

# THE FASTER<sup>™</sup> TIMES

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## Personal Finance

### How to Cover Yourself After COBRA



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If you're one of the many Americans who recently learned that COBRA defines vital health coverage rather than a lame Sylvester Stallone movie, you may also realize that the government benefit for laid-off workers expires after less than a year. That's longer than Sly's movie stayed in theaters, but still short enough that you need a plan for how to cover your health costs after the government turns you out in the cold.

The American Recovery and Reinvestment Act of 2009 included a 65 percent COBRA subsidy to help cover insurance premiums for up to nine months- that's about \$1,200 a month for a family and \$400 for an individual. Subscribers have doubled in number since the stimulus bill passed. But the relief is about to fade, long before many people who relied on it find new jobs with health coverage.

"Thousands of people, many of them still unemployed, will be rolling off the COBRA subsidy beginning November 30," says Sande Drew, senior media consultant with eHealthInsurance. "A lot of people are going to be confused when they are hit with the full cost of COBRA health insurance."

So here's what to determine on your own- soon.

If you want to keep COBRA's plan and pay for it all yourself, do some math and scenario planning. Calculate how much can you afford out-of-pocket for periodic health services and health insurance together. What medical services are you and your family most likely to use? Are doctors, hospitals and other medical providers that you use in your current network? If not, are you ready to find doctors who are? Does the plan pay for immunizations and health screenings?

The answers to these questions will help you determine the best route for you to take, says Margaret Lewin, medical director at Cinergy Health. If you want to roll the dice, you can save some cash for now. For example, you might choose a \$5,000 deductible to lower the premium dramatically; this would provide medical coverage for an expensive, catastrophic event, explains Lewin, but wouldn't cover routine care.

If that seems too risky but full coverage seems too costly, consider a Health Savings Account, which can tax-advantage all your health spending for as long as you maintain it.

If you want a temporary cover, try short-term insurance. Most plans let you choose months of coverage with a short and simple application process. But you'd better understand exactly what the plan covers and what you are responsible for paying, advises Ellen Laden, director, public relations for UnitedHealthcare's Golden Rule Insurance Company. So ask questions.

Big questions about scary things should come first. "A short-term policy may not cover your pre-existing conditions," says Jim Edholm, president of Business Benefits Insurance, an employee benefits brokerage and consulting firm.

Questions about brighter prospects should follow, especially if you're relocating for a new job. Make sure the company you choose has a national network of doctors and hospitals. Network discounts might save you better than 40 percent. Be certain too, that you can drop your coverage without penalty if you find a job with health benefits sooner than you think.

And you can still lean on Uncle Sam, via enrollment in HIPPA (Health Insurance Portability and Accountability Act), even with pre-existing health conditions. To find out more, contact your state Department of Insurance.

For the family in a two-income home where one parent has been laid-off, checking into government programs is a good first step. In many states, says Phil Lebherz, executive director of the [Foundation for Health Coverage Education](#), a family of four can make up to \$66,150, and in other states up to \$88,200 per year and still qualify for the children for comprehensive coverage program. And many states can offer partial subsidy for laid-off residents, even with preexisting conditions.

Sly told criminals that they were a disease and he was the cure. That's no medical strategy. For COBRA users, though, a little information can stave off a good amount of worry.