



**RISING NUMBERS OF UNINSURED YOUNG ADULTS:
CAUSES, CONSEQUENCES, AND NEW POLICIES**

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Sara R. Collins, Ph.D.
Assistant Vice President
The Commonwealth Fund
One East 75th Street
New York, NY 10021
src@cmwf.org

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RISING NUMBERS OF UNINSURED YOUNG ADULTS: CAUSES, CONSEQUENCES, AND NEW POLICIES

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Executive Summary

Thank you, Mr. Chairman, for this invitation to testify on providing health insurance to young adults enrolled as dependents in the Federal Employees Health Benefits Program (FEHBP). The Committee is to be commended for exploring ways to stem the growing tide of uninsured young adults in the United States. Adults ages 19 to 29 are the fastest growing age group among people who lack health insurance in the United States. The number of uninsured young adults ages 19 to 29 climbed to 13.7 million in 2006, up from 13.3 million in 2005. Young adults are disproportionately represented among people who lack health insurance, accounting for 30 percent of the 46.4 million uninsured people under age 65, even though they comprise just 17 percent of the population. They are a significant driver of the annual growth in the number of uninsured people under age 65, accounting for about 17 percent of the increase in 2006.

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 30 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 (20%) 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. Half of young adults who graduate from high school but do not go to college are uninsured for some time during the year following their graduation—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 1996-2000, 38 percent were uninsured for at least part of the time in the year following graduation, with 21 percent uninsured for six months or more. Based on the experiences of recent graduates, nearly two of five college graduates can expect to spend at least some time uninsured in the year just after graduation.

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, nearly 80 percent of young adults with incomes under 200 percent of poverty level were uninsured for at least part of a four-year period; more than half (52%) 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: 34 percent of African Americans and 52 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, more than three-quarters of Hispanic young adults ages 19-23 were uninsured over a

four year period and 15 percent were uninsured for the entire time period, five 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:
 - Rising rates of obesity: about 14 percent of adults ages 18 to 29 are obese. In the 1990s, obesity increased by 70 percent in this age group—the fastest rate of increase among all adults.
 - 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: more than half 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: just one-third of uninsured young adults ages 19–29 had a regular doctor, compared with 81 percent of those who were insured all year.
- Forty-six percent 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 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, 19 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 Delaware, Indiana and South Dakota to age 30 in New Jersey. Twelve states have settled on age 25. All but three 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.
- 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 3.3 million uninsured young adults ages 19 to 25 with incomes under 100 percent of poverty or the 5.7 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 19 states have done.** Even increasing the age to 23 could cover an estimated 1.4 million unmarried, dependent young adults. If the benefit requirement were extended to family policies, the average premium for those plans would rise by about 3 to 5 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. New strategies are needed to expand health insurance coverage to everyone and many promising approaches are being discussed or pursued at both the federal and state levels. Yet, if we cannot amass the will to cover everyone at once, then surely we have the will to begin to move towards universal coverage by first expanding health insurance to those most at risk of being without it.

Thank you.

RISING NUMBERS OF UNINSURED YOUNG ADULTS: CAUSES, CONSEQUENCES AND NEW POLICIES

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Thank you, Mr. Chairman, for this invitation to testify on providing health insurance to young adults enrolled as dependents in the Federal Employees Health Benefits Program (FEHBP). The Committee is to be commended for exploring ways to stem the growing tide of uninsured young adults in the United States. Adults ages 19 to 29 are the fastest growing age group among people who lack health insurance in the United States.¹ The number of uninsured young adults ages 19 to 29 climbed to 13.7 million in 2006, up from 13.3 million in 2005 (Figure 1).² There are more than 6.1 million young adults uninsured between the ages of 19–23 and more than 7.5 million uninsured between ages 24–29. Young adults are disproportionately represented among people who lack health insurance, accounting for 30 percent of the 46.4 million uninsured people under age 65, even though they comprise just 17 percent of the population. They are a significant driver of the annual growth in the number of uninsured people under age 65, accounting for about 17 percent of the increase in 2006.

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 3.6 million, or 8 percent of young adults 19–29, have coverage through the individual

¹ S. R. Collins, C. Schoen, J. L. Kriss, M. M. Doty, B. Mahato, *Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help* (New York: The Commonwealth Fund) August 2007.

