



Many Grads May Not Get Health Insurance Coverage From Mom and Dad: eHealthInsurance Survey

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Grads and Parents May Differ When It Comes to Health Insurance and Other Financial Support after Graduation, eHealthInsurance Survey Shows

MOUNTAIN VIEW, CA, May 16, 2011 (MARKETWIRE via COMTEX) --

According to a national survey of college students, graduates and parents conducted in April 2011 by global insights firm Kelton Research and sponsored by eHealthInsurance (NASDAQ: EHTH), nearly four in ten (38%) of parents do not plan to keep their adult children on their health insurance plan until age 26, despite the fact that the 2010 health care reform law now allows them to do so.

Additionally, more than four in ten (43%) parents of college students or grads under age 26 said they would only keep their adult children on their health insurance plan if it cost them nothing to do so.

A provision of the 2010 Patient Protection and Affordable Care Act allowing adult children to retain eligibility for coverage under their parents' health insurance plans until they turn 26 could potentially benefit young college graduates who may not get a job with employer-sponsored health benefits after graduation. However, staying on a parent's health insurance plan is not an option for some graduates, and may not be the best choice for many others.

Many parents do not have health insurance coverage and those who do are not required by the law to keep their adult children on their plan. It may be impractical to stay on a parent's health insurance plan for new graduates living in other states or areas outside their parents' insurance plan's provider network. Parents who do want to keep new grads on their health insurance plan may be required to pay additional premium costs.

The eHealthInsurance survey reveals this to be an unpopular option with many parents who may want to encourage their new grads towards financial independence. More than half of parents surveyed (56%) expect to provide their child with financial assistance for only a year or less, or not at all, after graduation. However, nearly two thirds of current college students (63%) think it's only fair for parents to help them cover their health insurance costs for a year or more after graduation.

The following survey highlights provide additional insights into how college students, recent graduates and parents feel about finances, health insurance and the job market as the next wave of college students are set to graduate this spring. Full results of the Students and Grads Survey and the Parents Survey are available at the eHealthInsurance Media Center.

FINANCIAL INDEPENDENCE - Many of the students and grads surveyed expect, or expected, to be financially independent shortly after graduation (though they may expect help with health insurance for longer). Though somewhat less optimistic, parents largely share the same expectations.

- A majority of students (65%) and recent grads (70%) expect to receive either no financial support from their parents or financial assistance for less than a year after graduation
- More than one in two parents (56%) expect to provide their grads with no financial assistance at all or financial assistance for only one year or less after graduation

THE VALUE OF HEALTH INSURANCE - Health insurance is universally valued, but surveyed students and grads may be willing to go to greater lengths and make more sacrifices to obtain coverage than their parents are.

- Nearly all students (97%), recent grads (97%) and parents (97%) agree that it is important to have health insurance
- Most students (94%) and grads (93%) would willingly make sacrifices or give up at least one small indulgence like a weekly night out at the movies or dinner, or their daily coffee, if it meant they could afford health insurance
- Almost two in three students (63%) and grads (66%) think it's fair for parents to help their children cover health insurance costs for a year or more after graduation
 - Over half of parents (58%) agree
 - And yet more than four in ten parents (43%) with adult children under age 26 would only be willing to keep their children under their own health insurance plan if it cost them nothing
- More than one in two (57%) current students think it's more important for grads to take a job they don't like but which offers benefits like health insurance or a retirement account
- By comparison, fewer than half of parents (46%) feel the same way

CURRENT HEALTH INSURANCE STATUS - Many of the surveyed students get help from Mom and Dad when it comes to health insurance. Compared to 2010 survey responses, more grads are now covered by plans paid for by their parents, but this still only accounts for a minority of respondents.

