

## What you need to know to buy health insurance

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Millions of people are losing their jobs and health benefits and need health insurance. There's new help through federal legislation that took effect Monday that helps pay for temporary coverage for recently laid-off workers.

This guide explains what you need to know about buying health insurance and gives helpful links to Web and telephone resources.

### Three options

Check out these three options if you are losing a job or had your work hours reduced and no longer have workplace benefits:

#### COBRA

COBRA allows many workers to buy the same coverage they had at work, usually for about 18 months, but up to 36 months in some cases. Spouses, including former spouses who have divorced or are legally separated from a worker, as well as some dependents, also may be eligible, as are people whose hours are reduced at work.

**New help:** Workers who involuntarily lose their jobs between Sept. 1, 2008 and Dec. 31, 2009 are eligible for reduced-cost COBRA coverage for nine months, through new laws that took effect Monday.

**How it works:** Laid-off workers would pay 35% of the monthly premium; the government subsidizes the rest through tax credits to the company. The coverage can be through the same plan a person had at work or through another plan if the employer agrees and the alternative plan does not cost more than the workplace plan.

The new law gives an extra 60 days to enroll in COBRA if workers were involuntarily terminated between Sept. 1, 2008 and Feb. 16, and have not signed up for yet for coverage.



Elder law attorney Sue Fabian poses for her portrait with her health insurance bill at her home office in Royal Oak in 2008. "A few years ago I was paying \$276.20 every other month. Now I pay \$568.66," said Fabian who testified in front of the House Insurance Committee in October of 2007.

**Eligibility:** COBRA coverage is limited to people whose yearly income is no more than \$145,000 or \$290,000 for families.

**Costs:** COBRA is costly and may eat up more than 80% of your monthly unemployment check. You pay the full premium plus what is typically a 2% administrative fee. Costs also can go up after one year.

In Michigan, the average COBRA plan costs a family \$1,075 a month; the average monthly unemployment benefit in Michigan is \$1,276, according to a report released in February by Families USA.

#### Joining a spouse's health insurance plan

Another federal law, the Health Insurance Portability and Accountability Act, or HIPAA, lets workers join a spouse's health plan even if it isn't open enrollment period. The same law also lets some people who lose workplace health benefits buy individual insurance without being subjected to private insurance company policies that allow them to not enroll you in their plan for one year. Act quickly.

**Enrollment:** You have only 30 days to sign up for this coverage.

• **Help for people who lost a job because of foreign trade:** Ask your company if you are eligible for help through the Health Coverage Tax Credit, or HCTC. It pays 65% of health premiums for people, including some early retirees, who lose jobs or retire because of trade policies. People either get the money back at the end of the year when they file taxes or receive it on an advanceable basis. In that case, the IRS pays the money to the health plan on a monthly basis. For details, go to: [www.dol.gov/ebsa/pdf/cobraemployee.pdf](http://www.dol.gov/ebsa/pdf/cobraemployee.pdf). Or call the HCTC Customer Contact Center at 866-628-4282.

## Buying health insurance on your own

If you find COBRA coverage too costly, you may want to look for a more-affordable plan. There are many options, particularly if you want barebones coverage or are willing to pay a higher monthly premium or higher deductibles for your care.

• Search the Web for price quotes. You can look up prices on an insurer's Web site, or by going to sites like [www.coverageforall.org](http://www.coverageforall.org). Or call its companion service, the U.S. Uninsured Help Line, 800-234-1317. The Foundation for Health Coverage Education offers free, multilingual help round-the-clock and will refer you to brokers or free programs.

• Ask an insurance agent to compare plans for you. Many insurance brokers will do the work for you for free. Insurance companies give agents a fee for each policy they sell. To get the most objective view, rather than being steered to the products of a few companies, find an insurance broker who sells plans for more than one or two companies. To check on what policies a broker is able to sell, go to [www.dleg.state.mi.us/fis/ind\\_srch/ins\\_agnt/insurance\\_agent\\_criteria.asp](http://www.dleg.state.mi.us/fis/ind_srch/ins_agnt/insurance_agent_criteria.asp). To find a broker, you also can go to the web site for the Michigan Association of Underwriters, [www.mahu.org](http://www.mahu.org).

## Health insurance realities

• Individual health insurance tends to cover fewer services and have higher deductibles than workplace plans you may have had.

• You may be rejected if you have a health problem, even a minor one like allergies. Medical underwriting, the term in the insurance industry to describe turning down an applicant for a prior health problem, is legal in many states, including Michigan. Plans differ on what conditions cause rejection. Some plans even consider an applicant's allergies, weight, driving record and credit history, according to Families USA, a nonprofit Washington, D.C., advocacy and research organization.

Blue Cross Blue Shield of Michigan, the state's nonprofit insurer of last resort, must accept all applicants. So must

HMOs, which are required by state law to accept applicants for one month a year, typically in December.

• It is legal in Michigan for your insurance company to charge you more based on your age or county of residence.

• Smokers usually pay higher rates through private insurers because smoking is linked to many costly health problems. Blue Cross and HMOs, however, can't use health status factors to determine rates.

## Limited-benefit health coverage

Insurers increasingly are offering plans with scaled-back benefits. Some pay for no more than a few doctor visits a year. In the long run, these plans may cost you more because they won't pay most of your bills. If you are young, healthy and temporarily unemployed, however, these may be an option for you.

## Other health insurance issues

### Young adults

Young healthy adults may be able to find affordable or so-called value plans. They should look for a major medical policy that covers catastrophic injuries, doctors' visits, annual wellness visits, prescription drugs, X-rays and lab work. Physicals are not always required for an application. But you are required to complete a medical history questionnaire that you need to answer truthfully.

### Consumer rights

You can file a complaint with the state if you have been rejected by an insurer by calling 877-999-6442 or by visiting [www.michigan.gov/ofir](http://www.michigan.gov/ofir).

### Free health insurance help

• Free and federally funded clinics offer free or discounted medical care. To find a clinic nearest you, call 211, a social services and health hotline of United Way that points callers to resources.

• The Michigan Medicare/Medicaid Assistance Program, a statewide agency, provides free help for people about Medicare and Medicaid. Callers to the state hotline, 800-803-7174, 8 a.m.-5 p.m. weekdays, are routed to the closest Area Agency on Aging office. Callers should have their prescription names, dosages and frequency handy.

**More from our health insurance guide:** [Read what to do when you can't afford health insurance](#), and be sure to [ask these 10 questions when looking for care](#).

*Sources: Contributing to this guide were the U.S. Department of Labor; the Internal Revenue Service; the Michigan Office of Financial and Insurance Regulation; Families USA; Kaiser Family Foundation; the J.S. Clark Agency; the Michigan Association of Health Plans, and the Foundation for Health Coverage Education.*