



Healthcare Coverage Options: COBRA and its Alternatives

Selecting the right healthcare coverage option is important when facing an employment transition. We know how complex healthcare coverage can be, especially with the recent introduction of the Affordable Care Act.

The Affordable Care Act did not eliminate COBRA or change the COBRA rules. COBRA beneficiaries generally are eligible for group coverage during a maximum of 18 months for qualifying events due to employment termination or reduction of hours of work.

The question then becomes whether or not taking COBRA is a better choice than purchasing a new policy through an insurance exchanges and applying a federal subsidy if eligible.

◆ **COBRA coverage may be more expensive than a new individual policy through the health insurance exchanges.**

This is because if a COBRA policy is continued, the employee has to pay both his share of the premium and the employer's contribution. If the policy is rich with benefits and the employer has been paying a significant portion of the premium, chances are the full premium will be higher than other health insurance coverage options through the health exchanges.

◆ **Rather than take COBRA, the Affordable Care Act provisions allow low-income individuals to get coverage at a lower cost because of their potential eligibility for federal subsidies.**

These subsidies are designed for people who earn between 100 percent and 400 percent of the Federal Poverty Line, or about \$23,850-\$95,400 for a family of four or \$11,670-\$46,680 for an individual. If an employee's income is under these limits, it will probably be more cost effective to purchase a new policy and receive the subsidies to help pay the premium.

◆ **However, there may be situations where it will make sense for the COBRA qualified beneficiary to enroll in COBRA rather than through a plan from an insurance exchange.**

Some of the reasons may include:

- ◆ **Coverage:** If the person is utilizing benefits for ongoing treatment, they may find that the employer's plan will pay for more than a plan on an exchange. Also, keep in mind that not all exchanges may

offer other COBRA benefits such as dental, vision, employee assistance plans or medical flexible spending accounts. The individual may need to elect COBRA to continue in these plans.

- ◆ **Provider Network:** Some of the plans being offered on an exchange may have a smaller network of providers than available under the employer's group health plan. COBRA may need to be elected so that the person can keep their regular doctor or hospital.
- ◆ **Cost:** While it is expected that the premiums on an exchange may be cheaper than COBRA premiums, this may not always be the case. Especially when comparing the employer's group health plan to a similar plan offered under the exchange, or if a subsidy is not available for the individual.
- ◆ **Medicare Eligibility:** If you are Medicare-eligible, you may want to evaluate the costs and coverage associated with Medicare parts A and B and Medigap.

Start your research.

To get started learning about how affordable healthcare coverage can be, take the following steps:

- 1 REVIEW your options** and educate yourself at www.getinsured.com/selectquote.
This site provides information and tools to help you navigate your healthcare decisions, along with informational videos and other materials to help you learn more.
- 2** For COBRA related information visit www.dol.gov/dol/topic/health-plans/cobra.htm

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