

**STOCKTON CENTER FOR
ECONOMIC & FINANCIAL LITERACY**
THE RICHARD STOCKTON COLLEGE OF NEW JERSEY



**Stockton Peer Financial Education Program
Health Insurance for Young Adults**



When it comes to Health Insurance, which choice is best for you as a college student or recent graduate? It is not smart to go without health insurance. Some questions you should ask yourself are:

- Do you qualify to continue on your parents' policy?
- Do you have a job with good health insurance benefits?
- Does the college or university you attend offer health insurance?

According to the U.S. Census Bureau, approximately 15.7% of Americans were uninsured in 2011. Many college students and recent college graduates do not know what health care coverage is the best, most convenient, and economical. There are many factors that can help you determine which choice is right for you. Every individual has a different financial situation, but no matter what that is, you should have some type of health insurance.

Dear Peer Financial Educators,

"I am a 22-year-old college graduate and am worried that I will no longer have health insurance. How old can I be and still be covered by my parents' policy?"

Sincerely, Nervous Student

Dear Nervous Student,

"There is no need to worry. You are still covered by your parents' policy! Under the Patient Protection and Affordable Care Act signed into law in 2010 (sometimes called "Obamacare"), you can now stay on your parents' health insurance policy until you turn 26 years old. Before the Affordable Care Act, insurance companies could remove enrolled children, usually at age 19. You can now remain on your parents plan until age 26 even if you are married, not living with your parents, not attending school, and not financially dependent on your parents."

Dear Peer Financial Educators

"I am a student at Stockton College and I have no health insurance. But I need health insurance to register for classes. What do I do?"

Sincerely, Concerned

Dear Concerned,

"Stockton, and many other colleges and universities offer their own health insurance to students like you. In order to obtain the insurance, you must be Stockton student. At Stockton, all full time registered students are required by the college to have health insurance. The process of getting health insurance through the school is fairly simple. Check the Bursar's website for the online forms. In most cases, you automatically have the school health insurance policy placed on your bill unless you specifically opt-out because you already have your own coverage."

Dear Peer Financial Educators

“I believe that health insurance is a waste of money but all my friends and family tell me otherwise. Why do I need to have it?”

Sincerely, Cheap

Dear Cheap,

“Well, your friends and family are correct: being uninsured is risky. For example, if you have a health emergency and you don’t have insurance, you will be billed and held responsible for the *full amount of your treatment*. If you don’t have money to cover this expense and cannot work out a payment plan, you may have to sell your car or home to pay for it. You might have to declare bankruptcy. Roughly 60% of all bankruptcies filed in the U.S. are due to medical bills.”

Dear Peer Financial Educators,

“What are my options for job-based coverage?”

Sincerely, Confused Employee

Dear Confused Employee,

“Depending on your job, different employers offer different types of health insurance. Some of the basic features of job-based coverage include:

- HMO (Health Maintenance Organization):

HMO plans typically have lower health premiums for both the employee and the employer. The HMO identifies a group of specific doctors, hospitals, and other providers of health care to use. Getting care outside this group may not be fully covered and therefore can be expensive. Employees choose a Primary Care Physician who coordinates their care. Because of their lower cost, HMOs are very attractive and a significant number of employees choose them. HMOs usually have a zero or low employee out-of-pocket deductible and a co-payment for services that may run between \$15 and \$20 a visit. In addition, the co-payment for outpatient and hospital services is substantially less than regular PPO health plans.

- PPO (Preferred Provider Organization):

PPO plans do not limit you to doctors contracted by a provider. PPO health insurance networks can cover multiple states, thereby expanding your geographical coverage. This is great if you are referred to a specialist that is a long distance from your home or you are transferred by your job to a new location.

- COBRA or continuation coverage:

When you leave your job, you must be offered COBRA continuation coverage that lasts for 18 – 36 months, depending on your situation. Remember the ex-employer does not pay for your insurance premiums under COBRA. You must pay the monthly premium.

Don’t forget that when coverage is job-based, you are limited to the plan options your employer gives you. If you do not receive job-based health insurance, or this is not a convenient choice for you, there may be other alternatives. If you live in New Jersey, visit the NJ Department of Banking and Insurance website for health insurance programs alternatives, http://www.state.nj.us/dobi/division_insurance/ihcseh/index.html.”

Suggested Further Resources:

Consumer Reports, found at <http://www.consumerreports.org/health/insurance/health-insurance/new-health-insurance-basics/health-insurance-children.htm>
<http://www.healthcare.gov/using-insurance/understanding/options/index.html>
<http://www.besthealthinsurancebook.com/health-insurance-articles/biggest-risks-of-not-having-health-insurance.html>

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