

With prices rising, fewer health insurance options

Some employers are cutting back, or eliminating coverage; COBRA subsidy ending

By Eve Tahmincioglu

Alane Basco, from Poulsbo, Wa., lost her job in 2008 and was on her husband's insurance plan until he switched to a new employer who didn't offer health coverage. She was on COBRA through his old company until she couldn't afford it anymore and is now uninsured.

"I have two medical conditions that put me in the high-risk category and I have been denied private insurance," said Basco, 36.

There is a state program for high-risk individuals offering such policies at a discount, about \$278 a month for her coverage.

"It's not extremely high, but it is outside of our budget," she lamented.

Ashleigh Menzies is about to turn 26 and, as a result, has lost her insurance because she's no longer covered under her parents' policy — a benefit that came out of health care reform.

Menzies lives in Washington, D.C., and works full time as a nanny, but did not negotiate any healthcare insurance coverage when she was first hired.

"I just try to stay as healthy as possible, which is hard being a nanny, and medicate with over-the-counter or home remedies," she explained.

There are increasingly fewer options for people like Menzies and Basco, who are either unemployed or don't get coverage from an employer.

"Right now, you have tens of millions of people who can't purchase health coverage," said Ron Pollack, executive director of Families USA, a healthcare consumer advocate. "Most people are



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shut out of health coverage because they can't afford it."

Indeed, the cost of health insurance coverage on the open market keeps climbing. Some employers are cutting back or eliminating health coverage. The subsidy for expensive COBRA (Consolidated Omnibus Budget Reconciliation Act) coverage, implemented in 2009 to provide a 65 percent discount, expires at the end of this month. Meanwhile, nearly 14 million Americans are still out of work.

These factors are all contributing to the growing number of uninsured Americans, which reached a record 50 million in 2009, according to the most recent data from the U.S. Census.

This year, the numbers don't look any better. The uninsured ranks among adults over 27 years old swelled from January through April of this year, according to Gallup, with 27- to 35-year-olds seeing the highest uptick. Nearly 27 percent of them are now uninsured.

Only 18- to 26-year-olds actually saw a decline in the number of uninsured, mainly due to a provision in the health reform law allowing this age group to remain on their parents' plans, Gallup said in a statement. But even the younger group has an uninsured rate of 24 percent.

There are few national proposals to deal with the problem in the near term, and even the healthcare reform overhaul spearheaded by President Obama was dealt a blow earlier this month by a U.S. Appeals Court that found key parts of the act are unconstitutional.

Still, Pollack believes the law, which will create insurance exchanges where the uninsured can purchase coverage, will still be effective in bringing down costs for consumers because important provisions — including tax credit subsidies and expansion of Medicaid eligibility — look likely to remain.

No matter what reform looks like in the end, the bulk of the new law won't take effect to 2014, so individuals who are lacking insurance and want it need to look to what's available right now, said Ankeny Minoux, president of the **Foundation for Health Coverage Education**, a not-for-profit that provides health insurance eligibility information.

“There are options out there for people who've lost their jobs,” she stressed, including everything from public assistance to high-deductible plans.

Individuals in some states may be eligible to have their COBRA premiums paid for if they meet certain Medicaid income requirements even if they're not on Medicaid, she explained.

Also, she continued, if you exhaust your COBRA coverage, you could purchase a plan under the Health Insurance Portability and Accountability Act. That could be more affordable, especially if you chose a high-deductible plan, and you'll have the benefit of having continuing coverage.

The foundation provides [a free eligibility quiz](#) where consumers can type in their zip codes and get a list of all the public and private options that are available to them.

For small businesses looking for coverage, experts suggest checking out what group options are available in your state by contacting your insurance department or chambers of commerce.

And some states already have programs that are similar to the exchanges we'll see under health

reform, such as New York's HealthPass, which is an aggregator of insurance plans offered on the open market. This exchange collects premiums from employers, processes a lot of payment information and is able to offer employees of small companies a host of plans from different carriers, said Shawn Nowicki, the director of health policy for the organization.

Individuals also should check out their state department of insurance websites for information on programs available locally. They also should start acting like savvy consumers, advised Michael Goodheim, a health insurance consultant with Farsighted Strategies in Seattle.

“Most Americans don't shop for health insurance,” he said. “So they don't understand the plans or what's out there.”

But widespread unemployment, he continued, is forcing people to rethink how they view insurance.

“They assume the individual market is out of reach for them,” he said. “For some, it may be, but for others, there are options.”

Choosing to go without, he maintained, “could wipe you out if you have one hospitalization.”

Basco, from Washington state, knows the risks. That's why she's working on getting some sort of plan and is hopeful about health care reform eventually helping people like her to afford coverage.

The high-risk pool that she was approved for was part of the health care reform legislation, she pointed out.

“Although the premium is higher than the rate for a healthy person at my age,” she said, “it's still only a fraction of the cost that it would be if the private insurance company had approved me and rated me for having a pre-existing condition.”

Although the rate is higher than she hoped, it's within reach.

“I hope to make adjustments in our budget to start the plan within a few months,” she said. “I am extremely thankful to have this option and not just a flat out denial of coverage.”