



Don't Drop That COBRA Policy Yet Even If You Have COBRA Shock!

COBRA is a health insurance program allowing you to extend your group health insurance after you've left your employer. "COBRA SHOCK" occurs when you find out how much you have to pay to keep your health insurance after you've left your job.

Why is COBRA so expensive?

Virtually all employers pay for half of the employee premium and some help cover spouse and children premiums. That subsidy usually terminates with your job. Believe it or not, the COBRA premiums are generally the same or slightly higher than premiums your employer paid.

What do you do?

Do not go uninsured! Obtain COBRA until you are approved for something better! If approved, compare the premiums and benefits before dropping COBRA. Important! When applying for an individual policy, an insurance company can decline you; accept you at published rates; or charge as much as double the regular rates due to medical history, medications and other underwriting factors. Declinations or premium ratings occur often!

Who should shop?

This depends on the quality of coverage you currently have, how affordable your coverage is and whether you can qualify for a new policy. Another consideration is whether you are planning on being self-employed or not. If you are going to be self-employed and are insurable now, I suggest attempting to replace COBRA as soon as possible. The reason is simple. Your insurability can change a lot in 18-36 months. On the other-hand, if you have a new job lined up and will get benefits in 60

days, stay on COBRA until your new group plan kicks in. If your future is uncertain, I generally suggest start shopping right away but remember, in all cases, keep COBRA until you have been approved for what you want and can afford.

Can I save money on an individual policy?

Yes and no. Generally, by taking higher deductibles (the amount of out of pocket expenses you pay before your benefits kick in), you can save a lot on premiums. However, you also assume a higher financial risk if you get seriously sick or injured. Many consumers elect to take Preferred Provider Organization (PPO) policies with deductibles ranging from \$1,000 to \$5,000.

Consult a professional. Everyone's situation is different. I highly recommend that you work with a knowledgeable and experienced agent. Let them know about your health history, your premium objectives and your risk tolerance for large deductibles. An agent usually offers several choices, has easier access to underwriters and can make sure your application is complete so it gets through the underwriting process quicker. Best of all, their service costs you nothing!

The bottom line

Never drop any health policy until you've confirmed in writing that the replacement policy is approved and at the rates you want. If you are not able to qualify for an individual policy, stay on COBRA and apply immediately for a policy under HIPAA laws when your COBRA policy expires. **HB**

Mike Grumet is President of Mike Grumet Insurance Services Inc. He is a licensed agent (Ca. Lic. # OB00162) with 11 years experience in life, health and disability insurance for individuals. In addition he offers employee and executive benefits for companies. He is actively involved in several community organizations in Huntington Beach. He is located at 16541 Gothard St., #202. Questions are welcome anytime by calling: 714-698-6453.