



Human Resources  
Administration  
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# TESTIMONY

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*Health Insurance Options for Young Adults*  
City Council Health Committee

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Good afternoon. I am Marjorie Cadogan, Executive Deputy Commissioner of the Human Resources Administration's Office of Citywide Health Insurance Access (HRA/OCHIA). First, let me thank you for the opportunity to join you in this important discussion on health insurance options for young adults. Although they are not often the first group that comes to mind when people talk about the uninsured, young adults are a critical population without coverage. Nationally, they are one of the largest and the fastest growing segments of the uninsured.<sup>1</sup> Here in New York City, one out of every four young adults was uninsured in 2007. These approximately 450,000 adults 19 to 35 years of age account for about half of all uninsured non-elderly adults in the City.<sup>2</sup>

Expanding access to health insurance is a priority for Mayor Bloomberg and, under his leadership, New York City has seen significant increases in the number of individuals who have coverage. As of January 2009, approximately 2.7 million New York City residents were enrolled in public health insurance programs<sup>3,4</sup> Since the Mayor took office, enrollment in public health insurance has increased by 37 percent.<sup>5</sup> These gains are the result of State coverage expansions and enrollment and renewal simplifications, as well as City efforts to maximize the enrollment and retention of eligible residents through HRA's Medical Assistance Program and, coordinated by my office, the HealthStat Initiative, which offers enrollment opportunities in neighborhoods across all five boroughs.

Mayor Bloomberg also has sought to increase access to private health insurance. In 2007, direct negotiation with insurance companies resulted in the offering of domestic

partner coverage by all major insurance companies in New York City's small group insurance market. My office also has worked to expand insurance brokers' awareness of, and quoting of, lower-cost health insurance options, including Healthy NY, the State-subsidized program for low-income workers, sole proprietors and qualifying small businesses. For example, we have added Healthy NY to HealthConnect, the online insurance quoting tool used by most brokers, and sponsored continuing education seminars where brokers learn about Healthy NY as well as public health insurance options. We are happy to report that during the last two and half years, New York City has experienced a 40 percent increase in enrollment in Healthy NY.<sup>6</sup>

Nonetheless, there are still approximately 1 million uninsured non-elderly adults in New York City<sup>7</sup>, a number that is likely to grow as a result of the current recession.

According to New York City Department of Health and Mental Hygiene's 2007 Community Health Survey data, young adults are the single most likely age group to be uninsured in the City: twenty-eight percent of young adults 19 to 25 are uninsured,<sup>8</sup> and a quarter of young adults remain uninsured up to age 35. It is not until ages 36 to 45 that the uninsured rate drops below 20 percent in the City.<sup>9</sup>

Looking at the profile of young adults in New York City and their health insurance coverage reveals a number of disparities and suggests some of the reasons so many young adults are uninsured.

- Overall, there are 1.8 million young adults, 19 to 35 years of age in New York City. Most are employed and have incomes at or above 200 percent of the Federal Poverty Level (FPL). There are about as many men as women and approximately as many living in households with children as without. About 33 percent of young adults are Hispanic, 30 percent are White, 23 percent are Black and 12 percent are Asian.<sup>10</sup>
  
- In terms of health insurance, the majority of uninsured young adults in the City are employed (64 percent); many are lower-income, with incomes less than 200 percent FPL (51 percent); they are predominantly male (63 percent); and many are Hispanic (54 percent).<sup>11</sup>
  
- Some segments of the young adult population are at much greater risk for being uninsured than others. Disparities in health insurance coverage can be seen along employment, income, sex, and racial/ethnic lines.<sup>12</sup>
  - Young adults who are not employed are much more likely to be uninsured (42 percent vs. 22 percent) and much less likely to have private coverage (18 percent vs. 63 percent) than their employed counterparts.<sup>13</sup>
  
  - Those with lower-incomes are also much more likely to be uninsured (37 percent vs. 13 percent) and much less likely to be privately insured (21 percent vs. 79 percent) than those at or above 200 percent FPL.<sup>14</sup>

- Young adult males are much more likely to be uninsured (31 percent vs. 18 percent) and much less likely to have public coverage (15 percent vs. 29 percent) than females.<sup>15</sup>
- Nearly 40 percent of Hispanic young adults are uninsured and only 33 percent have private coverage. In contrast, 76 percent of White non-Hispanics, 51 percent of Black non-Hispanics and 53 percent of Asians have private insurance.<sup>16</sup>

Overall, young adults are at great risk of being uninsured for three main reasons: changes in private and public health insurance eligibility rules when they reach age 19; a lack of access to employer-sponsored insurance; and the high cost of individual/direct pay health insurance.

