

COBRA Subsidies Expire Sept. 1

Federal program helped unemployed afford to pay for health insurance

[BY STEVE TWEDT]

With little fanfare, the federal COBRA subsidy program that has helped millions of the recently unemployed afford to continue health insurance will expire next week.

In many respects, the end is symbolic since the program's enrollment ended in May 2010. Extensions stretched the subsidies out for 15 months and now the last of those eligible will lose that benefit Sept. 1.

Coming on the heels of Pennsylvania ending its adultBasic insurance program, and with a stubborn statewide unemployment rate currently at 7.8 percent, "There's a group of people that have fallen through the gaps as we wait for health care reform," said Antoinette Kraus, project manager for the Pennsylvania Health Access Network, a coalition of 55 organizations that advocates for affordable quality health care.

COBRA, an acronym for the Consolidated Omnibus Budget Reconciliation Act of 1985, gives laid-off workers the option of paying to continue receiving health benefits through their employer for a time, but often at a price that's steep for someone who is unemployed. The subsidies reduced that cost by 65 percent.

The Kaiser Family Foundation reported the average monthly cost of maintaining COBRA coverage without the subsidy is \$1,137 for a family policy and \$410 for an individual. With the subsidy, the cost has been \$398 per month for a family and \$144 for individuals.

"COBRA without the subsidy is pretty expensive. I think people are just going to go without health insurance," Ms. Kraus said. "There's not an interim solution for all these people who don't have health insurance."

The federally funded, state-run PA Fair Care program for "high-risk" patients who have been denied coverage because of pre-existing medical conditions is expected to help about 3,500 Pennsylvanians in the next year, but it carries a \$283 monthly premium and applicants must have been without insurance for six months.

When originally passed, analysts estimated the \$25 billion COBRA subsidy program would aid more than 7 million laid-off employees and their families nationwide. One study found the number of those retaining health insurance through COBRA doubled after the subsidies became available.

What happens now is anyone's guess, but the signs are discouraging. "The talk in D.C. is, 'Let's figure out a way to make cuts and get rid of programs that cost money,' and this program costs money on paper," Ms. Kraus said.

But ending the subsidies will carry a price, too, she added, as the uninsured and unemployed will resort to using more costly hospital emergency rooms for routine care.

There are signs of that happening already. In a recent Hospital Council of Western Pennsylvania survey of its members, southwestern Pennsylvania hospitals reported a 70 percent increase in the charity care they provided in the January-March quarter this year compared with the same period a year earlier.

Martin Rosen, cofounder of the Philadelphia-area based Health Advocate Inc. (www.healthadvocate.com)

and coauthor of the book, “*The Healthcare Survival Guide*,” said there are strategies that can help the uninsured -- starting with determining whether they really need the all-encompassing, but expensive, COBRA group plan insurance. A single man, for instance, does not need to pay for a plan that includes coverage for the delivery and care of a newborn.

The benefit of COBRA is that it provides coverage for those with pre-existing conditions. But if, for example, your cancer is in remission, you may be better off with an individual plan that excludes coverage you’re not likely to need, he

said. With most plans, the coverage exclusion for pre-existing conditions expires in 12 months.

He also suggests negotiating price by, for example, asking a physician to give the same rate insurers get or checking pharmaceutical company websites on eligibility for free or discounted medications.

What people do need is insurance for catastrophic illness or injury, Mr. Rosen said. “You want to know that when you get to those big ticket items, you have that coverage.”