



Getting Covered: Finding Health Insurance When You Lose Your Job

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Did you recently lose a job that provided health insurance? You may have more options than you think. You may be able to join your spouse's plan, for example, or you may be able to maintain coverage under federal laws with confusing names like COBRA, HIPAA, and TAARA. Public programs, especially Medicaid and CHIP, may be the answer if your income is low.

The information below will help you sort through these confusing options. In general, we advise you to start with Option 1. If that won't work for you, explore the other options. You might find, for example, that your income is now low enough that you and/or your dependents qualify for Medicaid or CHIP (see Option 6). If you have questions or need more information, we list sources of additional information, both in the text and at the end of this document.

On February 17, 2009, the American Recovery and Reinvestment Act was signed into law. This legislation will help workers pay for COBRA coverage or similar continued health benefits. People who lost jobs between September 1, 2008 and December 31, 2009 may be eligible for up to nine months of premium assistance. As the law is implemented, employers and health plans will send notices to former employees about the assistance and the U.S. Department of Labor will post updates on their Web site at www.dol.gov/ebsa.

Your Options:

1. Find out if you can get coverage through your spouse's or domestic partner's employer.
2. Find out if you can continue your coverage through COBRA.
3. Find out if your state has any laws or programs that could help you.
4. Find out if you are protected under another federal law called HIPAA (the Health Insurance Portability and Accountability Act).
5. Find out if you are eligible for Trade Adjustment Assistance and the Health Coverage Tax Credit that comes with it.
6. Find out if you or any of your family members are eligible for Medicaid, the Children's Health Insurance Program (CHIP), any other state or local program, or VA coverage.
7. If you can't afford COBRA and you can't get help through a public program or any of the options listed above, shop for insurance in the individual market—but do so with CAUTION.

1 Option 1: Find out if you can get coverage through your spouse's or domestic partner's employer.

Does your spouse's employer offer a health insurance plan? Is it open to family members? If so, and if you, your spouse, or your dependents chose not to participate in your spouse's employer plan because you had other coverage, you may be able to join it now that you have lost insurance. Under the Health Insurance Portability and Accountability Act, or HIPAA, you have a 30-day special opportunity to enroll in your spouse's plan after your employer stops contributing to your insurance, even if it is not open-enrollment season.

Similarly, if your parent or domestic partner's employer offers a health plan that can cover you, but you declined it before because you had other coverage, you have a 30-day window to enroll in it now that you have lost insurance.

2 Option 2: Find out if you can continue your coverage through COBRA.

If you cannot join a spouse's or partner's plan, a federal law known as "COBRA" may give you the right to stay in the health plan you had at your former job. (See the box, "Who Can't Get COBRA?," for exceptions to this rule.) Federal workers have a similar right under a different law—their right is called "Temporary Continuation of Coverage" under the Federal Employees Health Benefit Program.

■ Notice of COBRA Rights:

If you are eligible for COBRA, you will receive a notice of your COBRA rights from either your former employer or your health plan. (Depending on your employer and health plan, it might take a month and a half after you lose your job for them to send you this notice.) Your right to enroll in COBRA lasts for 60 days after you get the notice (see below for exception). This means you have a little bit

Who Can't Get COBRA?

The federal COBRA requirement does not apply if your former employer had fewer than 20 employees. (But see page 5 for information on state laws that do cover these smaller businesses.) If your employer went out of business completely and no longer offers a plan, the right to stay in your former employer's plan probably does not apply to you. In addition, church-based plans do not have to provide COBRA. And you cannot get COBRA if you were fired for "gross misconduct."

of time to make your decision—but remember that once you enroll, you'll still have to pay premiums back to the date that your employer stopped paying them. Also note that if you don't act within 60 days, you will lose your COBRA rights.

EXCEPTION: People who lost jobs on or after September 1, 2008 may have a second chance. As a result of a new law enacted in February 2009, if you fall into this group, you may be entitled to assistance paying COBRA premiums, even if you turned down COBRA coverage initially. You should get a notice from your former health plan or employer about this by May 2009 or earlier. If you did not elect COBRA coverage previously, or if you enrolled but dropped out due to costs, you will have a second chance to elect COBRA at a subsidized rate once you receive the notice. You will not have to pay premiums back to the date your employer stopped paying them—watch for the notices to see exactly how much you will need to pay in premiums.

Caution:

Read Your Notice Carefully!

