State and Federal Young Adult Expansion Policies: Further Analysis and New Questions

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Acknowledgements

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The Issue

- Conventional dependent coverage available only to age 18 (non-students) or 23 (full-time students)
- Nearly 1 in 3 young adults (age 19-25) uninsured in 2009
- Compared to insured peers, uninsured young adults are
  - *More likely* to delay or forego care due to costs
  - *Less likely* to see a medical provider, have a usual source of care, or fill a prescription
  - *More likely* to have trouble paying medical bills or medical debt
- Implications for critical developmental period to address obesity, smoking, sexually transmitted infections, serious mental illness, etc.
- Absence from risk pools has consequences for others

## Key Features of Dependent Coverage Laws

### Affordable Care Act
- First renewal starting 9/23/10
- All young adults to 26
- No residency, demographic, or other exclusions
- Applies to nearly all plans, including self-insured
- Non-discrimination in premiums or benefits

### Prior State Laws
- 31 states mostly 2003-2010
- Age limits vary, max 31
- Typically limited to unmarried, no dependents, in-state except FT students; some require financial dependency
- Do not apply to self-insured employee benefit plans
- Nine states require or allow added premium
Young Adult Dependent Coverage Laws
Implementation Timeline

Original implementation shown in **black**
Expanded implementation shown in **blue italics**

Patient Protection & Affordable Care Act, Dependent Coverage

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Our Prior Research

- Impact of state reforms before the ACA
  - Increase in dependent coverage offset decline in own coverage
  - *No* impact on uninsured
    (Monheit, Cantor, DeLia, Belloff, *HSR* 2011)

- Early impact of the ACA
  - 3.5 percentage point decline in uninsured through 2010
  - Apparent greater responsiveness by young adults eligible under prior state laws, i.e., possible “pump priming” effect
    (Cantor, Monheit, DeLia & Lloyd, *HSR* 2012)
Research Questions

1. What was the impact of the ACA dependent coverage provisions on the insurance status of young adults?
   - Did coverage gains grow over time?
   - Has our 2010 finding of a possible “pump priming” effect of state laws continued?

2. Do the impacts of the ACA dependent coverage provisions vary by health and socioeconomic characteristics of young adults?
   - What are the implications of these differences for risk pools in Medicaid and the new exchange marketplaces?

3. Has the opportunity to enroll in dependent coverage had an impact on the likelihood of young adults being employed full time?
Empirical Approach


• Study population
  – ACA targeted: ages 19-23 not FT students & all ages 24-25 (n=96,344)
  – Comparison group: Ages 27-30 (n=81,237)
  – Exclude MA & HI

• Outcomes:
  – Sources of coverage at any time during year (first three not mutually exclusive)
    1. Private non-spousal dependent coverage
    2. Private coverage in own name or as dependent of a spouse
    3. Public (Medicaid, Medicare, etc.)
    4. No coverage
  – Likelihood of full-time employment
Empirical Approach (continued)

• Difference-in-differences framework
  – ACA impact overall
  – By eligibility under pre-ACA state reform laws
  – By year post-implementation (2010, 2011)
  – By perceived health status
  – By poverty level group

• Controls for
  • Demographics, education, students status, marital status, perceived health, income as percent of poverty level, lives with parent
  • State-level annual unemployment rate, employer offer health benefits offer rate, share of employer-sponsored insurance enrollees in self-insured plans
  • State fixed effects, year fixed effects & linear trend, state by trend interaction

• Linear probability models, weighted & adjusted for complex survey design (Davern et al., Inquiry 2007)
Trend in Percent with Dependent Coverage

- Targeted Young Adults
- Comparison Group

Percent

2004 2005 2006 2007 2008 2009 2010 2011
Trend in Percent Uninsured

- Targeted Young Adults
- Comparison Group

Percent

2004 2005 2006 2007 2008 2009 2010 2011
Change in Coverage *in 2010* by State Law Status

| Category              | ACA and State Law | ACA Only       | p-value
|-----------------------|-------------------|----------------|
| Private Non-Spouse Dependent | 8.7               | 4.5            | a <0.001
| Private Self or Spouse     | 1.2               | -2.0           | 0.068
| Public                   | 0.5               | -0.6           | 0.173
| Uninsured                | -8.3              | -3.8           | b <0.001

Red indicates significantly different from zero at p<0.001 except uninsured groups at p<0.05.
Between group differences: a p=0.068 and b p=0.173.
Change in Coverage post-ACA Overall and by Year

Red indicates significantly different from zero at p<0.01. Between year differences: a p<0.01 and b p<0.05.
Change in Coverage Post-ACA by Health Status

<table>
<thead>
<tr>
<th>Health Status Group</th>
<th>Percentage Point Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Non-Spouse Dependent</td>
<td>7.4 (Excellent/Very Good/Good)</td>
</tr>
<tr>
<td>Private Self or Spouse</td>
<td>-2.9 (Fair or Poor)</td>
</tr>
<tr>
<td>Public</td>
<td>0.04</td>
</tr>
<tr>
<td>Uninsured</td>
<td>-4.5</td>
</tr>
</tbody>
</table>

Red indicates different from zero at p<0.001, except fair/poor health at p<0.05. Between health status group differences n.s.
Change in Coverage Post-ACA by Family Income

- **Private Non-Spouse Dependent**:
  - <150%: 2.8
  - 150% -399%: 7.7
  - >400% Federal Poverty Level: 15.0

- **Private Self or Spouse**: (data not shown)

- **Public**:
  - <150%: 0.5
  - 150% -399%: 0.9
  - >400% Federal Poverty Level: -0.7

- **Uninsured**:
  - <150%: -0.7
  - 150% -399%: -1.8
  - >400% Federal Poverty Level: -2.4

Red indicates different from zero at $p<0.001$ except uninsured <150%FPL at $p<0.05$.
Different from high income: $^a p<0.01$ and $^b p<0.05$. 

