



Surprise! You can find affordable health insurance on your own. Compared with employer-sponsored coverage, "individual policies that you purchase yourself are half the price or less for the same coverage--if you're healthy," says Paul Zane Pilzer, an economist and author of "The New Health Insurance Solution" (Wiley, 2005).

What if you lose your health insurance?

An excerpt from **ConsumerReports**
MoneyAdviser

Your child's graduation is over, you've folded away the cap and gown, and now you have a chance to mull over the big changes taking place for your daughter or son. Here's one to include: The kid's probably just lost or will soon lose health-insurance coverage as a dependent.

Getting new insurance for a young, healthy person can be challenging. But the real pain in the neck is finding affordable coverage when you're older (with preexisting conditions) and lose your job or go through a divorce after not working for many years. Health insurance is still largely tied to employment, either yours or your spouse's. When circumstances change, there goes the health plan.

Allowing a gap in coverage at any age is like playing Russian roulette, with results that can be financially devastating. A recent study found that more than a quarter of the 1,771 people surveyed who filed for personal bankruptcy cited illness or injury as the cause. A typical scenario: An employed person gets sick, can't work any longer, loses his insurance, and can't afford new or continued coverage.

Preparing for such a stormy day may not be on your radar screen yet, but it should be. Here's how to plan for a possible gap in coverage and how you might be able to close it.

1. UNDERSTAND THE THREATS

Many are the ways you can lose your health insurance besides getting fired, laid off, or downsized. Among them:

Early retirement. If you pack it in at age 65 or older, then you qualify for Medicare, the government's insurance program for the elderly and disabled. If you're younger, you need to find out whether your employer is among the 33 percent of large companies (those with 200 or more workers) or 7 percent of small companies that will continue coverage for you, and any dependents, in retirement.

Death of a working spouse. Most employers must offer coverage to the survivor under the Consolidated Omnibus Budget Reconciliation Act of 1986, or COBRA, which lasts as long as 36

months. Otherwise, you have to buy your own.

Divorce. The spouse left without insurance can also qualify for it under COBRA for up to 36 months. Just ask for enough in the divorce settlement to cover your premiums.

Aging out of a parent's plan. Coverage for a child usually ends at 19, or when he is no longer a full-time student. Typically, plans require that he be enrolled for at least 12 credit hours.

2. WHAT YOU CAN COUNT ON

Before you consider buying insurance on your own, you should check out what the law provides.

COBRA. The act allows you to continue temporary coverage at group rates through your employer's plan if you lose your job, generally up to 18 months for you and eligible dependents. But you have to pay the full premium yourself, up to 102 percent of the cost of the plan. On average, that comes to \$600 or \$700 a month for an individual and \$1,400 for a family.

"If the company goes out of business, however, there's no COBRA," says Maura Carley, founder and president of Healthcare Navigation in Fairfield, Conn. For example, if the husband operates a business that closes at his death, his widow won't qualify to enroll in COBRA through his old plan. Similarly, if a large company files for bankruptcy and ultimately liquidates, its health plan is no longer in effect, and there's no COBRA.

HIPAA. If your coverage changes from one employer to the next, the Health Insurance Portability and Accountability Act of 1996 protects you from being denied coverage by a new employer for preexisting conditions, or it sets a time limit beyond which those conditions cannot be excluded. HIPAA will not help you, however, if your gap in coverage exceeds 63 days.

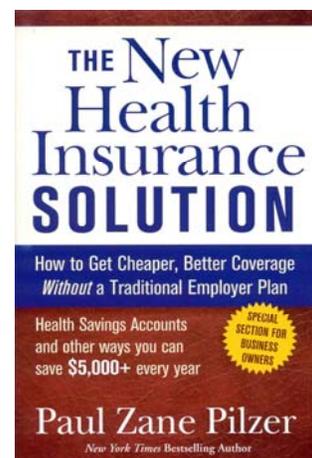
State-guaranteed health insurance. In most states you can now get coverage in a high-risk pool if you are sick and no private insurer will accept you for individual coverage. Eligibility requirements vary by state. Call your state department of insurance to find whether the pool is still open and if you are eligible.

Medicaid. If you are in serious trouble, you can turn to this state-federal program. Medicaid provides coverage for people with few assets and low income based on federal poverty guidelines. Some states waive the income guidelines for those who are "medically needy." To enroll in Medicaid, you must apply to your state department of social services.

3. BUY YOUR OWN POLICY

Surprise! You can find affordable health insurance on your own. Compared with employer-sponsored coverage, "individual policies that you purchase yourself are half the price or less for the same coverage--if you're healthy," says Paul Zane Pilzer, an economist and author of "The New Health Insurance Solution: How to Get Cheaper, Better Coverage Without a Traditional Employer Plan" (Wiley, 2005).

Pilzer recommends buying your own policy while you're healthy, even if you have the option of an employer plan. That way, you would still have coverage if you were to lose your job. His research shows that the average monthly premium nationwide this year is \$173 for a single healthy male age 35 and \$541 for a family of four (35-year-old parents, two kids ages 5 and 8). That compares with



monthly premiums of \$375 for an individual and \$1,166 for a family enrolled in an equivalent employer plan.

4. ONLY FOR THE HEALTHIEST

Of course, if you have a preexisting medical condition such as cancer, heart disease, or diabetes, you will likely be denied if you seek private individual coverage. Or the insurer will specifically exclude certain treatments or charge you a higher rate than the prevailing one for a healthy person your age. "Uprating" to a higher premium is becoming more common than exclusions.

However, there's a greater risk than uprating. The insurer could close the pool to new applicants, says Gary Claxton, a vice president of the Kaiser Family Foundation and director of its Health Care Marketplace Project in Washington, D.C. Without new healthy people coming in, the pool gradually covers a less healthy population, causing premiums to rise. As they rise, healthy people leave the plan to buy cheaper insurance elsewhere. Meanwhile, those with serious ailments are unable to find other coverage and are stuck paying ever-spiraling premiums.

5. TAKE TIME TO SHOP CAREFULLY

Finding new health coverage if you don't have an employer plan is a ton of work. You might want to start by checking out policies offered on ehealthinsurance.com or by asking friends about their coverage. You can also hire a licensed health-insurance broker to find a policy for you. To locate an agent, go to the Web site of the National Association of Health Underwriters (www.nahu.org). Most members are independent agents representing several plans.

Organize your questions so that you can compare insurance plans side-by-side. Among points to consider: premium cost, deductibles, co-pays and how they differ for out-of-network providers, which medical services are covered and which are specifically excluded, and limits on annual or lifetime visits to mental-health professionals and other specialists. You can lose coverage if you lie on the application or do not pay premiums, or if the insurer decides to no longer operate in your state.