² J. L. Kriss, 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 2008.

market, two-thirds of whom are 19–23. 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 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.³

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 is restricted to very-low-income parents or disabled adults.

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 30 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 (51%) are uninsured, compared with about one of five (20%) low-income children age 18 and under. Those young adults with slightly higher incomes (100%–199% of poverty) fare only marginally better—roughly two of five (42%) 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

³ 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).

of enrollment.⁴ 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.⁵ Half (50%) of full-time students ages 19 to 23 receive health insurance through their parents' employer-sponsored plans, while another 18 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.⁶ The Commonwealth Fund Biennial Health Insurance Survey (2005) found that 43 percent of all workers ages 19 to 29 who earn less than \$10 per hour are uninsured.⁷ Almost one-third (31%) of workers between ages 19 and 29 have jobs that pay less than \$10 per hour.⁸

Using the Survey of Income and Program Participation (SIPP), a federal survey which follows people over time, Pamela Farley Short tracked a sample of young adults in the year following graduation for the Commonwealth Fund. Among all young adults

⁴ 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.

⁵ Ibid.

⁶ 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.

⁷ Authors' analysis of the Commonwealth Fund Biennial Health Insurance Survey (2005).

⁸ Ibid.

graduating from high school between 1996 and 2000, three of 10 were uninsured for some time in the year following high school (Figure 4). Half 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—twice the rate for 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 1996 to 2000, 38 percent were uninsured for at least part of the time in the year following graduation, with 21 percent uninsured for six months or more (Figure 5). Based on the experiences of recent graduates, nearly two of five college graduates can expect to spend at least some time uninsured in the year just after graduation.

Contrary to conventional wisdom, young adults appear to value the protection that health insurance coverage provides. The Commonwealth Fund Biennial Health Insurance Survey (2005) found that nearly three-quarters (73%) of employed young adults ages 19–29 accept health insurance coverage when their employer offers it to them, only slightly less than the take-up rate (82%) of workers age 30 or older (Figure 6). They are less likely to work for firms that offer coverage than older adults and less likely to be eligible for their employer coverage than older adults.

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 24 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).⁹ 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 Pamela Farley Short's analysis of the SIPP, nearly 80 percent of young adults with incomes under 200 percent of the poverty level were uninsured for at least part of the four-year period spanning 1996–2000; more than half (52%) were uninsured for 13 months or more (Figure 8).

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: 34 percent of African Americans and 52 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 (32%) 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, more than three-quarters of Hispanic young adults ages 19–23 were uninsured over the four year period and 15 percent were uninsured for the entire time period, five 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 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

⁹ In 2005, the under-65 poverty thresholds were \$10,160 for one person, \$13,078 for two adults, \$15,720 for two adults and one child under 18, and \$19,806 for two adults and two children under 18. See C. DeNavas-Walt, B. D. Proctor and C. H. Lee, *Income, Poverty, and Health Insurance Coverage in the United States: 2005*, Current Population Reports, Consumer Income (Washington, D.C.: U.S. Census Bureau, Aug. 2006).

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:

- 14 percent of adults ages 18 to 29 are obese. In the 1990s, obesity increased by 70 percent in this age group—the fastest rate of increase among all adults.¹⁰
- There are 3.5 million pregnancies each year among the 21 million women ages 19 to 29.¹¹
- One-third of all HIV diagnoses are made among young adults.¹²
- Injury-related visits to emergency rooms are far more common among young adults than they are among either children or older adults.¹³
- More than 20,000 people with congenital heart disease reach their 19th birthday each year.¹⁴

The Commonwealth Fund Biennial Health Insurance Survey (2005) shows that being uninsured or having gaps in health insurance impedes access to the health care system. More than half (54%–57%) 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.

¹⁰ A. H. Mokdad, E. S. Ford, B. A. Bowman et al., “Prevalence of Obesity, Diabetes, and Obesity-Related Health Risk Factors, 2001,” *Journal of the American Medical Association*, Jan. 1, 2003 289(1):76–79; T. A. Hillier and K. L. Pedula, “Complications in Young Adults with Early Onset Type 2 Diabetes: Losing the Relative Protection of Youth,” *Diabetes Care*, Nov. 2003 26 (11):2999–3005; A. H. Mokdad et al., “The Spread of the Obesity Epidemic in the United States, 1991–1998,” *Journal of the American Medical Association*, Oct. 27, 1999 282(16):1519–22.

