



Title III - Health Insurance Assistance for the Unemployed Act of 2009

Providing Health Insurance for Unemployed Workers *Summary of COBRA provisions in the economic recovery package*

The health insurance for unemployed workers provisions would help maintain health insurance for people who have lost their jobs in this recession.

CBO estimates that this package would help nearly 8.5 million people keep coverage for themselves and their families.

COBRA law provides for continued health coverage through a previous employer's health plan for up to 18 months for most people, but they must pay 102 percent the cost of that coverage.

The Health Insurance for Unemployed Workers provision has three components. First, there is a new temporary subsidy for COBRA premiums to enable people who have been involuntarily terminated from their jobs to maintain the coverage they had through work. Recognizing that not all workers are eligible for COBRA, the proposal also creates new options for states to extend healthcare to unemployed workers through Medicaid. Finally, the proposal extends COBRA eligibility (without subsidies) for long-term employees and older workers.

1. SHORT-TERM COBRA SUBSIDY FOR INVOLUNTARILY TERMINATED WORKERS: Provides a 65 percent subsidy for COBRA continuation premiums for up to 12 months for workers who have been involuntarily terminated (and their families). This subsidy also applies to health care continuation coverage if required by states for small employers.

To qualify for premium assistance, a worker must be involuntarily terminated between September 1, 2008 and December 31, 2009. The subsidy would terminate upon offer of any new employer-sponsored health care coverage. Workers who were involuntarily terminated between September 1, 2008 and enactment, but failed to initially elect COBRA within 60 days as required by law, would be given an additional 60 days to elect COBRA and receive the subsidy. In these instances, benefits would be prospective only.

2. MEDICAID: Provides states the option of offering coverage to unemployed workers through their Medicaid programs, with the federal government matching 100 percent of the costs of benefits and administration. States could offer coverage to individuals who are unemployed and uninsured and fall into one or more of the following three categories:

- (1) individuals (and their dependents) who receive unemployment insurance benefits or who have exhausted unemployment insurance benefits;

- (2) individuals (and their dependents) who have income below 200 percent FPL (\$42,400 for a family of 4) and are not otherwise eligible for Medicaid or CHIP;
- (3) individuals (and their dependents) receiving food stamps who are not otherwise eligible for Medicaid or CHIP.

In all cases, the individual must be involuntarily separated from employment between September 1, 2008 and December 31, 2010 and remain unemployed.

3. EXTENSION OF COBRA FOR OLDER & TENURED WORKERS: Separate from the short-term subsidy for involuntarily terminated workers, COBRA-eligible workers who are 55 and older, or have worked for an employer for 10 or more years, would be able to retain COBRA coverage, at their own expense, until they become Medicare eligible at age 65 or secure coverage through a subsequent employer.

Prepared by the Committees on Ways & Means, Energy & Commerce, and Education & Labor