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Many Low Income Older Adolescents Likely to Remain Uninsured in 2014

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Low income older adolescents are uninsured at dramatically high rates. Of 19 and 20 year olds with family incomes at or below 100% of the federal poverty level (FPL), 37% are uninsured.[1] This is 2.5 times the uninsurance rate for the low income population ages 18 and younger.[2]

This high rate of uninsurance is due largely to the public health insurance cliff that low income adolescents face once they turn 18. State Medicaid and Children's Health Insurance Program (CHIP) programs are not required to cover adolescents past the age of 18, and not all states have adopted optional coverage policies to extend Medicaid to 19 and 20 year olds. Indeed, only 32% of older adolescents living in poverty were enrolled in Medicaid in 2012.[3]

The Affordable Care Act (ACA) mandated the expansion of Medicaid eligibility to all low income individuals with family incomes up to 133% of poverty, a group that included 19 and 20 year olds, beginning in 2014. However, the Supreme Court's ruling in *National Federation of Independent Businessv*. *Sebelius* made this Medicaid expansion a state option.[4]

This fact sheet describes the public and private health insurance protection that will likely be available for low income older adolescents after the implementation of the ACA Medicaid expansion in January 2014. It provides information on state Medicaid eligibility policies under optional coverage arrangements and discusses issues these older adolescents may face in securing private coverage through employment and in the exchange. Information for this fact sheet was obtained from multiple sources. We reviewed Medicaid state plan and waiver documents from state Medicaid and Centers for Medicare and Medicaid Services (CMS) websites and communicated with state Medicaid andCMS staff. In addition, we relied on Medicaid expansion information from the National Academy for State Health Policy and on health insurance analysis from the State Health Access Data Assistance Center.

Medicaid Coverage

Currently, older adolescents in families with incomes up to 100% FPL are eligible for Medicaid in fewer than half of the states. These are either states that have elected to cover the optional group of "Ribicoff children"[5] -- 19 and 20 year olds who are not categorically eligible for Medicaid but who meet state-established income eligibility criteria -- or states that have obtained an approved Section 1115 demonstration waiver to cover 19 and 20 year olds and other income-eligible childless adults.[6] Six states now cover these older adolescents in families with incomes up to 100% FPL as "Ribicoff children."[7] Eighteen states cover them under a Section 1115 demonstration waiver, although in some states enrollment may be closed.[8] In four of the 18

states, however, these older adolescents would otherwise already have Medicaid eligibility as "Ribicoff children."

Beginning in January 2014, the total number of states covering older adolescents in families with incomes up to 100% of FPL will increase only from 20 to 29 (see Table). Twenty-six states will be implementing the ACA option to expand Medicaid eligibility to all childless adults with incomes up to 133% FPL. However, seven of these states are ones in which older adolescents in families with incomes up to 100% FPL would otherwise have coverage because the state has elected to retain optional eligibility for "Ribicoff children" ages 19 and 20 or because it has not allowed its Section 1115 demonstration waiver to expire.Older adolescents who become eligible under the Medicaid expansion will be covered under what is now referred to as an Alternative Benefit Plan. These plans are required to provide"benchmark" or "benchmark equivalent" benefits -- the same 10 essential health benefits that private plans must include in order to be sold in a state or federal health insurance exchange[9] -- and also Medicaid's Early and Periodic Screening, Diagnostic, and Treatmentbenefit for children up to age 21. In some states, the planned Medicaid expansion may take the form of a premium assistance program operating under an approved 1115 waiver or a state plan amendment.[10]

In as many as 22 states, therefore, low income older adolescents as a group are likely to be ineligible for Medicaid, although it is possible that the one state that is currently undecided and does not otherwise cover low income adolescents will choose to use the ACA option to expand coverage to childless adults.[11] States where coverage is not likely to be available are: Alabama, Florida, Georgia, Idaho, Kansas, Louisiana, Mississippi, Missouri, Montana, Nebraska, New Hampshire, North Carolina, Oklahoma, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Wisconsin, and Wyoming. According to the Kaiser Commission on Medicaid and the Uninsured, these are states with a disproportionally large population of low income, uninsured minorities.[12]

In these 22 states only certain subgroups of the low income older adolescent population will receive Medicaid coverage. One such group is those who receive Supplemental Security Income disability benefits.[13] Another, mandated under the ACA, is those who, regardless of income, previously were in foster care and were enrolled in Medicaid when they turned 18.[14] Another is pregnant women in families with incomes up to 133% FPL, although these women only retain their Medicaid eligibility for 60 days postpartum.[15] In addition, in some states low income older adolescents may qualify for home and community-based services through a Section 2176 waiver or for family planning services under a waiver or state plan amendment.

