehensive health insurance coverage to everyone.

Thank you.

Figure 1. There Are 13.2 Million Uninsured Young Adults Ages 19–29, Almost 30 Percent of Nonelderly Uninsured, 2007



Nonelderly uninsured = 45.0 million



Source: Analysis of the March 2008 Current Population Survey by S. Glied and B. Mahato of Columbia University for The Commonwealth Fund.

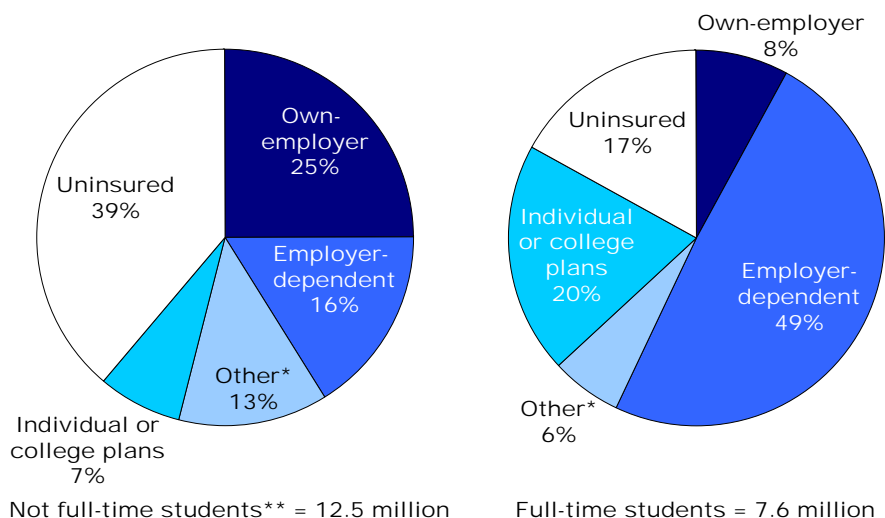
Figure 2. Percent Uninsured, Children and Young Adults, by Poverty Level, 2007

Percent Uninsured	Children, Ages 18 and Under	Young Adults, Ages 19–29
Total	11%	29%
<100% FPL	19	51
100%–199% FPL	16	40
≥200% FPL	7	16



Source: Analysis of the March 2008 Current Population Survey by S. Glied and B. Mahato of Columbia University for The Commonwealth Fund.

Figure 3. Insurance Sources for Young Adults, Ages 19–23, 2006



* Other includes Medicare, Medicaid, and Military.

** Includes part-time students and non-students.

Source: J. L. Kriss, S. R. Collins, B. Mahato, E. Gould, and C. Schoen, Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help, 2008 Update, The Commonwealth Fund, May 2008; Data analysis of the March 2007 Current Population Survey by S. Glied and B. Mahato of Columbia University for The Commonwealth Fund.

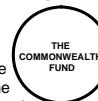
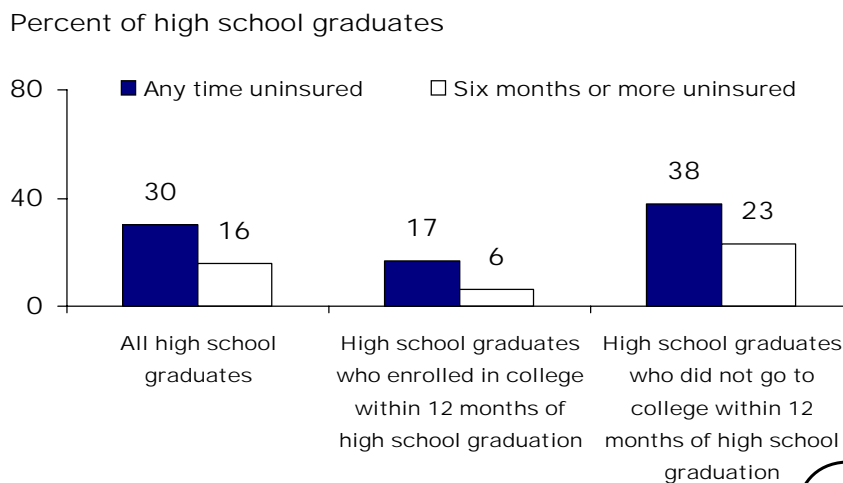


Figure 4. Percent of High School Graduates with Gaps in Insurance Coverage in the Year Following Graduation, by Student Status, 2001–2003*



