

Among the many crises facing California, almost everyone can agree that affordable health care coverage for all Californians troubles people the most. Providing affordable health care for everyone should be ultimate goal, however, there is one segment of our community that has been egregiously overlooked. The highest rates of the uninsured are among the 19 - 34 year old age group. As much as 56.8%ⁱ of this segment is uninsured nation-wide. Approximately 41% of this population are uninsured in California.ⁱⁱ This age group has seen the highest jump in uninsured rates.

Although this group is generally healthy and requires less medical attention, this particular group has not been the focus of attention by legislators. Recent bills, such as SB 32, are attempting to expand coverage for uninsured children up to the age of 18. Legislators agree that access to healthcare improves children's lives and results in better achievement in school.ⁱⁱⁱ It appears such evidence does not seem to be applied to those who are 18 years or older. However, it is critical to cover this population for same reasons that politicians want to cover children and adolescents. Individuals in the 19 – 24 age group are particularly vulnerable. When children reach 19, they are no longer eligible for public programs. They may continue to some receive coverage if they attend college. For those who do not attend college, their first job out of high school will likely not come with health insurance.^{iv} There are enormous disparities of who is and who is not insured in this age group. Hispanics and African Americans are more likely to be uninsured.^v Due to the high rates of uninsured in this group, emergency rooms are used to access healthcare. Due to their age and income, they are unable to pay for the cost of care via the emergency room.^{vi} By the time they decide to go to emergency room, the illness is at its

worst and thus more costly treatments are provided. This cost is borne by the taxpayer. This group is high risk for HIV and obesity,^{vii} thus is it imperative that this group have access to preventative care.

Why should the State of California cover this segment of the population?

The state should not stop caring for a person once they reach the age of 18. Some of the 18 – 21 age group has access to some type of medical coverage and/or health insurance through university or their parents, however, this coverage is not uniform and leads to disparities between those who are able to attend college, those who cannot. Low cost health insurance must be made available to this population.

This group is the future of the State. The available work force in California is shrinking due to an ageing population. In addition to education, the health of these populations must be given the same amount of attention by politicians.

We cannot ignore the effects of providing uniform healthcare access. Uninsured adults suffer from more severe illness and die younger.^{viii} Those without insurance are statistically more likely to delay going to a doctor to seek preventative care. Thus the uninsured are less likely to get early screening for serious diseases, such as cancer and diabetes. Though the 18 – 34 year old is a very healthy group, regular preventive healthcare could reduce the number of serious health related illness. This population is particularly vulnerable as their first job out of high-school/college is unlikely to provide employment-base insurance. The emergency room is often the first attempt at accessing care for this population^{ix}.

There are hidden costs to uninsured populations. When the uninsured do get services, they only pay about 35% of cost on average. This is a significant amount of money for any individual to pay. The remaining costs are borne by the tax payers in the form of subsidies to

hospitals.^x Then of course the cost of in loss of productivity due to chronic illness cannot be ignored. Preventative care is important to ensure the continued productivity of the population and to reduce the long-term costs of the healthcare. In addition, there is documented evidence that good health affects income and educational attainment.^{xi} Being healthy can increase income by 10-30%.

It is imperative that individuals not only have access to low-cost health care but they are assured continuity of care. While it is better to have periods of insurance coverage than none at all, it is critical that individuals have continuity of care also. This means that individuals do not lose coverage or access to care when they leave their employments or become unemployed for long periods of time. In addition to overall satisfaction with healthcare, continuity of care ensures that diseases are diagnosed and treated earlier.

Proposal to Expand Health Insurance Coverage to 18 – 34 year olds

Less than 10% of the adult (18-64) population is eligible for public health insurance.^{xii} Three quarters of the uninsured 19-20 year olds do not have access to job-based insurance. When they do have access, they are more likely to waive the insurance.^{xiii} Small firms with 3-199 workers were less likely to offer health insurance.^{xiv} In addition, less than 50% of businesses were offering part-time workers benefits.^{xv} The most common cause of this lack of coverage is that the cost of employee based insurance is too much for small companies. Although it is more likely that a 19 – 34 year old will not have insurance if they work for a small company, this proposal is aimed at covering all uninsured 19-34 years, not eligible for Medi-Cal.

