

US: Hundreds of thousands of jobless to lose health insurance subsidy

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3 December 2009

Large numbers of people in the US will lose federal medical insurance assistance with the expiration of a \$25 billion program included in the 2009 stimulus package. The benefit was eliminated for many families beginning December 1, and hundreds of thousands are set to follow each month.

Families that received the subsidy will have their health insurance premiums triple on average, making it extremely difficult to maintain coverage. The program provided assistance to some seven million adults and dependent children, according to a preliminary survey, allowing them to remain insured during unemployment.

The Consolidated Omnibus Budget Reconciliation Act of 1985, known as COBRA, provides unemployed workers with a means to maintain their employer-sponsored family health insurance for up to 18 months after losing their jobs. In order to maintain the coverage, workers must pay their original premiums, together with the portion previously paid by their employer and an additional fee, making the program prohibitively expensive for many unemployed workers.

The American Recovery and Reinvestment Act of 2009 (Obama's stimulus bill), passed in February, included a subsidy that paid 65 percent of coverage for up to nine months, leaving jobless workers to take care of the remaining 35 percent. On December 1, the first people to apply for the program were dropped, and more will follow every succeeding month.

A report published Tuesday by Families USA, a non-profit health care advocacy group, revealed that the average recipient of assistance will not be able to pay for family health insurance together with other necessities out of his or her unemployment check.

The report found that COBRA premiums for the average family cost \$1,111 per month, leaving only

\$222 out of \$1,333 in average unemployment benefits that such a family receives for other expenses. The report also found that the average COBRA premium exceeds the average unemployment benefit check in a number of states. In Mississippi, for example, "the average monthly COBRA premium is 22 percent higher than the average unemployment payment," said Kathleen Stoll, director of health policy at Families USA, in a telephone interview.

"A worker who wanted to keep their family secure would have to spend an average of 83.4 percent of their unemployment check, and obviously that's not feasible," said Ms. Stoll.

"When workers lose their jobs, they often lose their health coverage as well," said Ron Pollack, Executive Director of Families USA, in a statement. "For millions of laid-off workers and their families, the federal COBRA subsidies have been a health-coverage lifeline. It is essential, therefore, that new jobs legislation extends those subsidies."

The program will also remain closed for people who become unemployed after January 1, 2010, potentially leaving millions more without any way to pay for health insurance. The Families USA report notes that "this group of people will receive no COBRA subsidy at all, and, without a subsidy, most will not be able to afford coverage for either themselves or their families."

Being without health care coverage for any period of time is dangerous; for those who become seriously ill or pregnant while uninsured, the situation may prove catastrophic. People who are uninsured for over nine weeks lose the legal guarantee that they will be subsequently covered for any "pre-existing" medical condition under the Health Insurance Portability and Accountability Act, passed in 1996.

Over 8.5 million people have lost their jobs since the

start of the recession, and in October 5.6 million had been out of work for more than half a year. Sixteen percent of the US population, or about 47 million people, have no health insurance.

“There is a big difference between paying 35 percent of coverage and the full price,” said Ms. Stoll. “The difference between having the subsidy and not having the subsidy is the difference between having insurance and not having insurance, and that means the difference between seeing a doctor or not. It means that the people who lose coverage will face physical and financial devastation.”

While various Democrats, including President Obama, have made public calls for the benefit to be reinstated, there is little indication that anything will be done about it soon. Families USA said that while the House of Representatives may move to reinstate coverage this month, the Senate will likely wait until at least January, potentially leaving millions of additional people uninsured for months.



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