¹¹ K. Quinn, C. Schoen, and L. Buatti, *On Their Own: Young Adults Living Without Health Insurance* (New York: The Commonwealth Fund, May 2000).

¹² Ibid.

¹³ National Center for Health Statistics, *Health, United States, 2005* (Hyattsville, Md.: NCHS, Nov. 2005), Table 89.

¹⁴ 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.

In addition, uninsured young adults are far less likely than those with coverage to have a regular doctor. In the survey, only one-third of uninsured young adults ages 19 to 29 had a regular doctor, compared with 81 percent of those who were insured all year (Figure 11). Uninsured female young adults had regular doctors at about half the rate of young women who were insured all year. Male young adults who were uninsured had the most fragile link to the health care system: just 21 percent had a regular doctor, compared with 75 percent of male young adults who were insured all year.

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). About one of five (20%) young adults were paying off medical debt over time. Uninsured young adults were the most burdened with medical bills and debt; 46 percent reported at least one bill-related problem.

New Policies To Expand Coverage to Young Adults

Universal health insurance coverage would help ensure that young adults would 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.¹⁵ Several recent federal proposals aim for universal insurance coverage and many also include specific provisions to increase coverage among young adults in existing private and public insurance arrangements.¹⁶ The Commonwealth of Massachusetts passed a universal coverage law in 2006, which includes specific provisions for young adults. As 2008 presidential candidates, both Senator Clinton (D-NY) and Senator Barack Obama (D-Ill.) have proposed approaches to achieve universal coverage similar in framework to the universal

¹⁵ 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*, The Commonwealth Fund, November 2007; S.R. Collins, et. al, *A Roadmap to Health Insurance For All: Principles for Reform*, The Commonwealth Fund, October 2007.

¹⁶ S. R. Collins, K. Davis, J. L. Kriss, *An Analysis of Leading Congressional Health Care Bills, 2005–2007: Part 1, Insurance Coverage*, The Commonwealth Fund, March 2007.

coverage law passed in Massachusetts.¹⁷ Senator Obama's proposal would allow young adults up to age 25 to continue coverage under their parents' plans. Still other, more incremental, federal proposals would expand coverage for children as well as young adults, or exclusively target young adults.¹⁸

Recent state initiatives. In the absence of federal action to expand insurance coverage, 19 states have passed legislation that increases the age of dependency for young adults for purposes of private insurance coverage (Table 1).¹⁹ Legislatures or governors in Florida, Illinois, New York, and Pennsylvania have introduced similar proposals. New ages of dependency range from age 24 in Delaware, Indiana and South Dakota to age 30 in New Jersey. Twelve states have settled on age 25. All but three 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.²⁰ The state's new Commonwealth Choice program also provides lower-cost insurance products for young adults ages 19 to 26.²¹ Pennsylvania Governor Ed Rendell's health reform proposal includes a requirement that insurers offer coverage to unmarried dependents up to age 30, and it would require all full-time college and graduate students to have health coverage that meets minimum requirements.²² In Illinois, Governor Rod Blagojevich's proposal for universal coverage in his state includes a provision to increase the dependent age for young adults to age 30.²³

¹⁷ S. R. Collins and J. L. Kriss, *Envisioning the Future: The 2008 Presidential Candidates' Health Reform Proposals*, The Commonwealth Fund, January 2008.

¹⁸ S. R. Collins, C. Schoen, J. L. Kriss, et al., *Rite of Passage?*

¹⁹ See National Conference of State Legislatures, <http://www.ncsl.org/programs/health/dependentstatus.htm>; State Coverage Initiatives, <http://www.statecoverage.net/matrix/dependentcoverage.htm>.

²⁰ Massachusetts H.B. 4850, <http://www.mass.gov/legis/laws/seslaw06/sl060058.htm>.

²¹ "Health Care Access and Affordability Conference Committee Report," Apr. 2006. <http://www.mass.gov/legis/summary.pdf>.

²² Pennsylvania Governor Rendell's "Prescription for Pennsylvania" proposal, <http://www.gohcr.state.pa.us/prescription-for-pennsylvania/index.html>.

²³ "Illinois Covered" plan, <http://www.illinoiscovered.com/details.html>.

