Health Insurance Options for Recent College Graduates

Graduating from college brings more independence and responsibility, which includes understanding health insurance and the importance of securing coverage. Most importantly, if you have a new job that offers health insurance, sign up for coverage immediately. If you have decided to attend graduate school, research the availability of coverage from the institution and sign up if it's offered. If you find yourself without employment or in a job that doesn't offer health insurance, consider the following options:

Coverage Options

COBRA Coverage: If your parent's employer had more than 20 employees, you should check with their human resources office. Ask if you are eligible for the employer's Consolidated Omnibus Budget Reconciliation Act (COBRA) plan. COBRA lets you continue the same policy, usually for 36 months. Keep in mind that under federal law, employers have 30 days to inform the insurer that you will qualify for COBRA, and then the insurer has 14 days to give you an election notice. You then have 60 days to elect the coverage. If you have pre-existing health conditions, this is most likely the safest and most affordable option available. If you are eligible, you cannot be turned down or charged more due to your health conditions.

HIPAA Coverage: If you are not eligible for COBRA or when COBRA expires, but you have had 18 months of continuous group health coverage, you are considered "Federally Eligible" for a Health Insurance Portability and Accountability Act (HIPAA) plan. The Ohio Department of Insurance consumer hotline at **1-800-686-1526** maintains an up-to-date list of these plans. You need to apply for either the "Ohio basic" or "Ohio standard" health plan within 63 days of losing your previous coverage. Sign-up sooner than later to avoid a delay that could cause gaps in coverage.

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High-Deductible Major Medical Policy: If the above options are too expensive for you, you may want to consider a High-Deductible Major Medical Policy. When it comes to insurance, no matter the type, higher deductibles usually mean lower premiums. That is because you are taking more responsibility for your own care. You may be able to combine a Major Medical plan with a Health Savings Account, which basically allows you to spend pre-tax money on your smaller health bills, and use the Major Medical plan for the catastrophic expenses. Again, call the consumer hotline for a list of possible carriers.

Short-Term Insurance: While this insurance won't cover pre-existing conditions, it is better than no coverage at all. Many alumni associations offer this option to recent grads. You can generally take these out either on a month-to-month basis, or on a term of six to 12 months.

Discount Health Plan: These plans are not insurance products. They advertise discounts for services provided by certain physicians, hospitals and pharmacies. If insurance is unaffordable to you, these may serve as alternative options to lower your cost sharing in certain situations. Be certain to read the membership agreement. The Department has limited authority over these plans.

Types of Health Insurance

Insurance plans vary. Managed care plans such as Health Maintenance Organizations (HMOs) generally lock you into a network of providers and impose strict guidelines on care. You will have a network, co-pays and deductibles that apply to services. Preferred Provider Organizations (PPOs) generally allow more flexibility in that they allow for treatment with out-of-network providers, usually for larger co-pays. Indemnity products allow broad access to care, without network restrictions. When no contract is signed between the providers and the insurance plan, most claims are paid on a Usual and Customary Rate (UCR) for services, set by the insurance company. You can be billed the difference if a provider charges more than the UCR.

Need more help?

Graduating from college is both exciting and intimidating. You are bombarded with decisions, and it helps to be prepared for them in advance. Questions on health insurance and companies should be directed to the Ohio Department of Insurance consumer hotline at **1-800-686-1526**. You can also visit the Department on the web at **www.insurance.ohio.gov**.