- Over one in two current students (52%) are presently covered under health insurance plans paid for by their parents
- Only three in ten recent grads (31%) are currently covered by a health insurance policy that is paid for by their parents
 - By comparison, last year's survey indicated that significantly fewer grads (14%) were covered by plans paid for by their parents

COST EXPECTATIONS FOR INDIVIDUAL HEALTH INSURANCE - When it comes to purchasing health insurance coverage on their own, grads and students surveyed expect they'll have to pay somewhat more than they consider fair.

- Students expect to pay more (\$204 on average) for a private health insurance plan of their own than recent grads (\$171 on average)
 - And yet both are willing to pay more than may be necessary; according to a survey of plans purchased through eHealthInsurance, monthly health insurance premiums for individual coverage of 19-26-year-olds was \$113, as of February 2010(1)
- Both students and recent grads think a fair price would be somewhat more affordable (\$155 for students and \$126 for grads)
- A fair price in parents' minds, however, would be \$148 on average per month

THE JOB MARKET AND HEALTH INSURANCE - A majority of both the students and grads surveyed expect to receive health insurance coverage as a benefit of employment. However, the survey documents a division between expectations and reality, and recent grads have a more pragmatic approach to health coverage.

- Asked to identify "non-negotiable" employment benefits from a list, more students (38%) and grads (39%) said they would pass on a job that didn't offer health insurance than any other benefit
- More than three in four students (80%) and about as many recent grads (73%) expect(ed) their first job after college to provide them with health insurance
 - However, only 31% of grads report currently having employer-based health insurance
- More recent grads (74%) than current students (54%) think it's better to live at home with Mom and Dad for the first year after college if it means having health insurance, rather than live on their own and go uninsured

HEALTH CARE REFORM KNOWLEDGE - The survey shows some gaps in the students' and grads' knowledge about health care reform.

- Clear majorities of both students (65%) and grads (59%) consider themselves informed about health care reform
- However, although most students (53%) and grads (63%) know that, as a result of healthcare reform, they are now eligible to stay on their parents' health insurance plans until age 26,
 - Over two in ten current students (21%) and 19% of grads think that subsidies are available in 2011 to help people purchase health insurance
 - And a similar number of grads (23%) and students (16%) think that college graduates are required to purchase coverage on their own in 2011
 - IN FACT, these provisions of the health care reform law don't take effect until 2014
- Only two in ten students (20%) and grads (20%) know that new health insurance plans now provide better access to preventive care

Additional Resources:

- See eHealthInsurance's March 28, 2011 press release for a list of health insurance tips for college grads.

- Visit the eHealthInsurance consumer blog, Get Smart - Get Covered, for a chart outlining considerations for grads choosing between Mom and Dad's plan or purchasing a plan on their own
- Check out our Health Insurance 101 buyer's guide for students and grads
- Or graduate to our standard Health Insurance Buyer's Guide

Methodology of the Surveys: The eHealth College Student and Grads Survey was conducted by Kelton Research between April 21st and April 29th, 2011, using an email invitation and an online survey. Kelton Research surveyed a sample of 255 full-time college students ages 18-30 and 251 recent college graduates ages 18-30 who are in the workforce or seeking employment.

The eHealth Parent Survey was conducted by Kelton Research between April 21st and April 29th, 2011, using an email invitation and an online survey. Kelton Research surveyed a sample of 500 parents of full-time college students or recent graduates who are in the workforce or seeking employment.

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results.

For the sample of college students, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 6.1 percentage points from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample. For the sample of recent college graduates, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 6.2 percentage points from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

In the eHealth Parent Survey, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 4.4 percentage points from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

Notes (1) The 2010 plan data referred to in this survey is derived from a national sample of over 90,000 individual major medical policies purchased through eHealthInsurance by individuals aged 19-26 that were active in February 2010. The premium data is derived from information received from health insurance carriers relating to the actual premiums being paid by policy holders in the month of February 2010. Actual premiums may differ from premiums quoted on the eHealthInsurance website because they represent the premium being paid after underwriting and for policies that were purchased prior to the date of analysis.

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For more health insurance news and information, visit the eHealthInsurance consumer blog: Get Smart - Get Covered.

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