

# HEALTH CARE REFORM FOR YOUNG ADULTS

Approximately 30 percent of young adults in the United States are uninsured, representing the highest rate of uninsured in any age group. This is especially alarming because one in six young Americans suffer from a chronic illness, and almost 50 percent of uninsured young adults report that they have trouble paying their medical bills. The Affordable Care Act makes significant improvements in health insurance options for young adults and some estimate that health care reform could help more than 4.7 million uninsured young adults.

## What health care reform means for young adults:

### Extended Coverage to Adult Children

- Under the Affordable Care Act, insurers and employers who offer dependent coverage must offer coverage to an enrollee's adult child until the child is 26 years old.
- Coverage must be extended to young adults whether or not the young adult lives with his or her parents, is a dependent on a parent's tax return, is a student, or is married. The provision also extends Medicaid coverage to former foster care children who are under 26 years old.
- The adult child does not have to purchase an individual policy; qualified adult children who need insurance coverage will be included in the family plan.
- The new provision applies to all plans in the individual market, and to all new and existing employer plans that offer dependent coverage.
- The provision will be officially implemented on **September 23, 2010**, but over 65 insurance companies have already volunteered to continue coverage for young adults who graduate or age off their parents' insurance prior to September 2010. If you have questions regarding your individual health insurance plan and when extended dependent coverage will be offered, please contact your insurance company or visit [www.healthcare.gov](http://www.healthcare.gov) for more information.

## **Greater Choices for Young Adults**

- The State Health Insurance Exchanges, which will be operational in January of 2014, will provide a variety of choices for young adults encouraging competition and allowing young adults to decide how much coverage they want.
- The Affordable Care Act ensures that all Americans have quality, affordable choices, whether they switch jobs, move, or hold part-time or temporary jobs. This is especially important for young adults, whose jobs and locations are likely to change often.
- The Act also makes standardized information about insurance plans in specific geographic regions available to young adults, so that they understand their choices and can easily compare prices and benefits.

## **Affordable Coverage**

- The Affordable Care Act will provide premium tax credits to limit the amount young adults spend on their health care premiums as well as cost sharing credits to ensure access to affordable health insurance coverage.
- The Affordable Care Act creates a new voluntary long term care insurance program which allows young adults to plan for their future by enrolling for just \$5 per month as a student so they will have access to a cash benefit in the event they need long-term care at any time in their lives.

## **New Tax Benefits for Adult Child Coverage**

- Under a new tax provision in the Affordable Care Act, the value of any employer-provided health care plan for an employee's child is excluded from the employee's income through the end of the taxable year in which the child turns 26-years-old. This tax benefit applies to all enrollees.
- The tax benefit applies to a variety of employer and retiree health plans, in addition to self-employed individuals who are eligible for the self-employment health insurance deduction on their federal income tax return.
- Employers may decide to continue coverage beyond the adult child's 26<sup>th</sup> birthday. In such cases, the value of the employer-provided health coverage is excluded from the employee's income for the taxable year in which the child turns 26.

To learn about how the Affordable Care Act will affect you and your family and the health insurance options available to you in Vermont visit [Leahy.Senate.gov](http://Leahy.Senate.gov) and [HealthCare.gov](http://HealthCare.gov)