California’s Younger Adults Have High Uninsured Rates

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The Problem

Young adults are far less likely than older ones to be covered by health insurance obtained through their own or a family member’s employment, resulting in a large number of young adults completely uninsured.

- Only 44% of adults ages 19-24 had job-based insurance in 1997, leaving 39% uninsured.
- Even among full-time, full-year workers, 41% of adults ages 19-24 and more than one in four of those ages 25-29 and 30-34 were uninsured in 1997.
- Many young adults work for an employer that does not offer health benefits or they are not eligible for their employer’s plan.

Policy Options

The high uninsured rates among adults can be addressed by a combination of policies and programs to make health insurance affordable, including improving access to employer-sponsored health insurance and opening up public programs.

- California could promote the use of health insurance purchasing groups, like Pacific Health Advantage (formerly the Health Insurance Plan of California), among small firms. Making purchasing groups available to mid-size employers could reduce health benefits costs and thus encourage them to offer coverage to employees.
- California could subsidize family coverage for families with uninsured children eligible for Medi-Cal or the new Healthy Families Program who have access to employment-based insurance. The state program would pay into an employer’s plan the monthly cost of covering just the child in the state program, thereby helping the entire family.
- California also could obtain a federal waiver to open Medi-Cal and the Healthy Families Program to people who do not meet traditional requirements. The waiver would enable California to offer no-cost or low-cost coverage to adults who meet eligibility criteria under current programs, while those who do not qualify for current programs could pay an affordable income-adjusted premium.

The Evidence

Among adults ages 19-24, only 44% had job-based insurance in 1997, leaving 39% uninsured (Exhibit 1). Rates of job-based coverage rise through ages 35-39. Adults ages 19-40 account for nearly half of the 7 million uninsured Californians.

![Exhibit 1: Health Insurance Coverage, Ages 19-64, California, 1997](source: March 1998 Current Population Survey)

One reason for lower rates of job-based insurance among young adults is the high proportion who are students or homemakers or otherwise not in the labor force: 27% of adults ages 19-24, compared to less than 20% of those who are older. About one in five non-working young adults ages 19-29 was covered in a
family member’s job-based plan, but nearly half were uninsured. Uninsured rates were lower (about one in three) among nonworking adults ages 30-34 and 35-39 because a higher proportion were covered as dependents in a family member’s plan.

But even full-time, full-year young adult workers experience high uninsured rates. Among adults ages 19-24 who work full-time for the full year, only 52% received job-based insurance and 41% were uninsured. Although job-based coverage was higher for full-time, full-year workers above that age, more than one in four were uninsured.

Two of the most important reasons why so many young workers are uninsured are that their employer does not offer health insurance or that they are not eligible for their employer’s plan. Among workers ages 19-24, 35% worked for an employer that did not offer benefits to any employee, one and one-half times the proportion of workers ages 25-34 and twice the proportion of workers ages 35-39 (Exhibit 2). Even full-time young adult workers were at least one and one-half times as likely to work for an employer that did not offer benefits: 31% of those ages 19-24 compared to less than 20% of full-time workers ages 25-39.

Among workers who are eligible for health benefits but do not accept the offer, the reasons for refusing coverage vary little by age. Among workers ages 19-29, about four in ten reported being covered by another family member and one in four said their employer’s plan was unaffordable. Among workers ages 30-39, about six in ten were covered by a family member and one in five said their employer’s plan was too expensive. Overall, only one percent traded health insurance for other benefits, presumably in a cafeteria plan, and less than two percent felt they did not need health insurance—far less common among young employees than is sometimes assumed.

**Conclusions**

Employment remains the predominant source of health insurance, but the lack of access to job-based insurance creates serious problems for many Californians and especially for young adults.

Adults must depend on their employer to offer health benefits at an affordable cost because few can afford to buy coverage in the individual health insurance market. More than six in ten uninsured adults ages 19-39 have family incomes below 200% of the poverty level (less than $26,700 for a family of three in 1997).

Those who work for an employer who does not offer benefits are very likely to have no coverage at all. Among workers whose employer did not offer health insurance, three-fourths of younger adults ages 19-29 were uninsured, as were two-thirds of those ages 30-39.

**EXHIBIT 2: PERCENT EMPLOYEES NOT OFFERED, NOT ELIGIBLE, AND ACCEPTING HEALTH BENEFITS, AGES 19-39, CALIFORNIA, 1997**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Not Eligible for Health Plan</th>
<th>Employer Does Not Offer Health Plan</th>
<th>Accepts Health Plan When Eligible</th>
</tr>
</thead>
<tbody>
<tr>
<td>19-24 yrs</td>
<td>21%</td>
<td>5%</td>
<td>77%</td>
</tr>
<tr>
<td>25-29 yrs</td>
<td>35%</td>
<td>21%</td>
<td>83%</td>
</tr>
<tr>
<td>30-34 yrs</td>
<td>21%</td>
<td>7%</td>
<td>91%</td>
</tr>
<tr>
<td>35-39 yrs</td>
<td>6%</td>
<td>15%</td>
<td>86%</td>
</tr>
</tbody>
</table>


Another 21% of young adult workers were not eligible for the health benefits offered by their employer, more than three times the rate for workers above that age group. More than 80% of these young adults who were ineligible for their employer’s plan did not work enough hours per week or had not been with their employer long enough to qualify. Among older workers who were ineligible, about the same proportions did not qualify for these reasons.

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