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LAI-D-OFF WORKERS WILL LOSE HEALTH COVERAGE TODAY AS FEDERAL COBRA SUBSIDIES EXPIRE

*Millions of Unemployed Workers and Dependents Received Federal COBRA Subsidies, but
for Many Those Subsidies Expire on November 30*

*To Buy COBRA Coverage without Subsidies, Texas Families Must Pay an Average of \$1,081
per Month – More Than 78 Percent of Average Unemployment Insurance Checks*

Washington, D.C. – On December 1, many of the millions of laid-off workers and dependents who received federal subsidies to help pay for health care coverage will lose those subsidies and may join the ranks of the uninsured, according to a report issued today.

The report, by the consumer health organization Families USA, states that the subsidies – which were started last March by the American Recovery and Reinvestment Act (ARRA), but were made available for only 9 months – enabled millions of laid-off workers and dependents to afford so-called “COBRA” premiums needed to continue health coverage from their previous employer.

Under the ARRA, the federal subsidies pay 65 percent of the cost of COBRA premiums. Nationwide, the federal subsidies for COBRA family coverage average \$722 per month.

Without subsidies, the report finds, Texas COBRA premiums for family health coverage will cost laid-off workers, on average, \$1,081 per month – 78.1 percent of the average (\$1,385) monthly Unemployment Insurance checks they receive.

For the first recipients, who began receiving subsidies in March, the subsidies will expire on November 30. For those who started receiving subsidies after March, the expiration will be nine months after their start-up date.

“When workers lose their jobs, they often lose their health coverage as well,” said Ron Pollack, Executive Director of Families USA. “For millions of laid-off workers and their families, the federal COBRA subsidies have been a health-coverage lifeline. It is essential, therefore, that new jobs legislation extends those subsidies.”

Pollack noted that pending health reform legislation would provide a permanent source of help to laid off workers. The health reform bills pending in Congress would enable laid-off workers and their families to obtain health coverage through a newly created marketplace, called an “exchange,” and families with low incomes would receive tax-credit subsidies to help pay the premiums.

“The COBRA subsidies have been successful in helping Texans bridge their health insurance coverage during the recession, and it is critical that they are extended immediately as a temporary fix,” said Stacey Pogue, senior policy analyst with the Center for Public Policy Priorities. “Health reform bills in Congress will allow Texans to maintain affordable health insurance, even if they are laid off, switch jobs, or go into business for themselves.”

The Congressional Budget Office and Joint Tax Committee estimated that approximately 7 million adults and dependent children would receive the COBRA subsidy in 2009. Based on that national projection, CPPP estimates that as many as 470,000 Texans will benefit from the COBRA subsidies this year. The Treasury Department is compiling data about how many workers received the subsidy, but a count of the people benefiting from the subsidy is not yet available.

The data for the Families USA report were derived from federal sources in the Departments of Labor and Health and Human Services. A more detailed description of the sources of the data is set forth in the report’s methodology section.

-30-

Families USA is the national organization for health care consumers. It is nonprofit and nonpartisan, and its mission is to achieve high-quality, affordable health coverage and care for all Americans.

The Center for Public Policy Priorities is a nonpartisan, nonprofit policy institute committed to improving public policies to better the economic and social conditions of low- and moderate-income Texans.