Health Insurance and the Transition to Financial Adulthood

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Abstract: The probability of being uninsured peaks in early adulthood, with one third of young adults uninsured in their early 20s. The increase in uninsurance begins in the late teenage years, driven by the loss of parental health insurance and, for men, the loss of public coverage. Rates of uninsurance decline several years later when young adults begin to obtain employer-sponsored coverage on their own. But the gap between losing childhood coverage and gaining one's own coverage means that the median young adult will be uninsured at some point in his or her late teens or early twenties. Employment instability explains a significant fraction of the high rate of uninsurance among the young. When combined with other factors (marital status, parenthood, family income), observable characteristics can explain about half of the spike in uninsurance in young adulthood. This suggests that uninsurance in early adulthood is related to the more general lack of financial maturity that characterizes young adults, but is not entirely explained by it. Whether the residual excess insurance coverage is due to adverse selection in insurance markets or attributes I have not measured, such as risk preferences, remains to be deteremined.

1. Introduction

The years between age 16 and age 34 are typically marked by a series of important milestones: finishing school, finding stable employment, leaving the parental nest, and establishing a home of one's own. It is a time of transition to financial adulthood.[1] One of the many tasks that young adults must confront for the first time is finding their own health insurance. Most teenagers are covered as dependents on a parent's private insurance policy; Medicaid covers a substantial fraction as well. But at some point eligibility for these sources of coverage runs out and young adults have to find health insurance on their own. This transition may be a rocky one: data from the Census Bureau show that in 2004, thirty percent of people between the ages of 18 and 24 were uninsured, more than in any other age group (DeNavas-Walt et al., table 7). Moreover, half of uninsured adults are between the ages of 18 and 34 (author calculations based on DeNavas-Walt et al, table 7). To a large extent, then, the problem of the uninsured is a problem of young adulthood. Why is the transition from childhood to adult health insurance coverage so difficult?

This paper analyzes the health insurance trajectories of young adults and the nature of gaps in coverage among in this population. I estimate life-cycle profiles of health insurance coverage for young adults. I offer two types of explanation for the spike in uninsurance that occurs in early adulthood. The first is a dynamic accounting explanation focusing on flows between different types of insurance coverage. This analysis reveals that the spike in insurance among young adults is driven by increases in the risk of becoming uninsured among those who have parental coverage and, for men, public coverage. The spike goes away both because the

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[1] I have borrowed the phrase "transition to adulthood" from developmental psychology. For further discussion of the complex social, emotional, and psychological tasks that mark the transition to adulthood, see Settersten, Furstenberg and Rumbaut (2005).
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probability of becoming uninsured conditional on having either public or private insurance coverage declines and the probability of gaining some kind of insurance conditional on being uninsured increases. That is, flows into uninsurance decrease and flows out of uninsurance increase with age, reducing the stock of the uninsured.

The second explanation for the spike in uninsurance relies on analyzing the characteristics of young adults. The basic story is that young adults have the characteristics of people who are uninsured: their labor force attachment is not strong, they are unmarried, they have low incomes. The problem may not be age per se but the other things that come (or don't come) with youth. I find that controlling for employment, including details such as full-time/part-time status and job tenure, and other characteristics like marital status and the presence of children can explain about half of the spike in uninsurance in young adulthood. While this does not mean that these other characteristics *cause* young adults to be uninsured – rather, it means that they all happen at the same time – the overall picture that emerges is one in which lack of health insurance is part of a more general lack of financial maturity. This is not the whole picture, however, since the spike in uninsurance remains significant even after controlling for the other markers of financial maturity. The remaining "excess" uninsurance among young adults may be due to differences by age in other characteristics that I have not measured, such as risk preferences, or may be due to the imperfections in health insurance markets. Distinguishing between these two explanations should help inform the design of public policy for uninsured young adults and is a high priority for future research.

2. Background

Even though young adults have the highest rates of uninsurance of any age group, very little research has focused on their health insurance coverage.[2] An exception is Collins et al. (2005), who document the high rates of uninsurance among young adults, especially those who are low-income or do not go on to college after leaving high school. The Institute of Medicine (2001) also notes young adults are overrepresented among the uninsured and attributes this to "social, economic and demographic factors" such as family income, employment in small firms, and low-wage jobs, although they do not test the extent to which these factors do, in fact, explain higher rates of uninsurance among young adults.

Research on health insurance may not have focused on young adults, but there is a great deal of work that focuses on young adults more generally and the "transition to adulthood" in particular. This transition seems to have become more difficult over time – or at least, it is happening later in the life course (Fussell and Furstenberg 2005). Moreover, the definition of adulthood seems to be evolving. Furstenberg et al. (2003), using data from the General Social Surveys (GSS), find that the "the definition of adulthood that emerges from the GSS includes being financially independent, leaving home, completing school, and working full-time. Nearly half of Americans viewed marriage and parenthood, once defining markers of adulthood, as unimportant for the attainment of adult status." Somewhat surprisingly, none of the work on the transition to adulthood has examined health insurance coverage as an outcome, even though it seems like an excellent marker of adulthood.

The fact that the transition to adulthood is acknowledged to be difficult on many dimensions raises the question: is health insurance coverage special? That is, high rates of uninsurance among young adults may simply reflect the fact that the transition to financial

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[2] Glied and Stabile (2000) and Glied and Stabile (2001) analyze the health insurance coverage of young men, but the youngest men in their analyses are already 25.

adulthood is a difficult one, and this difficulty is manifested in many different ways: unstable employment, lack of health insurance coverage, and in some cases failure to leave the parental nest. In the latter case, high rates of uninsurance among young adults are not particularly informative about the problem of uninsurance at older ages. Instead they simply confirm what an increasingly large body of research suggests: kids these days can't get it together, and thirty really is the new twenty.

On the other hand, getting health insurance for young adults may present a unique set of difficulties beyond those presented by the other milestones of adulthood. Markets for health insurance may suffer from imperfections that lead young adults, who are relatively healthy, to face prices for insurance that are actuarially unfair, resulting in lower demand for coverage. This could occur either because of information asymmetries in the insurance market or because of regulation-induced distortions in the market. In the first scenario, the market for insurance might suffer from a classic adverse selection problem in which insurance companies have less information than consumers about risk and therefore the low-risk individuals (in this case the young adults) are not fully insured (or in this case, uninsured) (Rothschild and Stiglitz 1976). In the second scenario, insurance markets might function efficiently in the absence of regulation, but community-rating requirements induce the same result as information asymmetries: young adults face actuarially unfair prices and therefore don't buy insurance. This could also be caused by the *de facto* community rating that employers appear to practice (Pauly and Herring). Cardon and Hendel (2001), the only paper that tests directly for adverse selection in health insurance markets, finds no evidence of adverse selection.

Understanding whether high rates of uninsurance among young adults are due to financial immaturity or to problems in the health insurance market has important implications for public

policy. If financial immaturity explains young adults' failure to obtain coverage, then policies aimed at making coverage available to them, such as increasing the maximum age of eligibility for dependent coverage, may be less effective than policies like Medicaid expansions that effectively spread a safety net under young adults. On the other hand, if adverse selection in health insurance markets explains why adults are not covered, then policies to correct market imperfections such as allowing the sale of "bare bones" insurance or relaxing community rating laws may effectively increase rates of insurance among young adults without further expansion of public programs.

3. Data

The Survey of Income and Program Participation (SIPP)

The data for the main analysis come from the 1996 and 2001 panels of the Survey of Income and Program Participation (SIPP). The 1996 SIPP panel first interviewed 36,730 households containing 95,315 individuals in March, April, May or June of 1996 and then attempted to re-interview each household every four months for the next four years. The 2001 SIPP panel began in January through April of 2001 with 35,106 households containing 90,408 individuals who were followed for up to three years. The SIPP collects four months' worth of retrospective monthly information at each interview, but because of the well-documented problem of "seam bias" I use data for the fourth reference month only (that is, information on the month in which the interview actually occurred). I restrict my sample for analysis to individuals who provide at least two years of data beginning with wave 1, and further restrict the sample to data from the first two years for which these individuals are observed. The first restriction reduces the sample of individuals by about one-third, to 185,723 in all (counting both the 1996

and 2001 panels). The second restriction means I am throwing away additional information on these individuals – up to two years' worth, depending on the panel.[3] The resulting sample consists of 122,776 individuals in 42,212 households. By construction, I have exactly six observations on each individual. My analysis focuses on children and young adults through age 35; table 1 shows the distribution of the sample by age at wave 1, sex, and panel.

The SIPP asks about paid employment during the reference period and whether it was part-time or full-time, as well as whether the respondent was enrolled in school part-time or full-time during the reference period. I use this information to construct variables reflecting the respondent's main activity during the reference period. The SIPP also asks about public and private health insurance coverage, whether private insurance is in the respondent's own name, and if it is not who the policyholder is. This enables me to construct a variable reflecting whether the respondent has his/her own private coverage, coverage from a parent, or coverage from a spouse. All estimates from the SIPP are weighted using the wave 1 sampling weights.

The Current Population Survey (CPS) Contingent Work Supplements

For an analysis of health insurance offering and eligibility, I also use data from the Contingent Work Supplements to the Current Population Survey in February 1995, 1997, 1999 and 2001. These supplements contain information on employer-sponsored health insurance, including whether coverage is available for workers who do not have their own such coverage.[4] Health insurance data is available for wage and salary workers (i.e. workers who are not self-employed). Workers are asked whether they have coverage through their own employer; if they

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[3] Preliminary analyses using the additional observations suggests that the same substantive story emerges if I look at a longer time period.

[4] Both the 1996 and 2001 SIPP panels include a Topical Module in wave 5 on employee benefits that includes information on health insurance offering. The CPS Supplements, however, have a much larger sample.

do not, they are asked whether the employer offers health insurance to any workers and if so whether they could have been covered by the plan. The supplements are described in more detail in Farber and Levy (2001). I use the responses to these questions to construct variables reflecting whether each worker is in a firm that offers insurance, whether the worker is eligible for insurance if it is offered, and whether the worker enrolls in coverage for which s/he is eligible ("takeup"). All estimates from the CPS are weighted using the February supplement sampling weights.

