

Health Insurance and the Young Adult Population in Wisconsin

Wisconsin is one of 20 states that received a grant in 2000-01 from the federal Department of Health and Human Services, Health Resources and Services Administration (HRSA) to explore new approaches to increasing access to health insurance for state residents. Wisconsin was notified of the grant award in September 2000. Research under Wisconsin's State Planning Grant has focused on several topics, including the particular circumstances of young adults in accessing health insurance coverage.

Historically, Wisconsin has had a low uninsured rate and a high rate of employer-sponsored and public coverage for the non-elderly population. However, rates of insurance vary by age group, with young adults between the ages of 18 and 24 having the highest uninsured rate in the state. This briefing paper takes a closer look at the insurance status of Wisconsin's young adult population. Specifically, the paper presents results of a survey of 18 to 24 year-old individuals. While the survey is not necessarily representative of the experiences of 18 to 24 year-olds statewide, it provides additional information about an age group often considered vulnerable with respect to access to insurance. In addition, because many young adults are pursuing post-secondary education, more in-depth information about student insurance options at colleges and universities in Wisconsin is provided.

Young Adults in Wisconsin

Wisconsin is home to approximately 520,000 young adults (18 to 24 year-olds).¹ They comprise almost 10% of the state's total population and approximately eleven percent of Wisconsin's non-elderly population.

Most of what is known about the education, employment, and income of people in this age group comes from national data. In the fall of 2000, 35% of all 18 to 24 year-olds in the nation were enrolled in college, with 83% of those enrolled full-time.² In addition to attending classes, a large proportion of college enrollees were employed: 19% worked full-time and 39% were employed part-time. Full-time students also balanced school and employment, with 11% of all full-time students working full-time and 41% of all full-time students working part-time.³

Compared to adults age 25 years and over, more young adults tend to work in jobs in the wholesale or retail trade category, work fewer hours, and have lower earnings. The largest share of young adult workers, approximately 40%, work in the wholesale or retail trade industry, compared to 18% of workers 25 and over.⁴ An additional one-third of young adult workers are employed in the service industry.⁵ Young adults nationally tend to work fewer hours overall than the rest of the adult population, most likely because they are students or work in seasonal or part-time occupations. Young adult workers average 34.8

hours of work per week; while workers 25 and over average 40.9 hours of work per week.⁶ Among full-time wage and salary workers, earnings are also lower for 18 to 24 year-olds whose median weekly earnings were \$361 in 2000, compared to \$620 for people age 25 and over.⁷

Nationally, young adults have higher than average uninsurance rates. This is true for young adults in Wisconsin as well. Table 1 shows the uninsured rates for the non-elderly population in Wisconsin by age group, based on Wisconsin Family Health Survey data.⁸ The survey creates a snapshot of the uninsured at a point-in-time by asking respondents several questions about their health insurance coverage at the time of the survey interview.

Table 1. Uninsured Rates by Age for the Non-Elderly Population in Wisconsin

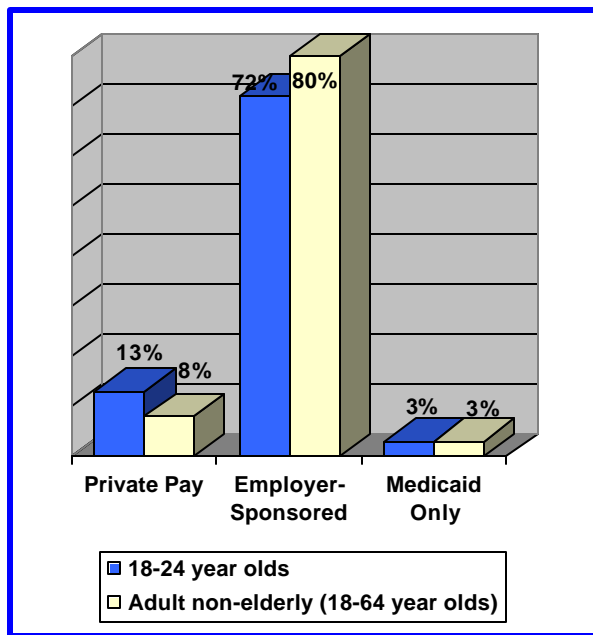
Age	1995	2000
0-17	8%	5%
18-24	19%	11%
25-44	11%	6%
45-64	9%	7%
All Non-Elderly	10%	7%
Adult Non-Elderly	11%	7%

Source: 1995 and 2000 Wisconsin Family Health Survey, Wisconsin Department of Health and Family Services, Point-in-Time or "Current" Estimates.

