

# Advancing Youth Enrollment Act

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## **Advancing Youth Enrollment Act: Improving Coverage Affordability for Young Adults and Promoting Market Stability**

### **Problem Definition**

Over the last eight years, the Affordable Care Act (ACA) has led to historic coverage gains among young adults due to increased affordability, a diversity of options in the marketplace, and state Medicaid expansions. In 2010, the young adult uninsurance rate was 29 percent -- the highest of any age group. Today, that rate has dropped by half, to 14.1 percent.

But there remains work to be done. Despite progress made under the ACA, the uninsurance rate among young adults remains higher than any other age demographic, and 10.4 million 18-34 year olds still lack affordable, comprehensive insurance.

For today's young people, every dollar counts. A typical uninsured young adult makes just [\\$20,000 a year](#), while the typical young person shopping on the individual market makes about [\\$26,000 a year](#). Finding an average of \$80 per month for health insurance is hard for today's young people, who are constantly being asked to do more with less, even as they acknowledge how important health coverage is to their overall well-being. We need a solution that brings out-of-pocket costs down for young people while maintaining the quality and services that they need, and that protects those with chronic and pre-existing conditions.

### **The AYE Act**

Introduced in the Senate by Senator Tammy Baldwin and in the House of Representatives by Congressman Donald McEachin, the Advancing Youth Enrollment Act (AYE) is that solution. The AYE Act would enhance tax credits for people ages 18-34, bringing costs down for the average young marketplace shopper in an effort to close the affordability gap, get more young people covered, and support broader market stabilization efforts.

The AYE Act would reduce the maximum percent of income that young people would have to pay toward premiums by 2.5% up to age 30, followed by a .5% less reduction each year for ages 31-34. This change would make coverage more affordable for young people, by:

- Increasing premium tax credits for the young adult population
- Tying tax credit increases to local insurance market premiums to ensure that financial assistance reflects the true cost of coverage in their area
- Allowing young people to afford plans that meet their health care needs, rather than pushing them into "catastrophic" or junk insurance plans that don't cover essential benefits that young people use most often or protections for pre-existing conditions
- Improving the individual market's risk pool, leading to greater market stabilization and bringing overall costs down

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Proposals similar to the AYE Act have been estimated to cost far less than other efforts to spur young adult enrollment. In fact, analysis by the Commonwealth Fund found that similar youth tax credit proposals are actually the [most cost-effective](#) policy option to expand coverage, on a per-enrollee basis.

## **Anticipated Impact**

- Over **9 million** young adults would benefit from higher subsidies and lower premiums as a result of the AYE Act, including **5.7 million** currently uninsured young adults.
- **3.5 million** young adults who currently purchase their health insurance on the individual market could see higher subsidies and lower out of pocket costs under the AYE Act.
- Thirty-seven states and the District of Columbia would see more than **ten percent** of their young adults benefit from greater financial assistance to purchase health coverage.
- The typical uninsured young adult<sup>1</sup> would see their cost for a silver plan drop by **\$500 a year**. This would bring the typical uninsured young person's cost for a silver plan down from about \$80 a month to \$38 a month.
- The typical young person enrolled through the marketplace would see their cost for a silver plan go down by about \$54 a month, or about **\$645 a year**. They'd pay \$95 a month for a silver plan instead of about \$150 a month.
- Coverage would be more affordable for young families as a result of increased tax credits for both young adults and children enrolled on a family plan who are ineligible for Medicaid or CHIP.

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<sup>1</sup> Typical young adult defined as: 27 years old, \$26,000 income for insured, \$20,000 for uninsured

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## State-by-State Impact Analysis of the AYE Act

| State                | Total Young Adult Population (18-34) | Number of Young Adults Who Would Benefit from AYE Act | Proportion of State's Young Adults Who Stand to Benefit |
|----------------------|--------------------------------------|---|---|
| Alabama              | 1,021,000                            | 157,000   | 15%   |
| Alaska               | 190,000                              | 24,000  | 13%   |
| Arizona              | 1,504,000                            | 185,000   | 12%   |
| Arkansas             | 628,000                              | 79,000  | 13%   |
| California           | 9,210,000                            | 965,000   | 10%   |
| Colorado             | 1,296,000                            | 149,000   | 11%   |
| Connecticut          | 740,000                              | 56,000  | 8%  |
| Delaware             | 199,000                              | 18,000  | 9%  |
| District of Columbia | 224,000                              | 13,000  | 6%  |
| Florida              | 4,161,000                            | 901,000   | 22%   |
| Georgia              | 2,264,000                            | 419,000   | 19%   |
| Hawaii               | 317,000                              | 15,000  | 5%  |
| Idaho                | 354,000                              | 67,000  | 19%   |
| Illinois             | 2,804,000                            | 275,000   | 10%   |

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|               |           |         |     |
|---------------|-----------|---------|-----|
| Indiana       | 1,422,000 | 156,000 | 11% |
| Iowa          | 669,000   | 52,000  | 8%  |
| Kansas        | 638,000   | 93,000  | 15% |
| Kentucky      | 926,000   | 80,000  | 9%  |
| Louisiana     | 1,047,000 | 129,000 | 12% |
| Maine         | 247,000   | 29,000  | 12% |
| Maryland      | 1,295,000 | 124,000 | 10% |
| Massachusetts | 1,547,000 | 89,000  | 6%  |
| Michigan      | 2,084,000 | 191,000 | 9%  |
| Minnesota     | 1,172,000 | 96,000  | 8%  |
| Mississippi   | 632,000   | 109,000 | 17% |
| Missouri      | 1,282,000 | 202,000 | 16% |
| Montana       | 214,000   | 29,000  | 14% |
| Nebraska      | 418,000   | 67,000  | 16% |
| Nevada        | 639,000   | 87,000  | 14% |
| New Hampshire | 266,000   | 30,000  | 11% |
| New Jersey    | 1,822,000 | 194,000 | 11% |

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|                |           |           |     |
|----------------|-----------|-----------|-----|
| New Mexico     | 451,000   | 49,000    | 11% |
| New York       | 4,524,000 | 418,000   | 9%  |
| North Carolina | 2,133,000 | 367,000   | 17% |
| North Dakota   | 190,000   | 20,000    | 11% |
| Ohio           | 2,424,000 | 209,000   | 9%  |
| Oklahoma       | 865,000   | 163,000   | 19% |
| Oregon         | 889,000   | 87,000    | 10% |
| Pennsylvania   | 2,681,000 | 270,000   | 10% |
| Rhode Island   | 242,000   | 23,000    | 10% |
| South Carolina | 1,048,000 | 160,000   | 15% |
| South Dakota   | 190,000   | 28,000    | 15% |
| Tennessee      | 1,411,000 | 212,000   | 15% |
| Texas          | 6,440,000 | 1,363,000 | 21% |
| Utah           | 741,000   | 104,000   | 14% |
| Vermont        | 129,000   | 11,000    | 9%  |
| Virginia       | 1,852,000 | 223,000   | 12% |
| Washington     | 1,639,000 | 154,000   | 9%  |

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|               |            |           |     |
|---------------|------------|-----------|-----|
| West Virginia | 355,000    | 28,000    | 8%  |
| Wisconsin     | 1,214,000  | 122,000   | 10% |
| Wyoming       | 125,000    | 22,000    | 18% |
| Total         | 70,778,000 | 9,114,000 | 13% |

Source: Young Invincibles' analysis of 2016 American Community Survey