4. Results

4a. The distribution of health insurance coverage by age

How does health insurance coverage evolve as youth mature into adults? Tables 1 and 2 show the distribution of health insurance coverage by age for men and women, respectively, from birth through age 35. The same data are presented graphically in figures 1 and 2. Coverage through a parent's policy is the main source of coverage for both boys and girls, covering almost two-thirds of all children through age 17. After age 17, the probability of parental coverage drops, and by age 24 only a negligible fraction of adults are still covered by their parents. Figure 3 presents trends in parental coverage separately those who are still in school full-time from those who are not. Parental coverage is heavily dependent on enrollment status, and the decline in parental coverage starts about four years later, at age 21 rather than age 17, for those who remain enrolled in school full-time. Interestingly, the declines in parental coverage for non-students begin at age 16, before the typical maximum age of eligibility for non-students (18 or 19), suggesting that this constraint may not bind very tightly.

At about the same age that parental coverage drops off, young adults begin to obtain their own private health insurance policies. Rates of own private coverage for both men and women

increase sharply between the ages of 17 and 23, at which point women's coverage levels off while men's continues to increase until leveling off around age 28. Spouses are an important source of coverage for women starting in their early 20s and throughout the rest of their adult lives. Men rely on spousal coverage as well, but it is a less important source of coverage for them than it is for women, never covering more than 15 percent of men and covering fewer than 10 percent of men under the age of 30.

The male-female differentials in own private and spousal coverage offset one another so that overall, the age profiles of coverage by private insurance in one's own name or through a spouse are nearly identical for men and women. Looking at private coverage from any source – whether the policy is held by oneself, a spouse, or a parent – shows that the increases in own and spousal coverage come just a few years later than the declines in parental coverage. The result is a pronounced dip in the probability of private health insurance coverage for both men and women between the ages of 18 and 27. For men, this dip is exacerbated by a drop in the probability of public coverage that also occurs around age 18, presumably as a result of Medicaid program rules. Thirteen percent of eighteen year old boys have public insurance; by the time they are 21, only four percent do. The decline in public coverage for women is much more gradual and does not really begin until age 22. This suggests that many young women with Medicaid coverage as children retain that coverage into adulthood, though it is not clear exactly how this happens.

The net effect of these phenomena is an increase in the probability of being uninsured between the ages of 18 and 30 that is larger for men than for women. At age 17, about 20 percent of men or women are uninsured. By age 22, 37 percent of men and 30 percent of women are uninsured. By age 30, the fraction of women who are uninsured has dropped to 16 percent and

remains relatively flat through the remainder of women's working lives. For men, rates of uninsurance drop to about 18 percent by age 32 and remain reasonably flat thereafter.

The risk of being uninsured is even higher if instead of looking at a point in time we look at the probability of being uninsured at any point in a given window. Figure 5 shows the probability over a two-year period (six waves) that the respondent reports being uninsured at least once. More than half of all young men between the ages of 18 and 25 will be uninsured at some point in the next two years, and two-thirds of young men will be uninsured at some time between the ages of 21 and 23. for women the risk is slightly lower; the age range in which the median women will be uninsured at some point is only 19 to 23, and the maximum risk of uninsurance in a two-year window is 58 percent at age 22 (as opposed to 65 percent at age 21 for men).

4b. A Dynamic accounting "explanation" of the spike in uninsurance

The figures suggest that uninsurance spikes because young adults lose parental coverage or lose public coverage and don't pick up the slack for themselves. When we examine year-to-year transitions using the panel aspect of the SIPP data, this is in fact pretty much what we observe. Figures 5 and 6 present an analysis of the changes from one year to the next in the fraction of men and women, respectively, who are uninsured. Figure 5 presents results for men and Figure 6 presents result for women. The line running over the bars is the increase in the fraction uninsured that will occur in the upcoming year. For example, the peak of 0.125 at age 19 in Figure 5 reflects the fact that the fraction of men who are uninsured will increase by 12.5 percentage points between age 19 and age 20. The bars show where that increase will come from: the white and gray bars above the horizontal axis represent the flow from different types of

insurance into uninsurance. For example, the chart shows that between ages 19 and 20, ten percent of men in the sample will lose parental coverage and become uninsured. Four percent will lose public coverage and become uninsured. 2.6 percent will lose their own private coverage and become uninsured. At the same time, a few – about four percent – will gain insurance. This is shown in the black bar below the horizontal axis. The sum of these flows into and out of insurance is the net change in insurance coverage.

The analysis in Figures 5 and 6 is pretty much what one would expect given how the distribution of coverage evolves with age. Young adults lose parental and private coverage in large numbers in their late teens; several years later, they begin getting their own insurance coverage (primarily private coverage, though this is not shown in the figure). The spike in uninsurance occurs because of the lag between these two sets of events.

4c. Explaining the spike: Is it other characteristics?

One reason that the young are so likely to be uninsured may not be their youth per se but rather that they have other characteristics that make them less likely to be insured. The most obvious of these is a weak attachment to the labor force. We know that the transition from school to stable employment can take a surprisingly long time; for example, Yates (2005) documents that the median worker takes nearly a year after first leaving school to start a job that will last for at least one year. For the median high school dropout, it takes more than three years. It is unclear whether young workers' high mobility represents pointless churning between dead-end jobs or productive search that ultimately yields a good match; see Neumark (2002) for a review of this issue. But the consequences of high job mobility for health insurance coverage are unambiguous: nonworkers are much more likely than workers to be uninsured. Even among

workers, previous research has shown that workers low-tenure jobs are much less likely to provide health insurance (Farber and Levy 2000). If young adults spend some time unemployed while looking for a job, move between short-term jobs, or are more likely to be in low-tenure jobs, they will be less likely to have employer-sponsored insurance. Even a job that will ultimately prove to be a stable job that provides health insurance has to start out as a new job.

There are other characteristics of youth that are associated with being uninsured as well: having low income, being unmarried, not having children, and renting rather than owning one's home.[5] All of these are measured in the SIPP so it is possible to estimate the independent effect of age, controlling for these other characteristics, on the probability of being uninsured. Specifically, I estimate the following linear probability model:

$$Unins_{it} = X_{it} \cdot b + \{(age = 17) \cdot a_{17} + ... + (age = 35) \cdot a_{35}\} + e_{it}$$

where i indexes individuals, t indexes survey waves (6 for each individual), and X is the vector of control variables.[6] The dependent variable is binary (1 if the individual is uninsured, 0 if s/he has private or public insurance). I estimate the model separately for men and women. First, I estimate the model with only the age dummies for ages 17 – 35 (age 16 is the omitted category) and no control variables; this is equivalent to calculating average rates of no insurance at each age. I will refer to this as "model 0" or the "no covariates" model. Then for each group I estimate the model ten times using the following different sets of control variables:

1. A set of dummies indicating whether the person works full time, works part-time, is in school full-time, or none of the above (the omitted category)

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[5] One might ask: are these characteristics of youth that consequently we associate with being uninsured, or characteristics of the uninsured that are also characteristics of the young? I would argue the latter since controlling for age, the uninsured are poorer and are less likely to be married, to have children or to be homeowners than are the insured.

[6] Standard errors adjusted for the fact that there are multiple observations from each person.

2. A set of 9 dummies characterizing the individual's family income relative to the poverty threshold

3. A marital status dummy

4. A marital status dummy, a dummy for being a parent, and an unmarried parent dummy

5. A set of variables reflecting the activity of one's spouse (full-time work, part-time work, full-time school, none of the above [omitted])

6. A set of establishment size dummies for workers

7. A dummy for being a homeowner

8. A dummy indicating whether the individual lives with his/her parents and the interaction between that dummy and a full-time student dummy

9. A set of dummies indicating whether the person works full time, works part-time, is in school full-time, or none of the above (the omitted category) plus an indicator for whether the person has more than one job, and variables reflecting job tenure on the main job;

10. A "kitchen sink" regression including all of the variables in models 1-9;

I then compare the vectors of age dummies $(a_{17},\ldots, a_{35})$ from the different specifications to see what effect different controls have on the age profile of uninsurance.

Table 5 presents complete regression results for men for the model with no covariates and the model with all the covariates (model 10). Figure 7 plots the age dummies from all of the models for men so that we can see what the covariates do to the age profile of uninsurance. I have added back in the mean level of uninsurance at age 16 before plotting the vector of age dummies so that the scale is comparable to figure 4. Some of the covariates – most notably, income and establishment size – do very little to explain the spike in uninsurance or actually go

in the wrong direction. Other covariates, however, explain quite a bit of the spike, and all of the covariates taken together reduce the spike by more than half of its value: the peak at age 23 is 19.4 percentage points higher than age 16 in the model with no controls but only 9.4 percentage points higher than at age 16 in the model with all the covariates. The set of covariates that is most important is the dummies for major activity (full-time school, full-time work, part-time work) plus job tenure for full time workers (model 9). The age dummies from this model, plus those from models 0 and 10, are plotted with their 95% confidence intervals in Figure 8. Although the confidence intervals for model 9 overlap with those for model 0 and model 10, the confidence intervals for model 0 and model 10 do not, suggesting that the covariates as a group have significantly reduced the spike in uninsurance for men. This figure also shows that the age dummies remain significantly different from zero even when all the covariates are included in the model. That is, the spike is still there even when we control for other attributes. The analysis for women is similar, although the spike is smaller and the amount of it that can be explained by covariates is larger (see Table 6 and Figures 9 and 10). Covariates reduce the spike in health insurance (relative to age 16) from 13.2 percentage point at age 21 to only 5.6 percentage points.

To summarize: other characteristics such as employment and job tenure can explain half of the spike in uninsurance in young adulthood for men and slightly more than half of the spike for women. Even controlling for covariates, however, rates of uninsurance among young adults remain significantly higher than those for older adults. How should we interpret these results? Because health insurance and the other covariates like employment and income are simultaneously determined, we cannot place a causal interpretation on the regression results. That is, it would be incorrect to say that young adults have lower rates of health insurance coverage *because* they are less likely to be in full-time, long-term jobs than older adults. It is

equally plausible that an attribute we do not observe determines both employment and health insurance coverage. For example, reaching financial maturity might be an independent event that expresses itself in many ways, including getting a stable job and getting insurance coverage, and also perhaps getting married and buying a house.[7] What the regression tells us, rather, is whether health insurance coverage is completely tied up with these other events or whether *even when we have taken account of the other events*, young adults are less likely than other adults to be insured. If this is true – which it is - it suggests that lower rates of health insurance are not just a symptom of the lack of financial maturity, although lack of financial maturity explains about half of the spike in uninsurance.

