

# Tangible Solutions

## Financial Information to Meet Your Needs

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### Introduction

Many of my clients are seeking useful information to help them make educated decisions on financial matters. Each issue focuses on a specific topic to provide pertinent information which I believe that you will find valuable. If you have a suggestion for a future topic or concern, please let me know. I look forward to your input and feedback.

- Sandy Voit, Owner & Publisher, *Tangible Solutions*

## FOCUS: Divorce & Health Insurance & COBRA

Health Insurance Coverage is a vital concern when contemplating a divorce. Ideally, assuming you already have health insurance coverage through one of your employers, your object is to maintain the best possible coverage at the best possible price without any time gaps for the rest of your life (although qualifying for Medicare at age 65 will change your needs – but that will be another newsletter topic another time as it is a complex issue...).

Generally, the best health insurance coverage in the U.S. is tied to employment. Large groups are able to negotiate for better coverage at lower rates. Insurers like large groups because everyone in the group is covered, including those who are young and healthy. People who usually “need” health insurance, are likely the ones who will be using its benefits, and to insurers that means higher payouts and no profit. So if you are not a part of a group and are seeking coverage you will likely pay more for less coverage...

Divorce generally disrupts coverage for one spouse. COBRA (Consolidated Omnibus Budget Reconciliation Act), passed by Congress in 1986, provides continuation of the same group health insurance coverage that otherwise would be terminated due to no longer being employed, or being divorced. (For unemployment the coverage is for 18 months, up to 36 months in case of a divorce (but it is not a guarantee, such as if your spouse’s company, through which your health insurance is provided, goes bankrupt, or if your spouse becomes unemployed the timeline might be less than 36 months, etc.). You will have to transition to a plan within 63 days otherwise you will not be eligible for coverage under COBRA. Contact your spouse’s Human Resources’ office to find out about costs and how to enroll.

Basically, COBRA allows you to purchase health insurance at your spouse’s company’s group rate. The company is allowed to charge an administrative fee of 2%, but many companies do not add that fee. Whatever plan your spouse is on is the same plan you’ll be on if you decide to continue coverage through COBRA. If you decide to check out getting coverage independently, you generally will find that independent health plans that provide the same coverage cost more. The only way to reduce the cost of the plan under COBRA is usually by finding an independent plan that provides less coverage, or has a higher deductible and/or a higher co-pay.

You may be tempted to go “naked”, that is, choosing not to get health insurance. The leading cause for personal bankruptcies in this country has been out-of-pocket medical expenses. Be sure to make an informed decision when it comes to making any change in coverage. Beware of scams advertising good, cheap health insurance – it doesn’t exist...