

Health Costs

Insurance for Graduates

By JILIAN MINCER

The tough economy has many new grads leaving college without a job lined up -- forcing them to wrestle with questions about health insurance.

Students who've been covered by a parent's policy or one through the school may find themselves without insurance as early as graduation day. Fortunately, most people in this age group have a number of options, even if they haven't yet found a job.

Students who've been covered by plans offered by their colleges should contact the school. Some alumni associations offer insurance options for grads.

Those who have been insured through Mom or Dad's plan may have more options, depending on the employer and also on state laws.

Families generally need to notify the plans when dependents are no longer full-time students. Many new grads will have coverage until the end of the calendar year, and those in some states will be eligible for a few more years of coverage even if they're not full-time students.

Pay to Continue Coverage

Many others can take advantage of the federal law called Cobra to buy continuing coverage under a parent's plan. Parents need to contact their human-resources department or insurance company to find out about options, says Kathy Bakich, national compliance health practice leader at The Segal Co., a benefits consulting firm.

Tom Billet, a senior consultant at consulting firm Watson Wyatt, says companies typically have 30 days to notify the worker that extended coverage is available under Cobra, and the employee has 30 days to sign up. Coverage is available for up to 36 months, at up to 102% of the company's per-person cost, and covers pre-existing conditions.

Mr. Billet says individual coverage purchased privately may be less expensive for this age group, but unlike coverage through Cobra, cost and availability may be based on an individual's health. Check if pre-existing conditions would be covered.

Sam Gibbs, senior vice president at eHealthInsurance, an online clearinghouse for insurance, says about 85% of people who apply are approved, and some states have "guaranteed issue."

But insurers have also rejected potential customers for conditions as common as asthma, allergies and Caesarean sections.

Low Premiums

"The good news is for most 21-, 22-year-olds there are plans that are very affordable," says Mr. Gibbs. A 2008 study found the average monthly premium for 18- to 24-year-olds was just \$107 a month -- albeit with a substantial average deductible of \$1,932.

"The smart thing to do if you're in good health is to buy a policy with a high deductible and low premiums, to protect you in an

event of a catastrophic illness," says Mr. Billet. Skipping coverage may be tempting, but it's foolish because there's always the risk of serious illness or accident.

States also have programs for low-income individuals and the chronically ill. Check with your state insurance commission or CoverageforAll.org for possible plans.

If you've already lined up a job, but plan to first spend the summer at the beach, another option is short-term or temporary insurance. These policies are typically for only six to 12 months and are usually fast and easy to get.