

# HEALTH CARE AND COVERAGE

**THE STATE OF**  
YOUNG AMERICA

# HEALTH CARE AND COVERAGE

**D**isappearing jobs and diminishing wages have affected not just the wealth, but also the health, of young Americans. These trends, combined with rising health care costs, make young adults the most uninsured age group in the country. Major changes to the health insurance system, however, have improved coverage rates among young Americans, with more progress expected in the years ahead.

## FINDINGS AT A GLANCE

### YOUNG ADULTS NEED HEALTH INSURANCE

- MEDICAL CONDITIONS DO AFFECT YOUNG ADULTS
- COSTS OFTEN EXCEED AVAILABLE ASSETS

### TRENDS BEHIND THE HIGH UNINSURANCE RATES

- EMPLOYER-SPONSORED COVERAGE HAS FALLEN, AND PUBLIC AND PRIVATE COVERAGE HAS NOT FILLED THE GAP

### AN UNHEALTHY RECESSION, BUT A POSITIVE OUTLOOK FOR COVERAGE

- THE GREAT RECESSION DROVE UNINSURANCE RATES FOR YOUNG PEOPLE TO RECORD HIGHS
- THE FUTURE LOOKS HEALTHIER FOR YOUNG ADULTS

Young adults are generally healthier than their older adult counterparts. But that fact has fueled misguided media characterizations of this age cohort as “invincible.” Young adults do need care. In addition to the cost of preventive care, routine doctors visits, and occasional health hiccups, a significant subset of young adults deal with costly chronic conditions. Young adults are also more likely to engage in riskier activities like athletics, meaning that they face sudden high-cost health incidents at a relatively high rate.

But their light pocketbooks make paying for any significant medical services while uninsured close to impossible. The high cost of medical expenses is no secret to anyone who has ever required care, but when primarily low-income young adults face high out-of-pocket costs due to uninsurance or high-deductible plans, the results can be particularly difficult to handle.

At the same time, young adults lack health insurance more often than any other age group. Changes in the labor market over the past few decades have left many with limited access to traditional forms of coverage. Jobs that once offered benefits are no longer doing so, and the percent of young adults working part-time has increased dramatically over the past few decades.<sup>1</sup> Rising health care costs mean today’s young adults can rarely afford insurance once they leave the nest, or age out of child-centered government services as individual insurance is currently unaffordable for a typical low-wage earning young adult.

Indeed, for too many young adults, uninsurance and the resulting bad health outcomes are not a choice, but an economic reality. And the threat of uninsurance can impede personal economic growth in other ways: when young people are tied down to geographic locations, jobs or economic choices based on available coverage options, the freedom to pursue their version of the American Dream is stifled.

But in spite of a bleak historical trend of rising uninsurance rates among young adults, propelled in recent years by the Great Recession, changes to the insurance system brought by health care reform have begun to reverse that trend and increase access to insurance. Young adults will see greater security in their coverage options as they navigate a changing labor market.

“MY HUSBAND IS CONSIDERED AN HOURLY EMPLOYEE, HE WORKS FULL-TIME BUT HE DOESN’T GET ANY BENEFITS. I’M CURRENTLY EMPLOYED FULL-TIME AND OUR INSURANCE FOR OUR FAMILY OF FOUR IS ALMOST \$800 A MONTH. I MEAN IT’S KILLING US.”

- BLOOMINGTON, INDIANA

## YOUNG ADULTS NEED HEALTH INSURANCE

### MEDICAL CONDITIONS DO AFFECT YOUNG ADULTS

Preventive care, chronic illnesses, and catastrophic events are all health issues that young people face.

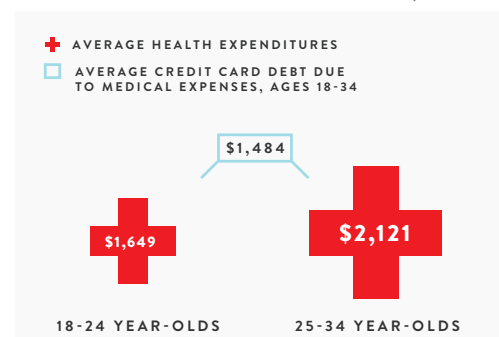
- About 15 percent of young adults live with a chronic health condition such as asthma or diabetes. Another 9 percent grapple with depression or anxiety disorders.<sup>2</sup>
- Almost 16 percent of young adults aged 18 to 24 have a “pre-existing condition.”<sup>3</sup>
- Young adults ages 19 to 29 find themselves in the emergency room more than any other age group under the age of 75.<sup>4</sup>

### COSTS OFTEN EXCEED AVAILABLE ASSETS

Young adults can ill-afford high out-of-pocket costs. For many, health care costs have the serious potential of wiping out often meager savings, forcing many young adults to turn to credit cards to pay their medical bills.

