

Evaluating State Policies to Extend Adult Dependent Coverage to Young Adults

February 12, 2009

SHARE Annual Meeting

Philadelphia, PA

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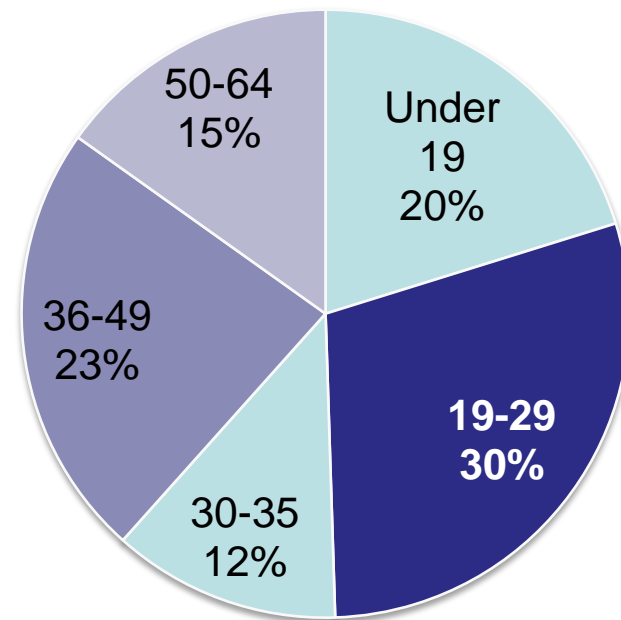
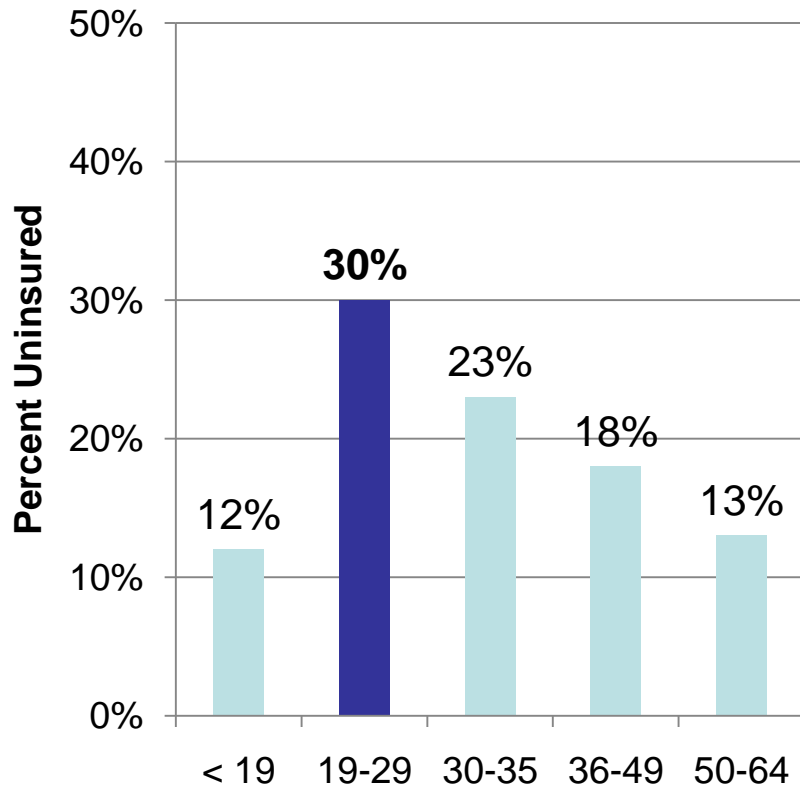
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Funded by the Robert Wood Johnson Foundation SHARE Program

Outline

- Background
- Evaluation Goals and Methods
- Preliminary Findings
 - State Strategies
 - Predictors of Policy Adoption
- Next Steps
- Preliminary Conclusions