How would the State of California provide coverage for this group?

The State of California already demonstrates its enormous bargaining power by acting as a broker for Medi-Cal to negotiate lower drug costs. The University of California system also

negotiates lower insurance rates on behalf of its Postdoctoral population. By harnessing the purchasing power of the State or California, coupled with this healthy population, the costs of covering such a group could be driven lower. The State would create a purchasing pool of all 18-34 year olds. This pool would include students of the CSU and UC system together with the non-student uninsured population. The State would create a purchasing pool to purchase insurance on behalf of uninsured individuals between the ages of 19 – 34 year olds and allow individuals to pay rates on a sliding scale depending on income.

Would this work in California?

Yes, it already does! In 2000,^{xvi} the University of California system made health insurance mandatory for its undergraduate and graduate populations. The Regents were concerned at number of students dropping out due to health related illness and expenses, which could have been prevented had the student been covered by insurance. Though costs have been increasing, an undergraduate student in the UC system pays approximately between \$600 or \$1000/year for Student Health Insurance Plan insurance. A graduate student might pay \$1,000 to \$1,200 a year for services for a combination of student health services and referrals via the Blue Cross network. This cost increases slightly for post-doctoral students and residents.

This example demonstrates the mandates will be accepted by large portions of the population and that the purchasing power of the UC system and the State is large enough to provide reasonable health insurance coverage.

What would the plan look like?

The State of California would create a purchasing pool of uninsured 19 – 34 year olds. The State would negotiate for insurance on their behalf. A variety of plans at different costs would be offered so that individuals could choose between plans depending on their own health

needs. The basic plan would be similar to what is currently provided to the students in the UC system. This plan covers doctor's appointments, referral to specialists when necessary, prescriptions, eye doctor appt. and mental health services. The UC plan does not include dental but this would be provided at an additional cost.

Unfortunately, expansion of coverage for this population will not be possible without coordination between business and individuals. The proposal would require an individual mandate but would also require financial support from employers. Individuals between the ages of 19 and 34 would be required to demonstrate they had a minimum amount of coverage. Those employed would pay a premium depending on their income level (sliding scale). For those employed, the employer would be required to contribute 50% of the basic plan premium.

Employers need to contribute so that the burden of covering individuals would not be shifted to individuals or the state. The State would use its enormous purchasing power to negotiate better rates and coverage. By requiring individuals to participate, you would have the purchasing power to lower costs. By covering this group you set up the expectation that individuals will be covered and that preventative care should be central to people's lives. This will have long-term and far reaching consequences. This will also reduce the number of individuals that go to the emergency room to seek care.

Political Feasibility

Legislation covering the uninsured between 19 -34 years olds would not be accepted by the public because it neglects to address uninsured populations between 35 – 64. The 35-64 age group votes more than any other age group. This is the nature of the “Unbalanced Political Arena”^{xvii} (Oberlander). It is probable that a plan that would cover 19 - 21 year olds may be more successful because it could be argued that we are continuing care from birth through 21

years of age. This age group is also seen as more vulnerable. Though the primary focus is the 19 - 34 years old, it will be necessary to expand this individual mandate to include all those uninsured from 19 – 65 or have a separate proposal that addresses the uninsured populations in the 35 – 65 age group. Politically, it would be difficult to cover this age range without including the 35 – 65 year old group. However, the end goal still remains the same: coverage for 19 – 34 year old group. If the worst that occurs is that health care is provided for all uninsured adults who do not qualify for either Medi-Cal or MediCare, we still achieve our ultimate goal. Seeking only an employer mandate would not be successful either.

Bills and ballot initiatives each have their drawbacks. A bill could be voted down/vetoed and a ballot initiative could be voted down. A bill or ballot initiative with a narrow population focus would be difficult to pass. However, partnering with another advocacy group, whose focus was health insurance was the 34 – 65 age group, could gathering the support that would be required. A ballot initiative might work in this situation as it would be easy to gathering support at the college campuses across the state.

Support would be mobilized by focusing on the cost savings not only to individuals but also the cost savings for small businesses. Since the State would be negotiating the cost of the insurance, it would be assured of the best price.