Health Insurance Options for Young Adults

Figure 1 shows rates of private-pay, employer-sponsored and Medicaid coverage for young adults in Wisconsin as compared to the entire adult non-elderly population. As shown in the figure, 18 to 24 year-olds have a higher rate of private pay coverage than the average for the entire adult non-elderly population.

Figure 1. Source of Health Insurance by Age, 1999



Source: Wisconsin Family Health Survey, Wisconsin Department of Health and Family Services, 2000.

An important source of private coverage for young adults is that provided through a parent's policy. Because coverage through a parent was not a separate category, it is not clear if this circumstance is reported under the private-pay category or the employer-sponsored category shown in Figure 1. For most insurance carriers, young adults are typically eligible to be covered as a dependent under their parents' coverage until they reach the age of 25 if they are a full-time student.⁹ Young adults who are not full-time students are typically covered through age 19.

Young adults in the labor force who do not have access to coverage through a parent may be eligible for employer-sponsored insurance. However, as shown Figure 1, young adults have

lower rates of employer-sponsored health insurance as compared to the entire adult non-elderly population. One reason for this is that young adults are more likely to be in school. Further, if employed, young adults have a greater tendency to work in part-time, temporary, or seasonal jobs in which they are often not eligible for insurance through their employer.¹⁰ Finally, even if they are working in a permanent full-time job, young adults may work for employers who do not offer insurance coverage. This is particularly true if the person works for a small employer.

Publicly funded insurance options for young adults vary by the applicant's age and other characteristics. Eighteen year-olds with or without minor children of their own could be eligible for Medicaid or BadgerCare. The same is true for 19 year-olds and older with minor children. Nineteen year-olds without minor children of their own are not eligible for BadgerCare but could be eligible for Medicaid if they meet certain eligibility criteria for persons with disabilities. In July 2001, there were 14,100 eighteen and nineteen year olds on Medicaid and BadgerCare.

Young adults in Wisconsin who do not have access to health insurance coverage through a parent's policy, an employer or a public program, have few remaining options. Under Wisconsin State Planning Grant research, access to insurance for 18 to 24 year-olds in the state was examined through a case study with the Family Health Center of Marshfield, Inc and by exploring health insurance options offered through Wisconsin colleges and universities.

Case Study: The Family Health Center of Marshfield, Inc.

The Family Health Center of Marshfield, Inc. (FHC) provides health care services to individuals in eleven counties in Wisconsin. Members pay a monthly premium on a sliding-fee scale that is based on income, and all must have income at or below 200% of the federal poverty guideline. Members are generally not eligible for other public programs such as BadgerCare or Medicaid. Although participants sometimes view FHC membership as having health insurance, the FHC is a federally funded community health center or safety net provider, not a health insurance policy.

In order to better understand the particular circumstances of young adults in Wisconsin, the Department of Health and Family Services in cooperation with the Family Health Center of Marshfield, Inc. conducted a brief survey of 18 to 24 year-olds who use the FHC. Questions were asked about employment, student status, availability of insurance (other than Family Health Center membership), and barriers to obtaining health insurance. While the survey is not representative of 18 to 24 year-olds in the state, it provides additional information about an age group often considered vulnerable with respect to access to insurance.

A 40% response rate was achieved, with 72 of the 179 mailed surveys being returned. Of those responding to the survey, nearly 28% were employed full-time and about 49% were employed part-time. The majority of the respondents indicated they were attending school: approximately 42% reported full-time student status and 10% reported part-time student status. Thus, nearly half of all respondents both worked and attended school, either full or part-time.

