

COBRA Survey
Summary Findings of a Telephone Survey
September 12, 2008

Background

eHealth commissioned this nationwide survey to better understand consumer awareness about COBRA and other health insurance alternatives. This report summarizes findings of a telephone survey conducted among a national sample of 1,004 adults 18 years of age and older, living in private households in the continental United States. Interviewing for this survey was completed by Opinion Research Corporation during the period September 5 - 8, 2008. See the Methodology section of this Report for additional information about the margin of error for this study and its applicability to the surveyed sample of adults.

Summary of Findings

Health insurance coverage is very important to Americans. In fact, they are about as unlikely to pay their health insurance premium late as they are to be late paying their mortgage. While virtually all adults are aware they can purchase individual health plans, only about one in three are aware that these plans can be less expensive than COBRA coverage, and just 44% know that individual plans can offer similar benefits to COBRA coverage. Considering that expense is the main reason people who are eligible for COBRA coverage end up declining it, increased awareness of individual health plan costs and coverage options would help reduce the percentage of Americans who are uninsured.

Employer-Sponsored Group Health Insurance

- Eight in ten Americans (79%) have been covered by employer-sponsored group health insurance at some point; 58% are currently covered, while 21% have been covered in the past.
 - Coverage is highest, at 88%, among 35-64 year olds, including 69% who are covered currently. Eight in ten seniors have been covered, including 42% who are covered currently.
 - Coverage is also higher outside the Western states than in the West (81% vs. 71%).
 - While more than 80% of whites and African-Americans are or have been covered, only 62% of Hispanics have. More than six in ten whites and African-Americans are currently covered, while only 43% of Hispanics are.
 - Coverage increases with household income, from 21% among those living in households with annual incomes under \$25,000, to 69% among those in households earning \$50,000-\$74,999 a year and 77% among those earning more.
 - Results are similar by education, with less than half of adults with a high school or less education having employer-provided health insurance currently (40%), while 73% of those with college degrees do.

Individual Health Insurance Plans

- The vast majority of adults (90%) are aware that there are individual health plans which they can purchase on their own. While the overwhelming majority across all groups are aware of individual private health plans, there are significant differences in the degree awareness by income and education.
 - Almost all adults who live in household earning \$50,000 or more annually are aware they can purchase individual health plans (96%), compared with 81% of those living in household earning less than \$25,000.
 - Ninety-four percent of adults with at least some college education are aware of private individual health insurance plans, while 83% of those with less education are.

Health Coverage via Individually-Purchased Health Insurance Plan

- Forty percent of adults aware of individual private health insurance plans have been covered by one at some point, including 19% who are covered by one currently.
 - More than half of adults 65 and older (57%) have been covered by an individually-purchased plan, including 36% who are currently covered. Among adults 35-44, 37% have been covered by an individually-purchased plan, including 16% currently.

Awareness of COBRA Coverage

- Six in ten adults (59%) say they know something about COBRA health insurance coverage; only 17% know a 'great deal', while 18% know 'something' and 25% know only a 'little bit'. Fifteen percent say they have just heard the term, and one in four (26%) say they have never even heard of it.
 - Adults 35-64 are the most likely to have heard at least a little bit about COBRA coverage (72%), while four in ten 18-34 year olds (41%) and 30% of adults 65 and older have never heard of it.
 - More than six in ten adults outside the Western states know at least a little bit about COBRA coverage (62%), compared with 49% of adults in the Western states.
 - Awareness of COBRA coverage is also higher among whites (67%) than African-Americans (56%) and Hispanics (38%). Only 19% of whites have never heard of COBRA coverage, compared with 36% of African-Americans and 40% of Hispanics.
 - Half of adults in households earning less than \$25,000 a year have never heard of COBRA coverage (49%), compared with only 9% of adults in households earning \$75,000 or more.
 - Similarly, 40% of adults with a high school education or less are unaware of COBRA coverage, while only 13% of those with a college education are.

