



Weekly Checkup

Financial Incentive Lacking for Young Adults

CONOR RYAN | JANUARY 30, 2014

The administration is looking towards young adults—known for generally good health and a propensity to forgo health insurance—to participate in large numbers in the Affordable Care Act's (ACA) state based exchanges, helping to guarantee a balanced risk pool in the insurance market. Unfortunately, the ACA does not include strong enough financial incentives to inspire the majority of uninsured young adults to join the exchanges, according to a [recent study from AAF](#). Many uninsured young adults do not purchase health insurance because the cost is far greater than what they expect to pay in medical bills. And while the premium subsidies, cost-sharing provisions, and tax penalty for being uninsured will make purchasing health insurance worthwhile for some, over 85 percent of uninsured young adults will likely find it financially advantageous not to purchase health insurance in 2014.

The penalty for remaining uninsured will increase through 2016, leading more uninsured young adults to be financially incentivized to purchase health insurance, but masking a more subtle trend: each year, subsidized enrollees will be expected to cover a larger share of their premiums than the year before. [An AAF primer](#) on the statutorily mandated adjustments to ACA premium subsidies demonstrates that enrollee income contributions may nearly double over the next ten years. And as shown in the chart below, the financial burden of health insurance will increasingly outweigh the cost of being uninsured after 2016, despite federal premium subsidies.