- In 2008, the median medical expenditure for uninsured 18 to 24 year-olds was \$286, with a mean of \$1,649. The median for 25 to 34 year-olds was \$417, with a mean of \$2,121 (Figure 3.1).<sup>5</sup>
- Credit card debt is 79 percent higher for young adults with medical debt than those without—a much higher difference than for any other age.<sup>6</sup>

figure 3.1 | HEALTH EXPENDITURES AND MEDICAL CREDIT CARD DEBT OF YOUNG ADULTS, 2008



SOURCE: Average Credit Card Debt from Dèmos, “Sick and In the Red,” 2010, Median Health Expenditure from Yi analysis of MEPS datapublished numbers for 1989-2007

## TRENDS BEHIND THE HIGH UNINSURANCE RATES

### EMPLOYER-SPONSORED COVERAGE HAS FALLEN, AND PUBLIC AND PRIVATE COVERAGE HAS NOT FILLED THE GAP

Fewer have jobs, fewer of those jobs have benefits than they once did, individual insurance is unaffordable for many often low-wage-earning young adults, and public insurance cannot currently substitute for lack of private coverage.

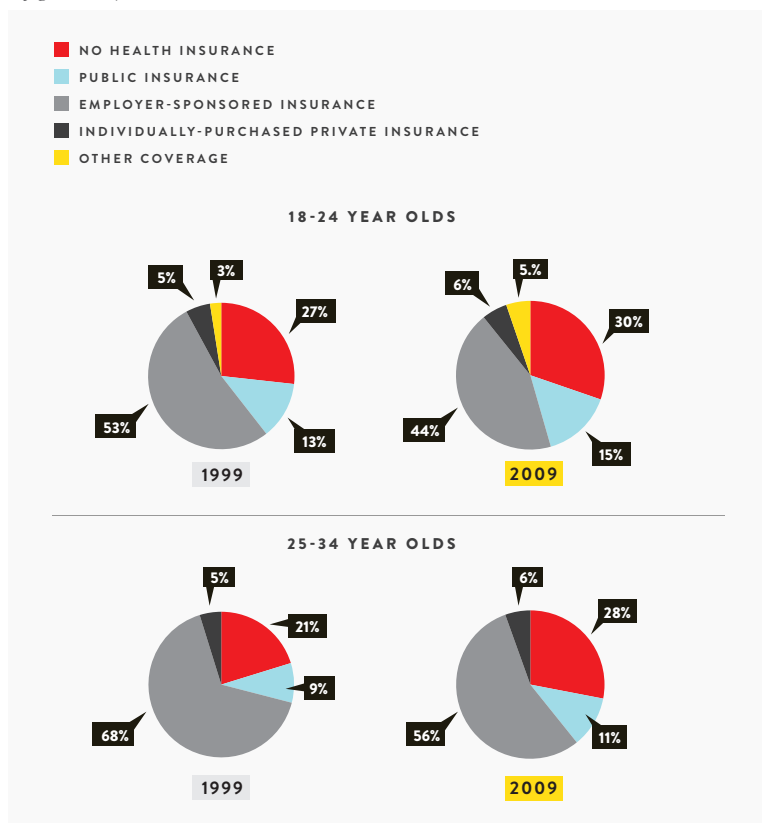
- The proportion of full-time workers aged 18 to 24 with insurance through their job dropped by 12.8 percent in the past 10 years alone, while the proportion of workers aged 25 to 34 with coverage through their employer dropped by 8.5 percent, both far higher than the drop in employer sponsored coverage for all workers (4.4 percent).<sup>7</sup>

- Overall, just 43.7 percent of all 18 to 24 year-olds and 55.7 percent of 25 to 34 year-olds were covered by an employer-sponsored plan in 2009, both significantly lower than a decade earlier (Figure 3.2).

- In 2009, the average annual individual premium for a single young adult was \$1,429 for an 18 year-old and \$2,104 for a 30 year-old.<sup>8</sup> Those prices assume an enrollee does not have a pre-existing condition, and do not include the significant out-of-pocket costs common with typically high-deductible individual plans.