Stakeholders

As with any issue, there are several stakeholders in this process:

- **Target Population: 18 – 34 years olds**

In general, this population may not feel they need health insurance. However, this is often in reaction to the high cost of insurance. To reach this population, efforts should focus on the ability of this group to access preventative and “What if something

happens?” The older individuals of this group may understand the cost saving benefits of such a purchasing pool and need for continuous preventive care. Some segments of this group would also be more supportive if they felt that small business would be supported. Since the UC system already mandated health insurance, for the same reasons we are mandating it, because students were dropping out due medical issues and health costs. It would be necessary to reaching out to undergraduate and graduate students in campuses across the State. Other avenues could be reaching out to religious groups that serve young adults or working with local non-profits to raise awareness of this issue.

Individuals would also be allowed to choose between the State brokered health insurance and their company sponsored. The larger the pool of healthier customers, the better rates negotiated by the purchasing pool.

- **Businesses**

Businesses, that currently provide health insurance to this population, will not be affected. Reiterating the cost savings of State purchasing will be crucial. Employers should also be made aware of the shrinking pool of labor. Businesses cannot ignore that they need to attract competent workers. Business whose choose to work with the State will have piece of mind that their younger workers have access to preventative and continuous healthcare. Their workers will be more productive and will be less likely to take sick time or go out on disability. This program needs to be supported by small business. However, some small business owners are likely to object to being mandated to cover costs and naturally will be concerned about costs. Small business owners cannot be ignored. If they support this initiative, they are likely to have a lot of influence on their representatives. We can ensure their support by arguing that the State is taking the

burden of negotiating insurance rates off of them. All they have to do is to contribute towards the individuals cost – no negotiation, minimal administrative costs.

- **Health Insurance Companies**

Though the insurance companies will support an individual mandate, they will not support the State as the primary negotiator. However, if an insurance company provides good service and has competitive pricing, it stands to win a contract to provide health insurances for this population (again who are quite healthy and do not use as many services). In the long run, health insurance companies stand to win. These future customers, will be less likely to have chronic health conditions and less likely to be high users of services in the long term.

- **Political Parties.**

It is likely that some politicians will not like the State's intrusion and the monopolistic behavior. However, the State would only act as a broker negotiating cheaper rates for small companies and uninsured individuals. Advocates of this initiative should use the language of market principles. It is hard to argue against that the idea that the State buying power will result in the best deal for its citizens. The State already has the resources to be able to evaluate all the options on behalf of this segment of the community. This is not something an individual has the option to do. By gaining the support of small business and asking them to lobby their representatives, it may be possible to sway the support.

- **The State of California**

Their involvement is crucial to the success of the proposal. The State purchasing power and skill is pivotal to the success of the program. The State would have to commit

administrative resources to manage this purchasing pool. However, these resources already exist. The State already has the ability to negotiate cheaper prescription drugs cost. They can be persuaded to participate in the proposal by focusing on the long-term benefits of insuring this population.

Cost and Quality of Health Care

When thinking about the costs of this proposal, the long term advantages must be stressed. Insuring this population will reduce costs in the long-term. Emergency room visits will drop. Preventative care will identify illness quicker and reduce the likelihood of chronic illness throughout an individual's life-time. The cost will go beyond money. Poor and minority young adults will receive more consistent care and thus improve their lives.

The quality of health care should not suffer. By focusing on preventative care, this population will seek care sooner from their primary care doctors and maybe even avoid many of the diseases that are affecting our health care costs at the moment. Emergency rooms will not be as busy and thus money that is currently spent to cover the costs of emergency rooms can be diverted elsewhere.

In order to prevent health care costs from rising, it is imperative that investment is made into the young adults in our state. This is a young and healthy population that is current being neglected. It is a hidden and much neglected segment of our population. If this segment receives low cost health insurance, with a focus on preventative care, it is possible to reduce the long-term costs of health care. If this group continues to be ignored, they will stand to develop the very chronic conditions that are sending our healthcare costs soaring. They are more likely to use emergency rooms and less likely to pay the costly medical bills. Californians are already picking up this tab. By using the purchasing power of the State of California to broker cheaper

health insurance rates, it will be possible to cover this population and slow the rapidly rising health care costs by investing in next generation's health today.

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