Young Adults at High Risk of Lacking Coverage and are Large Share of Uninsured

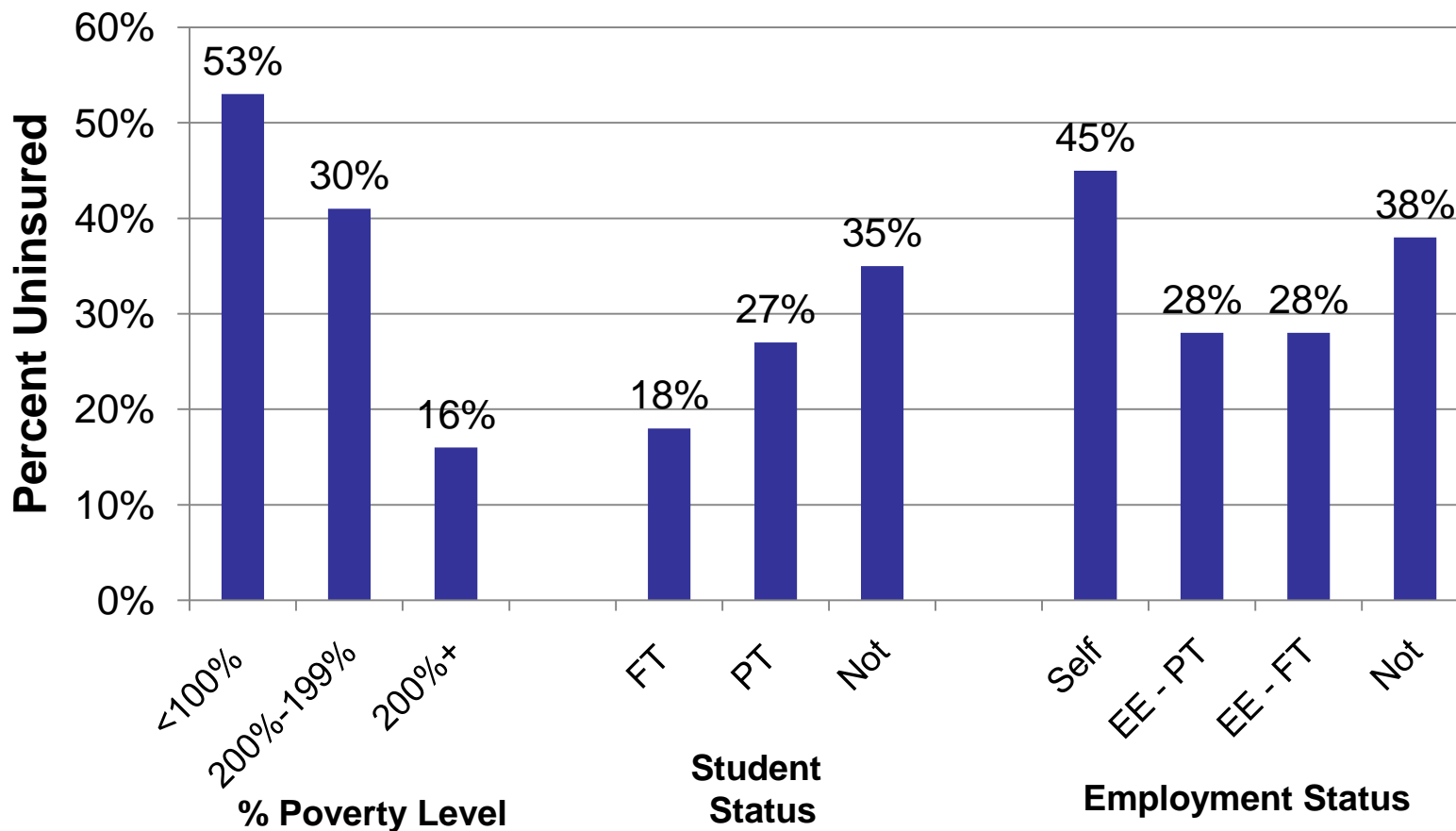


Age Distribution of Uninsured

Source: Kriss JL, SR Collins, B Mahoto, et al. "Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help, 2008 Update." The Commonwealth Fund, Issue Brief, May 2008. Pub. # 1139.

