



# uncovered

**How America's Health Care  
System Fails Young People**

**U.S. PIRG**  
— Standing Up  
To Powerful Interests

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## How America's Health Care System Fails Young People

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# Introduction

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Few issues are more highly charged than health care, as it touches each of our lives in very personal, critically important ways. As a result, this year's public conversation around health care reform has elicited viewpoints, opinions, and analysis from almost every corner of society.

But in all this discussion, one key perspective has often been missing from the health care debate: that of America's youth. It's commonly assumed that young Americans are disengaged from the issue, that on the whole they are a healthy group who are unlikely to be affected by health problems or lack access to care.

But the reality couldn't be more different. In fact, young people, including college students, are on the front lines of the health care crisis. They make up the largest age bloc of the uninsured, and face a uniquely challenging set of obstacles that often prevent them from getting coverage.

Young people face health issues and require medical care just like the rest of the population, and suffer the same consequences—debt, inability to access required care, difficulties completing studies or finding work—when they become sick. And more so than their elders, they also frequently lack the resources that would enable them to cope with these challenges.

This report explores the under-appreciated problems facing American youth in our health care system. It examines the status quo, looking particularly at the coverage crisis affecting young people, the consequences a lack of quality coverage can impose on their lives, and the inadequacy of the school-based policies many universities offer their students.

While the current situation can be grim, prospects are bright for making health insurance that works available to many more young people. There are common sense reforms that have great potential to give young people more, better options, and reduce rising health care costs to ensure that coverage is more affordable. Adopting them would allow our health care system to better serve all Americans, especially those who have been too often overlooked.

## Young And Uninsured

Rising health care costs have put quality coverage out of the reach of too many Americans. Over the past ten years, insurance premiums have doubled.<sup>1</sup> Absent strong reforms to bend the cost-growth curve, the rate of growth will increase, with the next doubling of premiums happening in only eight years.<sup>2</sup> The consequences of this unsustainable rise are predictable, as more and more Americans find themselves unable to afford health insurance coverage.

And nowhere is this trend more widespread than when it comes to young people. Americans aged 18-24 are the most likely demographic in the country to lack health insurance: of those aged 18-24, a full 29 percent are uninsured, compared to an uninsured rate of 17 percent for all adults.<sup>3</sup> The fact that nearly a third of young Americans lack a health insurance card means that they have substantial difficulty accessing, much less affording, needed health care.

The problem is not confined only to those who enter the workforce young rather than finishing their studies. College students do fare somewhat better than young people as a whole, but are still significantly less likely to have coverage than the general population, with a 2006 Government Accountability Office study finding that 20 percent of college students aged 18-23 were uninsured.<sup>5</sup> And once a student graduates, uninsurance rates spike: among the new graduate demographic, those aged 23 to 24, an eye-popping 38 percent are uninsured.<sup>6</sup>

*“I currently don't really have much of any kind of healthcare; I go to the emergency room and can't really afford to pay for most of the stuff. All I have is a temporary ER insurance thing due to my financial situation, and I was lucky to get that. I'm working and going to school in hopes of making enough money to pay for and ensure my good health because I know from experience if you haven't got care that's too bad.”*

*—Talor Williams  
Santa Monica College*

There are two key factors specific to young people that contribute to their low insurance rates: ‘aging out’ of eligibility for parental plans, and the difficulty young workers face getting insurance through their employers.

A large proportion of young adults who do have coverage receive it as dependents under their parents’ plans—as many as 67 percent of college students, according to the GAO.<sup>7</sup> Young people can only rely on their parents’ plans for so long, however: most insurance policies, and some public programs, will drop young people from their parents’ insurance when they turn 19.<sup>8</sup> Often, insurers will extend that deadline for full-time students, but this grace period comes to an end when they leave school, meaning that for many college students, graduation day also welcomes them to the ranks of the uninsured.<sup>9</sup>

In some states, lawmakers have helped young people keep their coverage by allowing them to stay on their plans until they reach some older age, such as 26.<sup>10</sup> But 24 states have yet to do so, meaning that when many young Americans enter the workforce, whether they went to college or not, they will lack good fallback options for coverage if their employer does not offer it.

