EFFECTS OF FEDERAL POLICY TO INSURE YOUNG ADULTS: EVIDENCE FROM THE 2010 AFFORDABLE CARE ACT’S DEPENDENT COVERAGE MANDATE

Yaa Akosa Antwi
Department of Economics, Indiana University Purdue University at Indianapolis (IUPUI), yakosaan@iupui.edu

Asako S. Moriya
The School of Public and Environmental Affairs (SPEA), Indiana University, asako.moriya@gmail.com

and

Kosali Simon1
The School of Public and Environmental Affairs (SPEA), Indiana University, and NBER

June 18, 2012

Abstract

We study the impact of the recent Affordable Care Act (ACA) provision that required private health insurers to allow older child dependents to stay on parental policies until age 26 using data from the Survey of Income Program Participation (SIPP) spanning August 2008 to November 2011. By comparing outcomes for targeted young adults aged 19-25 to those who are slightly older and slightly younger, before and after the law, we find the ACA substantially reduced uninsurance among young adults. Young adults were 30 percent more likely to be on their parents’ employer policies on average after the staggered implementation commenced in September 2010, compared to before the enactment of the law. This increase in dependent coverage drew from both the uninsured and the otherwise insured. We also find evidence consistent with greater take-up among those with higher marginal benefits and lower marginal costs of obtaining dependent coverage, such as those whose parents already had family employer health insurance policies prior to the law. Dependent coverage increases are also greater for Whites relative to non-Whites, for single individuals relative to married individuals, and for non-students relative to students. We find no statistically significant difference in the impact of the provision on young adults who reside in states with and without some form of prior state dependent coverage mandate.

1 Contact information for corresponding author: Kosali Simon, Professor, The School of Public and Environmental Affairs (SPEA), Indiana University, Rm 359, 1315 East Tenth Street Bloomington, IN 47405-1701, simonkos@indiana.edu, 812-856-3850 (w)