



Mission Invincible

Addressing the True Reasons
Why Young Adults Are Uninsured



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Table of Contents

4	Introduction
6	Methods
7	Exploring the Coverage Gap
8	Availability of Employer-Sponsored Insurance
8	Marital Status
8	Income
8	Citizenship
9	Health Coverage Literacy
9	Other Explained Contributions
9	What Else? Unexplained Contributions to the Coverage Gap
10	Considerations for Health Policy in Colorado
11	Conclusion

Here's a statistic that might not surprise you: Coloradans between the ages of 19 and 29 are more than 50 percent more likely to be uninsured than all other adults in the state under 65.

Why? According to popular belief, this demographic sees itself as invulnerable and therefore not in need of health insurance coverage — a notion that earned them the insurance industry nickname of “young invincibles.”

But recent findings turn this perception on its head.

Young people are less likely to be offered insurance through their company, and access to employer-sponsored coverage is the main reason for the disparity between young invincibles and other adults, according to an analysis of the 2015 Colorado Health Access Survey (CHAS). Marital status comes in second, followed by income, citizenship and health insurance literacy.

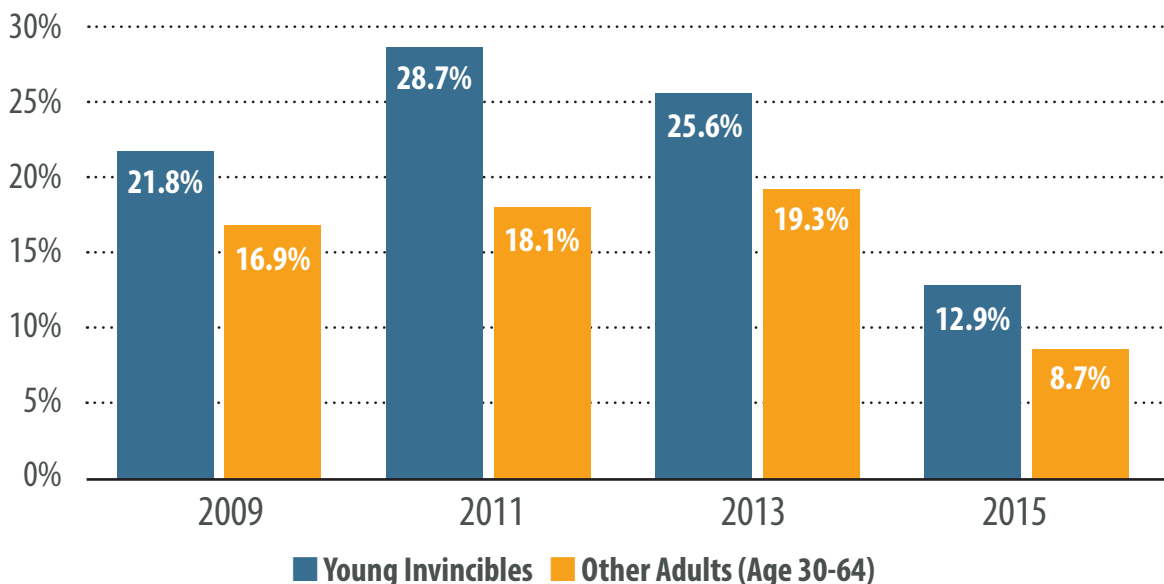
Ethnicity, gender, employer size and location

are, to smaller degrees, factors related to the gap as well.