Let me quickly walk through the available coverage options and barriers to insurance for young adults.

First, in New York City, the uninsured rate jumps from 8 percent for children<sup>17</sup> to 25 percent for young adults.<sup>18</sup> This jump is due, in part, to the fact that when young adults reach age 19, they are no longer eligible for public health insurance for children. Under Child Health Plus, they can get coverage if their family income is up to 400 percent FPL. There are a few instances where young adults with higher incomes can access public

benefits, such as the Family Planning Benefit Program. In general, however, eligibility for public coverage drops to 100 percent FPL for childless adults and 150 percent FPL for parents. Undocumented young adults, those without legal immigration status, face even greater barriers to coverage. While undocumented children are eligible for Child Health Plus up to age 19, undocumented young adults are not eligible for public health insurance, regardless of their income. Only undocumented pregnant women and persons permanently residing under the color of law (PRUCOLs) are eligible for public coverage. Medicaid also pays for emergency medical care for undocumented adults.

Similarly, after age 19, most private insurers' eligibility rules change.<sup>19</sup> The majority of insurers in New York City do not allow young adults to remain as dependents on their parents' plan past age 19, unless they are full-time students. Once they turn 23, students usually become ineligible for dependent coverage as well.

Second, while most adults get coverage through their jobs, the jobs available to young adults 19 to 29 years old are typically lower-wage and offer fewer benefits.<sup>20</sup> National data show that low-wage workers are more likely to be uninsured.<sup>21</sup> This is particularly important in New York City where there are 860,000 full-time workers who are considered low-wage (earning \$11/hour or less which corresponds roughly to 125 percent of the FPL for a family of four), and 400,000 of them are uninsured.<sup>22</sup> As new workers in the labor force, young adults also tend to be employed by small businesses and, especially low-income young adults, work in industries such as hospitality, food service or entertainment that have high uninsurance rates.<sup>23,24</sup> They also often face waiting

periods or are employed in temporary or part-time positions where they are not eligible for coverage even if the employer offers it.<sup>25</sup> A survey of low-income 19 to 29 year old young adults found the vast majority did not have access to job-based coverage, and when they did, only 16 percent declined the coverage, primarily because they could not afford it.<sup>26</sup>

Third, young adults needing to seek coverage on their own have few affordable options. Healthy NY is an option for eligible lower-wage workers and sole proprietors with incomes up to 250 percent FPL. In addition, freelancers and part-time workers in certain industries can access lower-cost plans through associations, such as Freelancers Union.

However, not all young adults qualify for these lower-cost plans, and health insurance in the individual/direct pay market is too expensive for most young adults. Half (51 percent) of uninsured young adults have lower incomes (less than 200 percent FPL or less than \$1,805 a month).<sup>27</sup> Single premiums for individual/direct pay health plans in New York City range from \$752 to \$2,676 a month, or about 42-148 percent of these young adults' monthly income. For families at the same income level, the cost of family coverage is much higher, consuming 71-226 percent of their monthly household income.<sup>28, 29</sup>

Before I discuss opportunities for increasing access to coverage for young adults, let me acknowledge that the problem of the uninsured is a national problem. Hopefully, as we speak, long-term solutions are being developed that will involve Federal and State

governments as well as the private sector. Mayor Bloomberg has called on the Federal government to address health care reform urgently and has voiced his support for the Obama Administration's health reform principles, which include aiming toward universal health insurance coverage.

Yet even as these reforms are being developed, New York City is working to improve access to coverage for young adults.

Through HealthStat, my office continues to facilitate the enrollment of eligible uninsured adults into public health insurance on select CUNY campuses. In conjunction with CUNY, we developed a health insurance tutorial for students and are currently working closely with the health professionals and student health advocates on each campus to better understand the health insurance needs of their students and improve enrollment of those eligible into publicly financed coverage.

The City also has worked to make public coverage readily available to adults, including young adults, through the internet. ACCESS NYC allows residents to screen themselves and start an application for public coverage online. HRA is also working jointly with the City's HHS-Connect initiative to offer an on-line public health insurance option for renewal.

