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# Issue Brief

## Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help, 2009 Update

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**ABSTRACT:** Young adults ages 19 to 29 are one of the largest segments of the U.S. population without health insurance: 13.2 million, or 29 percent, lacked coverage in 2007. They often lose coverage at age 19 or upon high school or college graduation: nearly two of five (38%) high school graduates who do not enroll in college and one-third of college graduates are uninsured for a time during the first year after graduation. Twenty-six states have passed laws to expand coverage of dependents to young adults under parents' insurance policies. Congressional proposals to reform the health system could help uninsured young adults gain coverage and prevent others from losing it. This is the seventh edition of *Rite of Passage*, first published by The Commonwealth Fund in 2003.

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### OVERVIEW

Young adults between the ages of 19 and 29 represent one of the largest and fastest-growing segments of the U.S. population without health insurance. Often dropped from their parents' policies or from public insurance programs at age 19 or on graduation day, they are left to find insurance on their own while making the often uneasy transition from high school to college or the working world. Yet the jobs available to young adults are typically of the low-wage or temporary variety—the type of jobs that generally do not come with health benefits.

Some young adults who are able to go to college full-time have some protection through their parents' insurance policies. Upon graduation, however, they usually lose their eligibility for family coverage. The current high unemployment rates across the country are sure to exacerbate the difficulties young adults face in obtaining employment based health insurance: 15 percent of 20-to-24-year-olds were unemployed in June 2009, up from 10 percent one year earlier.<sup>1</sup>

Lack of continuity and stability in coverage puts young adults' health at risk and subjects them and their families to financial stress right when they are starting out in the workforce. This issue brief assesses the health insurance deficit facing young adults, including the scope of the problem, the causes and implications, and proposals and policies at the federal and state level that are intended to reverse this trend. It also discusses policy steps that could help young adults stay insured as they make the transition to independent living. This is the seventh edition of *Rite of Passage*, first published by The Commonwealth Fund in 2003.

**A LARGE AND PERSISTING PROBLEM**

According to the latest available census data, approximately 13.2 million young adults between the ages of 19 and 29 were uninsured in 2007, an increase of 2.3 million since 2000 (Figure 1). Nearly 30 percent of this age group lacks health insurance (Figure 2). Young adults are disproportionately represented among the uninsured: though comprising just 17 percent of the under-65 population, they account for nearly 30 percent of the nonelderly uninsured.<sup>2</sup> Given the current high unemployment rates in this age group, the number of uninsured young adults has likely increased over the past two years.

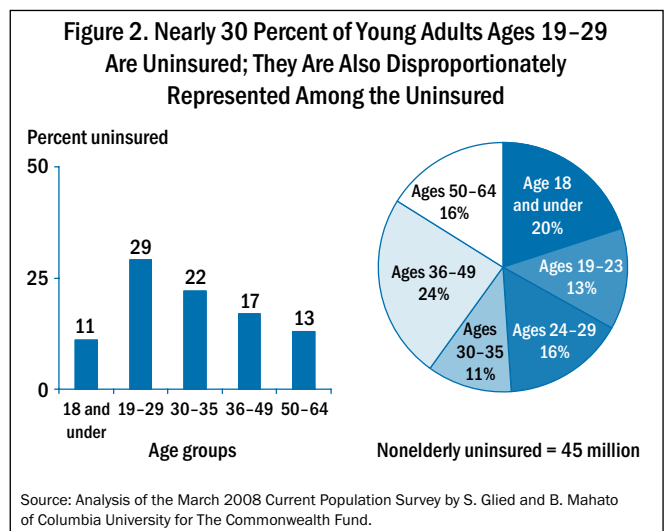
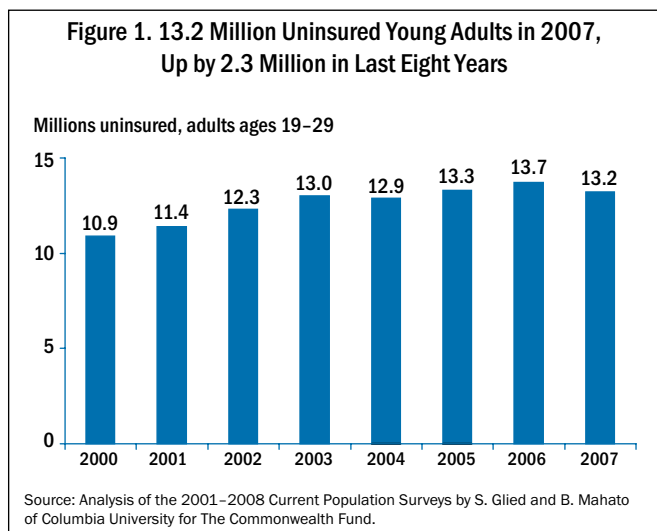
By far, the young adults most at risk of being uninsured are those in low-income households. These individuals, like children and older adults in

low-income families, are disproportionately represented among the uninsured. About 22 percent of adults ages 19 to 29 live in households with incomes below 100 percent of the federal poverty level, but nearly two-fifths (39%) of the 13.2 million young adults who are uninsured live in households with incomes below the poverty level (Figure 3).<sup>3</sup>

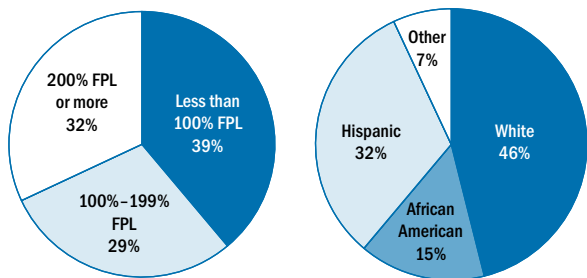
Nearly half of uninsured young adults are white. But Hispanics are disproportionately represented among the young and uninsured. While Hispanics account for 19 percent of adults ages 19 to 29, they represent 32 percent of uninsured young adults (Figure 3). Hispanic and African American young adults are at greater risk of being uninsured than are white young adults: 34 percent of African Americans and 49 percent of Hispanics ages 19 to 29 are uninsured, compared with 22 percent of whites in that age range (Table 1).