4d. Analysis of offering/eligibility/takeup for full-time workers

Even for full-time workers, there are big differences in own-employer insurance coverage by age. Are these differences due to differences in employer offering, eligibility conditional on employer offering, or takeup conditional on eligibility? I use data from the CPS Contingent Work Supplements to answer this question. Table 7 presents coverage, offering, eligibility, and takeup rates by age for full-time workers. In order to decompose the change in coverage into its component parts, note that coverage at any point in time is the product of offering, eligibility and takeup:

$$C_t = O_t \cdot E_t \cdot T_t$$

The change in coverage between two points in time, then, can be algebraically decomposed into three parts attributable to offering, eligibility, and takeup[8]:

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[7] See Dougherty (2006) for evidence that the apparent positive effect of marriage on earnings for men is in fact due to unobserved maturity that is expressed both in higher earnings and in getting married.
[8] For a more detailed explanation of the decomposition, see Levy and Farber (2000).

$$\Delta C = \left(\Delta O \cdot E_2 \cdot T_2 \right) + \left(\Delta E \cdot O_2 \cdot T_2 \right) + \left(\Delta T \cdot O_1 \cdot E_2 \right) + error\ term$$

Table 8 presents the results of this decomposition for the difference between coverage at age 18 and age 35 and two intermediate age gaps: 18 to 22 and 22 to 35. Between age 18 and age 35, there is a 49.7 percentage point increase in the rate of own-employer coverage, from 23.5 percent to 72.6 percent. This change is equally due to increases in offering and increases in takeup, each of which explain 41% of the total increase. The remaining 19% is explained by the increase in eligibility. The dynamics of the increase in coverage change as individuals transition from adolescence to young adulthood to early adulthood. Most of the increase in coverage (32.9 of the 49.7 percentage points) occurs between the ages of 18 and 22. Half of this increase is due to an increase in takeup. Only one-fifth of the remaining increase in coverage of 16.9 percentage points that occurs between the ages of 18 and 22, by contrast, is due to an increase in takeup. Instead, almost half of it is due to an increase in offering. That is, increases in takeup drive gains in coverage in early adulthood, and increases in offering are more important for increases that occur as workers move into middle age.

5. What effect would different public policies have?

A number of public policies might effectively increase rates of health insurance coverage among young adults. Collins et al. (2005) discuss three different polices: extending eligibility for Medicaid and SCHIP beyond age 18; extending eligibility for dependent coverage to non-students older than 18; and requiring students to obtain coverage through their colleges or universities. The first two of these policies involve raising the age at which children are considered adults for purposes of health insurance coverage. As noted above, there is quite a bit of research to support the notion that the transition to adulthood is occurring later than it did in

the past and also that expectation about adulthood are changing. Viewed in this light, policy that extend eligibility for Medicaid or parental coverage beyond age 18 are a reflection of these changing norms. Current policies and insurance market rules may be predicated on an outdated set of expectations that lag behind the new reality of adulthood in the 21st century..

Another approach that might increase coverage rates among young adults, in light of the regression results above, would be to facilitate a smoother transition to the labor force and reduce employment instability, though as already noted high rates of job mobility for young workers are not necessarily undesirable per se and may even be desirable in some ways.

[To be added: simulation results based on transition matrices showing how each policy affects coverage profile by age.]

6. Conclusion

This analysis has shown that the very high rates of uninsurance among young adults are driven by the fact that there is a lag between when young adults lose parental coverage or Medicaid and when they start to gain their own coverage. Markers for financial maturity such as stable employment and marriage can explain about half of the excess uninsurance among young adults. The residual may be attributable to other unmeasured characteristics or it may be due to health insurance market imperfections that result in young adults facing actuarially unfair prices for insurance. Distinguishing between these two possibilities is an important topic for future research because it will shed light on whether public policy should focus on insurance markets or elsewhere to help ensure young adults' financial security.

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Table 1
Sample size by age and SIPP panel

Age at wave 1	1996 Panel: Men	1996 Panel: Women	2001 Panel: Men	2001 Panel: Women	Total
<1	438	462	382	342	1,624
1	515	491	406	447	1,859
2	530	500	466	414	1,910
3	591	563	445	391	1,990
4	604	584	424	421	2,033
5	589	558	427	415	1,989
6	561	596	397	409	1,963
7	598	578	421	436	2,033
8	582	564	415	461	2,022
9	536	552	439	427	1,954
10	600	546	466	482	2,094
11	560	506	468	446	1,980
12	552	554	423	433	1,962
13	552	495	455	417	1,919
14	506	556	459	384	1,905
15	578	550	423	387	1,938
16	507	482	458	384	1,831
17	424	428	385	348	1,585
18	403	410	347	341	1,501
19	404	373	313	319	1,409
20	324	368	283	326	1,301
21	338	351	263	304	1,256
22	309	349	258	295	1,211
23	308	419	292	334	1,353
24	329	425	257	317	1,328
25	410	516	255	301	1,482
26	424	442	299	310	1,475
27	407	435	291	367	1,500
28	420	509	325	361	1,615
29	420	465	348	377	1,610
30	422	555	334	384	1,695
31	483	585	317	419	1,804
32	530	537	387	369	1,823
33	516	580	349	385	1,830
34	542	604	388	411	1,945
35	547	617	360	427	1,951
Total ages 15-35	9,045	10,000	6,932	7,466	33,443
Total ages 0-35	17,359	18,105	13,425	13,791	62,680

Table 2

The distribution of health insurance coverage by age: Men, 1996 and 2001 SIPP panels

Age	Distribution of insurance coverage:				
---	Own private	Parents	Spouse	Public	Uninsured
0	0.049	0.626	0.000	0.204	0.121
1	0.049	0.621	0.000	0.202	0.128
2	0.050	0.615	0.000	0.194	0.141
3	0.049	0.618	0.000	0.202	0.130
4	0.064	0.624	0.000	0.174	0.138
5	0.070	0.628	0.000	0.175	0.128
6	0.056	0.663	0.000	0.165	0.116
7	0.066	0.609	0.000	0.171	0.154
8	0.057	0.639	0.000	0.167	0.137
9	0.070	0.638	0.000	0.150	0.142
10	0.068	0.623	0.000	0.156	0.154
11	0.061	0.656	0.000	0.143	0.140
12	0.061	0.630	0.000	0.154	0.155
13	0.065	0.665	0.000	0.131	0.140
14	0.072	0.634	0.000	0.146	0.149
15	0.090	0.616	0.000	0.128	0.167
16	0.093	0.607	0.000	0.123	0.176
17	0.116	0.584	0.001	0.094	0.205
18	0.166	0.505	0.000	0.056	0.274
19	0.246	0.398	0.004	0.045	0.307
20	0.310	0.274	0.003	0.044	0.369
21	0.410	0.174	0.011	0.040	0.365
22	0.476	0.094	0.023	0.042	0.365
23	0.543	0.045	0.033	0.033	0.345
24	0.572	0.017	0.043	0.043	0.325
25	0.609	0.007	0.039	0.039	0.306
26	0.590	0.004	0.070	0.048	0.287
27	0.643	0.003	0.078	0.044	0.233
28	0.638	0.003	0.075	0.040	0.245
29	0.662	0.002	0.091	0.052	0.193
30	0.655	0.003	0.089	0.033	0.220
31	0.660	0.001	0.100	0.038	0.201
32	0.679	0.003	0.102	0.031	0.185
33	0.659	0.002	0.111	0.047	0.181
34	0.651	0.000	0.118	0.048	0.183
35	0.659	0.002	0.111	0.044	0.184

Table 3

The distribution of health insurance coverage by age: Women, 1996 and 2001 SIPP panels

Age	Distribution of insurance coverage:				
	Own private	Parents	Spouse	Public	Uninsured
0	0.050	0.628	0.000	0.203	0.119
1	0.053	0.621	0.000	0.211	0.115
2	0.050	0.613	0.000	0.204	0.133
3	0.061	0.626	0.000	0.176	0.137
4	0.063	0.625	0.000	0.185	0.127
5	0.056	0.628	0.000	0.177	0.139
6	0.056	0.632	0.000	0.175	0.137
7	0.072	0.631	0.000	0.153	0.144
8	0.061	0.628	0.000	0.160	0.151
9	0.063	0.635	0.000	0.148	0.155
10	0.048	0.657	0.000	0.159	0.136
11	0.059	0.646	0.000	0.147	0.148
12	0.068	0.638	0.000	0.134	0.160
13	0.057	0.673	0.000	0.131	0.140
14	0.079	0.624	0.000	0.147	0.150
15	0.090	0.648	0.000	0.122	0.140
16	0.086	0.600	0.003	0.145	0.166
17	0.118	0.576	0.003	0.109	0.195
18	0.140	0.495	0.021	0.115	0.230
19	0.186	0.353	0.040	0.116	0.304
20	0.260	0.266	0.066	0.124	0.284
21	0.323	0.172	0.083	0.139	0.283
22	0.373	0.076	0.104	0.149	0.298
23	0.425	0.034	0.166	0.112	0.263
24	0.452	0.018	0.181	0.118	0.231
25	0.474	0.008	0.207	0.100	0.211
26	0.445	0.002	0.240	0.118	0.195
27	0.439	0.002	0.251	0.104	0.204
28	0.469	0.000	0.273	0.091	0.168
29	0.417	0.000	0.306	0.094	0.184
30	0.426	0.001	0.308	0.102	0.164
31	0.425	0.001	0.339	0.093	0.143
32	0.424	0.000	0.330	0.085	0.161
33	0.413	0.002	0.335	0.080	0.170
34	0.414	0.000	0.361	0.081	0.144
35	0.415	0.000	0.343	0.086	0.157

