



ASPE

RESEARCH BRIEF

NEARLY 5 IN 10 UNINSURED SINGLE YOUNG ADULTS ELIGIBLE FOR THE HEALTH INSURANCE MARKETPLACE COULD PAY \$50 OR LESS PER MONTH FOR COVERAGE IN 2014

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October 28, 2013

Nearly 5 in 10 (46 percent, or 1.3 million) uninsured young adults in single-person households who may be eligible for the Health Insurance Marketplace may be able to purchase a bronze plan for \$50 per month or less after tax credits, based on analysis of data in 34 states.¹ In these states, a total of 1.9 million young adults, representing nearly 7 in 10 (66 percent) of the potentially Marketplace-eligible uninsured ages 18 to 34,² may be able to pay \$100 or less for coverage in 2014.

Under the Affordable Care Act, advanced payment of the premium tax credits will be available to help eligible individuals and families afford insurance coverage through the Health Insurance Marketplace.³

Young adults ages 18 to 34 in households of any type (e.g., own-family household, single-person household, living away at college, parents' household) account for 41 percent of the 41.3 million eligible uninsured nationwide.⁴ Young adults are the age group most likely to be without health

¹ For household size, a "household" is based on an individual's "health insurance unit" (HIU), which includes adults, their spouses, and their dependent children (ages 0-18, plus full time students under 23), using ASPE analysis of the ACS data. "Single" household status in this context does not necessarily imply single marital status or that an individual lives alone. See the Methodology section of this brief for additional details.

² We define Marketplace-eligible individuals in this analysis as uninsured U.S. citizens and legal residents with incomes above 138 percent of the Federal Poverty Level in Medicaid expansion states or above 100 percent of the Federal Poverty Level in non-expansion states. The estimates contained in this brief do not take into account certain Exchange coverage and Medicaid/CHIP eligibility requirements, such as those relating to other minimum essential coverage or tax filing requirements, and thus the populations described in this brief should be construed as "potentially" eligible, subject to these other requirements. For more information about eligibility to purchase coverage in the Marketplace, see <https://www.healthcare.gov/immigration-status-and-the-marketplace/>. Also, the statutory threshold for Medicaid expansion set by the Affordable Care Act is 133 percent of the FPL, not 138 percent of the FPL. This brief refers throughout to 138 percent of the FPL, which is the effective threshold including the 5 percent statutory disregard.

³ Non-incarcerated U.S. citizens and legal residents are eligible to purchase coverage on the Marketplace.

⁴ This is the estimated number of citizens or legal residents between the ages of 18 and 34 who are uninsured and appear to be potentially eligible for coverage either in the Marketplace or through Medicaid, based on ASPE analysis of the 2011 American Community Survey Public Use Microdata Sample (ACS PUMS). Some of these

insurance coverage⁵ and, therefore, are a key target for outreach and enrollment activities. Of uninsured young adults, 63 percent are considered as living in single-person households for health insurance purposes. Table 1 shows summary statistics for young adults.

This report focuses on the 7.2 million eligible uninsured young adults in single-person households in the 34 states with Federally-facilitated or State Partnership Marketplaces because we have premium information on all available plans for those states. We have more limited premium information for some State-based Marketplaces; therefore, we cannot at this time compare all 50 states and the District of Columbia.⁶

Of the 7.2 million eligible uninsured single young adults in the 34 states, 2.9 million may be Marketplace-eligible.⁷ Of these potentially Marketplace-eligible uninsured single young adults, approximately 1.9 million, or nearly two-thirds (66 percent) of the 2.9 million potentially eligible for Marketplace coverage, may be able to pay \$100 or less per month in 2014.

An additional 1 million eligible uninsured single young adults may qualify for Medicaid in the states that have opted to expand the program in 2014. Together with the 1.9 million who may be able to buy coverage in the Marketplace for \$100 per month or less, 40 percent (2.9 million) of the 7.2 million eligible uninsured single young adults in the 34 states may qualify for coverage through Medicaid or through the Marketplaces for \$100 per month or less. If each of the 34 states expanded its Medicaid program, the proportion of young adults who could obtain low-cost coverage would be even greater. Nearly 9 in 10 (86 percent, or 6.2 million) uninsured single young adults could be eligible for coverage costing less than \$100 per month *if all 34 states expanded their Medicaid programs*.

RESULTS

Health Insurance Marketplace

Of the 1.9 million uninsured single young adults who may be Marketplace-eligible and who may be able to purchase coverage for \$100 or less per month, 1.8 million may be able to pay \$100 or less per month for silver or bronze coverage⁸ and 92,000 may be able to pay \$100 or less for

individuals may have been eligible for Medicaid or Children's Health Insurance Program (CHIP) coverage prior to 2014 but were not enrolled. These estimates do not take into account the eligibility requirements relating to other minimum essential coverage or tax filing requirements.

