

SHORT-TERM COVERAGE:A CHEAP OPTION

Bare-bones plans that bridge job gaps

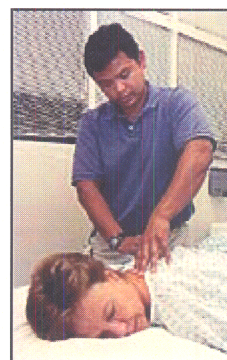
By JEAN P. FISHER, Staff Writer

Jay de Leon had been working for a Raleigh physical therapy practice for about a year and a half when his phone rang with an offer for a dream job working athletes back into shape at Duke University's Sports Medicine Center.

The catch: The Duke job wouldn't come with health benefits. Hoping to work his way into a benefited position at Duke, de Leon, who lives in Durham, took it anyway and opted to continue purchasing coverage through his old employer.

But he soon grew tired of paying \$170 a month for the coverage, available to him under COBRA (Consolidated Omnibus Budget Reconciliation Act), which allows workers to keep their health insurance for as long as 18 months after leaving a job. So de Leon's wife, Mary-Ann, who has a separate policy covering herself and their three children, got online and found him a short-term policy for \$54 a month. It covers both major and minor illness and accidents and hospitalizations, but not preventive care, such as annual checkups.

"It's just enough coverage," said de Leon, 31, who said he's rarely sick. "If something did happen, I didn't want to have to worry about the financial burden."



Physical therapist Jay de Leon massages Martha Pritchett at Duke University. He and others have found that short-term policies are far cheaper than COBRA payments.

Staff Photo By Harry Lynch

Short-term health insurance, which typically offers coverage for as little as 30

days or as long as six months, has been around for years. De Leon thought to look for it because he had bought a policy shortly after graduating from college to cover him until he got a permanent job. Now, as layoffs force more workers out of jobs and benefits, the policies are gaining popularity as a cheaper alternative to COBRA. A short-term policy typically costs about one-third or one-fourth the price of COBRA, which averages about \$600 a month for family coverage.

Dianne Lawton, an insurance agent with John Sipp & Associates in Chapel Hill, which specializes in individual and small business coverage, said she wrote about 20 short-term policies last month. Most were for laid-off workers. One 58-year-old man, who lost his job and health insurance when his company went out of business, was looking at price quotes of as much as \$900 a month for a standard health insurance policy covering himself and his 55-year-old wife. He opted for a six-month short-term plan for about \$150 a month to tide them over until he finds a new job that provides benefits.

Some major health insurance companies have noticed the interest and are adding short-term coverage to their offerings. The online health insurance Web site <http://ehealthinsurance.com>, which is licensed to sell coverage in 47 states, recently started selling temporary health insurance in North Carolina.

"With the economic downturn, a lot of people who are out of work are searching for affordable options," said Sam C. Gibbs, ehealthinsurance's senior vice president and general manager. "A lot of the time COBRA is their impression of how expensive health insurance is, and that's just not the case."

Mary A. Cook, a professional artist who lives in Raleigh, bought one month of coverage through ehealthinsurance for \$55 to cover her when the military benefits she gets through her husband lapsed while he was waiting to be deployed by the U.S. Army National Guard.

"I wanted to have it, just in case," said Cook, who is 29 and healthy. "But I'm not sure I would have taken it if it had been more expensive."

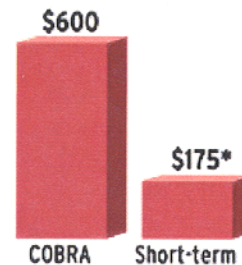
Short-term health insurance has its pitfalls, however. Most policies allow no more than six months of coverage, with the possibility of one six-month renewal as long as no medical claims are made. Maternity coverage, mental health benefits and preventive care, including well-baby visits and annual physicals, aren't offered.

And not everyone can get a policy. Anyone who has been treated for cancer, a heart attack, diabetes or other chronic medical conditions in the past five years will likely be rejected. Some carriers won't take smokers. Others will refuse to cover people who take any prescription medication. COBRA coverage is so

LOW-COST OPTION

Many people who have lost employer-sponsored health insurance find short-term coverage a far more affordable option than buying benefits through COBRA.

Average monthly cost for a family of four



* Based on quotes from three leading carriers



Sources: Employee Benefits Research Institute, staff research

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much more expensive because it is far less restrictive and more generous with benefits.

The good news for those shopping for short-term coverage is that every insurer has different eligibility criteria, said John Sipp, who has specialized in health insurance for more than 20 years. Something that won't fly with one carrier might be fine with another.

"That's why we work with five or six companies," Sipp said.

In a pinch, a person can hop from carrier to carrier, stretching their short-term coverage out to a year or more, although Sipp doesn't recommend it.

"It's best to get back onto a group insurance plan," he said.

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