Check the notice that you receive about your COBRA rights carefully to see the deadline for electing COBRA coverage, where to send your premium payments, and whether or not you will receive monthly bills. ***If you do not follow the instructions or pay premiums on time, you can lose your COBRA rights.***

■ **Duration of COBRA Protection:**

COBRA usually guarantees 18 months of coverage, but the period of guaranteed coverage is longer in some cases:

- Those who qualify for Social Security Disability insurance before, or shortly after, leaving work may be eligible for coverage for a total of 29 months. If this applies to you, send your health plan a copy of the Social Security letter that says that you are disabled and ask for an extension of your COBRA benefits. But be aware that you may be charged higher premiums during this 11-month extension period.
- Family members may be able to qualify for up to 36 months of coverage in the following circumstances:
 - after a divorce or legal separation,
 - after the death of the worker,
 - when a dependent child grows older and is no longer a dependent, or
 - when the worker became entitled to Medicare before leaving the job.

Let your employer or health plan know if any of these apply to you. The COBRA notice that you receive from your employer or health plan should tell you how many months you can get COBRA and under what circumstances it can be extended. For more information, contact your employer or health plan administrator. Also see the U.S. Department of Labor publication, *An Employee's Guide to Health Benefits under COBRA*, available online at <http://www.dol.gov/ebsa/pdf/cobraemployee.pdf>.

■ Different Choices for Each Family Member:

Each family member who was covered by your job-based plan can make a different COBRA “election,” or choice. Thus, even if you had family coverage through your job before, if some of your family members now qualify for coverage through Medicaid or the Children’s Health Insurance Program (CHIP), you might decide to pay COBRA premiums only for yourself, which will be less expensive than paying for family coverage. Similarly, you might find that you have a different health insurance option for yourself, but that is best to elect COBRA for your child. This is also permissible. (See Option 6 for more about Medicaid and CHIP.)

■ COBRA Can Be Expensive, but Subsidies Will Help Some:

In the past, COBRA coverage has been too expensive for many people to afford. But now there is special help for people affected by the recession: People losing jobs between September 1, 2008 and December 31, 2009, may get help from the federal government in paying their COBRA premiums if they do not qualify for coverage under another group plan (such as a spouse’s employer’s plan) or Medicare. When the law is implemented, they will get notice from their employers that they can get COBRA coverage and they only have to pay 35 percent of the premiums. The government will reimburse the health plan or employer for the remaining amount. This premium assistance can help with any COBRA premiums due after February 2009, and can last for up to nine months. High-income people may have to repay some or all of the premium assistance through their taxes. People with adjusted gross incomes between \$125,000 and \$145,000 for individuals or between \$250,000 and \$290,000 for joint filers will be required to repay a portion of the premium assistance they receive. People with incomes above these amounts will be required to repay all of the assistance. Alternatively, they can permanently waive the right to receive assistance, but if they do so, they will not be able to reverse this waiver—even if their income drops. The U.S. Department of Labor, the U.S. Department of Health and Human Services, and the U.S. Department of the Treasury will implement the law. As more information becomes available, it will be posted on <http://www.dol.gov/ebsa/COBRA.html>. (For a summary of this new law, see <http://www.familiesusa.org/issues/private-insurance/understanding-cobra-premium.html>.)

Think Twice before You Reject COBRA Coverage

Although the cost of COBRA coverage can be daunting, you should think carefully before you turn down this option. There are two reasons, in particular, for caution:

1. COBRA provides a crucial protection for people who have been diagnosed or treated for a health condition: Your plan will continue to cover the same services for you that it covers for other employees who are still working. However, if you do not take COBRA and instead look for another health plan in the individual market, that other plan might not cover your pre-existing health conditions.

2. If you are eligible for COBRA, you may be guaranteed the right to buy an individual health insurance policy that cannot exclude coverage for any pre-existing condition—but only if you choose to take coverage under COBRA and keep that coverage for as long as you can.

For people who do not qualify for this help, such as those who lost jobs before September 2008, unfortunately, COBRA coverage can be expensive. Although COBRA allows them to remain in their former employer's plan, they must pay the total premium themselves. That includes the amount they used to pay, the entire share of their premiums that was formerly paid by their employers, and a small administrative fee of up to 2 percent.