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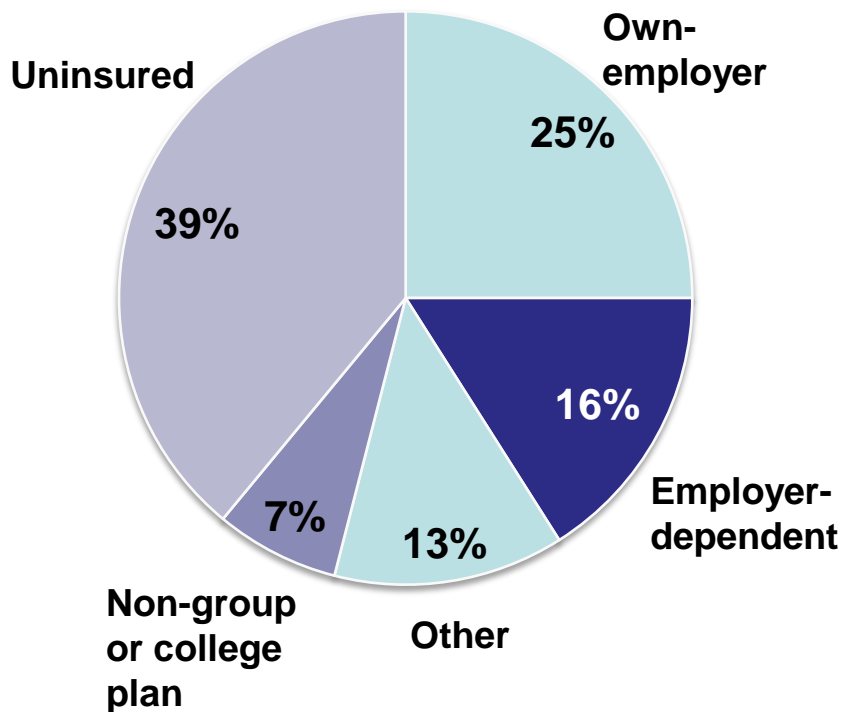
Uninsured Young Adults (Age 19-29)



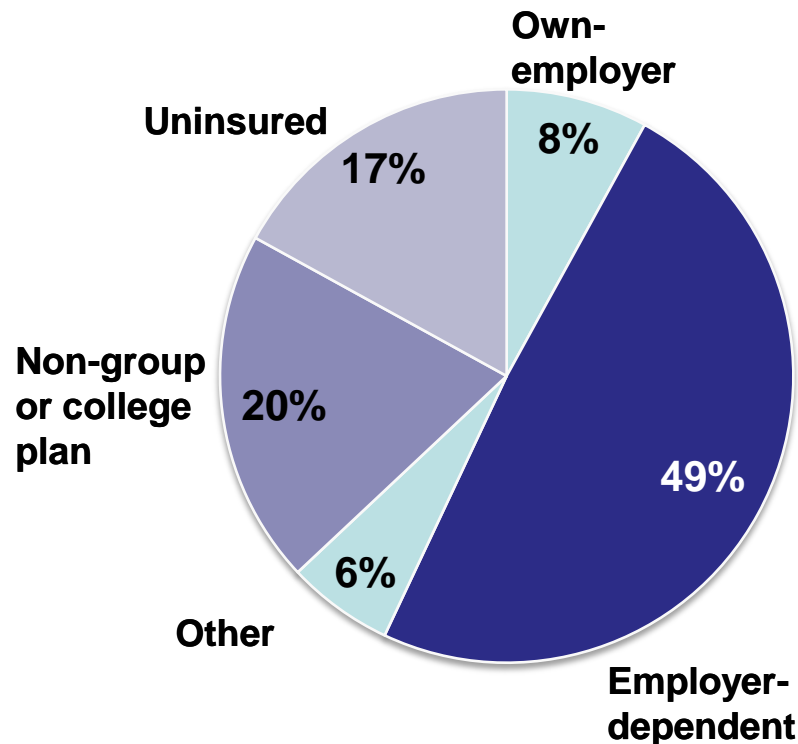
Source: Kriss JL, SR Collins, B Mahoto, et al... The Commonwealth Fund.