⁵ See http://aspe.hhs.gov/health/reports/2013/CPSIssueBrief/ib_cps.cfm.

⁶ Our analysis includes only the 34 states that submitted data to HHS for a Federally Facilitated Marketplace or State Partnership Marketplace. In addition, this analysis is limited to single individuals. There are 10.8 million eligible uninsured single young adults in all 50 states and the District of Columbia.

⁷ We define Marketplace-eligible individuals in this analysis as uninsured U.S. citizens and legal residents with incomes above 138 percent of the Federal Poverty Level in Medicaid expansion states or above 100 percent of the Federal Poverty Level in non-expansion states. The estimates contained in this brief do not take into account certain Exchange coverage and Medicaid/CHIP eligibility requirements, such as those relating to other minimum essential coverage or tax filing requirements, and thus the populations described in this brief should be construed as "potentially" eligible, subject to these other requirements. For more information about eligibility to purchase coverage in the Marketplace, see <https://www.healthcare.gov/immigration-status-and-the-marketplace/>.

⁸ The Affordable Care Act generally requires that qualified health plans (QHPs) offered on the Marketplace must be one of four tiers, based on the QHP's actuarial value. Bronze plans have an actuarial value of 60 percent and the

catastrophic coverage.⁹ Approximately 1.3 million, or nearly 5 in 10 (46 percent) of Marketplace-eligible uninsured single young adults, may be able to purchase a bronze plan for \$50 per month or less after tax credits.

Medicaid

In addition to those eligible for Marketplace tax credits, 1 million uninsured single young adults (14 percent of the 7.2 million eligible uninsured single young adults) may be eligible for Medicaid in the states included in this analysis that have chosen to expand their Medicaid programs to date.¹⁰ These new Medicaid enrollees will pay either no premium or only a nominal premium in 2014. If each of the 34 states expanded its Medicaid program, 4.9 million uninsured single young adults (68 percent) would be eligible for Medicaid in these states.

All Eligible Uninsured Young Adults¹¹

In the 34 states in this analysis, 2.9 million, or 40 percent, of the 7.2 million eligible uninsured single young adults may qualify for Medicaid or tax credits to purchase silver or bronze coverage for \$100 or less per month. Of these, 2.3 million (32 percent) may qualify for Medicaid or tax credits allowing them to purchase bronze coverage for \$50 or less per month. In states expanding Medicaid, 84 percent of uninsured young adults who may be eligible for Medicaid or the Marketplaces could pay \$100 or less per month in premiums. In states not expanding Medicaid, 29 percent of the uninsured young adults who may be eligible for Medicaid or the Marketplaces could pay \$100 or less per month in premiums.

If each of the 34 states in this analysis expanded its Medicaid program, 86 percent of uninsured single young adults in the 34 states (6.2 million) could be eligible for coverage through Medicaid or a Marketplace plan costing less than \$100 per month after tax credits.

lowest premiums. Silver plans have an actuarial value of 70 percent, gold plans an actuarial value of 80 percent, and platinum plans an actuarial value of 90 percent. The tax credit available to certain qualified individuals under the Affordable Care Act is tied to the cost of the second lowest-cost silver plan available on the Marketplace in the tax filer's state.

⁹ A catastrophic plan is available only to individuals ages 30 and under and to those who have an affordability exemption. Catastrophic plans have a deductible of \$6,350, an out-of-pocket maximum of \$6,350, and must cover preventive services and three physician office visits before the deductible.

¹⁰ Our analysis assumes that among the 34 states analyzed in this brief, the following nine expand their Medicaid programs: Arizona, Arkansas, Delaware, Illinois, Iowa, Michigan, New Jersey, North Dakota, and West Virginia. This analysis was completed as of Friday, October 25 using information from <http://medicaid.gov/AffordableCareAct/Medicaid-Moving-Forward-2014/Downloads/Medicaid-and-CHIP-Eligibility-Levels-Table.pdf>.

¹¹ This includes only eligible uninsured adults ages 18-34 in single-person households.

Table 1: Medicaid and Marketplace eligibility among young adults (ages 18 to 34)

Total Population¹²	34 State Total	U.S. Total¹³
Ages 18 to 34	44.2 million	68.6 million
Ages 18 to 34 in single-person households	22.3 million	35.5 million
Eligible Uninsured	34 State Total	U.S. Total
Ages 18 to 34	11.5 million	17.0 million
Ages 18 to 34 in single-person households	7.2 million	10.8 million
Uninsured with Income at or below 138% of the FPL, Ages 18 to 34 in Single-Person Households	34 State Total	U.S. Total
In all states ¹⁴	4.9 million	7.1 million
In states not expanding Medicaid	3.8 million	3.9 million
In states expanding Medicaid	1.0 million	3.3 million
Uninsured and Potentially Marketplace Eligible,¹⁵ Ages 18 to 34 in Single-Person Households	34 State Total	U.S. Total
Income above 138% of the FPL Medicaid expansion states or above 100% of the FPL in non-expansion states	2.9 million	4.2 million

¹² ASPE tabulations have been adjusted to include only U.S. citizens and legal residents.

