



Why the Affordable Care Act Is Critical for Young Adults

Low-Income Young Adults Would Benefit from Medicaid Expansion

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Under the Affordable Care Act (ACA), young adults, ages 18-24, have seen some of the greatest gains in health care coverage. In 2009, before the ACA, almost one-third of young adults were uninsured, more than double the rate for Americans overall. Today, that rate has been cut in half to just under 15 percent.¹ However, young adults earning higher wages or from higher-income families have had the greatest gains in coverage. Coverage gaps still exist for lower-income young adults, particularly in states that have not taken up the option to expand Medicaid to those earning up to 138 percent of the federal poverty level (FPL). This paper will explore why coverage is so critical for young adults, the key provisions of the ACA that help young adults get coverage, and how public policy can increase rates of insurance.

Why do young adults need health insurance?

Not only do young adults *want* affordable health insurance and access to care,² they also *need* it.³ Here is why health insurance is critical for setting young adults up for a healthy and productive life.

- **Young adults are not all healthy**
- **Young adults are financially vulnerable**
- **Coverage supports work**
- **Coverage promotes preventive care and early detection**
- **Coverage supports mental health and substance use disorder treatment**

Young adults are not all healthy

Not all young adults are healthy—about 15 percent live with a chronic health condition.⁴ Those in poverty are more likely to struggle with a variety of chronic health problems, particularly depression and asthma—and young adults are no exception.⁵ Furthermore, almost 16 percent of young adults have a pre-existing condition.⁶ Even healthy young adults are not immune from injury—they have the highest rate of injury-related emergency department visits among all age groups under age 75.⁷ Health insurance helps young adults get the timely medical care they need to improve their lives and health.

Young adults are financially vulnerable

Uninsured young adults are more likely than their insured counterparts to delay or forgo needed medical care and struggle with the costs of care,⁸ which negatively impacts their health, education, and careers. Nearly half of uninsured young adults report problems paying medical bills.⁹ Many do not have the savings to pay for necessary medical care; they may have to rely on harmful alternative financial services that charge excessive interest rates and can hurt their credit rating.¹⁰ Health insurance makes it easier for young adults to get and afford the medical care they need.

Coverage supports work

Most young adults who need or receive Medicaid are working—in fact, Medicaid opens the possibility of work for many young adults with chronic and pre-existing conditions, without having to worry their earnings will disqualify them from coverage.¹¹ Many working adults don't have access to coverage because of the size of the business, volatility of their schedule,¹² or because they are employed on a part-time or temporary basis. Working young adults are particularly likely to lack coverage for these reasons and have an uninsured rate that is one-third higher than older, employed adults.¹³

Coverage promotes preventive care and early detection

Coverage connects people to the preventive care and early detection services that are essential for a healthy life; people without insurance are less likely to go to a doctor and less likely to get preventive care.¹⁴ Young adults typically need preventive care more frequently than other medical services. In addition to detecting the onset of problems early, preventive care can also help establish healthy behaviors.¹⁵ Under the ACA's preventive services benefit, most services are covered without cost-sharing, which holds the potential to improve access to sexual and reproductive health services, including preconception care and planning.¹⁶

Coverage supports mental health and substance use disorder treatment

Many mental health and substance abuse disorders can occur at higher rates during young adulthood.¹⁷ By increasing access to treatment for those with mental health and substance use disorders, the ACA helped decrease the number of uninsured visits for mental health treatment.¹⁸ Coverage has reduced out-of-pocket costs for young adults seeking behavioral health care, which has been particularly helpful for young people of color.¹⁹

What provisions of the ACA help cover young adults?

The dependent coverage provision, the ACA's marketplaces, and Medicaid all help young adults get coverage—but the failure of some states to expand Medicaid leaves many low-income young adults without any affordable coverage options. The most common way Americans get health insurance is through their employer;²⁰ however, many young people are not in jobs that offer employer-based insurance²¹ and instead are in education or training programs, working lower-wage jobs, or working for a small business.²²

Dependent coverage provision

The dependent coverage provision allows young adults to stay on their parents' health insurance plan through age 26. However, many low-income parents do not have access to employer-sponsored insurance or affordable family coverage, which leaves young adults from low-income families without the option to stay on their

THE ACA AND REENTRY

Health care, particularly Medicaid, is essential for youth involved in the justice system. Many of these youth have been exposed to high levels of toxic stress—resulting from poverty, neglect, abuse, or witnessing violence—that can have a long-lasting impact on brain development.

Access to health care and prescription medication are critical factors for young adults reentering their communities. Providing people with access to primary and preventive care, behavioral health care, and substance use treatment as they reenter their communities is critical to reducing recidivism. Since people of color experience disproportionate contact with the justice system, coverage makes a significant difference for low-income young adults of color.

parents' plan. Between 2010 and 2013—when the dependent coverage provision was in place but the Medicaid and marketplace expansions had yet to be implemented—the uninsured rate among young adults from higher-income families (over 400 percent of poverty) dropped 10 percent and the rate for young adults from moderate-income families (138–400 percent of poverty) dropped 11 percent. Yet, young adults from low-income families experienced no significant change in uninsurance.²³ For example, young adults making approximately the federal poverty level (\$12,060 for an individual) or below still have an uninsured rate of almost 26 percent; while young adults earning over \$45,000 have an uninsured rate of just 12 percent.²⁴