Table 4
School enrollment and parental health insurance coverage by age and sex
1996 and 2001 SIPP panels

| Age: | Fraction who are full-time students | | Fraction with parental health insurance | | | |
| | | | Full-time students | | Not full-time students | |
	Men	Women	Men	Women	Men	Women
15	0.935	0.936	0.628	0.662	0.452	0.442
16	0.865	0.865	0.623	0.626	0.509	0.436
17	0.714	0.727	0.650	0.646	0.421	0.391
18	0.524	0.578	0.659	0.632	0.335	0.307
19	0.382	0.426	0.628	0.599	0.256	0.170
20	0.327	0.374	0.551	0.525	0.140	0.110
21	0.233	0.283	0.441	0.426	0.093	0.073
22	0.170	0.183	0.305	0.298	0.051	0.026
23	0.117	0.130	0.139	0.131	0.033	0.019
24	0.085	0.093	0.103	0.064	0.009	0.013
25	0.077	0.070	0.021	0.011	0.006	0.008
26	0.048	0.051	0.000	0.011	0.005	0.002
27	0.045	0.045	0.007	0.007	0.003	0.002
28	0.031	0.041	0.000	0.000	0.003	0.000
29	0.023	0.032	0.010	0.000	0.001	0.000
30	0.022	0.028	0.000	0.000	0.003	0.001
31	0.018	0.025	0.000	0.010	0.001	0.000
32	0.008	0.019	0.000	0.000	0.003	0.000
33	0.014	0.018	0.012	0.000	0.002	0.002
34	0.013	0.019	0.000	0.010	0.000	0.000
35	0.012	0.020	0.000	0.000	0.002	0.000

Table 5
Regression results: effect of covariates on age profile of uninsurance, men

Indep. Var.:	No covariates			All covariates		
	Coeff.	Std. Err.	95% CI	Coeff.	Std. Err.	95% CI
Age = 17	-0.011	0.009	(-0.028, 0.005)	-0.054	0.009	(-0.070, -0.037)
Age = 18	0.035	0.008	(0.019, 0.051)	-0.029	0.008	(-0.044, -0.013)
Age = 19	0.111	0.008	(0.094, 0.127)	0.027	0.008	(0.011, 0.042)
Age = 20	0.143	0.008	(0.127, 0.160)	0.053	0.008	(0.038, 0.069)
Age = 21	0.188	0.009	(0.171, 0.205)	0.093	0.008	(0.077, 0.109)
Age = 22	0.193	0.009	(0.176, 0.210)	0.096	0.008	(0.080, 0.112)
Age = 23	0.194	0.009	(0.177, 0.211)	0.094	0.008	(0.078, 0.110)
Age = 24	0.162	0.009	(0.144, 0.179)	0.081	0.008	(0.065, 0.097)
Age = 25	0.147	0.009	(0.130, 0.164)	0.080	0.008	(0.064, 0.096)
Age = 26	0.123	0.009	(0.106, 0.140)	0.069	0.008	(0.053, 0.084)
Age = 27	0.090	0.008	(0.073, 0.107)	0.051	0.008	(0.035, 0.066)
Age = 28	0.062	0.008	(0.045, 0.078)	0.042	0.008	(0.026, 0.057)
Age = 29	0.061	0.008	(0.045, 0.077)	0.047	0.008	(0.032, 0.062)
Age = 30	0.037	0.008	(0.021, 0.053)	0.027	0.008	(0.012, 0.042)
Age = 31	0.030	0.008	(0.014, 0.046)	0.030	0.008	(0.015, 0.045)
Age = 32	0.017	0.008	(0.001, 0.033)	0.032	0.008	(0.017, 0.047)
Age = 33	0.008	0.008	(-0.008, 0.023)	0.020	0.007	(0.005, 0.034)
Age = 34	-0.001	0.008	(-0.017, 0.014)	0.011	0.007	(-0.003, 0.025)
Age = 35	0.007	0.008	(-0.008, 0.023)	0.019	0.007	(0.005, 0.033)
Family income relative to poverty threshold:						
<50%				-0.025	0.008	(-0.041, -0.010)
50 - 100%				-0.063	0.007	(-0.078, -0.048)
100 – 150%				-0.125	0.007	(-0.139, -0.110)
150 – 200%				-0.204	0.007	(-0.219, -0.190)
200 – 250%				-0.248	0.008	(-0.263, -0.233)
250 – 300%				-0.294	0.008	(-0.309, -0.279)
350 – 400%				-0.307	0.008	(-0.323, -0.292)
>400%				-0.353	0.007	(-0.366, -0.339)
Lives with own children				-0.020	0.005	(-0.030, -0.009)
Single parent				0.023	0.008	(0.008, 0.038)
Spouse does not work				-0.058	0.007	(-0.071, -0.045)
Spouse in school FT				-0.080	0.012	(-0.103, -0.057)
Spouse working FT				-0.083	0.005	(-0.094, -0.073)
Spouse working PT				-0.097	0.006	(-0.109, -0.084)
Establishment size						
Unknown				0.227	0.010	(0.208, 0.246)
<25 workers				0.088	0.007	(0.075, 0.101)
25 – 99 workers				-0.007	0.007	(-0.021, 0.006)
100+ workers				-0.063	0.007	(-0.076, -0.049)

Homeowner				-0.059	0.003	(-0.065, -0.053)
Lives with parents				0.074	0.006	(0.062, 0.086)
Lives with parents and is full-time student				-0.084	0.009	(-0.102, -0.065)
In school full-time				-0.072	0.009	(-0.090, -0.054)
Works part-time				0.039	0.006	(0.027, 0.050)
Has more than one job				0.063	0.006	(0.052, 0.075)
Job tenure if FT worker				0.000	0.000	(0.000, 0.000)
FT worker, tenure>1 year				-0.082	0.005	(-0.091, -0.072)
Intercept	0.178	0.005	(0.167, 0.188)	0.539	0.009	(0.522, 0.556)

Table 6
Regression results: effect of covariates on age profile of uninsurance, women

Indep. Var.:	No covariates			All covariates		
	Coeff.	Std. Err.	95% CI	Coeff.	Std. Err.	95% CI
Age = 17	-0.006	0.008	(-0.022, 0.009)	-0.018	0.008	(-0.034, -0.002)
Age = 18	0.041	0.007	(0.026, 0.055)	0.014	0.008	(-0.001, 0.029)
Age = 19	0.101	0.008	(0.086, 0.116)	0.055	0.008	(0.040, 0.070)
Age = 20	0.131	0.008	(0.116, 0.146)	0.065	0.007	(0.050, 0.079)
Age = 21	0.132	0.008	(0.117, 0.147)	0.056	0.007	(0.042, 0.071)
Age = 22	0.123	0.008	(0.108, 0.139)	0.045	0.007	(0.030, 0.060)
Age = 23	0.127	0.008	(0.111, 0.142)	0.054	0.007	(0.039, 0.069)
Age = 24	0.104	0.008	(0.089, 0.119)	0.047	0.007	(0.032, 0.061)
Age = 25	0.070	0.008	(0.055, 0.084)	0.021	0.007	(0.006, 0.035)
Age = 26	0.050	0.008	(0.036, 0.065)	0.009	0.007	(-0.005, 0.023)
Age = 27	0.042	0.008	(0.027, 0.056)	0.009	0.007	(-0.005, 0.023)
Age = 28	0.032	0.007	(0.017, 0.046)	0.009	0.007	(-0.005, 0.023)
Age = 29	0.018	0.007	(0.004, 0.032)	0.003	0.007	(-0.011, 0.016)
Age = 30	0.016	0.007	(0.001, 0.030)	0.001	0.007	(-0.013, 0.015)
Age = 31	-0.003	0.007	(-0.017, 0.011)	-0.015	0.007	(-0.028, -0.001)
Age = 32	-0.007	0.007	(-0.021, 0.007)	-0.009	0.007	(-0.022, 0.004)
Age = 33	0.000	0.007	(-0.014, 0.014)	-0.001	0.007	(-0.014, 0.013)
Age = 34	-0.003	0.007	(-0.017, 0.011)	-0.002	0.007	(-0.015, 0.011)
Age = 35	-0.006	0.007	(-0.020, 0.008)	0.001	0.007	(-0.012, 0.014)
Family income relative to poverty threshold:						
<50%				-0.006	0.006	(-0.017, 0.006)
50 - 100%				-0.023	0.006	(-0.035, -0.012)
100 – 150%				-0.110	0.006	(-0.122, -0.099)
150 – 200%				-0.189	0.006	(-0.201, -0.177)
200 – 250%				-0.231	0.006	(-0.243, -0.219)
250 – 300%				-0.264	0.006	(-0.276, -0.251)
350 – 400%				-0.276	0.007	(-0.289, -0.263)
>400%				-0.315	0.006	(-0.326, -0.304)
Lives with own children				-0.027	0.004	(-0.035, -0.018)
Single parent				-0.068	0.006	(-0.079, -0.056)
Spouse does not work				-0.055	0.010	(-0.075, -0.035)
Spouse in school FT				-0.075	0.013	(-0.101, -0.049)
Spouse working FT				-0.039	0.005	(-0.049, -0.029)
Spouse working PT				-0.015	0.006	(-0.027, -0.002)
Establishment size						
Unknown				0.170	0.011	(0.148, 0.191)
<25 workers				0.072	0.006	(0.061, 0.083)
25 – 99 workers				0.018	0.006	(0.006, 0.029)
100+ workers				-0.017	0.006	(-0.028, -0.006)

Homeowner				-0.028	0.003	(-0.033, -0.022)
Lives with parents				0.126	0.005	(0.116, 0.135)
Lives with parents and is full-time student				-0.116	0.008	(-0.132, -0.101)
In school full-time				0.024	0.007	(0.011, 0.038)
Works part-time				0.025	0.004	(0.018, 0.033)
Has more than one job				0.055	0.006	(0.043, 0.067)
Job tenure if FT worker				0.000	0.000	(0.000, 0.000)
FT worker, tenure>1 year				-0.061	0.005	(-0.071, -0.051)
Intercept	0.178	0.005	(0.167, 0.188)	0.430	0.007	(0.416, 0.444)

Table 7
Own-employer health insurance coverage, offering, eligibility and takeup by age
Full-time workers only
Current Population Survey, Contingent Work Supplements: February 1995, 1997, 1999 & 2001

	Coverage	Offering	Eligibility	Takeup
18	0.235	0.634	0.715	0.518
19	0.377	0.677	0.799	0.697
20	0.461	0.721	0.844	0.757
21	0.482	0.751	0.844	0.760
22	0.564	0.785	0.881	0.816
23	0.609	0.793	0.899	0.855
24	0.673	0.821	0.940	0.872
25	0.676	0.849	0.938	0.849
26	0.689	0.847	0.950	0.856
27	0.689	0.848	0.954	0.852
28	0.686	0.855	0.954	0.842
29	0.696	0.868	0.953	0.843
30	0.698	0.854	0.962	0.849
31	0.721	0.867	0.966	0.861
32	0.724	0.868	0.964	0.865
33	0.722	0.866	0.967	0.863
34	0.722	0.876	0.965	0.855
35	0.726	0.868	0.975	0.858
n	52,771	52,771	45,104	42,522

Table 8
Accounting for differences in own-employer health insurance coverage by age:
How much is due to offering, eligibility or takeup?