■ **Other Sources of Premium Assistance:**

Massachusetts helps some unemployed workers pay their COBRA premiums; Massachusetts residents can get more information by looking for "Help with Health Insurance" on the Massachusetts Office of Labor and Workforce Development Web site (available online at [http://www.mass.gov/?pageID=elwdsbtopic&L=4&L0=Home&L1=Claimants&L2=Unemployment+Insurance+\(UI\)&L3=Help+With+Health+Insurance&sid=Elwd](http://www.mass.gov/?pageID=elwdsbtopic&L=4&L0=Home&L1=Claimants&L2=Unemployment+Insurance+(UI)&L3=Help+With+Health+Insurance&sid=Elwd)), or by calling 1-800-908-8801. Bay Staters should receive application packets in the mail after filing claims for unemployment benefits.

In other states, if your income and assets are low enough to qualify for Medicaid, Medicaid may pay your COBRA premiums in some circumstances, and Medicaid may also pay directly for other health services. Ask your Medicaid agency and your Department of Insurance if assistance is available in your state. (For a link to your state Medicaid agency, go to http://www.nasmd.org/links/state_medicaid_links.asp or consult www.benefits.gov. To find your state insurance department, go to http://www.naic.org/state_web_map.htm.)

Some people who lost their jobs due to trade policy (such as increased imports or jobs going overseas) can get help paying for COBRA premiums through a Health Coverage Tax Credit—see the information in Option 5 on page 8.

Where to Get More Information:

Your former employer (the human resources or personnel department) is required to tell you about your COBRA rights. To learn more about your rights to continue coverage, check out the U.S. Department of Labor's Web page about COBRA at <http://www.dol.gov/dol/topic/health-plans/cobra.htm>. You can find other information about benefits after job loss at <http://www.dol.gov/ebsa/publications/joblosstoolkit.html>. Call toll-free 1-866-444-3272 for a referral to the best place to answer your questions.

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Option 3:

Find out if your state has any laws or programs that could help you.

Some states have laws that complement COBRA and other federal consumer protection laws.

- **Mini-COBRA:** If your employer had fewer than 20 workers, your state might have a “mini-COBRA” law that allows you to stay in your employer’s plan by paying the full premium (or more than the full premium in California, Florida, or Nevada), much like the federal COBRA law that applies to people in larger firms. People who lost jobs between September 1, 2008 and December 31, 2009 and who are not eligible for other group coverage or Medicare may qualify for help from the federal government in paying their mini-COBRA premiums. When the law is implemented, they will get notice from their employers that they can get COBRA coverage and they only have to pay 35 percent of the premiums. The government will reimburse the health plan or employer for the remaining amount. This premium assistance can help with any mini-COBRA premiums due after February 2009, and can last for up to nine months. The following states have mini-COBRA laws: Arkansas, California, Colorado, Connecticut, the District of Columbia, Florida, Georgia, Hawaii, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, West Virginia, Wisconsin, and Wyoming. Keep in mind, however, that depending on the state, you may only be able to keep this coverage for a short time and/or plans may not have to cover all of the same benefits that they covered while you were working.
- **Conversion Policies:** If continuing your policy is not an option, your state might require insurers to “convert” your coverage to an individual plan—for instance, if a firm goes out of business or had fewer than 20 workers, some states require the same insurer that covered you on the job to now sell you a policy as an individual. However, you should find out what benefits are covered by the new plan and how much it is allowed to charge in premiums—in some states, conversion policies do not have to include all of the same benefits that you had before, and in some states, premiums may be very high. The following states require insurers to convert some unemployed workers’ health coverage to individual plans: Arkansas, California, Colorado, Connecticut, the District of Columbia (for HMOs only), Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, Minnesota, Missouri, Montana, Nevada (non-HMOs only), New

Hampshire, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma (HMOs only), Pennsylvania, Rhode Island, Tennessee, Utah, Vermont, Washington, West Virginia, Wisconsin, and Wyoming. (Note that New Jersey, South Carolina, and South Dakota have conversion laws, but they apply only in the case of divorce.)

- **Mini-COBRA or Conversion:** In Arizona and Virginia, insurers have the option of offering a mini-COBRA policy or converting unemployed workers to individual policies.

For a summary of state mini-COBRA and conversion laws, see *Protecting Unemployed Workers' Health Coverage: What States Can Do*, available online at <http://www.familiesusa.org/assets/pdfs/unemployed-uninsured/protecting-unemployed-workers.pdf>. To find your state insurance department, go to the National Association of Insurance Commissioners Web site at http://www.naic.org/state_web_map.htm.

