Lessons Learned From State Departments of Insurance Implementation of the "Age 26" Health Reform Provision

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The Problem

- 29% of those aged 19-29 are uninsured
  - Almost 3x higher than children <18 years old.
- 19-25 year olds 2x as likely to become uninsured as those 26-60.

The Problem

- 19-29 year olds on road to adulthood
  - Lack health security
- Young Adults (19-26) have higher rates than teens:
  - unintended pregnancies
  - sexually transmitted infections
  - substance abuse
  - mental health problems
  - obesity
- Utilize high cost Emergency Rooms for primary care

Why do Young Adults Lack Health Security?

At 19, age-out of private & public insurance

- No longer eligible for childhood benefits

Entry jobs lack high pay/good insurance

Underestimate risk of needing insurance

ACA and the Age 26 Provision

Implemented September 23, 2010.

Allow those aged 19 – 26 to enroll on their parents' private health insurance plans.

Applies to both fully insured and self insured.

Exempt

- Grandfathered plans

Provision → greater insured

- 3 million young adults gained insurance.
- Biggest gains among unmarried adults, nonstudents, and men.

Limited Reporting Requirements

Insurance companies do not report number of policies sold.

States do not collected number of covered lives.

ACA mandates reporting of lives covered, but does not require reporting by age.

Prior to ACA States Led the Way

- Over 38 years, 34 states enacted eligibility extension laws.
- St
  - ated
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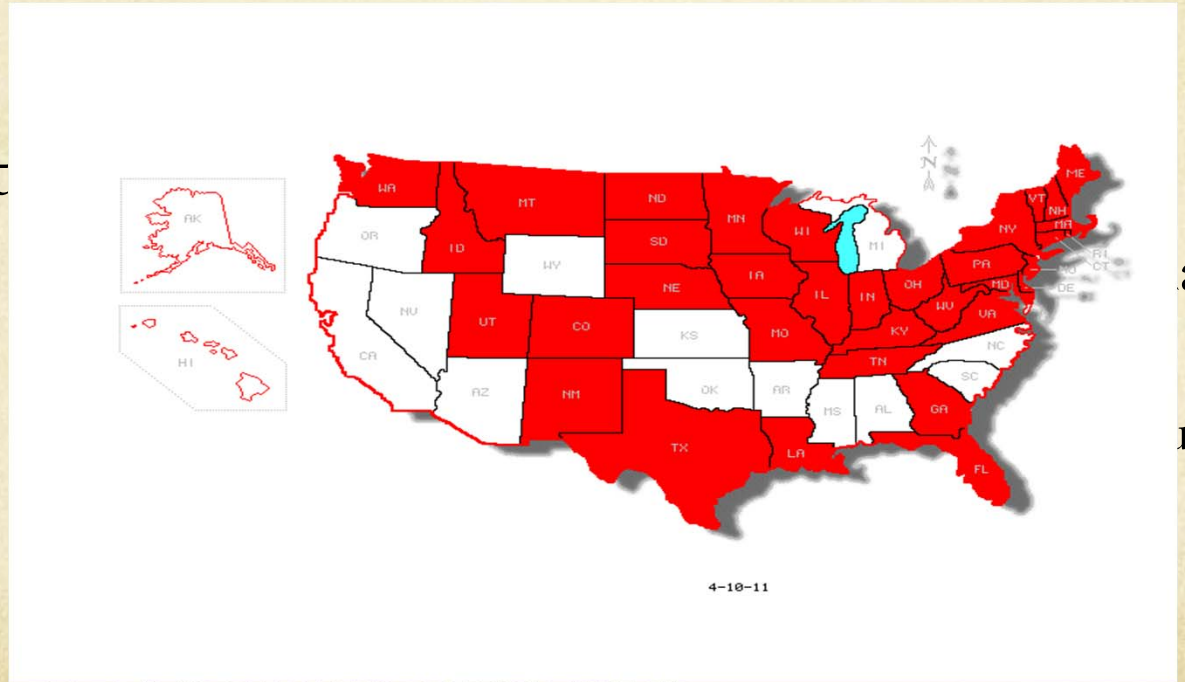
  - Age, student, marital status



State authority to regulate Age 26 provision

Congress relied on states to regulate insurance.

States are responsible to protect consumers.

- Insurance companies solvent and provide benefits.

Expanding role:

- By 2021, 24 million more will be insured via Affordable Insurance Exchanges.
- States will determine the essential health benefits package of private insurance plans, which take effect in 2014.

