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7 Ways to Keep Health Coverage If You Lose Your Job

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If you've lost your job, don't panic about your health care coverage. But, don't put off taking action, either. Here are seven options you should consider as soon as possible after getting pink-slipped.

1. **Use it before you lose it.** One of the first things you should do after getting laid off is ask the company HR person exactly when your employer-paid coverage expires. If you leave during the middle of the month, you may have employer-sponsored health insurance through the end of that month. That's time enough to refill a prescription or move up a needed doctor's appointment. After that, you'll have to explore other options.
2. **Stay in your employer plan by paying the (COBRA) premium.** What it is: COBRA is a federal law (the Consolidated Omnibus Budget Reconciliation Act) known by its acronym. What it gives you: Under COBRA, former employees have the right to stay in an employer's health insurance for up to 18 months. What it costs: Brace yourself. You have to pay 102% of the actual cost. If your situation is typical, the deductions from your paycheck for health insurance has been only one-sixth to one-fourth of the total cost, with your employer footing the rest of the bill. Under COBRA, you have to pay full freight. When to decide: Be aware that you must accept and sign up for COBRA within 60 days or lose that option completely. If you go two more days past that 60-day window and don't sign up for any other health coverage, you can lose in other ways, including delayed coverage for any pre-existing condition when you enroll in another plan at a new job. You can also be denied coverage if you try to buy insurance on your own. You can find more about COBRA at the Department of Labor website:
http://www.dol.gov/ebsa/faqs/faq_compliance_cobra.html.
3. **Apply for the federal (COBRA) subsidy.** Under the new stimulus bill, you may qualify for a 65% subsidy of COBRA costs for that first nine months. The new assistance applies to those who have been laid-off since September 1. For details on how to apply for help, go to the Department of Labor website: <http://www.dol.gov/ebsa/COBRA.html>.
4. **Choose a cheaper former employer plan.** Did you opt for the most lavish plan available when your employer was covering the tab? Now that you are responsible for all of the cost, a less expensive plan may make more sense. These are usually high-deductible plans, which cover catastrophic medical problems and frequently, some preventative services, as well. You may also be able to combine one of these plans with

a health savings account (HSA) that allows you to make deposits and pay medical bills with a pre-tax dollars. As soon as possible after your layoff, ask your former HR representative if the company offers a lower cost insurance plan that would cost you less under COBRA. It is also worth asking if that plan qualifies for a health savings account.

5. **Join a spouse's or parent's health plan.** You may be able to join a health plan through your spouse or parent at their workplace. However, you need to act quickly because federal law requires that you sign up within 30 days from the date of a job loss or loss of benefits.
6. **Shop around for inexpensive coverage.** There may be cheaper and better alternatives to COBRA, especially if you have no severe health problems. For example, a Dallas family of four with both parents in their 20's could buy a \$2,000 deductible (PPO) plan for a \$4,680 annual premium. That same family's annual COBRA premium would be closer to \$13,000, not including their deductible payment or any temporary subsidies. If that family chose a \$5,000 deductible, the annual premium will be less than \$3,500. Some of these plans also qualify for a Health Savings Account, allowing you to set tax-free money aside to pay for medical expenses. You can contact independent insurance agencies in the yellow pages to compare policies or look at online shopping sites that compare prices, such as www.ehealthinsurance.com or <http://www.healthinsurancefinders.com/>.
7. **If uninsurable (because of pre-existing conditions) you may still be able to obtain insurance.** Under Federal law, people who have been continuously insured cannot be denied individually purchased coverage because of poor health. Different states deal with this in various ways. Some states require insurers to accept all applicants, regardless of pre-existing conditions. In a more common approach, 35 states have high-risk pools to insure those who are turned down by commercial insurers.

Because of the high cost, only about one-in-ten workers actually sign up for COBRA. However, don't let COBRA sticker shock prevent you from looking any further for solutions. If you ask questions and don't procrastinate past your 62-day window you will have more and better health coverage options. Even high-deductible, catastrophic coverage may prevent years of financial debts that severe illness or injury that can leave behind – one of the worst kinds of insult-to-injury that can follow a job loss.

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Dr. Herrick concentrates on a variety of critical health care issues, such as health insurance and the uninsured, patient empowerment and trends in state health policy reform. As a health care economist, Dr. Herrick is a preferred speaker on health policy issues and his comments have

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