4 Option 4: Find out if you are protected under another federal law called HIPAA (the Health Insurance Portability and Accountability Act).

Under this law, at least one insurer in every state must sell you a health plan if you meet the following conditions:

- you had 18 months of coverage without a break of more than 63 days,
- the last day of your coverage was through a job, and
- either you don't have a COBRA or mini-COBRA option or you have already exhausted it.

(In a few states, unemployed people with a somewhat longer break in coverage are allowed to buy certain health plans without new pre-existing condition exclusions. Talk to your state insurance department to learn more about the rules that apply to various health plans in your state.) Under HIPAA, the plan or plans designated by each state to serve those who are "HIPAA-eligible" cannot exclude coverage of pre-existing conditions, but they may be able to charge higher-than-average premiums. Contact your state department of insurance to find out more about which health plans must sell you insurance that covers your pre-existing conditions if you are HIPAA-eligible and how much those insurers are allowed to charge.

For a summary of state HIPAA laws, see *Protecting Unemployed Workers' Health Coverage: What States Can Do*, available online at <http://www.familiesusa.org/assets/pdfs/unemployed-uninsured/protecting-unemployed-workers.pdf>. For more information, contact your state insurance department by going to the National Association of Insurance Commissioners' Web site at http://www.naic.org/state_web_map.htm.

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Option 5: Find out if you are eligible for Trade Adjustment Assistance and the Health Coverage Tax Credit that comes with it.

If you recently lost your job because of trade policy—for example, increased imports or jobs moving overseas—you may be eligible to have from 65 to 80 percent of the cost of your health insurance paid for up to three years under a federal law called the Trade Adjustment Assistance Reform Act (TAARA). (Note: The amount of assistance was 65 percent of premiums prior to February 2009. Under a new law, premium assistance will increase to 80 percent until January 2011.) You might qualify for this help, for example, if your employer laid off workers because the company's products are being replaced by products from other countries or because the company is using more workers in other countries. The first step to getting help is to file for Trade Adjustment Assistance or Alternative Trade Adjustment Assistance. Information is available through the U.S. Department of Labor online at <http://www.doleta.gov/tradeact/> and through your state or local employment department or one-stop career center.

After you are certified, you should receive a kit in the mail to register for the Health Coverage Tax Credit (HCTC). You have a choice of either registering to receive monthly help paying your premiums or receiving a tax credit at the end of the year. For more information, visit www.irs.gov (use the search box to look for "HCTC") or call the HCTC Customer Contact Center toll-free at 1-866-628-4282.

If you did not elect COBRA when it was first offered, once you receive benefits from the Trade Adjustment Assistance program, you have a second chance to elect COBRA. For information, contact the Department of Labor toll-free at 1-866-444-3272.

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Option 6: Find out if you or any of your family members are eligible for Medicaid, the Children's Health Insurance Program (CHIP), any other state or local program, or VA coverage.

For a general idea of states' Medicaid and CHIP income eligibility guidelines for parents, children, and non-disabled adults without dependent children, see Families USA's chart, "Upper Public Program Eligibility Levels for Children and Adults," available online at <http://www.familiesusa.org/assets/pdfs/kids-and-parents-medicaid-and-chip-eligibility.pdf>.

Generally, Medicaid is available to people with low incomes and assets who are children, parents with dependent children, permanently disabled, or over the age of 65. Eligibility guidelines vary from state to state. In a few states, adults who do not have dependent children and are not disabled can also get Medicaid or coverage through another public program. You can find more specific information through your state's Medicaid agency. For a link to your state Medicaid agency, see http://www.nasmd.org/links/state_medicaid_links.asp, or consult www.benefits.gov. Even if you don't qualify for full Medicaid coverage, you may be able to get screening and treatment for breast and cervical cancer through your state, or help with treatment for tuberculosis or sickle cell anemia. Consult your state Medicaid agency for more information, and check with your local health department to find out if there are other public coverage programs available in your community.

State and Local Options If You Aren't Eligible for Medicaid or CHIP

Some states and localities have other programs to help people afford health coverage. Your state may offer particular affordable health plans or may help to pay premiums in some health plans. Your state insurance department, your state or local health department, and your department of social services may have information about whether there are programs in your area and what benefits are covered.