Source of Coverage for Young Adults (Age 19-29)

Not Full-Time Students
12.5 million



Full-Time Students
7.6 million



Source: Kriss JL, SR Collins, B Mahoto, et al...The Commonwealth Fund.

Implications of High Uninsured Rate

- Critical developmental period to address risks of obesity, smoking, sexually transmitted infections, etc.
- Uninsured young adults are two to four times...
 - more likely than peers to delay/forgo care or an Rx due to costs
 - less likely to see a medical provider or have a usual source of care
- Uninsured young adults 20% more likely to report trouble paying medical bills or carrying medical debt
- Absence from risk pools has consequences for others

Sources: Kriss JL, SR Collins, B Mahoto, et al...The Commonwealth Fund.

Callahan ST and WO Cooper. 2006. "Access to health care for young adults with disabling chronic conditions." *Archives of Pediatric and Adolescent Medicine*. 160:178-182.

Merluzzi TV and RC Nairn. 1999. "Adulthood and aging: Transitions in health and health cognition." In Whitman TL, TV Whitman, and RD White (eds). *Life-Span Perspectives on Health and Illness*. (pp. 189-206). Mahwan, NJ: Lawrence Erlbaum.

Adult Dependent Coverage Policy Defined

State laws requiring health insurance carriers to permit enrollment of young adults as dependents on a parent's plan

Arguments for Young Adult Dependent Coverage Legislation

- Cover more young adults
- Add health lives to the risk pool
- Little or no need for state resources
- Little or no burden on employers
- Voluntary

Possible Limitations of Young Adult Dependent Coverage Legislation

- ERISA preemption
 - e.g., NJ law applies only to ~33% of state population (25% in state-regulated plans; 8.6% in state health benefit plan)
- Possible administrative burdens on insurers or employers
 - Taxable as income for those over 23 years
- Possible impact on premiums and costs
 - Risk selection
 - Premium rules
- Unanticipated consequences
 - Non-group or other risk pools
 - Young adult behavior (e.g., marriage, child bearing)

EVALUATION GOALS AND METHODS

Evaluation Goals & Methods

1. Develop detailed description of state adult dependent coverage policies
 - Review of state laws, regulations, and regulator bulletins
2. Evaluate impact on coverage of young adults
 - Assess predictors of policy adoption
 - Model impact on coverage (all states)
 - NJ analysis of impact (pre-post) and take-up
3. Assess implementation and possible unintended consequences
 - Stakeholder interviews in selected states