Targeted Policy Options

Whether they are included in a broader coverage expansion plan or implemented on their own, targeted policy options like those described above 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).²⁴

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 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 25, 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.²⁵ Such a policy change could help the 3.3 million uninsured young adults ages 19 to 25 with incomes under 100 percent of poverty or the 5.7 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

²⁴ 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.

²⁵ J. M. Lambrew and A. Garson, Jr., *Small But Significant Steps to Help the Uninsured* (New York: The Commonwealth Fund, Jan. 2003).

private and public employers already provide such coverage voluntarily. 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. Even increasing the age to 23 could cover an estimated 1.4 million unmarried, dependent young adults.²⁶ If the benefit requirement were extended to family policies, the average premium for those plans is estimated to rise by about 3 to 5 percent, where 3 percent is the estimated increase for extending the benefit to all non-single policies and 5 percent is the estimated increase for adding the benefit to family policies with dependents only.

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.²⁷ Increasing the number of schools that require students to have health insurance coverage and that offer such coverage through state mandates 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

²⁶ Analysis of the March 2006 Annual Social and Economic Supplement to the CPS, S. Glied and B. Mahato.

²⁷ 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, Stephen L. Beckley & Associates, Inc., Fort Collins, Colo.; L. Rosellini, "Healthcare Headaches," *U.S. News & World Report*, Apr. 15, 2002, p. 52.

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. 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. New strategies are needed to expand affordable and comprehensive health insurance coverage to everyone and many promising strategies are being discussed or pursued at both the federal and state levels. Yet, if we cannot amass the will to cover everyone at once, then surely we have the will to begin to move towards universal coverage by first expanding health insurance to those most at risk of being without it.

Thank you.

**Table 1. 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
Idaho ⁴	2007	25	No
Indiana ⁵	2007	24	Yes
Maine ⁶	2007	25	Yes
Maryland ⁷	2007	25	Yes
Massachusetts ⁸	2006	25	Yes
Minnesota ⁹	2007	25	Yes
Montana ¹⁰	2007	25	Yes
New Hampshire ¹¹	2007	26	Yes
New Jersey ¹²	2006	30	Yes
New Mexico ¹³	2005	25	Yes
Rhode Island ¹⁴	2006	25	No
South Dakota ¹⁵	2005	24	No
Texas ¹⁶	2003	25	Yes
Utah ¹⁷	1994	26	Yes
Washington ¹⁸	2007	25	Yes
West Virginia ¹⁹	2007	25	Yes

¹Colorado House Bill 05-1101; 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.

²Connecticut C.G.S.A. § 38a-497; Requires that group health insurance policies extend coverage to children up to age 26; effective January 1, 2009.

³Delaware House Bill 446, Chapter No. 419; 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.

⁴Idaho Senate Bill 1105, Chapter No. 148; Allows unmarried financially dependent full-time students up to age 25 to remain on their parents' health insurance, and unmarried non-students up to age 21.

⁵Indiana House Bill 1678; Requires commercial health insurers and health maintenance organizations to cover dependents up to age 24 on their parents' insurance.

⁶Maine Chapter 115 Title 24-A; Requires individual and group health insurance policies to continue coverage for a dependent child up to age 25 if the child is financially dependent on the policyholder and has no dependents of his/her own.

⁷Maryland House Bill 1057; Allows young adults up to age 25 to receive coverage through their parents' health insurance as long as they live with the policyholder and are unmarried.

⁸Massachusetts House Bill 4850; As part of Massachusetts' April 2006 health insurance expansion law, young adults are considered dependents for insurance purposes up to age 25 or for two years after they are no longer claimed on their parents' tax returns, whichever comes first.

⁹Minnesota House Bill 475; Effective January 1, 2008; Allows dependents up to age 25 to remain on their parents' private health insurance plans.

¹⁰Montana 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.

¹¹New Hampshire Senate Bill 183-FN; Applies to dependents up to age 26 who are unmarried, have no dependents of their own, are residents of New Hampshire or full-time students, and are not provided coverage through another group or individual health plan.

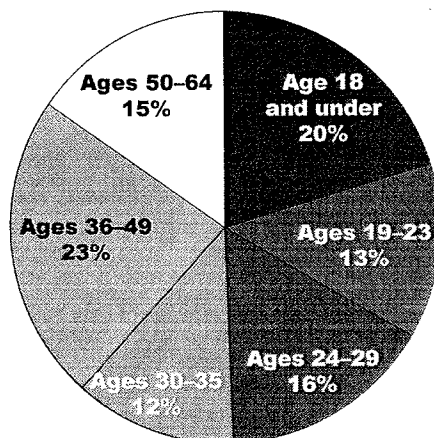
¹²New Jersey Public Act 2005 Chapter 375; Requires most group health plans to cover single adult dependents up to age 30.

