

# LOW-COST COBRA COVERAGE ALTERNATIVES



## What is COBRA?

COBRA is not an insurance plan or an insurance company. It is a law. It's full name is the Consolidated Omnibus Budget Reconciliation Act of 1985. It requires most employers with group health plans to offer employees the opportunity to temporarily continue their group health care coverage if they would otherwise lose it due to termination, layoff, or other change in employment status (referred to as "qualifying events").

### When Do You Get COBRA

An employee of a company subject to COBRA becomes eligible for COBRA when on of the following happens:

- the death of a covered employee;
- the termination (other than by reason of the employee's gross misconduct), or a reduction of hours, of a covered employee's employment;
- the divorce or legal separation of a covered employee from the employee's spouse;
- a covered employee becoming entitled to Medicare benefits under Title XVIII of the Social Security Act; or
- a dependent child ceasing to be a dependent child of the covered employee under the generally applicable requirements of the plan and a loss of coverage occurs.

## Looking For Better Health Insurance Options?

MPCU now offers you access to a wide range of health insurance options for yourself, your family, and if you own your own business, your employees.

Our experienced health insurance advisor can help you choose the program that best fits your particular needs. Options available include plans from Blue Cross Blue Shield of Michigan, Assurant Health, American Community Mutual Insurance Company and Golden Rule Insurance Company to name a few.

For more information, contact:

**EAgentLink**

1-800-359-0980

## Alternative Coverage's Available

COBRA continuation coverage is a great option for many people that lose their group health coverage. The problem is that when someone loses their health coverage, they have generally also lost their job. And, while COBRA is a great alternative for protection, it is generally too expensive than for someone without a job. Fortunately, there are many lower cost alternatives available.

### Short Term Medical

This is relatively inexpensive, easy-to-get medical insurance for a short time. Usually, 6 months or less. This is ideal coverage for individuals between jobs that offer group insurance.

### Permanent Medical Insurance

Permanent medical insurance is for the individual or family looking for more long-term coverage options.

### Comprehensive Copay Plans

Plans that include copays for things like doctor office visits and prescriptions along with deductibles and coinsurance.

### HSA Plans

Higher deductible plans that qualify the insured for IRA-like tax benefits. These are usually lower cost plans.

## Deciding When to Take or Keep Your COBRA Coverage

### You should continue your health benefits under COBRA if you...

- have had comprehensive benefits and don't mind paying more for them.
- want continual, guaranteed coverage at a higher cost.
- are expecting to have group coverage again within 18 months.

### You should seriously consider a COBRA Alternative if you...

- Can't afford or don't want to pay the high cost of COBRA continuation coverage
- have no serious health problems
- have not received any advice from medical professionals advising you to undergo a medical procedure in the future.

### You should seriously consider BCBS as your COBRA Alternative if you...

- If you are currently seeing a doctor for a serious health problem
- have been declined for private insurance recently.
- are pregnant or planning to get pregnant.

## Using COBRA

Employees that qualify may elect COBRA coverage at any time within 60 days after the date plan coverage terminates. The 60-day period allows the employee to adopt a 'wait-and-see' approach when deciding to pay for the continued coverage. If medical care is required during the election period the employee can elect to take the coverage.

### COBRA Premiums

Health coverage under COBRA is really just the health plan the employee had through the employer. The only real difference is that instead of the employer paying the monthly premiums, the employee makes the payments. The employee pays the same amount the employer was paying plus additional 2% for administrative costs.

### How long does COBRA coverage last?

COBRA lasts up to 18 months under normal circumstances. It can last up to 29 months for employees who are determined to have been disabled at any time during the first 60 days of COBRA coverage.

Spouses and dependants of an employee that lose employer-provided coverage due to an employee's death can receive up to 36 months of COBRA continuation coverage.