



November, 10, 2009

You have health insurance options when COBRA runs out



Your Money
Sandra Block

Earlier this year, lawmakers agreed to temporarily subsidize health insurance for laid-off workers, providing a big discount for coverage until they got back to work.

That worked out nicely for people who found a job before their subsidy expired. But many people who qualified for the benefit are still unemployed. The economic stimulus bill signed into law in February subsidizes 65% of COBRA premiums for workers laid off between Sept. 1, 2008, and the end of this year. COBRA allows workers who leave their jobs to continue their former employer's health insurance coverage for up to 18 months.

The subsidy, though, expires after nine months. That means time is running out for laid-off workers who signed up in March, when the benefit first became available. To keep COBRA coverage, they'll have to pay 102% of the premiums. For the average family who is eligible for the subsidy, monthly premiums will jump to \$1,078 a month from \$377, according to the [Kaiser Family Foundation](#).

Mindful of the 10% unemployment rate, some lawmakers have proposed extending the benefit, but that hasn't happened yet. Tips for people who are losing their COBRA subsidy:

- Don't drop COBRA until you've found another source of insurance coverage, "even if you're paying through the nose for a month or two," says Phil Lebherz, executive director for the Foundation for Health Coverage Education, a non-profit supported by insurance companies. Applying for a private health insurance policy won't affect your eligibility for COBRA, and once you're approved, you can stop paying COBRA premiums. But if you drop COBRA and are turned down for private insurance, you could find yourself without coverage, Lebherz says.
- Consider different coverage for different members of your family. Find out whether your children qualify for the Children's Health Insurance Program. CHIP is a federal-state partnership designed to provide insurance for families who are ineligible for Medicaid but can't afford private insurance.

| ENROLLMENTS UP AFTER SUBSIDY | | |
|--|---------------------|-------------|
| Average enrollment in COBRA doubled after the federal subsidy became available in March, particularly in the hard-hit manufacturing sector. Average monthly enrollment in: | | |
| Industry | Sept. 2008-February | March- June |
| Aerospace and defense | 30% | 71% |
| Auto and transport | 25% | 52% |
| Construction | 6% | 22% |
| Industrial manufacturing | 7% | 59% |
| Average | 19% | 38% |

Source: Hewitt Associates

CHIP is particularly valuable if any of your children has a chronic medical condition, such as asthma. Most private insurers charge much higher premiums for family members with such conditions, or may not cover them at all. For more information about your state's CHIP coverage, go to www.insurekidsnow.gov.

If you or your spouse suffers from a chronic medical problem, you may be able to continue COBRA for that spouse and buy an individual policy for the healthy partner, says Marty Rosen, executive vice president of Health Advocate, a company that helps workers navigate their insurance coverage. You'll lower your COBRA premiums while maintaining coverage for the spouse who may be unable to get private insurance. Check with your former employer first to find out if this

change in coverage is allowed under the terms of your plan.

- Get a part-time job. Some large employers provide group coverage for part-time employees. To qualify, you'll probably have to work a certain number of hours each week. Your portion of the premium may be higher than you paid when you had a full-time job, and you may have a higher deductible. Still, an employer-provided plan could be less expensive than an individual policy, Rosen says. And if the employer offers a group plan, you can't be turned down because of a pre-existing condition.

[Starbucks](#), for example, offers health insurance to employees who work at least 20 hours a week. Its least-expensive option costs about \$40 a month.

- Buy an individual insurance policy – but scrutinize the details first. Premiums "are only part of the story," Rosen says. Look at deductibles, co-insurance, lifetime coverage caps and conditions the plan may not cover. Also important: whether there's an annual limit on your out-of-pocket costs. Look for a plan that provides 100% of coverage after you've spent a specific amount. Otherwise, you could end up spending thousands of dollars for your care. You can review private health insurance policies at www.ehealthinsurance.com.

- Buy a short-term plan if you know you're going back to work soon or are approaching Medicare eligibility. Many insurance providers offer temporary plans for up to a year. These plans are generally less costly than traditional individual plans. However, they should not be used as a substitute for long-term insurance. If you file a claim, there's a good chance the insurer won't renew your coverage when it expires.