Access to Health Care for Young Adults: The Affordable Care Act of 2010 is Making a Difference

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Introduction

In December 2011, the U.S. Department of Health & Human Services (HHS) announced that as a result of initial implementation of the Affordable Care Act (ACA) 2.5 million more young adults ages 19 to 25 have health insurance than would have been covered without the ACA. This represents a major step forward for an age group that has lagged behind others in having coverage: young adults have long been uninsured and underinsured compared to adolescents and older adults. This age group also experiences a wide variety of health concerns, often more severe than those affecting adolescents. In addition to expanding access to private insurance for young adults, the ACA will expand Medicaid eligibility for this age group and improve access to preventive services. This issue brief discusses the recent gains in insurance coverage for young adults and explains the broader context of the ACA in which they have occurred.

Health Insurance for Young Adults Before the ACA

In 2009, the year before the ACA was enacted, nearly 15 million young adults ages 19 to 29 were uninsured, according to U.S. Census data. This represented about one third of the young people in that age group, and an increase of 4 million uninsured young adults over the past 10 years. Indeed, a new study from HHS shows that, between 2008 and 2010, privately-insured young adults ages 19 to 25 were more than twice as likely to become uninsured, compared to privately-insured adults ages 26 to 60 . There are many reasons young adults lose health insurance, including: losing coverage under a family policy upon graduation from high school or college; losing Medicaid or CHIP eligibility upon reaching age 19; being employed in low wage jobs without benefits; or being unemployed.

For the young adults without health insurance, or lacking adequate coverage, the effects are significant. For example, a 2010 Commonwealth Fund study found that overall 45% of young adults reported delaying needed care because of costs, and 58% of uninsured young adults had difficulty paying medical bills.

Policy Progress for Young Adults in the ACA

The ACA, enacted on March 23, 2010, could have a dramatic impact on these problems by expanding access to both private health insurance and Medicaid. It is in the private health insurance realm that the ACA already has had a notable effect. Once the Medicaid expansions and the private insurance provisions scheduled for later implementation are in place, they also will have a huge impact by further extending coverage, especially to poor and lower-income young adults – those who have been at greatest risk for being uninsured.

Beginning in 2014, once all of the ACA's provisions have taken effect, more than 12 million of the nearly 15 million uninsured adults ages 19 to 29 could obtain subsidized coverage, according to an analysis by the Commonwealth Fund. Of these, more than 7 million may gain coverage under Medicaid and nearly 5 million may gain subsidized private health insurance coverage through the health insurance exchanges created pursuant to the ACA. The ACA will not reach the nearly 2 million undocumented young adults who are uninsured.

Young adults do not have to wait until 2014 to reap some of the benefits of the ACA. As reported in December 2011 by HHS, 2.5 million have already benefitted by being able to remain on a parent's or family's health insurance policy up to age 26, and important provisions requiring coverage of preventive services without cost sharing also have already taken effect.

Private Insurance

The ACA offers the potential for improving access to health care for young adults in at least four important ways. First, it requires health insurance plans that offer dependent coverage to allow dependents to remain on a parent's or family's policy up to age 26. Second, it requires stronger protections for students and their dependents in health plans offered by colleges and universities. Third, it will enable millions of young adults to receive subsidized coverage through health insurance exchanges once the Act is fully implemented. Finally, it requires health plans to offer preventive services without cost sharing.

Dependent Coverage

In 2010, there were 29.7 million young adults ages 19 to 25, according to U.S. Census data. Over a 9-month period, from September 2010 through June 2011, the proportion of young adults with insurance increased from 64.4% to 72.7%, an increase of 8.3%, or 2.5 million newly insured young adults in that age group.

The reason that these 2.5 million additional young adults were able to gain health insurance coverage in late 2010 and early 2011 is that beginning in September 2010 health plans offering dependent coverage have been required to allow young people to stay on a parent's or family's plan until their 26th birthday.

This extended dependent coverage must be offered regardless of the young person's age, financial independence or dependent

Private Insurance (cont'd)

Dependent Coverage (cont'd)

status, marriage, or educational enrollment. The premiums charged and the benefits covered must be the same as for younger children under the same policy. The ACA requirement applies to both self-insured and fully-insured employer-based plans as well as plans sold in the individual market. It includes both new and grandfathered plans (i.e., those in existence when the ACA was enacted), but young adults can only enroll as dependents in grandfathered plans if they don't have access to an employer-based plan on their own or through a spouse.

Prior to enactment of the ACA, 37 states already had laws requiring the continuation of dependent coverage for young adults. The upper age limits in these state laws vary from 23 to 31. Definitions of "dependent" also vary; and many of the laws require financial dependence or full-time student status, or exclude young adults who are married. Unlike the ACA, none of the state laws covers self-insured plans. The age 26 specified in the ACA establishes a minimum, but young adults can still enroll beyond age 26 if their state's law sets a higher age limit; they cannot be denied coverage if their state's law sets a lower age limit or establishes other restrictions that they do not meet. Thus, the dependent coverage made available by the ACA reaches far more young people than were reached by state laws enacted prior to the ACA. New research by HHS shows that the ACA's expansion of dependent coverage benefits young adults of all races and ethnicities.