Unfortunately for them, the situation facing young employees is bleak, as there are significant obstacles that prevent them from getting quality coverage. A 2007 Commonwealth Fund study found that only 53 percent of 19-to-29-year-olds were eligible for coverage through their employers. This

number is significantly lower than the 74 percent of 30-to-64-year-olds who are offered coverage, and as a result, just one-third of young workers are covered by their employer’s plan.<sup>11</sup> Some are able to buy plans on their own, but a full 28 percent of workers in this age group were uninsured, triple the uninsurance rate for other workers.<sup>12</sup>



Some young people are able to obtain coverage through the individual market—though this means paying far more for insurance that’s much less likely to offer adequate coverage.<sup>13</sup> For many young people entering the labor market or full- or part-time students, however, even this option is foreclosed, as low paying and part time or temporary work is often all they can get to begin with. Not only do these jobs rarely provide health insurance benefits, they also frequently do not pay enough to allow employees to afford coverage. Over a third of workers aged 19-29 earn less than \$10 per hour, and unsurprisingly 40 percent of such low-wage workers have no medical insurance.<sup>14</sup>

And once young people obtain coverage, there are few guarantees they’ll be able to keep it. They face the challenges of temporary jobs, high job turnover, and periods of unemployment that at best lead to a disruption of coverage, and at worst lead to being uninsured. As a consequence, at least one third of college graduates can expect to spend some time uninsured in their first year after graduation.<sup>15</sup> And all of these effects are exacerbated by current high unemployment levels: 15 percent of 20-24 year olds were unemployed in June 2009, a substantial increase from the 10 percent unemployment rate for the same demographic in June of 2008.<sup>16</sup>

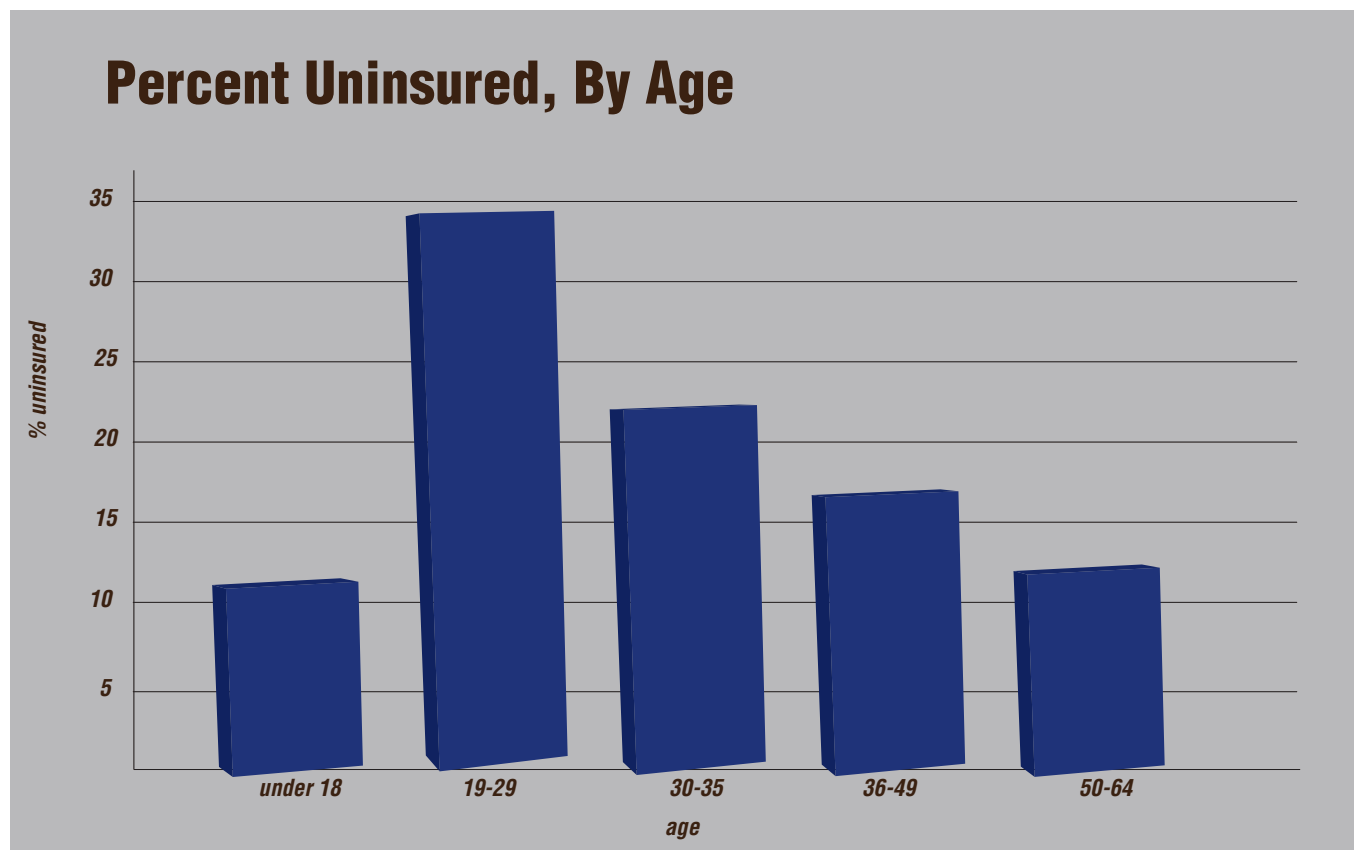
Taken together, these statistics do not paint a reassuring picture. Compared to every other age group, young people are more likely to be uninsured and less likely to work for an employer who offers coverage. For college students as well as those who go straight into the workforce, efforts to start out in the world too often leave them uncertain about what will happen if they’re unfortunate enough to get sick.