**WHAT A DIFFERENCE A YEAR CAN MAKE**

Nineteenth birthdays are crucial milestones in Americans' health insurance coverage. Both public and private insurance plans treat this age as a turning point in coverage eligibility. Employer health plans often do not cover young adults as dependents after age 18 or 19 if they do not go on to college. Public programs, such as Medicaid and the Children's Health Insurance Program (CHIP), also typically have one set of income and eligibility standards for children and another for adults—with the 19th birthday set as the critical divide.



**Figure 3. Nearly 70 Percent of Uninsured Young Adults Are in Households with Annual Incomes Below 200 Percent of the Federal Poverty Level**



Note: Numbers may not sum to 100% because of rounding. FPL = federal poverty level. Source: Analysis of the March 2008 Current Population Survey by S. Glied and B. Mahato of Columbia University for The Commonwealth Fund.

### Losing Coverage Under a Parent’s Policy

Employer-sponsored health insurance is the mainstay of most family and dependent coverage. Typically, such policies cover children as dependents as long as they meet eligibility rules. After age 18 or 19, coverage continues for the most part only for those young adults who attend college full-time. 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.<sup>4</sup>

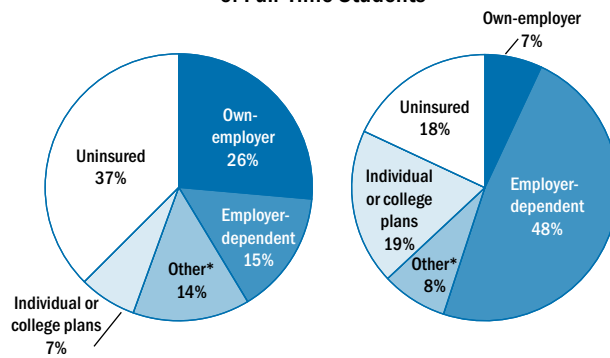
Young adults who enroll in college full-time when they graduate from high school are the most likely in their age group to have insurance coverage, primarily because they are able to maintain eligibility under their parents’ employer-based policies. In addition, a small share of full-time students gains coverage through plans offered by universities. Roughly 38 percent of public four-year universities and colleges and 79 percent of private four-year universities and colleges that require students have health insurance as a condition of enrollment.<sup>5</sup> Six states (California, Idaho, Illinois, Massachusetts, Montana, and New Jersey) have either a state or higher-education governing board mandate requiring that full-time undergraduate students who are U.S. citizens or permanent residents have health insurance.<sup>6</sup> Several additional states have also been studying the possibility of adopting a student health insurance requirement policy.<sup>7</sup> Half (48%) of full-time students ages 19 to 23 are covered under their parents’ employer-sponsored plans, while another 19

percent have individual coverage, including college and university plans (Figure 4).

Although college and university health plans provide some measure of protection for college students, some have limited benefits and low yearly or lifetime limits on the amount the health plan will pay. Ninety-six percent of 194 student insurance plans studied by the Government Accountability Office (GAO) had a maximum benefit amount.<sup>8</sup> Among student insurance plans with a maximum benefit amount on a per-condition, per-lifetime basis, more than one-quarter (27%) had a maximum benefit of less than \$20,000. Another 25 percent had a maximum benefit of between \$20,000 and \$29,000. Such limited plans put college students at risk of having high medical bills and medical debt in the event of serious illness or injury. In fact, some college athletes have found themselves in debt after experiencing injuries during training that are not covered by their private insurance plans or by their schools.<sup>9</sup>

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-seven percent of part-time and non-students ages 19 to 23 are uninsured, compared with 18 percent of full-time students (Figure 4). Young adults who opt to enter the labor market rather than go to college are unlikely to be eligible for coverage under their

**Figure 4. Uninsured Rates Among Part-Time Students and Non-Students Ages 19–23 Are About Twice That of Full-Time Students**



Not full-time students\*\* = 12.4 million Full-time students = 7.8 million

\* Other includes Medicare, Medicaid, and Military. \*\* Includes part-time students and non-students. Source: Analysis of the March 2008 Current Population Survey by S. Glied and B. Mahato of Columbia University for The Commonwealth Fund.

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—positions that pay low wages, are with small companies, or are part-time or temporary—often come without health benefits.<sup>10</sup> 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 uninsured.<sup>11</sup> More than one-third (36%) of workers between ages 19 and 29 have jobs that pay less than \$10 per hour.<sup>12</sup>

### Losing Medicaid/CHIP Coverage at Age 19

Medicaid and CHIP reclassify all teenagers as adults the day they turn 19. As a result, young adults who had been insured by either of these programs as children typically do not have an option to stay on public coverage 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 generally is 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.<sup>13</sup>

States do have several options to extend Medicaid eligibility through age 19 or 20 to young adults, though few have taken advantage of them.<sup>14</sup> For example, states have the option to cover “Ribicoff children” who are in families whose financial situation makes them eligible for income assistance. But as of 2006, just 15 states had implemented the option and half had set income eligibility levels below poverty. Under the Foster Care Independence Act of 1999, states may continue Medicaid coverage for former foster children up to age 21.<sup>15</sup> But fewer than half of states have taken advantage of this legislation.<sup>16</sup> North Carolina, for example, implemented the Expanded Foster Care Program, which extends Medicaid coverage to children who were in foster care at their 18th birthday through the month they turn 21. These young

adults are automatically enrolled in this program without regard to income or assets.<sup>17</sup>

### Net Impact of the 19th Birthday

As a result of the combined impact of these 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 5).

