

New health care law needs young adults

Smartphone, iPad or insurance? Decision has huge ramifications.

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Staff Writers

The success of the new health insurance marketplaces set to open across the country in nine days will depend in large part on whether young people will choose to spend money they otherwise could put toward a new smartphone or iPad on health coverage.

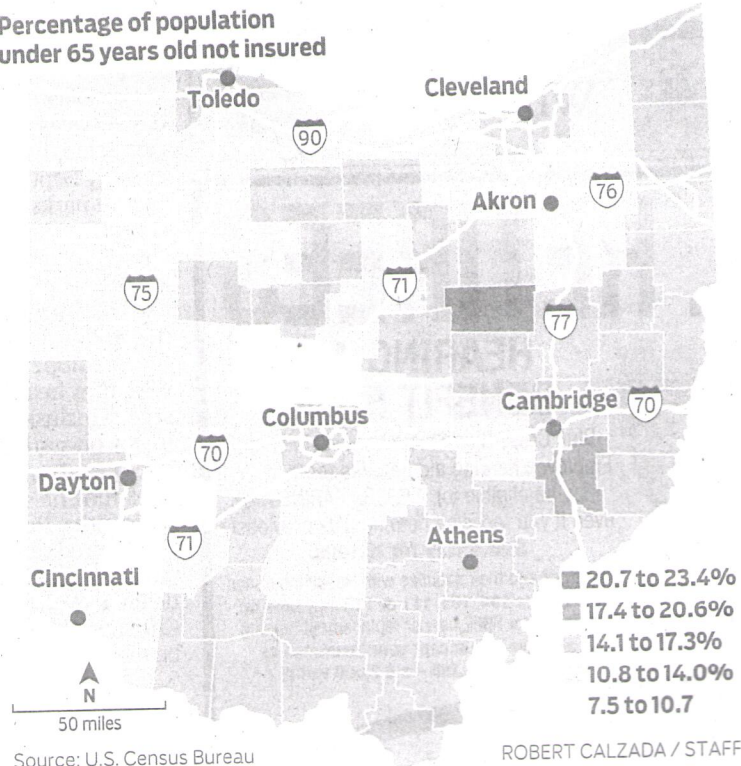
The marketplaces need robust participation from young, healthy adults who must pay into the system to offset claims from older, sicker residents. But there's no guarantee young people will participate.

"Like all insurance, the purpose of the marketplace is to create a large pool of individuals so that financial risk is shared widely among more people," said Amy Rohling McGee, president of the Health Policy Institute of Ohio.

Uninsured Ohioans

There are nearly 1.5 million Ohioans who lack health insurance. Rural counties had the highest percentage of uninsured residents, while more affluent metropolitan areas had the lowest rates of uninsurance. Holmes County topped the state with 23.4% of residents without insurance, while Delaware County led the state with 92% of insured residents.

Percentage of population under 65 years old not insured



Young adults needed

Health

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"The concern is that if only those who are older or sick sign up for coverage, the cost of coverage will not be affordable to some."

The Obama administration estimates the marketplaces will need about 2.7 million young adults to sign up for coverage to balance out a health risk pool of more than 7 million Americans expected to enroll in the marketplaces next year. That includes about 84,000 Ohioans, according to estimates from the Health Policy Institute of Ohio.

But reaching that goal won't be easy, and experts say one of the foremost challenges is simply raising awareness.

"All I know is there are a lot of people in school here who have no idea what a health insurance marketplace is," said John Bowblis, a Miami University economics professor who specializes in health care.

The marketplaces are the centerpiece of Patient Protection and Affordable Care Act – President Barack Obama's signature health care law, which requires most Americans

who are not enrolled in Medicaid, Medicare or an employer health plan to buy insurance on their own or pay a tax penalty, otherwise known as the individual mandate.

The problem is the penalty in most cases would be much less than the cost of insurance, especially for uninsured young people working in low-wage jobs or just starting their careers in entry-level positions.

