



Affordable Care Act, What's in it? Rural Young Adults

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Alyssa Charney
Center for Rural Affairs

The Patient Protection and Affordable Care Act includes significant benefits for young adults. Many provisions have already gone into effect, and others will be implemented by 2014. The law provides increased access to affordable, quality health care, which is especially important for young adults in rural communities.

The places where young people live, the work they pursue, and the passions they follow shouldn't be decided by limitations on how or where to find health insurance. The Affordable Care Act addresses these limitations for young adults with provisions that include the ability to remain on their parents' policies, the creation of health insurance marketplaces, the elimination of pre-existing conditions, and incentives for employers to provide coverage. With these changes, increased access to affordable care means that beginning farmers, young entrepreneurs, small business employees, and health care providers can help strengthen their rural communities.

The implications of this new freedom to work will be critical to sustain and revive our rural communities. The benefits that young adults bring to rural communities should not be driven out by a lack of access to affordable health insurance. This report examines how the Affordable Care Act benefits young adults and, consequently, the rural places they call home.

According to U.S. Census Bureau data, nearly 15 million people between 19 and 29 years of age are without health insurance (one-third of that population). It is estimated that over 12 million of that young adult uninsured population will obtain coverage under provisions of the Affordable Care Act.¹

Extended Dependent Coverage

In accordance with section 2714 of the Affordable Care Act, young adults can now stay on their parents' insurance plans until age 26. Getting married, moving away from home, graduating from college, or gaining financial independence won't disqualify young adults from staying covered. This provision went into effect in September of 2010, and it means that young adults will remain eligible for coverage under family plans until age 26, or until they have a plan offered through employment. Even if a young person loses coverage as a result of losing their job, they can get back on their parents' plan if they make the switch within thirty days. Already 600,000 young adults have joined their parents' plans under the new law, and federal estimates indicate that family premiums will only increase by an average of one percent as a result of this provision.²

Extended coverage creates an opportunity to gain valuable experience in work that one is passionate about without being limited by concerns of how to stay covered by insurance. This matters for rural communities, where population decline is largely driven by youth leaving to find jobs that will provide the benefits they need. Beginning farmers and young entrepreneurs are essential to rural communities, but jumping into these opportunities already carries significant financial risks, and the inability to find health insurance is an additional significant burden. Extended coverage means more time to get started and gain experience in work within the community.

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There are approximately 7 million rural residents between 20 and 29 years of age based on 2010 Census figures for nonmetropolitan population and the percentage of all people residing in nonmetropolitan areas (16.3 percent). Of that group of rural young adults, it is estimated that nearly 600,000 will be eligible to remain on their parents' health insurance until age 26 pursuant to the Affordable Care Act. Nationally, it is estimated that 3.4 million young adults will be eligible for coverage under this provision of the Affordable Care Act.³

Finding Insurance on the Individual Market

For young adults who are older than 26 and aren't provided with affordable insurance from employers, health insurance marketplaces (or "exchanges") will be set up by 2014. These marketplaces will enable self-employed individuals, or individuals without an affordable plan from their employer, to compare and purchase quality health insurance they can afford. Individuals who earn up to four times the federal poverty level will qualify for premium assistance subsidies for insurance purchased through the marketplaces.