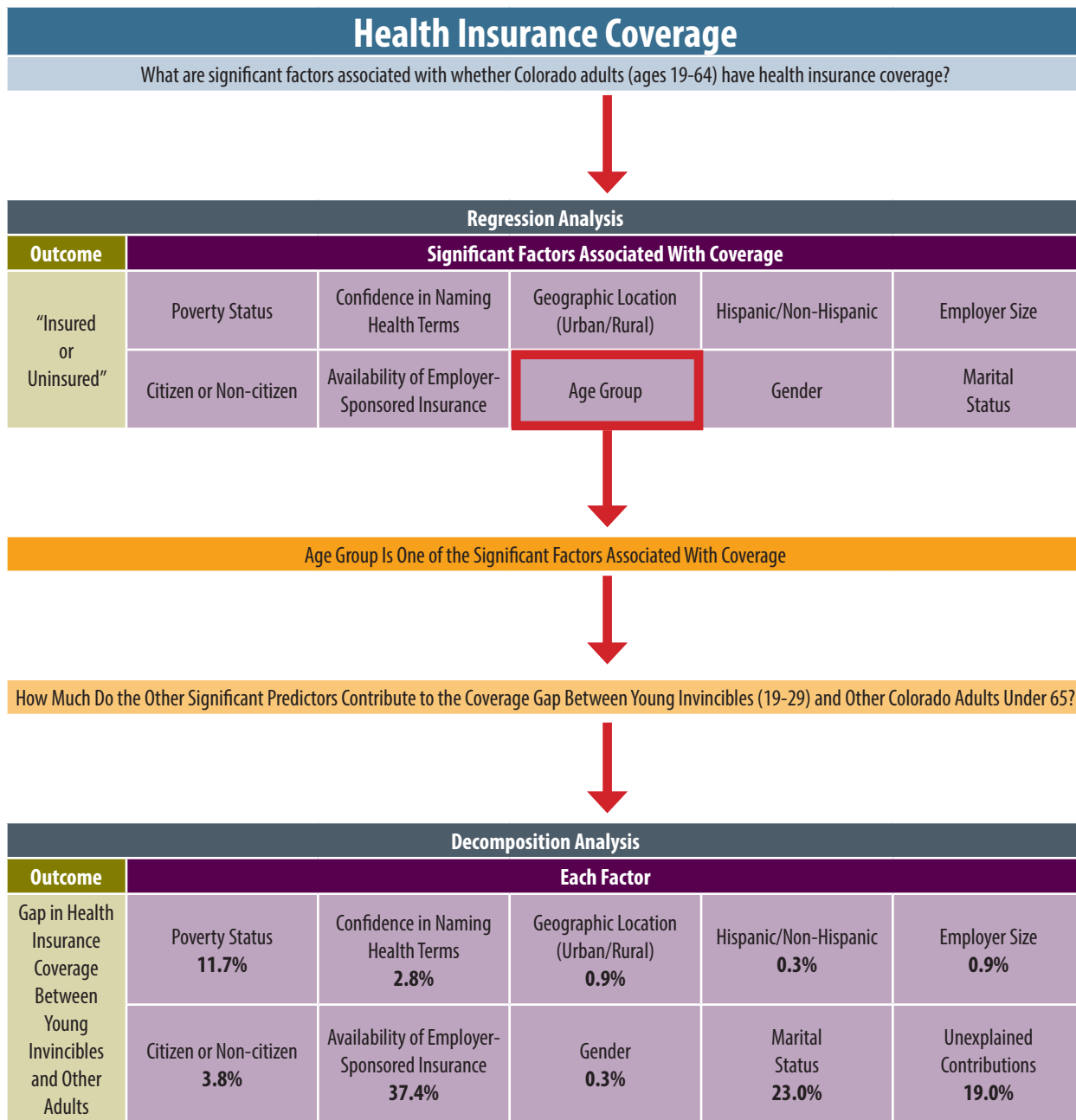
What you won't see on the list is a belief that insurance is unnecessary. In fact, young invincibles were no more likely than other adults to say they don't need coverage.

The Colorado Health Institute (CHI) applied statistical models to data from the 2015 CHAS to untangle factors associated with insurance coverage and analyze how each contributes to the coverage gap.

Graph 1. Uninsured Rates by Age, 2009-2015



Graph 2. Schematic of the CHAS Analysis of the Coverage Gap Between Young Invincibles and Other Colorado Adults, 2015.



Who Are the Young Invincibles?

Young invincibles are adults between ages 19 and 29. The insurance industry coined this term to describe a demographic

which does not see itself as susceptible to extreme illness or injury, and therefore does not purchase insurance.

Signing up young people is a major goal of the Affordable Care Act (ACA) because their good health can offset the expense of older and sicker insurance enrollees. By understanding the true reasons young invincibles remain uninsured, Colorado's leaders can address the problem using concrete, evidence-based policy and program strategies.

Methods

The Data

The CHAS is an extensive survey of health care coverage, access to health care and use of health care in Colorado. It is administered every other year through a random-sample telephone survey of more than 10,000 households across the state, resulting in detailed information that is representative of all Coloradans. The 2015 CHAS is a companion to surveys in 2009, 2011 and 2013.

CHI, a nonpartisan institute focusing on data, information and analysis supporting health care policy decisions, manages the survey. It is funded by The Colorado Trust, a health equity foundation. Its vision is that all Coloradans have fair and equal opportunities to lead healthy, productive lives regardless of age, race, ethnicity, income or where they live.