This summer, HRA will launch a new website developed by my office, *NYC Health Insurance Link*, which will be an important resource for young adults. Many young

adults are not aware of their health insurance options, limiting their ability to make informed choices about which plans are most affordable. *NYC Health Insurance Link* will educate them on their options. It will allow them to find and compare health plans that they may be eligible for, including lower-cost plans like Healthy NY. They can learn which insurers allow parents to keep their children on their health plan through age 25. And they will learn about ways to make private insurance more affordable by pairing it with public coverage for children or by enrolling in the Family Health Plus premium assistance program, which helps low-wage workers pay for job-based coverage. The website will also include information on health care resources, such as HHC Options, a program that provides uninsured residents who are not eligible for public health insurance with access to free or reduced-cost care. Once the new website is launched, my office will expand our outreach efforts to include web-based outreach, such as marketing on websites that serve young adults and their employers.

Looking ahead, as Federal health reform and the State's own reform initiative, the NYS Partnership for Coverage, take shape, I want to briefly mention a few items likely to be on the Federal and State agendas that could help make coverage more accessible to young adults.

Let me start by mentioning an important consideration of health reform, which is the role of personal responsibility in reducing the numbers of uninsured. Clearly, one of the primary goals of comprehensive health reform is to ensure the maximum number of people obtain affordable coverage. When segments of the population are left out, such as

young adults, it adversely affects everyone, making the health insurance markets less efficient and creating an added drain on public resources. In addition to making coverage more affordable, educating young adults about the value of health insurance can enable them to make informed choices about coverage. Finally, recognizing the budgetary and fiscal constraints that exist, safeguards should be in place to ensure that limited public dollars are available and reserved for those truly in need.

Now, let me raise a few reform items particularly relevant for young adults in New York City.

First, there is an emerging consensus that changes are needed to New York's individual/direct pay health insurance market.<sup>30</sup> As it exists now, the individual market is not accessible for most uninsured residents. There are a number of proposals on the table for reforming this market to make it more affordable. In considering these reforms, it will be important to ensure that they protect access to affordable coverage for older and less healthy individuals as well as young adults in need of individual coverage.

Second, earlier this year, Governor Paterson said he will introduce legislation to allow young adults to remain on their parents' health plan up to age 29, with the full cost to be paid by parents.<sup>31</sup> Depending on the specifics of the proposal, this legislation could potentially expand coverage among young adults entering the labor market who do not have access to employer-sponsored coverage. At a minimum, the State should encourage

insurers to treat young adults equally and permit them to remain on their parents' health plans through age 25, regardless of their student status.

Third, there is a need to increase access to coverage for undocumented workers among the young adult population. Undocumented workers, of whom there are approximately 400,000 in New York City, are a substantial and significant segment of the workforce.<sup>32</sup> With the exception of the treatment of an emergency condition and two groups (pregnant women and persons permanently residing under the color of law (PRUCOLs)), undocumented residents are not eligible for public coverage. Increasing access to private insurance is necessary to reduce the number of uninsured, especially young adult, undocumented workers.

Finally, for very low income young adults, private coverage may never be affordable. At a minimum, Family Health Plus should be expanded to align income levels for childless adults and parents to help cover uninsured young adults very near poverty.<sup>33</sup>

Thank you once again for the opportunity to testify today about health insurance options for young adults. I welcome any questions you may have at this time.

HRA Office of Citywide Health Insurance Access

**Overview: Private and Public Insurance Coverage Rules for Young Adults**

	Private insurance	Public coverage for children (Medicaid + Child Health Plus)	Public coverage for adults (Medicaid Healthy NY + Family Health Plus)	Healthy NY
<b>Children (under 18)</b>				
	Children can be included on family plans.	Children can be covered up to 400% FPL (\$6,104 for 2-parent, 1 child family of 3)	N/A	Children in families with up to 250% FPL can be covered (\$3,815 for 2-parent, 1 child family of 3)
<b>Young adults (19-35 year olds)</b>				
<b>In School</b>	<u>Individual/direct pay market:</u> <ul style="list-style-type: none"> <li>6 insurers allow young adults up to age 23 to be included on family plan</li> <li>2 insurers allow coverage up to age 25</li> </ul> <u>Small group market:</u> <ul style="list-style-type: none"> <li>2 insurers up to age 23</li> <li>9 insurers up to age 25</li> </ul>	N/A	<ul style="list-style-type: none"> <li>Up to 100% FPL for a childless adult (\$903 income)</li> </ul>	<ul style="list-style-type: none"> <li>Up to 250% FPL (\$2,257 for a childless adult; \$3,815 for 2-parent, 1 child family of 3)</li> </ul>
<b>Not in School</b>	<u>Individual/direct pay market:</u> <ul style="list-style-type: none"> <li>7 insurers allow young adults up to age 19 to be included on parents' plan</li> <li>1 insurer allows coverage up to age 25</li> </ul> <u>Small group market:</u> <ul style="list-style-type: none"> <li>10 insurers allow coverage up to age 19</li> <li>1 insurer allows coverage up to age 25</li> </ul>	N/A	<ul style="list-style-type: none"> <li>Up to 150% FPL for parents (\$2,289 income for 2-parent, 1 child family of 3)</li> </ul>	

Note: This chart is for illustrative purposes only.