CHIP, which goes by different names in different states, also helps to pay for coverage for children and sometimes their parents. For the names of each state's Medicaid and CHIP programs serving children, see "Name That Program" online at <http://www.familiesusa.org/issues/childrens-health/name-that-program.html>. For more information and a link to your state Children's Health Insurance Program, go to <http://www.insurekidsnow.gov/> or call toll-free 1-877-KIDSNOW (1-877-543-7669). To learn more about veterans' health benefits, go to www1.va.gov/health/index.asp.

7 Option 7: If you can't afford COBRA and you can't get help through a public program or any of the options listed above, shop for insurance in the individual market—but do so with CAUTION.

In most states, insurers in the individual market will not sell you a policy at all if they think you are a bad risk due to your health or other factors. And in most states, they can also charge you more than the advertised price based on your age, health, gender, if you smoke or are overweight or engage in unhealthy behaviors, or if you work in a "dangerous" occupation. In addition, the policy they sell you may not cover treatment for your pre-existing conditions. If you buy a temporary policy (that is, a policy that covers you for a specified amount of time,

such as six months), be aware that the insurer can refuse to renew your policy after that time, especially if you have been sick. So be sure you know what you are buying. Even if COBRA is too expensive for you to keep long-term, you may want to pay for it for a few months while you carefully evaluate your options for individual coverage.

Here are some questions to ask when evaluating a policy:

- What will I actually be charged in premiums, given my age and health risks?
- How much must I pay before the insurance starts to pay for services (how big is the deductible)?
- What are the copayments and other out-of-pocket costs?
- What benefits are covered? If I face an unexpected serious illness such as cancer, will this policy adequately protect me?
- What prescription drugs are covered by the plan? Is there a formulary?
- Is there an annual or lifetime cap—either in dollars or number of visits—on the benefits I receive from my plan?
- Are there any pre-existing condition clauses that might delay or deny coverage for some of my health conditions?
- Will I have to change health care providers? Do I have to use doctors and hospitals in the plan's network? Will I be charged a higher rate if I go out of network?
- Is this really health insurance—rather than a discount plan that just gives me discounted fees for using certain doctors?
- Is the plan reputable? Check with your state department of insurance to make sure the plan is licensed and to get information about any complaints that have been filed against it.
- What is the quality of care provided by this plan? Are there public data about member satisfaction or about, for example, how well doctors in the plan follow up with patients who have been sick? Some state insurance departments provide comparative quality information. The National Committee for Quality Assurance also posts public report cards about plans that it accredits online at www.ncqa.org.

Resources for More Information

To find your state insurance department, go to http://www.naic.org/state_web_map.htm.

For information on COBRA, go to the U.S. Department of Labor's Web page, <http://www.dol.gov/dol/topic/health-plans/cobra.htm> or call toll-free 1-866-444-3272.

For more information on state mini-COBRA or policy conversion programs, go to <http://www.familiesusa.org/assets/pdfs/unemployed-uninsured/protecting-unemployed-workers.pdf> and consult your state insurance department.

For the U.S. Department of Labor's fact sheet on HIPAA, go to <http://www.dol.gov/ebsa/newsroom/fshipaa.html>.

For information on TAARA, see the U.S. Department of Labor's Web page at <http://www.doleta.gov/tradeact/>.

For information on the TAARA health care tax credit, go to www.irs.gov (use the search box to look for "HCTC") or call the HCTC Customer Contact Center toll-free at 1-866-628-4282.

For a link to your state Medicaid agency, go to http://www.nasmd.org/links/state_medicaid_links.asp or consult www.benefits.gov.

For an overview of Medicaid and CHIP eligibility levels, go to <http://www.familiesusa.org/assets/pdfs/kids-and-parents-medicaid-and-chip-eligibility.pdf>.

To find the name of your state's Medicaid or CHIP program that covers kids, go to <http://www.familiesusa.org/issues/childrens-health/name-that-program.html>.

For a link to your state's CHIP program, go to <http://www.insurekidsnow.gov/> or call 1-877-KIDSNOW (1-877-543-7669).

For report cards on private insurance plans, go to www.ncqa.org.

To see if there is a program in your state that provides free counseling on health insurance issues, see Families USA's consumer assistance program locator online at <http://www.familiesusa.org/resources/program-locator/>.

For information on health benefits for veterans, see the health section of the Department of Veterans Affairs' Web site online at www1.va.gov/health/index.asp or call toll free 1-877-227-VETS (8387).

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