Change in coverage due to:	From age 18 to 35:		From age 18 to 22:		From age 22 to 35:	
Offering	0.201	(41%)	0.108	(33%)	0.076	(45%)
Eligibility	0.093	(19%)	0.060	(18%)	0.061	(36%)
Takeup	0.203	(41%)	0.160	(49%)	0.032	(19%)
Total	0.497	(100%)	0.329	(100%)	0.169	(100%)

Figure 1

Sources of health insurance coverage by age: Men ages 0 to 35
SIPP, 1996 and 2001 panels
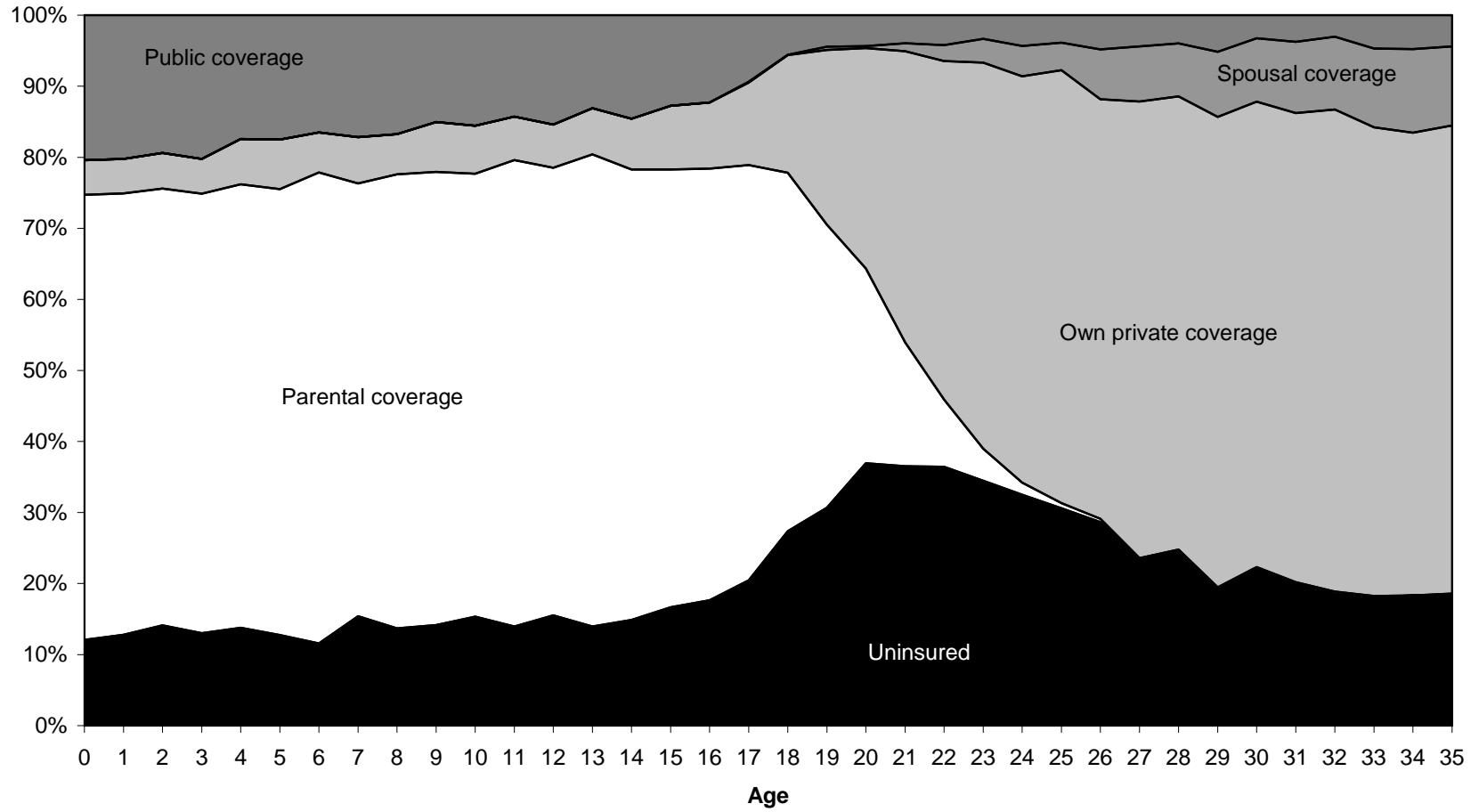
Figure 2

Sources of health insurance coverage by age: Women ages 0 to 35
SIPP, 1996 and 2001 panels
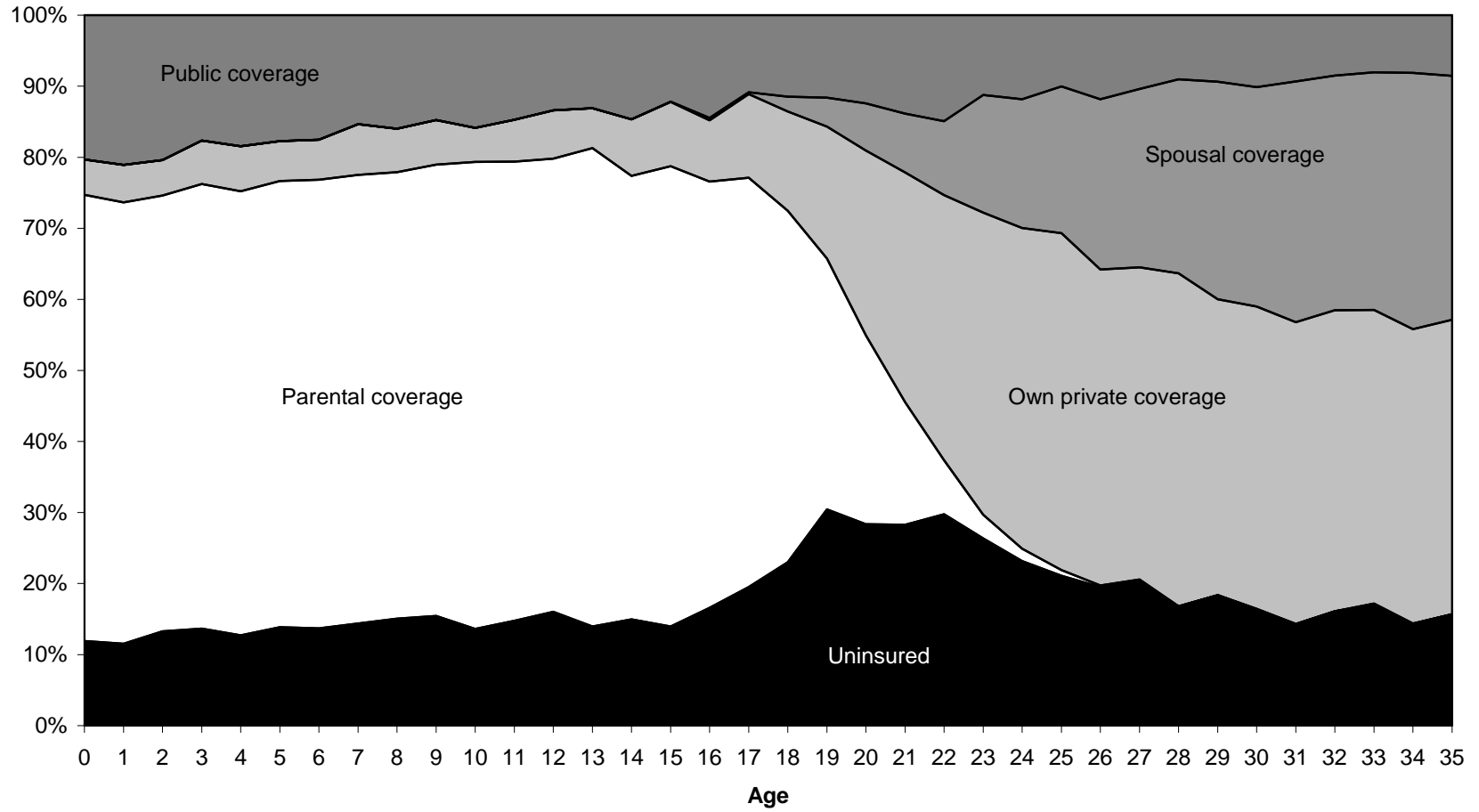
Figure 3

Probability of parental health insurance, by age, sex and school enrollment
SIPP, 1996 and 2001 panels