Research Question

What are state best practices in implementing the Age 26 provision?

- States' authority to regulate private insurance plans,
- State oversight and regulation of these plans, and
- States' outreach and enrollment of consumer practices.

Methods

Descriptive study

Nationally representative group of states

- 13 states (out of 34) with prior state laws in place
- 4 states that had never enacted such laws (out of 16)
- 1 state (AZ) did not respond to invitation to participate

We reviewed 18 State Department of Insurance (SDI) websites for contact information

Interview Tool

1. Inquired about the states' legislative authority to regulate private insurance companies.

2. Determined how states exercised their authority in practice and provided support to private plans to facilitate implementation; ascertained whether states mandated or recommended a benefit package responsive to young adults' needs.

3. Determined if and how states educated their citizens about the ACA's Age 26 provision; inquired about the extent of parental understanding about this new benefit.

Sampled States

States which never passed an eligibility extension state law included: AL, CA, KS, NV.

States with prior state laws: CT, DE, IN, KT, MA, NE, NJ, NY, SD, TX, UT, VA, WA.

Represented 35% of ages 19-26 living in the US in 2010.

States' Authority to Regulate Private Insurance Plans

Varied history of regulating the 3 insurance markets

1. Large group employer-based (>50 employees)
2. Small group employer-based (<50 employees)
   - 149 million Americans have health insurance through their employers.
   - 61% of small employers offer health insurance.
   - Virtually all large employers offer group health insurance.
3. Individual market

States' Authority to Regulate Private Insurance Plans

Many states in this sample did not aggressively regulate large-group markets.

- NV said large employers have "sophisticated buying power".
- Organizational capacity to be informed purchasers.

States' Authority to Regulate Private Insurance Plans

For the large group market, few states used regulatory tools: reviewing and approving premium increases, reviewing the wording of the insurance benefit package, and monitoring consumer complaints.

- NV: intervenes in the large-group market only reactively after a consumer complaint.

State Practices in Oversight and Regulation of Private Plans

Range of strategies to inform private insurance companies of Age 26 provision requirements

- No formal dissemination effort: TX
- In-depth information shared via multiple media: MA, IN, NY
- Monthly meetings with insurance companies: UT, KS
- Conference calls with all carriers: WA

State Practices in Oversight and Regulation of Private Plans

States reported no efforts to ensure the insurance benefits reflect young adults' needs, nor were they legally required to do so.

After completion of the study, States gained right to determine the essential health benefits package.

States Outreach & Enrollment Practices

Traditional strategies: printed newsletters, booths at local fairs (e.g., Delaware's Old Dover Days), cultural events (e.g., Virginia's Latin American Heritage Fair).

KS: federal grant to conduct outreach that incorporated information on specific benefits.

Reasons for inaction

- UT: most young people enrolled under prior state law.
- CA: skeptical of the overall benefit of the provision.

No state used social media (Facebook, Twitter) or worked with advocacy group (Young Invincibles).

Widespread Confusion Among Parents Regarding the Law

Children not automatically added to their policy.

Wait for the next plan-year to commence.

Grandfathered plans

- Not mandated to allow young people to join their policies until 2014.

Widespread Confusion Among Parents Regarding the Law

Type of coverage

- Fully-insured (which the SDI regulated) vs. self-insured policies (which the federal Department of Labor, DOL, regulates) .

Self insured

- All SDIs describing a lack of formal communication or working relationship with their regional DOL.
- Many states do little more than tell parents to call DOL.
- KS: SDI leveraged personal contacts.
- TX: SDI provided consumers with a list of questions.

Summary

Despite limited state engagement in implementing the Age 26 provision 3 million gained insurance.

States lacked access to covered-lives data that they need for monitoring and evaluation.

States conducted fairly little outreach.

In the scheme of all ACA requirements, implementation of the Age 26 provision should be relatively "simple."

Limitations

The possibility that respondents were not equally knowledgeable may have impacted the information gathered.

Interviews were conducted only one year after the Age 26 enactment.

Did not interview private health plan officials.

Implications

Relative to the Insurance Exchanges and Medicaid expansions of 2014, implementation of Age 26 provision was relatively simple.

Department of Insurance, with little interest in recommending age-appropriate benefits for young adults, have determined the essential health benefits.

Need to strengthen coordination between SDIs and DOLs.

Make use of social media and consumer groups.

Mentors

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