



Original Research

Effects of the Affordable Care Act's young adult insurance expansion on prescription drug insurance coverage, utilization, and expenditures

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Abstract

Background: The US Affordable Care Act (ACA) extended the age of eligibility for young adults to remain on their parents' health insurance plans in order to address the disproportionate number of uninsured young adults in the United States. Effective September 23, 2010, the ACA has required all private health insurance plans to cover dependents until the age of 26. However, it is unknown whether the ACA dependent coverage expansion had an impact on prescription drug insurance or the use of prescription drugs.

Objectives: To evaluate short-term changes in prescription health insurance coverage, prescription drug insurance coverage, prescription drug use, and prescription drug expenditures following implementation of the ACA young adult insurance expansion using national data from 2009 and 2011.

Results: Full-year health insurance coverage increased 4.9 percentage points during the study period, which was mainly due to increases in private health insurance among middle- and high-income young adults. In contrast, full-year prescription drug insurance coverage increased 5.5 percentage points and was primarily concentrated among high-income young adults. Although no significant short-term changes in overall prescription drug use were observed, a 30% decrease in out-of-pocket expenditures was seen among young adults.

Conclusions: While the main goal of the ACA's young adult insurance expansion was to increase health insurance coverage among young adults, it also had the unintended positive effect of increasing coverage for prescription drug insurance. Additionally, young adults experienced substantial decreases in out-of-pocket spending for prescription drugs. It is important for evaluations of health care policies to assess both intended and unintended outcomes to better understand the implications for the broader health system.

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Keywords: Affordable Care Act; Dependent coverage mandate; Prescription drug insurance; Health policy; Health insurance

Introduction

In 2010, the US Affordable Care Act (ACA) extended the age of eligibility for dependent

coverage under their parents' health insurance plan to address the disproportionate number of young adults that were uninsured. Nearly 1/3 of

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young adults 19–25 years old lacked health insurance in 2009, and were uninsured at nearly twice the rate compared to national estimates.¹ Since September 23, 2010 the ACA has required that all private health insurance plans cover dependents until they reach age 26 regardless of marital status, residency, financial dependency, or other characteristics.^{2,3} Since this provision became effective, insurance coverage has risen by nearly 10 percentage points for 19–25 year olds, with an uninsured rate of 22.6% in 2013.⁴ Several studies have supported the finding that the new law has decreased the number of uninsured young adults by increasing the prevalence of private insurance coverage.^{5–10} The uninsured rate for this age group is projected to continue to fall with implementation of state Medicaid expansions and insurance exchanges.⁵

Uninsured young adults encounter barriers when accessing other health care services, such as being unable to afford prescription drugs.¹¹ However, it is unknown whether there is a relationship between the ACA's young adult insurance expansion and prescription drug insurance coverage in this population. Prescription drugs are a vital component of care management, as early detection and treatment of chronic conditions play an essential role in reducing the risk of developing complications or adverse events.¹² This is important for the estimated 9.5 million young adults 18–29 years old living with chronic conditions and/or disabilities.¹³ A recent study found that the ACA dependent coverage mandate had spillover effects on young adult dental insurance coverage.¹⁴ That is, while the ACA mandate applied only to medical insurance, significant increases in private dental insurance were also observed. To date, no previous study has evaluated whether the ACA mandate was associated with changes in prescription drug insurance coverage.

In addition to its impact on health insurance coverage, the ACA's young adult insurance expansion has been associated with changes in health care utilization and costs. This includes increases in hospital-based mental health care¹⁵ and nondiscretionary visits to emergency departments,¹⁶ along with financial protection against emergency care costs and overall medical expenditures.^{16,17} However, no previous study has evaluated whether the ACA's young adult insurance expansion has been associated with changes in prescription drug use and expenditures.

Using national data from the 2009 and 2011 waves of the Medical Expenditure Panel Survey,

the purpose of this study was to evaluate short-term changes in health insurance coverage, prescription drug insurance coverage, prescription drug use, and prescription drug expenditures following implementation of the ACA dependent coverage expansion.

Methods

Data

This study uses data from the Medical Expenditure Panel Survey (MEPS), which is a nationally representative survey of families and individuals across the United States sponsored by the US Agency for Healthcare Research and Quality. The MEPS provides nationally representative estimates of health care use, expenditures, sources of payment, and health insurance coverage for the US civilian non-institutionalized population. The MEPS is conducted annually and uses an overlapping panel design, where data are collected for individuals via 5 interviews over a 2-year period.¹⁸ To evaluate annual changes in prescription drug coverage due to the dependent coverage mandate, information on pre- and post-ACA coverage was obtained from the 2009 and 2011 waves of MEPS, respectively. Although health insurance policies renewed on or after September 23, 2010 were required to cover dependents until they reach age 26, plans were encouraged to voluntarily begin covering young adults prior to the implementation date required by the ACA.³ Due to the transition occurring in late 2010 and potential confounding due to early implementation of the policy change, 2011 data were used to evaluate the impact of the young adult policy change as it was the first full year following implementation. This study utilizes the following MEPS components: the Household Component which provides estimates of respondents' health status, demographic and socioeconomic characteristics, employment, access to care, and satisfaction with health care; and the Prescribed Medicines data file which provides detailed information on self-reported prescribed medication purchases.

Sample selection

The ACA dependent coverage mandate allowed young adults to stay on their parents' insurance up to the age of 26. Therefore, the treatment group for this study was comprised of young adults aged 19–25 years (unweighted = 4,863, weighted = 47,784,706) and the control group was comprised

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