2011 Federal Poverty Level (%)⁴

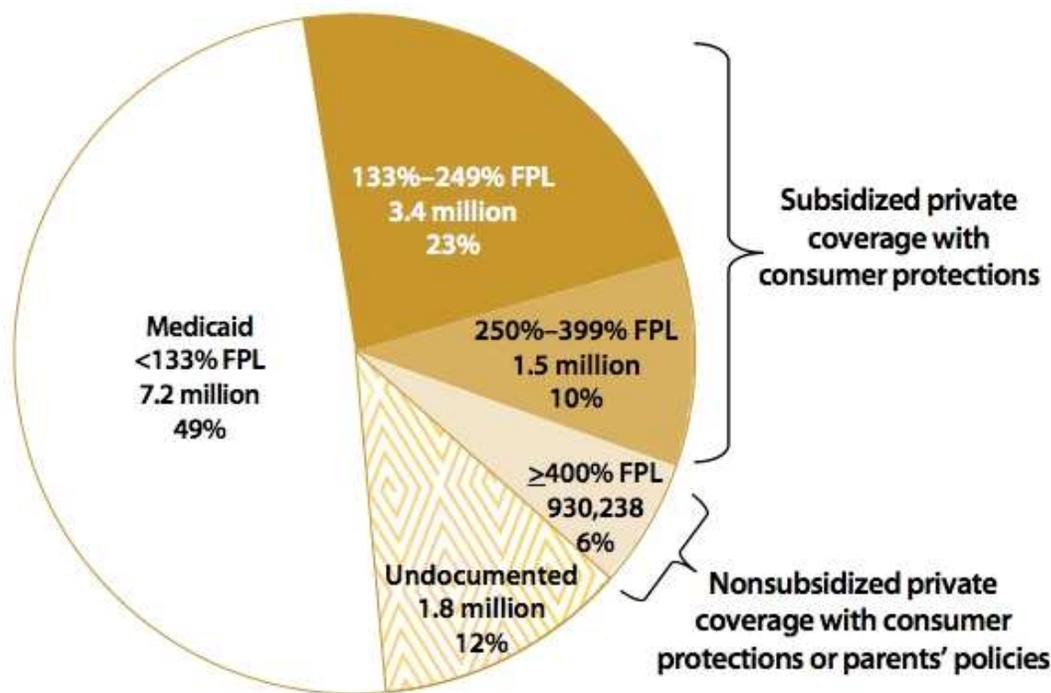
# in family	100%	133%	150%	200%	300%	400%
1	\$10,890	\$14,848	\$16,335	\$21,780	\$32,670	43560
2	\$14,710	\$19,564	\$22,065	\$29,420	\$44,130	\$58,840
3	\$18,530	\$24,645	\$27,795	\$37,060	\$55,590	\$74,120
4	\$22,350	\$29,726	\$33,525	\$44,700	\$67,050	\$89,400
5	\$26,170	\$34,806	\$39,255	\$52,340	\$78,510	\$10,4680
6	\$29,990	\$39,887	\$44,985	\$59,980	\$89,970	\$11,9960
7	\$33,810	\$44,967	\$50,715	\$67,620	\$10,1430	\$13,5240
8	\$37,630	\$50,048	\$56,445	\$75,260	\$11,2890	\$15,0520

These marketplaces will be especially important in rural areas, where self-employment, as a percentage of the labor force, is 22.4percent, significantly higher than in micropolitan and metropolitan counties.⁵

Not only will individuals in rural areas benefit from the marketplaces, but, specifically, young adults have much to gain from this new option. Currently over 40 percent of uninsured young adults have incomes between 133 percent and 400 percent of the poverty level, which would qualify them for subsidies from purchasing through the marketplace. Additionally, insured young adults who currently purchase in the non-group market may also be able to benefit from the subsidies once the marketplaces are set up, as only 15 percent of these individuals have incomes over 400 percent of the poverty level.⁶

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Distribution of Uninsured Young Adults by Income Level



14.8 million uninsured young adults ages 19–29

Note: FPL refers to Federal Poverty Level.

Source: Analysis of the March 2010 Current Population Survey by N. Tilipman and B. Sampat of Columbia University for The Commonwealth Fund; estimates of undocumented uninsured young adults by Jonathan Gruber and Ian Perry of MIT using the Gruber Microsimulation Model for The Commonwealth Fund.

As the marketplaces are created, outreach, education, and transparency will be important, especially for young adults in rural areas. More isolated locations and inexperience with purchasing insurance makes reaching out to this group especially necessary.

Pre-existing Conditions

Also in 2014, pre-existing medical conditions will no longer be a basis for insurers to deny coverage or charge a higher premium. But before that change, and before the marketplaces are set up, young adults with pre-existing conditions who have been uninsured for at least six months can purchase subsidized coverage through a national high-risk pool, which was provided in Section 1101 of the Affordable Care Act. Of the young adults who are currently uninsured, one in seven has been diagnosed with a chronic condition, and so some may be able to benefit from this temporary provision.⁶

In addition, young adults with children can already benefit from the elimination of pre-existing conditions, because children under 19 can no longer be denied coverage based on a health problem or disability that developed before applying for coverage. As young adults begin to take advantage of new opportunities for

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their own coverage, it is essential that children be eligible for coverage under these plans as well. Keeping young adults and their families covered within rural communities means ensuring that each member of the family is accounted for.

Health Insurance from Employers

The marketplaces will be important not only for young adults looking to purchase individual insurance plans, but also for those who are employed by small businesses or interested in starting their own small business. Businesses with fewer than 100 employees will be eligible to purchase insurance through the marketplaces, and currently half of working, uninsured young adults are employed at businesses of this size.⁶

A tax credit is already available for small businesses (with under 25 employees) that provide health insurance to their employees. Rural youth stand to benefit from this incentive due to the high number of uninsured young adults as well as the rural Americans who work for small businesses. In 2008, 36 percent of working, uninsured adults were employed by businesses that had fewer than 25 employees⁶, and nearly one-third of all rural Americans work for small businesses.⁷

More Young Health Care Providers

The Affordable Care Act builds on the National Health Service Corps (NHSC), which provides scholarships and repays educational loans for primary care health providers who practice in underserved areas. The Affordable Care Act adds \$1.5 billion over five years to expand the \$300 million investment in NHSC in the American Recovery and Reinvestment Act. Combined, nearly \$2 billion will be invested to add more than 12,000 additional primary care physicians, nurse practitioners, and physician assistants by 2016.⁸ Approximately 60 percent of these placements will be in rural areas.⁹

Why We Need Healthy, Insured, Rural Youth

Regardless of whether we will be getting health insurance through our parents' plans, their employers, or the new marketplaces, these provisions within the Affordable Care Act have big implications for rural young adults. Access to affordable, quality health insurance means more young adults can stay, return, or relocate to rural communities. Young farmers, entrepreneurs, and rural health care providers not only have much to gain from the Affordable Care Act, but they also have valuable skills and knowledge to contribute to rural communities.

