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Young Adults Make Gains in Health Insurance Coverage

By KEVIN SACK

Young adults, long the group most likely to be uninsured, are gaining health coverage faster than expected since the 2010 health law began allowing parents to cover them as dependents on family policies.

Three new surveys, including two released on Wednesday, show that adults under 26 made significant and unique gains in insurance coverage in 2010 and the first half of 2011. One of them, by the Centers for Disease Control and Prevention, estimates that in the first quarter of 2011 there were 900,000 fewer uninsured adults in the 19-to-25 age bracket than in 2010.

This was despite deep hardship imposed by the [recession](#), which has left young adults [unemployed](#) at nearly double the rate of older Americans, with [incomes sliding](#) far faster than the national average.

The Obama administration, intent on showcasing the benefits of a law that has been pilloried by Republicans, attributes the improvement to a provision of the Affordable Care Act that permits parents to cover dependents up to their 26th birthdays. Until that measure took effect one year ago this week, children typically had to roll off their parents' family policies at 18 or 21 or when they left college.

Some twentysomethings adopted a posture of "young invincibility," forgoing health insurance they could afford while gambling that they would not incur steep medical expenses. But others, like Kylie R. Logsdon, who credits the provision for enabling her heart transplant in July, were living with chronic or life-threatening conditions and had no prospects for coverage.

"I honestly don't know what we would have done," said Ms. Logsdon, 23, of Gerlaw, Ill., who gained coverage under her father's policy after losing her job as a legal secretary. "There was no way we could have afforded it. I might not be here right now."

Last week, the [Census Bureau reported](#) that the share of young adults without health insurance dropped in 2010 by 2 percentage points, to 27.2 percent. That decline meant that 502,000 fewer 18- to 24-year-olds were uninsured. Most gained coverage through private policies, not government programs.

For every other age group, the proportion without insurance increased, as high unemployment and contractions in employer coverage continued to take their toll. For the first time in more than 10 years, 18- to 24-year-olds were not the least insured group, having been overtaken by those 25 to 34.

Kathleen Sebelius, the secretary of health and human services, accentuated the silver lining in an otherwise grim census poverty report by declaring: "The Affordable Care Act is working."

On Wednesday, the C.D.C. released its [survey](#) showing that the trend might have accelerated in the first quarter of 2011. That report, the National Health Interview Survey, which differs in methodology from the census count, estimates that 900,000 fewer adults ages 19 to 25 were uninsured in the first quarter of this year than in 2010. Also released Wednesday, a Gallup [survey](#) found similar rates in the second quarter of 2011.

The Department of Health and Human Services had projected last year that 650,000 uninsured would gain coverage in 2011 because of the provision.

Although cause and effect have not been proved, government officials and health industry analysts said they could not imagine another explanation for the change. In the census numbers, young adults were the only age bracket with an increasing share insured by employers (albeit presumably their parents' employers).

"It would be hard to construe it to be anything but the Affordable Care Act," said Mark F. Olson, a senior actuary with Towers Watson, the human resources consulting firm.

There have been no studies of the provision's impact on cost. But Mr. Olson and several insurance industry spokesmen credited it for raising enrollments and premiums by between 1 percent and 3 percent at many firms.

"It's a basic principle of economics that when more benefits are added to a policy or more people are covered under that policy there are additional costs incurred," said Robert Zirkelbach, a spokesman for America's Health Insurance Plans, the industry trade group. "The cost impact is even greater to the extent 'adverse selection' occurs, meaning that only people who need health care services choose to enroll in their parents' plan."

The dependent coverage provision allows parents to insure adult children even if the children are married. Children are not eligible if they have an offer of employer-based coverage.

Although the provision did not take effect until Sept. 23, many insurers voluntarily extended their dependent coverage months earlier. A majority of states had recently passed similar laws, but they had varying age limits and did not apply to some large insurance plans.

Advocacy groups have worked assiduously to educate students about the new provision. One of the

groups, [Young Invincibles](#), is running a campaign this week on 16 college campuses under the inevitable banner of “Friends With Benefits.”

Miriam A. Brand, a senior at the University of Maryland, said it gave her profound peace of mind to know she could remain on her father’s group insurance policy for several years while attending graduate school or searching for a first job, preferably in counseling. Ms. Brand, 22, has been managing [Type 1 diabetes](#) since she was 6, and she said her medications and supplies cost at least \$8,000 a year.

“I’m not like most college students,” Ms. Brand said. “I don’t have the luxury of putting medical care to the wayside. Now I have the gift of time in finding a job in this scary job market.”

Ms. Sebelius reinforced that point. “In a world where great inventors, entrepreneurs and C.E.O.’s can be young or old,” she told reporters on Wednesday, “we can’t take the chance that the next Facebook will never happen because its creator took a desk job just to get health insurance.”

The young adults provision is one of several measures in the health law designed as a stopgap until 2014, when the number of uninsured is expected to drop significantly.

Providing the act is not struck down by the Supreme Court or repealed by Congress, most Americans at that point will be required to obtain insurance. Pre-existing condition exclusions will be eliminated for adults, [Medicaid](#) eligibility will be expanded and government subsidies will make private coverage more affordable for many.

Not all of the stopgap measures have proved as popular as young adult coverage. The pre-existing condition insurance plans created under the law were [projected](#) to cover 375,000 otherwise uninsurable people in 2010. Only 30,000 had [signed up](#) as of July.

Because entry-level jobs frequently do not have health benefits, and individual policies can be unaffordable on a starting salary, the rate of young adults without coverage is nearly double the national average. A Commonwealth Fund [survey](#) found that 45 percent of young adults reported delaying medical care because of cost in 2010, up from 32 percent in 2001.