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HEALTH INSURANCE: STAY PROTECTED AMID LAYOFFS, BUDGET CUTS

Insurance Regulators Offer Tips, Information for Consumers

Pierre, SD. According to the South Dakota Department of Labor in April South Dakota's unemployment rates were 4.8 percent, families are living on tighter budgets, and many are struggling to maintain their health insurance coverage. Despite these challenges, there are still ways for consumers to remain protected and save on insurance costs, according to the South Dakota Division of Insurance

"These uncertain times require us all to be vigilant about our health insurance to make sure we are protected," said Merle Scheiber, Director, Division of Insurance.

"Consumers can safeguard themselves and their families regardless of their employment situation by making sure they understand their coverage and researching less expensive alternatives."

Options for the Newly Unemployed

It is important for the newly unemployed to examine their options early, because some choices expire within weeks of job termination. The Division of Insurance offers the following tips about health insurance for those who have recently lost their jobs or believe they might need to plan for the possibility:

- **If married, consider joining your spouse's plan:** Transitioning to a spouse's plan is typically the most affordable option, but you have to act quickly. There is a 30-day special enrollment period during which an employee can add a dependent who has lost coverage. If that 30-day window expires, then enrollment may be delayed until open enrollment or depending upon the employer's plan, the opportunity may be missed completely.
- **Consider COBRA:** The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) allows individuals who leave their jobs at companies with 20 or more employees to continue their health insurance coverage for 18 months. South Dakota extends similar access for those who worked for small companies

through “mini-COBRA” laws. In most cases, you have 60 days to elect coverage. COBRA/mini-COBRA coverage can be expensive, because you are required to pay the full premium (the employee portion plus the employer contribution), plus an administrative fee of 2%. However, it is retroactive once you elect it, so use those two months to evaluate other options. Those who lose their jobs because a company goes out of business might not be eligible for COBRA if the company stops its group insurance plan but otherwise may be eligible for continuation of coverage. Consult with your local agent or your insurance company for more information on what continuation options may be available to you.

As part of the newly enacted economic stimulus package, the federal government will pay 65 percent of COBRA and mini-COBRA extended coverage premiums for workers laid off between Sept. 1, 2008, and Dec. 31, 2009. Employers had until April 18 to notify former staff eligible for this option. There are income limits for subsidy eligibility, however: \$125,000 for single adults or \$250,000 for couples who file taxes jointly.

- **Research eligibility for government-sponsored plans:** Check to see if you are eligible for insurance through a government program, such as Medicaid or Medicare. For more information, visit www.cms.hhs.gov/home/medicaid.asp or www.medicare.gov.
- **Purchase a private plan:** You can purchase coverage through insurance companies offering individual plans if you meet certain underwriting criteria. A high-deductible major medical policy will cover serious or catastrophic health costs if you cannot afford a more comprehensive plan.
- **Enroll in the South Dakota Risk Pool:** For those who have lost creditable coverage such as an employer health plan, the Risk Pool provides the option of purchasing coverage regardless of your health condition. Check with the South Dakota Risk Pool to see if you are eligible and learn more about your options at 605.773.3148 or visit their website at riskpool.sd.gov. You may also obtain information by visiting the Division of Insurance web site at www.state.sd.us/insurance

Maximize Existing Health Insurance Coverage

Those who have health coverage should also explore ways to take full advantage of existing benefits.

- **Switch to generic prescriptions:** Your health insurance plan likely provides a discount for generic medication. This discount can help you save on monthly out-of-pocket health costs. If generic options are not available for your medications, work with your doctor to help ensure your medications are listed among your health plan’s list of preferred prescriptions. If a drug is not on the formulary, then there is higher cost-sharing (co-insurance or co-pay).

- **Schedule an annual check-up:** Annual physicals can catch health problems before they become serious, saving you money in the long run. Many insurance plans cover 100 percent of wellness care for routine exams, immunizations and diagnostic tests.
- **Stay in-network:** Before booking an appointment, verify that your doctor is included in your plan's network. Sticking to network providers helps ensure lower co-payments and out-of-network costs. By going to a network provider you can avoid being balanced billed as the provider may not charge you more than your applicable plan deductible, copayment or coinsurance amount for covered services. If you need to have a procedure done at an out-of-network provider, research the costs and be prepared to negotiate the price.
- **Use preventive benefits:** Some employers offer a subsidized gym membership or nutrition program. Staying healthy and active will reduce your chances of needing costly high-risk medical procedures throughout your lifetime.

More Information

Scheiber says if you have questions or are confused about your insurance coverage, contact the Division of Insurance for assistance by calling 605.773.3563, by letter to the South Dakota Division of Insurance, 445 East Capitol Avenue, Pierre, SD 57501, or by emailing insurance@state.sd.us