Source: NYC Human Resources Administration Office of Citywide Health Insurance Access: Interviews with Insurance Carriers, February 2009; Income based on 2009 NYS Income and Resource Standards and Federal Poverty Levels, Effective 04/01/09.

**Table 1: NYC Individual/Direct Pay Health Insurance Rates, April 2009**

<b>Monthly Premium Rates for Individual and Family Insurance</b>		
<b>Individual</b>		
	Low	High
HMO	\$752.63	\$2,230.08
POS	\$1,178.68	\$2,676.16
<b>Family</b>		
	Low	High
HMO	\$2,152.99	\$5,686.71
POS	\$3,500.72	\$6,824.18

Source: New York State Insurance Department, New York County Premium Rates For Standard Individual Health Plans, April 2009

## References

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- <sup>2</sup> OCHIA analysis of New York City Department of Health and Mental Hygiene's Community Health Survey data for 2007. (Data unpublished).
- <sup>3</sup> Human Resources Administration's Office of Data Reporting and Analysis: HRA Facts Report. January 2009.
- <sup>4</sup> NYSDoH: CHP-B Monthly Enrollment Reports. January 2009.
- <sup>5</sup> City of New York Human Resources Administration Enrollees: January 2002 and January 2009, HRA Office of Data Reporting & Analysis; and New York State Department of Health (NYSDOH): CHP-B Monthly Enrollment Reports: January 2002 and January 2009.
- <sup>6</sup> OCHIA calculation based on NYS Department of Insurance enrollment data.
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- <sup>8</sup> OCHIA analysis of New York City Department of Health and Mental Hygiene's Community Health Survey, data combined for 2007 and 2006 (Data unpublished).
- <sup>9</sup> OCHIA analysis of New York City Department of Health and Mental Hygiene's Community Health Survey data for 2007. (Data unpublished).
- <sup>10</sup> OCHIA analysis of New York City Department of Health and Mental Hygiene's Community Health Survey data for 2007. (Data unpublished). Numbers may not add to 100 due to rounding, missing data or sample sizes too small to produce reliable estimates.
- <sup>11</sup> OCHIA analysis of New York City Department of Health and Mental Hygiene's Community Health Survey data for 2007. (Data unpublished).
- <sup>12</sup> OCHIA analysis of New York City Department of Health and Mental Hygiene's Community Health Survey data for 2007. (Data unpublished).
- <sup>13</sup> OCHIA analysis of New York City Department of Health and Mental Hygiene's Community Health Survey data for 2007. (Data unpublished).
- <sup>14</sup> OCHIA analysis of New York City Department of Health and Mental Hygiene's Community Health Survey data for 2007. (Data unpublished).
- <sup>15</sup> OCHIA analysis of New York City Department of Health and Mental Hygiene's Community Health Survey data for 2007. (Data unpublished).
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- <sup>18</sup> OCHIA analysis of New York City Department of Health and Mental Hygiene's Community Health Survey data for 2007. (Data unpublished).
- <sup>19</sup> Collins SR. Rising Numbers of Uninsured Young adults: Causes, Consequences, and New Policies, Invited Testimony, Subcommittee on Federal Workforce, Postal Service, and the District of Columbia Committee on Oversight and Government Reform, United States House of Representatives Hearing on "Providing Health Insurance to Young Adults Enrolled as Dependents in FEHBP," April 29, 2008.
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- <sup>21</sup> Sherry Glied and Bisundev Mahato, *Issue Brief: The Widening Health Care Gap Between High and Low Wage Workers*, The Commonwealth Fund, May 2008
- <sup>22</sup> Sherry Glied and Bisundev Mahato, *Health Insurance and Expenditures Among Low-Wage Workers in New York City*, Columbia Center for the Health of Urban Minorities, Access to Care Core: Working Paper #1

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- <sup>33</sup> OCHIA testimony before NYS Partnership for Coverage, November 2, 2007. At the time of the testimony, family health plus eligibility for parents was 150% FPL; the recently enacted state budget raises this level to 160% FPL.