Table 2 provides more detailed information about respondents who were working and attending school. Of those working full-time, about 15% were full-time students and another 15% were part-time students. Of those working part-time, about half were also full-time students, and one-fifth were also going to school part-time.

When asked if they would like health insurance coverage and what prevents them from getting health insurance, about half of the respondents indicated they would like to have insurance coverage in addition to their FHC membership. Survey respondents indicated the FHC is an important resource for them. The most common reason for disinterest in insurance coverage was that they liked the services they received from the FHC and that the FHC covered all of their current needs. In addition, respondents indicated that they could not afford other insurance coverage.

However, the FHC does have some limitations. Respondents generally indicated they would like more comprehensive services. Of those who responded that they would like to have health insurance coverage, 48% indicated that they would like to have coverage for hospitalization, about 32% indicated they would like to have dental coverage, and about 19% indicated they

would like to have added coverage in general. A few respondents indicated that they would like to have coverage that extended beyond the Marshfield area, particularly when they are in school.

Table 2. Survey Responses: Employment Status and Student Status

Surveys Sent	179
Number Respondents	72
Response Rate	40%
<i>Of the Respondents</i>	
% Working Full-Time	28%
% Working Part-Time	49%
<i>Of Those Working Full-Time</i>	
% Full-Time Student	15%
% Part-Time Student	15%
<i>Of Those Working Part-Time</i>	
% Full-Time Student	49%
% Part-Time Student	19%

Source: Wisconsin Department of Health and Family Services and the Family Health Center of Marshfield, Inc.

The cost of obtaining health insurance is a major barrier for young adults responding to the survey. Approximately 67% of the young adult respondents indicated that they are prevented from getting health insurance elsewhere because they cannot afford it. In addition, the part-time employment status of many respondents means that they most likely cannot access group coverage through their employer. About 23% of the young adult respondents indicated that they work part-time and are ineligible for their employer's insurance. Another 18% of the respondents indicated that they are unable to get insurance through their job either because their employer does not offer it, they are a temporary employee, or for some other reason.

About 15% of respondents indicated that they expect to have health insurance coverage in the next 6 or 12 months, of which more than half indicated they expect to have health insurance through their job.

Only 13% of the young adults who responded to the survey currently have health insurance in addition to their FHC membership. Each of the

young adults who have insurance coverage is employed either full- or part-time. However, the majority did not obtain insurance through their employer, but rather through their parents, as they are also full-time students. One respondent indicated that she is self-employed and pays for a major medical policy in order to have in-patient hospital coverage for her family. Another respondent indicated that he gets athletic insurance through his college during football season.

Research at the national level suggests that 18 to 24 year-olds have higher uninsurance rates due to a number of factors, including: loss of Medicaid, because they are no longer age or categorically eligible; loss of private coverage through parents due to age restrictions; lower labor force participation and thus less access to employer-sponsored insurance; a greater tendency than other adults to work jobs where benefits are not offered or where they are not likely to be eligible; and a lower take-up rate when insurance is offered.¹¹

The Family Health Center survey results generally concur with what is known about young adults and health insurance at the national level. The young adults who responded to the survey are not eligible for BadgerCare or Medicaid. The majority of those who have insurance coverage are covered under their parents' policy. Over 40% of the survey respondents indicated that they are not eligible for insurance through their job either because it is not offered or they are not eligible due to their seasonal, part-time or temporary status. Finally, nearly two-thirds of the young adults who responded indicated that they would have trouble affording more comprehensive coverage.

Student Insurance Options

Currently there is limited information available regarding the rates of insurance coverage for young adults who are students. The University of Wisconsin-Madison estimates that approximately 20% of its students are uninsured. This number, however, includes graduate students and others who are not in the 18 to 24 year-old age range.