¹³ The U.S. total is the total for all 50 states and the District of Columbia.

¹⁴ Totals may not sum due to rounding.

¹⁵ We define Marketplace-eligible individuals in this analysis as uninsured U.S. citizens and legal residents with incomes above 138 percent of the Federal Poverty Level in Medicaid expansion states or above 100 percent of the Federal Poverty Level in non-expansion states. The estimates contained in this brief do not take into account certain Exchange coverage and Medicaid/CHIP eligibility requirements, such as those relating to other minimum essential coverage or tax filing requirements, and thus the populations described in this brief should be construed as “potentially” eligible, subject to these other requirements. For more information about eligibility to purchase coverage in the Marketplace, see <https://www.healthcare.gov/immigration-status-and-the-marketplace/>.

Table 2: Eligible uninsured single young adults (ages 18 to 34) who could qualify for Medicaid or purchase Marketplace coverage for \$100 or less in 34 states

	Number of Eligible Uninsured Single Young Adults	Percent of Marketplace-Eligible Uninsured Single Young Adults	Percent of All Eligible Uninsured Single Young Adults
Any Marketplace Plan for \$100 or Less¹⁶	1.9 million	66.0%	26.4%
Bronze Plan for \$50 or Less	1.3 million	46.1%	18.7%
Silver or Bronze Plan for \$100 or Less ¹⁷	1.8 million	62.8%	25.1%
Catastrophic Plan for \$100 or Less ¹⁸	92,000	3.2%	1.3%
Medicaid¹⁹	1 million	N/A ²⁰	14.2%
Total, Marketplace Coverage for \$100 or Less or Medicaid Eligible	2.9 million	N/A	40.6%

¹⁶ The total “Any Marketplace Plan for \$100 or Less” is the sum of the “Silver or Bronze Plan for \$100 or Less” and the “Catastrophic Plan for \$100 or Less” rows. The “Bronze Plan for \$50 or Less” category is a subset of the “Silver or Bronze Plan for \$100 or Less” category.

¹⁷ Includes those who could pay \$50 or less.

¹⁸ Only age-based catastrophic eligibility among those who cannot buy a silver or bronze Marketplace plan for less than \$100 is included in this figure. Catastrophic plans are also available to those over the age of 30 who do not have an affordable coverage option, but that eligibility scenario is not included here.

¹⁹ Only single young adults in expansion states with incomes below 138 percent of the FPL are counted as Medicaid eligible. Some individuals ages 18 and older may be eligible for CHIP, but that eligibility is not modeled here.

²⁰ We do not count Medicaid-eligible individuals as Marketplace-eligible in this analysis.

Methodology

This analysis is based on ASPE analysis of household composition and income from the 2011 American Community Survey Public Use Microdata Sample (ACS PUMS). ASPE tabulations from the ACS PUMS have been adjusted to exclude estimated undocumented persons.²¹

To calculate the premium tax credit, the Affordable Care Act specifies that an individual or family with a particular income will pay a fixed amount for the second lowest-cost silver plan available in the Marketplace in their local area. This fixed amount is the same in every state except Alaska and Hawaii, without regard to age or the actual premiums in the Marketplace. For example, the law specifies that an individual earning 150 percent of the Federal Poverty Level (FPL), or \$17,235 per year, will pay no more than 4 percent of their income (\$57 per month) for the second lowest-cost silver plan. Their tax credit will cover the difference between \$57 and the monthly cost of the second lowest-cost silver plan available to them. Table 4 below shows the percent of income and maximum payment associated with various incomes for single individuals.

Table 3: Maximum monthly health insurance premiums for the second lowest-cost silver plan for a single adult, by income

Single Adult Income	Percent of the Federal Poverty Level	Percent of Income Paid toward Second Lowest-Cost Silver Plan	Maximum Monthly Premium Payment for Second Lowest-Cost Silver Plan
\$11,490 ²²	100%	2%	\$19
\$17,235	150%	4%	\$57
\$22,980	200%	6.3%	\$121
\$28,725	250%	8.05%	\$193
\$34,470	300%	9.5%	\$273
\$40,215	350%	9.5%	\$318
\$46,075	401%	None	No Limit

To calculate bronze premiums after tax credits, this analysis uses data submitted by the 34 states with a Federally-facilitated or State Partnership Marketplace. State-based Marketplaces are not included because we do not have complete data on premiums for catastrophic, bronze and silver plans in every rating region for every State-based Marketplace. Because rates vary by rating region within a state, we did not substitute average rates or rates from the most populous rating region.