Figure 5. Nineteenth Birthdays Are Critical Turning Points in Coverage for Young Adults

Percent Uninsured	Children, Age 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.

Low-income young adults are particularly vulnerable. Among those in families living below the poverty level, more than half (51%) are uninsured, compared with one of five (19%) children age 18 and under (Figure 5). Young adults with slightly higher incomes (100%–199% of the poverty level) fare only marginally better—two of five (40%) are uninsured. High uninsured rates are also noted in older age groups with low incomes. For example, 52 percent of adults ages 30 to 35 with incomes below poverty are uninsured (Table 1).

### THE (UNINSURED) GRADUATE

The transitional nature of young adults' lives following their 19th birthday makes it difficult to secure a stable and consistent source of health insurance coverage. Young adults move in and out of school and jobs throughout their 20s. Full-time students might take a leave of absence from school, attend college part-time, or graduate—effectively closing off access to their

parents' insurance policies or university-sponsored plans. In addition, job tenure is shorter among younger workers, thus increasing the risk that they will be without health insurance coverage for periods of weeks, months, or even years.

Surveys that track people over time provide an opportunity to examine what happens to the insurance coverage of young adults as they graduate from high school or college or move through their early adult years. The multiyear Survey of Income and Program Participation interviewed a sample of people about their health insurance and other characteristics in 2001 and tracked their history through 2003. The three-year insurance history reveals the extent to which life transitions disrupt insurance coverage. Over the 2001–2003 period, nearly two-thirds (62%) of young adults who were ages 19 to 23 at the beginning of 2001 went without coverage for at least part of the time (Figure 6).<sup>18</sup> One-third were uninsured for more than one year, while nearly one-fifth were uninsured for more than two years.

Young adults from households with low incomes were most exposed: they were both more likely to go without insurance for at least some period and more likely to endure long periods without insurance. Eighty percent of young adults ages 19 to 23 living in households with incomes under 200 percent of the poverty level were uninsured for at least part of the three-year period, and half (50%) were uninsured for

13 months or more (Table 2). Reflecting their generally lower incomes, Hispanic and African American young adults were at similarly high risk of losing insurance and experiencing long spells without coverage. Nineteen percent of Hispanic young adults who were ages 19 to 23 at the beginning of the three years were uninsured for the entire period.

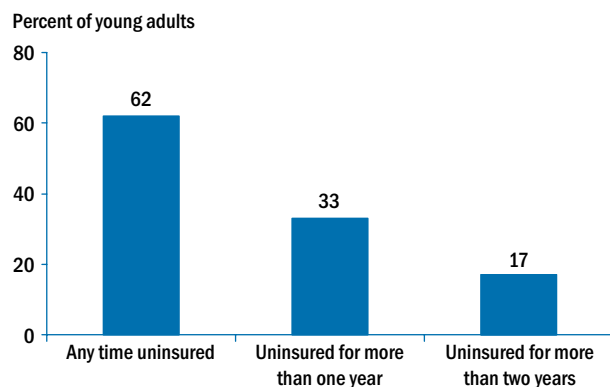
Coverage stability was only somewhat better for young adults ages 24 to 29, with 46 percent uninsured for any time over the three-year period, and 25 percent uninsured for more than one year (Table 2). Most of the improvement in this age group—compared with 19-to-23-year-olds—occurred among young adults with higher incomes. About one-third of young adults ages 24 to 29 with household incomes of 200 percent of the poverty level or higher were uninsured during part of the three-year period; 15 percent were uninsured for one year or more. In contrast, 72 percent of young adults ages 24 to 29 with incomes of less than 200 percent of the poverty level were uninsured during part of the three-year period; 50 percent were uninsured for one year or more.

### Graduation: High School and College

Graduation from high school marks a key juncture in the health insurance coverage of young adults. Tracking a sample of young adults in the year following graduation reveals the extent to which college enrollment is correlated with more secure insurance coverage. Among all young adults graduating from high school, three of 10 were uninsured for some time in the year following high school (Figure 7). Thirty-eight percent of young adults who graduated from high school but did not go to college within 12 months of graduation were uninsured for some time during the year following their graduation—more than twice the rate for young adults who attended college that year.

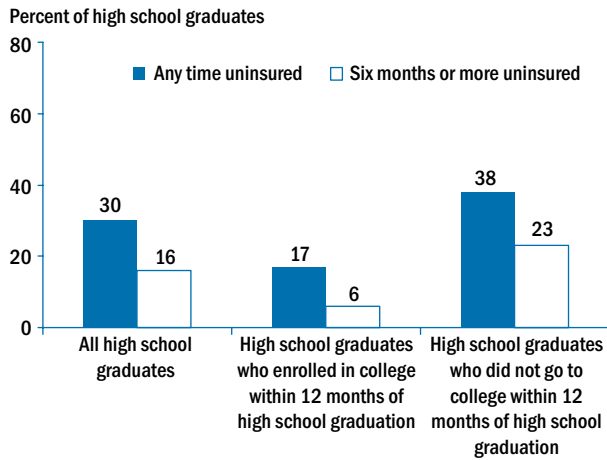
The year following college graduation also can be a time when connections to the health system are fragile and break down. The protections afforded young adults by virtue of being a full-time student—coverage through a parent's employer-based policy or a student health plan—are lost upon graduation. As new,

**Figure 6. Nearly Two-Thirds of Young Adults Ages 19–23 Spent Some Time Uninsured over a Three-Year Period, 2001–2003\***



\* Young adults who were ages 19 to 23 in 2001 were followed over 2001–2003. Data show what percent had time uninsured during that period. Source: Analysis of the 2001 Panel of the Survey of Income and Program Participation by E. Gould of the Economic Policy Institute for The Commonwealth Fund.

