



Improving Health Insurance Coverage Among Young Adults

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Key Findings

- Young adults have the highest and fastest growing uninsured rate in the United States. Recent data from Connecticut's Office of Health Care Access indicate that young adults are more likely to be uninsured in Connecticut, as well. The high rate of uninsured young adults is the result of limited access to affordable health insurance plans.
- Beginning in January 2009, young adults will have a new option for health insurance coverage. The new law will permit parents to continue coverage under the parent's individual or group health insurance plan for unmarried dependents up to age 26, regardless of college attendance.
- The Charter Oak Health Plan, a state-sponsored plan, is now available to uninsured adults, ages 19 to 64.

Uninsured Young Adults

Young adults have the highest uninsured rate of any age group in the United States. In 2007, 28 percent of people 18 to 24 (about 8 million) did not have health insurance at any time during the year.¹ In fact, young adults 18 to 29 make up the fastest growing group of uninsured in the United States.²

Recent data from the Office of Health Care Access indicate that young adults are most likely to be uninsured in Connecticut, as well.³ Results of a 2006 survey showed that 22 percent of adults 19 to 29 were uninsured at the time of the survey, the highest rate for any age group. Nearly 75 percent of these young adults were working, but very few had access to employment-based coverage through their own or their parents' employers.

Why Young Adults Are Uninsured

The insurance needs of young adults remain largely unmet due to the lack of thoughtful planning in building a healthcare system that addresses the health concerns of all individuals across the age spectrum. The reason many young adults are uninsured is directly related to their age-specific circumstances, that is, most are single adults in transition between school and full, gainful employment. The most

common reasons for young adults being uninsured, include:

- Loss of dependent coverage status under a parent's private plan upon graduation from high-school or college;⁴
- Limited access to public health insurance after age 19;⁵
- Lack of access to employer-sponsored coverage;⁶
- High costs of individual market health insurance plans;⁷ and
- Belief common to young adults that they are healthy and do not need coverage.⁸

The Importance of Insuring Young Adults

Access to routine and preventive healthcare is particularly important for young adults to address their leading health concerns, such as:

- Preventive and reproductive healthcare, especially for young women, including access to family planning methods and preconception care;
- Risk reduction and injury prevention for motor vehicle accidents or related to active risk-taking lifestyle; and
- Conditions that have long term health consequences, such as being overweight and

obesity, smoking, mental health problems, and substance abuse.

Research finds that young adults without health insurance tend to delay or avoid needed care. According to a 2006 survey, uninsured young adults in Connecticut were almost three times more likely to choose not to get needed medical care and twice as likely to delay needed medical care than insured young adults.⁹ However, when they do seek care in the event of an illness or serious injury, uninsured young adults are at-risk for long-term financial debt.

Health Insurance Options For Young Adults

Young adults in Connecticut have options for obtaining health insurance as alternatives to employment-based coverage. Each option varies in affordability and participants will have to select the plan that best meets their medical and financial needs.

New Options

- **Dependent coverage.** Beginning in January 2009, a new law will permit parents to continue coverage for unmarried dependents up to age 26 under the parent's individual or group health insurance plan.¹⁰ Young adults do not have to be students or live with their parents but must be Connecticut residents if they are not in school. The law does not apply to employers who provide self-funded/self-insured plans.¹¹
- **Charter Oak Health Plan.** The state-sponsored plan offers coverage with subsidized premiums to adults who have been uninsured for at least six months. People who have lost their HUSKY plan eligibility due to age are exempt from this waiting period. Monthly premiums range from \$75-\$259, depending on income.¹² The plan does not provide dental coverage, requires cost sharing in addition to the monthly premium, and has an annual limit on coverage. Provider networks are currently under development.

Existing Options

- **COBRA.** Parents of children who become ineligible due to loss of dependent child status at age 26 can elect to purchase COBRA,¹³ a temporary extension of the family's health benefits. Participants typically pay the entire cost of the premium versus sharing the cost with an employer.

- **Individual market insurance.** Young adults can choose to individually purchase coverage. The Tonik plan, offered by Anthem Blue Cross and Blue Shield, provides basic medical and dental coverage for a monthly premium ranging from \$105-\$203.¹⁴ However, the plan includes high deductibles, caps on office visits and prescription benefits, no maternity care, and strict exclusions against individuals with pre-existing conditions. Individuals excluded from these types of plans can purchase coverage in the state's more expensive, high-risk insurance pool.

Improving Health Insurance Coverage Among Young Adults

Young adults are the largest and fastest growing population in the United States without health insurance.¹⁵ Connecticut should continue to study the barriers to health insurance among young adults and develop policies to improve their coverage status.

