

Comparing COBRA to Individual Health Insurance Coverage – Transcription

COBRA is actually an extension of a group health plan in which you pay the company to keep your coverage from month to month. COBRA lasts for 18 months. If you like your group plan and you like paying that amount of money then you can stay on that plan for the 18 months. Right now the government is subsidizing 65% of the COBRA plan, so if you normally spend \$1,000 on the plan, which the average runs anywhere from \$12,000 - \$14,000 a year, you will pay that monthly \$1000 plus a couple of points to your employer to keep your plan. In addition to that, the government will offer you a subsidy of 65%, so your \$1,000 will cost \$450 a month instead.

When you reach that amount you will pay a month after the government subsidy that is when you should look into individual health plans to compare them to COBRA. If the individual plan is going to run you the same amount of money as the COBRA, get on an individual plan as soon as possible. If you happen to get any kind of medical condition while you are on COBRA it will be considered a pre-existing condition which may not qualify you for normal individual plans anymore.

If you do want to stay with the COBRA, then prepare yourself for month 10 of the plan. The government subsidy goes away and your costs is going to go up to the normal \$1,000 a month as used in the example.

Be aware that when you do apply for individual health insurance you need to get underwritten, which can take anywhere from 5 days to 3 weeks. It is not instant coverage so prepare yourself for applying for individual health insurance before the COBRA expires.