

COBRA OR PRIVATE HEALTH INSURANCE? WHAT YOU NEED TO KNOW

What is COBRA?

It's a federally established program that requires companies with more than 50 employees to allow you to continue your group health insurance after you cease being an employee.

Think of **COBRA** as "Continuation Of Benefits".

What's a COBRA Administrator?

Since the company must report compliance with the law, your health insurance under COBRA will be handled by a COBRA administrator either in the company or outsourced. It's important that you know who that is, how they identify you and how to track your premium payments.

Who pays for COBRA?

You pay the full premium for your plan plus a 2% administration fee. The cost may be a shock because your company has been paying 50-80% of your monthly premium.

Some companies offer to continue to pay their share as part of your severance package. This is not required by law.

If you have a Health Savings Account (HSA), you may pay your COBRA premiums from your account.

How do I sign up for COBRA?

Federal law requires companies give you sign-up papers 60 days before the end of employee benefits. Unfortunately, most do not send them until after you separate. You have 60 days after the end of your employee benefits to sign up. When you sign up during that time, you'll be asked to pay premiums back to the date your employee benefits ended plus premiums for the month ahead so there is a Continuation Of Benefits.

Will my health insurance benefits change under COBRA?

Your health insurance will stay with the provider. You may not change the health plan you have at the time of separation. You may drop add-ons like dental or vision. You may remove family members from the plan. You may continue to make contributions to your Health Savings Account. You will not have to meet new deductibles or out-of-pocket maximums in this Continuation Of Benefits.

If your ex-company holds Open Enrollment while you are on COBRA, they must notify you about any plan changes and if you are eligible to change your plan.

How long can I stay on COBRA?

Most COBRA plans last 18 months from the day your employee benefits end. (Not the time any subsidy ends.) There are different time periods for COBRA being offered in the case of widowhood, divorce or people under the Trade Adjustment Act because their job went overseas. In these situations, please call us or contact the Department of Labor COBRA Benefits Help desk Their regional phone number is 866-444-3272. The Chicago office is 312-353-0900.

You can stay on COBRA for the full period you're entitled to if you get a new job without benefits, or the benefits don't start immediately, or if you go entrepreneurial and must supply your own health insurance.

COBRA is not extendable. It is repeatable. Let's say you've been on COBRA from A and land with B. You cancel A COBRA to take B group benefits. If the job doesn't work out and you've been in B's group health insurance for 3 months, you are eligible for COBRA from B. It doesn't matter if you leave or are asked to leave.

How can I lose COBRA?

Miss a payment. COBRA has no grace period.

Get other group health insurance through a job, Medicare or under a contract.

Move to a private health insurance plan.

What are my Alternatives to COBRA?

Affordable Care Act governs all major medical health insurance available to individuals and their families. There is no exclusion for pre-existing conditions. ACA also provides assistance paying premiums and out-of-pocket costs if you qualify. See the pdf: [How to Get the Best out of the Affordable Care Act](#).

Faith-based insurance and indemnity plans are not ACA compliant. You will have to qualify.

Temporary catastrophic plans do not comply with the ACA. They can decline all coverage or coverage for certain services and conditions. At this time, they can be bought for 6 months. Since they cost considerably less than COBRA, you might consider them if you are in good health and know you'll be landing a job with benefits soon.

Entrepreneurial group insurance is available even if there is one policy. See the pdf: [Why Group Health insurance for 1-50 Is Great for Entrepreneurs](#).

When can I sign up for alternative individual/family health insurance?

The Affordable Care Act limits enrollment to these time periods:

Special Enrollment within 60 days of the end of employee group benefits.

Special Enrollment within 60 days of the end of an employer's contribution to COBRA

Special Enrollment within 60 days of the end of COBRA

You must provide documentation for these events. You must apply by the 15th of the preceding month for benefits to begin on the 1st of the next month. You must meet the new plan's deductibles and out-of-pocket maximums.

Open Enrollment for ACA plans is November-December for everyone. No documentation needed. Coverage begins January 1st.

How can I get Alternative prices and benefits and apply?

We urge you to work with an insurance agent. Online systems, even [healthcare.gov](#), don't ask the right questions to get you the right coverage or benefits available in the Chicago area.

Agents, like Jerry S. Pearlstein Insurance, never charge a fee. We find out what insurance fits your needs, get you quotes, make sure you understand the benefits and limitations of your plan, make application, continue as your Agent of Record with the ability to intercede if problems arise. Free.



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