Costly premiums

The tax penalty next year is \$95, or 1 percent of income, whichever is greater. By comparison, the least expensive premiums available through the marketplaces would cost more than \$1,000 a year – although premium subsidies available to some will help defray costs.

"While the price that young people will have to pay may go down when you take into account the subsidy, what still matters is that monthly payment,"

Bowblis said. "Young people simply aren't going to pay the premiums if they don't think they can afford them."

In addition to cost, the so-called "young invincible" syndrome – which assumes young adults go without health insurance because they believe they do not need it – has undoubtedly contributed to the high rate of uninsurance among young people, Bowblis said.

More than 40 percent of the nearly 1.5 million uninsured Ohioans are young adults, according to U.S. Census data reviewed by FamiliesUSA, a national healthcare consumer advocacy group.

However, evidence suggests the common perception that young adults simply aren't interested in health insurance is more of stereotype than point of fact.

The willingness of young people to sign up for insurance is reflected in the high take-up

rate among young adults whom the health care law already allows to remain covered on their parents' health plan until they turn 26.

From September 2010 to December 2011, the percentage of adults ages 19-25 with health insurance coverage increased to 75 percent from about 64 percent – representing more than 3 million additional young adults with coverage, according to the U.S. Department of Health and Human Services.

In Ohio, approximately 97,000 young adults up to age 26 have gained insurance by staying on their parents' health plans, according to FamiliesUSA.

A safety net

Still, cost will be a barrier for young adults seeking coverage on their own and not through their parents' plans.

But the premium subsidies available through the marketplace will go a long way toward making health insurance more affordable for young people like Natasha Kelly, a 20-year-old Trenton resident studying radiology at Sinclair Community College.

The subsidies are based on a sliding income scale: the lower your income, the more financial assistance you'll receive.

Kelly, who lives on her own, earns just above minimum wage working at Lee's Famous Recipe Chicken in Trenton while she's going to school.

That means she's likely to be among the estimated 916,000 Ohioans who would qualify for federal tax credits to offset premium costs.

"That's definitely something I'll have to look into," Kelly said as she took a break on the campus courtyard. "I'm sick now, and I should probably go to the doctor. But I don't have \$200 to go to the urgent care clinic so they can tell me nothing is wrong with me. It'd be nice to have insurance so I could go see my own doctor."

Young adults (ages 19-29) in Kelly's income category with wages of about \$15,000 a year will pay no more than \$38 per month, on average, for insurance premiums in the marketplaces, according to a recent report from the The Commonwealth Fund, a Washington, D.C.-based think tank that backs the Affordable Care Act.

Those earning \$23,000 a year would pay no more than \$121 per month; those earning \$29,000, no more than \$193 per month; and those earning \$35,000, no more than \$273 per month, Commonwealth reported.

The marketplaces will open for enrollment in Ohio and most other states from Oct. 1 through the end of March next year, with coverage beginning in January.

Relief for some

While there's no way to know what the take-up rate among young people will be, most experts agree that older, sicker uninsured Ohioans who can no longer be denied coverage or charged exorbitant rates for having pre-existing medical conditions will flock to the marketplaces.

The incentives are just too strong, said Troy resident Greg Iammarino, a top-level business executive who was laid off about year ago during a corporate restructuring at the West Chester firm where he worked.

Iammarino, 62, was forced into the individual market to buy health insurance for he and his wife and now pays about \$400 a month for a policy from Aetna Inc. But the policy carries a whopping \$10,000 deductible.

"Because of my age, they said they had to charge me such a high deductible to make the premium affordable," Iammarino said.

In the health insurance marketplace, out-of-pocket costs are capped at a maximum of just over \$6,000, and premiums for the oldest enrollees can be no more than three times the cost of premiums for the youngest.

"I'm not going to go without insurance at my age, so if I can find something more reasonable for a lower cost – great," he said. "I'm still looking for a job, but in the meantime, it's a big relief to know I can find insurance at an affordable rate."