The Question

CHI set out to answer this question: What factors contribute to the gap in health insurance coverage between young invincibles and other Colorado adults, and to what degree do they matter?

The Statistical Analysis

A multivariate regression model was used to conduct the analysis. CHI used a similar method in the 2014 publication *Analyzing Lower Rates of Health Insurance Among Colorado's Hispanic Adults: Factors Associated with the Disparity*.¹

This approach teases out individual contributing factors associated with the coverage gap from a complex web of intertwined influences.

A Note on Causality

Regression modeling measures the statistical relationship between variables in a model.

While this type of modeling helps us understand associations between variables, it does not allow us to determine causation. For example, we can conclude that certain characteristics of individuals are associated with health inequities, but we cannot say for certain those characteristics cause those inequities.

It boils down to the maxim, "correlation does not imply causation." This is an important caveat to remember throughout the analysis.

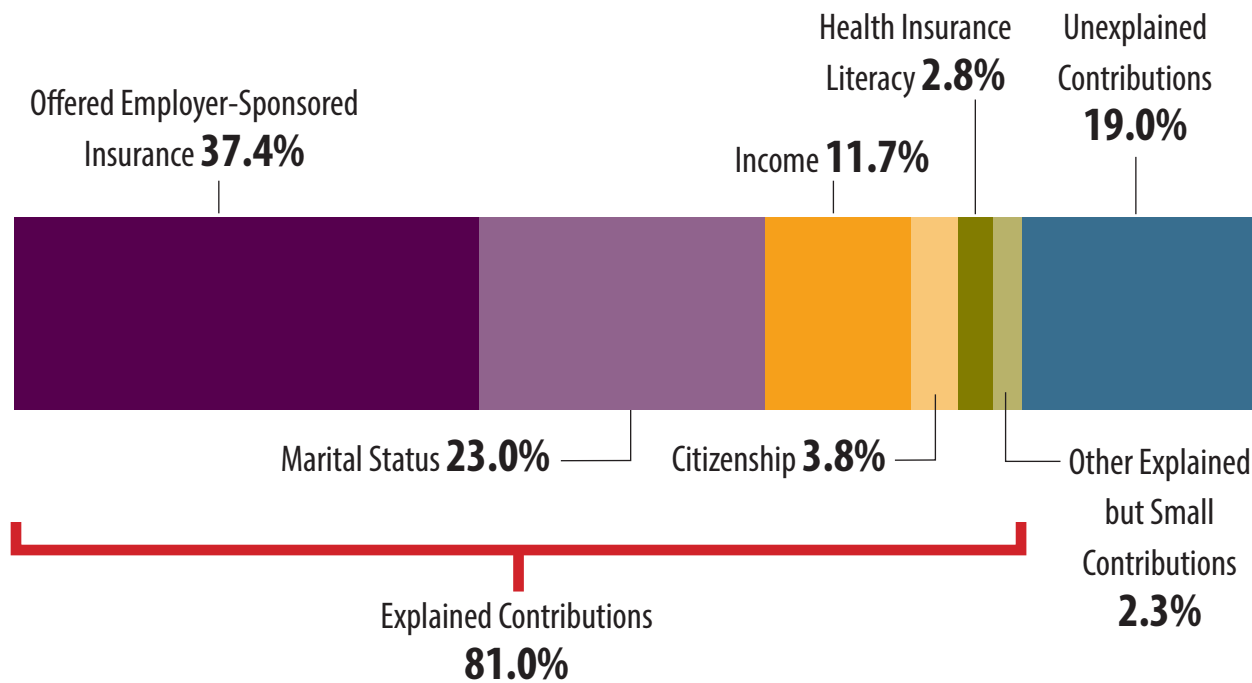
As a simple example, the model could test whether the coverage gap is entirely related to age or if income plays a role. Looking at just these two factors, the model would assume that each adult has the same income — in statistical terms, it would "hold constant" the income variable. With identical incomes, would there still be a coverage gap between young invincibles and other adults in Colorado?

The answer is yes, according to the model, though the gap would be smaller. This is because we know that income is one factor associated with whether someone, regardless of age, will have insurance. Younger adults, as a group, have lower incomes than other adults, so this is related to their lower level of coverage.

