

## ARTICLE EXCERPTS

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“And rates for individual plans are subject to factors like health and age, and those with chronic diseases aren't likely to obtain a personal policy, Pilzer said. If you are accepted and have a chronic disease, it could be excluded from coverage by the health care provider.”

<http://www.foxbusiness.com/story/insurance-alternatives-college-grads/-1343118710>



Tuesday, June 3, 2008

## Insurance Alternatives for College Grads

**Matt Egan**  
**FOXBusiness**

Unemployed recent college grads are often forced to search for something other than a job: medical benefits.

Staying on mom and dad’s employer-based health care isn’t always an option, as many group plans exclude children once they are no longer full-time college students. While the details often differ from plan to plan, the main options are generally the same.

To keep the same doctor and stay in their parents' group plan for up to three years, fresh college grads can opt to pay a costly monthly fee through a program called COBRA. Short-term medical coverage is a less costly option for those expecting to find work within several months. Another lesser-known alternative is going directly to a health care provider like Aetna ([AET](#): 45.15, -0.19, -0.41%) and paying for an individual plan suited to your needs.

No matter which coverage option is most appropriate, experts stress that going without shouldn't even be considered. According to the Commonwealth Fund, a private foundation focusing on health care, 38% of college grads went uninsured at some point during their first year after graduation. That figure rises to 51% for high school grads who didn't attend college.

"Young people think they are infallible and healthy. You don't want to find out that you don't have insurance when you need it," said Natalie Dupre, an insurance agent at Eustis Insurance and Benefits in New Orleans.

In fact, adults who get sick and have been uninsured for 63 days or more can find themselves out of luck once they find health care. Providers are typically allowed to exclude medical and prescription benefits for preexisting conditions that arose within the prior year.

"You just need to know your own situation and know your options," said Donna Alcorn, an insurance agent at Rust Insurance Agency in Washington, D.C.

Before picking a plan, Alcorn advised parents to make sure their children are no longer included in their employer group plans. Situations often differ with some plans including unmarried children up to 25-years-old. Others only last until children turn 19 or are no longer attending college full-time.

Naturally, there are drawbacks to any option. Many people choose to take the COBRA route because it allows them to keep the same doctor and same plan. A major benefit of COBRA for people without a clean bill of health is that includes coverage for all preexisting conditions. Unfortunately, this means COBRA is often much more expensive than the other options.

"COBRA is always the worst alternative. People just take it because it's offered," said Paul Lane Pilzer, a best-selling author and founder of benefits solutions company Zane Benefits. Pilzer said the average cost per month for individuals in COBRA in 2005 was around \$500, but that that price can vary depending on the cost of their parents' plan.

While other experts conceded that COBRA is very expensive, they said it could be worth it for a person saddled with a complicated medical condition and the bills that come with it. "Sometimes that premium can be worth its weight in gold because at least it gives them access to coverage," said Alcorn.

Many people opt to pay to receive temporary or short-term coverage while they look for work. While this is a cheaper option than COBRA (it can cost one-third less), it won't typically include preexisting medical conditions.

"It's meant to bridge the gap between their parents' policies and a policy they pick up from an employer," said Dupre.

Pilzer, who wrote *The New Health Insurance Solution*, said the best option for healthy individuals is to buy a personal policy directly from a health care provider. He said that for 18 to 23-year-olds a plan can run as low as \$32 to \$55 per month. Still, these individual plans often don't include benefits such as dental and prescription drugs, which are fairly typical in employer plans.

And rates for individual plans are subject to factors like health and age, and those with chronic diseases aren't likely to obtain a personal policy, Pilzer said. If you are accepted and have a chronic disease, it could be excluded from coverage by the health care provider.

Insurance provider WellPoint ([WLP](#): 54.48, -0.76, -1.37%), with about 2.37 million members, launched an individual plan called Tonik in 2005 to focus on the 19 to 29-year-old segment in California. Many of the options cost less than \$100 a month and some are as low as \$69.

"If you have a kid who is 18, run and buy your kid a [personal] health policy today," said Pilzer.