



Consumer Alert

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Purchasing Health Insurance After College Graduation

College graduation brings many life-altering changes and marks an important transition into adulthood. In making important post-graduation decisions, such as where to live and work, be sure that you do not forget to secure a health insurance policy. A survey of U.S. insurance consumers by the National Association of Insurance Commissioners (NAIC) indicated nearly a fifth of young singles would forgo health insurance to save money. However, forgoing health insurance is a dangerous decision. Accidents and unforeseen illnesses can be financially devastating. It is vital that you know when your coverage ends after graduation and weigh carefully the repercussions of not being covered. You should seriously consider buying health insurance suited to your needs prior to graduation.

Review Your Health Insurance Needs

First, be sure you are aware of the exact date your health coverage expires under your parents' policy. Some health insurers terminate coverage upon graduation, while others set a particular age limit. You will want to ensure there is no lapse in health coverage from the time your coverage under your parents' policy expires, until your new policy takes affect. Choose the kind of policy that has benefits that most closely fit your needs. Does your family have a troubled health history that puts you at risk for developing a medical condition? If so, you will want to choose a health plan that has more extensive coverage, even if it means paying higher premiums while you are young and healthy.

Know Your Options

There are numerous health insurance options available for recent graduates:

- **Continued Coverage under Parents' Plan.** Some states recently have passed legislation requiring health plans to extend coverage for a dependant beyond college graduation. Check with your state insurance department to find out if your state has similar legislation. The laws may require you to prove current residence with your parents, or an unmarried status, so it is important to inquire about the stipulations involved in your state's statutes.
- **Consolidated Omnibus Budget Reconciliation Act (COBRA).** If you have been covered under your parents' health insurance policy while you were in college or by a plan offered through your college, often this coverage ceases when you graduate. For these periods of no coverage, you should check to see whether you could extend your parents' coverage for a short-term period under COBRA. This will provide you with the health insurance you are familiar with, though it often comes at a high price.

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- **High-Deductible Major Medical Policies.** If you can't afford regular health insurance, a more affordable option is purchasing a high deductible, major medical policy that only covers serious or catastrophic health costs. It will offer lower premiums than regular health insurance policies and help you cover bills for "major" medical events, such as surgery, hospitalization or emergency room care, but typically will not cover routine doctor visits or check-ups.
- **Short-Term Health Insurance.** Short-term health insurance policies are available for lower premiums than other types of health insurance and may provide the exact coverage you need as you transition from college to permanent employment. Short-term health insurance is not intended for those with pre-existing medical conditions (injuries or sicknesses acquired prior to the health policy issue) and is typically available only for a short period time (between six to 12 months). Short-term plans are sometimes purchased on a month-to-month basis and generally have more limited benefits, exclusions, and caps than traditional health insurance plans. Some colleges also offer an option to extend a university health plan.

Beware!

The following two types of health-related services **are not** health insurance plans:

- **Discount Plans:** Discount plans are not health insurance plans, and participants do not have the same protections as they would under licensed health insurance. Consumers should thoroughly investigate any plan promising deep discounts for a "low" monthly fee and carefully weigh the benefits against the costs.
- **Non-Licensed Risk-Sharing Plans:** You may receive offers to join a group or association that will take your monthly payments, put them in a savings account or trust with other participants' money, and then help pay some of your health care costs as needed. Participants in these plans do not have the protections available to purchasers of licensed insurance plans. Consumers should thoroughly investigate such plans before joining.

Research to Obtain More Information

In addition to researching temporary coverage options available after graduation, you should be aware of the varied permanent health plan options available once you purchase individual coverage or acquire permanent employment that extends group coverage as a benefit. Indemnity Plans, Preferred Provider Organization (PPO) plans, Health Maintenance Organization (HMO) plans, and Point of Service (POS) plans are all types of health insurance plans that should be researched before purchasing health insurance. More information about this, and other factors to be aware of when purchasing a health policy, is available online at www.InsureUonline.org.

Research is by far your best protection. Not only can you obtain health insurance quotes over the Internet, you also can use the Internet as a research tool, determine which coverage best fits your needs, and shop around for companies, agents, premiums, and coverage.

Be sure to double check the company and agent with the Nebraska Department of Insurance to confirm they are licensed to sell health insurance in Nebraska. You can also check the *Consumer Information Source (CIS)* on the on the NAIC website at www.naic.org to determine how many consumer complaints have been filed against the company from which you are thinking about purchasing insurance.