Private Health Insurance Coverage

For low income older adolescents without access to Medicaid, opportunities to obtain comprehensive private health insurance may be very limited. Whether living independently or with their parents, they are not likely to have jobs that provide employer-based insurance. Nationwide, only 28% of these adolescents currently have private coverage through an employer.[16] Although they can be covered up to age 26 on their parent's policies, only 14% of low income parents have employer-based coverage and, if they do, their employer plans may not insure dependents.[17]

Moreover, the quality and affordability of the employer group coverage available to older adolescents as employees or as dependents may vary tremendously. Even with the implementation of the ACA, grandfathered plans will not be required to cover the federally mandated 10 essential health benefits or to meet federally established out-of-pocket cost-sharing limits.[18] Also, self-insured and large group plans with 100 or more employees will not have to provide the essential health benefits and, although the statute did require that beginning in 2014 large group plans would have to meet the ACA cost-sharing requirements, the Administration has delayed implementation of this consumer safeguard for one year.[19] Perhaps more importantly, the Administration has delayed

the mandate that employers with more than 50 employees provide minimum health coverage or face a financial penalty.[20]

As of October 1, 2013, when health insurance exchanges became operational, families living at or below the poverty level can theoretically purchase coverage for an older adolescent through an exchange. The exchanges, whether state operated or federally run, provide a variety of plan options. In addition to family coverage, parents are able to purchase child-only plans for a child up to the age of 21. Both family andchild-only plans purchased in an exchange include the ACA-required essential health benefits and comply with the required cost-sharing protections.

Yet, purchasing family or child-only coverage for an older adolescent will undoubtedly be cost prohibitive for low income families. Congress did not authorize premium and cost-sharing subsidies for individuals and families with incomes below 100% FPL, the group it had presumed would be covered under a mandatory Medicaid expansion, leaving a so-called "donut hole" in the subsidy provisions.

Conclusions

Despite the passage of the ACA and its promise of affordable health insurance, many low income older adolescents ages 19 and 20 with family incomes at or below 100% FPL are likely to be uninsured in 22 states. The statute permits coverage of low income older adolescents as "Ribicoff children" and now, under the ACA, authorizes states to expand coverage to all low income individuals but does not mandate it. In the states that do not provide optional coverage, low income older adolescents, who are unlikely to have employer-based coverage or coverage under a parent's plan, will have to seek coverage in a state or federal health insurance exchange. However, without the availability of subsidies for individuals and families living in poverty, private insurance will most likely remain out of reach.

The ACA mandates that individuals must have health insurance, but it also exempts from any tax penalties individuals who can demonstrate that purchasing insurance would be a financial hardship.[21] In the 22 states that presumably will not be providing Medicaid coverage to all low income older adolescents, there is the potential for 46% -- nearly half -- of 19- and 20-year olds in families with incomes at or below the poverty level to remain uninsured.[22] Nationwide the uninsurance rate for older adolescents in this income group will potentially remain at over 20%.[23]

There are several ways in which the insurance coverage gap for low income older adolescents might be addressed. The simplest approach would be for states to extend these older adolescents optional Medicaid coverage as "Ribicoff children". Congress could encourage coverage for all low income children up to age 21 by authorizing on a time-limited basis a 100% federal matching rate to states that adopt this coverage option. Alternatively, Congress might consider allowing states the option of a limited Medicaid expansion for older adolescents up to age 21 at the same 100% federal matching rate available to states that have elected to implement full Medicaid expansions. Finally, of course, Congress could amend the language of the ACA to provide premium and cost-sharing subsidies to individuals and families with incomes less than 133% FPL, making private coverage in a state or federal insurance exchange affordable for low income older adolescents and their families.

