



## COBRA Subsidy Extension: Can Short-Term Insurance Bridge the Gap?

November 30, 2009

### eHealthInsurance Answers Frequently Asked Questions From Customers About Short-Term Insurance and the COBRA Subsidy

MOUNTAIN VIEW, CA, Nov 30, 2009 (MARKETWIRE via COMTEX) -- eHealthInsurance (NASDAQ: EHTH) today released a list of answers to questions about short-term health insurance asked by persons concerned about the expiration of their federally-sponsored COBRA subsidy.

The American Recovery and Reinvestment Act of 2009 (ARRA), which was signed into law on February 17, 2009, included a 65 percent COBRA subsidy designed to help cover the cost of COBRA health insurance premiums for up to 9 months.

As many as 7 million people could be benefiting from the COBRA subsidy by the end of the year(1), according to Congressional Budget Office Estimates. The first recipients of the nine-month subsidy are scheduled to lose their federally-sponsored 65% premium reduction on December 1, 2009. The increase in premiums from 35% to 100% of the total cost will effectively triple the money they're required to spend out of their pockets each month to maintain their COBRA benefits. Congress is currently considering extending the COBRA subsidy, but no extension has yet been signed into law.

**COBRA Subsidy Calendar Widget:** To download eHealthInsurance's (<http://www.ehealthinsurance.com>) COBRA Subsidy Calendar Widget, which allows you to calculate when your current subsidy for COBRA will end, visit [WidgetBox.com](http://WidgetBox.com) or at eHealth's Media Center ([news.ehealthinsurance.com](http://news.ehealthinsurance.com)).

**COBRA Learning Center:** To learn more about COBRA and the subsidy visit eHealthInsurance's COBRA Learning Center for detailed videos and Frequently Asked Questions (FAQs) on COBRA and the original COBRA subsidy.

**Frequently Asked Questions: COBRA Subsidy vs. Short-Term Health Insurance:** eHealthInsurance.com receives questions from consumers who call its Customer Care Center, which includes a call center staffed with licensed insurance agents. The following are a list of Frequently Asked Questions (FAQs) in response to questions consumers have about using short-term health insurance policies while they wait and hope for a COBRA subsidy extension.

**Question #1:** If I buy my own health insurance and then an extension of the COBRA subsidy is passed, can I cancel my policy and reenroll in COBRA?

**Answer:** Under normal circumstances, you can't reenroll in COBRA once you cancel it. Under traditional COBRA rules, once you pass your 60-day election period or cancel your COBRA coverage, you can't re-apply.

It's unclear whether any new legislation extending the subsidy would allow people to return to their COBRA coverage after cancelling it. And whether or not the legislation is passed, COBRA only lasts 18 months (with or without the subsidy) and is not a long-term solution.

To research your long-term options for health coverage, research private health insurance options from over 180 insurance carriers nationwide at [eHealthInsurance.com](http://eHealthInsurance.com) or investigate low-cost government and non-profit coverage options available in your area by contacting The Foundation for Health Coverage Education (FHCE) at [www.coverageforall.org](http://www.coverageforall.org).

**Question #2:** I absolutely cannot afford my COBRA coverage without the subsidy. But, I hear the subsidy may be extended -- should I get a short-term plan to cover me in the meantime?

**Answer:** It's a good idea to have some form of medical coverage, which short-term coverage can provide. Short-term insurance has limitations\* you need to be aware of, but it can be a good option when you know, without a doubt, that you'll have access to another health insurance plan by the time your short-term plan ends.

You should know, however, that short-term health insurance is not the only insurance option available to people looking for short-term coverage. Individual and family health insurance policies also allow for month to month contracts, so it's important to understand the differences.

If your goal is simply to be able to cancel coverage at any time, short-term policies and individual and family coverage can be paid for on a month-to-month basis, which will typically allow you to cancel your policy at any time. However, many short-term health insurance policies give you the option to pay all of your premiums at one time, usually up front, and these types of advance payments are not typically refundable.

For example, if you make a one-time payment for a six-month policy, then the COBRA subsidy is renewed after three months and so you decide to cancel your short-term insurance, you would not be eligible for a refund on the three months of premiums that you pre-paid and did not need. If you choose the monthly payment option, you can typically cancel anytime.

\*NOTE: Short-term coverage can provide a very good safety net in case of unexpected emergencies or hospitalization. However, you need to be aware that, unlike an individual or family health insurance plan, if you develop a medical condition while on a short-term policy, the insurer has the option not to renew your coverage once the pre-set term of your short-term policy ends. Short-term policies also won't cover any current pre-existing health conditions or medications you're taking.

Additionally, under normal circumstances purchasing short-term coverage makes you ineligible for guaranteed issue individual health plans, which are commonly referred to as HIPAA Plans. Your COBRA plan could be a HIPAA plan. To maintain your eligibility for HIPAA plans, which could include your COBRA plan, you should not purchase a short-term plan. Again, it's unclear whether any new legislation extending the COBRA subsidy would allow people to return to their COBRA coverage after cancelling it or securing short-term coverage.

To find out if your COBRA plan is a HIPAA plan, talk to the benefits advisor at your former employer. Let them know you want to discuss your rights

under the Health Insurance Portability and Accountability Act (HIPAA).

Question #3: So when does it make sense to buy short-term coverage?

Answer: Short-term coverage provides an excellent safety net in case of unexpected emergencies or hospitalization and is an especially effective option when you know that you'll have access to another health insurance plan -- like group health coverage through an employer -- within six months.

If you have a pre-existing medical condition, you may find it slightly easier to qualify for a short-term plan than a standard individual and family plan, since short-term coverage doesn't extend to pre-existing medical conditions.

Short-term health insurance may also be slightly more affordable than individual and family coverage, though this isn't always the case. \*However, please see our note above regarding the important issues you need to consider before obtaining short-term coverage.

For answers to basic questions about the COBRA Subsidy click [here](#) For answers to questions about legislation to renew the COBRA subsidy click [here](#) Click [here](#) to share eHealthInsurance resources on Facebook

(1) SOURCE: Congressional Budget Office: Letter to House Speaker Pelosi on February 10, 2009: <http://www.cbo.gov/ftpdocs/99xx/doc9983/hr1Ltr-COBRAenrollment.pdf>

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COBRA Subsidy Questions?

Talk to a licensed eHealthInsurance agent at 1-800-977-8860

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