The Department of Health and Family Services conducted an informal survey of colleges and universities in the state to determine the extent of school-based insurance options for the student

population.¹² Colleges and universities in Wisconsin, including technical colleges,¹³ currently do not require the purchase of health insurance through the school or other entity. With the exception of those attending technical colleges, primary and preventive health care services are generally provided to students through an on-campus clinic. A few campuses have made arrangements for students to receive these services through a local health department. Most campuses, including the technical colleges, offer a major medical insurance product to their students and their dependents. Annual premiums for these products average \$484 for single coverage (student only) and \$2,494 for family coverage (student, spouse and children).¹⁴

A Closer Look: Student Insurance at the University of Wisconsin-Madison

The University of Wisconsin at Madison (UW-Madison) is unique among post-secondary institutions in the state, in that it offers its students health insurance that covers primary and preventive care, known as the Student Health Insurance Plan (SHIP). All students are offered SHIP, but students are not required to participate in the plan even if they are otherwise uninsured.¹⁵ During the 2000 school year, approximately 2,050 students were enrolled in SHIP at sometime during the course of the year and approximately 1,600 were enrolled at any point in time.¹⁶ Annual premiums for the 2000 school year were \$879 (\$73.25 per month) for single coverage and \$3,206 (\$267.17 per month) for family coverage.¹⁷

Under this voluntary enrollment system, the University has been experiencing adverse selection – students with high medical risks and utilization tend to enroll in SHIP, while those with low medical risks and utilization tend not to enroll. As a result, from the 2000 school year to the 2001 school year, the university expected premium increases of 142% for the same benefit package.¹⁸ To avoid incurring such large premium increases UW-Madison opted to trim the benefits package and implement greater cost sharing. Consequently, annual premiums for the 2001 school year increased by 13% to \$996 for single coverage and by 14% to \$3,659 for family coverage. Examples of reduced benefits and increased cost-sharing under 2001 SHIP plan include a \$500 per person cap on prescription

drugs where previously there was no maximum and a \$300 deductible for in-network benefits where previously there was no deductible on in-network utilization.¹⁹

Over the longer term, UW-Madison is investigating the feasibility of implementing an automatic enrollment policy. The policy under consideration would include an “opt-out” mechanism, under

which the failure to opt-out of the insurance plan would result in the student being automatically enrolled in and billed for the SHIP program. Various opt-out mechanisms are being examined. University of Wisconsin System researchers are also investigating the feasibility of implementing a similar coverage policy at all of its campuses.

Summary

Young adults in Wisconsin have relatively high uninsured rates: 13% compared to 7% for the entire adult non-elderly population. Access to insurance for select young adults was examined through a case study with the Family Health Center of Marshfield, Inc. While the survey is not necessarily representative of the experiences of 18 to 24 year-olds statewide, it provides additional information about an age group often considered vulnerable with respect to access to insurance. In addition, because many young adults are pursuing post-secondary education, insurance options available through Wisconsin colleges and universities were also examined.

The results of the case study, which included a brief survey of 18 to 24 year-old Family Health Center members, generally concur with what is known about young adults and health insurance at the national level. The young adults who responded to the survey are not eligible for BadgerCare or Medicaid. The majority of those who have other insurance coverage are covered under their parents insurance. Over 40% of the survey respondents indicated that they are not eligible for insurance through their job either

because it is not offered or they are not eligible due to their seasonal, part-time or temporary status. Finally, nearly two-thirds of the young adults who responded indicated that they would have trouble affording more comprehensive coverage.

Young adults in Wisconsin who do not have access to health insurance coverage through a parent's policy, an employer or a public program have few remaining options. Because many young adults are pursuing post-secondary education, insurance options available through colleges and universities can be an important source of private group coverage. Wisconsin's colleges and universities typically offer optional, major medical coverage, which excludes primary care coverage. These plans often have high premiums and deductibles, and can impose significant cost sharing on students. Institutions that offer a more complete insurance product have experienced problems with adverse selection, such that an automatic enrollment policy may be necessary to promote viable distribution of risk and to promote reasonable premium increases for a comprehensive health benefit package.

About the Family Health Center of Marshfield, Inc.

The Family Health Center of Marshfield, Inc. (FHC) is a federally funded Community Health Center that has been in existence since 1974. The Family Health Center provides primary care and community health services to low-income, uninsured or underinsured residents in north central Wisconsin. An eleven member Board of Directors, the majority of whom are or were participants of the program, governs FHC.

