

## Coverage After Cobra?

By **M.P. MCQUEEN**

With eligibility for a government subsidy for Cobra premiums due to expire Dec. 31, and talk of an extension growing, some laid-off workers are puzzled about what to do next.

The federal program partially subsidizes health-insurance benefits under Cobra, the Consolidated Omnibus Budget Reconciliation Act, which allows laid-off workers to pay to continue participating in their former employer's health plan. The subsidy pays for 65% of monthly premiums.

For 2009, the average health plan under Cobra costs about \$13,375 annually for a family and \$4,824 for an individual, according to the Kaiser Family Foundation, a nonprofit specializing in health-care issues.

Only employees who are involuntarily terminated, and not due to gross misconduct, are eligible for the subsidy. People whose employers no longer offer health insurance or went out of business may not be eligible. And there are income restrictions. The subsidy comes in the form of payroll tax credits for employers.

### ***Calls for Extension***

Membership in Cobra plans has doubled at employers surveyed since the subsidy took effect March 1, according to benefits consultant Hewitt Associates. An estimated 14 million workers are now eligible.

Given those numbers, a bill has been introduced in Congress to extend the subsidy for six more months. That would allow eligible individuals to receive the subsidy for as many as 15 months, instead of the current nine months.

The bill also would extend eligibility to workers whose jobs were terminated between Jan. 1 and June 30, 2010. Currently, only people laid off between Sept. 1, 2008, and Dec. 31, 2009, are eligible. In addition, it would allow recipients to stay on Cobra for 24 months, up from the current 18 months.

It's not known if or when the bill would be enacted. But Democratic leaders and the Obama administration have expressed interest, says Rep. Joe Sestak (D., Pa.), the bill's author.

### ***Explore Your Options***

In the meantime, some workers who will lose the subsidy as early as this month must decide whether to try to stay with Cobra despite the loss of the subsidy or seek cheaper insurance elsewhere, experts say.

"For the average laid-off worker, the end of the subsidy means a monthly payment jump from \$374 to \$1,068 for health insurance," says Phil Leberz, director and founder of the Foundation for Health Coverage Education, a San Jose, Calif., nonprofit supported by health insurers and foundations. "With an average national unemployment benefit set at \$1,278 per month, these participants need to look at other options available."

Mr. Leberz says there are state and hospital-based programs that can assist with paying Cobra premiums.

Anne Waidmann, a human-resources consultant at PriceWaterhouseCoopers, says participants and their dependents, especially those with pre-existing conditions, should stay on Cobra, for now, if they can afford it.

You can search for health coverage from government-sponsored groups and private, individual plans at [coverageforall.org](http://coverageforall.org). At [ehealth.com](http://ehealth.com), you can comparison shop for private health insurance in many states.

For questions about Cobra eligibility, call your former employer and the U.S. Department of Labor at 866-444-3272 or visit [dol.gov](http://dol.gov). State employment and labor departments can help with questions about state-run Cobra programs.