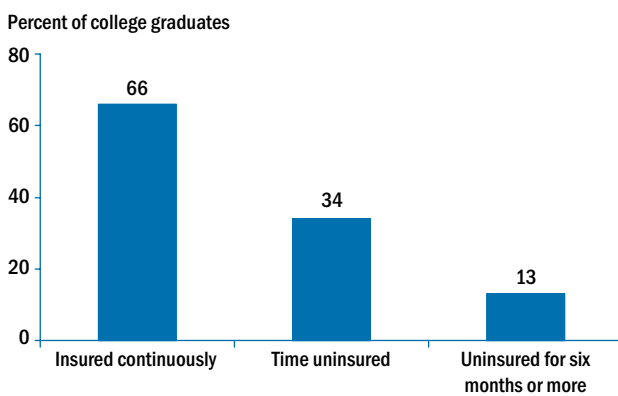
**Figure 7. Nearly Two-Fifths of High School Graduates Who Did Not Go to College Experienced Gaps in Insurance Coverage in the Year Following High School Graduation, 2001–2003\***



\* People who graduated from high school during 2001–2003.  
Source: Analysis of the 2001 Panel of the Survey of Income and Program Participation by E. Gould of the Economic Policy Institute for The Commonwealth Fund.

albeit college-educated, entrants to the labor force, they confront similar hazards that high school graduates face: waiting periods, temporary positions, lower-wage jobs, employment in small firms, and job turnover. Of the college students who graduated during 2001 to 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 (Figure 8). Based on the experiences of recent graduates, one-third of college graduates can expect to spend at least some time uninsured in the year after graduation.

**Figure 8. One-Third of College Graduates Had a Time Uninsured in the Year Following College Graduation, 2001–2003\***



\* People who graduated from college during 2001–2003.  
Note: College graduates are defined as those with at least a bachelor's degree.  
Source: Analysis of the 2001 Panel of the Survey of Income and Program Participation by E. Gould of the Economic Policy Institute for The Commonwealth Fund.

## NEW ENTRANTS TO THE LABOR FORCE

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 (Table 3). They are also less likely to take up coverage when it is offered. The Commonwealth Fund Biennial Health Insurance Survey (2007) 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 age 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 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.

## WHY COVERAGE IS IMPORTANT FOR YOUNG ADULTS

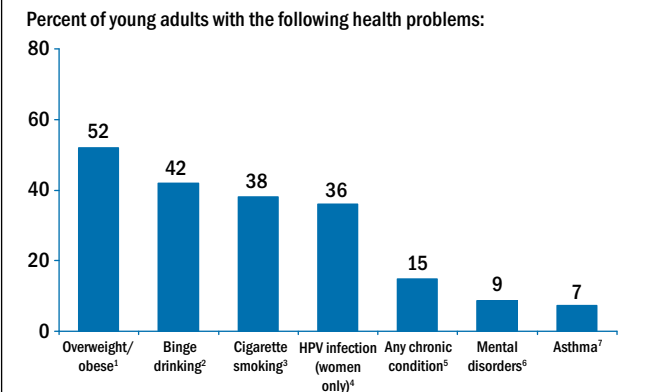
Although young adults generally constitute a healthy group, going without insurance disrupts their access to the health care system, introduces barriers to care when it is needed, and leaves young adults and their families at risk for high out-of-pocket costs in the event of a serious illness or severe 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 primary care 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 just a few reasons coverage is so important for young adults:

- Fifteen percent of young adults ages 18 to 29 have one of six chronic health conditions: arthritis, asthma, cancer, diabetes, heart disease, or hypertension (Figure 9); 18 percent of young women have one of these conditions, and 12 percent of young men do.<sup>19</sup>
- More than half of young adults ages 18 to 29 are above what is considered to be a healthy weight: 28 percent are overweight, and an additional 24 percent are obese. Over the past 30 years, obesity among this age group has increased threefold.<sup>20</sup>
- More than one-third (36%) of women ages 20 to 29 are infected with human papillomavirus (HPV). It is most prevalent among younger women (45% of women ages 20–24) and lower-income women (46% of those living below poverty). Women with higher incomes also have relatively high rates of infection—31 percent of women with incomes of 200 percent of poverty or higher.<sup>21</sup>
- Twenty-one percent of women and 29 percent of men ages 18 to 29 regularly smoke.<sup>22</sup>
- There were 2.6 million live births in 2007 among women ages 18 to 29.<sup>23</sup>

- In 2007, one-quarter of all new HIV/AIDS diagnoses were made among young adults between ages 20 and 29.<sup>24</sup>
- Injury-related visits to emergency rooms are far more common among young adults than among either children or older adults, and nearly one-quarter (24%) of 18-to-29-year-olds have had an ER visit in the past year. The prevalence of injury-related visits to the ER among 18-to-29-year-olds was 1,453 per 10,000, which is the highest rate of any age group.<sup>25</sup>
- More than 20,000 people with congenital heart disease reach their 19th birthday each year.<sup>26</sup>

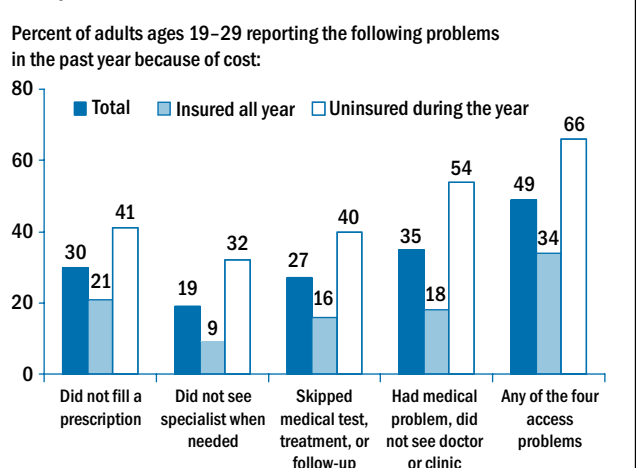
The Commonwealth Fund Biennial Health Insurance Survey (2007) shows that being uninsured or having unstable health insurance hampers access to the health care system. Two-thirds (66%) of young adults ages 19 to 29 who had a time without insurance coverage in the past year said they had gone without needed health care because of cost, compared with just one-third (34%) of young adults who were insured all year (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.

