LOSING HEALTH CARE COVERAGE:
Understanding the Options

People who lose health insurance coverage through an employer or multiemployer plan have several alternatives to choose from to gain coverage. This article offers a look at the pros and cons of the available options.

by Tony Cheng
Most workers obtain health insurance through their employer or multiemployer plan, but what happens if they or one or more of their dependents don’t qualify for coverage or lose coverage for a variety of reasons?

Perhaps they don’t work enough hours to qualify for coverage from their employer or multiemployer plan. Or perhaps they are ineligible to enroll in their spouse/partner’s plan. Or they have a dependent who was previously on their plan but turned 26. Or they lost their job or retired before they were eligible for Medicare.

Everyone needs medical care, and health insurance plays a critical role in protecting people from expensive bills and unexpected costs. A variety of options are available to those looking for coverage. This article will explain those options and outline the benefits and disadvantages of each.

**Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985**

This legislation was enacted to give those who lose health benefits following loss of employment the right to choose to temporarily continue their existing employer-sponsored group health coverage. COBRA allows workers to retain their health insurance for either 18 or 36 months, depending on the type of event that caused the loss of insurance.

**Pros:** With COBRA, an individual’s health insurance coverage is unchanged. Enrollees can keep seeing the same doctors, and they already know their copays and deductibles for medical services and medications.

**Cons:** Workers may be required to pay the entire premium for coverage, plus administrative expenses up to 102% of the plan’s cost to the employer. In many cases, people will likely save money by shopping on the health insurance marketplace.

**Coverage Through a Spouse**

Many people can obtain health insurance through their spouse/partner’s employer-sponsored health insurance plan. They should check whether the plan covers spouses and investigate the costs associated with joining the plan. Some plans have a family deductible, meaning the deductible for the entire family must be met before an individual family member will get full coverage of health care costs.

**Pros:** A spouse/partner is already familiar with the plan, and a couple can jointly manage one plan rather than handling multiple plans.

**Cons:** It may be cheaper to enroll in an individual plan through the health insurance marketplace. However, enrollees may not be eligible for financial assistance in the marketplace if a spouse/partner’s plan offers coverage.

**Health Insurance Marketplace**

Coverage options may be available through the health insurance marketplace for those under the age of 65, thanks to the Affordable Care Act (ACA). The law created health insurance marketplaces, also known as exchanges.

A marketplace is a platform where individuals can shop for health insurance coverage. Marketplaces may be known by other names, such as Covered California or New York State of Health. Depending on their income, enrollees may qualify for financial assistance to help pay for monthly health insurance premiums as well as out-of-pocket costs such as copays.

To obtain coverage through ACA for 2019, people must sign up during the open enrollment period, which is November 1 through December 15, 2018. Certain states have longer open enrollment periods.

There are some exceptions to open enrollment deadlines. Special enrollment periods allow people to sign up for health insurance outside the open enrollment period if they have a qualifying life event, like moving, getting married or losing their current health insurance. Potential enrollees have up to 60 days from the date on which the qualifying life event occurred to apply for coverage.

When looking at health insurance plans on the marketplace, it’s important...
to shop around and compare options. Enrollees should look at monthly premiums, copayments, deductibles and coinsurance to decide which plan is affordable and meets their needs. They should be sure to check that their medications are covered and that their preferred doctors are in network.

**Pros:** The marketplace can be a great option for those who can’t get insurance through their spouse’s employer plan or another program. They can get coverage that includes preventive care, medication and mental health coverage. Depending on their income, enrollees might be eligible for financial assistance.

**Cons:** Depending on where they live, some individuals may have limited options on the marketplace. For the 2018 plan year, the Centers for Medicare & Medicaid Services said 1,565 counties had only one carrier offering a plan on the marketplace. Certain plans can have high deductibles, and enrollees might need to see a different doctor under a new plan.

### Short-Term Health Plans

Short-term, limited-duration health plans can provide a temporary solution to fill in gaps in health coverage. If someone is between jobs, waiting to be eligible for Medicare or otherwise not insured outside of an enrollment period, they can gain coverage through a short-term health plan. These plans provide coverage for a limited period of time.

These plans are exempted from the ACA rules that apply to individual health insurance plans including the requirement to cover essential health benefits and the ban on annual or lifetime coverage limits.

In the fall of 2017, President Trump issued an Executive Order instructing the Departments of Health and Human Services, Labor and the Treasury to expand the availability of these plans. In August, the departments issued a final rule increasing the maximum coverage term for short-term health plans from less than three months to less than 12 months and allowing renewals up to a maximum coverage term of no longer than 36 months.