CHI's regression model was created using a stepwise process (see Graph 2). First, factors associated with adults being uninsured in Colorado were identified.²

Age (i.e. whether someone is in the "young invincible" cohort) emerged as a significant contributor to insurance coverage among

Graph 3. Factors Associated with the Health Insurance Disparity Between Young Invincibles and Other Colorado Adults, 2015

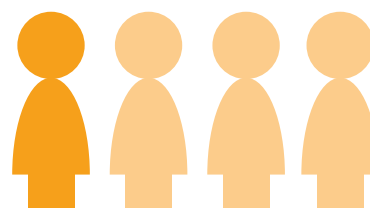


Colorado adults.³ It is significant even after many factors — citizenship, income, marital status, health care literacy, availability of employer-sponsored insurance, gender and more — were held constant.

After determining that age helps predict whether someone is uninsured, the analysis turned to understanding the extent to which other significant variables contributed to the coverage gap. We used a statistical process to quantify how much each factor contributed to the coverage disparity between young invincibles and other adults.

Exploring the Coverage Gap

CHAS data show that 13 percent of young invincibles were without coverage in 2015 compared with nine percent of other adults.



Roughly one of four employed young invincibles said their employer does not offer insurance.

While a four percentage point gap might not seem like much, it's important for insurance companies. Insurers need to sign up as many young invincibles as possible to help balance the costs of care for other enrollees. Simply put, premiums paid by younger, healthier people help cover the more expensive medical bills of enrollees who need more care. That's why

enrollment efforts in Colorado and nationwide targeted young adults.

Nine measurable factors from the CHAS are associated with 81 percent of the coverage gap between young invincibles and other Colorado adults. The remaining difference cannot be explained using CHAS data. (See the box titled “What Else? Unexplained Contributions to the Coverage Gap.”)

Below, CHI takes a closer look at these factors and why they matter.

Availability of Employer-Sponsored Insurance: 37 percent

The largest portion of the insurance gap between young invincibles and other Colorado adults is attributable to whether someone is offered coverage through work. Employer-sponsored insurance is the most common source of coverage in the U.S., and those who are eligible for it are more likely to be insured.

Jobs worked by younger adults are less likely to offer coverage through the workplace.⁴ As they enter the job market, many young employees work entry-level, part-time or temporary positions — the type of work where employer-sponsored insurance is less common.

Roughly 76 percent of young invincibles in Colorado are offered health insurance through their employer, 17 percentage points below the rate for other adults. Further compounding the problem, in 2015 about 10 percent of young invincibles were unemployed and looking for work, compared with six percent of other adults.

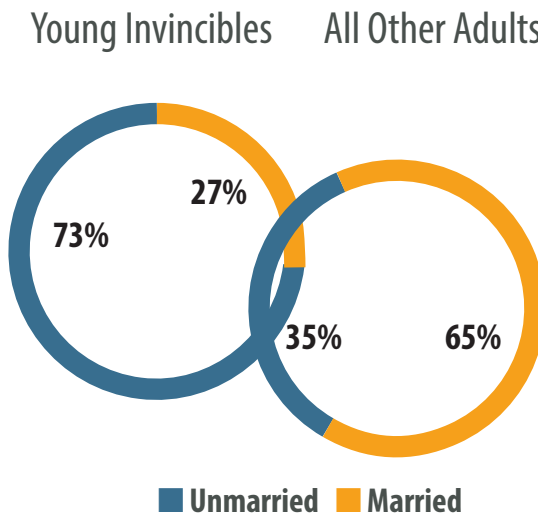
Marital Status: 23 percent

Nearly a quarter of the coverage gap is explained by whether someone is married. Married adults are more likely to be insured than their single counterparts.

Spouses are often covered by employer-sponsored plans, so marriage means that everyone in a household has access to coverage if just one person signs up for insurance at

Graph 4. Marriage

Young invincibles are more than twice as likely to be unmarried than other Colorado adults.



work. About a quarter of young invincibles in Colorado are married, compared with 65 percent of other adults.

Income: 12 percent

Coloradans in poverty are less likely to be insured. More than a third of young invincibles in Colorado have annual family incomes at or below the federal poverty level (FPL) compared with one of five older adults.

Citizenship: Four percent

At the time these data were collected, lawfully present immigrants had limited access to public health insurance, in part because of a five-year residency requirement to qualify for Medicaid. (This waiting period does not apply to children or pregnant women as of July 1, 2015.)

Undocumented immigrants are not eligible for any public insurance programs, including Medicaid, Medicare and Child Health Plan Plus (CHP+). They also don't qualify to receive financial subsidies that help low- and moderate-income people buy insurance through a health insurance

Graph 5. Health Coverage Literacy

Just 43 percent of young invincibles feel comfortable defining four key insurance terms compared with 67 percent of other adults.