**Figure 9. More Than Half of Young Adults Are Overweight or Obese, Two of Five Report Binge Drinking or Smoke Cigarettes, and 15 Percent Have a Chronic Health Condition**



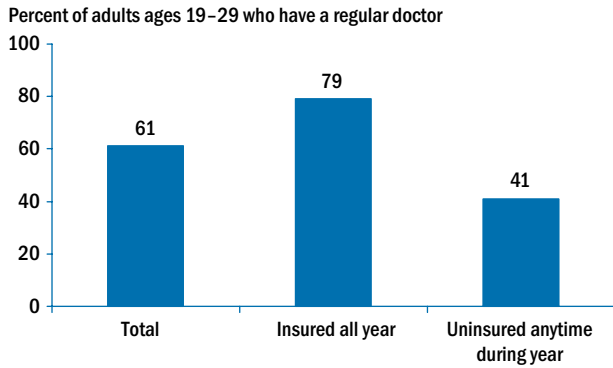
<sup>1</sup> Data from 2005–2006; ages 18–29. <sup>2</sup> Binge drinking defined as 'drinking 5 or more drinks on the same occasion on at least one day in the past 30 days'; data from 2006; ages 18–29. <sup>3</sup> Data from 2006; ages 18–25; smoked at least one cigarette in the past month. <sup>4</sup> Data from 2003–2004; women ages 20–29. <sup>5</sup> Any chronic condition includes physician-diagnosed arthritis, asthma, cancer, diabetes, heart disease, or hypertension; data from 2004–2006; ages 18–29. <sup>6</sup> Mental disorders include major depression, generalized anxiety disorder, and panic disorder; data from 1999–2004; ages 20–29. <sup>7</sup> Data from 2004–2006; ages 18–29. Source: National Center for Health Statistics, "Health, United States, 2008," (Hyattsville, Md.: NCHS, 2009).

**Figure 10. Two-Thirds of Uninsured Young Adults Had Cost-Related Access Problems in the Past Year, Compared with One-Third of Those Who Were Insured All Year**



Source: The Commonwealth Fund Biennial Health Insurance Survey (2007).

**Figure 11. Young Adults Without Insurance Are Less Likely to Have a Regular Doctor Than Those Who Are Insured All Year**

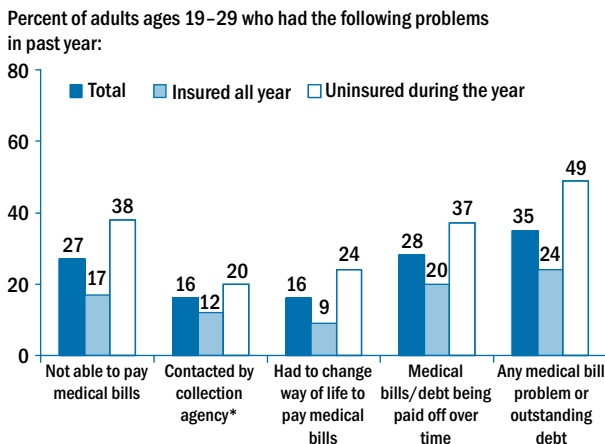


Source: The Commonwealth Fund Biennial Health Insurance Survey (2007).

In addition, uninsured young adults are far less likely than those with coverage to have a regular doctor. The survey found that only 41 percent of uninsured young adults had a regular doctor, compared with more than three-quarters (79%) of those who were insured all year (Figure 11).

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, reported problems with medical bills, including having trouble making payments, being contacted by a collection agency because of their inability to pay bills, significantly changing their way of life in order to pay medical bills, or paying

**Figure 12. Half of Young Adults with Any Time Uninsured Had Medical Bill or Debt Problems, Twice That of Young Adults Who Were Insured All 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 (2007).

off medical debt over time (Figure 12). About one of four (28%) young adults was paying off medical debt. Uninsured young adults were the most burdened with medical bills and debt—49 percent reported at least one bill-related problem. Nearly two of five (37%) uninsured young adults were carrying medical debt and paying it off over time.

**NEW LAWS, PROPOSALS, AND POLICY OPTIONS TO HELP YOUNG ADULTS STAY INSURED**

**Recent Federal Laws and Proposals**

Comprehensive reform of the U.S. health care system is at the top of the nation’s domestic policy agenda this year. The Obama Administration and leaders of the key health committees in both houses of Congress have made health reform their top priority.<sup>27</sup> The leading proposals and draft bills put forth thus far aim to provide near-universal health insurance coverage and reform the health delivery system. They would accomplish this by building on our existing mixed private–public health insurance system. Employers would be required to either offer coverage or contribute to the cost of their employees’ insurance, and eligibility for Medicaid would be expanded. A new health insurance exchange would provide people without access to employer coverage or Medicaid a choice of a private or public health plan, with income-related premium subsidies offered on a sliding scale. A minimum standard benefit package or set of packages would set a floor for plans offered through the exchange. The Senate Health, Education, Labor, and Pensions (HELP) Committee bill would require group health plans that provide dependent coverage of children to offer coverage for dependent young adults up to age 26.<sup>28</sup>