- These high costs are why just 5.5 percent of both 18 to 24 and 25 to 34 year-olds had individually-purchased private insurance in 2009 (Figure 3.2).
- Public health insurance coverage of young adults has increased over the past decade. 15.3 percent of all 18 to 24 year-olds in 2009 were covered by public insurance of some kind (Figure 3.2).

figure 3.2 | TYPE OF HEALTH COVERAGE FOR YOUNG ADULTS, 1999 AND 2009



SOURCE: Dēmos Analysis of Current Population Survey Annual Social and Economic Supplement

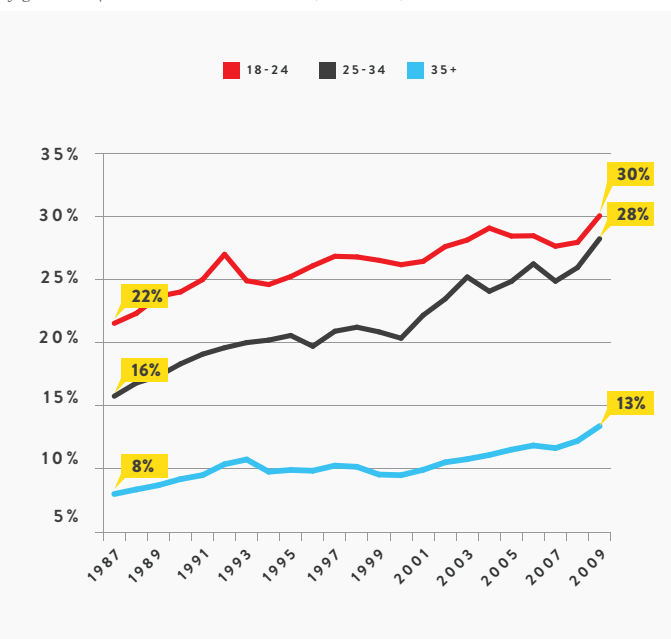
## AN UNHEALTHY RECESSION, BUT A POSITIVE OUTLOOK FOR COVERAGE

### THE GREAT RECESSION DROVE UNINSURANCE RATES FOR YOUNG PEOPLE TO RECORD HIGHS

The skyrocketing unemployment and underemployment rates during the Great Recession have left this generation even less likely to have a job and access to benefits, and even less able to afford individual insurance. As a result, the uninsurance trends of the past decades have continued. But the recent health care reform law greatly expanded coverage options for young adults. A provision that allows young people to stay on their parent's plan up to age 26 has already increased insurance rates, and other changes promise larger improvements in the coming years.

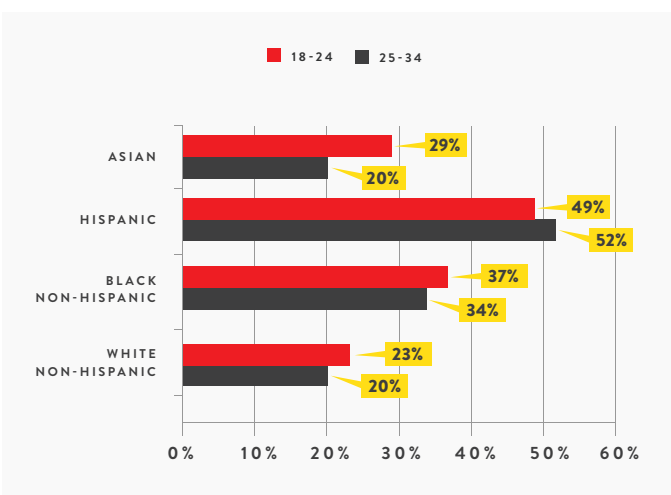
- The uninsurance rate for 18 to 24 year-olds increased from 27.9 percent at the beginning of the recession in 2007 to 30.3 percent in 2009, and from 24.9 percent to 28.3 percent for 25 to 34 year-olds over the same time span (Figure 3.3).
- As of 2009, there were 1.5 million more 25 to 34 year-olds without health insurance than there were at the beginning of the recession, and 813,000 more uninsured 18 to 24 year-olds<sup>9</sup>.
- The percent of young adults aged 18 to 34 who were uninsured in 2009 is more than twice as high as the share of older adults without insurance (Figure 3.3).
- The share of all young adults without insurance in 2009 was at the highest level since the Census Bureau began tracking insurance coverage in the CPS in 1987.
- Young people of color are disproportionately likely to lack insurance. Over half (51.7 percent) of all Latino and 33.8 percent of all African American 25 to 34 year-olds were uninsured in 2009, compared to 20.8 percent of whites of the same age (Figure 3.4).

figure 3.3 | UNINSURANCE RATE, BY AGE, 1987-2009



SOURCE: Dēmos Analysis of Current Population Survey Annual Social and Economic Supplement

figure 3.4 | UNINSURANCE RATE, BY AGE AND RACE/ETHNICITY, 2009



SOURCE: Dēmos Analysis of Current Population Survey Annual Social and Economic Supplement

## ISBAH'S STORY

AGE 21 | AUSTIN, TX



When Isbah was 18 years old, she started to have symptoms of fatigue, making it hard to concentrate or complete her schoolwork. In the same year her father transferred jobs and her family had to find private insurance coverage. But the new insurance company denied her coverage based on her history of fatigue. She was left with no options, so she limited visits to the doctor and hoped that her health wouldn't get worse. She went uninsured.

