



Bizology Now

Unemployed workers fear losing health insurance

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With Cherokee County's unemployment rate approaching 10 percent, workers fear that they will lose their group health insurance if they are out of work. They are thinking about healthcare alternatives in case they lose their jobs.

Two years ago, Quentin Moses, a Georgia insurance agent, made a passionate case for employees to buy individual health insurance policies rather than automatically accepting the group plans offered by their employers. His presentation was called, "How to avoid losing your health insurance when you leave your job."

Moses gave his presentation to skeptical business counselors at my Atlanta SCORE chapter during a time when jobs were more secure and many employees were happy with their company's group insurance plans. At the time it was tough for him to make the case that we should recommend that our small-business clients purchase individual policies instead of group insurance.

But with massive layoffs nationwide, employer-purchased group insurance coverage is being lost and Moses' sage advice takes on more significance.

"The labor market shed a seasonally adjusted 533,000 net payroll jobs in November, the highest monthly loss since December 1974," says Bob Bach, chief economist for Grubb & Ellis. "Expect job losses to extend into the second half of 2009."

The reflex reaction for those losing their jobs is to accept COBRA, the acronym for Consolidated Omnibus Budget Reconciliation Act of 1985 for employers with 20 or more employees. It allows employees to continue receiving health insurance through their former employer. But the employees will be responsible for the entire premium even if their employer previously contributed part of it.

According to COBRAlearning.com, a Web site that promotes alternatives to COBRA, "COBRA can be very expensive because consumers often pay up to 102 percent of the premium that was partially covered by their employer." Its says that by shopping for individual policies and comparing rates, "consumers can potentially save up to 60 percent over COBRA premiums."

With unemployment increasing, insurance agent Bill Steffen, owner of Bradenton, Fla. and Peoria, Ariz.-based Steffen Financial, launched ReplaceCOBRA.com. "The Web site targets the massive layoffs and company closures occurring in this recession," he says. It cites alternatives for "the thousands of people that will now need private health insurance."

Opinion Research Corporation conducted a survey for eHealthInsurance to ascertain how familiar people are with COBRA and its alternatives. Among the 1,004 adults surveyed, four in 10 adults knew little or nothing about COBRA and only 45 percent of respondents were aware that individually purchased health insurance can provide similar benefits to a COBRA plan.

If your job seems uncertain, do not wait to learn about your health insurance alternatives. Talk to your insurance agent. Ask what alternatives are available in North Carolina, including state-subsidized insurance for children. Check out the previously mentioned sites and also the Department of Labor's frequently asked questions about COBRA at tinyurl.com/op5p.

What about President-elect Barack Obama's new health-care plan?

"Obama's new plan for changes to health insurance will take years to implement," Steffen says. "Expect the children and Medicare programs to be the first items on the agenda."

Meanwhile, you will have to make healthcare decisions based upon today's rules. And because your choices depend on your age and family situation, talk to several insurance providers before committing to a policy.

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