

## Health Costs

# More on Cobra Subsidy

By M.P. MCQUEEN

I wrote in this column recently about a proposal in the House of Representatives to extend the 65% subsidy for Cobra health coverage for involuntarily terminated workers beyond its scheduled expiration on Dec. 31. The bill would extend the subsidy until June 30, 2010.

Now, a companion bill has been introduced in the Senate that also would extend the Cobra subsidy for six months, up to a total of 15 months, and increase the subsidy to 75%. But it's not known if the legislation will pass or even come to a vote.

The Consolidated Omnibus Budget Reconciliation Act, or Cobra, allows workers who are terminated at companies with 20 or more employees to continue on the employer's health-insurance plan for up to 18 months or longer under specific circumstances. The workers must pay the entire premium plus an administrative fee.

I received dozens of emails from readers desperately hoping the Cobra subsidy will be continued and asking about what options they have if it isn't. Many said that without the subsidy, they won't be able to afford health coverage.

### **The First Wave**

Many unemployed workers who first started receiving the Cobra subsidy in March lost it as of Nov. 30, and many more will start losing the subsidy this month. Workers whose Cobra eligibility begins on or after Jan. 1, 2010 won't get the

subsidy even if they're terminated by Dec. 31, unless Congress extends the law.

Anyone who is involuntarily terminated by Dec. 31 and is eligible for Cobra by that date, however, can get the subsidy for the full nine months, says Sharon Watson, director at the Employee Benefits Security Administration, U.S. Department of Labor.

Once the subsidy ends, insureds must pay the full premium for the remaining period. The average monthly Cobra premium is \$1,111, or 83% of the national average monthly unemployment insurance check, according to consumer advocacy group Families USA.

### **Some Options**

With uncertainty surrounding an extension, experts recommend researching your options for continuing insurance now.

If your former employer offers you the chance during open enrollment to switch to a cheaper Cobra plan, such as an HMO, consider it. But don't drop Cobra until you've been approved for another health plan. Once you drop it, you can't be reinstated, according to the Labor Department.

Also, avoid changing plans if you're currently receiving medical treatment because a new plan may have different providers and benefits. To avoid being denied new coverage because of a pre-

existing condition, avoid a 63-day lapse in coverage, officials say.

The nonprofit Foundation for Health Coverage Education ([coverageforall.org](http://coverageforall.org)) has listings of income-qualified government-sponsored group programs and private health-care options. The Department of Health and Human Services also has a site for information on state child health programs ([InsureKidsNow.gov](http://InsureKidsNow.gov)).

Private, individual health insurance can be affordable in states with a competitive market. But be sure to check benefits and exclusions, as private plans are often less comprehensive than employer group plans.

As a last resort, consider a catastrophic, or "hospital-only," plan, which covers services performed in and billed by hospitals.

For updates on the Cobra subsidy, contact the Employee Benefits Security Administration at [dol.gov/cobra](http://dol.gov/cobra) or 866-444-3272.