Legend: Men in school · Women in school · Men not in school · Women not in school
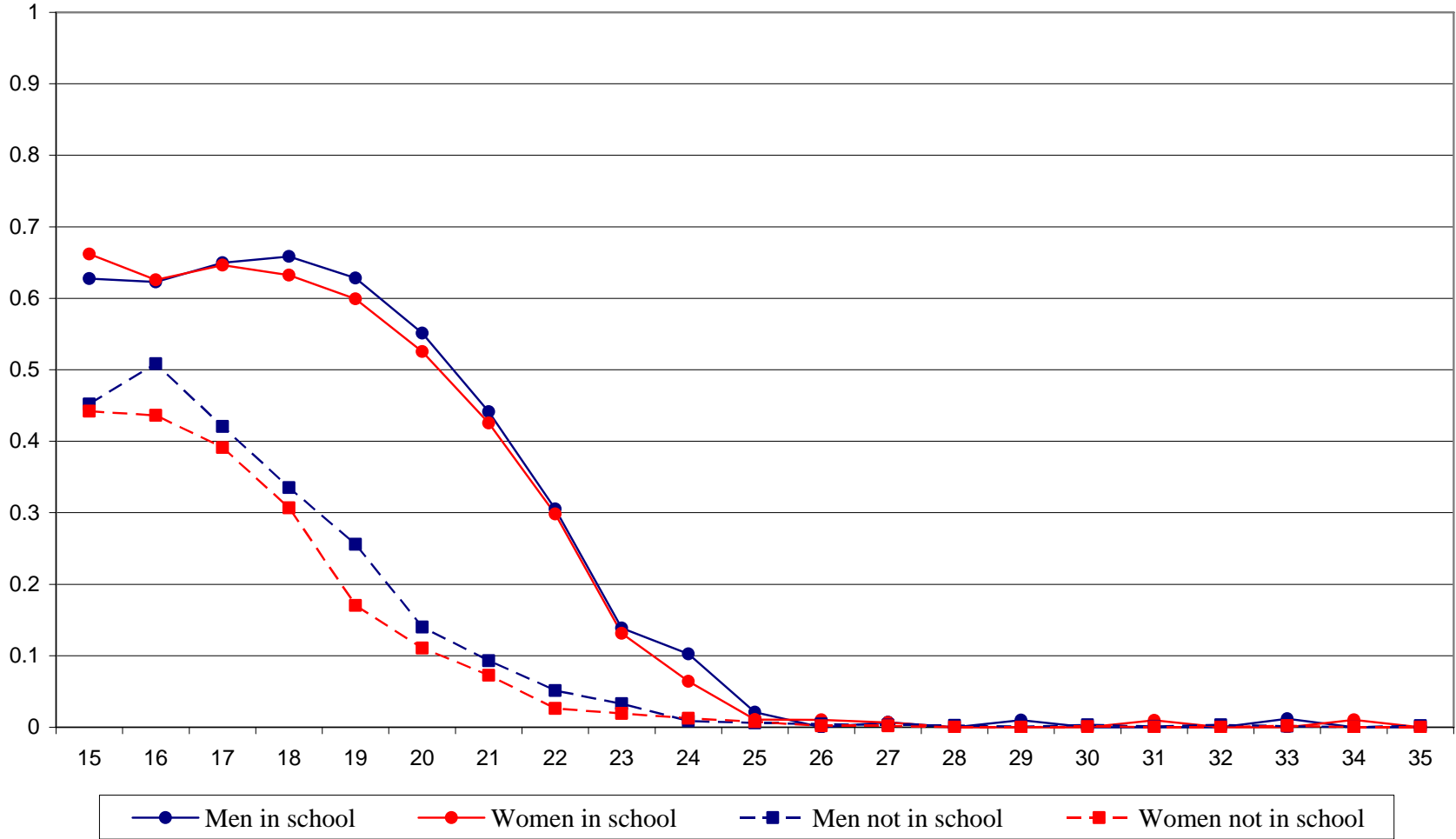
Figure 4

Probability of no health insurance at a point in time, by age and sex
SIPP, 1996 and 2001 panels
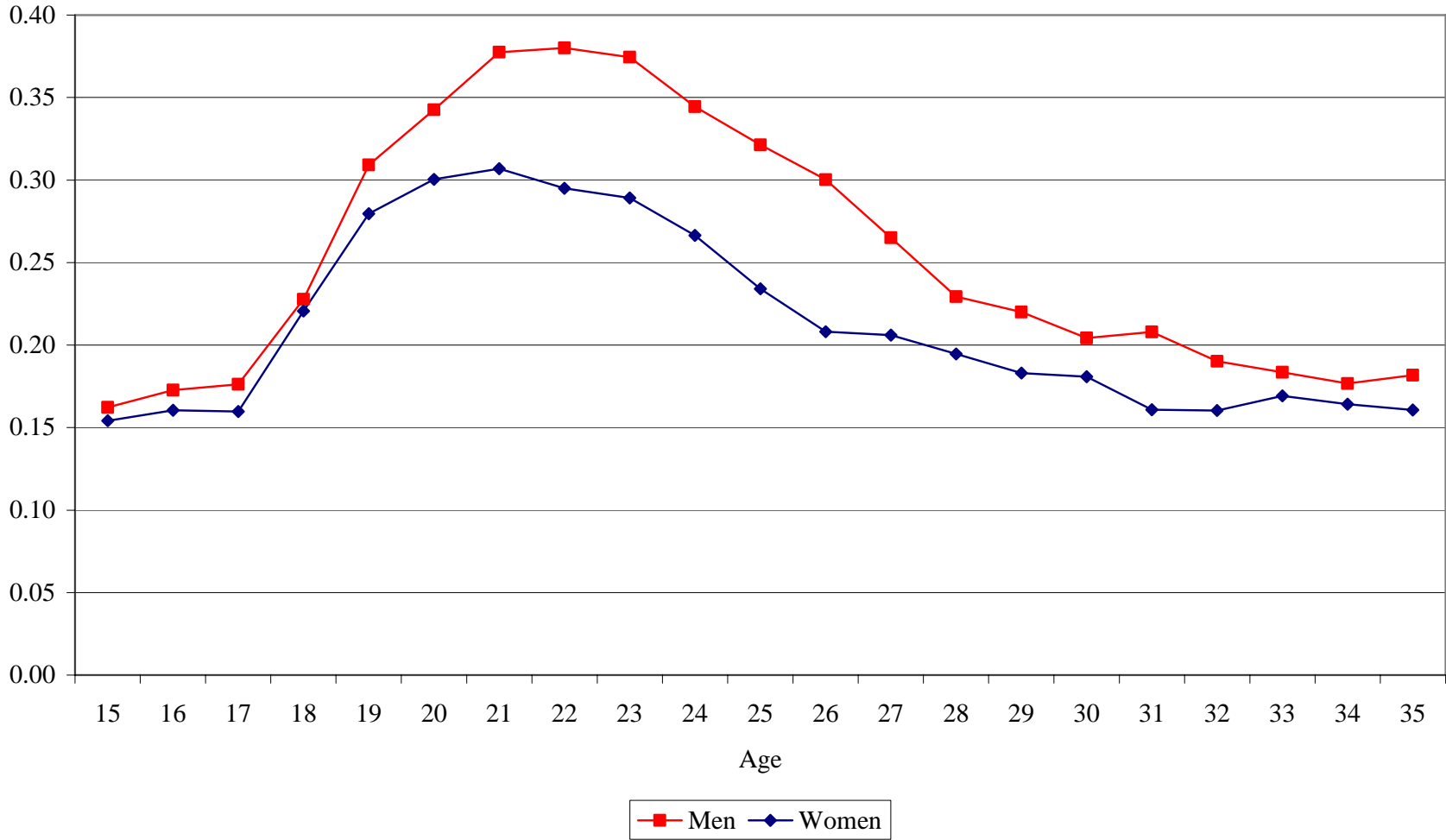
Figure 5

P(uninsured at one or more more waves in the next two years), by age at wave 1
SIPP, 1996 and 2001 panels
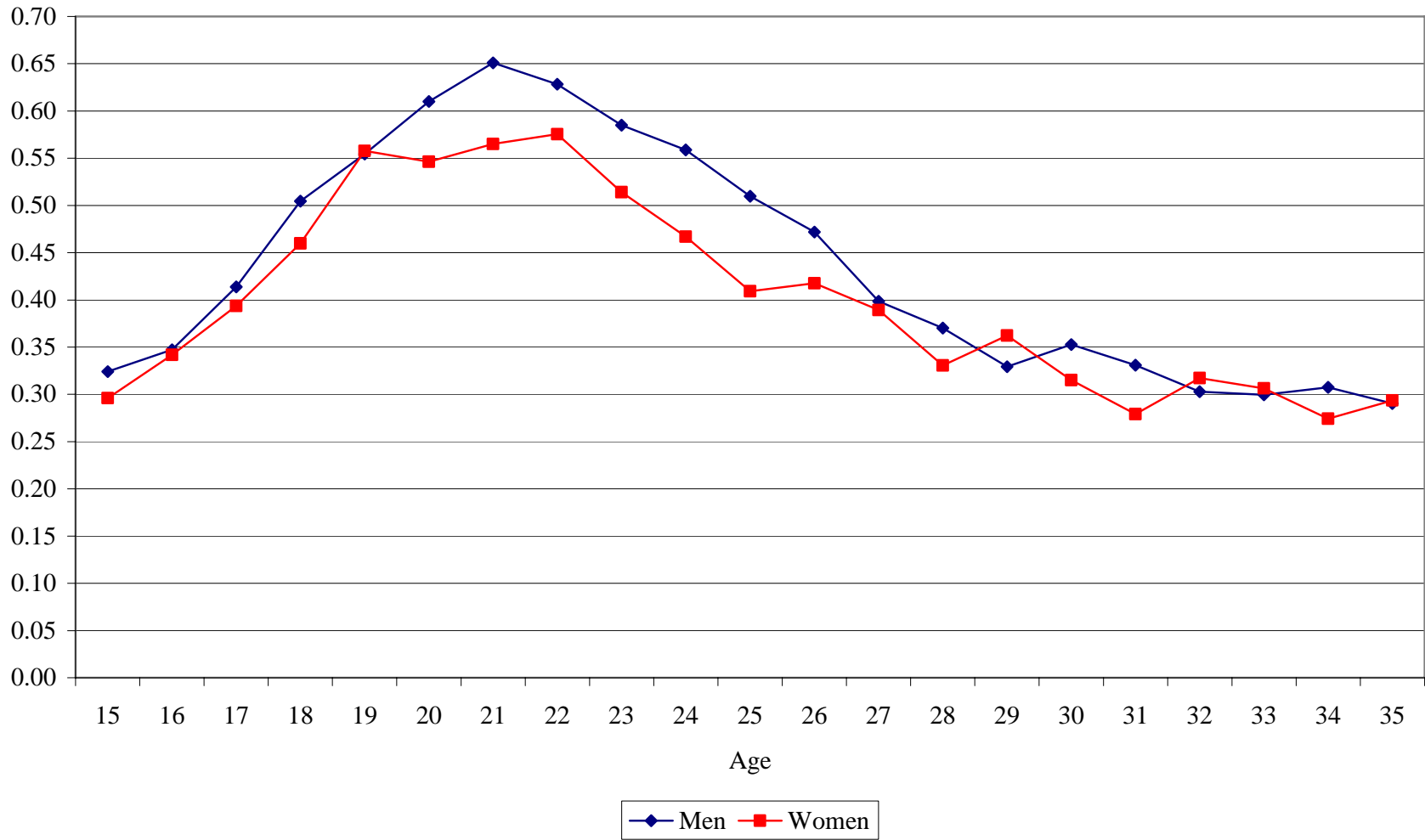
Figure 6

