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The Effect of the Affordable Care Act's Dependent Coverage Provision on Health Insurance Gaps for Young Adults With Special Healthcare Needs

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A B S T R A C T

Purpose: This study examined the impact of the 2010 Affordable Care Act's dependent coverage provision on gaps in insurance coverage for young adults with special healthcare needs (YASHCN).
Methods: We used the 2008 Survey on Income and Program Participation, a longitudinal survey covering 2008–2013. Our sample was comprised of 3,316 YASHCN ages 19–29. We used a difference-in-difference regression approach to assess the effect of the dependent coverage provision on the probability that a YASHCN experienced a gap in insurance coverage. We compared outcomes for a treatment group, YASHCN ages 19–25, and a control group, YASHCN ages 27–29, before and after the 2010 policy change. The longitudinal data allow us to estimate regressions that control for individual and time fixed effects.
Results: After controlling for fixed effects and other confounding variables, we found that extending coverage until age 26 for YASHCN was associated with reduced insurance gaps. Specifically, our estimates suggest that the Affordable Care Act dependent coverage provision was associated with reduced insurance gaps among YASHCN by 2.4 percentage points.
Conclusions: The Affordable Care Act dependent coverage provision helped mitigate the number of insurance gaps experienced by YASHCN. This is of particular importance to YASHCN, as they are a vulnerable population and their continuity of insurance coverage is a critical part of their transition into adulthood.

IMPLICATIONS AND CONTRIBUTION

Despite the importance of continuous insurance coverage for youth with special healthcare needs, the impact of the Affordable Care Act (ACA) on insurance gaps for these young adults remains understudied. Findings indicate that the 2010 ACA dependent coverage provision reduced the number of insurance gaps experienced by these individuals.

Children and youth with special healthcare needs (CYSHCN) encompass a diverse range of youth "who have or are at increased risk for a chronic physical, developmental, behavioral, or emotional condition and who also require health and related services of a type or amount beyond that required by children generally" [1]. According to the National Survey of Children with Special Healthcare Needs, CYSHCN ages 17 and under make up 15% of the population of the U.S. children. Twenty-three percent of households in the Unites States have one or more CYSHCN [2].

CYSHCN are a vulnerable population and their continuity of insurance coverage is a critical part of their transition into adulthood. Many CYSHCN experience gaps in health insurance coverage as they transition into adulthood by aging out of children's public health insurance programs or off their parents' private health insurance policies [3,4]. In many instances, public insurance ceases at age 19 [5]. CYSHCN covered by Medicaid or Children's Health Insurance Program often lose coverage at age 19 because they access these programs as low-income youth and are not eligible for coverage once they become 19. About 40% of CYSHCN have Medicaid coverage due to their receipt of Supplemental Security Income; their coverage would continue into young adulthood.

Conflicts of interest: There are no conflicts of interest to report. Dr. Chan prepared the first draft of the manuscript.

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Before the ACA, private insurance for youth often ceased at age 19 with exceptions made if the youth was still in school or did not work [6]. Loss of coverage is problematic for young adults with special healthcare needs (YASHCN) because they are in particular need of health care and the continuity of medical coverage is crucial for them to access medical care [7].

Under the ACA, public insurance eligibility for youth ages 19 and older remained the same, with some exceptions such as continued coverage for youth in foster care. In September 2010, private insurance policies were required to cover dependents under their parents' policies until age 26. Studies have found that the dependent coverage provision increased insurance coverage among young adults [8–12], although disparities in coverage related to race and socioeconomic status persist [13]. We are not aware of research that has focused on the impact of this provision on YASHCN. Porterfield and Huang [14], using a measure of functional limitations and the National Health Interview Survey data, found coverage to increase among young adults with functional limitations eligible for the provision compared to young adults not covered by the provision. Tumin et al. [15] found lack of insurance coverage (relative to private coverage) to increase among young adults with cystic fibrosis eligible for dependent coverage, relative to their older counterparts.

