

Advancing Youth Enrollment Act

Advancing Youth Enrollment (AYE) Act: Improving Health Coverage Affordability for Young Adults

Problem Definition

Over the last nine years, the Affordable Care Act (ACA) has led to historic coverage gains among young adults thanks to the expansion of dependent coverage up to age 26, increased affordability through the individual market, and state Medicaid expansions. In 2010, the young adult uninsured rate was 29 percent -- the highest of any age group. Today, that rate has dropped by half, to 14.5 percent.¹

But there remains work to be done. Despite progress made under the ACA, the uninsured rate has worsened in recent years, increasing in both 2017 and 2018 according to the latest census data. Cuts to outreach and enrollment funding, expansion of short-term “junk” plans, and other efforts to undermine the ACA have likely contributed to increases in the uninsured rate for young people. Young people who are aging off of their parent’s plans, CHIP or Medicaid, should be signing up for coverage on the ACA’s marketplace instead of slipping through the cracks. All of this has contributed to the uninsured rate among young adults remaining higher than any other age demographic, and more than 10 million 18-34-year-olds that 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 Advancing Youth Enrollment (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 by doing so, create a healthier and more sustainable risk pool in the individual market.

¹ Uninsured estimate is from the 2018 Current Population Survey.

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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:

- Creating real affordability 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, such as mental health care, [that young people use most often](#) or protections for people with pre-existing conditions
- Protecting all consumers from junk plans that often target “young and healthy” consumers
- Improving the individual market’s risk pool, bringing down costs for everyone

The Cost-Efficient Solution

Other proposals that increase subsidies in alternative ways would be more costly compared to the AYE Act. Because the AYE Act focuses only on young adults in the individual market it is much more cost-efficient, while still potentially lowering the costs for everyone by bringing in younger and healthier consumers to increase the health of the risk pool. In fact, analysis by the Commonwealth Fund found that a similar proposal to the AYE Act is the [most cost-effective](#) policy option to expand coverage, on a per-enrollee basis.

Anticipated Impact

- Nearly **8 million** young adults would benefit from higher subsidies and lower premiums as a result of the AYE Act, including nearly **5 million** currently uninsured young adults.²
- **The 3 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.
- Twenty-three states would see more than **ten percent** of their young adults benefit from greater financial assistance to purchase health coverage, and 49 states would see at least five percent of their young people benefit.
- The typical uninsured young adult³ 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 \$81 a month to \$39 a month.

² Benefit and uninsured estimates are derived from the 2017 American Community Survey.

³ Typical young adult is defined as: 27 years old, \$26,000 income for insured, \$20,000 for uninsured.

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- The typical young person enrolled through the marketplace would see their cost for a silver plan go down by about \$55 a month, or about **\$650 a year**. They'd pay \$98 a month for a silver plan instead of about \$153 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.

State-by-State Impact Analysis of the AYE Act⁴

| State | Number of Young Adults Who Would Benefit from AYE Act | Total Young Adult Population (18-34) | Proportion of State's Young Adults Who Stand to Benefit |
|----------------------|---|--------------------------------------|---|
| Alaska | 24,914 | 189,905 | 13.12% |
| Alabama | 167,863 | 1,095,726 | 15.32% |
| Arkansas | 73,151 | 674,250 | 10.85% |
| Arizona | 167,540 | 1,621,930 | 10.33% |
| California | 712,307 | 9,809,894 | 7.26% |
| Colorado | 117,316 | 1,391,213 | 8.43% |
| Connecticut | 43,229 | 794,563 | 5.44% |
| District of Columbia | 7,069 | 236,791 | 2.99% |
| Delaware | 12,421 | 213,735 | 5.81% |
| Florida | 785,116 | 4,463,586 | 17.59% |
| Georgia | 380,879 | 2,432,339 | 15.66% |
| Hawaii | 19,269 | 328,386 | 5.87% |
| Iowa | 62,097 | 714,328 | 8.69% |
| Idaho | 68,421 | 381,419 | 17.94% |
| Illinois | 224,245 | 2,963,687 | 7.57% |

⁴ Estimates are derived from the 2017 American Community Survey. Potential beneficiaries are defined as U.S. citizens between the ages of 18 and 34 who are either uninsured or purchase health coverage directly, and who live in households with incomes between 100% and 400% of the federal poverty line (in states with no Medicaid expansion) or between 138% and 400% of the federal poverty line (in states with Medicaid expansion).

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|----------------|-----------|-----------|--------|
| Indiana | 148,809 | 1,526,288 | 9.75% |
| Kansas | 88,983 | 681,867 | 13.05% |
| Kentucky | 74,572 | 995,292 | 7.49% |
| Louisiana | 100,014 | 1,103,384 | 9.06% |
| Massachusetts | 63,663 | 1,672,922 | 3.81% |
| Maryland | 77,336 | 1,369,474 | 5.65% |
| Maine | 34,196 | 267,719 | 12.77% |
| Michigan | 188,950 | 2,232,534 | 8.46% |
| Minnesota | 94,101 | 1,261,669 | 7.46% |
| Missouri | 203,265 | 1,392,032 | 14.60% |
| Mississippi | 118,517 | 671,825 | 17.64% |
| Montana | 33,787 | 229,904 | 14.70% |
| North Carolina | 330,855 | 2,326,667 | 14.22% |
| North Dakota | 24,706 | 199,420 | 12.39% |
| Nebraska | 64,912 | 445,601 | 14.57% |
| New Hampshire | 23,715 | 291,730 | 8.13% |
| New Jersey | 117,765 | 1,953,892 | 6.03% |
| New Mexico | 56,038 | 481,098 | 11.65% |
| Nevada | 65,426 | 684,174 | 9.56% |
| New York | 290,247 | 4,791,261 | 6.06% |
| Ohio | 213,826 | 2,607,465 | 8.20% |
| Oklahoma | 166,922 | 919,385 | 18.16% |
| Oregon | 90,699 | 951,131 | 9.54% |
| Pennsylvania | 217,628 | 2,852,643 | 7.63% |
| Rhode Island | 16,717 | 262,160 | 6.38% |
| South Carolina | 174,517 | 1,122,131 | 15.55% |
| South Dakota | 32,708 | 199,753 | 16.37% |
| Tennessee | 193,611 | 1,524,275 | 12.70% |
| Texas | 1,142,509 | 6,909,917 | 16.53% |

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|---------------|------------------|-------------------|---------------------|
| Utah | 104,374 | 802,319 | 13.01% |
| Virginia | 177,987 | 1,986,333 | 8.96% |
| Vermont | 10,257 | 141,290 | 7.26% |
| Washington | 121,185 | 1,763,543 | 6.87% |
| Wisconsin | 124,588 | 1,280,838 | 9.73% |
| West Virginia | 29,939 | 370,800 | 8.07% |
| Wyoming | 19,555 | 133,239 | 14.68% |
| TOTAL | 7,902,716 | 75,717,727 | 10.58% (AVG) |