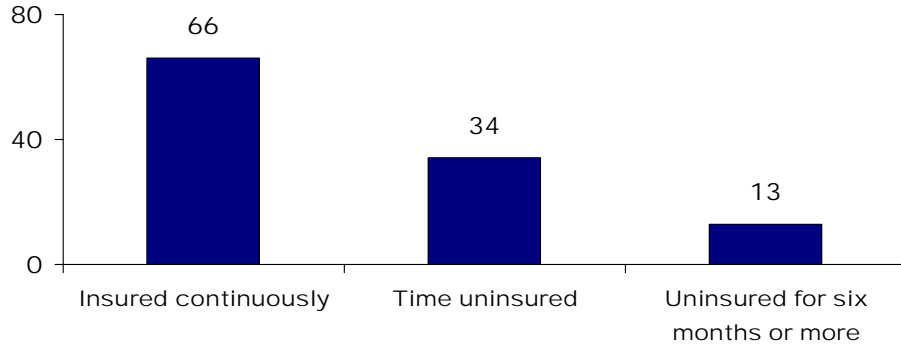
* People who graduated from high school during 2001–2003.

Source: J. L. Kriss, S. R. Collins, B. Mahato, E. Gould, and C. Schoen, Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help, 2008 Update, The Commonwealth Fund, May 2008; Data analysis of the 2001 Panel of the Survey of Income and Program Participation by E. Gould for The Commonwealth Fund.



Figure 5. One-Third of College Graduates Had Time Uninsured in Year Following Graduation, 2001–2003*

Percent of college graduates



* People who graduated from college during 2001–2003.

Note: College graduates are defined as those with at least a bachelor degree.

Source: J. L. Kriss, S. R. Collins, B. Mahato, E. Gould, and C. Schoen, Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help, 2008 Update, The Commonwealth Fund, May 2008; Data analysis of the 2001 Panel of the Survey of Income and Program Participation by E. Gould for The Commonwealth Fund.

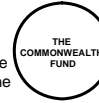


Figure 6. Availability of and Workers' Eligibility for Employer Insurance, Among Workers Ages 19–64

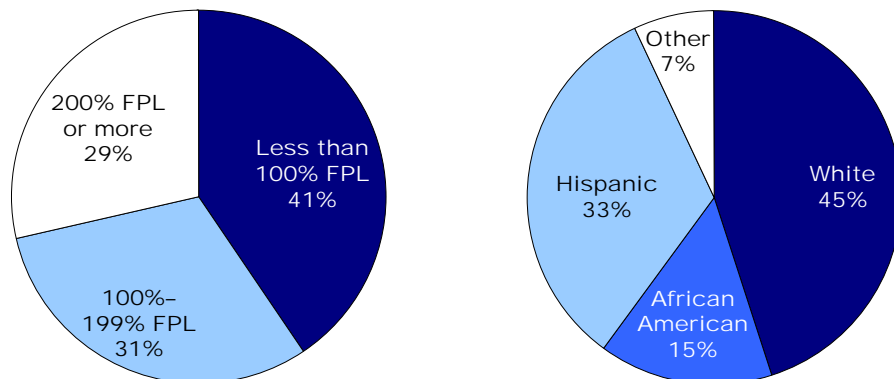
	Total	Ages 19-29	Ages 19-23	Ages 24-29	Ages 30-64
Total (millions)	122.2	26.6	11.7	14.9	95.5
Eligibility					
Employer offers a plan	75%	68%	64%	71%	77%
Eligible for employer plan	69	53	42	62	74
Coverage					
Covered through own employer	56	35	19	48	62
Covered through someone else's employer	16	16	24	10	16
Covered through public program	5	11	16	7	3
Individual	6	3	2	4	7
Other	3	7	7	7	2
Uninsured	14	28	32	25	10
Take-up rate of own-employer insurance	81	66	45	78	84

Note: Workers include full-time and part-time workers.

Source: J. L. Kriss, S. R. Collins, B. Mahato, E. Gould, and C. Schoen, Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help, 2008 Update, The Commonwealth Fund, May 2008.



Figure 7. Distribution of Uninsured Young Adults Ages 19–29 by Poverty Status and Race/Ethnicity, 2006



Uninsured young adults = 13.7 million

Source: J. L. Kriss, S. R. Collins, B. Mahato, E. Gould, and C. Schoen, Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help, 2008 Update, The Commonwealth Fund, May 2008; Data analysis of the March 2007 Current Population Survey by S. Glied and B. Mahato of Columbia University for The Commonwealth Fund.