- ¹³New Mexico House Bill 335; Requires that all insurance policies provide coverage for unmarried dependents up to age 25, regardless of school enrollment.
- ¹⁴Rhode Island Senate Bill 2211; Requires health insurance plans to cover unmarried dependent children up to age 19, or age 25 for financially dependent students.
- ¹⁵South Dakota Codified Law 58-17-2.3; Prohibits any insurance provider that offers dependent benefits from terminating coverage before age 19, or 24 if the dependent is a full-time student.
- ¹⁶Texas House Bill 1446; Allows dependents up to age 25 to be covered by their parents' insurance plans. Full-time students age 25 and older are also eligible to remain on their parents' health insurance.
- ¹⁷Utah Code, Title 31A-22-610.5; Requires insurance policies that include dependent coverage to cover unmarried dependents up to age 26.
- ¹⁸Washington Chapter 259, 2007 Laws PV (Senate Bill 5930); effective January 1, 2009; Requires all commercial insurance carriers and the state employee programs to offer enrollees the opportunity to extend coverage to unmarried dependents up to age 25.
- ¹⁹West Virginia Chapter 134, Acts, 2007; Requires health insurance plans to cover unmarried dependent children up to age 25.

Note: Five states have passed laws to extend the dependency eligibility age for young adults in the military or who are disabled. Pennsylvania requires that full-time students whose studies are interrupted by military service are considered dependents until they finish school, regardless of age; Illinois requires that full-time students whose studies are interrupted by military service are considered dependents for the amount of time they spent serving, up to age 25. Idaho allows unmarried disabled children to remain dependents for insurance purposes up until any age; Oregon includes disabled adult children in the definition of dependent; Maine requires that children with a mental or physical disability that prevents them from enrolling in school are considered dependents up to age 24.

Additional sources: National Conference of State Legislatures, *Changing Definition of 'Dependent': Who is Insured and For How Long?*, <http://www.ncsl.org/programs/health/dependentstatus.htm>; State Coverage Initiatives, *Dependent Coverage*, <http://www.statecoverage.net/matrix/dependentcoverage.htm>.

Figure 1. There Are 13.7 Million Uninsured Young Adults Ages 19-29, 30 Percent of the Nonelderly Uninsured, 2006



Uninsured nonelderly = 46.4 million

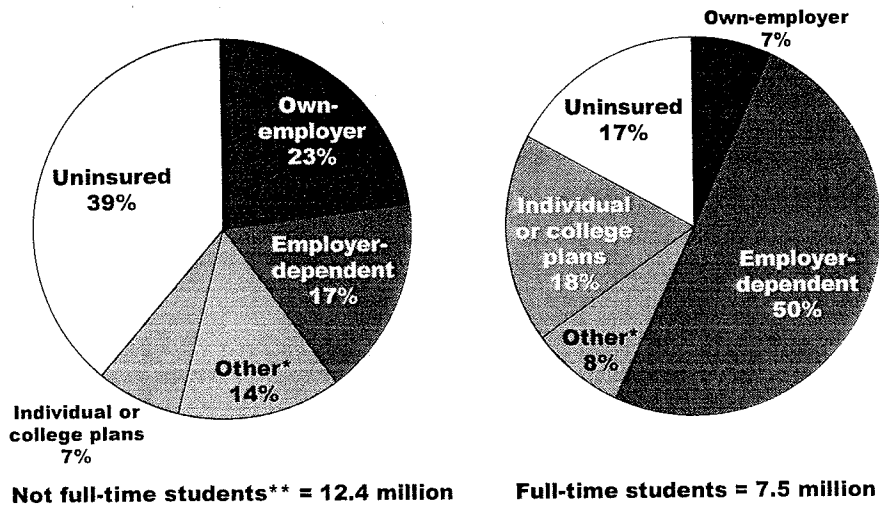
Note: Numbers may not sum to 100% because of rounding.
 Source: Analysis of the March 2007 Current Population Survey by S. Glied and B. Mahato for The Commonwealth Fund.

