

When to Continue COBRA Insurance Coverage

The Consolidated Omnibus Budget Reconciliation Act of 1985, otherwise known as COBRA, continues to be a very helpful law to many. This law makes it possible for most individuals to continue their health care coverage from their employer for up to 18 months if for some reason the individual had a change in employment status such as a layoff, reduced work hours, or a termination of employment by the employee or employer. This continuation of COBRA insurance coverage is available to the individual, their spouses, and dependants.

COBRA insurance coverage lets one continue their employers' health insurance plan, which can be a real benefit to many, especially when one could have a hard time qualifying for private insurance (unlike the insurance provided by one's employer, one must usually have to qualify for private health insurance plans and their premiums would usually be based mostly on their health status) or would have a gap in health insurance coverage for other reasons. But, in order for one to continue their employers' health insurance coverage through COBRA, they must pay the complete monthly insurance premium instead of the discounted premium current employees get. That can add up to a costly monthly premium.

Now, with the help of the internet, most people have access to many health insurance companies. With this larger access comes more choices and of course, more choices gives consumers the advantage of comparison shopping. Although continuing COBRA insurance coverage through one's employer is a good option for many, it may not be the best choice for everyone. Depending on one's health status, finding private insurance to fill the gap may provide adequate coverage without the costly price tag of COBRA insurance.

Who then should continue COBRA insurance coverage from their employer? 1. People who have health problems that they are currently being treated for or pre-existing health conditions, should strongly consider the COBRA insurance option from their employer. It is very difficult and costly to get private health insurance with current health problems or pre-existing conditions and if one did find it, those conditions would either be excluded or the premium would be very costly. 2. Also, persons who know that their next employer will not have health insurance available should also consider continuing the COBRA insurance coverage, at least until they can provide themselves with another health insurance option. This is also important because it is much better to not have any gaps in health insurance coverage when shopping for new coverage as one is less risky to the new health insurance company when they have had continuous health insurance coverage.

On the other hand, if one is a young, healthy individual with no previous serious health problems, it may pay to shop around a little to find some type of temporary health insurance coverage instead of choosing the COBRA insurance option from their employer. But again, it is important even for these individuals to avoid any gaps in their health insurance coverage in order to obtain the best rates for their new policy.

The information mentioned here in above is of general nature and cannot be regarded as legal or tax advice. For more information, please contact Anne Tahim at 714-772-4744