Figure 8. Months Uninsured Among Young Adults, 2001-2003

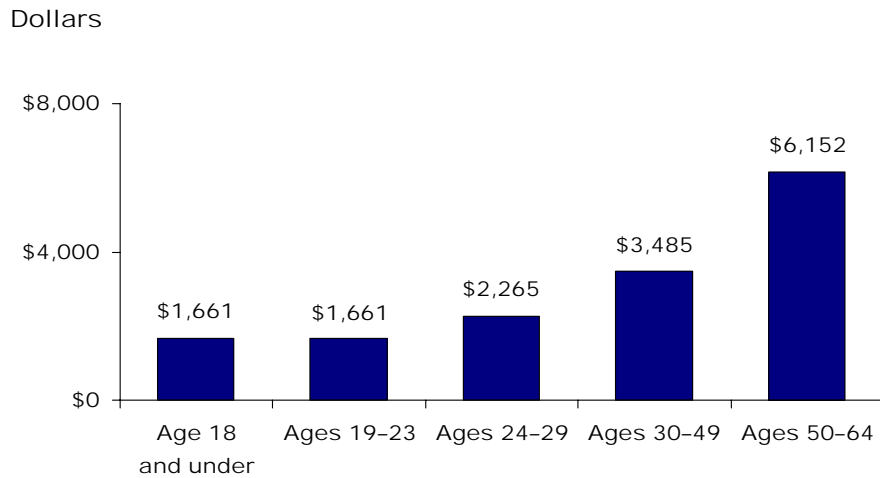
	Population in millions	Any part of 3-year period	13 months or more	25 months or more	36 months
Total 19–23*	17.3	62%	33%	17%	7%
Poverty					
≤200% FPL	5.3	80	50	31	13
>200% FPL	12.0	54	26	12	5
Race					
White	11.5	55	26	13	5
Black	2.2	74	39	19	7
Hispanic	2.7	82	57	38	19

*People who were 19–23 at beginning of survey in 2001.

Source: J. L. Kriss, S. R. Collins, B. Mahato, E. Gould, and C. Schoen, Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help, 2008 Update, The Commonwealth Fund, May 2008; Data analysis of the 2001 Panel of the Survey of Income and Program Participation by E. Gould for The Commonwealth Fund.



Figure 9. Annual Per Capita Total Health Expenditures by Age Group, 2008*

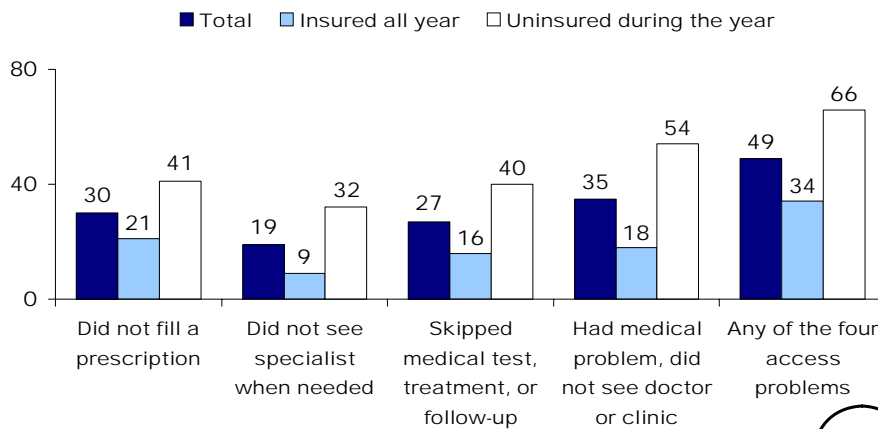


* Inflated to 2008 dollars using actual and estimated annual growth rates in national health expenditures.
 Source: J. L. Kriss, S. R. Collins, B. Mahato, E. Gould, and C. Schoen, Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help, 2008 Update, The Commonwealth Fund, May 2008; Data analysis of the 2005 Medical Expenditure Panel Survey by S. Glied and B. Mahato of Columbia University for The Commonwealth Fund.