Eligibility for COBRA Coverage

- Three in ten adults (31%) say they have been eligible for COBRA coverage as a result of job loss, divorce, the death of a family member, loss of dependent status or early retirement.
 - Adults 35-64 are the most likely to have been eligible for COBRA coverage (41%).
 - Eligibility for COBRA coverage also increases with household income, rising from 17% among those in households earning less than \$25,000 annually, to 42% among adults in households earning \$50,000 or more a year.
 - Eligibility also rises with education, from 21% among those with a high school or less education, to 39% among adults with a college degree.

Electing to Receive COBRA Coverage

- Half of those who were eligible for COBRA coverage (50%) elected to receive it for themselves or a family member, while 47% say they declined coverage. Fourteen percent say they did neither (since someone could have been eligible for coverage more than once, answers add to more than 100%).
 - Adults in metro areas are more likely than those in non-metro environments to have decided to receive COBRA coverage (54% vs. 37%).
- The most common reasons people decided to get COBRA health insurance coverage were that they liked their employer's plan and wanted to continue with the same network and/or benefits (59%) and they thought it was their only option to have health insurance coverage (52%). Twenty-nine percent elected to receive COBRA coverage because they or a family member had a pre-existing condition.

COBRA Coverage and Pre-Existing Conditions

- About half of those who elected to receive COBRA health insurance coverage (47%) say they or a family member who was covered had a pre-existing health condition.
- Of those who elected to receive COBRA health insurance coverage because of a pre-existing condition in the family, about equal numbers say they believed or were informed that the pre-existing condition would make an individual health insurance plan too expensive (47%) or they believed or were informed that the pre-existing condition would preclude them from getting approved for an individual health insurance plan (45%). About one in four (27%) say neither of these situations was true for them.

Declining COBRA Coverage

- Expense is the most common reason people eligible for COBRA coverage decline it (68%), followed by the fact they were able to be covered on another family member's plan (44%). Thirty percent of those who refused COBRA coverage decided to go without health insurance coverage.
- Forty-four percent of people who declined COBRA coverage researched individually purchased health insurance for themselves or their family, and 26% ended up applying for it. Of those who applied for individually purchased health insurance, 80% were approved, and 80% of those who were approved decided to get it; the rest decided to go without coverage.
 - Adults living in households earning less than \$75,000 annually are twice as likely as those earning more to have applied for coverage (35% vs. 16%).

Expense of Individually Purchased Health Insurance

- Only 36% of all adults are aware that individually purchased health insurance can be less expensive than a COBRA plan.
 - More-affluent adults (those living in households earning \$50,000 or more a year), are more likely than average to be aware that individually purchased plans can be less expensive, although only half of them are aware (48%). Only one-quarter of those living in households earning less are aware (25%).
 - Similarly, while college graduates are more likely than average to know that individually purchased coverage can be less expensive, only 44% in fact are aware; the percentage falls to 32% among those who are less-educated.

Benefits Provided by Individually Purchased Health Insurance

- Fewer than half of all adults (45%) are aware that individually purchased health insurance can provide similar benefits to a COBRA plan.
 - Even among 45-64 year olds, the age group most likely to know, only 51% are aware.
 - Awareness increases with household income, from just 17% among adults in households earning less than \$25,000 annually, to 61% among those in households earning \$75,000 or more.
 - Similarly, awareness increases with education, from 33% among adults with a high school or less education, to 59% among adults with a college degree.

Paying Monthly Bills Late

- If people were unable to pay all their monthly bills on time, just 7% say their health insurance premium would be the one bill they would pay late. Half (48%) would pay credit card bills late, 21% would be late in paying utility bills and 11% would decide to make their car payment late. People are about as unlikely to pay their health premium late as they are to be late paying their mortgage (5%).
 - In no subgroup do more than about one in ten say they would pay their health insurance premium late if they had to decide which bill to pay late.

Methodology

These findings are from a survey conducted on the telephone September 5-8, 2008 among a random national sample of 1,004 adults 18 years and older. The results have a margin of error of plus or minus 3.2% among the total sample of 1004 adults. Certain questions did not apply to all of the respondents due to their responses to other survey questions. As a result, the sample size was smaller for those questions, which causes the margin of error to be greater. Opinion Research Corporation of Princeton, NJ, conducted the fieldwork.

To obtain a copy of the survey data, please contact:

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