



## HIV/HEPATITIS HEALTH REFORM WATCH

Volume 2, June 9, 2010

The HIV/Hepatitis Health Reform Watch is a new resource from NASTAD to provide periodic updates and resources on the implementation of the landmark *Patient Protection and Affordable Care Act* (PPACA) as it pertains to HIV/AIDS and hepatitis programs and those living with these diseases.

### **Spotlight Issue**

#### **Expansion of Health Insurance to Young Adults**

In the United States, persons between the ages of 13 and 24 are at ongoing risk for HIV infection, particularly young gay men of all races and ethnicities. In 2006, of the estimated 56,300 people in the United States that became infected with HIV 34 percent or approximately 19,000 were adolescents or young adults aged 13–29 years. In 2007, an estimated 6,650 individuals aged 13-24 in 34 states were diagnosed with HIV/AIDS, representing about 15.6 percent of all persons diagnosed with HIV/AIDS that year.<sup>i</sup> With an estimated 24.6 percent increase in the number of young people aged 13-24 living with AIDS between 2004 and 2007, prevention strategies and treatment services targeted to youth are essential.<sup>ii</sup>

A barrier to health care among HIV-infected youth is a lack of financial resources and/or insurance. In 2008, 13.7 million young adults between the ages of 19 and 29 were uninsured in the United States. Further contributing to the increase in young adults without health insurance has been the surge in unemployment, reaching 17.2 percent among persons between 20 and 24 years of age in April, 2010.<sup>iii</sup>

The recent health reform legislation includes many provisions that will directly affect how young adults receive health insurance and care. The Federal government estimates that 1.24 million young adults will become

covered under their families' policies in 2011, with 650,000 of those individuals being previously uninsured.<sup>iv</sup>

### *Extension of Dependant Coverage*

The extension of dependent coverage of children up to the age of 26 will help reduce the number of uninsured young adults in the United States, including those with HIV and viral hepatitis. In addition, parents will have an opportunity to rejoin a plan or switch plans to one that offers better dependent coverage. This includes insurance plans purchased on the individual insurance market or offered through self-insured or fully insured employers. On May 10, 2010, the Internal Revenue Service (IRS), Department of Labor (DOL), and Department of Health and Human Services (HHS) released the [interim final rules](#), explaining how young adults can remain on their parents' plans and are able to be added to their parents' plans as a dependent after the law goes into effect. The rules will go into effect on September 23, 2010.

HHS has been working with the major insurance companies to get them to provide this coverage earlier. A list of companies that have agreed to implement before the September 23, 2010 deadline is available on the [HHS website](#).

The law states that young adults cannot be charged higher premiums for coverage because of their age. Residency, student status, financial support or marital status does not define one's eligibility for dependent status. In addition, they must be offered the same benefits package under the group health plan that is available to similar individuals who did not lose their dependent status.

Dependent coverage does not extend to the young adult's children or spouse. However, even if a young adult is eligible for employer-sponsored coverage, he/she may choose to stay with a parent's health insurance plan as a dependent if the parent's plan was purchased in the individual market or the plan did not exist before March 23, 2010. The extension does not apply to "grandfathered health plans" for plan years beginning before January 1, 2014 if the young adult is eligible for employer-sponsored group health plan. For a discussion of "grandfathered health plans," see "[Health Care Reform: Provisions Affecting Employer-Sponsored Group Health Plans](#)."

By September 23, 2010, parents must receive a written notice to allow their children to re-enroll in a parent's insurance plan. The young adult has a period of 30 days after the start of the new plan year to decide to enroll in a parent's plan. If early enrollment is not available and the young adult has aged off a parent's coverage within the last 60 days, the individual may

remain on a parent's coverage through COBRA. Otherwise, the young adult may qualify for coverage through temporary high-risk pools if they have been uninsured for six months and have a pre-existing condition.

For ADAPs, to comply with payer of last resort requirements it will be important to determine if people 26 and under are eligible for insurance through their parents.

#### *Additional Expansions for Young Adults*

The Medicaid expansion in 2014 to adults with incomes up to 133 percent of the federal poverty level under the PPACA will have the largest effect on reducing the number of uninsured young adults in the United States. This provision expands coverage to single adults with an income of about \$14,404 or a family of four with an income of about \$29,327, for example. With 52 percent of uninsured young adults residing in families with incomes under 133 percent of poverty, the Medicaid expansion can potentially insure 7.1 million young adults. For more information on the Medicaid expansion, see the Kaiser Family Foundation's podcast of the briefing, "[Medicaid Expansion in Health Reform: National and State Estimates of Coverage and Cost.](#)"

Young adults below the age of 30 and between 133 percent and 400 percent of poverty can obtain health insurance through subsidized private coverage under the new insurance exchanges in 2014. This source of insurance has the potential to provide plans to 5.6 million uninsured young adults. Young adults between 133 and 250 percent of poverty will benefit from premium caps between three and eight percent of their income and cost-sharing credits, which limit out-of-pocket expenditures. Young adults between 250 and 400 percent of poverty will benefit from premium caps between eight and 9.5 percent of their income.