Flows into and out of uninsurance, MEN by age
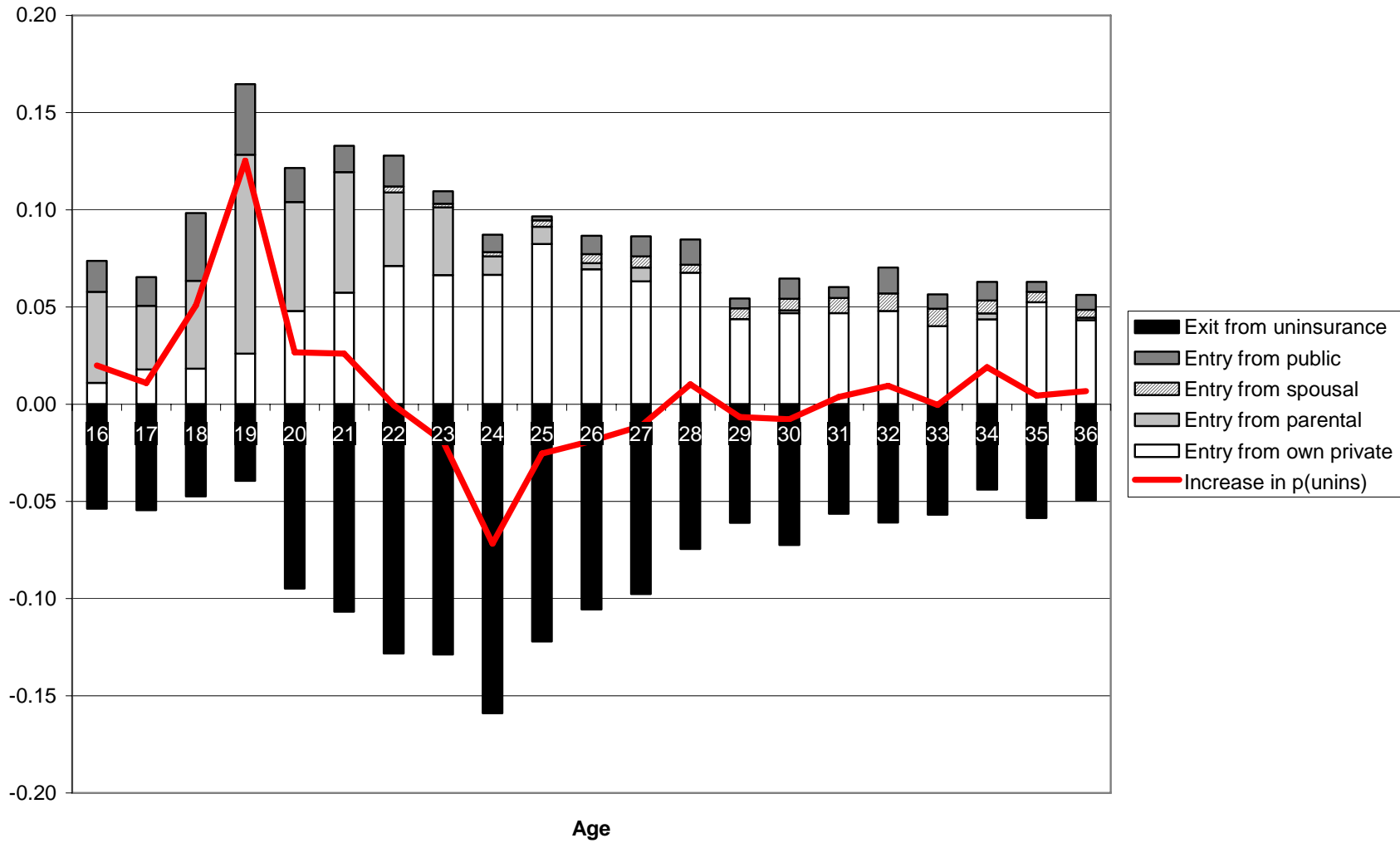
Figure 6

Flows into and out of uninsurance, WOMEN by age
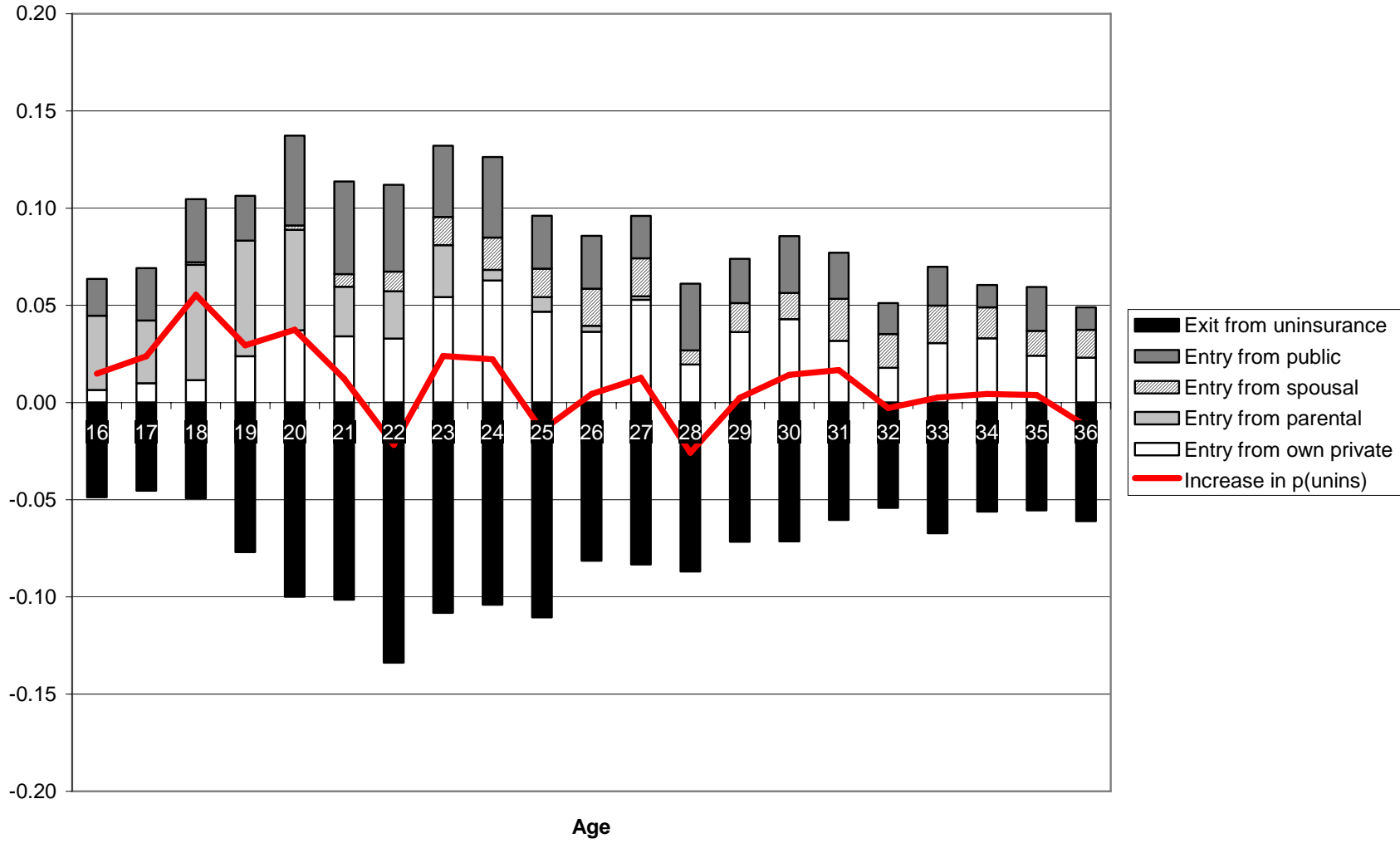
Figure 7