Medical care is provided through a contractual arrangement with Marshfield Clinic. In addition to Marshfield Clinic, FHC has an affiliated network of physicians, hospitals, pharmacies, and dentists to assist in providing comprehensive care throughout an expansive 7,372 square mile predominantly rural service area. The Family Health Center also operates a mail order pharmacy for its members.

Notes

1. U. S. Census Bureau. *Profile of General Demographic Characteristics: Census 2000 for Wisconsin*. May 23, 2001.

2. U.S. Census Bureau. *School Enrollment – Social and Economic Characteristics of Students: October 2000* (PPL-148). Table 1. Internet release date June 1, 2001

3. U.S. Census Bureau. *School Enrollment – Social and Economic Characteristics of Students: October 2000* (PPL-148), Table 11. Internet release date June 1, 2001.
4. U.S. Bureau of Labor Statistics. "Labor Force Statistics for the Current Population Survey, Annual Average Tables" Table 14. *Employment and Earnings*. January 2001. The data includes 16-24 year-olds, as 16 and 17 year-olds could not be separated out.
5. U.S. Bureau of Labor Statistics. "Labor Force Statistics for the Current Population Survey, Annual Average Tables" *Employment and Earnings*. January 2001. The Current Population Survey defines the "service industry" to include automobile and repair services, entertainment and recreation services, health services, educational services, social services, and other professional services, such as legal services, accounting and public relations.
6. U.S. Bureau of Labor Statistics. "Labor Force Statistics for the Current Population Survey, Annual Average Tables" Table 22. *Employment and Earnings*. January, 2001.
7. U.S. Bureau of Labor Statistics. "Labor Force Statistics for the Current Population Survey, Annual Average Tables" Table 37. *Employment and Earnings*. January 2001. The data includes 16-24 year-olds, as 16 and 17 year-olds could not be separated out.
8. Wisconsin Family Health Survey, 2000. Wisconsin Department of Health and Family Services, Division of Health Care Financing, Bureau of Health Information. September 2001. The Family Health Survey is a representative survey of Wisconsin's household residents conducted each year.
9. However, some dependent coverage may have limited provider networks that create geographic coverage limitations.
10. U.S. Bureau of Labor Statistics. "Labor Force Statistics for the Current Population Survey, Annual Average Tables" Tables 3 & 8. *Employment and Earnings*. January 2001
11. Cunningham, Peter J. "Next Steps in Incremental Health Insurance Expansions: Who is Most Deserving." Issue Brief #12. Washington, DC: Center for Studying Health System Change. April 1998
12. The department did not contact each institution of higher learning in the state; however, data was gathered from institutions in the state that account for approximately 95% of post-secondary enrollment in Wisconsin. Not all post-secondary students in the state are residents. Data on the share of post-secondary students attending Wisconsin institutions who are not Wisconsin residents was not available.
13. According to data from the Wisconsin Technical College System Board, approximately 400,000 students were enrolled in an associate degree, technical diploma or vocational program at one of Wisconsin's sixteen technical colleges during the 1990-2000 school year.
14. Premium data for insurance products offered at Wisconsin's technical colleges were not available and are not included in the tabulations to determine the average premium.
15. All international students, however, are required to purchase health insurance through SHIP. The data in this section apply only to domestic students enrolled at the University of Wisconsin-Madison.
16. Harter, David. Personal communication. University of Wisconsin at Madison, University Health Services, June 28, 2001. The data in this section apply only to domestic students enrolled at the University of Wisconsin-Madison.
17. "SHIP Domestic 2000-2001". Plan Summary prepared by University Health Services, University of Wisconsin-Madison.
18. "UW Student Access to Affordable Health Insurance in Jeopardy". University Health Services, University of Wisconsin-Madison. Not dated. Printed May 3, 2001 from the world wide web.
19. "SHIP Domestic, 2000-2001" and "SHIP Domestic: 2001-2002". Plan Summaries prepared by University Health Services, University of Wisconsin, Madison.

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