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Health-Insurance Options For Recent College Grads

By LOUISE STORY

Staff Reporter of The Wall Street Journal

From *The Wall Street Journal Online*

Still looking for a graduation present for your kid? Consider health insurance.

A big chunk of this year's college graduates will lose their health coverage this summer. That's because most insurers allow children to stay on their parents' medical policies or a school-sponsored plan only while they are full-time students. Many graduates will pick up coverage from a new employer, but some don't land jobs right away. Even if they do, benefits can take a while to kick in.

Last year, about 40% of new college graduates remained without health insurance for at least several months after graduation, according to a study by the Commonwealth Fund, a New York health-research foundation.

With an individual policy costing \$4,800 a year or more, according to Independent Insurance Agents & Brokers of America Inc., many graduates are willing to take the risk if they're young and healthy. That can be a costly mistake. A bout of pneumonia can run about \$16,000; a one-day stay in the hospital averages more than \$3,000; and an appendectomy runs more than \$12,000.

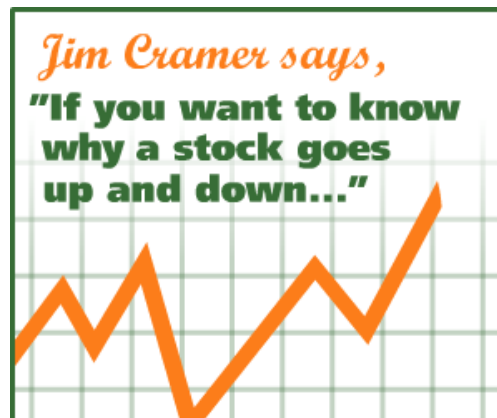
Here's a look at some options that can make health insurance more affordable, or at least easier to get, for new graduates.

Cobra Extensions: The 1986 Cobra law, which guarantees that most workers can maintain their coverage after leaving a job, also applies to most college graduates covered under their parents' policies. Some 50% of college students are on their parents' health plan, the Commonwealth Fund study found. Graduates can maintain that coverage for up to three years by paying the premiums themselves, plus a 2% administrative fee.

It isn't cheap. Those premiums amount to 102% of what the parent formerly paid for the child plus what the parent's employer paid. And, the price can vary widely, depending on the type of plan, deductibles and a host of other factors.

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But extending an existing policy offers certain advantages, such as continuity of care with a student's doctors. And it can be the best option for graduates with pre-existing conditions, which may not be covered under a new policy.

One warning: Act quickly. Students have just 60 days after graduation to notify their parents' insurers that they'd like a Cobra extension.

University Health Plans: These plans, run by the schools' health centers or in partnerships with private insurers, cover just under a quarter of college students and often expire at the end of August after graduation. Students have access to university hospital doctors, as well as approved in-patient facilities elsewhere. Many schools offer graduates the option to renew the plan, often at a higher price, for several months to a year. At Columbia University, for example, a maximum nine-month extension cost \$2,933 last year.

The advantages are similar to a Cobra extension, in that the student gets to keep his or her doctors, and pre-existing conditions can be covered. Typically, students must contact their school health administrator within 30 days of the plan's expiration in August if they wish to extend a policy.

Short-Term Policies: This option is often much cheaper than Cobra or university extensions but usually doesn't cover pre-existing conditions. Plans typically provide lists of doctors who decrease patients' co-payment but allow patients to visit other doctors for a higher out-of-pocket fee. Such policies are available for terms as short as one month or as long as one year. They must be regularly renewed after that, and aren't designed to go beyond a few years. Charges vary, but typically range from \$30 to \$150 a month, depending on factors including co-payment structure and deductibles.

At one provider, Assurant Health, a 23-year-old female living in Connecticut and choosing to pay 20% of costs, could pay anywhere from \$35.10 a month with a \$2,500 deductible, to \$81.90 a month with a \$250 deductible.

Individual Student Policies: Some private insurers sell health policies to students at lower prices than regular policies. If a graduate had such a policy as a student, he or she can usually stay on the plans until age 30. Policies typically offer students lower costs when they stay within a network of preferred providers.

Providers include Assurant, Chickering Group and Anthem Blue Cross & Blue Shield. These plans run about \$45 a month with a \$1,000 deductible, according to eHealthInsurance.com, an online insurance seller.

Permanent Insurance: These individual policies are usually more expensive than student or short-term plans and can be more than Cobra or university extensions. Permanent insurance, though, can be a good option for those who plan to work as freelancers or entrepreneurs.

Unlike temporary insurance, permanent-insurance plans accept so-called Hippi forms, which under federal law limit exclusions for pre-existing conditions by new plans purchased within 63 days of when an old plan expires. Students must have been on their old plan at least one year to request a Hippi form.

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