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Change in *Full-Time Employment* post-ACA

- **Full Model**: Percentage Point Change = -1.5
- **Model w/o Student Status**: Percentage Point Change = -1.9

*Red* indicates significantly different than zero at p<0.01.
Limitations

- Annual recall period, cannot observe timing of coverage changes
- No information on parents of young adults not residing with parent
- Imprecise information to measure eligibility under state laws
- Student status available only through age 23
- Limited health status information
Sensitivity Tests

- Limit analysis to non-reform states
- Placebo model (test for policy impact in 2009)
- Exclude student status from models
## Summary: ACA Policy Impact
### Dependent Coverage Status

<table>
<thead>
<tr>
<th></th>
<th>Percentage point change&lt;sup&gt;a&lt;/sup&gt;</th>
<th># change (x1,000)&lt;sup&gt;b&lt;/sup&gt;</th>
<th>Within Group % change&lt;sup&gt;b&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average 2010-11 impact</td>
<td>7.2</td>
<td>1,474</td>
<td>37.7</td>
</tr>
<tr>
<td>Year post-implementation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>4.9</td>
<td>1,003</td>
<td>25.6</td>
</tr>
<tr>
<td>2011</td>
<td>9.5</td>
<td>1,944</td>
<td>49.7</td>
</tr>
<tr>
<td>Income groups</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;150% FPL</td>
<td>2.8</td>
<td>186</td>
<td>23.7</td>
</tr>
<tr>
<td>150%-399%</td>
<td>7.7</td>
<td>687</td>
<td>43.5</td>
</tr>
<tr>
<td>400% or more</td>
<td>15.0</td>
<td>738</td>
<td>47.6</td>
</tr>
</tbody>
</table>

<sup>a</sup> Based on difference-in-differences (DD) estimates from models described above.

<sup>b</sup> DD estimate applied to 2009 population to derive number and percent change.

<sup>c</sup> Based on model not controlling for student status.
# Summary: ACA Policy Impact
Uninsured Status

<table>
<thead>
<tr>
<th></th>
<th>Percentage point change&lt;sup&gt;a&lt;/sup&gt;</th>
<th># change (x1,000)&lt;sup&gt;b&lt;/sup&gt;</th>
<th>Within Group % change&lt;sup&gt;b&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average 2010-11 impact</td>
<td>-4.5</td>
<td>-921</td>
<td>-12.1</td>
</tr>
<tr>
<td>Year post-implementation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>-3.3</td>
<td>-675</td>
<td>-8.9</td>
</tr>
<tr>
<td>2011</td>
<td>-5.7</td>
<td>-1,167</td>
<td>-15.3</td>
</tr>
<tr>
<td>Income groups</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;150% FPL</td>
<td>-2.4</td>
<td>-159</td>
<td>-4.8</td>
</tr>
<tr>
<td>150%-399%</td>
<td>-5.0</td>
<td>-446</td>
<td>-13.8</td>
</tr>
<tr>
<td>400% or more</td>
<td>-5.6</td>
<td>-276</td>
<td>-25.7</td>
</tr>
</tbody>
</table>

<sup>a</sup> Based on difference-in-differences (DD) estimates from models described above.

<sup>b</sup> DD estimate applied to 2009 population to derive number and percent change.

<sup>c</sup> Based on model not controlling for student status.
# Summary: ACA Policy Impact

## Employment Status

<table>
<thead>
<tr>
<th></th>
<th>Percentage point change$^a$</th>
<th># change (x1,000)$^b$</th>
<th>Within Group % change$^b$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time Employee (average of 2010 and 2011)</td>
<td>-1.9$^c$</td>
<td>-389</td>
<td>-4.1</td>
</tr>
</tbody>
</table>

$^a$ Based on difference-in-differences (DD) estimates from models described above.

$^b$ DD estimate applied to 2009 population to derive number and percent change.

$^c$ Based on model not controlling for student status.
Conclusions & Implications

- Rapid and substantial increase in dependent coverage, decline in uninsured among eligible young adults
  - “Pump priming” effect of earlier state reforms no longer evident
  - Impact grew between 2010 and 2011
  - Limited substitution for own-name/spousal coverage, contrasts with earlier findings on state reforms
  - Response greatest among those with high incomes, but substitution greater as well
- No “red flags” for Medicaid or exchange/marketplace risk pools
  - No evidence of health-related selection
  - Least policy responsiveness at lower income levels
- Modest reduction in full-time employment
  - Less “job lock” among those seeking coverage
Looking Ahead

Policy Changes

- 2014 coverage mandate, exchange tax credit subsidies, Medicaid expansion
  - Young adults eligible for low cost “catastrophic plans”
  - Many young adults high income in CPS may be eligible for subsidies as separate insurance units
  - Grandfathered plans no longer permitted to decline dependent coverage to young adults with access to own employer insurance

Further Questions

- Changes in source of coverage under the mandate?
- Impact on costs to parents’ employer-sponsored plans?
- Impact on young adult access to care and financial and health outcomes?
Project Publications