Health Coverage Literacy		
Adults who feel confident in understanding each insurance term, by age group		
Young Invincibles	Health Term	Adults Age 30-64
76.8%	Premium	89.1%
85.3%	Deductible	92.7%
84.8%	Copayment	94.7%
47.8%	Coinsurance	70.3%

marketplace, nor are they allowed to purchase a marketplace plan with their own money.

These policies impact younger Coloradans slightly more than other adults. About six percent of Colorado’s young invincibles are not U.S. citizens compared with five percent of older adults.

Health Coverage Literacy: Three percent

The CHAS asks respondents how comfortable they are defining four key health coverage terms — premium, deductible, coinsurance and copayment. Just 43 percent of young invincibles said they felt comfortable with all four terms compared with 67 percent of the older adult population.

Familiarity with a product may influence how inclined someone is to make a purchase. If young invincibles struggle to navigate the individual market and compare plans, they may be more hesitant to buy insurance.

Other Explained Contributions: Two percent

When combined, a handful of additional influences account for another two percent of the gap. Individually, each explains less than one percent of the disparity.

These factors are gender, the size of an employee’s firm, Hispanic ethnicity and rural residency.

Gender has a role in the gap because women are more likely to be insured than men. Men make up a larger share of the young invincible population in Colorado (55 percent) than the rest of the adult population (50 percent).

What Else? Unexplained Contributions to the Coverage Gap

Nineteen percent of the underlying factors contributing to the coverage gap between young invincibles and other Colorado adults is not measured by CHAS data. These factors may include things like non-income capital and risk aversion.

Nonincome capital comes in forms such as bonds, stock or equity. While not measured in household income, older adults are more likely to have access to these sorts of capital⁵ and therefore

may be more likely to be able to afford insurance.

Risk aversion is the degree to which someone is willing to sacrifice an immediate good to insure against risk. It is a key assumption behind the purchase of insurance. While not the main reason for young invincibles’ lower insurance rates, there is evidence that this group is less risk averse than their older counterparts.⁶

Staff size is closely associated with whether an employer offers health insurance at all. When companies do offer coverage, premiums are less expensive at large employers.⁷ Forty percent of young invincibles work at firms with fewer than 50 people compared with 36 percent of older adults.

When controlling for all these other factors, young invincibles are more likely to live in rural areas than other Colorado adults. Enrollment efforts often focus on urban areas, and many rural counties have fewer insurance companies competing for business, increasing the cost of coverage. Eighty-nine percent of young invincibles live in urban areas compared with 86 percent of other Colorado adults.

Finally, there are a number of reasons Hispanic ethnicity may be a factor even when controlling for everything else in this model. These reasons include disability status, English proficiency and more. For more detail on the relationship between Hispanic ethnicity and insurance, see CHI's 2014 report *Analyzing Lower Rates of Health Insurance Among Colorado's Hispanic Adults: Factors Associated with the Disparity*.

Considerations for Health Policy in Colorado

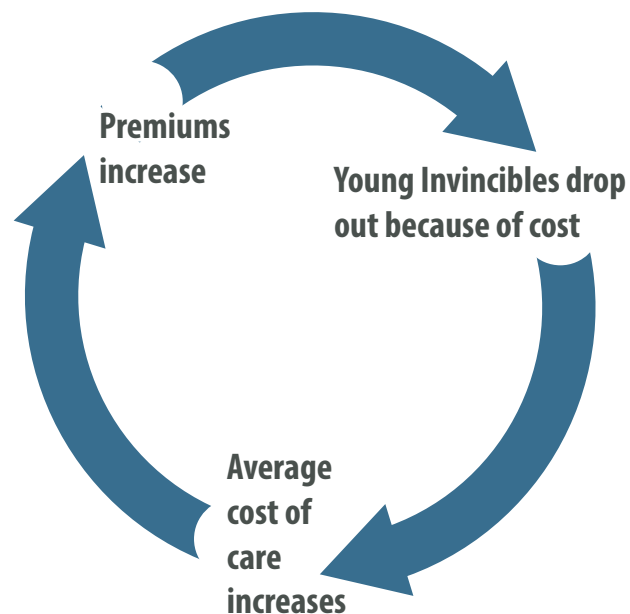
The majority of the coverage gap is due to the availability of employer-sponsored insurance in Colorado. Finding ways to increase this is one option that may help address this disparity.