Figure 2. Percent Uninsured, Children and Young Adults, by Poverty Level, 2005

Percent Uninsured	Children Age 18 and Under	Young Adults Ages 19-29
Total	11%	30%
<100% FPL	20	51
100%-199% FPL	16	42
≥200% FPL	7	16

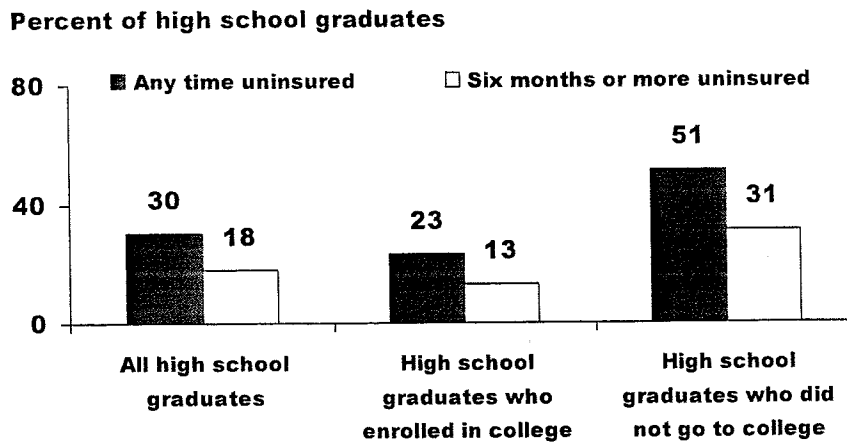
Source: Analysis of the March 2006 Current Population Survey by S. Glied and B. Mahato for The Commonwealth Fund.

Figure 3. Insurance Sources for College-Age Adults Ages 19–23, 2005



Note: Numbers may not sum to 100% because of rounding.
 * Other includes Medicare, Medicaid, and Military. ** Includes part-time students and non-students.
 Source: Analysis of the March 2006 Current Population Survey
 by S. Glied and B. Mahato for The Commonwealth Fund.

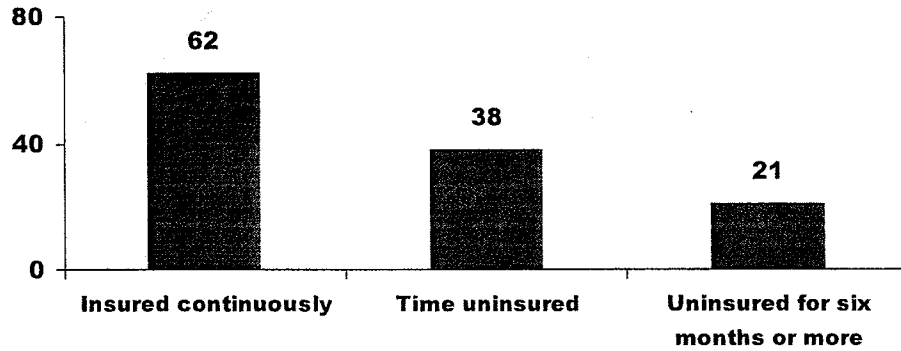
Figure 4. Percent of High School Graduates with Gaps in Insurance Coverage in the Year Following Graduation, by Student Status, 1996–2000*



* People who graduated from high school during 1996–2000.
 Source: Analysis of the 1996 Panel of the Survey of Income and Program Participation
 by P. F. Short and D. Graefe for The Commonwealth Fund.

Figure 5. Nearly Two of Five College Graduates Had Time Uninsured in Year Following Graduation, 1996–2000*

Percent of college graduates



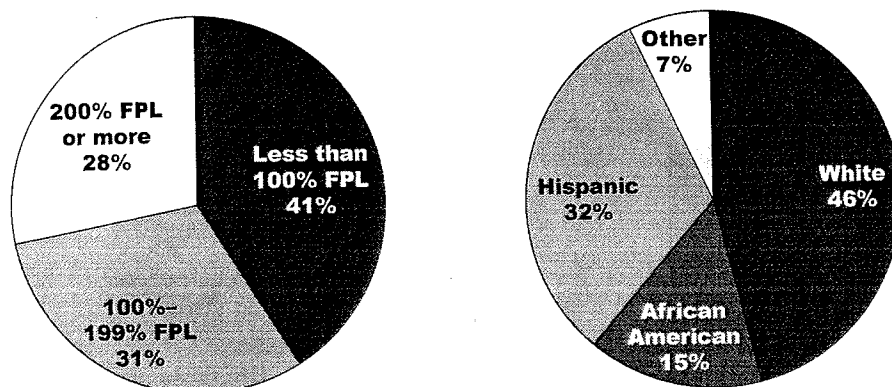
* People who graduated from college during 1996–2000.
 Source: Analysis of the 1996 Panel of the Survey of Income and Program Participation by P. F. Short and D. Graefe for The Commonwealth Fund.