Figure 10. Lacking Health Insurance for Any Period Threatens Young Adults' Access to Care, 2007

Percent of adults ages 19-29 reporting the following problems in the past year because of cost:

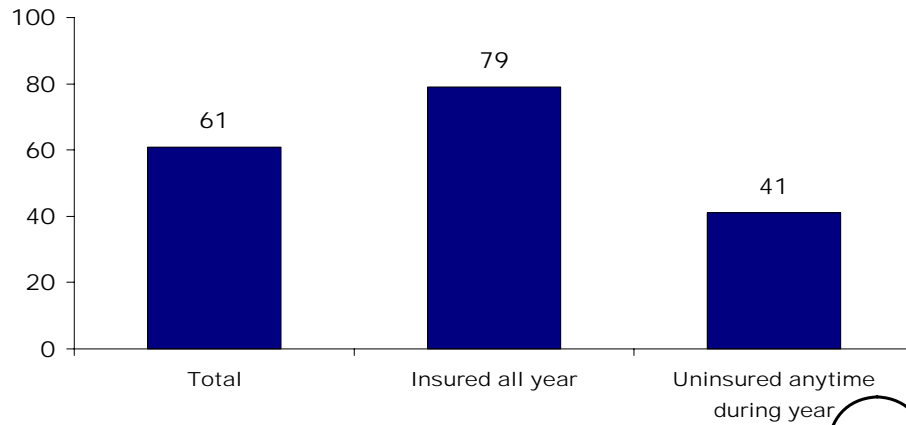


Source: J. L. Kriss, S. R. Collins, B. Mahato, E. Gould, and C. Schoen, Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help, 2008 Update, The Commonwealth Fund, May 2008.



Figure 11. Young Adults Without Insurance Are Less Likely to Have a Regular Doctor, 2007

Percent of adults ages 19-29 who have a regular doctor

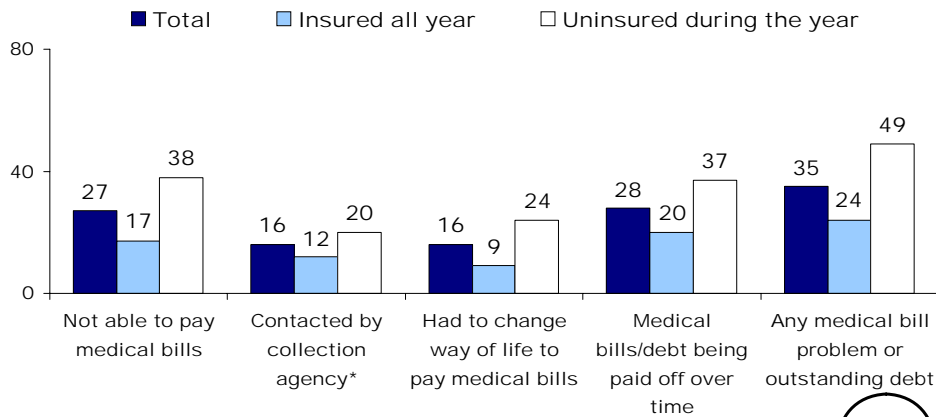


Source: J. L. Kriss, S. R. Collins, B. Mahato, E. Gould, and C. Schoen, Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help, 2008 Update, The Commonwealth Fund, May 2008.



Figure 12. Young Adults with Any Time Uninsured Have High Rates of Medical Bill Problems, 2007

Percent of adults ages 19-29 who had the following problems in past year:



* Includes only those whose bill was sent to a collection agency when they were unable to pay the bill.
 Source: J. L. Kriss, S. R. Collins, B. Mahato, E. Gould, and C. Schoen, Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help, 2008 Update, The Commonwealth Fund, May 2008.



Figure 13. 25 States Have Increased the Age Up to Which Young Adults Are Considered Dependents for Insurance Purposes

Year law passed or implemented	State	Limiting age of dependency status
1994	Utah	26
2003	Texas	25
2005	South Dakota	24
	New Mexico	25
2006	Delaware	24
	Colorado, Massachusetts, Rhode Island	25
	New Jersey	30
2007	Indiana	24
	Florida, Idaho, Maine, Maryland, Minnesota, Montana, Virginia, Washington	25
	Connecticut, New Hampshire	26
2008	Tennessee	24
	Iowa, Kentucky, West Virginia	25
	Illinois	26

Note: South Dakota, Rhode Island, Idaho, and Virginia's laws apply only to full-time students.
 Source: J. L. Kriss, S. R. Collins, B. Mahato, E. Gould, and C. Schoen, Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help, 2008 Update, The Commonwealth Fund, May 2008, updated for 2009.

