



Forgotten Health Insurance Consumers: eHealthInsurance Highlights Challenges Facing Millions Not Eligible for COBRA Subsidy

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MOUNTAIN VIEW, CA, Feb 08, 2010 (MARKETWIRE via COMTEX) -- While consumers struggle with health insurance choices in the midst of high unemployment and a stalled health care reform process, many laid off workers and their families have benefited from the federal COBRA subsidy. However, eHealthInsurance (NASDAQ: EHTH) has identified several categories of laid-off and unemployed workers whose needs may be just as dire but who do not qualify for government assistance.

Though often overlooked, laid-off workers ineligible for the COBRA subsidy account for a substantial portion of America's 15 million unemployed(1). These include:

- Those who worked for companies with fewer than 20 employees - Even when these companies offer group health insurance plans for employees, federal law does not require that they offer COBRA coverage to departing or laid off workers (state laws may vary).
- Those whose employers offered no group health plan - Smaller companies, which employ more than half of all private sector workers in America(2), are less likely than larger firms to offer group health insurance plans. Laid-off workers who were offered no health benefits during employment are not eligible for COBRA or the federal subsidy.
- Those who were employed part-time - Part-time workers who lost their jobs and did not qualify for their employer's group health insurance plans while employed are not eligible for COBRA coverage or the subsidy.
- Those who worked for companies that went out of business - Millions of businesses have shut their doors since the recession began in 2007(3). Employees laid off as a result of closures are not eligible for COBRA.
- Those who voluntarily left their jobs - Workers who may have seen the writing on the wall and left before a lay-off are ineligible for the federal subsidy, though they may still qualify for COBRA if they pay the full premium on their own.

In addition to these, others have chosen not to accept the subsidized COBRA coverage they were offered when they lost their employment. According to an analysis from Hewitt Associates(4), COBRA enrollment has increased since the subsidy was first made available, but an estimated 60% of those eligible for COBRA still do not enroll in COBRA and hence do not receive the subsidy. These may include:

- Those for whom even subsidized COBRA is too expensive - While the federal COBRA subsidy covers 65% of the monthly COBRA premium for up to 15 months, COBRA coverage is still too expensive for many Americans. The average COBRA premium paid by a family of four receiving the federal subsidy is \$389 per month(5). eHealthInsurance has identified over twenty states(6) where a family of four can save at least \$600 a year by purchasing a family health insurance plan on their own instead of enrolling in subsidized COBRA. (For dollar comparisons of privately purchased plans and subsidized COBRA premiums for families, see eHealth's December 9, 2010 press release; for comparisons of individual premiums, see eHealth's December 16, 2010 press release.)
- Those who want a permanent health insurance solution - Included in this group are many of the recession's "accidental entrepreneurs" who have gone into self-employment after losing their jobs. They know that COBRA is not designed to provide a permanent health insurance solution for laid-off workers and their families. For most, eligibility for COBRA coverage expires after 18 months. The diagnosis of new medical conditions while one is covered under COBRA may make it more difficult to qualify for individual or family health insurance later.

For those who do not qualify for the COBRA subsidy or are unable to afford COBRA coverage even with the subsidy, eHealthInsurance has compiled the following tips and recommendations:

- Research your health insurance options through an online resource like eHealthInsurance.com. If you have questions, call a licensed agent at 1-800-977-8660.
- If you've never purchased your own health insurance before, get a quick start by using free online resources like eHealthInsurance's "Health Insurance Buyer's Guide."
- If you have a pre-existing medical condition or are unable to afford health insurance, talk to a licensed agent or contact the non-profit Foundation for Health Coverage Education at <http://www.CoverageForAll.org> to determine what free or low-cost health care options you may qualify for in your state.
- If you have medical debt or need help understanding your rights, eHealthInsurance encourages you to review Families USA's consumer guide: Your Medical Bills: A Consumer's Guide to Coping with Medical Debt.

(1) According to the Bureau of Labor Statistics: <http://www.bls.gov/news.release/empsit.nr0.htm>

(2) According to Small Business Administration definitions: <http://web.sba.gov/faqs/faqindex.cfm?arealD=24>

(3) According to Bureau of Labor Statistics as cited in Wall Street Journal: http://online.wsj.com/article/SB125478399429765967.html?mod=dist_smartbrief

(4) Hewitt Associates, August 2009: <http://www.hewittassociates.com/Intl/NA/en-US/AboutHewitt/Newsroom/PressReleaseDetail.aspx?cid=7133>

(5) Families USA Special Report: Expiration of COBRA Subsidy (<http://www.familiesusa.org/>)

(6) States include: AL, AZ, AR, FL, ID, IN, IA, KS, KY, MI, MN, MS, NE, NM, NC, OH, OK, SD, UT, WI, WY.

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