

For Immediate Release

January 9, 2009

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Keeping Health Coverage Too Expensive for Laid-Off Oregon Workers

(Silverton) — With unemployment rising in Oregon and the nation, a new study out today reported that the cost of continuing employer-provided health coverage is unaffordable for laid-off workers relying upon unemployment insurance benefits for their income.

The study by Families USA, a national consumer advocacy group, found that the average laid-off Oregon worker would need to spend more than four-fifths of his or her unemployment insurance benefits to maintain family health insurance coverage under the federal Consolidated Omnibus Budget Reconciliation Act of 1985, commonly referred to as COBRA.

Just retaining individual health insurance coverage would swallow, on average, about 29 percent of Oregon unemployment insurance benefits, according to the study.

COBRA allows people who lose health insurance due to reduced hours or lost jobs to purchase continued coverage from employers' group plans for a period of time if those workers are willing and able to pay the full cost of coverage plus a 2 percent administrative fee. Under COBRA, workers may continue health coverage for themselves and for their family members.

“Because many health care premiums have become exorbitant, COBRA is no longer the health coverage bridge it was designed to be,” said Janet Bauer, policy analyst with the Oregon Center for Public Policy, who examined the report. “COBRA fails to provide the health care security that laid-off workers and their families desperately need.”

Oregon Employment Department data suggest that the problem has worsened in Oregon. Oregon's unemployment rate rose to 8.1 percent in November, the highest it's been since it hit 8.2 percent in November 2003. There were 156,361 Oregonians who were unemployed this past November, an increase of 58,133 from the level in November 2007.

When unemployment rises, so does the number of uninsured Americans, according to Families USA's report *Squeezed! Caught Between*

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Unemployment Benefits and Health Care Costs. It cited a study that used U.S. Census Bureau data to estimate that for each percentage point rise in the unemployment rate, the number of uninsured Americans likely increases by about 1.1 percent.

According to Bauer, Congress may address the prohibitive cost of group premiums for the unemployed as part of the economic recovery package currently being developed. A proposal by Montana Senator Max Baucus would help subsidize premiums paid under COBRA.

But not all unemployed workers have the option of continuing their health coverage through COBRA, and COBRA rights are time-limited, according to Bauer. “Congress should extend Medicaid coverage to these individuals and their families,” she said.

Bauer also urged the Oregon legislature to fund the Oregon Health Plan to cover unemployed workers who either lack the COBRA option or cannot afford COBRA premiums.

“The prohibitive cost of group premiums for unemployed workers exposes another way in which our health care system is failing us,” said Bauer. “Let’s hope we can turn a crisis into an opportunity by moving to a system that guarantees universal, affordable and comprehensive coverage.”

The Oregon Center for Public Policy is a non-partisan research institute that does in-depth research and analysis on budget, tax and economic issues. The Center’s goal is to improve decision making and generate more opportunities for all Oregonians.

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Note to reporters and editors:

The Families USA’s report *Squeezed! Caught Between Unemployment Benefits and Health Care Costs*, is available at www.ocpp.org.