

## Health insurance options for pre-Medicare retirees

By Jim Miller

Dear Savvy Senior,

What are my options for finding affordable health insurance? I was recently forced into early retirement and need to find some health coverage until Medicare kicks in. What can you tell me?

Early Retiree

Dear Early,

For you and others like you who need to find health insurance on your own – because of early retirement or a layoff – various options are available, depending on your circumstances. Here's what you should know.

COBRA

If you worked for a company that had 20 or more employees, you can stay with your company insurance plan for up to 18 months under a federal law called COBRA.

And now, thanks to the new economic-stimulus law, it's a much more affordable option.

If you were/are involuntarily terminated between Sept. 1, 2008, and Dec. 31, 2009, the government will now subsidize 65 percent of your COBRA costs (you pay the other 35 percent) for up to nine months.

If, however, the company you worked for had fewer than 20 employees, you may still be able to get continued coverage through your company if your state has "Mini-COBRA" (39 states offer it).

And if you do decide to go with COBRA, once it expires, you'll be happy to know that you become eligible for HIPAA (Health Insurance Portability and Accountability Act), which gives you the right to buy an individual health insurance policy from a private insurer that can't exclude or limit coverage for pre-existing medical conditions.

You'll need to purchase a policy within 63 days of your COBRA expiring to take advantage of HIPAA.

To learn more, contact the US Department of Labor's Employee Benefits Security Administration at (866) 444-3272 or visit [www.dol.gov/ebsa/cobra.html](http://www.dol.gov/ebsa/cobra.html).

Individual policies

Buying an individual health insurance policy is another option to consider, but keep in mind that in most cases, costs are based on the applicant's health history and can be very expensive.

Any preexisting condition, such as heart disease, diabetes or cancer, can drastically increase your premiums or can nix your chances of being accepted at all.

To search for policy options and costs in the state you live go to [www.ehealthinsurance.com](http://www.ehealthinsurance.com) or call (800) 977-8860.

If you need some additional help, contact a licensed independent insurance agent in your state. See [www.nahu.org/consumer/findagent.cfm](http://www.nahu.org/consumer/findagent.cfm) to locate one.

If you're in need of temporary health coverage (one to 12 months), a short-term health insurance policy is another low-cost option to look into. You can get quotes and coverage details at [www.ehealthinsurance.com](http://www.ehealthinsurance.com).

High-risk pools

If you can't purchase an individual health policy because of a preexisting medical condition, you may still be able to get coverage through a high-risk pool.

This type of coverage is available in 34 states, but it's more expensive; premiums cost about 1.5 times the cost of private insurance. To find links to your

state high-risk pool, see [www.naschip.org](http://www.naschip.org).

Health savings accounts

If you're relatively healthy and don't spend a lot on medical care, another affordable option is a health savings account (HSA).

How it works is you purchase a high-deductible (low-premium) health plan with a deductible of at least \$1,150 for an individual or \$2,300 for a family.

Then you open a HSA (see [www.hsainsider.com](http://www.hsainsider.com)), which is a tax-sheltered savings account, similar to an IRA, that you can withdraw from anytime, tax-free, to pay for medical expenses, and whatever money you don't use rolls over from year-to-year.

And once you hit age 65, you can spend the money on anything you want.

For 2009, the contribution limit is \$3,000 for individuals or \$5,950 for families, and if you're 55 and older, you can make an additional \$1,000 catch-up contribution. Once you turn 65, you can no longer contribute.

For more information, visit [Treasury.gov](http://Treasury.gov) and click "Health Savings Accounts."

Savvy Tip

To find and research your options, go to [www.coverageforall.org](http://www.coverageforall.org). This comprehensive site provides information and links to all private and public health insurance programs in each state.

It also offers a short quiz that you can take to help you identify the best insurance option for your particular situation.

You can also call for help at (800) 234-1317.