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# Health Care Countdown: Young People Could Bear Brunt of Insurance Mandate

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Young adults are in for a wake-up call if health care reform passes.

For the first time ever, the federal government is going to require that everybody obtain health insurance coverage. For those who have insurance through their employers, the so-called individual mandate may have very little impact. But for young adults, many of whom are not currently covered, the health care bill will add a new and costly expense to their budgets.

"The Census Bureau tells us there are 18 million people between the ages of 18 and 35 who are uninsured -- roughly half of the uninsured population are younger people in that age group," said Anne Kim, with the non-profit think tank Third Way.

The individual mandate has teeth to it, and anyone who refuses to get coverage will be fined under the health care package.

In the Senate bill, the fines start low at $95 a year in 2014, and they eventually rise to between $750 and $2,250, depending on the income of the person being fined. In the House bill, the fine is calculated as 2.5 percent of the income of the person being penalized.

Jim Capretta, a fellow at the Ethics and Public Policy Center, said the fines are "relatively low" when compared to the costs of coverage that people are being told to assume.

"Some of the costs of an individual coverage or a family policy could be as high as $10,000 or $14,000 in a few years' time," he said. "And so there's thousands of dollars of premiums at stake and the fine is maybe only $750."

The federal government wants to require young, healthy people to buy insurance because if they don't, premiums for everyone else will go up. Insurance companies need low-maintenance, young customers on their rolls so they can raise money to cover benefits for less-healthy people the health care bill will require them to insure.

"If you don't have a mandate that gets in the young people who are cheaper, you're going to see average premiums rise," said Jim Kessler, vice president for policy with Third Way. "There's no way around that."

But both houses passed two other reforms that create an incentive not to buy insurance.

First, the bills allow patients to basically purchase insurance whenever they want.

"You can literally buy an insurance policy in the ambulance on the way to the hospital," said Douglas Holtz-Eakin, former director of the Congressional Budget Office. "You could imagine a situation in which you would pay the fines, stay out of the insurance pool, and at the moment when you need it, you go out and buy it."

The other disincentive is that both houses change how much older customers can be charged relative to younger customers. Analysts agree this will drive up the cost for young people, though it's not clear by how much.

"If you charge people a fair price, then a 50-to-60-year-old should pay about six times as much as a 20-year-old," said John Goodman, president of the National Center for Policy Analysis. But he noted that the Senate bill says older people can be charged only three times as much; the House bill says they can be charged two times as much. "So we're going to penalize low-income young people in order to lower the premiums for older wealthier people."

"Young people are going to bear a disproportionate cost in this reform," Holtz-Eakin said.

The Senate tries to make it easier on the young by offering them a bare-bones insurance plan that would be less expensive than all the others. This is perhaps the keystone for the entire reform effort, because if young healthy people don't get into the insurance pool, everything else -- especially cost containment -- could fall apart.