A year later, she began losing weight uncontrollably and other symptoms appeared. Soon after, she was diagnosed with Lupus, a chronic auto-immune disease that can result in hair loss, joint pain, loss of appetite, and much worse if left untreated. Her father transferred jobs but the new insurance again denied her coverage because of her pre-existing conditions. She bought generic drugs instead of prescribed brand-name drugs, and limited doctors visits.

Like many young people, Isbah simply could not afford her medical care without coverage. But like many young adults, health coverage was difficult to come by. As a student now at the University of Texas, she turns increasingly to her parents for financial support as she struggles to continue her studies, and to deal with the emotional stress of a chronic disease and the monetary stress of the high cost of care. Things have begun to look up for Isbah though. Her father's insurance finally covered her and she will stay on that plan due to the new dependent coverage extension until she turns 26. ●

### THE FUTURE LOOKS HEALTHIER FOR YOUNG ADULTS

The Affordable Care Act has begun to reduce uninsurance rates and will likely help millions more young people get affordable coverage in the next few years as its provisions take effect.

- The number of uninsured young adults 19 to 25 has fallen dramatically since the passage of the Affordable Care Act—by a total of two and a half million in the last quarter of 2010 and the first two quarters of 2011. This increase in coverage is almost certainly due to the provision allowing young adults to stay covered on their parent's plan up to 26, and has exceeded almost all expectations.<sup>10</sup>
- The increase in coverage for 19 to 25 year-olds only partly made up for the lost coverage from the Great Recession; the uninsurance rate for these young adults is far higher than it was 20 years ago. And the uninsurance rate for 25 to 34 year-olds, stayed the same between 2009 and 2010.
- Almost 8 million currently uninsured young adults will be eligible for Medicaid in 2014.<sup>11</sup>
- Over 9 million currently uninsured young adults will be eligible for subsidies to help them purchase insurance starting in 2014.<sup>12</sup>

## ENDNOTES

1. Dēmos analysis of Bureau of Labor Statistics data.
2. Sara R. Collins, Elise Gould, Bisundev Mahato, Jennifer L. Nicholson, Sheila D. Rustgi, and Cathy Schoen, “Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help, 2009 Update,” The Commonwealth Fund, vol. 64 (August 2009). [http://www.commonwealthfund.org/-/media/Files/Publications/Issue%20Brief/2009/Aug/1310\\_Nicholson\\_rite\\_of\\_passage\\_2009.pdf](http://www.commonwealthfund.org/-/media/Files/Publications/Issue%20Brief/2009/Aug/1310_Nicholson_rite_of_passage_2009.pdf).
3. Kim Bailey, Christine Sebastian, and Kathleen Stoll, “Health Reform: Help for Americans with Preexisting Conditions,” Families USA, (2010) p. 3. <http://www.familiesusa.org/assets/pdfs/health-reform/pre-existing-conditions.pdf>.
4. Sally H. Adams, Claire D. Brindis, Charles E. Irwin, Tina Paul Mulye, M. Jane Park, “The Health Status of Young Adults in the United States,” Journal of Adolescent Health , No. 39 (2006). <http://smhp.psych.ucla.edu/pdfdocs/healthstatus.pdf>.
5. YI analysis of the Medical Expenditure Panel Survey.
6. Mark Rukavina and Cindy Zeldin, “Borrowing to Stay Healthy: How Credit Card Debt is Related to Medical Expenses,” Dēmos and the Access Project (2007). <http://www.aecf.org/upload/publicationfiles/fes3622h1313.pdf>.
7. Dēmos Analysis of Current Population Survey Annual Social and Economic Supplement.
8. America’s Health Insurance Plans, Center for Policy and Research “Individual Health Insurance, 2006-2007, A Comprehensive Survey of Premiums, Availability, and Benefits,” (December 2007). [http://www.ahipresearch.org/pdfs/Individual\\_Market\\_Survey\\_December\\_2007.pdf](http://www.ahipresearch.org/pdfs/Individual_Market_Survey_December_2007.pdf).
9. Dēmos analysis of the Current Population Survey Annual Social and Economic Supplement.
10. Department of Health and Human Services, ASPE Issue Brief, “2.5 Million Young Adults Gain Health Insurance Due to the Affordable Care Act,” <http://aspe.hhs.gov/health/reports/2011/YoungAdultsACA/ib.shtml>.
11. Young Invincibles analysis of the Current Population Survey Annual Social and Economic Supplement. Those at 133% and below of federal poverty level will qualify for Medicaid in 2014, regardless of whether they have children or not. The numbers were calculated using the current income levels of the uninsured population.
12. Young Invincibles analysis of the Current Population Survey Annual Social and Economic Supplement. Those with incomes between 134 and 400% will qualify for various levels of subsidies to purchase insurance. The numbers were calculating using the current incomes levels of the uninsured population.

