

7 health insurance options when COBRA runs out

By Barbara Marquand
Posted: 02/24/2011

Thanks to COBRA — the Consolidated Omnibus Budget Reconciliation Act — you can continue to receive health insurance coverage at group rates after losing a job.

But all good things must come to an end. If you are a former employee on COBRA, the end is probably at 18 months.

Don't wait until the last minute to find a replacement for COBRA, says Martin Rosen, cofounder of Health Advocate, a Plymouth Meeting, Pa.-based company that helps individuals and businesses navigate the health care system.

In fact, Rosen recommends considering alternatives as soon as you're eligible for COBRA. For many people, the three best options are:

- **Buy an individual health insurance policy**
- **Find a job that offers group health coverage**
- **Go on a spouse's group plan**
- **But if these options do not work for you, don't fret — here are seven other creative options to weigh.**

1. Pre-existing condition? Look for a guaranteed issue plan

Under the federal Health Insurance Portability and Availability Act, you cannot be denied coverage for a pre-existing condition if you lose employer-sponsored health insurance and have maintained coverage for the prior 18 months, with no gaps exceeding 63 days.

As soon as possible before your COBRA expires, check with your state insurance department to find out whether you can buy a "guaranteed issue" plan. You can't get quotes for this type of health plan online, says Ankeny Minoux, president of the Foundation for Health Coverage Education in San Jose, Calif.

Be aware that guaranteed issue plans aren't necessarily cheap, says Cheryl Fish-Parcham, deputy director of health policy for Families USA, a Washington, D.C.-based health care advocacy group. In fact, in some states they can be very expensive.

2. See if you're eligible for Medicaid

Many people assume they're not eligible for Medicaid, but income requirements vary among states. If you're still without a job, you might be surprised to learn you meet the requirements for Medicaid, Minoux says.

3. Check out the Children's Health Insurance Program

If you have children who need coverage, see whether your family qualifies for the Children's Health Insurance Program (CHIP).

Available in every state, the program provides free or low-cost insurance coverage for children in families with incomes up to \$44,100 a year for a family of four. In many states, families with considerably higher incomes also may qualify for CHIP coverage.

4. Shop for a high-deductible health insurance plan

It's tough to find individual health insurance coverage if you have a pre-existing health condition. But you can find affordable individual health insurance plans if you're healthy and shop wisely.

"Be a good, prudent consumer," Rosen says. "Evaluate how much coverage you need."

A high-deductible health plan – sometimes known as catastrophic health insurance – features lower-than-average premiums. But look at more than the premiums cost, Minoux says. Read the fine print about what the insurance plan covers and your other costs.

Such costs include co-insurance (the percentage of covered medical expenses you pay after you've paid the deductible) and out-of-pocket expense caps (the maximum you pay out of pocket each year before the insurance pays 100 percent). And review the covered services – such plans are usually intended for hospitalizations.

5. Get a part-time job with the right employer

Some employers, most notably Starbucks, offer health benefits to part-time employees.

6. Explore your options if you start a business

Starting your own business can open new avenues to health insurance. Even a sole proprietorship can qualify for group health insurance, which should cover any pre-existing conditions, as long as you've maintained coverage for the last 18 months.

Rates might still be high, though, because your "group of one" does not provide insurers with a large enough pool of members to spread risk. Check with the local chamber of commerce as well to see if it offers group coverage.

7. Create your own health care strategy

Check with your state and local community for programs that reduce health care costs or supplement coverage. Compare prices of health care services and negotiate with providers for discounts if you're forced to go without coverage or you end up with coverage with high out-of-pocket expenses, Rosen says.

Creating a strategy for affordable health care "is like putting together pieces of a puzzle," says Rosen, co-author of "The Healthcare Survival Guide," available free online through Health Advocate. "It's not one simple thing, it's many simple things."

The Foundation for Health Coverage Education provides information about public programs on a state by state basis for people seeking affordable health insurance.