GETTING HEALTH INSURANCE WHEN YOU'RE HARD TO INSURE

SEPHTON FINANCIAL

WIDOW & WISDOM™

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INTRODUCTION

If you're older and/or in poor health, you're definitely somebody who should have health insurance coverage. Unfortunately, you don't, and you're having difficulty getting it. All of the insurance companies you've applied to refuse to offer you coverage because they see you as too great a risk. They may even classify you as totally uninsurable. The good news is that you're not without options.

Shop around

In reality, few people are totally uninsurable. More likely, you're one of the "hard to insure." The variety of health insurance sources in this country means that most people have at least one option available to them. Most states have an insurer of last resort (e.g., Blue Cross Blue Shield) that must accept all applicants. In addition, the Affordable Care Act (ACA) requires that all health insurers must sell coverage to everyone who applies, regardless of their medical history or health status, nor can plans exclude coverage for those medical conditions. Premiums may only vary based on age, geographic area, family composition, and tobacco use.

The ACA also gives you the opportunity to shop for health insurance through a health insurance Marketplace where you can compare health plans according to price and quality, and purchase an affordable plan that best meets your health insurance needs.

One additional note: Hard-to-insure individuals may feel tempted to lie or withhold information on an insurance application in order to get the coverage they desire. No matter how badly you need health insurance, don't do this. Not only is it unethical and illegal, but your insurance company generally has the right to immediately terminate your policy (and sue you to recover any benefits paid) if it discovers that you've been dishonest.

A new, more insurable you

While you may not be able to change your medical history, you still may be able to reduce your premium expense by taking steps to improve your present health. Exercising regularly, following a better diet, giving up smoking or drinking, and reducing your stress level all promote a healthier lifestyle. These steps can also dramatically improve your general health over a relatively short time. In addition, if you work in a dangerous occupation, you might consider switching to a less hazardous line of work.

Work it out through work

If you have no health insurance but work for a company that offers employer-sponsored group coverage, consider participating in the plan. If your employer doesn't have a group health plan, you might even consider leaving your present job and going to work for a company that does.

Group health insurance generally provides extensive coverage and may cost you little or nothing, especially if your employer pays all or most of the premium. Moreover, this type of insurance is ideal for hard-to-insure people who have difficulty obtaining individual coverage. When you enroll in a group plan, you generally don't have to take medical exams, answer a lot of probing questions, and undergo the other screening processes that are typically required before you can get an individual policy. This is because your portion of the group premium isn't based on personal factors about you--it's based on the risk characteristics of the group as a whole (e.g., average age).

COBRA

If you terminate your service with an employer, any group health insurance coverage you were receiving through that employer generally ceases as well. This is true whether you leave the job voluntarily or involuntarily. You may also lose employer coverage due to a reduction in your work hours. These events don't necessarily mean, however, that you have to go without health insurance or start shopping for individual policies. The reason: You are eligible for benefits under the Consolidated Omnibus Budget Reconciliation Act (COBRA) if your former employer had more than 20 employees.

The medical coverage you receive through COBRA is identical to the coverage that you had under your employer's plan, but you must now pay the full premium out of your own pocket. This can be expensive, but if you're not in the greatest health, it's better than being uninsured or trying to get an individual policy. The key for hard-to-insure people is that you can elect COBRA coverage without having to undergo any individual screening to evaluate your risk. COBRA coverage typically lasts up to 18 months, although this may be extended to 36 months in some cases.

Government benefits

Another way to get health insurance coverage is through government benefits. The three main sources of such benefits are Medicare, Medicaid, and the Department of Veterans Affairs (VA), formerly known as the Veterans Administration. These programs can be an excellent way to receive health insurance at relatively low cost, but you must meet the eligibility requirements and sometimes fund certain medical expenses out of your own pocket. In addition, some of these programs are not comprehensive and may need to be supplemented with other health insurance.

Medicare is a federal program designed to provide reasonably priced health insurance for retirees, regardless of medical condition. You generally become eligible for Medicare at the same time you become eligible for full Social Security benefits (currently age 65). In addition, some disabled individuals and people with kidney disease are eligible for coverage. Medicare is broken down into two parts, A and B. The specific eligibility rules, benefits, and costs to you will vary between parts A and B. It's important to realize that Medicare may not be enough after you retire, but supplemental insurance policies known as Medigap policies, sold by private insurers, can help fill the holes in Medicare's coverage. If cost is a concern, you can also choose to participate in a Medicare managed care plan. These plans, called Medicare Advantage plans, are health maintenance organizations offered by private insurance companies. If your income is limited, your state may help pay Medicare costs such as your premiums and deductibles.

Medicaid is a joint federal and state program that provides medical benefits to individuals who can't afford medical care, including elderly, disabled, and blind individuals, as well as needy dependent children. Each state has its own Medicaid program, and specific eligibility requirements and benefits vary from one state to another. In addition, Medicaid benefits depend on whether you are considered medically needy or categorically needy. However, certain core benefits (including coverage for hospital bills, physician services, and long-term nursing home care) are shared by most Medicaid programs.

In general, all veterans who served in the U.S. military (except those who were dishonorably discharged) qualify for VA hospital and outpatient care. However, some veterans may not have full access to such care. For specific information on eligibility and the types of benefits available, contact your local VA office or visit the VA website.

NOTES:

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