

Recent graduates: You can go home again ... (at least for health insurance!)

Whether your graduating baby bird is returning to the nest or taking flight, you want them to have health insurance. Most students lose their coverage when they turn 19 or graduate high school or college.

The good news: Obama's healthcare reforms extend coverage to all young adults under the age of 26 by allowing them to stay on a parent's health plan (or rejoin) after graduation. This option is only available to young adults who are not eligible for coverage through their own employer.

Under the new law, all young adults must be offered coverage through a parent's insurer, even if they are:

- 1) Married (though spouses and children are ineligible).
- 2) Not listed as a dependent on a parent's tax return.
- 3) Not living in a parent's home.

The bad news: The law does not require insurers to offer this coverage until September 23rd, 2010. Some insurers are voluntarily offering this benefit now, but some are not. If you get your insurance through an employer, you'll most likely have to wait until their open enrollment period.

Here are some options to get coverage for your graduate this summer:

- "COBRA" continuation coverage

If your insurer does not voluntarily cover your young adult before September 23rd, you can use COBRA in the interim to keep him/her on your plan and fill the coverage gap. But be aware: COBRA can add \$200-300/month to the cost of a plan.

- Private, individual coverage

Healthy people in their early twenties can buy individual coverage for about \$150 a month. If you choose a plan with a high deductible to keep your premiums low, think of it as catastrophic coverage and be prepared to pay out of pocket for routine care. A good place to compare plans is <http://www.eHealthinsurance.com>.

- Health Savings Account

If you are enrolled in a high-deductible plan (at least \$1200/year), you can open a health savings account (HSA). HSAs allow you to save money tax free to pay for medical expenses. HSA funds accumulate and roll over if you do not spend them.

For more information, including laws on health coverage for young adults in your state, and the list of insurers offering coverage now, visit the [National Conference of State Legislature's website](#).

UP thanks San Diego-based Certified Financial Planner Hank Zapisek for contributing to this tip. To read past Tips of the Month, [click here](#).