### The Impact of Health Care Costs

It is easy to dismiss the health care concerns of young people. After all, it is a common assumption is that they are

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Young people are significantly more likely to lack health insurance coverage than any other demographic.<sup>4</sup>



overall a healthy group, with little need for medical care. But lack of health insurance has serious negative consequences for young people, who suffer chronic illness, need preventative care, and are subject to accidents just like anyone else.

Indeed, while it is true that young people are in general fairly healthy, youth is actually considered a period of high risk by the medical profession.<sup>17</sup> Their general level of good health masks stark differences in medical needs: a significant minority of young people have chronic illnesses such as arthritis or diabetes, many young women of this age need pre- and post-natal care, and members of this age group make up a significant number of emergency room visits.

And just as with older Americans, their needs mean that lack of access to affordable coverage leads to an inability to receive necessary care. Two thirds of young people without coverage reported forgoing needed medical care such as filling a prescription, skipping a recommended test or seeing a doctor when sick, because of cost. For insured young people, half as many—only one third—reported these problems.<sup>18</sup>

Given their lack of quality coverage and generally low earning power, it is no surprise that when young people do face medical costs, they incur medical debt. Lacking access to better sources of credit, many young people wind up maxing out their credit cards. According to a Demos report, young people aged 18-34 who had borrowed to cover medical care had average unpaid credit card balances of \$13,303.00.<sup>19</sup> Such a high burden of debt makes it even harder for young people to make ends meet.

And indeed, student debt, including credit card debt, poses a high risk to successfully completing a program of study. Facing unpaid medical costs, students may at best have to study part time or work more hours to cover

*“It was mid-July when I experienced the most severe pain in my abdomen that I had ever experienced. I told my father about the pain, and he told me that I would go to the doctor when I got back to Iowa and was with my mom again and with her insurance. Only I didn’t get to go to the doctor when I got home. Shortly after my return, my mother was laid off from her job as an editor in a publishing company. This meant that we had only the income that the government gave us and no insurance until she could find another job. It took long enough for the symptoms I was experiencing to go from extreme stomach pain to having heartburn, having bowel issues, extreme gas buildup, loss of appetite, and the occasional non-digested food. When my mother had secured a new job. I received insurance, though it was not great insurance, and I went to the doctor. After about a year of tests they discovered that I have a form of a rare “motility disorder,” which means that my intestines don’t have “cleansing waves.” My doctor told me that, had I come in a year earlier (when I didn’t have insurance), I could have saved myself a year of pain, several panic attacks, and the agony of not knowing what was wrong with me.”*