College and University Health Plans

Both the ACA itself and its implementing regulations contain requirements for student health plans at colleges and universities that represent significant consumer protections for students. For example, most college and university student health plans will be limited in their ability to deny enrollment based on medical condition, or to impose pre-existing condition exclusions, or annual or lifetime limits on benefits. They will also be required to offer coverage to all students and their dependents. These plans will generally be treated as individual market insurance plans subject to ACA requirements for the individual market.

Subsidized Coverage through Exchanges

Beginning in 2014 states will be required to have in place health insurance exchanges that will allow individuals and small businesses to purchase coverage that satisfies a range of minimum requirements. The ACA requires states to establish these exchanges, but specifies that, if necessary, the federal government will help them do so.

Through these exchanges financial assistance will be available to help lower-income individuals afford health insurance by providing premium credits and cost sharing subsidies. This assistance will be available to individuals with incomes up to 400% of the federal poverty level (FPL). According to an analysis by the Commonwealth Fund, 4.9 million young adults ages 19 to 29 with incomes from 133% to 399% FPL will qualify for these credits and subsidies in 2014.

For all private health insurance policies – employer-based and individual market policies and those offered through the exchanges – insurers will no longer be able to impose pre-existing condition exclusions and will be required to issue policies regardless of an individual's health or medical condition. A similar requirement went into effect in 2010 for children, but the requirement for adults that takes effect in 2014 will have a dramatic impact on young adults with a variety of illnesses and chronic conditions – such as asthma, diabetes, and cancer, among many others – who have previously been unable to obtain health insurance coverage other than at exorbitant cost or have been entirely unable to do so. Those who have remained uninsured have born a huge burden of out-of-pocket medical costs or gone without needed care.

The availability of financial assistance and the establishment of insurance protections such as the elimination of pre-existing condition exclusions will together contribute to bringing the young adult population closer to universal coverage and to reducing their financial burden. The requirement for individuals to purchase health insurance will also contribute to these goals.

Preventive Services

The ACA requires private health plans to offer a range of preventive services without imposing on patients any cost sharing in the form of co-payments, deductibles, and co-insurance. The requirements apply to both fully-insured and self-insured employer- based plans, large group, small group, and individual plans, with the only exception for grandfathered plans. The covered services must include: evidence-based screening and counseling, routine immunizations, preventive services for children, and preventive services for women.

The evidence-based screening and counseling include screening for depression, diabetes, cholesterol, obesity, various cancers, HIV and sexually transmitted infections (STIs), as well as counseling for drug and tobacco use, healthy eating, and other common health concerns. Immunizations include those recommended by the Advisory Committee on Immunization Practices (ACIP) of the Centers for Disease Control and Prevention (CDC). Based on recommendations from an Institute of Medicine (IOM) committee, federal regulations require insurers to cover a range of women's preventive services without cost-sharing, including, among others, annual well-woman visits, testing for STIs and HIV, and screening and counseling for domestic violence. The requirements also include all FDA-approved contraception methods. Each of these categories is important and potentially highly beneficial for young adults.

Medicaid

A significant proportion of the ACA's contribution to increased coverage for young adults will occur through its expansion of Medicaid eligibility. Effective in 2014, states must provide Medicaid coverage to all adults under age 65 with incomes up to 133% FPL. Such coverage has been unavailable for childless adults without disabilities in virtually all states. In 2012, 133% FPL for a single childless adult is $14,856.

Beginning in 2010, states had the option to cover childless adults without disabilities through a state plan amendment; however, no significant increase in Medicaid coverage for young adults has resulted so far. By 2014, when the ACA is fully implemented, a Commonwealth Fund analysis suggests that 7.2 million young adults who are legal U.S. residents and have incomes under 133% FPL will become eligible for Medicaid.

The extent to which these Medicaid expansions will reach especially vulnerable populations is a mixed picture. For example, about 1 million young adults with incomes under 133% FPL are undocumented and will not be eligible for Medicaid. However, states will be required to continue Medicaid coverage for former foster youth to age 26.

Conclusion and Future Questions

Young adults are a population with significant health concerns. In the past they have been uninsured and underinsured at significantly higher rates than adolescents and older adults. The ACA offers the promise of helping this age group reach near universal health insurance coverage through increased access to both private insurance and Medicaid. The Act also will increase their access to important preventive health services. The implementation of the dependent coverage provision has already provided a major benefit to the young adult population by enabling 2.5 million young adults to gain health insurance who would not otherwise have been insured.

Important questions remain, however, ranging from specific issues related to vulnerable populations to broad policy questions affecting the future status of the entire Act. For example, will the ACA succeed in actually enrolling vulnerable groups such as former foster youth or homeless youth; and will any way be found to provide coverage to the nearly 2 million young adults who are undocumented? There are also major unresolved questions – some currently pending in the U.S. Supreme Court -- about the constitutionality and legal status of several provisions of the ACA, such as the requirement that individuals purchase health insurance. Nevertheless it is heartening to see that the ACA has already resulted in a major advance for young adults.

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The National Adolescent and Young Adult Health Information Center (NAHIC) was first established as the National Adolescent Health Information Center in 1993 with funding from the Maternal and Child Health Bureau. The overall goal of NAHIC is to improve the health of adolescents by serving as a national resource for adolescent and young adult health information and research, and to assure the integration, synthesis, coordination and dissemination of adolescent and young adult health-related information. Throughout its activities, NAHIC emphasizes the needs of special populations who are more adversely affected by the current changes in the social environment of young people and their families.

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