

Health reform: Young adults may be key to making it all work

September 23 2013, by Karen Pallarito, Healthday Reporter



Will they buy into the idea of insurance coverage? Experts are split on that question.

(HealthDay)—Few uninsured young adults know about the state health insurance exchanges opening for business on Oct. 1, surveys show. But even if they did, would they snap up health coverage?

The answer to that question is one of the great unknowns as states prepare to roll out the exchanges, or marketplaces, which are a key feature of the Obama administration's [health reform](#) law.

Millennials' participation in the insurance exchanges is considered crucial to the success of the Affordable Care Act, which requires that most Americans get [health](#) insurance or pay a fine.

Insuring young, healthy people helps balance out the risk of covering older, sicker adults, experts say. But if America's 20- and 30-somethings don't sign up, the fear is that premiums could spiral out of control.

Opponents of "Obamacare" say young adults will end up paying higher premiums once the law takes effect.

A study by the National Center for Public Policy Research, a Washington, D.C.-based conservative think tank, found that millions of young adults would be better off financially if they went without health insurance and paid the fine—\$95 or 1 percent of income, whichever is greater, in 2014.

Estimates of young adult participation in the exchanges are all over the board.

"I think it's fair to say most young people will buy coverage if they consider it to be affordable and/or necessary, but until we see premiums, I think it's going to be really difficult for young people to assess whether this is affordable relative to all the other expenses they have," said Linda Rowings, chief compliance officer for United Benefit Advisors, an [employee benefits](#) advisory organization based in Indianapolis.

19- to 34-year-olds most likely to lack coverage

Young adults, ages 19 to 34, are more likely to be uninsured than any other age group, according to the U.S. Census Bureau.

"The vast majority (of young adults) who are uninsured say it's because they can't find affordable coverage, and that's one of the reasons we're really excited about the changes coming with the Affordable Care Act," said Christina Postolowski, a senior policy analyst for Young Invincibles, a Washington, D.C.-based national advocacy organization.

What's more, within the young adult population, certain demographic groups "could potentially benefit more," she added.

"For example, nationwide, the uninsurance rate for white 18- to 34-year-olds is 21 percent, but for Latinos it's 47 percent," she said, and for blacks, it's 33 percent.

Beginning in October, young people can use the new state health insurance exchanges to buy a private health plan, often with the help of federal tax credits, or enroll in Medicaid, if they qualify.

Yet only one in four young people (27 percent) is even aware of the exchanges. And among those who were uninsured for a period of time in the prior year, less than one in five (19 percent) know about the exchanges, according to a recent Commonwealth Fund report based on a March survey.

However, the report noted, young adults recognize the importance of having health insurance. For example, more than two-thirds (67 percent) of 19- to 29-year-olds who are offered insurance through their jobs enroll in that coverage.

Millions also took advantage of a provision in the Affordable Care Act that became effective in September 2010, allowing young adults under age 26 to stay on their parents' health plans.

The findings "dispel the notion that young adults don't think they need health insurance," economist Sara Collins, vice president for affordable health insurance at The Commonwealth Fund, the New York-based health foundation, said at a recent media briefing. "Instead, affordability is likely a major barrier," she said.

One young adult's quest for insurance

Dennis Byrd, 26, is director of business development at a tiny start-up company in Rockville, Md., that doesn't yet offer health insurance to employees.

"It's something we've talked about; we just haven't jumped the gun on it yet," explained Byrd, who has had asthma since childhood. Byrd shells out about \$50 a month just on inhalers.

In the interim, he's looking to buy his own coverage. He's priced individual policies starting at a low of \$150 a month, but depending on the coverage, "it can drastically go upward, especially with a pre-existing condition," he said.

He recently learned about the insurance exchanges and hopes to find suitable, affordable coverage.

Starting in 2014, under the health reform law, health insurance plans can't refuse coverage or charge more because of a pre-existing condition. And young uninsured people like Byrd can use the exchange where they live to buy an individual health plan and potentially qualify for federal tax credits to help offset the cost.

Those subsidies are available to people who make between 100 percent and 400 percent of the federal poverty level. In dollar terms, that's \$11,490 to \$45,960 for an individual.

Millennials making more than 400 percent of the federal poverty level won't qualify for tax credits but may use the exchanges to shop for coverage. In states that have released information about health plan premiums, "rates are coming in relatively competitively," said Collins, the Commonwealth Fund economist.

Young people with very low incomes—up to 138 percent of the federal

poverty level—may have still another option.

In 2014, 24 states and the District of Columbia will expand their Medicaid programs to cover low-income people, starting at age 19, based solely on income. If you're eligible, you will receive free or low-cost care and won't have to buy coverage through the exchange.

The Young Invincibles' Postolowski estimated that 17 million of the 19 million currently uninsured young people between the ages of 18 and 34 could potentially qualify for tax credits through the health exchanges or Medicaid, if all states expanded Medicaid.

Student and dependent coverage

Young adults have a few other options for getting [health insurance](#).

College students can enroll in a student health plan through their school. Under the health reform law, most plans must meet the same requirements as other individual plans, meaning no annual limits or lifetime caps on coverage and no exclusions for pre-existing conditions, Postolowski said.

Or, if they're under age 26, they can enroll in a parent's health plan if the plan provides dependent coverage.

Beginning in 2014, there's a new wrinkle: Adult children can enroll in mom or dad's health plan even if they have an offer of coverage through their employer or through their school, Postolowski explained.

The health reform law also allows [young adults](#) under age 30 and some other people with limited incomes to buy what's called a "catastrophic" [health plan](#). These plans have lower premiums but higher deductibles and provide protection against a major illness or accident.

Byrd, the young asthma sufferer, understands the importance of having insurance and doesn't intend to drag his heels.

"I'm learning as I get older to take these things more seriously," he said.

More information: Go to Young Americans for Affordable Healthcare to [calculate the cost of buying health insurance](#).

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Citation: Health reform: Young adults may be key to making it all work (2013, September 23)
retrieved 24 April 2024 from
<https://medicalxpress.com/news/2013-09-health-reform-young-adults-key.html>

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