United Policyholders
Empowering the Insured

If you’re on a spouse’s health plan, what happens if the worst should happen?

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My wife and I were chatting the other night about Republican efforts to reboot the U.S. healthcare system as a horror movie — stripping health coverage from more than 20 million Americans, boosting premiums for many and gutting Medicaid.

She finally brought the conversation home by asking: “What happens if something happens to you?”

It’s a question that should resonate with many families. As of 2015, according to the Kaiser Family Foundation, nearly a quarter of women in the United States under age 64 received health coverage through their spouse’s employer-sponsored plan.

“Because women are more likely than men to be covered as dependents, a woman is at greater risk of losing her insurance if she becomes widowed or divorced, her spouse loses a job, or her spouse’s employer drops family coverage or increases premium and out-of-pocket costs to unaffordable levels,” the foundation noted.

My family is no different from millions of others. Health, dental and vision coverage are provided by my employer though not as affordably as once was the case). My self-employed wife and our teenage son are covered through my plan.

And I confess: When my wife asked what would happen if something happened to me, my answer was, “I’m not sure.”

Amy Bach, executive director of the advocacy group United Policyholders, said my uncertainty wasn’t surprising. She said there are a lot of variables when it comes to spousal benefits, and often it comes down to “whether or not your employer is generous.”

“Your family might be protected,” Bach told me. “Or it might not be.”

The Affordable Care Act was intended in part to mitigate such concerns. As originally conceived, a surviving spouse and any dependents would still be able to obtain affordable coverage on a state-run insurance exchange.

Things haven’t worked out that way. Premiums for Obamacare policies have risen much faster than expected because program enrollees were sicker than insurers had anticipated. A relatively weak coverage mandate made it cheaper in many cases for younger, healthier people to avoid joining the risk pool.

Now, of course, Republican lawmakers are determined to scrap Obamacare and replace it with a system that, according to the nonpartisan Congressional Budget Office, would result in as many as 23 million more Americans being uninsured within a decade.

Worse, President Trump and some GOP senators have floated the idea of repealing the Affordable Care Act without any replacement plan in sight — a move that would cause millions to lose insurance and wipe out all protections provided by the law, such as guaranteed coverage for people with pre-existing conditions.

The upshot, Bach said, is that “the spouse of a deceased person is in as much jeopardy as the Affordable Care Act. It’s a pretty serious concern.”

The first thing a family’s breadwinner should consider is life insurance. If you’re the sole or primary source of your household’s financial security, you’ll want to make sure your loved ones are protected in the event of your early demise.

That doesn’t just mean sufficient cash for housing, food and whatnot, but also enough for healthcare, which can be pricey.

For the surviving spouse — and here’s where I’m getting to the news-my-wife-can-use part — the law says a deceased employee’s company health plan can be maintained for up to three years.

The Consolidated Omnibus Budget Reconciliation Act, a.k.a. COBRA, requires that group health plans offer continued coverage for up to 18 months for workers and their dependents who lose their jobs or retire.

That coverage extension rises to 36 months for a plan's dependents in the event of the death of a covered spouse or a divorce, but that's not a thing we're worried about, honey). Keep this in mind, though: COBRA isn't cheap.

"Once the employee is gone, there's no longer any obligation for the employer to pay anything," said James Milber, a San Francisco insurance broker specializing in health coverage.

That means some super-cool businesses may keep paying the bulk of their late employee's coverage, at least until his or her family is back on its feet. But most probably won't.

Average annual premiums for an employer-sponsored family plan totaled $18,142 last year, according to the Kaiser Family Foundation. Of that amount, workers contributed an average of $5,277.

Under COBRA, in other words, the surviving spouse would likely have to pay the full $18,000.

The most straightforward alternative, obviously, is to find work that comes with health benefits.

If that's not possible, the smart move — at least for the time being — is to skip COBRA and turn instead to Covered California, the state's Obamacare health-insurance exchange.

The health-insurance website eHealth says the average monthly premium for an individual Obamacare policy was $393 in the first two months of this year's open enrollment, with an average deductible of $4,328. The average rate for a family plan was $1,021 a month, with an average $8,352 deductible.

The Affordable Care Act provides generous subsidies for people with limited incomes, relative to what's called the federal poverty level. Basically, you're eligible for some measure of financial assistance if your income is up to 400% of that limit.

What that means in practice is that an individual making between $16,644 and $47,520 a year would qualify for tax credits under the program. The subsidy eligibility for an adult and two kids, say, would be

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an annual income ranging from $28,181 to $80,640.

An estimated 85% of Americans and 90% of Californians qualify for some degree of financial assistance under the Affordable Care Act. The average Covered California subsidy last year was $499 a month, representing about 70% of total premiums.

An individual making $16,643 or less, or a family of three with an income less than $28,180, would look to Medicaid Medi-Cal in California) for health coverage. A third of Californians are insured by the program.

Medi-Cal requires no premiums, just co-pays. The big downside is that many doctors won't see Medi-Cal patients because of relatively low reimbursement rates.

The wild card here is Republican efforts to "improve" the U.S. healthcare system by cutting coverage requirements and Medicaid spending so they can lower taxes for rich people, which is about as vicious a goal as you'll likely see from lawmakers who otherwise consider themselves decent, churchgoing people.

Janice Rocco, deputy California insurance commissioner, said it's unclear how things would shake out if pending Republican healthcare legislation became law.

"The proposals we've seen so far would leave millions of people without affordable healthcare options and be devastating to a lot of people," she said.

As such, I've decided the best way I can protect my family is by not dying.

For as long as I can, that is.