PRELIMINARY FINDINGS

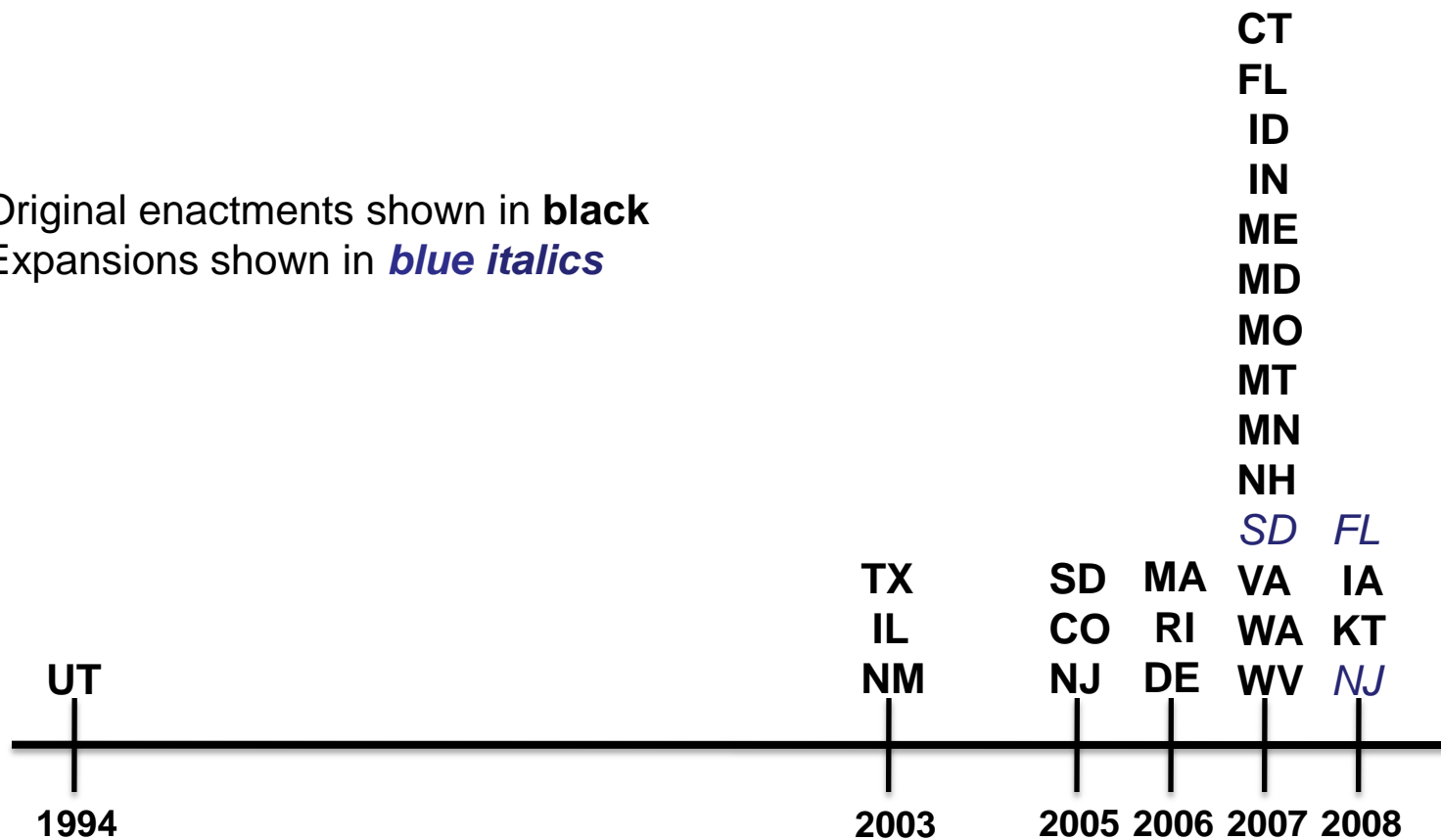
Policy Provisions Possibly Affecting Impact

- Age limits for students and non-students
- Other enrollment restrictions
 - Marital status
 - Whether has own dependents
 - Residency requirements
 - Financial dependence on parents
 - Continuous or creditable coverage rules
- Included markets
- Premium rules (who pays)