- The Department of Insurance should monitor the uptake of dependent coverage after the extended age of dependent coverage comes into effect on January 1, 2009;
- The Department of Social Services should monitor the uptake of Charter Oak among young adults and lead focus groups with young adults on barriers to enrolling in Charter Oak;
- The Department of Social Services should adjust premiums in the Charter Oak plan by income *and* age of participant;
- The Connecticut General Assembly should support the purchase of individual market health plans with pre-tax dollars. This should be coupled with insurance reform that requires guaranteed issue of policy¹⁶ and utilizes modified community ratings;¹⁷ and
- The Connecticut General Assembly should give serious consideration to recommendations from Connecticut's HealthFirst Authority,¹⁸ whose goals are to examine policies that provide individuals with quality and affordable healthcare and evaluate methods to contain the rising cost of healthcare (recommendations are due 12/1/08).

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¹ US Census Bureau. Table HIA-2. Health insurance coverage status and type of coverage all persons by age and sex: 1999 to 2007. Available at: www.census.gov

² Kriss JL, Collins SR, Mahato B, Gould E, Schoen C. Rite of passage? Why young adults become uninsured and how new policies can help, 2008 update. New York, NY: The Commonwealth Fund, May 2008. Available at: www.commonwealthfund.org.

³ Connecticut Office of Health Care Access. Overview of OHCA's 2006 Young Adults Survey. Hartford, CT: OHCA, March 2007.

⁴ Holahan J, Kenney G. Health Insurance Coverage of Young Adults: Issues and Broader Considerations. The Urban Institute, June 2008. Analysis of data from the Census Population Survey finds that young adults lose both employer-sponsored coverage and Medicaid coverage at higher rates than children and older adults.

⁵ At age 19, youth, who were previously covered by HUSKY A or B, are reclassified as adults and typically lose their health benefits unless they meet the coverage criteria for persons with disabilities. A young adult can be treated as a "child" in Connecticut's Medicaid (HUSKY A) program until age 21 but must meet *very* low-income and asset tests. For more information on eligibility guidelines within Connecticut's Medicaid program for children, see: www.ctkidslink.org/toolkit/toolkit.cgi.

⁶ Kriss JL, Collins SR, Mahato B, Gould E, Schoen C. Rite of passage? Why young adults become uninsured and how new policies can help, 2008 update. New York, NY: The Commonwealth Fund, May 2008. Available at: www.commonwealthfund.org.

Study finds that 53 percent of workers ages 19 to 29 were eligible for their employer's health plan, compared to 74 percent of workers ages 30 to 64.

⁷ Collins SR, Kriss JL, Davis K, Doty MM, Holgren AL. Squeezed: why rising exposure to health care costs threatens the health financial well-being of American families. New York, NY: The Commonwealth Fund, September 2006. Available at: www.commonwealthfund.org.

Compared to adults with employer coverage, adults who pay for individual market health insurance pay more out-of-pocket for premiums and face higher deductibles. Fifty-eight percent of respondents seeking individual market insurance considered the plans unaffordable.

⁸ Holahan J, Kenney G. Health Insurance Coverage of Young Adults: Issues and Broader Considerations. The Urban Institute, June 2008. Analysis of data from the Medical Expenditure Survey finds that just 48 percent of adults ages 19 to 26 strongly agree that health insurance is needed, compared with 70 percent of adults ages 27-64.

⁹ Connecticut Office of Health Care Access. Overview of OHCA's 2006 Young Adults Survey. Hartford, CT: OHCA, March 2007.

¹⁰ Connecticut Insurance Department. New dependent definition under Public Act 08-147. Hartford, CT: Insurance Department, August 5, 2008. For more information on the law, see: www.ct.gov/cid/lib/cid/ConsumerUpdate20080805.pdf.

¹¹ Employers who provide self-insured/self-funded health plans operate their own health insurance plan and assume all direct financial responsibility for the costs of the enrollees' medical claims. Employees should consult with their benefits manager to determine whether their employer participates in a self-funded/self-insured health plan and to inquire whether the plan extends dependent coverage status to age 26. Rules governing

self-funded plans fall under federal ERISA (Employee Retirement Income Security Act) law and are not controlled by state legislation. For more information on federal ERISA law see: www.dol.gov/ebsa/compliance_assistance.html.

¹² For more information on the Charter Oak health plan see: www.charteroakhealthplan.com/coh/site/default.asp.

¹³ The Consolidated Omnibus Budget Reconciliation Act (COBRA) gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited periods of time under certain circumstances. For more information see: US Department of Labor, "Health Plans and Benefits" at: www.dol.gov/dol/topic/health-plans/cobra.htm.

¹⁴ For more information on the Tonik health plan see: www.tonik.us/tonikplans_CT.htm.

¹⁵ Kriss JL, Collins SR, Mahato B, Gould E, Schoen C. Rite of passage? Why young adults become uninsured and how new policies can help, 2008 update. New York, NY: The Commonwealth Fund, May 2008. Available at: www.commonwealthfund.org.

¹⁶ Guaranteed issue requires that insurers cover all applicants regardless of risk or preexisting conditions.

¹⁷ Modified community ratings vary premium costs based on age and gender, not health status or claims history.

¹⁸ For more information on the HealthFirst Authority see: www.cga.ct.gov/ph/HealthFirst/default.asp