Individuals above 400 percent of poverty and under the age of 30 will not be eligible for subsidized coverage, but will be able to purchase a catastrophic "young invincible" health plan in 2014. This will provide the essential benefits package and three annual primary care visits at lower premiums. However, preventive services will be excluded from the deductible.

In order to create diverse risk pools in individual and exchange markets, compliance of young adults is critical. The degree of compliance in the new mandates among low- and moderate-income young adults will depend on the ease of enrollment and affordability of premiums. With the new regulations, out-of-pocket limits, cost-sharing subsidies, and essential benefits package, uninsured young adults will be encouraged and able to enroll in an affordable and comprehensive health insurance plan by 2014.

### *Dependent Coverage Resources:*

- Alliance of Health Reform and The Commonwealth Fund: [Webcast](#) on Health Reform and Young Adults and [Briefing Resource Materials](#)
- The Commonwealth Fund: [Rite of Passage: Young Adults and the Affordable Care Act of 2010](#)
- Families USA: [Health Coverage for Young Adults](#)
- HHS: [Protecting Young Adults](#) and [Regulations Q & A](#)
- Kaiser Family Foundation: [Medicaid Expansion in Health Reform: National and State Estimates of Coverage and Cost](#)
- Kaiser Family Foundation: [Questions About the Extension of Dependent Coverage to Age 26](#)
- Sonnenschein Nath & Rosenthal LLP: [IRS, DOL and HHS Issue Interim Regulations for Employer-Provided Health Coverage for Adult Children](#)
- Sonnenschein Nath & Rosenthal LLP: [Health Care Reform: Provisions Affecting Employer-Sponsored Group Health Plans](#)
- White House: Fact Sheet on [Young Adults](#)

### **Medicare Part D**

The first batch of \$250 rebate checks will be sent out on June 10 by the government to Medicare Part D beneficiaries who have hit the “donut hole.” A [brochure](#) explaining the rebate checks is also available. Checks will be sent every 30 days or so to beneficiaries who have hit the donut hole. It is estimated that approximately four million Part D beneficiaries will receive the rebate check by the end of the year. There is no action that needs to be taken by beneficiaries to receive the rebate check. The \$250 rebate is the initial step in the phasing down of the coverage gap. NASTAD has not received any information from HRSA’s HIV/AIDS Bureau regarding the \$250 checks.

Starting in 2011, beneficiaries will get a 50 percent discount on medications during the coverage gap. ADAPs will receive the discount on drugs they purchase for clients beginning January 1, 2011 when ADAP expenditures are allowed to calculate towards TrOOP. [Guidance](#) issued by CMS on May 21 to Part D plans, clarifies on page 18 that ADAPs will receive the 50 percent discount. A future issue of NASTAD’s *HIV/Hepatitis Health Reform Implementation Watch* will provide more detailed information regarding changes to Medicare Part D, particularly as those changes affect ADAPs.

### **Federal Players in Implementation**

HHS continues to staff up to implement the far reaching law. HHS established the Office of Health Reform in May 2009 and has created a new office to oversee the implementation of changes to private health insurance.

The [Office of Consumer Information and Insurance Oversight](#) will be led by [Jay Angoff](#), a former Missouri insurance commissioner. Additional personnel in the office include former Maryland insurance commissioner Steve Larsen, former Georgetown University professor Karen Pollitz, and Richard Popper, who ran Maryland's high risk insurance pool program.

### **Resources**

Please see NASTAD's [resource document](#) for additional information related to health reform.

### **Previous Volume**

[Volume One](#) spotlighted the Temporary High Risk Insurance Pool Program.

### **Footnotes**

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<sup>i</sup> CDC. "Cases of HIV Infection and AIDS in the United States and Dependent Areas, 2007." *HIV/AIDS Surveillance Report, 2007*. Atlanta: US Department of Health and Human Services, Centers for Disease Control and Prevention; 2009; 19.

<http://www.cdc.gov/hiv/topics/surveillance/resources/reports/2007report/default.htm>

<sup>ii</sup> CDC. "Cases of HIV Infection and AIDS in the United States and Dependent Areas, 2007." *HIV/AIDS Surveillance Report, 2007*. Atlanta: US Department of Health and Human Services, Centers for Disease Control and Prevention; 2009; 19.

<http://www.cdc.gov/hiv/topics/surveillance/resources/reports/2007report/default.htm>

<sup>iii</sup> U.S. Department of Labor, Bureau of Labor Statistics, The Employment Situation—April 2010, <http://www.bls.gov/news.release/pdf/empst.pdf>.

<sup>iv</sup> Department of the Treasury, Department of Labor, Department of Health and Human Services, *Interim Final Rules for Group Health Plans and Health Insurance Issuers Relating to Dependent Coverage of Children to Age 26 Under the Patient Protection and Affordable Care Act, May 10, 2010*.