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

	Total	Ages 19–29	Ages 30–64
Total (millions)	125.8	26.0	99.8
Eligibility			
Employer offers a plan	77%	71%	78%
Eligible for employer plan	71	62	73
Coverage			
Covered through own employer	57	45	60
Covered through someone else's employer	17	15	17
Covered through public program	4	6	3
Individual	5	5	6
Other	3	6	2
Uninsured	15	23	13
Take-up rate of own-employer insurance	80	73	82

Note: Workers include full-time and part-time workers.
 Source: The Commonwealth Fund Biennial Health Insurance Survey (2005).

Figure 7. Distribution of Uninsured Young Adults Ages 19–29 by Poverty Status and Race/Ethnicity, 2005



Uninsured young adults = 13.3 million

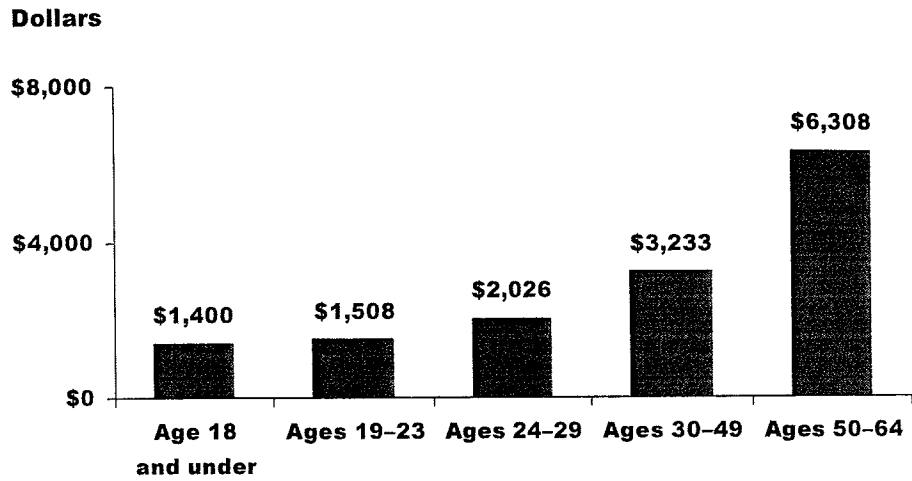
Source: Analysis of the March 2006 Current Population Survey by S. Glied and B. Mahato for The Commonwealth Fund.

Figure 8. Months Uninsured Among Young Adults, 1996–2000

	Population in millions	Any part of 4-year period	13 months or more	25 months or more	48 months
Total 19–23*	17	64%	33%	22%	6%
Poverty					
<200% FPL	5	79	52	37	12
>200% FPL	12	57	25	15	3
Race					
White	12	61	29	18	3
Black	2	65	38	25	11
Hispanic	2	76	52	39	15

*People who were 19–23 at beginning of survey in 1996.
Source: Analysis of the 1996 Panel of the Survey of Income and Program Participation by P. F. Short and D. Graefe for The Commonwealth Fund.