Under the ACA, large employers that do not provide coverage are fined. Small employers receive incentives to offer coverage, but are not penalized if they choose not to.

Coverage rates among employees of large companies grew after the ACA's implementation, while small employer-sponsored coverage rates declined, according to data from the 2013 and 2015 CHAS. This may indicate that the "sticks" used against larger employers are more successful than the "carrots" offered to smaller ones.

Graph 6. Young Invincibles and Cost

A Simple Visualization of the Risk Pool



New policies toward shared insurance for unmarried domestic partners could help address the portion of the gap attributable to marital status. Many young couples are delaying marriage but still cohabitating with partners with whom they share finances and household responsibilities.⁸ Fewer than a third of U.S. employers currently offer coverage to domestic partners of employees.⁹ Encouraging companies to offer these benefits as way to recruit new talent may help more young invincibles get covered.

The high cost of coverage makes it difficult for many Americans to buy insurance — especially those who, like young adults, tend to have lower incomes. Expanding eligibility for Medicaid and offering tax credits for purchasing insurance through Connect for Health Colorado, the state insurance marketplace, to people with incomes under 400 percent of the federal poverty level are two ACA provisions designed to address this issue.

But 82 percent of uninsured Coloradans still cite

cost as a barrier. In 2015, about half said they were unwilling or unable to pay more than \$99 per month in premiums. Yet the average cost of a bronze plan on Connect for Health Colorado is \$128, even after tax credits. Clearly, many cost barriers in the state remain to be addressed.

Finally, there is no system to teach young adults about insurance terms or how to navigate the complex U.S. health care system. More opportunities to impart these lessons, whether in schools, workplaces or through other public campaigns, could help young invincibles learn to better navigate the system.

Conclusion

The gap in health insurance between young invincibles and other Colorado adults has persisted in the post-ACA world. This regression analysis provides an evidence-based understanding of the factors associated with this difference in coverage.

The pursuit of a policy solution to address this gap in uninsurance is important not only for the health of young invincibles; it is key to keeping costs down for the entire system. (See Graph 5.)

Understanding these influencers will help Colorado's leaders navigate policy options and tackle this disparity. Equitable access to health coverage and care is necessary for Colorado to become a state in which each resident has the opportunity to be as healthy as possible.

End Notes

¹ The Colorado Health Institute (2014). *Analyzing Lower Rates of Health Insurance Among Colorado's Hispanic Adults: Factors Associated with the Disparity*. Available at: https://issuu.com/coloradohealthinstitute/docs/analyzing_lower_rates_of_hi_among_h

² In testing for significant factors, CHI removed variables whose close mathematical relationship made it difficult to assess their unique association with the coverage gap. One example is income and education. In this case, CHI chose to include income in the model.

³ In this analysis, significance is established at the 95 percent level.

⁴ Centers for Medicare & Medicaid Services. "Young Adults and the Affordable Care Act: Protecting Young Adults and Eliminating Burdens on Families and Businesses." Available at: https://www.cms.gov/CCIIO/Resources/Files/adult_child_fact_sheet.html

⁵ Vornovitsky, M., Gottschalck, A., and Smith, A. (2011). "Distribution of Household Wealth in the U.S.: 2000 to 2011." Available at: <http://www.census.gov/people/wealth/files/Wealth%20distribution%202000%20to%202011.pdf>

⁶ Halek, M., and Eisenhauer, J.G. (2001). Demography of Risk Aversion. *Journal of Risk & Insurance*; 68(1). Available at: https://www.jstor.org/stable/2678130?seq=1#page_scan_tab_contents

⁷ Kaiser Family Foundation (2016). "A Comparison of the Availability and Cost of Coverage for Workers in Small Firms and Large Firms: Update from the 2015 Employer Health Benefits Survey." Available at: <http://kff.org/private-insurance/issue-brief/a-comparison-of-the-availability-and-cost-of-coverage-for-workers-in-small-firms-and-large-firms-update-from-the-2015-employer-health-benefits-survey/>

⁸ U.S. Census Bureau (2015). "Families and Living Arrangements of Adults. Table AD-3: Living Arrangement of Adults 18 and Over, 1967 to Present." Available at <http://www.census.gov/hhes/families/data/adults.html>

⁹ Ashack, E. (2014). "Employer-sponsored benefits extended to domestic partners." *Bureau of Labor Statistics: Beyond the Numbers*; 3(6). Available at: <http://www.bls.gov/opub/btn/volume-3/pdf/employer-sponsored-benefits-extended-to-domestic-partners.pdf>



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