

Research



Premium Increases for “Young Invincibles” Under the ACA and the Impending Premium Spiral

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EXECUTIVE SUMMARY

Crucial to the success of the Affordable Care Act's (ACA) health insurance exchanges is the participation of 2.7 million uninsured 18-35 year olds, sometimes referred to as the “young invincibles.” With lower than average incomes and generally good health, “young invincibles” are more likely to forego health coverage than others, or be attracted to plans offering basic coverage at minimal prices. Due to the ACA’s sweeping market reforms, rates for low-premium plans have increased exponentially between 2013 and 2014. In fact, on average, a healthy 30 year old male nonsmoker will see his lowest cost insurance option increase 260 percent.

18-35 year olds typically utilize fewer health care services than other populations, and as such, their premiums are needed to subsidize the costs of caring for more expensive enrollees. The administration admits that without these “young invincibles” the exchanges may well fail. However, unreasonable premium increases and an ineffectual subsidy-penalty system appear likely to discourage young people from signing up, threatening the stability of the insurance market.

As can be seen in the following map, premiums for a healthy 30 year old will increase in all fifty states and the District of Columbia – from a low of 9 percent in Massachusetts to a high of 600 percent in Vermont.

INTERACTIVE MAP: PREMIUM RATE INCREASES FROM 2013 TO 2014*