States have the authority to regulate these plans and can choose to shorten the initial duration or prohibit renewals or extensions of short-term plans.

**Pros:** Individuals can join at any time of the year and gain coverage until the next enrollment period. Short-term health insurance can take effect as early as the day after an application is received.

**Cons:** Short-term health plans aren’t comprehensive; they often offer coverage only for catastrophic events. They don’t include preventive medical visits or medication. In most cases, short-term health plans don’t cover preexisting conditions. People who become seriously ill while covered by a short-term policy would likely be unable to renew coverage when the policy ends.

### Medicaid

Low-income adults or those who are pregnant might be eligible for Medicaid. In certain states, nearly all low-income adults are eligible for Medicaid coverage. Unlike the health insurance marketplace, people can sign up for Medicaid year-round and are not limited to the open enrollment period.

Those who want to find out if they qualify for Medicaid should visit their state’s Medicaid website at www.HHS.gov or fill out an application at www.HealthCare.gov.

**Pros:** Medicaid provides full medical coverage at little to no cost and can be easy to sign up for.

**Cons:** Not all states expanded Medicaid, so eligibility varies by state of residence. Those who have low income but have other assets may need to spend down those assets to qualify for Medicaid.

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**takeaways**

- Workers who lose health insurance from their employer or multiemployer plan may have a variety of options to choose from to gain health insurance coverage.
- Workers who lose health insurance following the loss of employment can elect to temporarily continue employer-sponsored group coverage through the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985.
- Gaining coverage through a spouse/partner’s employer-sponsored health plan is an option but may be expensive.
- People under the age of 65 may be able to shop for individual plans on the health insurance marketplace created by the Affordable Care Act (ACA). The 2019 enrollment period runs from November 1 through December 15, 2018.
- Short-term health plans provide a temporary solution for those who lack coverage but typically offer coverage only for catastrophic events.
- Low-income adults may be eligible for coverage through Medicaid, depending on their state of residence, while those aged 65 and over can obtain coverage through Medicare.
Medicare

Individuals aged 65 or older are eligible for Medicare coverage. People under the age of 65 and those who receive Social Security Disability Insurance (SSDI) benefits also may be eligible.

Medicare is divided into several parts. Medicare Part A covers inpatient hospital care, while Part B covers outpatient medical services like doctor visits, x-rays, diagnostic tests and blood transfusions. Together, Medicare Part A and Part B comprise original Medicare. Most Medicare beneficiaries don’t pay a monthly premium for Medicare Part A. Beneficiaries typically pay a premium for Medicare Part B coverage.

People with original Medicare might want to consider buying Medigap health insurance. Medigap is extra health insurance purchased from a private company. These plans cover health care costs that aren’t covered by original Medicare, like copayments, coinsurance and deductibles.

Medicare Part D covers prescription drugs and is purchased in addition to original Medicare. Most people have to pay a premium for Medicare Part D in addition to copayments and coinsurance.

Medicare Advantage plans offer another way to get Medicare coverage. Anyone on Medicare can choose to receive their original Medicare benefits through a Medicare Advantage plan. These plans are offered by private companies, and most offer extra coverage, like vision or dental insurance, as well as prescription drugs. The details of these plans, like monthly premiums and services covered, vary among insurance companies and plans. It’s important for enrollees to compare plans in their area and understand plan costs and benefits before joining.

Pros: Enrollees generally pay no premiums for Part A and only partial premiums for Parts B and D. Medicare offers comprehensive coverage for medical services and prescription medications.

Cons: Medicare, with its separate parts for hospital, outpatient coverage and prescription drugs, is not like many private insurance plans and therefore can be difficult to understand at first. Enrollees should make sure they understand how the different parts work and know what medical services they use and which medications they’re on before signing up. A licensed agent or www.Medicare.gov can provide more information.

Dual Eligibility for Medicare and Medicaid

Low-income seniors and younger people with disabilities may qualify for both Medicare and Medicaid coverage. Medicare pays for most services, while Medicaid covers some additional benefits that aren’t covered by Medicare. In some cases, Medicaid covers the monthly premium payments for Medicare and provides help paying for Medicare deductibles and coinsurance payments. In other cases, Medicaid provides full Medicaid benefits, especially for benefits that are outside the scope of Medicare, like long-term nursing home care.

Endnotes