

COBRA health care subsidy expires Monday

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 due to 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 suck it up like Hall and 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.

Participation doubles

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.

Earlier this month, Sen. Al Franken, D-Minn., spoke on the Senate floor of a 57-year-old constituent from Lake-ville named Gregory who was laid off from his printing job in March and now depends heavily on his COBRA subsidy.

The benefit allows Gregory to pay \$350 per month to continue his job-based coverage for his wife, who suffers from rheumatoid arthritis, and himself.

When their subsidy ends Monday, however, the couple's premiums will rise to \$940. Gregory can't get less expensive private insurance because of his wife's pre-existing condition.

"In today's dismal economy, who has \$940 each month to spend on health insurance, especially if you don't have a job?" Franken said. "Now is not the time to put another burden on struggling families."

Franken and other Democratic senators wrote a letter this week urging party leaders to act on the COBRA Subsidy Extension and Enhancement Act of 2009. The bill, sponsored by Sen. Sherrod Brown, D-Ohio, would increase the subsidy from 65 percent to 75 percent, extend it from nine to 15 months and push the initial expiration date to next June.

Rep. Joe Sestak, D-Pa., sponsored a similar measure in the House of Representatives.

Congress' Joint Committee on Taxation is preparing a cost estimate on the Senate legislation. Earlier this year, the committee estimated that the current subsidy would cost nearly \$25 billion and would cover about 7 million people this year.