



Unemployed May Have Numerous Options Beyond COBRA

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When Robbin Hazlett recently lost her job at a uniform and linen company, the cost to continue her health coverage could have taken her to the cleaners.

To keep the same insurance plan her former employer used to provide, the Barberton woman would have paid nearly \$400 a month.

So while she continued to look for a new job, Hazlett also shopped around for a more affordable insurance option.

This month, the healthy 54-year-old signed up for a plan from SummaCare that costs a more manageable \$149 a month but carries with it a \$10,000 deductible for hospitalizations and some outpatient services.

Her one prescription medicine -- a generic drug to prevent osteoporosis -- costs her a \$10-a-month copay under the plan.

"I don't think people realize you can get cheaper health coverage if you look around," Hazlett said.

But not everyone can find coverage they can afford to keep.

As thousands of Americans are losing their jobs with the economy in recession, those pink slips often create a black mark on their financial ability to get health insurance.

Given the economy's impact on family budgets, many find themselves going without health insurance.

A study recently released by the national health-care consumer advocacy group Families USA found more than half of the unemployed Americans who earned less than 200 percent of the federal poverty level in the previous year were uninsured.

For a family of four, that means their annual income was less than \$44,100.

In Ohio, more than 115,000 unemployed, lower-income workers are uninsured, the study found.

"It's really risky," said Cheryl Fish-Parcham, deputy director of health policy for Families USA.

"I've been getting calls daily from people who had to go without insurance and are in really bad situations right now."

Dr. Karen Barton, medical director at Akron Community Health Resources, is caring for more and more patients who are losing their jobs and, consequently, their health insurance.

The federally qualified health center has seen its percentage of patients who are uninsured increase from about 33 percent eight months ago to nearly 40 percent today in the Akron office, Barton said. At its new Portage County clinic, about half the patients are uninsured.

"They come to us and say: 'I'm almost out of medication, I've lost my insurance and, as a result, I can't afford my medicine,'" Barton said.

COBRA Help Limited

The federal law known as COBRA (the Consolidated Omnibus Budget Reconciliation Act) gives many workers and their families who lose their health benefits the right to continue group health insurance benefits for 18 months in most cases.

But the COBRA protection applies only to workers at companies with 20 or more employees that are still in business.

If the company closes, COBRA isn't an option.

People who work for smaller firms have the right under state law to continue coverage for six months, said Doug Anderson, chief policy officer for the Ohio Department of Insurance.

Lawmakers are considering extending eligibility for 12 months.

To keep coverage through COBRA or under the state law, the former employees must pay the total premium.

Last year, the average total for health insurance provided by employers nationwide was \$4,704 for single coverage and \$12,680 for family coverage, according to the Kaiser Family Foundation, a nonprofit health-care research group. Workers, on average, contributed \$721 last year for single coverage and \$3,354 for family coverage.

By comparison, most people who sign up for individual family plans from Medical Mutual of Ohio adjust their deductibles and benefits so their monthly premiums average \$200 to \$250, said George Stadtlander, Medical Mutual's individual and small-group vice president of sales and chief underwriter.

For many families, the COBRA premium would consume the bulk of their monthly unemployment benefit, according to a recent report from Families USA.

In Ohio, the average monthly family COBRA premium last year was \$1,030 -- or about 78 percent of the average monthly unemployment benefit of \$1,327, the advocacy group found. Federal lawmakers are considering proposals for the government to pick up 65 percent of the cost of continuing health insurance through COBRA for nine or 12 months for people who lose their jobs.

Other Options

In the meantime, people who lose their insurance when they lose their job should first determine whether they can switch to another group plan offered through a spouse's or partner's employer, said Fish-Parcham of Families USA.

She also encouraged people to see whether anyone in the family -- particularly the children -- qualifies for public assistance. The State Children's Health Insurance Program, or SCHIP for short, has higher maximum income levels for children to get coverage.

Veterans can sometimes get medical care through the U.S. Department of Veterans Affairs, she said.

In addition, she said, people who lose their job because of trade policy might be eligible under the Trade Adjustment Assistance Reform Act to have 65 percent of the cost of their insurance paid by the federal government for as many as three years.

People with chronic medical conditions are probably the only ones who should opt for continuing group coverage through COBRA, said Randy Klein, president of the Northeast Ohio chapter of the National Association of Health Underwriters.

The reason: If they try to get insurance on the individual market, they'll probably be denied or charged hefty premiums, he said.

If one member of the family has a medical problem but everyone else is healthy, Klein said, people should consider continuing the COBRA group coverage only for the sick person and putting everyone else on a less expensive individual plan.

Consumers with chronic illnesses that are under control should provide doctors' notes, test results and other documentation about their condition, said Phyllis Cain, SummaCare's director of sales for Medicare and individual products.

SummaCare's underwriters consider this information when determining the monthly premiums, she said.

Never drop health insurance before getting another plan in place, advised Ellen Laden, director of public relations for Golden Rule Insurance Co., United HealthCare's individual insurance company.

Not only does insurance protect people from huge bills in a medical crisis, she said, but "it also lets consumers pay the lower, negotiated rates that insurers negotiate with doctors and hospitals."

Klein urged consumers not to be scared off by plans with lower premiums but higher deductibles that must be met before coverage starts.

"You may or may not pay it," he said of the deductible. "And if you haven't, that's money you banked all year long. You might as well save your money."

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