



Q. I'm going to graduate in May. I've had several promising interviews lately and think it's just a matter of time before I land a job that has benefits. In the meantime, I'm concerned about health insurance coverage because once I graduate I'm no longer covered by my parent's policy. I am young, healthy and active—and I have no disposable income. What do you recommend?

A. You need health coverage. While you may be young and healthy, you are taking an enormous risk by going without health coverage. The out-of-pocket cost of a simple broken ankle is over \$1,500. Going to the ER for a sore throat, getting tested, and being told to go home and get some rest will run you about \$500. (Of course, avoiding the ER when you do have a serious illness can cost even more.) And these examples are small potatoes next to catastrophic illnesses, which can easily rack up tens and hundreds of thousands of dollars.

Despite these alarming facts, your inclination to take a gamble and go without health insurance is shared by many recent graduates. In fact, 18-to-24 year olds are the least likely of any age group to have health insurance.

Here are some health insurance options to consider until you land that job:

COBRA

COBRA (Consolidated Omnibus Budget Reconciliation Act) guarantees that workers can maintain their health insurance when they leave a job, but it also applies to college students. If you've been covered under your parents' policy, you can keep that coverage for up to 18 months – if you pay the premiums. Not cheap, but it keeps you covered. **Note: you typically have just 60 days after graduation to apply.**

University Health Plans

If you have been participating in your college's health care plan, you can extend this coverage as well. You'll get to keep your doctors, but you will have to pay higher premiums and the coverage usually only lasts a few months. Also consider contacting your Alumni Office or Campus Health Services and inquire about other policies your school may offer for soon-to-be/recent graduates.

Short-Term Policy

Cheaper than the other options—and higher risk--these policies generally cover one to six months. Designed to cover unexpected events, but don't usually cover preventative healthcare or pre-existing conditions.

Catastrophic Policy

The name pretty much describes what it covers – catastrophic care only. These policies cost much less than full-coverage options. If you're in excellent health, this type of coverage is better than nothing – but not by much. Generally speaking, catastrophic plans cover hospital stays. But doctors' services, which are usually billed separately, are not covered.

Health insurance is expensive, but not having it can be financially devastating.

For more options and tips, be sure to read the Insurance chapter in *Your Financial Future: A Guide to Life After Graduation*.



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