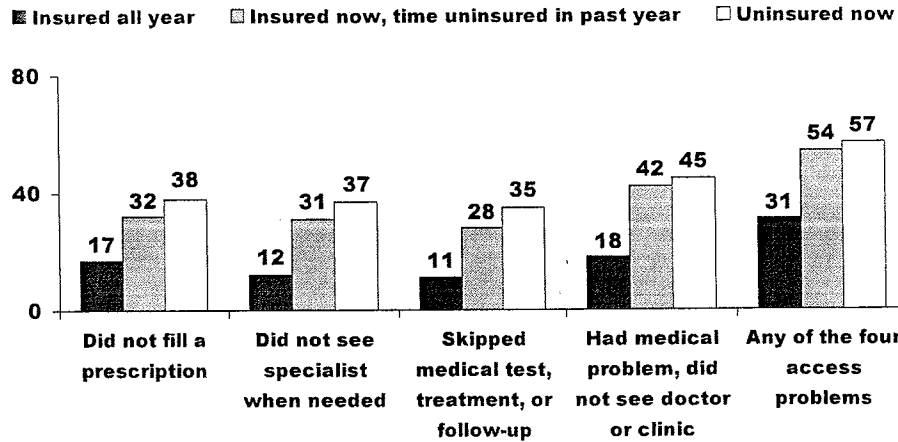
Figure 9. Annual Per Capita Total Health Expenditures by Age Group, 2007*



* Inflated to 2007 dollars using actual and estimated annual growth rates in national health expenditures.
 Source: Analysis of the 2004 Medical Expenditure Panel Survey by S. Glied and B. Mahato for The Commonwealth Fund.

Figure 10. Lacking Health Insurance for Any Period Threatens Young Adults' Access to Care, 2005

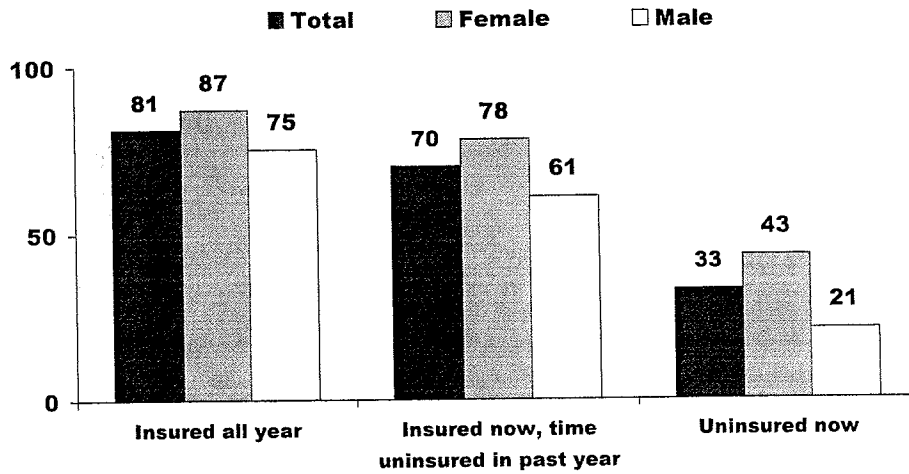
Percent of adults ages 19-29 reporting the following problems in the past year because of cost:



Source: The Commonwealth Fund Biennial Health Insurance Survey (2005).

Figure 11. Young Adults Without Insurance Are Less Likely to Have a Regular Doctor, 2005

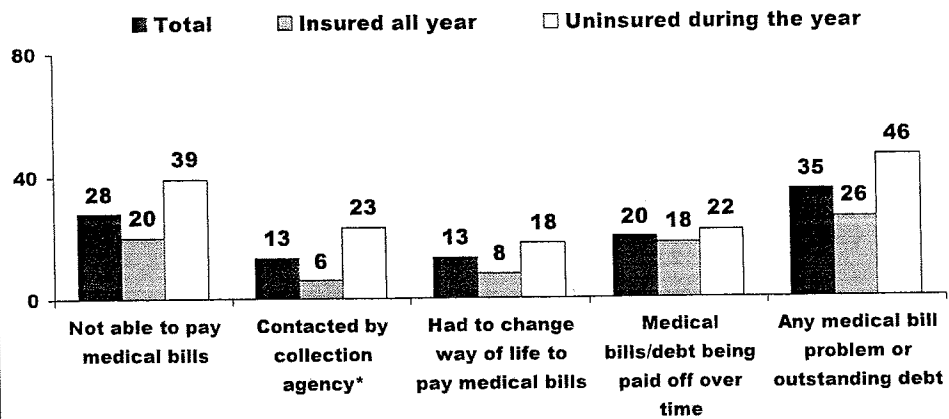
Percent of adults ages 19-29 who have a regular doctor



Source: The Commonwealth Fund Biennial Health Insurance Survey (2005).

Figure 12. Young Adults with Any Time Uninsured Have High Rates of Medical Bill Problems, 2005

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: The Commonwealth Fund Biennial Health Insurance Survey (2005).