Enactment Timeline

25 states

Original enactments shown in **black**
 Expansions shown in *blue italics*



Change in Age of Dependent Eligibility

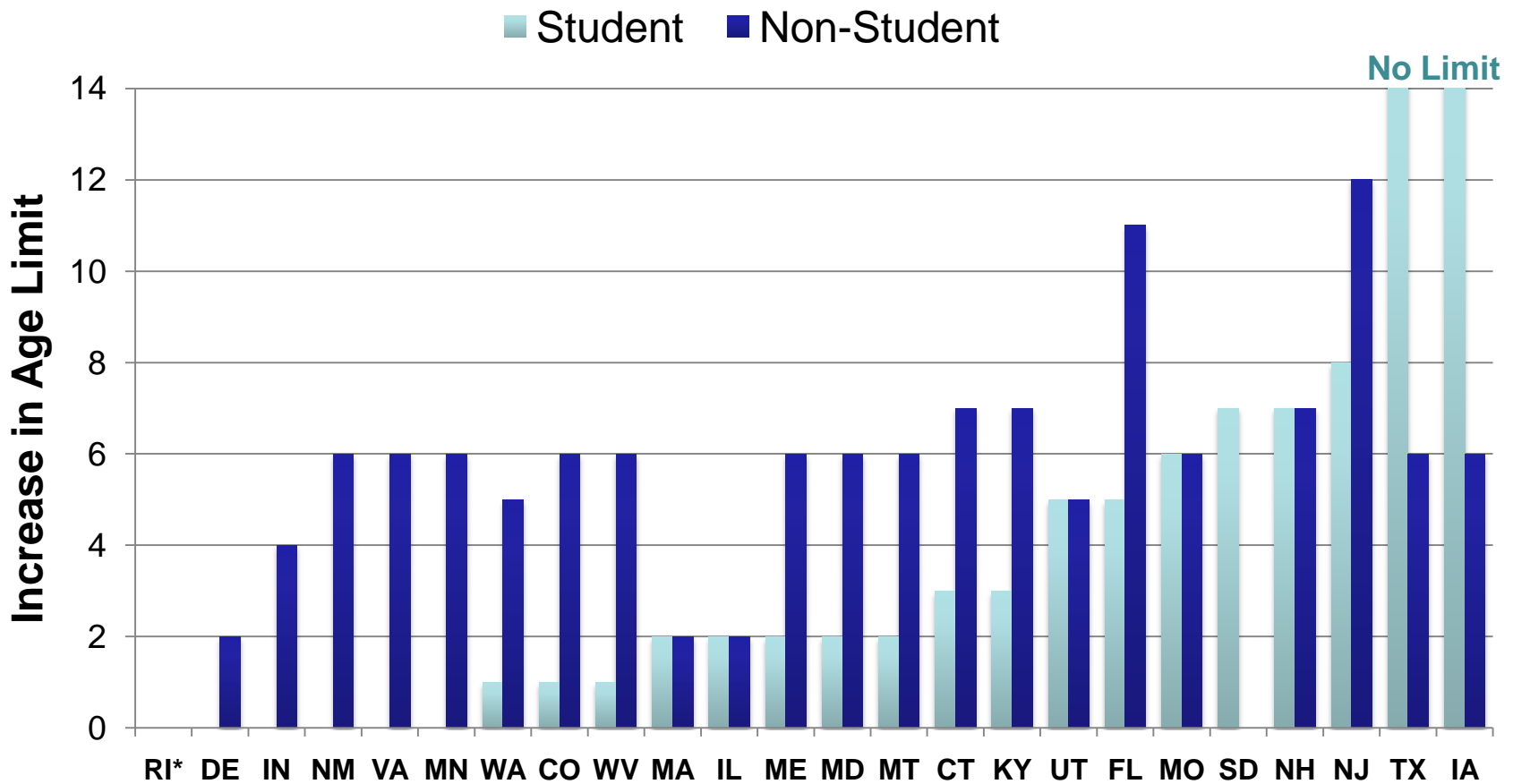
	STUDENTS	NON-STUDENTS
Number with Reform (25 total)	19*	23
Greatest Increase in Age Limit	No limit	12 years
Mean Increase in Age Limit (among reform states)	3.5 years**	5.7 years

Notes

*Includes one state (RI) that increased age limit for part-time students only.