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MEDICAID ELIGIBILITY FOR ADOLESCENTS AGES 19 AND 20 IN 2014

States	Expected Medicaid Income Eligibility Levels As a Percent of the Federal Poverty Level			Medicaid Income Eligibility At or Above 100% FPL
	Section 1115 Waiver Option[24]	Ribicoff Children Option	ACA Medicaid Expansion Option[25]	
Alabama	-	-	-	-
Alaska	-	140	-	Yes
Arizona	-	-	133	Yes
Arkansas	-	-	133	Yes
California	200[26]	-	133	Yes
Colorado	-	-	133	Yes
Connecticut	-	<100	133	Yes
Delaware	-	-	133	Yes
District of Columbia	-	200	133	Yes
Florida	-	-	-	-
Georgia	-	-	-	-
Hawaii	-	-	133	Yes
Idaho	-	-	-	-
Illinois	-	-	133	Yes
Indiana	100%[27]	-	-	Yes
Iowa	-	<100	133	Yes
Kansas	-	-	-	-
Kentucky	-	-	133	Yes
Louisiana	-	-	-	-
Maine	-	150	-	Yes
Maryland	-	116	133	Yes
Massachusetts	-	-	133	Yes
Michigan	<100	-	133	Yes
Minnesota	-	100	133	Yes
Mississippi	-	-	-	-
Missouri	-	-	-	-
Montana	-	-	-	-
Nebraska	-	-	-	-
Nevada	-	-	133	Yes
New Hampshire	-	-	-	-
New Jersey	-	133	133	Yes
New Mexico	200[28]	-	133	Yes
New York	100[29]	-	133	Yes
North Carolina	-	<100	-	-
North Dakota	-	<100	133	Yes
Ohio	-	<100	133	Yes
Oklahoma	-	-	-	-
Oregon	-	-	133	Yes
Pennsylvania	-	<100	-	-
Rhode Island	-	-	133	Yes
South Carolina	-	-	-	-
South Dakota	-	-	-	-
Tennessee	-	<100	-	-
Texas	-	-	-	-
Utah	-	-	-	-
Vermont	-	<100	133	Yes
Virginia	-	-	-	-
Washington	-	-	133	Yes
West Virginia	-	-	133	Yes
Wisconsin	-	-	-	-
Wyoming	-	-	-	-
Total States	**4**	**14**	**26**	**29**

Sources: Information about Section 1115 waivers was obtained from two sources: Centers for Medicare and Medicaid Services State Section 1115 Waiver Fact Sheets. Available athttp://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/Waivers.html?filterBy=1115#waivers; *Overview of Medicaid and CHIP*, Medicaid and CHIP Payment and Access Commission, Table 11, January 2013; and Heberlein M, Brooks T, Alker J, Artiga S, Stephens J. *Getting into Gear for 2014: Findings from a 50-State Survey of Eligibility, Enrollment, Renewal, and Cost-Sharing Policies in Medicaid and CHIP, 2012–2013*. Washington, DC: Georgetown Center for Children and Families and The Henry J. Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured January 2013.Information about coverage of "Ribicoff children" was obtained from personal communication with the Centers for Medicare and Medicaid Services and state Medicaid officials. Information about state Medicaid expansion was obtained from the National Academy for State Health Policy's State Refor(u)m project available at https://www.statereforum.org/node/11675. Information is current as of October 9, 2013.

