

State Corporation Commission
Bureau of Insurance
Consumer Alert

HEALTH INSURANCE: STAY PROTECTED AMID LAYOFFS, BUDGET CUTS

With the national unemployment rate rising, families are living on tighter budgets, and many are struggling to maintain their health insurance coverage. Despite these challenges, there are still ways for consumers to remain protected and save on insurance costs.

Consumers can safeguard themselves and their families regardless of their employment situation by making sure they understand their coverage and researching less expensive alternatives.

It is important for the newly unemployed to examine their options early, because some choices expire within weeks of job termination. The following tips about health insurance for those who have recently lost their jobs or believe they might need to plan for that possibility should be considered:

- **If married, consider joining your spouse's plan:** Transitioning to a spouse's plan is typically the most affordable option, but you have to act quickly. There is a 30-day special enrollment period during which an employee can add a dependent who has lost coverage. If that 30-day window expires, then your spouse would need to wait to add you to his/her plan until the open enrollment period occurs.
- **Consider COBRA:** The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) allows individuals who leave their jobs at companies with 20 or more employees to continue their health insurance coverage for 18 months. For those who worked for small employers, a continuation option is available under Virginia State Law. In most cases, you have 60 days to elect coverage. COBRA coverage can be expensive, because you are required to pay the full premium, plus an administrative fee. However, it is also retroactive once you elect it, so use those two months to evaluate other options. Those who lose their jobs because a company goes out of business might not be eligible for COBRA if the company stops its group insurance plan.

As part of the newly enacted economic stimulus package, the federal government will pay 65 percent of COBRA extended coverage premiums for workers laid off between Sept. 1, 2008, and Dec. 31, 2009. There are income limits for subsidy eligibility, however: \$125,000 for single adults or \$250,000 for couples who file taxes jointly.

- **Research eligibility for government-sponsored plans:** Check to see if you are eligible for insurance through a government program, such as Medicaid or Medicare. For more information, visit www.cms.hhs.gov/home/medicaid.asp or www.medicare.gov.
- **Purchase a private plan:** You can purchase coverage through private providers if you meet certain criteria. A high-deductible major medical policy will cover serious or catastrophic health costs if you cannot afford a comprehensive plan. Just remember, these plans will require you to pay more out-of-pocket costs should you need medical care.

Maximize Existing Health Insurance Coverage

Those who have health coverage should also explore ways to take full advantage of existing benefits.

- **Switch to generic prescriptions:** If you are insured through your employer, your health plan likely provides a discount for generic medication. This discount can help you save on monthly out-of-pocket health costs. If generic options are not available for your medications, work with your doctor to help ensure your medications are listed among your health plan's list of preferred prescriptions. If a drug is not on the formulary, then there is higher cost-sharing (co-insurance or co-pay).
- **Schedule an annual check-up:** Annual physicals can catch health problems before they become serious, saving you money in the long run. Many insurance plans cover 100 percent of wellness care for routine exams, immunizations and diagnostic tests.
- **Stay in-network:** Before booking an appointment, verify that your doctor is included in your plan at preferred rates. Sticking to network providers helps ensure lower co-payments and out-of-network costs. If you need to have a procedure done at an out-of-network provider, research the costs and be prepared to negotiate the price.
- **Use preventive benefits:** Some employers offer a subsidized gym membership or nutrition program. Staying healthy and active will reduce your chances of needing costly high-risk medical procedures throughout your lifetime.

More information

If you have questions or are confused about your insurance coverage, contact the Virginia Bureau of Insurance at 1-877-310-6560 or visit www.scc.virginia.gov/boi.

Get smart about your insurance needs. For more information about auto, home, life, and health insurance options - as well as tips for choosing the coverage that is right for you and your family - visit www.scc.virginia.gov/boi or www.InsureUonline.org