** Excludes two states (TX, IA) that eliminated the upper age limit for full-time students.

Change in Age of Dependent Eligibility



*RI raised age limit for part-time students from 18 to 24 (i.e., treating PT as FT students)

Other Provisions

- **Unmarried** – 22 states
- **No dependents** – 4 states
- **Other limits**
 - Most states – residency for non-students, but not FT students
 - 9 states – financial dependence or living with parents
 - 6 states – continuous or creditable coverage
- **Included markets**
 - Most states – all regulated markets and public employee plans
- **Premium rules**
 - 12 states – cost averaged into group premium
 - 8 states – establish premiums for new dependent enrollees

Policy Adoption Analysis

- Problem – Coverage expansions are not random across states
 - Factors may be correlated with decision to enact policy and with outcomes of interest (young adult coverage rate)
 - Omitting these factors from outcome analysis can yield biased estimates of impact (policy endogeneity bias)
- Approach*
 - Step 1: Model likelihood that state enacted adult dependent policy as a function political, economic, fiscal, and regulatory environments
 - Step 2: Include factors associated with adoption in modeling policy impact

*Strategy adapted from T. Besley & A. Case, 2000, “Unnatural Experiments,” *Economic Journal*; and C. Stream, “Health Reform in the States: A Model for State Small Group Health Insurance Market Reform.” *Political Research Quarterly*, 52(3):499-525.

Policy Adoption Analysis (2)

- Results so far: Factors associated with enactment
 - Democratic governor and legislature (+)
 - State fiscal situation (growth in revenues vs. expenditures) (+)
 - Number of health insurance mandates (+)
 - Growth in unemployment rate (+)
 - Growth in median household income (+)
 - Growth in population age 19-29 (+)
 - Elected insurance commissioner (-)

NEXT STEPS

Modeling Policy Impact (all states)

- CPS March Supplements (2000-2008)
- Dependent variable: person-level coverage
- Policy exposure variable based on...
 - Age, marital status, own dependents, student status, living with parents
 - Premium setting method
- Control variables...
 - Personal characteristics (e.g., income, employment, family composition, health status, student status, demographics, etc.)
 - Market and regulatory environments
 - Predictors of policy adoption
 - Other factors that may affect coverage (e.g., community rating)

Modeling Policy Impact (2)

- Difference-in-difference (i.e., trends among those exposed to the policy versus those not exposed)
- Difference-in-difference-in-difference (i.e., also in contrast to trends in next-oldest age group)
- Total of 27 full state-years* post-implementation
- Update with 2009 CPS (additional 22 full state-years post-implementation)

*Includes 9 years contributed by UT between 1999 and 2007; will conduct analysis of sensitivity to inclusion of UT.

New Jersey Analysis

- NJ Family Health Survey
 - Baseline (2001-02)
 - 2,265 families with 6,466 members
 - 682 young adults (19-30)
 - Follow-up (2008-09)
 - 2,500 families with ~7,100 members
 - ~1,150 young adults (oversample by age and cell-phone status)
 - Added questions about non-resident young adult children
- Pre-post analysis of coverage of unmarried young adult without dependents compared to ineligible adults (e.g., ages 31-40, married young adults)
- Take-up analysis (2008-09 NJFHS)
 - Take-up rates by demographics and other characteristics
 - Effect on number eligible of modifying rules

Implementation Analysis

- Three or four states (TBD)
- Semi-structured interviews with stakeholders (regulatory, insurance, employer, and consumer groups)
 - Issues/concerns considered/debated prior to enactment
 - Anticipated and observed enrollment
 - Anticipated and observed selection effects and cost
 - Anticipated and observed impact on employers and insurers
 - Context of and impact on other markets (e.g., non-group)

PRELIMINARY CONCLUSIONS

Preliminary Conclusions

- Very popular strategy
- Wide variation in policy details
 - Age increases range from 2 to 12 years for non-students and 1 to unlimited for students
 - Other eligibility regulations vary
- Challenges of impact analysis
 - It is early, not a lot of experience yet
 - Narrowly focused policy
 - Lack some policy-related variables (e.g., state where parent lives, whether parent's plan is exempt under ERISA, whether young adults are financially dependent on parents)
 - Some eligible young adults may live out of state (policy impact may spill into non-reform states)