Additionally, we are not aware of studies that have examined the impact of the dependent coverage provision on gaps in coverage. Gaps in health insurance coverage are problematic for YASHCN as they can lead to unmet need and delayed medical care potentially exacerbating their chronic conditions [7]. This study extends the literature with our focus on YASHCN and the impact of the ACA dependent coverage provision on insurance gaps YASHCN experience as they transition into adulthood. As detailed below, we find that the dependent coverage provision was significantly associated with fewer insurance gaps for YASHCN.

Study Data and Methods

Data source, sample, outcomes

Our data for this study come from the 2008 Survey of Income and Program Participation (SIPP), which consists of 16 four-month periods or waves spanning 2008–2013. Each person in the sample is first surveyed in intervals from September 2008 to December 2008, and then followed and surveyed in subsequent waves until the end of 2013.

The SIPP is a longitudinal household questionnaire-based survey designed as a continuous series of national panels. The main objective of the SIPP is to provide comprehensive information about the income and program participation of individuals and households in the United States [16]. Certain SIPP waves also include topical modules that cover specific medical condition and disability topics. We use the detail on child, and adult medical conditions and disability found in these topical modules to identify YASHCN.

We created an algorithm in which the Maternal and Child Health Bureau screener questions were mapped to SIPP topical modules and variables in order to identify YASHCN. The SIPP topical modules also included variables providing information on a person's specific medical conditions, which were also used to designate them as YASHCN. An individual was classified as YASHCN if they met at least one of the screener criteria or experienced two or more medical conditions (e.g., blindness or vision problems, deafness or serious trouble hearing, mental or emotional conditions, learning disability, and substance abuse), or had one specific medical condition that was nonsubstance abuse related. This approach was developed in consultation with an expert in the field of disability and public program eligibility. For more information related to the identification, please see the Supplementary Data.

The dependent variable used in this study is the insurance gap for each individual for each of the SIPP waves available from September 2008 to December 2013, derived from a recording of the health insurance coverage flag variable (Rcutyp58) in the dataset. The SIPP collects four monthly records of observations per person at a certain point called a reference month during each wave. For each person in each wave, a person is coded as having an insurance gap if they did not have insurance in any of the 4 months reported in that wave. The estimates presented in this paper are the estimated impact of the ACA dependent coverage provision on the probability that an individual has an insurance gap in any 4-month period.

Because the dependent coverage provision will affect only those young adults who are eligible for coverage under their parents' insurance, we exclude young adults who were identified in the SIPP as heads of household.[1]

Methods

We analyzed the 2008 SIPP employing a longitudinal design. We appended the data across the 16 waves, allowing us to identify discrete insurance gaps these young adults experience over time, and allowing us to use fixed effects estimation, which controls for possible confounding cross-sectional differences between individuals that do not change over time. (These will include observables such as gender as well as unobservables such as genetic differences.)[2]

A difference-in-difference regression approach was used to identify the effect of the policy on the probability a YASHCN experiences an insurance gap. In this quasi-experimental approach, we compared outcomes for a control group and a treatment group both before and after the policy change. The treatment group, those affected by the policy, is YASHCN ages 19–25. The control group is YASHCN ages 27–29. If we find that the probability of an insurance gap declines for the treatment group after the policy change, but that this probability does not change (or increases) for the control group, then this is evidence that the policy was associated with the decline in the probability of an insurance gap for the treatment group. September 2010 was the effective implementation date for the ACA policy of interest. For most people, this provision did not actually take effect until an individual or family's plan or policy year began or renewed; this date was assumed to be January 1, 2011 [17]. We set January 1, 2011 as the date the policy change affected most YASHCN.

The data used to estimate the regressions include YASHCN, ages 19–29 who are not household heads. The basic estimated regression equation is as follows:

$$Y_{it} = B_0 + B_1\,Post_t + B_2\,Treatment_{it} + B_3\,(Post_t \times Treatment_{it}) + \sum_j \alpha_j\,Controls_{jit} + \sum_i \delta_i + \sum_t \delta_t + \sum_s \delta_s + Error_{it} \quad \text{(Equation 1)}$$

[1] Limiting the sample to YASHCN whom are not heads of household also allows us to control for confounding variables related to the characteristics of the parent and the parents' household.

[2] Hausman tests found evidence that fixed effects estimates are preferable to random effects estimates.