

Community Service Society
New York City Managed Care Consumer Assistance Program
Health Care For All New York

Testimony before the New York City Council
on
“Oversight – Health Insurance Options for Young Adults”

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Good afternoon. My name is Arianne Garza and I am testifying today on behalf of the Community Service Society of New York (“CSS”) – a leading voice on behalf of low-income New Yorkers for over 160 years. Our mission is to identify issues that underlie poverty in New York City and to advocate for the systemic changes required to ensure the economic security of the working poor and moderate income residents in our nation’s largest city. In doing so, we seek to bring their voices and experiences into the policy conversation. Assuring access to health care is a central focus of our work.

An integral part of CSS is our New York City Managed Care Consumer Assistance Program, which I am also representing here today. This program is funded by the NYC Council and administered by CDOHMH. It provides health care assistance to New Yorkers in the 5 boroughs. We help clients get, manage and keep their health insurance coverage whether it is Medicaid, Medicare, Child Health Plus or Commercial insurance. The network works with 26 agencies and provides services in over 12 languages.

I am also representing the Health Care For All New York campaign (“HCFANY”), of which CSS is a founding member. HCFANY is a state-wide coalition of over 70 organizations dedicated to winning affordable, comprehensive health care for all New Yorkers. Together, we work to bring the voices of everyday New Yorkers into the health reform debate.

Lastly, I am also testifying on behalf of myself – a young adult, and a New Yorker.

I. Understanding the Issue: Young Adults Have Few Options for Affordable, Comprehensive Health Insurance in New York.

The term “young adults,” in the general sense, refers to people between the ages of 19 and 29 years old – that tumultuous period between high-school graduation (if you made it that far), college (if you can afford it), job transitions, and the age at which you should– in a perfect world and thriving economy – be settled into a “career.” Currently, there are 808,302 uninsured young adults in New York between the ages of 19-29 – making up nearly one-third (31%) of all of the uninsured in the state.¹ Young adults in New York State are nearly twice as likely to be uninsured than adults aged 30-64.²

¹ US Bureau of the Census, 2008 Current Population Survey, Annual Social and Economic Supplement, weighted by 2006-2008 CPS ASEC blend.

² 28% of young adults aged 19-29 are uninsured in New York, compared to only 15% of adults aged 30-64. Source: US Bureau of the Census, 2008 Current Population Survey, Annual Social and Economic Supplement, weighted by 2006-2008 CPS ASEC blend. This lack of affordable, comprehensive health care is already taking its toll on the health and well-being of young adults. A 2007 survey from the Commonwealth fund found that 66% of young adults (19-29) who had been uninsured at some point in the past year had gone without needed health care because they could not afford to pay for it - 41% did not fill a prescription, 32% did not see a specialist, 40% skipped a medical test, treatment, or follow-up, 54% had a medical problem but did not go to a doctor or a clinic, 66% had any of these problems. Even of those

The reasons for this, in New York and the rest of the nation, are generally two-fold:

- Family coverage under employer-sponsored insurance (ESI) typically only covers dependent children until the age of 19, or 23 if they are enrolled in college. Once they surpass this age they are on their own to find affordable coverage. With health insurance premiums rising 7.3 times faster than median worker earnings, this can prove to be a difficult task.³
- Young adults are more likely to be low-income and have entry-level, low-paying, or temporary jobs. With the minimum wage now at \$7.15 per hour, the majority of those working full-time are less likely to qualify for government benefits like Medicaid or Family Health Plus. However, they are also less likely to work for a company that offers health benefits, or to be eligible for those benefits. Nationally, only 53% of young adults 19-29 who are working full or part time are eligible for coverage by their employers, compared to 74% of adults aged 30-64.⁴

There are relatively few options available for uninsured young adults to obtain health coverage on their own, if their employer does not offer it at an affordable rate:

1. Direct-pay market: Every New Yorker, regardless of race, gender, age, health status, or citizenship status has the option of purchasing comprehensive health insurance on the direct-pay market – provided they can afford it. In New York County, individual policies average slightly more than \$1,000 month, with the cheapest plan around \$750 per month.⁵ For a young adult making around \$30,000 per year, this would take up about 28% of their pre-tax income (see Table 1). For a young adult working full-time at minimum wage, this would be around 66%.

There are, of course, bare-bones catastrophic-only plans available at an affordable rate. A quick scan of ehealthinsurance.com for a 25 year-old non-smoking female living in Williamsburg found me a single indemnity plan, for \$150 per month, which would cover no single aspect of my medical care with the exception of an emergency hospitalization. For an additional \$320 per month, I could get the same catastrophic plan with prescription drug coverage. Neither of these plans would cover the basics of simple preventative care, like an annual Pap test, or routine outpatient visits for things like strep throat, chronic asthma, or minor sports injuries.

who were insured all year, 34% were not able to get the care they needed due to cost. Based on The Commonwealth Fund Biennial Health Insurance Survey 2007 (Unpublished). See: Kriss, J.L., S.R. Collins, B. Mahato, E. Gould, and C. Schoen, "Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help, 2008 Update," The Commonwealth Fund, May 2008.

