



Know Your Benefits

Health Coverage Options for Young Adults

The Affordable Care Act (ACA) has made a number of changes to health insurance coverage over the last few years. Some provisions of the ACA are focused specifically on expanding health coverage options for young adults.

Prior to the ACA, many young adults faced great difficulty finding full-time jobs in the post-recession job market, let alone ones with comprehensive benefits. In addition, many young adults found themselves “kicked off” of their parent’s health plan following graduation from either high school or college. This combination resulted in approximately 1 out of 3 recent graduates being uninsured for part of the year following graduation.

Like many other healthy, young adults, you may think that skipping health insurance sounds like a good idea. Health insurance can be expensive and you might feel it’s not worth the cost if you don’t need much medical care.

However, you never know when a catastrophic accident or illness will strike. Without insurance to help cover costs, you can quickly end up in financial trouble. Also, the ACA requires most individuals to obtain health coverage or pay a penalty with their federal tax return. It is in your best interest to seek out health coverage to avoid paying this penalty and to protect yourself from being financially crippled by medical costs.

As an adult, it is up to you to explore the health coverage options that are available to you and to select the plan that best fits your needs.

Health Coverage Through Your Employer

Many employers offer health coverage to employees as a benefit of employment. In addition, the ACA now requires certain large employers to provide affordable, minimum value health coverage to their full-time employees.

There are several advantages of employer-based plans. Because they are group health plans, risk is spread among the entire group and premiums are usually lower. Your employer may also cover part of the premium cost. In addition, you may be able to choose from a number of plans, depending on the choices offered by your employer.

Participants in group health plans are also covered by federal benefits laws, which guarantee things like special enrollment rights and protection from discrimination based on your health status.

Enrollment in an employer-based plan generally occurs through two regular opportunities—an initial enrollment period when you are hired (or first become eligible) and an annual open enrollment period. In many cases, the only exception to these enrollment rules is if you qualify for a special enrollment period (SEP).

The Health Insurance Portability and Accountability Act (HIPAA) is a federal law that requires employers to provide an SEP of at least 30 days following one of these situations: loss of eligibility for other coverage (such as turning 26 and losing coverage on your parent’s plan), getting married or divorced, having or adopting children, and becoming eligible or losing eligibility for Medicaid.

If interested, contact an HR representative to explore your group health plan options and open enrollment dates, or to see if you qualify for a SEP.



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Quite often, young adults are able to be covered under a parent's health plan until the age of 26. If your parent's plan offers dependent coverage, you are eligible until you turn 26, whether or not you are married, living with your parents, eligible for coverage through your own employer, financially dependent on your parent or are a student. However, it is up to your parent whether you can be covered under his or her plan.

One advantage of being enrolled in your parent's plan is that you don't have to shop for coverage. Seeking your own health coverage can be an intimidating and confusing process. You may already be familiar with the benefits and medical providers you have access to under your parent's plan. Another advantage is that the premium cost may be lower than the cost of coverage you would get on your own. The coverage may be less expensive per person than individual plans, and, if there are already other dependents on your parent's plan, adding you may not cost them anything at all. If you live near your parents, you can avoid paying the expensive out-of-network rates you may face if you were living far away.

Remaining on your parent's plan can also have disadvantages. Many employer-based plans stop providing coverage for young adults on their parent's plan during the month of their 26th birthday.

Another disadvantage is that, because policyholders receive a comprehensive summary of benefits, your parents may potentially get more information about your health care than you would like. If you prefer privacy or independence, you should consider seeking coverage on your own.

Also, if you are planning to get married or have a baby, your own dependents aren't eligible for coverage under your parent's plan. In order to best prepare for your future, you should consider finding insurance for you and your family.

If you are turning 26 or are interested in acquiring a health plan independent from your parents, you should research the options available to you and talk with your parents and an HR representative as early as possible so that you are able to properly plan for this transition.

Health Coverage Through Marketplace Plans

The ACA required health insurance exchanges, or Marketplaces, to be established in each state. The Marketplace allows individuals to compare health insurance options and purchase coverage. Some people are also able to receive subsidies to help pay for premiums and out-of-pocket expenses. However, you will not be eligible for subsidies if you were offered health insurance (for example, by your employer or a spouse or parent's plan) that was affordable and covered at least an average of 60% of health care costs. Even without subsidies, you may be able to find a health insurance option that fits your budget.

In addition to comprehensive health insurance coverage, you may be eligible for a "catastrophic plan." These plans are available only to those under 30 years of age and generally have very low premiums and very high deductibles. Although this type of plan covers only the most essential health needs in order to fulfill the ACA requirements, the main purpose of this plan is to protect you from the substantial medical costs that can be incurred from a serious accident or illness.

Marketplace enrollment is only available during an annual open enrollment period, unless you qualify for a SEP. The rules for SEPs in the Marketplace differ from those that apply to employer-based plans. For more information or to enroll in a Marketplace plan, please visit www.healthcare.gov.

Health Coverage Through Medicaid

Medicaid is a program that is designed to help provide health coverage to low-income adults. Medicaid does not have a specific open enrollment period, which means that you may apply at any time. Eligibility for Medicaid varies from state to state, so be sure to check www.medicaid.gov or your state's Department of Health website to see if you qualify.

Health Coverage Through Individual Plans

Many health insurance companies offer individual plans. Obtaining health insurance through a third party may be the best fit for you if you know exactly what you want.



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Because this option is not a group health plan, individual health insurance may be more expensive than other options.

The level and quality of the coverage will vary, depending on the specific policy. Typically, higher quality plans come with higher premiums.

In addition, carriers may limit enrollment to specific times during the year, similar to the Marketplace. Contact STR Benefits Consulting for help navigating the numerous individual plan options that you have.

What Happens If I Do Not Have Health Coverage?

If you do not have health coverage, you will be responsible for paying 100% of your health care costs. And unless you experience a qualifying life event, you will be unable to enroll in a health plan until the next open enrollment period through your employer or through the Marketplace.

Summary

In order to ensure you have the appropriate coverage for your specific needs, be sure to thoroughly research the options that are available to you. Depending on your situation, it may be helpful to talk with your parents and your HR representative. Buying health insurance may seem unnecessary now as a young and healthy adult, but accidents and illness can strike at any time. Be proactive and be prepared.