Endnotes

[1] Special tabulations of the 2012 Current Population Survey prepared by the State Health Access Data Assistance Center for The National Alliance to Advance Adolescent Health, July 2013.
[2] Estimates from the 2011 and 2012 Current Population Survey prepared by the Urban Institute and Kaiser Commission on Medicaid and the Uninsured. Available at http://kff.org/other/state-indicator/poor-children/.
[3] Special tabulations of the 2012 Current Population Survey prepared by the State Health Access Data Assistance Center for The National Alliance to Advance Adolescent Health, July 2013.
[4] *National Federation of Independent Business v. Sebelius,* 132 S. Ct. 2566, 2012.
[5] Social Security Act §§ 1902(a)(10)(A)(ii)(I)and 1905(a)(i).
[6] Social Security Act § 1115(a)(1).
[7] Alaska, District of Columbia, Maine, Maryland, Minnesota, and New Jersey offer coverage to 19 and 20 year olds with family incomes up to 100% FPL as "Ribicoff children."
[8] Arizona, California, Delaware, District of Columbia, Hawaii, Indiana, Iowa, Maine, Maryland, Massachusetts, Minnesota, New Mexico, New York, Oklahoma, Utah, Vermont, Washington, and Wisconsin offer Medicaid coverage to 19 and 20 year olds with family incomes up to 100% FPL under a Section 1115 waiver. States that cover only a subset of 19 and 20 year olds under a waiver based on working or disability status or geographic location are not counted in this total. In Arizona, Indiana, New Mexico, and Wisconsin, enrollment under the Section 1115 Medicaid waiver is closed.
[9] Health Insurance Issuer Standards under the Affordable Care Act, including Standards Related to Exchanges, 45 CFR § 156.110, December 13, 2011.
[10] *Medicaid and the Affordable Care Act: Premium Assistance*,Baltimore, MD: Centers for Medicare and Medicaid Services, March 2013. Available at http://www.medicaid.gov/Federal-Policy-Guidance/Downloads/FAQ-03-29-13-Premium-Assistance.pdf.
[11] Pennsylvania has not yet decided whether to expand Medicaid under the ACA.
[12] Artiga S, Stephens K.*The Impact of Current State Medicaid Expansion Decisions on Coverage by Race and Ethnicity*, Menlo Park, CA: The Henry J. Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured, July 2013.
[13] Social Security Act § 1902(a)(10) (a)(i)(II).
[14] Social Security Act § 1902(a)(10)(a)(i)(IX).
[15] Social Security Act § 1902(a)(10)(a)(i)(III).
[16] Special tabulations of the 2012 Current Population Survey prepared by the State Health Access Data Assistance Center for The National Alliance to Advance Adolescent Health, July 2013.
[17] Ibid.
[18] Public Health Service Act § 2707(a)-(b).
[19] The Administration delayed enforcement of out-of-pocket maximum limitations until 2015 for group health plans and group health insurance issuers that use more than one provider to administer benefits (e.g., prescription drugs, pediatric dental coverage). In FAQs about Affordable Care Act Implementation Part XII, Washington, DC: U.S. Department of Labor, February 20, 2013. Available at http://www.dol.gov/ebsa/faqs/faq-aca12.html.
[20] Notice 2013-45, Internal Revenue Bulletin 2013-31, Washington, DC: Internal Revenue Service, July 29, 2013.
[21] The IRS will not impose the penalty for failing to have minimum essential coverage on an individual in any month in which the premium cost exceeds 8% of the individual's household income, or on an individuals whose income is below the minimum threshold for filing a federal tax return. In 26 CFR § 1.5000A-3(e)-(f). For the 2012 filing year, nondependent individuals making less than $9,750 and dependents making less than $5,800 need not file a federal tax return. In Publication 17, Your Federal Income Tax, Washington, DC: Internal Revenue Service, January 31, 2013. Available at http://www.irs.gov/pub/irs-pdf/p17.pdf. The exchange will also certify a hardship exemption for any individual who is ineligible for Medicaid based solely on a state's decision not to expand Medicaid. In 42 CFR § 155.605.
[22] Special tabulations of the 2011-2013 Current Population Survey prepared by the State Health Access Data Assistance Center for The National Alliance to Advance Adolescent Health, October 2013. Estimates in Idaho, Kansas, Louisiana, Mississippi, Montana, Nebraska, New Hampshire, Oklahoma, South Carolina, Tennessee, Utah, and Wyoming are based on a sample size less than 30 observations, which makes the estimate less reliable according to the National Center for Health Statistics.
[23] Ibid.
[24] Section 1115 waiver states that cover only a subset of 19 and 20 year olds based on working or disability status or geographic location are not included.
[25] Under the ACA, the Medicaid eligibility threshold is 133% FPL, but with the 5% income disregard, the eligibility threshold effectively becomes 138% FPL.
[26] California counties have the option to offer limited coverage to individuals with incomes up to 133% FPL through 2013 or to provide more limited coverage to individuals with incomes up to 200% FPL until October 31, 2015.
[27] Indiana provides Medicaid coverage to individuals who have been uninsured for at least six months and do not have access to employer-based health insurance. The waiver expires December 31, 2014.
[28] New Mexico provides limited subsidized Medicaid coverage to individuals working for qualified employers. Individuals not working for a qualified employer may obtain coverage by paying the employer and employee share of the premium cost. Enrollment is closed. The waiver expires September 30, 2014.
[29] New York's Section 1115 waiver expires December 31, 2014.

The National Alliance to Advance Adolescent Health provides education, research, policy analysis, and technical assistance to achieve fundamental improvements in the way that adolescent health care is structured and delivered in the United States. Its mission is to enhance the physical and emotional well-being of adolescents, especially those who are low income and minority, by improving the health care delivery model for adolescents and achieving the infrastructure changes needed to support it. The National Alliance seeks to promote comprehensive, interdisciplinary models of physical, mental, behavioral, and reproductive health care that incorporate a youth development philosophy and operate in collaboration with schools and other community-based programs. It also seeks to ensure that all adolescents have health insurance coverage for the services they require.

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