²¹ The adjustment methodology is based on imputations of immigrant legal status in ASPE's TRIM3 microsimulation model (<http://trim.urban.org>), according to methods initially developed by Jeffrey Passel and Rebecca Clark.

²² In Medicaid expansion states, this income is associated with Medicaid eligibility.

To determine the number of uninsured young adults eligible for tax credits sufficient to reduce bronze premiums to \$100 or less (or \$50 or less), we calculated the percent of the FPL at which the total tax credit would be sufficient to reduce bronze premiums below the threshold in a given rating region for a given age. For example, we calculated the FPL at which a 22-year-old in Miami, Florida, would receive a tax credit sufficient to lower her bronze premium to \$100 or less. We repeated this analysis for every combination of rating region and age within the 34 states.²³ This analysis includes only single individuals, not families, for simplicity. For families, the net bronze premium after tax credits depends on the rating area, age of each family member, family size, and the total number of family members uninsured.

We limited our analysis to young adults in single-person households, where a household is a “health insurance unit” (HIU). We defined HIUs to include adults, plus their spouses and dependent children (ages 0-18, as well as full time students under 23) living in the household.²⁴ For example, two 22-year-old roommates who are sharing an apartment and are not married to each other would be counted as two separate, single-person HIUs. A married couple living together in a home is categorized as a two-member HIU. We estimate that 63.7 percent of uninsured young adults nationwide live in a single-person HIU.

Using the 2011 ACS PUMS, we estimated the number and percent of U.S. citizens and legal residents (“eligible uninsured”) between the ages of 18 and 34 in single-person HIUs whose income may qualify them for tax credits that would enable them to purchase coverage for \$100 or less per person (after applying their tax credits) on the Marketplace. We also estimated the number and percent of eligible uninsured single young adults who will have access to a catastrophic plan for \$100 or less, regardless of income.

The number of young adults potentially eligible for the Marketplaces is calculated as the number of uninsured young adults who have incomes above 138 percent of the FPL in Medicaid expansion states or above 100 percent of the FPL in non-expansion states. The number of individuals potentially eligible to receive a tax credit that would reduce their Marketplace premium to \$100 or less per person is calculated based on a combination of age, income, and geographic location. These estimates do not take into account the tax credit eligibility requirements relating to other minimum essential coverage or tax filing requirements.

To take into account variation in premiums by rating area, we computed the maximum income as a percentage of the FPL at which an individual could obtain \$100 coverage in every combination of rating area and age. We then applied these thresholds to ACS data. The smallest geographic unit available in the annual ACS PUMS is the public-use microdata area (PUMA), which cannot be directly translated to either counties or rating areas. We therefore assigned PUMA populations to counties based on the distribution of the population using a data crosswalk from the Missouri Census Data Center.²⁵ This method assumes that the geographic distribution of uninsured young

²³ Complete data on premiums in these 34 states is available at <https://www.healthcare.gov/health-plan-information>.

²⁴ ACS respondents are directed by the questionnaire not to answer for “anyone who is living somewhere else for more than 2 months, such as a college student”; therefore, we are unable to link a child not living in the household to a parent’s HIU. The 2011 ACS questionnaire is available online at <http://www.census.gov/acs/www/Downloads/questionnaires/2011/Quest11.pdf>

²⁵ Available online at <http://mcdc2.missouri.edu/websas/geocorr2k.html>.

adults is proportional to the distribution of the overall population. For individuals who resided in a PUMA covering multiple counties, we adjusted the ACS PUMS survey weight to assign individuals to the relevant counties. After counties were assigned, we determined each individual's rating area of residence.²⁶

In states likely to expand Medicaid, we estimate the number of individuals who may obtain Medicaid coverage starting in 2014 as the number of eligible uninsured with an income at or below 138 percent of the FPL.

Limitations

There are several limitations to this analysis. First, we included only young adults in single-person households in this analysis. Second, we are not able to link a young adult living apart from their parent's household to their parent's health insurance unit. Third, we consider only the 34 states for which complete premium data by rating region is currently readily available in the U.S. Department of Health and Human Services systems.

Lastly, we omit the eligible uninsured living in non-Medicaid expansion states with incomes below 100 percent of the FPL from our analysis of those potentially eligible for Marketplace coverage for \$100 or less per person. These low-income individuals are exempt from the individual mandate on the basis of hardship. While technically eligible to purchase coverage on the Marketplace, they would not qualify for tax credits to subsidize their Marketplace coverage and would probably not be able to afford full-price premiums.

²⁶ A county to rating area crosswalk is available at http://aspe.hhs.gov/health/reports/2013/MarketplacePremiums/datasheet_home.cfm.