

Fact Sheet: Job Loss – What Employees Need to Know to Protect Their Health Coverage

U.S. Department of Labor. Public domain (accessed February, 2008).

When facing job loss or a reduction in hours, workers need to know their options ahead of time to prevent loss of health coverage. There may be several options available to individuals who are losing their health coverage when they lose their jobs:

Special Enrollment in Another Group Plan

If other group health coverage is available (for example through a spouse's employer provided plan), special enrollment in that plan should be considered. It allows the individual and his/her family an opportunity to enroll in a plan for which they are otherwise eligible, regardless of enrollment periods. However, to qualify, enrollment must be requested within 30 days of losing eligibility for other coverage. After special enrollment is requested, coverage is required to be made effective no later than the first day of the first month following your request for enrollment. This type of coverage is usually the most cost-effective of all the options.

COBRA Continuation Coverage

If the individual's employer continues to operate and offer a group health plan, COBRA continuation coverage may be available. COBRA, which generally applies to employers with 20 or more employees, allows the individual and his/her family to continue the same group health coverage at group rates. An individual's cost for coverage may be higher than what the individual was paying before (and is usually higher than the cost for coverage under special enrollment in a spouse's plan), but generally the cost is lower than that for private, individual health insurance coverage.

The plan should send a notice regarding the availability of COBRA coverage. After this notice is provided, the individual generally has 60 days to elect coverage and it is then available retroactive to the loss of coverage. COBRA coverage typically lasts 18 months, but may last longer in certain circumstances.

Note: Once an individual has elected COBRA, he/she won't be eligible for special enrollment in another group health plan, such as a spouse's plan, until all COBRA coverage available is exhausted. Therefore, it is important to consider special enrollment in another plan promptly

Health Coverage Through a Government Program

Health coverage may be available to certain qualified individuals through the State or Federal Governments. Information on government programs such as Medicaid (for low-income individuals and individuals with special needs), State Children's Health Insurance Program (for children of qualified families), or Medicare (for people aged 65 and over, and for certain people who are disabled or have end-stage renal disease), is available through your state insurance department or the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services at 1-800-MEDICARE.

Private, Individual Health Insurance. The last option for an individual to consider is private individual health insurance coverage. Individuals may qualify for guaranteed access to such coverage, without any pre-existing condition exclusions, if:

- They had health coverage for at least 18 months without a significant break in coverage (generally a break in coverage of 63 days or more) and the most recent period of coverage was under a group health plan;
- Group coverage was not terminated because of fraud or failure to pay premiums;
- They either were not eligible for COBRA continuation coverage (or similar State program), or if eligible for COBRA coverage (or similar State program), they both elected and exhausted COBRA coverage; and
- They are not eligible for other health coverage.

Even if they do not meet these criteria, they may still be able to obtain coverage. The cost of individual coverage is often higher than similar coverage under a group health plan obtained through special enrollment in another group plan or COBRA. More information on individual health coverage is available from your state insurance commissioner or the Department of Health and Human Services, Centers for Medicare and Medicaid Services.

When considering health coverage options, individuals should examine the scope of the coverage (including benefit coverage and limitations, visit limits, and dollar limits), premiums, cost sharing (including co-payments and deductibles), and waiting periods for coverage. For information on the coverage through a particular group health plan, the worker should call the plan administrator and request a copy of the plan's summary plan description.