



Can Expanding Dependent Coverage to Young Adults Reduce the Number of Uninsured?

Drawing lessons for the Affordable Care Act from state extensions of dependent coverage to young adults

SUMMARY

Many studies have found that young adults are more likely to be medically uninsured in than any other age group. A major reason for this has been that many were no longer eligible for coverage under their parents' health plans once they turned age 18 (or 23 for full-time students).

The federal Affordable Care Act of 2010 requires that health plans cover dependents until they reach age 26. Prior to its passage, many states had enacted laws requiring expanded dependent coverage for young adults, though none of these laws was as comprehensive as the federal act.

The Project

The Rutgers Center for State Health Policy evaluated these state-level policies to expand health care coverage to young adults. The center:

- Researched the state laws and regulations and examined the differences in their approaches.
- Analyzed the impact on coverage of young adults, using data for individuals ages 19–29 from the Current Population Survey's Annual Demographic Supplement for calendar years 2000–2008. (The Current Population Survey is a survey of households conducted by the Bureau of Census for the Bureau of Labor Statistics.)
- Using semi-structured interviews of policy-makers and representatives from business, insurance and consumer groups, reviewed implementation experiences of dependent coverage laws in four states:
 - Colorado
 - Maryland
 - Minnesota

— New Jersey

The project was part of the Robert Wood Johnson Foundation’s (RWJF) *State Health Access Reform Evaluation*, a national program to support research and evaluation of state health reform initiatives and develop an evidence base for future state and federal reform initiatives. See the [Introduction](#) for more information on the program.

Findings

Researchers reported these findings in the publications noted:

- State dependent coverage policies resulted in small increases in coverage, with a 1.52 percent increase in coverage for all young adults ages 19–29. The increase was larger (3.84 percent) for young adults living with their parents. There was also a larger impact the longer the state policy was in effect. (“[How Have State Policies to Expand Dependent Coverage Affected the Health Insurance Status of Young Adults?](#)”¹)

One possible explanation for the limited impact was that many of the state laws studied had only been in effect for a short time.

- These increases were offset by a decline in insurance provided by young adults’ own employers. (“[How Have State Policies to Expand Dependent Coverage Affected the Health Insurance Status of Young Adults?](#)”)

“We all were a little surprised at the extent to which state reforms represented substitution of one kind of coverage for another,” stated Joel Cantor, Sc.D., project director and director of the Rutgers Center for State Health Policy.

- There was no observed impact on young adult uninsured rates. (“[How Have State Policies to Expand Dependent Coverage Affected the Health Insurance Status of Young Adults?](#)”)
- Dependent coverage laws and regulations varied widely among states. For example, many states limit eligibility for dependent coverage to unmarried young adults and most have residency requirements for non-students. (*[Dependent Coverage Expansions: Estimating the Impact of Current State Policies](#)*²)
- Business opposition in some states led to more restrictive regulations, especially related to how premiums were charged. This, in turn, raised greater implementation

¹ Monheit AC, Cantor JC, DeLia D and Belloff D. How Have State Policies to Expand Dependent Coverage Affected the Health Insurance Status of Young Adults? *Health Services Research (Part II)*, 46(1): 251–267. Abstract available [online](#).

² State Health Access Data Assistance Center (SHADAC) Issue Brief, January 2010.

challenges. (“Expanding Dependent Coverage for Young Adults: Lessons From State Initiatives”³)

- The scope of state laws governing dependent coverage was much narrower than the dependent coverage provisions of the Affordable Care Act. (“Expanding Dependent Coverage for Young Adults: Lessons from State Initiatives”) For example:
 - The federal law has broader eligibility standards than many of the state laws, which should both expand coverage and simplify administration.
 - Self-funded employer benefit programs, which are widely used by large employers, are exempt from state regulation under a provision of the 1974 Employee Retirement Income Security Act (ERISA).

For details on the project’s publications, see the [Bibliography](#).

Lessons Learned

1. Data sources may not capture all of the criteria important to the study, requiring workarounds. The Current Population Survey does not measure some eligibility criteria, such as whether a parent lives in a state with dependent coverage but has a child *not* living at home. “Analyses of young adults living with parents can be much more precise than for those living away from home. Our research strategy is to examine both groups using the best available data,” stated Project Director Cantor.
2. Accessing state policy-makers and stakeholders for case studies can be challenging and time consuming. “There was extra effort to get state respondents on board,” said Cantor.

Funding

RWJF provided a grant of \$359,567 from 2008–2011 as part of its *State Health Access Reform Evaluation* program.

Afterward

The Rutgers Center for State Health Policy has received an additional grant⁴ under the program to evaluate the impact of the dependent coverage provisions of the Patient Protection and Affordable Care Act and to further analyze the impact of the alternative approaches of state dependent coverage policies with three more years of data.

³ Cantor JC, Belloff D, Monheit AC, DeLia D and Koller M. “Expanding Dependent Coverage for Young Adults: Lessons From State Initiatives.” *Journal of Health Politics, Policy and Law*, 37(1): 99–128, February 2012.

⁴ ID# 68701

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