

Health-insurance subsidies for jobless ending

By Jane M. Von Bergen

At a time when the unemployment rate tops 10 percent, many unemployed Americans will no longer qualify for federally subsidized health insurance.

That's because a nine-month health-insurance subsidy that was part of the federal stimulus legislation began to end yesterday for many who have relied on it. As many as seven million people were eligible for the subsidy in 2009, according to government statistics.

People who have not used up their nine-month subsidy will be able to finish it. But no one laid off after the end of the year will be able to start using the subsidy. Portions of the stimulus legislation dealing with the insurance coverage end Dec. 31.

"Anybody who loses his or her job is also likely to lose health coverage," said Ron Pollack, executive director of Families USA, a health-care consumer organization.

The situation worries people such as administrative manager Rob Wigmore of Devon, who was laid off in May.

"As soon as I lost my job," Wigmore said, "making sure that my family and I had health insurance was my primary consideration."

Wigmore was able to purchase health insurance through his

former employer in a program known as COBRA (more on how it got that name later).

Ordinarily, such coverage costs former employees 102 percent of the cost of the premium. Wigmore would have had to pay \$1,388.31 a month to cover himself, his wife, and his son.

The U.S. American Recovery and Reinvestment Act, signed into law Feb. 17, included a provision that the government would pick up 65 percent of the COBRA tab.

"I pay \$485.91 a month," Wigmore said. "It's the most important check I write a month, besides my mortgage."

In Delaware and eight other states, the average unsubsidized COBRA monthly premium is more than the average monthly unemployment check, according to an analysis by Families USA.

In New Jersey, the premium is 66.9 percent of the average monthly unemployment benefit. In Pennsylvania, it's 72.8 percent. If Wigmore had to pay the whole premium, "at the end of the month, I'd have just about \$500 left."

Wigmore has a little breathing room. He first started paying his COBRA premium in July. His nine months end in March. By that time, he hopes Congress passes an extension.

Rep. Joe Sestak (D., Pa.) has sponsored a bill in the House. Sens. Bob Casey (D., Pa.) and Robert Menendez (D., N.J.) are cosponsors of a Senate version.

Both bills would extend the subsidy from nine months to 15 and cover people laid off through June 30, 2010. The Senate bill would increase the subsidy to 75 percent.

COBRA is named for the legislation that created it, the 1985 Consolidated Omnibus Budget Reconciliation Act.

Given the cost of COBRA, enrollment was hardly universal. According to Hewitt Associates, a benefits consulting company, only 19 percent of laid-off workers picked up the coverage before the subsidy.

After the subsidy, average monthly enrollment doubled to 38 percent, a Hewitt survey of 200 large employers found. The Treasury Department is compiling precise statistics on the use of the subsidy based on quarterly business-tax returns, but the report is not yet available.

A back-of-the-envelope estimate, assuming the Hewitt finding applies to the seven million people eligible for the subsidy, suggests that at least 2.7 million employees and their family members will have made use of the subsidy.

"We've seen the greatest influx of COBRA enrollment in history," said Robert Petcove, president of Advanced Benefit Advisors Inc., an insurance broker in Cherry Hill.

Typically, he said, COBRA users run up higher medical claims. That's because COBRA had been so expensive that people in reasonably good health would try to find a cheaper alternative or go without insurance.

People who are losing their COBRA subsidy are not losing their coverage. They should try to pay the premium while awaiting legislation, advises Ankeny Minoux, president of the Foundation for Health Coverage Education in California. A missed payment dis-enrolls people from COBRA, she said. People should not drop COBRA coverage until they are enrolled in another plan.

She advises trying to move children onto state-funded insurance and healthier individuals onto other plans, retaining the COBRA coverage for the least healthy.