Young adults will also benefit from recent federal legislation. This spring’s economic stimulus law provides up to nine months of COBRA premium subsidies to workers who lost their jobs between September 2008 and December 2009. Subsidies cover 65 percent of COBRA premiums. In addition, legislation signed into law in October 2008 addresses the catastrophic loss of coverage that can occur when college students



with dependent coverage become ill and have to leave school, and therefore no longer qualify for their parents' employer health plan. Michelle's Law, named after college student Michelle Morse, requires group health plans to continue coverage of a dependent child during a medically necessary leave of absence from a college or university.<sup>29</sup>

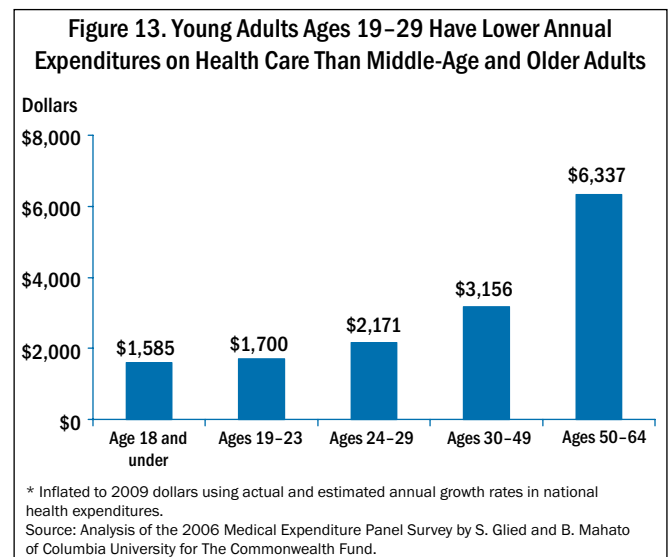
### Recent State Laws

In the absence of comprehensive federal action to expand insurance coverage, 26 states have passed legislation that increases the age of dependency for young adults for purposes of private insurance coverage (Table 4).<sup>30</sup> New ages of dependency range from 24 in Delaware, Indiana, South Dakota, and Tennessee to 30 in New Jersey and New York. Sixteen states have settled on age 25. Only four state laws apply to students only. In general, these laws apply to plans covered under state insurance regulations and thus do not apply to self-insured employers.

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 percent.<sup>31</sup> As part of Massachusetts' health insurance expansion 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).<sup>32</sup> The state's new Commonwealth Choice program also provides lower-cost insurance products for young adults ages 18 to 26.<sup>33</sup> In 2003, Maine implemented DirigoChoice, which offers subsidized coverage to employees of small firms, the self-employed, and individuals on a voluntary basis and has covered more than 29,500 people since its inception.<sup>34</sup> Vermont enacted a new coverage expansion for its uninsured residents in late 2007; the law allows for subsidized coverage for people with incomes under 300 percent of the poverty level, standardized benefits, some new insurance regulations, and an employer "play or pay" requirement for large firms.<sup>35</sup>

### 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 lower the average cost of group insurance, because young adults are generally healthier than older adults and have lower per capita health care expenditures (Figure 13).<sup>36</sup>



The most effective approach for ensuring that all young adults have affordable health insurance, however, is to enact comprehensive health reform that includes coverage of all.

*Comprehensive health reform.* Universal health insurance would eliminate gaps in young adults' coverage that now occur frequently during the transition from school to the workforce.<sup>37</sup> The proposals being considered by Congress, as well as those put forth by the Commonwealth Fund Commission on a High Performance Health System, would help the 13.2 million uninsured young adults gain coverage as well as help those who are uninsured at different points during their early working years maintain coverage.<sup>38</sup> Under the Senate HELP Committee bill, young adults could remain covered under their parents' policies until age 26.<sup>39</sup> Those with low incomes would be eligible for

Medicaid/CHIP or for assistance in paying premiums for plans purchased through the insurance exchange. A portable public health plan within a national health insurance exchange would provide a continuous source of coverage for young adults who frequently change jobs.

In the absence of comprehensive change in the health insurance system, the following three policy changes could incrementally extend coverage to a portion of uninsured young adults and prevent others from losing coverage in the future:

*Extend eligibility for Medicaid/CHIP public coverage beyond age 18.* Congress could require states to extend Medicaid or CHIP eligibility past age 18, at the same income thresholds, with the help of federal matching funds. Young adults in households with incomes under 100 percent of the poverty level are most at risk of lacking health insurance coverage, and many with incomes of 100 percent to 199 percent of poverty also lack coverage. Expansion of Medicaid/CHIP eligibility would significantly reduce the number of uninsured young adults.

States could 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 young adults who are currently enrolled in the programs and are “aging off”—similar to the way states are now required to extend Medicaid coverage to individuals who become ineligible because of higher earnings.<sup>40</sup> If limited to just those uninsured young adults ages 19 to 25 who have incomes below 100 percent of poverty, these policy changes would help cover more than 3.6 million people; if extended up to 200 percent of poverty, they would help as many as 6.1 million. The Congressional Budget Office estimated that giving states the option to cover children enrolled in CHIP up to age 21 would cost the federal budget about \$2.3 billion over 10 years.<sup>41</sup>

*Extend eligibility for dependents under private coverage beyond age 18 or 19.* Private insurers and public

and private employers could be required to redefine the age at which a young adult is no longer a dependent. Some private and public employers already provide such extended dependent coverage voluntarily, and, as noted above, many states have redefined dependent coverage under their public insurance programs. Under the Federal Employees Health Benefits Program (FEHBP), government employees and members of Congress currently enjoy coverage for unmarried dependent children under age 22.<sup>42</sup> A bill introduced in 2008 would have extended health insurance under FEHBP to dependents up to age 25.<sup>43</sup> Such an expanded benefit could be either structured as a rider with a supplemental premium or extended to all policies and covered by the family premium.