Young Farmers

One-third of farmers purchase health insurance directly from an insurance company. This is more than three times the national average.¹⁰ Therefore, they stand to benefit significantly from the new marketplaces in 2014.

But currently finding health insurance becomes an individual responsibility for many, and unsustainable costs often mean that young farmers are forced to look for other opportunities with the benefits they need, or assume the risks of being uninsured.

For Inga Haugen, a young farmer in southeastern Minnesota, these costs remain a major barrier that she struggles to overcome. Inga Haugen, a young farmer who direct markets pork, chicken, beef, and mushrooms in southeastern Minnesota, is unable to afford health insurance. She points out that in attempting to purchase

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insurance, she can currently be discriminated against because of the “hidden disabilities,” or pre-existing conditions, that work against her. She knows insurance companies can deny coverage, or charge her more, because of her weight, because she is a woman, or because she is single. This discrimination will no longer be allowed in 2014, and other provisions within the Affordable Care Act will provide Inga with options for marketplaces and subsidies that make purchasing her insurance affordable. These changes are needed so that insurance costs will be just as sustainable as the way Inga and other young farmers care for the land.

“Spending one-fifth of my take home pay on health insurance? That’s not sustainable. But I have to farm sustainably, because if I don’t there won’t be anything for the next generation. And that’s not acceptable.”

Inga Haugen

Young Entrepreneurs and Small Businesses

Almost one-third of all rural Americans work for small businesses, but currently more than half of them remained uninsured because their employers are unable to offer health benefits.⁹ This lack of benefits discourages young adults from seeking employment in rural communities, but with tax credits and an insurance marketplace for small businesses, these numbers can change in the next few years.

Young Rural Healthcare Providers

The expansion of the National Health Service Corps (NHSC) within the Affordable Care Act has significant implications for young adults and rural places, not only because it means increased access to health care providers, but also because it provides important incentives to bring back young adults for careers after they complete medical training.

Rural Communities

Rural communities are quickly declining in population, with many young adults leaving in search of outside opportunities and benefits. However, it would be incorrect to assume that this migration is driven by a lack of desire to live in rural places.

According to a survey from the National Association of Realtors, 40 percent of Americans would prefer to live in a rural area or small town, compared to the less than 20 percent who currently do. Many young people are forced to leave because they need jobs that provide health insurance, as they cannot afford health insurance on their own.

Increased access to affordable, quality health care means that young adults won't be forced to choose between supporting their rural communities and finding the health insurance they need. It means more young farmers growing our food locally, and more young people starting businesses in rural communities. It means more families supporting those new businesses, bringing students to our schools, and rejuvenating our communities.

Covering Young Adults Strengthens the Insurance Pool

More insured young adults not only strengthen rural communities, but they also help spread risk and balance

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costs throughout the insurance pool. More coverage means less young adults getting sick and needing emergency care they can't afford, which, when they aren't covered, forces everyone else to make up for it with higher costs for their own insurance.

Additionally, because young adults tend to be healthy, adding them to insurance pools helps create the balance that was intended by the Affordable Care Act. By spreading the risk, more healthy people are available to pay for those in the pool who are older, and more likely to be sick. As a result, the system will work better and premiums will decrease. And when those healthy, young people do occasionally get sick, everyone else won't have to cover the costs.

Conclusion

The Affordable Care Act benefits rural young people in ways that extend well beyond individual health and affordability, because supporting this young generation means supporting our rural communities for generations to come.

Young adults in rural places face unique challenges in accessing affordable, quality health insurance. But they also have a unique opportunity to support and revitalize their rural communities.

The Affordable Care Act has already enabled rural young adults to act upon this opportunity, and additional provisions of the law will continue to bring benefits and increased access to health insurance.

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ABOUT THE AUTHOR

Alyssa Charney is the policy and organizing intern at the Center for Rural Affairs. She grew up in Massachusetts, and has a degree in Environmental Studies and Geography from Vassar College. Alyssa works on health care, renewable energy, and community engagement.

ABOUT THE CENTER FOR RURAL AFFAIRS

Established in 1973, the Center for Rural Affairs is a private, nonprofit organization with a mission to establish strong rural communities, social and economic justice, environmental stewardship, and genuine opportunity for all while engaging people in decisions that affect the quality of their lives and the future of their communities.

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