

Health insurance subsidy set to end

Without extension, laid-off pay full cost

By Tony Pugh

Just before Don Hall and his family left town for Thanksgiving, the laid-off manufacturing supervisor from Castalia, [Ohio](#), wrote a \$763.81 check to his health insurance company for his December payment.

He had paid \$237 in November, but the big increase wasn't because of rising health costs or a catastrophic illness -- and it wasn't an isolated incident.

Hall, 56, is among an estimated 7 million unemployed Americans who get a federal subsidy to help them buy health insurance under legislation known as the Consolidated Omnibus Budget Reconciliation Act.

For workers who are laid off or downsized between Sept. 1, 2008, and Dec. 31, 2009, the COBRA subsidy pays 65 percent of their job-based health insurance premiums for nine months.

That subsidy, however, expires Monday for Hall and untold thousands of others who began receiving it in March, when it first became available as part of the American Recovery and Reinvestment Act.

Unless Congress moves swiftly to extend the benefit, millions of other jobless Americans will experience the same sticker shock when they exhaust their subsidies and must pay full health insurance premiums, instead of just 35 percent.

For many, the cost of coverage will triple, forcing cash-strapped, unemployed workers to scramble for cheaper private coverage, go uninsured or pay the higher rates.

With the subsidy, job-based coverage averages \$398 per month for families and \$144 for

individuals, according to the Kaiser Family Foundation. Without it, premiums average \$1,137 for a family and \$410 for an individual.

Hall and his wife are lucky. Their monthly premiums increased only \$526 without the subsidy. "But that's still a \$500 hit on my monthly budget," he said.

In general, COBRA allows certain workers who lose their jobs -- unless they were fired for gross misconduct -- to continue their health insurance with their former employers for up to 18 months. Before the subsidy was offered, only about 9 percent of people who were eligible for coverage under COBRA took advantage of it because it was so expensive.

An August analysis by [Hewitt Associates](#) found that COBRA enrollment had doubled since the subsidy became available for more than 14 million eligible workers. The study of 200 large companies found that enrollment rates jumped from 19 percent from September 2008 to February 2009 to 38 percent from March to June 2009.

Industries with large job losses showed the greatest increase. Enrollment among industrial manufacturing workers went from 7 percent to 59 percent, while enrollment tripled among construction, leisure and retail workers.

It remains unclear when or whether Congress will address the subsidy expiration with specific legislation or as part of a major jobs bill.

Keep COBRA or drop it?

Because of the uncertainty about whether Congress will extend the COBRA subsidy, Phil Lebherz, executive director of the Foundation for Health Coverage

Education, urges jobless workers to not drop their COBRA coverage until they have been approved for another plan.

"That's the worst thing you can do," Lebherz said.

Even if you have to pay the higher premiums for a few months, it's better to do so, he said, because once you miss a COBRA payment for a month, you're dropped from the plan and can't rejoin it.

Those who can't pay the full COBRA premium should consider short-term private plans and high-deductible plans, which often have lower premiums.

In addition, see if your children are eligible for the Children's Health Insurance Program. These income-based programs are designed for families who earn too much to qualify for Medicaid but not enough to pay for private coverage.

For those who have pre-existing conditions that make them unable to find private coverage, most states offer high-risk pools that supplement workers' insurance premiums