³ Families U.S.A., "Premiums vs. Paychecks: A Growing Burden for New York's Families." October 2008.

⁴ Based on The Commonwealth Fund Biennial Health Insurance Survey 2007 (Unpublished). See: Kriss, J.L., S.R. Collins, B. Mahato, E. Gould, and C. Schoen, "Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help, 2008 Update," The Commonwealth Fund, May 2008.

⁵ New York State Department of Insurance, Premium Rates for Standard Individual Health Plans, New York County, April 2009. Available at <http://www.ins.state.ny.us/hmorates/html/hmonewyo.htm>.

2. Healthy NY: Individuals earning less than \$27,000 per year (250% of the Federal Poverty Level) who are not eligible for ESI may be able to buy coverage under the state's Healthy NY program. The program offers both basic and high-deductible health plans. It is undeniably cheap, compared to the direct-pay market – a basic plan with drug coverage in New York County averages \$310 per month (or 11% of pre-tax earnings for an individual earning \$30,000), and the cheapest of the cheap – the high-deductible health plan with no drug coverage – averages \$200 per month. However, like anything else, you do get what you pay for. In this case – very little. All of the plans have limits on pre-existing conditions such as asthma, diabetes, cancer, or even pregnancy. None of the plans cover things like mental health services, ambulance, substance abuse treatment, durable medical equipment, or dental or vision, and you're only allowed one physical exam every three years. If you happen to need prescription drug coverage, Healthy NY will give you an annual benefit maximum of \$3,000 – which won't do you any good if you happen upon a serious illness or injury. The high-deductible health plans offer the same coverage, but with a \$1,150 annual deductible (which co-pays do not count towards). In a nutshell, Healthy NY is only a good option for those who are lucky enough to remain healthy throughout the duration of their enrollment in the program.
3. Student Health Plan: Students enrolled in college usually have the option of purchasing health insurance at a discounted student rate, sometimes with benefit limits, and usually without vision or dental benefits. At New York University, a basic plan will cost \$1,388 for the entire year (or an affordable \$115 per month).⁶ The catch, of course, is that this plan has a *lifetime* maximum benefit of \$250,000, and an annual maximum benefit of \$1,250 for prescription drugs – neither of which will do much good for anyone who gets seriously sick or injured. At CUNY, individuals are offered plans at \$665.10 per quarter (\$221 per month, or 8% of pre-tax earnings for an individual earning \$30,000), but, like Healthy NY, this plan limits coverage on any pre-existing conditions.
4. Remain uninsured: For the majority of young adults who do not have the option of affordable coverage through an employer, cannot afford coverage on the direct-pay market, are not eligible for Healthy NY, and are not enrolled in college – the only real option is to remain uninsured, eat your vegetables, look both ways before crossing the street, hope for the best – and pray that you can depend on hospital charity care in the event of the worst.

⁶ New York University, Student Health Insurance Brochure 2008-2009, available at: http://www.nyu.edu/shc/pdfs/insurance_who_what_when_08-09.pdf

Table 1- Percent of Pre-Tax Income Consumed By Different Health Insurance Options in New York City

Federal Poverty Level	Monthly Pre-tax Income	Single Adult		
		Direct Pay	Healthy NY (Basic w/drug)	Student Plan (CUNY)
100%	\$903	83%	34%	24%
200%	\$1,805	42%	17%	12%
300%	\$2,708	28%	11%	8%
400%	\$3,610	21%	9%	6%
500%	\$4,513	17%	7%	5%
600%	\$5,415	14%	6%	4%

Source: CSS Analysis, April 2009

II. Why Young Adults Need Affordable, Comprehensive Health Insurance

In recent years, the health insurance industry has taken it upon itself to re-christen this population of young adults as “young invincibles.” This term seems to embody a hearty population at a peak physical state with little risk for illness or injury – perfect for the types of stripped-down insurance products currently on the market for them. Yet, the reality is that young adults have the same need for preventative health services as other age groups and have the highest rate of injury-related emergency room visits.⁷

In fact, according to a recent national report released by the Centers for Disease Control and Prevention:

- Obesity rates among young adults have tripled since the early 1970’s. In 2006, nearly 1 in 4 (24%) young adults was obese.
- As of 2006, almost 1 in 3 (29%) of young adult males and 1 in 5 (21%) young adult females were cigarette smokers.
- In 2004-2006, nearly 1 in 5 (18%) young adult women and more than 1 in 10 (12%) young adult men reported having been told by a doctor that they have at least one of the following conditions: cancer, asthma, diabetes, hypertension, heart disease, or arthritis. 5% of young adults reported an activity limitation due to a chronic health condition.
- In 2005, unintentional injuries, homicide, and suicide accounted for 70% of all deaths among young adults. 75% of these deaths occurred among young men.
- In 1999-2004, nearly 1 in 10 (9%) young adults had major depression, generalized anxiety disorder, or panic disorder within the past 12 months.⁸

⁷ Centers for Disease Control and Prevention, “Health, United States, 2008: With a Special Feature on Young Adults,” March 2009. Available at: <http://www.cdc.gov/nchs/data/hus/hus08.pdf#listfigures>

⁸ Centers for Disease Control and Prevention, “Health, United States, 2008: With a Special Feature on Young Adults,” March 2009. Available at: <http://www.cdc.gov/nchs/data/hus/hus08.pdf#listfigures>

Clearly, young adults are not “invincible.” While a youthful population is generally healthier than an older population, youth alone cannot protect young adults from all illness or injury, or the skyrocketing costs associated with them, nor will it prevent them from developing potentially avoidable future conditions.