*— Adam Helgeson  
Rutgers University, NJ*



their costs. The alternative is to allow balances to grow under the high interest rates and sometimes unfavorable terms and conditions that attach to credit cards marketed to students. As a result, a 2000 study by the University of California Board of Regents found that unpaid medical bills were the single most frequent reason for students dropping out of college.<sup>20</sup>

Regardless of whether they are able to stay in school, some young people are simply unable to pay back the cost of their medical care. Because hospitals and doctors pass on the costs of such uncompensated treatments on to other patients, the health care crisis facing young people also drives up costs for all Americans. According to the GAO, nationwide uninsured students incurred between \$120 million and \$255 million in uncompensated care for non-injury-related medical events in 2005—an estimate including all medical treatment, and underinsured as well as uninsured students, would be higher.<sup>21</sup>

### **Student Health Plans: Unreliable Protection**

Many universities, including the University of California system, have noticed the problems facing students who lack coverage and have required full-time students to have insurance coverage as a condition of enrollment.<sup>22</sup> For those students who can rely on their parents' coverage until graduation, this is a small burden, but for others, finding coverage is more difficult. Partly in response, an increasing number of universities—57 percent nationwide—offer their own student health plans.<sup>23</sup> Although according to the GAO, only 7 percent or fewer of students are enrolled in such plans, for some, they are the only choice available.<sup>24</sup>

However, most such plans are based on the assumption that students will need very little healthcare “other than a little bit of counseling and a runny nose now and again.”<sup>25</sup> As a result, the coverage offered by these plans can vanish just when it's needed most. Frequently, college plans set a cap on the amount they will pay for the treatment of any particular illness or condition. For a student who goes through their studies needing treatment only for the occasional bout of strep throat or mono, this may suffice—but any student who does suffer from catastrophic illness or injury will be exposed to huge liabilities.

A GAO report found that plans set caps as low as \$2,500, meaning that if a student comes down with an illness that requires surgery or repeated hospital visits, all expenses over \$2,500 would come straight out of their pocket. And other plans offer benefits that are only somewhat more comprehensive. Over half of the plans reviewed by the GAO had a per-illness cap of less than \$30,000, still far less than the expected cost of treatment for a sick student.<sup>26</sup>

While it is a positive development that schools are attempting to provide a backstop level of coverage for students who lack other options to obtain coverage, too often, these student health plans provide only the illusion of coverage. Skimping on benefits may allow universities to keep the overall price of coverage low—but as a consequence, the result is a policy that provides no help to a sick student just when he or she needs it most.

### **Prospects for Reform**

Fortunately, there are a variety of simple, common sense policies that could be adopted in order to help college students and all young people have better access to quality, affordable coverage:

- Allow dependents to stay on their parents' health care plans until they are 26. By allowing families the option

*“I got injured while skateboarding and cut my leg above my knee. My friend drove me to the hospital and I got 3 stitches in the ER. Because I am uninsured I was later billed \$300 for the visit. The friendly nurse also told me I was lucky my friend drove me, because if I had called an ambulance it would have cost me an additional \$400, which I certainly could not afford.”*

*—Courtney Shackelford  
Santa Monica College*

of covering their children until they have a chance to enter the workforce, young Americans will no longer need to fear being made uninsured on their 19th birthday or graduation day.

- Create exchanges to allow individuals to pool their bargaining power to purchase insurance. This will help young Americans who are not offered employer-sponsored coverage to get a better deal—as well as providing coverage that can follow them from job to job.
- Offer a public health insurance option to give young people the choice of buying a high-quality, low-cost plan, and provide competition to keep all insurers honest.
- End pre-existing condition denials and prevent insurers from discriminating against the sick, to ensure that young people, healthy and sick, can buy coverage at the same, fair rate.
- Reform the incentives that drive up health care costs while reducing the quality of care by investing in prevention and wellness and encouraging research into which treatments work best. Putting our health care system on a course of long-term stability will bring down the unsustainable rise in health care costs and ensure that young people will have a health care system they can afford even when they grow older.

Young people and college students in America have long suffered under a health care system that does not meet their needs, leaving them too often marginalized, debt-ridden, and vulnerable to any significant illness or injury. By adopting these reforms, America's representatives can ensure that young people will at last have coverage that meets their needs, that they can rely on, and that will allow them to take their place in society as healthy, secure adults.

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