Increasing the age to 23 could cover an additional 1.5 million unmarried dependent young adults whose parents have employer-sponsored insurance, while increasing the age to 25 could cover a total of 2 million unmarried dependent young adults.<sup>44</sup> If the benefit requirement were extended to all family policies, with the dependency age limit increased from 19 to 23, the average premium for employer-based family policies would 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 obtain other coverage, increasing the age of dependency from 23 to 25 is estimated to cause employer health plan premiums to increase by an additional 1 percent.

*States could ensure that all colleges and universities require full-time and part-time students to have health insurance and 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 or higher-education governing board mandate to require that full-time undergraduate students who are U.S. citizens or permanent residents have health insurance. 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.<sup>45</sup> The average annual cost for a school plan at public colleges and universities is \$1,482, and \$1,720 at private colleges and universities.<sup>46</sup> Using state mandates to increase the number of schools that require students to have health insurance coverage and offer coverage could help cover the 1.7 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. Benefit standards would also ensure that young adults have access to timely care and are protected from catastrophic costs.

## NOTES

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**Table 1. Uninsured Rates by Age Group and Selected Demographic Characteristics**

	Age Group				
	18 & under	19–29	30–35	36–49	50–64
<b>Total (millions)</b>	78.6	45.2	23.0	60.9	54.5
<b>Total (% uninsured)</b>	11%	29%	22%	17%	13%
<b>Gender</b>					
Male	11	33	25	19	13
Female	11	26	19	16	13
<b>Poverty</b>					
<100% FPL	19	51	52	44	35
100%–199% FPL	16	40	40	34	25
≥200% FPL	7	16	12	10	8
<b>Education</b>					
Less than 12th grade	11	56	55	44	30
12th grade/high school	22	38	31	22	16
More than high school	11	22	18	14	11
Bachelor's degree or more	—	14	8	7	7
<b>Race/Ethnicity</b>					
White	7	22	14	12	10
Black	13	34	29	22	18
Hispanic	21	49	44	37	32
Other	11	28	18	18	19
<b>Student Status</b>					
Full-time student	12	19	—	—	—
Part-time student	23	25	—	—	—
Non-student	11	32	22	17	13
<b>Employment Status</b>					
Self employed	13	47	32	26	20
Employed part-time	9	27	27	22	18
Employed full-time	24	26	18	14	9
Not employed	11	37	34	25	17
<b>Firm Size (Base: those employed full-time or part-time)</b>					
<25 employees	14	40	36	30	22
25 or more employees	11	23	14	10	7
<100 employees	13	37	32	26	19
100 or more employees	11	21	12	9	6

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

**Table 2. Months Uninsured Among Young Adults  
Ages 19–23 and 24–29, 2001–2003**

	Population in millions	Any part of 3-year period	13 months or more	25 months or more	36 months
<b>Total 19–23*</b>	17.3	62%	33%	17%	7%
<b>Poverty</b>					
<200% FPL	5.3	80	50	31	13
≥200% FPL	12.0	54	26	12	5
<b>Race</b>					
White	11.5	55	26	13	5
Black	2.2	74	39	19	7
Hispanic	2.7	82	57	38	19
<b>Total 24–29*</b>	20.7	46%	25%	14%	6%
<b>Poverty</b>					
<200% FPL	5.9	72	50	31	12
≥200% FPL	14.8	36	15	8	3
<b>Race</b>					
White	13.8	40	20	11	4
Black	2.4	51	22	13	5
Hispanic	3.2	69	49	30	15

\* People who were ages 19–23 or 24–29 at beginning of survey in 2001.

Source: Analysis of the 2001 Panel of the Survey of Income and Program Participation by E. Gould of the Economic Policy Institute for The Commonwealth Fund.

**Table 3. Availability of and Workers' Eligibility for Employer Insurance  
(base: workers ages 19–64)**

	Total	Ages 19–29	Ages 19–23	Ages 24–29	Ages 30–64
<b>Total (millions)</b>	122.2	26.6	11.7	14.9	95.5
<b>Eligibility</b>					
Employer offers a plan	75%	68%	64%	71%	77%
Eligible for employer plan	69	53	42	62	74
<b>Coverage</b>					
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: The Commonwealth Fund Biennial Health Insurance Survey (2007).



**Table 4. 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 <sup>1</sup>	2006	25	Yes
Connecticut <sup>2</sup>	2007	26	Yes
Delaware <sup>3</sup>	2006	24	Yes
Florida <sup>4</sup>	2007	25	Yes
Idaho <sup>5</sup>	2007	25	No
Illinois <sup>6</sup>	2008	26	Yes
Indiana <sup>7</sup>	2007	24	Yes
Iowa <sup>8</sup>	2008	25	Yes
Kentucky <sup>9</sup>	2008	25	Yes
Maine <sup>10</sup>	2007	25	Yes
Maryland <sup>11</sup>	2007	25	Yes
Massachusetts <sup>12</sup>	2006	26	Yes
Minnesota <sup>13</sup>	2007	25	Yes
Montana <sup>14</sup>	2007	25	Yes
New Hampshire <sup>15</sup>	2007	26	Yes
New Jersey <sup>16</sup>	2006	30	Yes
New Mexico <sup>17</sup>	2005	25	Yes
New York <sup>18</sup>	2009	30	Yes
Rhode Island <sup>19</sup>	2006	25	No
South Dakota <sup>20</sup>	2005	24	No
Tennessee <sup>21</sup>	2008	24	Yes
Texas <sup>22</sup>	2003	25	Yes
Utah <sup>23</sup>	1994	26	Yes
Virginia <sup>24</sup>	2007	25	No
Washington <sup>25</sup>	2007	25	Yes
West Virginia <sup>26</sup>	2007	25	Yes

<sup>1</sup> Colorado 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.

