

So I'm Graduating...What Do I Do About My Health Insurance?!?!

By: James P. Rowley

While in college, undergraduates are covered by health insurance either as a dependent through their parent's plan, or through a university endorsed program. However, upon or shortly after graduation, these plans will terminate at some point unless the student takes action. The purpose of this article is to assist the graduate with some of the questions surrounding health insurance after graduation.

Why do I need health Insurance –I'm healthy!

Insurance can be defined simply as the premiums of the many that pay for the large claims of the few. Graduating students need health insurance to protect them financially in the event they get hurt or sick and require medical attention. Think of it this way –you break an arm while diving into the sand for that perfect save in the beach volleyball game this summer. You win the point, but need to take a “quick” trip to the emergency room for x-rays, bone setting operation, cast, requisite pain killers-and before you know it the bill is \$4,000.00. And that's just for a broken arm! Expenses for serious illnesses run in the tens of thousands in a very short period of time.

What should I do RIGHT NOW to be sure I am covered after graduation?

Every student should be speaking with their parents about how they are currently covered for health insurance. Is it through their parent's plan or through the university-endorsed plan? Each of these plans has specific termination dates, so you need to ask specifically when your coverage ends. For example, the university endorsed plan usually ends as of August, while coverage through parent's plans may end on graduation day or sometime later. It is critical to find out now what happens to your current coverage as of graduation day.

Ask:

- 1) When does my coverage end?
- 2) What are my options to continue coverage under my parent's plan?
- 3) What are my options to continue coverage under the university sponsored plan?
- 4) How will this affect the cost of my health insurance.

What are my options based on my plans after graduation?

The answer is contingent on a number of current and future factors including; the student's current method of coverage, future personal plans to begin employment, find employment, attend graduate school or other pursuits.

I have a job that offers health insurance:

Take it! Most employers offer highly subsidized employee health plans as part of corporate Employee Benefits Programs. Talk to the Human Resources representative at the company for guidance, as you will most likely have several choices from which to choose. Be certain to ask when coverage takes effect, as most plans have waiting periods before you are covered. And be conscious that the plan you are in today can be extended until the new plan takes effect. See below for options to bridge the gap, if any.

What if I don't have a job after graduation?

If you are planning to be looking for a job after graduation, making sure you maintain health insurance coverage is very important. The university plan extends until 8/14/09 so if you plan to have a job by then, with health insurance, you are in good shape. The cost of continuing the university plan is about twice the cost of the student plan. Based on this year's cost for single student coverage the continuation plan could cost up to approximately \$5,000.00. The payment to continue this plan is usually required in full, in advance.

Coverage under your parent's plans can also be extended under COBRA for a period of up to 18 months. COBRA coverage is simply a continuation of the current employer plan benefits, at a cost to the dependent. Premiums vary depending on the coverage of the employer plan and are also typically in the \$350.00 to \$450.00 per month range.

Both of these options have the advantage of familiarity with the plan, no medical questions required to be accepted, and ease of transferring the coverage. The disadvantage of these options is the cost.

Can I purchase health insurance on my own?

Yes, and this may be a more economical option for many students. These policies are offered on an individual basis through companies such as Blue Cross and Aetna, as well as other non brand-name companies. Policies in this category offer similar coverage to University or employer plans and may be applied for by the student in advance of the end of current coverage.

The advantage of this type of policy is clearly cost. Typical costs for these types of policies range between \$100.00 and \$200.00 per month. Why? Because the insurance company can select healthier individuals for their policies, they assume lower future claims, and therefore can charge lower premiums.

There are disadvantages to these types of policies as well. These policies typically ask various levels of medical history questions. Acceptance of the application and premium costs are contingent upon the answers to the questions, with healthier applicants receiving lower premiums. Less healthy, or people with a current diagnosis may be charged higher premiums, have limits on pre-existing conditions, or be rejected for coverage.

But, for the young, healthy graduate who is seeking health insurance coverage for the short or long-term, this approach might be the most economical way to buy coverage. And yes, your parent's can still pay the premiums!

But what if I'm going to Graduate School?

Students accepted into Graduate School are generally able to continue the university plans until eligible to enroll in the Graduate School sponsored program. They can also usually remain on their parent's plan if attending Graduate School...but the questions posed earlier in this article still pertain. Graduate student's can also purchase private insurance if cost is the deciding factor.

Take Action!

Graduating students will face a number of decisions as they leave school, and understanding what should be decided on health insurance is a critical one. So, before you done the cap and gown:

Discuss with your parents what type of insurance you have now.

Find out when it ends.

Review the options to continue the university plan or COBRA.

Understand the costs of these programs.

Do some research on an individual policy to see if you qualify for lower premiums by contacting the author, or your insurance broker.

About the author:

James P. Rowley is an executive in the

Insurance industry for over 30 years,

And is Founder and President of

*I M P A C T Employee Benefits- a Design,
Implementation and Management*

Firm specializing in

Individual and Employee Benefit Insurance.

His daughter, Ashley, is a pending graduate

Of the School of Nursing at UPENN.

james.p.rowley@iebenefits.com

215-750-0900