



Coverage and Equity through COBRA Health Insurance Subsidies **HSU John, HUANG J, FUNG V, BRAND R, BERTKO J, NEWHOUSE J**

jhsu7@partners.org

Mongan Institute for Health Policy, Massachusetts General Hospital Center for Health Policy Studies,
Kaiser Permanente Department of Epidemiology and Biostatistics, University of California,
San Francisco Department of Health Care Policy, Harvard Medical School

Health insurance in the United States can be difficult to obtain for individuals, and expensive when available; most non-elderly adults receive insurance through their employer, who often subsidize the cost. The Consolidated Omnibus Budget Reconciliation Act (COBRA, 1986) allows workers who leave employment to continue coverage under their employer's health plan if they pay the unsubsidized premium. Although COBRA coverage often may be less expensive and easier to obtain than coverage from other sources, the premiums could be unaffordable for many individuals without the employer subsidization. To assist workers who recently lost their jobs, the American Recovery and Reinvestment Act provides subsidies starting on February 17, 2009, of 65% of the COBRA premiums for workers who lost employment after September 1, 2008.

We examine the percentage of individuals who purchase health insurance through COBRA before and after the introduction of the premium subsidy, as well as investigate the characteristics of individuals purchasing COBRA.

In a large integrated health delivery system, we identified members potentially eligible for the COBRA subsidy among primary subscribers, age 18 to 64 years old, who lost employer-sponsored insurance coverage in 2009, and whose employers reported layoffs between February and November 2009 ($n=15,487$). We calculated the proportion of members who elected to take COBRA coverage in 2009 among these potentially eligible members, and the implied arc elasticity. We used logistic regression to examine the characteristics associated with taking COBRA. Characteristics include age (18-29, 30-39, 40-49 and 50-64), gender, neighborhood socioeconomic status (SES), race/ethnicity, family size (0 vs. 1 or more additional members in the family), and chronic disease status for the subscriber or any dependents (asthma, coronary artery disease, diabetes, hypertension and heart failure).

Between February and December 2008, there were 164,238 primary subscribers who lost their employer sponsored health insurance; among these persons, 7.3 percent elected to purchase insurance through COBRA. After the implementation of the COBRA subsidy, and among the 163,583 who lost their insurance, 12.4 percent purchased insurance through COBRA (elasticity = -0.54); among a subgroup eligible for the subsidy ($n=15,487$), 18.8 percent purchased COBRA insurance (elasticity=-0.92) between April and October 2009. In multivariate analyses among subsidy-eligible subscribers, characteristics associated with greater odds of purchasing subsidized COBRA insurance included older age (e.g., 23.3% vs. 11.8%, OR=2.3 for 50-64 vs. 18-30 years old, 95%CI: 2.0-2.6), gender (20.8% vs. 14.2%, OR= 1.6 for female vs. male, 95%CI: 1.5-1.7), race/ethnicity (e.g., 21.7% vs. 13.3%, OR=1.8 for White vs. Black, 95%CI: 1.5-2.2), higher SES (20.0% vs. 12.2%, OR=1.8, 95%CI: 1.6-2.0), having a family plan (17.7% vs. 16%, OR=1.1, 95%CI: 1.0-1.2), and having family members with chronic medical conditions (20.9% vs. 15.8%, OR=1.4, 95%CI: 1.3-1.6). The associations between individual characteristics and odds of purchasing COBRA insurance were similar from before and after the subsidy introduction.

While the 65% premium subsidy was associated with substantial increases in the percentage of workers purchasing health insurance through COBRA, uptake remained modest. Not surprisingly, older persons and those whose families had greater need were among the group likely to purchase insurance. The persistence of low insurance uptake among traditionally disadvantaged groups even after the subsidy requires additional investigation.