



COBRA: HEALTH INSURANCE FOR THE UNEMPLOYED

Unfortunately, it's an issue everyone must face in the real world, and with soaring medical costs, can be a costly one.

Health Insurance has never been as expensive as it is today. With many employers dropping their coverage due to high premiums, those lucky enough to have found jobs with benefits might be scrambling to figure out what they will do in the event of a lay off.

COBRA is an insurance option for those who had coverage from their employers, but have lost their jobs. Researchers found that the coverage costs up to 30% of unemployment benefits for individual coverage and nearly 84% for family coverage. 84 percent!

Ron Pollack, executive director of Families USA, a health insurance reform advocacy group based in D.C., stated, "COBRA health coverage is great in theory and lousy in reality."

The reports realization of COBRA's extremely high costs might put many laid off employees into a state a fear. "It is often the only option for people who are looking for comprehensive coverage—particularly if they have any kind of health problem," said Karen Davenport, who is the director of health policy at the Center for American Progress in Washington, D.C.

COBRA is generally offered for 18 months after a job ends, and is mandatory for firms with 20 employees or more, provided that they continue to offer health benefits. Companies charge the full cost of premiums plus a 2% administrative fee.

In 2008, full COBRA costs for an individual peaked at a national average of \$4,656 per year (\$388 per month). The costs for family coverage reached \$12,823 per year (\$1,069 per month).

The average monthly unemployment benefit in California is around \$1,322.

To avoid going without coverage, check to see if you can be added to your spouse's insurance plan. Also, if you do lose your job, make sure you sign up for COBRA quickly, as the option to use the service lasts for only 60 days from the time your employer notifies you about it.

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