

How to Keep Your Health Insurance Intact When Switching Employers

Have you recently lost your job and are worried about your medical coverage? Or perhaps you are thinking of quitting your job but fear your new employer's health insurance provider will reject you for coverage due to a preexisting medical condition? Whether you lose your job or you choose to find new employment elsewhere, the government has two programs that can help: COBRA and HIPAA. These programs protect your coverage in the event you need to switch employers.

COBRA stands for Consolidated Omnibus Budget Reduction Act of 1985. It allows for employees to extend their health coverage whenever their employer's provided policy ends for any of the following reasons: your employer terminates your position, as a covered spouse your coverage gets terminated due to a divorce or legal separation, you become disabled, your company reduces the amount of hours you can work and the result is you are no longer eligible for coverage due to not working the minimal amount of hours required to acquire/maintain insurance, the insurance-providing employee dies and leaves the spouse and/or children without medical coverage. In most states, this form of extended coverage is limited to companies with 20 or more employees. However, a few states have reduced the minimum amount of employees to 2. Check with your insurance expert to determine what the current minimums are for your state.

From the day you leave your job (or your position is otherwise terminated under the above listed conditions), you have 60 days to elect to continue your coverage as outlined under COBRA. Once you officially elect to continue coverage through the COBRA program, you have 45 days to pay retroactive premiums. Once you have paid any back-due fees, your policy will resume and remain active until any of the following occurs: you voluntarily terminate it, premiums are not paid within 30 days of the due date, a covered person becomes eligible under another policy or by Medicare, the employer discontinues offering group coverage to all of its employees, the COBRA continuation period has reached its maximum.

HIPAA stands for Health Insurance Portability and Accountability act of 1996. It allows for individuals to switch companies and be accepted under the new employer's program regardless of preexisting medical conditions. Imagine having an expensive medical condition that is currently covered under your present employer. Now imagine you need to relocate or perhaps get offered a more lucrative form of employment at another company. In this situation, HIPAA protects you from being handcuffed to your current job for health insurance purposes; the new employer's provider must accept you.

A few of the areas where an individual is protected under HIPAA are as follows: pregnancy and prenatal health problems cannot be considered preexisting conditions, acknowledging credit for any prior insurance policy coverage during the previous 12 months (limits the preexisting time frame), limiting the length of time a preexisting condition can apply to 12 months, requires that providers cannot decline health coverage to new employees based on health insurance reasons only.

Between HIPAA and COBRA, individuals who have their employment terminated early or who otherwise must leave their current employment while having an existing medical condition and fear losing their insurance, are protected from losing their coverage altogether. Check with your insurance expert to determine how COBRA and HIPAA can help you with your current employment situation.

About the Author

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