

Is COBRA Coverage the Way to Go?

When job changes come along, you often have to decide what to do about health coverage. Married couples may or may not be able to switch to coverage with a spouse's company, but in many cases only one has coverage. In that case, COBRA coverage, finding other health coverage on your own or buying a discount plan becomes necessary.

There are advantages and disadvantages to each of these. COBRA is, of course, typically quite expensive. However, your coverage can be continued for a long time, and you don't have to worry about pre-existing conditions or anything else that might either prevent you from getting other health coverage for a decent price or make paying your share of medical costs through a discount plan too expensive. However, you should also be prepared to pay a large amount up front. COBRA coverage may require up to the first three months' coverage paid in the first payment, depending on when the payment is due, and this can be a serious hardship. At the very least, the first two months will need to be paid immediately. After that, fortunately, coverage costs are simply month to month.

Finding coverage for your family through another provider, such as Blue Cross, or whichever state you live in, may be cheaper than COBRA in many cases, and you can decide how much coverage you need. However, if you or anyone you need to cover in your family has a pre-existing condition this can be quite expensive or you may simply not qualify. You will want to check especially on areas that may be relevant or become relevant during the time you require that coverage, particularly for pregnancy or chronic conditions.

Finally, there are plans offered by companies such as AmeriPlan, which give you a discount on medical services. For people in generally good health, this can be a very good way to go. You can save up to 80% of medical, dental, etc. (medical coverage available only in CA, TX, OK, and GA as of this writing, but should expand nationwide eventually) costs with this kind of plan with no concern about pre-existing conditions or number of visits. One representative tells me the typical savings is about 50%.

How do you decide between these options? First take a look at the basic monthly costs of each and what you get from each. Next think about how you will cope with expenses with each of these should someone in your family require major medical care or hospitalization. Also look at how long you are going to need coverage.

Be honest with yourself about any conditions which may increase your health care costs. Some individual plans may not cover things such as pregnancy if they occur within a certain time period from the start date, and will quite simply not take on an existing pregnancy.

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About the Author

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