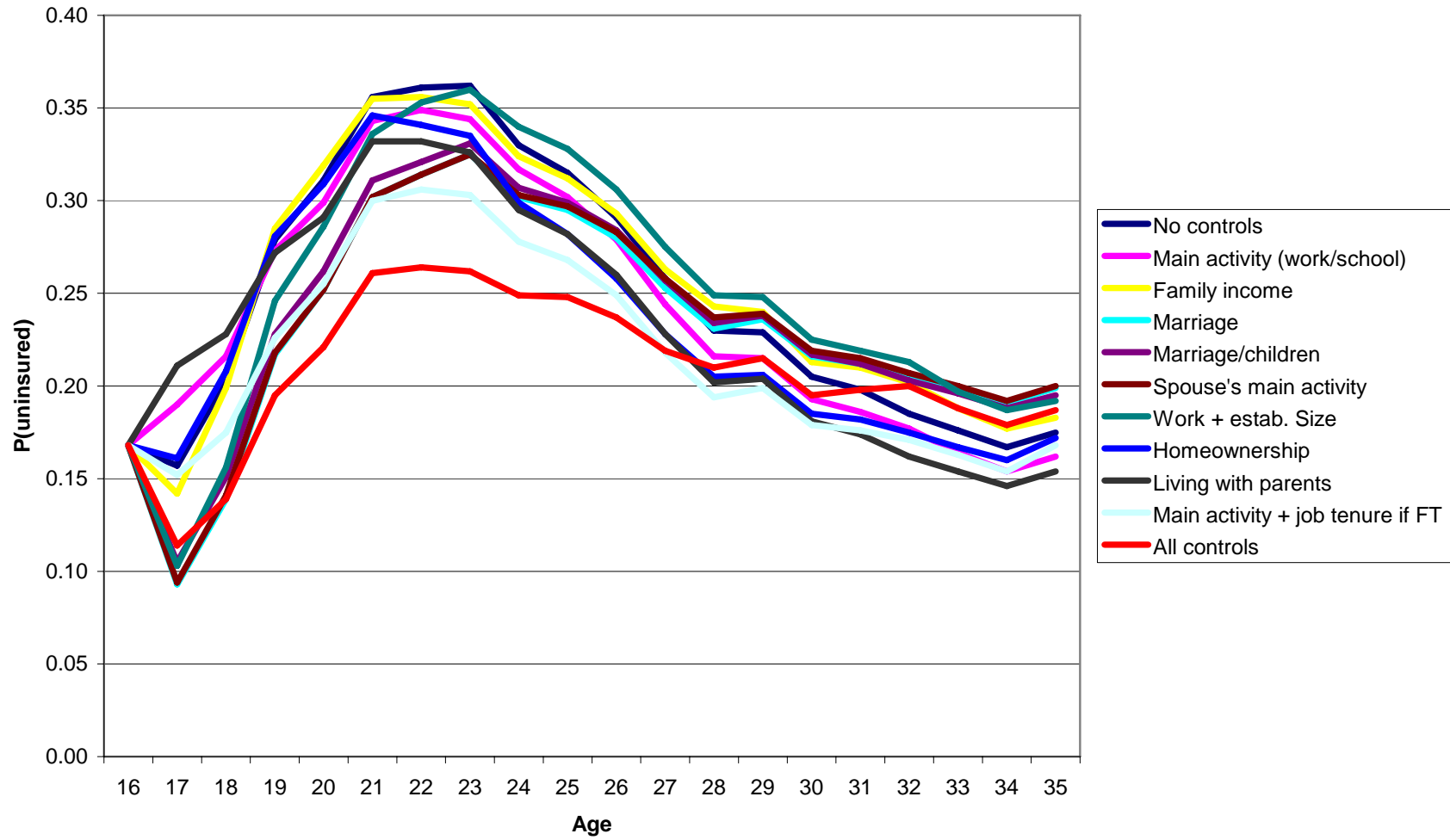**Can observable characteristics explain the spike in uninsurance for men?**

Figure 8

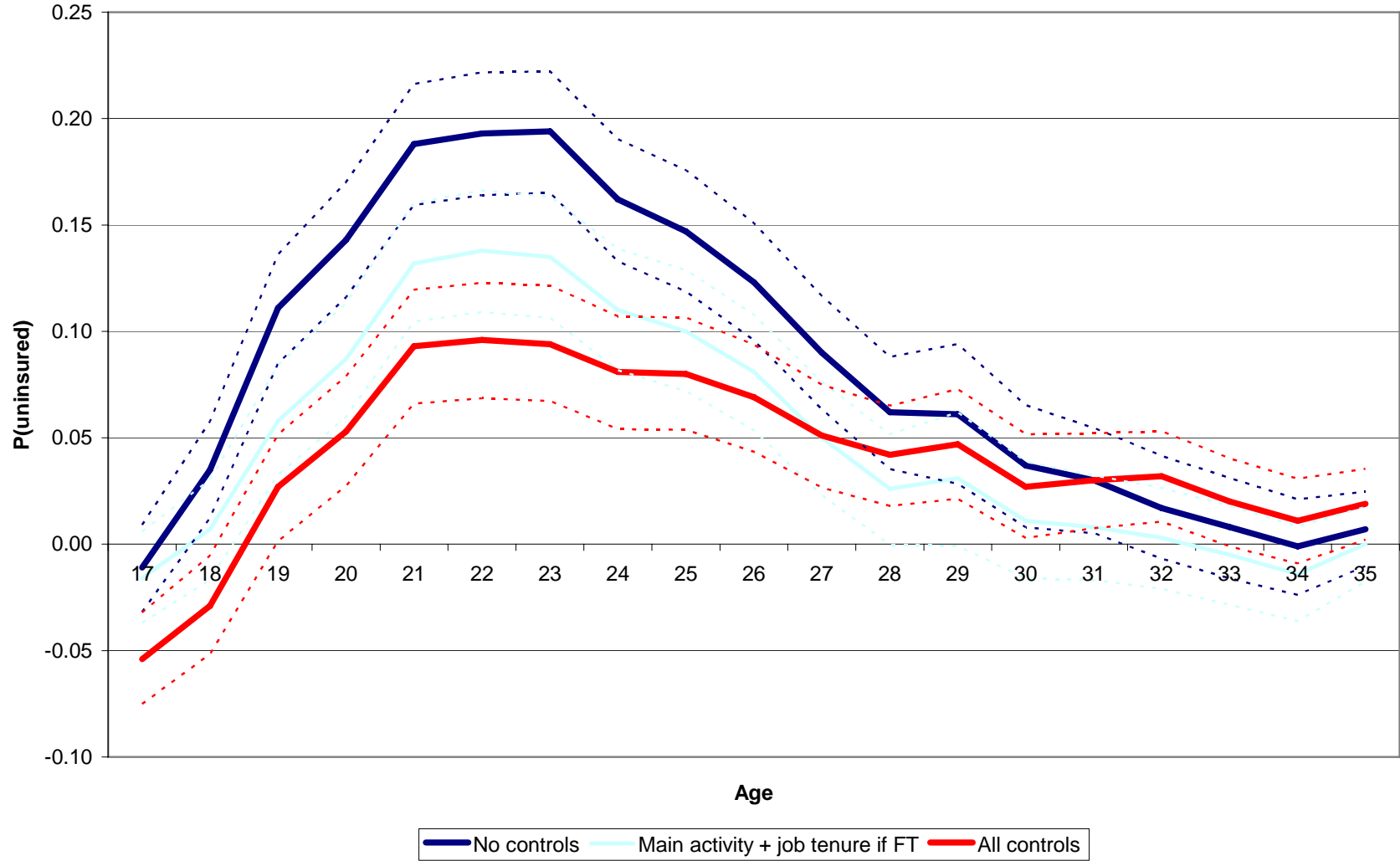**Can observable characteristics explain the spike in uninsurance for men?**

Figure 9

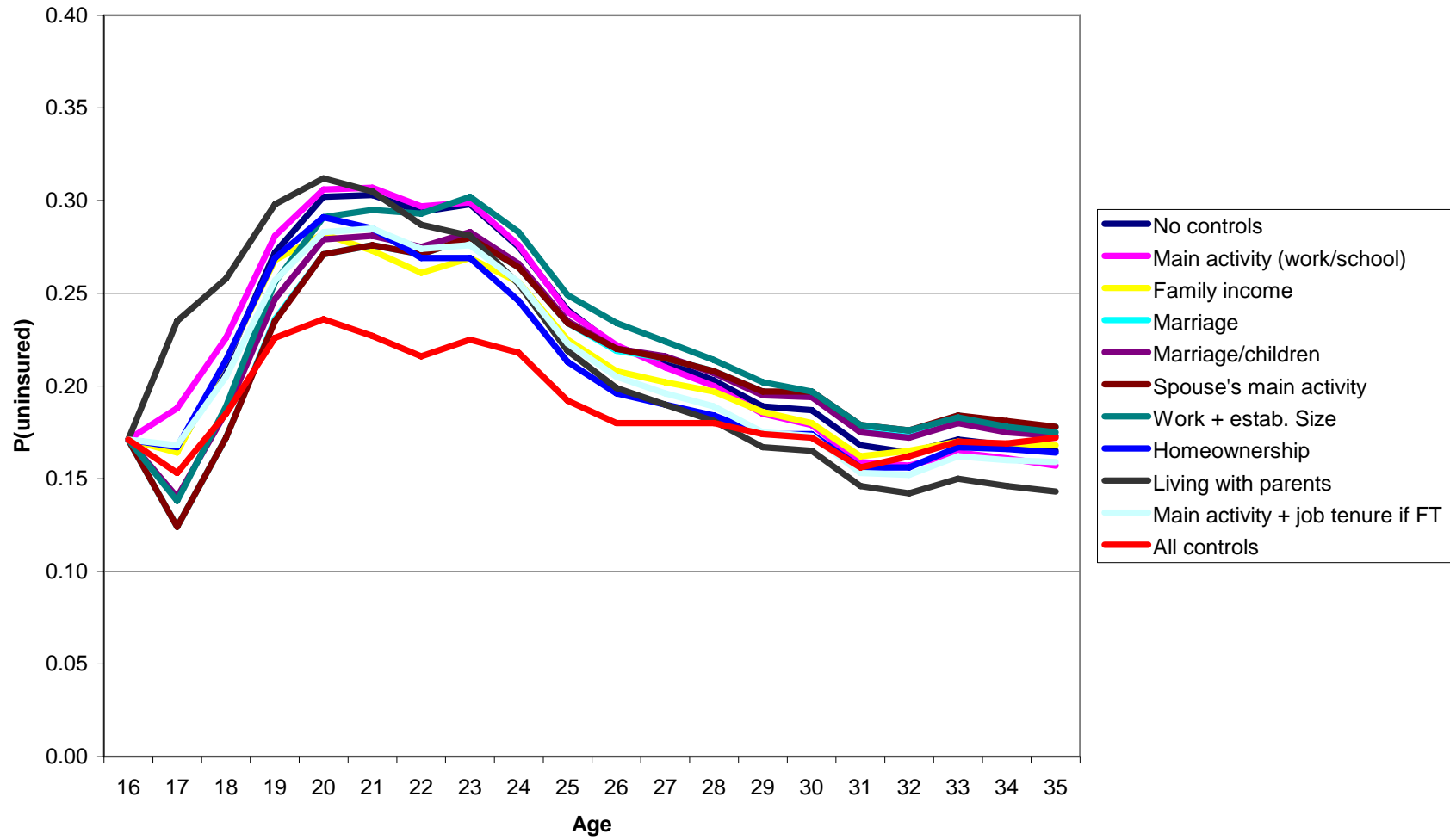**Can observable characteristics explain the spike in uninsurance for women?**

Figure 10

Can observables explain the spike in uninsurance for women?

Legend: No controls — Main activity + job tenure if FT — All controls