Marketplaces

The ACA's marketplaces for individuals purchasing health insurance help many young adults compare and buy coverage, including those without access to health insurance through their parents or employers and who are not eligible for Medicaid. Individuals with incomes from 100 percent to 400 percent of FPL qualify for premium subsidies, and those with incomes from 100 to 200 percent qualify for additional assistance with cost-sharing and other out-of-pocket costs. For the 2017 enrollment period, 1.3 million young adults aged 18–25 purchased insurance through the marketplaces.²⁵

Medicaid expansion

Prior to the ACA, childless adults not receiving disability benefits did not qualify for Medicaid, regardless of income. Most states had limited Medicaid coverage—beyond what they offered to disabled adults—to parents (or pregnant women) with incomes well below 100 percent of FPL. This left many low-income young adults—especially men, who are less likely to be custodial parents—without affordable health insurance options. The ACA gave states the option to expand Medicaid coverage to all adults with incomes at or below 138 percent of FPL (\$16,394 for an individual in 2016).

Thirty-two states, including DC, have taken advantage of federal dollars available through the ACA to expand Medicaid. The Medicaid expansion has been particularly helpful for low-income young adults—between 2013 and 2014, the share of low-income young adults who had public coverage increased from 30 to 41 percent, and the share of young adults who were uninsured fell from 35 to 24 percent.²⁶ Medicaid is a critical support for young people who are still in school, training programs, or working low-wage jobs. Medicaid has not only lowered financial strain from health care costs but also contributed to better self-reported physical and mental health.²⁷

Non-expansion states are failing young adults

States that have not expanded Medicaid have left many low-income young adults without any affordable health care options. These young adults would have health insurance if they had a parent who could extend them coverage or lived in an expansion state where they would qualify for Medicaid. However, because of the family they were born into and the state they live in, they are left without any affordable health insurance options because they don't qualify for Medicaid but also earn too little to qualify for financial assistance with buying insurance through the marketplaces.

THE ACA AND FORMER FOSTER YOUTH

The ACA included a provision for foster youth who “age out” of the child welfare system to retain Medicaid coverage up to age 26, comparable to the provision that lets other young adults remain on their parents' coverage. However, this provision has not been as effective as intended—a glitch in the law's language requires former foster youth to live in the state where they were in foster care to be eligible to retain Medicaid coverage. This is problematic because former foster youth remain more transient than their peers in adulthood.

Expansion states have lower rates of uninsurance for young adults. For example, the average uninsured rate is almost 11 percent in expansion states, while it is nearly 15 percent in non-expansion states.²⁸ States failing to expand Medicaid are failing young adults as well. An additional 4.2 million uninsured young adults would gain coverage if all states expanded Medicaid.²⁹ Health care is an important component for living a healthy and productive life, and states should expand Medicaid to give all young adults a fair shot at getting ahead.

Lack of coverage disproportionately affects Black and Hispanic young adults

Low-income Black and Hispanic young adults are more likely to be uninsured than Whites. For example, 28 percent of Black and 35 percent of Hispanic young adults making less than \$12,500 per year are uninsured, while only 25 percent of Whites are uninsured. Young men of color are particularly likely to be uninsured with over 29 percent of Black and 36 percent of Hispanic young men uninsured.³⁰ The gender disparity for young men of color is also exacerbated because young women may be eligible to receive pregnancy and parenting coverage through Medicaid.³¹

Racial and ethnic differences in uninsurance are magnified when looking at the makeup of the states that have expanded Medicaid: African Americans are more likely to live in non-expansion states and therefore account for a slightly higher share of people in the coverage gap.³² More poor uninsured adults reside in the South than in any other region, yet resistance to Medicaid expansion remains strongest there.³³ The uninsured rate is 19 percent in the South while it is 8, 10, and 11 percent in the Northeast, Midwest, and West, respectively. Consequently, the patchwork of state Medicaid expansion choices has implications for efforts to address racial disparities in health coverage, access, and outcomes for people of color.³⁴ If states expanded Medicaid, the disparity between White and Black coverage would drop dramatically.³⁵

Health insurance affects both financial and physical wellbeing,³⁶ so the resistance to Medicaid expansion disproportionately affects health coverage and outcomes for people of color. African Americans already face a litany of health disparities—they are more likely to die from cancer than any other racial or ethnic group, are 40 percent more likely to have high blood pressure, twice as likely to be diagnosed with diabetes, and are much more likely to rely on the emergency room for their health care than Whites.³⁷ The failure to expand Medicaid is only exacerbating these disparities.

Call to Action

States that haven't expanded Medicaid should act in the best interest of young adults and expand Medicaid. Expansion states have produced better health outcomes,³⁸ improved children's wellbeing,³⁹ promoted work⁴⁰ and financial stability,⁴¹ and increased economic activity and job growth.⁴²

At the national level, any changes to the financing structure of Medicaid, such as block grants or per capita caps—through ACA repeal or other legislative efforts—should be opposed. Both financing structures would harm states and enrollees through an array of consequences: leaving key decisions about eligibility and coverage to the same states that have already failed to expand Medicaid and locking in and exacerbating the inequities between states.⁴³ Instead, states should focus on improving access and affordability of health care.

The ACA has made great strides in reducing the uninsured rate among young adults, but there is still a long way to go, particularly for low-income young adults. While the dependent coverage provision has been instrumental in lowering the uninsurance rate for young adults, the failure of states to expand Medicaid leaves many low-income young adults without any affordable coverage options. Young adulthood is a time of transition, where many are in education or training programs or starting their careers. Those who care about opportunities for young adults should recognize the importance of health care at this critical time.

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