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

<sup>3</sup> Delaware 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.

<sup>4</sup> Florida Chapter 627.6562; Allows unmarried young adults up to age 25 who live with their parents or are financially dependent to remain on their parents' health insurance. The health insurance plan must cover these young adults at least until the end of the calendar year in which the young adult turns 25.

<sup>5</sup> Idaho 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.

<sup>6</sup> Illinois Public Act 95-0958; Allows parents the option of keeping dependents on their health plan until their 26th birthday; parents with dependents who are veterans can keep them on their health plan until their 30th birthday.

<sup>7</sup> Indiana House Bill 1678; Requires commercial health insurers and health maintenance organizations to cover dependents up to age 24 on their parents' insurance.

<sup>8</sup> Iowa House Bill 2539; Requires health insurers to continue to cover dependents on their parents' coverage as long as the child is under the age of 25, a full-time student, or disabled. The dependent must be unmarried and must reside in Iowa.

<sup>9</sup> Kentucky Chapter No. 169; Allows parents to keep their unmarried children on their health insurance plans up to age 25. Parents will be required to pay extra premiums for their children's coverage.

<sup>10</sup> Maine 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.

- <sup>11</sup> Maryland 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.
- <sup>12</sup> Massachusetts 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.
- <sup>13</sup> Minnesota Chapter 62E.02, House Bill 475; Effective January 1, 2008; Allows dependents up to age 25 to remain on their parents' private health insurance plans.
- <sup>14</sup> Montana MCA 33-22-140, Senate Bill 419; provides insurance coverage to unmarried children up to 25 years of age under a parent's policy; effective January 1, 2008.
- <sup>15</sup> New 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.
- <sup>16</sup> New Jersey Public Act 2005 Chapter 375; Requires most group health plans to cover single adult dependents up to age 30.
- <sup>17</sup> New Mexico House Bill 335; Requires that all insurance policies provide coverage for unmarried dependents up to age 25, regardless of school enrollment.
- <sup>18</sup> New York Assembly Bill A09038; Allows unmarried young adults up to age 30 who are not eligible for employer sponsored insurance to be covered under their parent's health insurance, regardless of financial dependence; effective September 1, 2009.
- <sup>19</sup> Rhode Island Senate Bill 2211; Requires health insurance plans to cover unmarried dependent children up to age 19, or age 25 for financially dependent students.
- <sup>20</sup> South Dakota Codified Law 58-17-2.3, Senate Bill 108; Prohibits any insurance provider that offers dependent benefits from terminating coverage before age 19, or 24 if the dependent is a full-time student.
- <sup>21</sup> Tennessee Code Ann. 56-7-2302; Allows unmarried and financially dependent young adults up to age 24 to remain on their parents' health insurance plan.
- <sup>22</sup> Texas 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.
- <sup>23</sup> Utah Code, Title 31A-22-610.5; Requires insurance policies that include dependent coverage to cover unmarried dependents up to age 26.
- <sup>24</sup> Virginia Code 38.2-3525 allows dependent full-time students up to age 25 to remain on their parents' health insurance.
- <sup>25</sup> Washington Chapter 259, 2007 Laws PV, Senate Bill 5930; 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.
- <sup>26</sup> West Virginia Chapter 134, Acts 2007; Increases the dependent age for a child or stepchild to 25 for health insurance coverage.

Note: Four additional states have passed laws to extend the dependency eligibility age for young adults in the military or who are disabled.

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>.

## METHODOLOGY

Most data in this issue brief are from four surveys: the March Annual Social and Economic Supplement to the Current Population Survey (CPS), 2008; the Medical Expenditure Panel Survey (MEPS), 2006; the 2001 Panel of the Survey of Income and Program Participation (SIPP); and the Commonwealth Fund Biennial Health Insurance Survey (2007). Sherry Glied and Bisundev Mahato of Columbia University's Mailman School of Public Health provided analysis of the CPS and MEPS. Elise Gould of the Economic Policy Institute provided analysis of the SIPP. Commonwealth Fund staff analyzed the Commonwealth Fund Biennial Health Insurance Survey.

The CPS, MEPS and SIPP are federal surveys sponsored by the Census Bureau (CPS and SIPP) and the Agency for Healthcare Research and Quality (MEPS). The CPS, the primary source of information on U.S. labor force characteristics, is conducted monthly on a sample of about 57,000 households representing approximately 140,000 people. The Annual Social and Economic Supplement to the CPS is conducted in March of each year with a sample of about 99,000 households. The MEPS uses an overlapping panel design in which data are collected in a series of five interviews over a 30-month period, with a new panel started each year. The sample size in 2006 was 12,811 families, representing 32,577 people. The SIPP is a multiyear panel survey that interviews a sample of households every four months for several years. The 2001 panel was fielded for three years and consisted of 35,100 households.

The Commonwealth Fund Biennial Health Insurance Survey (2007) was conducted by Princeton Survey Research Associates International from June 6, 2007, through October 24, 2007. The survey consisted of 25-minute telephone interviews in either English or Spanish and was conducted among a random, nationally representative sample of 3,501 adults age 19 and older living in the continental United States. The analysis in this issue brief is based on 413 adults ages 19 to 29 in the sample. Statistical results are weighted to correct for the disproportionate sample design and to make the final total sample results representative of all adults ages 19 and older living in the continental U.S. The data are weighted to the U.S. adult population by age, sex, race/ethnicity, education, household size, geographic region, and telephone service interruption, using the U.S. Census Bureau's 2006 Annual Social and Economic Supplement. The resulting weighted sample is representative of the approximately 214.5 million adults ages 19 and older, including 39.5 million young adults age 19 to 29.

### ABOUT THE AUTHORS

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