There is also a common misconception – perhaps fueled by the “young invincible” label – that young adults do not purchase insurance because they do not *want* it or do not think they need it. While this mentality may pertain to a small percentage of this population, according to a recent CSS poll a majority of young adults in New York said that health care and prescription drugs was their top personal worry – particularly, not having health insurance.⁹ Health care and prescription drugs were also the top issue they wanted their state officials to address.

CSS’s poll also found that across the state, 50% of young adults report that they receive health coverage from their employers. Of those who do not receive it – 73% reported it was because either their employer did not offer it or they were ineligible. Of those who were eligible but did not take it, 96% reported it was because they were already covered by other health insurance. In New York City alone, 930 of those seeking assistance from our MCCAP program were young adults.¹⁰ The majority of those calling did so because they needed help finding or keeping their health insurance.

This evidence is not indicative of a population who does not *want* insurance or worry about their health. It is just the opposite. Young adults *want* and *need* access to quality, comprehensive health care. The majority simply do not have any affordable options available to them. Likewise, settling for one of the cheap, bare-bones “young invincible” plans currently marketed towards young adults can end up providing little more than a false-sense of security for those who purchase it, as most are designed under the false assumption that the enrollee will be, well, “invincible.”

For those that do seek the care they need – with or without insurance – the high cost of health care and limited benefit plans can wreak financial havoc. Young adults currently have the highest level of average credit card debt compared to other age groups and for those with medical debt, these balances can be up to 79% higher.¹¹ Likewise, more than a third (35%) of young adults – with or without insurance – report having problems with medical bills.¹²

⁹ For adults 18-29. CSS Statewide Health Survey, November 2007.

¹⁰ This information is based on clients from July 2006 to March 31, 2009.

¹¹ Zeldin, C. and M. Rukavina, “Borrowing to Stay Healthy: How Credit Card Debt is Related to Medical Expenses,” Demos and The Access Project, 2007.

¹² Based on The Commonwealth Fund Biennial Health Insurance Survey 2007 (Unpublished). See: Kriss, J.L., S.R. Collins, B. Mahato, E. Gould, and C. Schoen, “Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help, 2008 Update,” The Commonwealth Fund, May 2008.

III. How to Address This Issue in a Healthy Way

There have been two recent initiatives to address this issue at the state level. The first attempt, Senate Bill 8357 (the “young invincibles” bill), favored an inadequate benefit package in the absence of quality health reform. This product would have falsely assured enrollees that they had adequate coverage when in fact it failed to even include pharmacy and other basic benefits. This bill was rightly vetoed by Governor Paterson last fall.

The second initiative comes from Governor Paterson himself as announced in this year’s State of the State address. Within the next few weeks, Governor Paterson is set to release legislation to allow young adults to remain on their parent’s employer-sponsored plans until the age of 29 (regardless of if they attend college). This would resemble a COBRA benefit in that the families, not the employers, would be responsible for the full premium. This program would be acceptable if it were it not for one small detail in the Governor’s proposal, which seeks to “age-rate” these young adults in order to offer them coverage at a lower price.

New York is one of the few states that has “pure community rating” which means that all of us must be treated the same by an insurance company, no matter our age or disability. This means that small employers are not charged more to provide insurance for older workers, women, or people who have health problems. Permitting age rating will change this by allowing insurers to prioritize profits over people by offering cheap policies to younger people, but making policies for those of us who are 30 and older much more expensive.

Governor Paterson’s proposal to re-introduce rating by risk which would be a dangerous move for New York’s health insurance consumers and could put a significant strain on the already stressed small-business community. Yet, if the State took steps to make quality, affordable health insurance available to *all* individuals who don't have employer coverage, re-introducing age-rating, with all its hidden costs and unintended effects, would not be necessary.

With this in mind, CSS and HCFANY would like to recommend the following “healthier” alternatives for extending affordable, quality health care to New York’s young adults:

- Amend the current law, which allows parents to keep their kids on their policies to until the age of 23, to allow parents to keep their kids on their existing policies until the age of 28.
- Utilize the existing Family Health Plus Buy-in program to offer comprehensive coverage to young adults, at an affordable rate. This program currently allows employers and Taft-Hartley (union) funds to offer health coverage for their employees through an expansion of the state’s Family Health Plus program. Expanding this buy-in program to young adults would allow them to get comprehensive health benefits (including both inpatient and outpatient services, lab, radiology tests, prescription drugs, and mental

health and substance abuse services) on a much more affordable scale than currently exists on the market.

On behalf of the Community Service Society, the New York City Managed Care Consumer Assistance Program, the Health Care for All New York Campaign, and myself, I would like to thank you for providing me with the opportunity to testify today.

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