Wi$e Up Teleconference Call
Insurance
September 29, 2006
Speaker 2 – Sarah Holt

Jane Walstedt: And now I'll turn the program over to Jenny Erwin, the Women’s Bureau Regional Administrator who oversees our regional offices in San Francisco and Seattle, to introduce our second speaker. Jenny--

Jenny Erwin: Thank you, Jane.

I'm very pleased to introduce Sarah K. Holt to our conference. She is the Supervisory Benefits Advisor in the San Francisco Regional Office of the Employee Benefits Security Administration (EBSA), which is a Department of Labor agency.

She received her B.A. from the University of California in Berkeley and her J.D. degree from McGeorge Law School. She has several years of experience in the benefits arena and often gives presentation on COBRA and HIPAA and the other relevant pension laws both to public and private organizations on behalf of EBSA.

She's also an instructor at the National Training Program for new Benefits Advisors with EBSA. She also has partnered on several occasions with the Women’s Bureau to do joint programs.

So I'm very pleased to welcome Sarah and thank her for being a part of this conference. Sarah--

Sarah Holt: Thank you, Jenny. I appreciate that introduction. And thank you to everyone for participating today. I know insurance isn’t always the most exciting topic, but certainly it's a very important topic because at some point in our life we are going to rely on insurance at different stages in our life.
As Jenny mentioned, I work for the U.S. Department of Labor, the Employee Benefits Security Administration, who some of you may or may not know about. If you don’t, that's perfectly fine. I really didn’t know much about it either before I started working here because I was a young woman out of college and really didn’t think much about insurance because my parents had always taken care of it. Once I graduated from college of course I was out on my own, and then I had to start thinking about it.

And I want to stress to everyone that the Employee Benefits Security Administration has a group of people who are available to answer questions every day about all aspects related to employer-based benefits, because that is the insurance that we deal with. The Employee Benefits Security Administration oversees the benefits that you receive through your private employer.

And when I refer to a private employer, I refer to an employer that is not a government and that is not church-owned. So if you work for a non-profit, if you work for a big conglomerate or a small business owner, then their benefits would fall under our purview.

The first thing I want to talk about -- and I think as young people or people coming back into the work environment, you're not sure what's out there-- what does your employer offer, what are your options, and that's why I'm here to kind of work you through [it] a little bit.

First, I want to start out by saying that there's no law requiring that an employer offer benefits. If that's the case, each employer is free to offer whatever they’d like. Depending on each employer; their benefits can be radically different.
Well, the first thing that I encourage people, as soon as you’ve gotten a job or if you're thinking of getting a job with a particular entity, that you first consider what benefits do they offer.

As Jane Walstedt said in the beginning of the program, don’t only consider your pay; consider also your benefits. That is huge. It's a huge difference if you have to pay if you should break your elbow or get in a car accident or get pregnant. If you have no insurance, that could be financially devastating. So it is very important to consider all your benefits.

And the way to do that is when you first are offered a position or if you have accepted a position, find out what [benefits] your employer offers. That's critical. You can find out all the benefits that they might offer through the employee handbook [if there is an employee handbook]. Get a hold of that handbook and just kind of peruse through it.

You can also ask for what is referred to as a summary plan document. What that is is…it’s a document that tells you what your rights and responsibilities are in regards to a specific benefit. This is certainly the case with a pension benefit, but it's also available for health benefits. And it will tell you what exactly your employer covers. What are your responsible for? What are the copays? All of this critical information will be in that employee handbook and/or summary plan description.

And when you first get your job, you know, I encourage everyone to review those documents and consider enrolling in your employer’s health plan. Health plans offered by employers are often at a lower cost to the individual. Why? The employer pays part of the premium. Sometimes they pay the whole premium. It just varies from employer to employer. So that could be financially advantageous.
Once you enroll in your plan, again, see what it offers. Does it have a preferred provider option? This means that if you go to certain doctors, you get a better rate. Do you have to pay a copay? And if you do, what is it going to be? All of these things are very important to know ahead of time. And if you review your employee handbook, it will give you a lot of this information.

Also, employers--especially small and middle sized employers--will oftentimes offer medical, dental, and vision [benefits]. You can elect one if money is an issue. Certainly, when I first started in the workforce, money was a big issue for me. I had school loans, so I only took medical [insurance]. As soon as I was able to, you know, within a year, once I got a little raise and I got a little promotion, then the first thing I considered instead of buying me that swank new purse, I signed up for the dental plan and then I signed up for some of my other programs because I wanted to make sure that if something should happen, I would be covered. And that is really, really important.

I know young people oftentimes or, you know, and when I say young, I'm not just talking about the 20-year-olds, you know, anywhere up until you are 40, people seem to think that nothing is going to happen. And it can and oftentimes [does] at the most inopportune times in your life. And it’s good to know that you’re going to have insurance that’s going to cover you.

And again, employers can offer medical, dental, vision [benefits]. They can offer other kinds of insurance. They can offer short- and long-term disability benefits that you can enroll in. Why are those important? Because if you cannot work because something has happened to you-again, a car accident or you break your knee playing soccer -- anything can happen. And if you can’t work, then the short- and long-term disabilities [insurance] will step in and provide either a percentage of your pay …a lot of them will pay up to 60% of what you are earning and some will pay 100%.
And/or they will also provide health insurance, because many employers, the minute you’re an active employee, can terminate your health benefits although you’re still employed, but if you’re not active, they could terminate your health insurance, and then they are required by law to offer COBRA.

I know Jenny mentioned that I do presentations on COBRA. Many people may not know what that is. Certainly, yes, it is a snake which is what I thought it was in the beginning. But COBRA is an acronym for the Consolidated Omnibus Budget Reconciliation Act, which is a big mouthful. But basically it’s the law that allows you [as a former employee] to continue the health benefits you had as an active employee for a minimum of 18 months.

This becomes critical when you’re not able to work because you’re out on disability. Maybe your company doesn’t pay for your health benefits. If you’re out on workers’ compensation, your employer doesn’t have to pay for your health benefits. If you go out on a leave of absence or if you go from full to part-time status -- women oftentimes when they’re taking care of a family member or if they have children, they will oftentimes drop down to part-time status, and at that point will not get benefits through their employer. COBRA allows them to extend those benefits for a minimum of 18 months.

So you want to consider all these different options. Your employer will have all this information in their handbook. But COBRA is critical because it’ll allow you to still have health insurance once you leave employment. And this, of course, happens when you are considering changing jobs. If you’re looking for a new job and you’re worried that you’re in the middle of some kind of medical service and you don’t want to not have coverage, COBRA will allow you, the law will allow you, to still keep your employer … your former employer’s benefits for a minimum of 18 months.
The difference being, under COBRA you’re paying 100% of the premium as opposed to the employer paying part of it. So some of you may ask, well, then, why bother if I have to pay 100%? Well, you're still getting the group discount, and that can be very critical. [For more information on COBRA, visit http://www.dol.gov/dol/topic/health-plans/cobra.htm.]

Health insurance--medical insurance, you know, vision, dental, and even your other benefits--it’s important to consider what’s going to happen if you change jobs. What if you’re laid off?

Another aspect that people oftentimes don’t consider is marriage. Marriage can have a big effect. Why? Because once you get married, you want to consider what benefits your spouse has. Are his or her benefits better than the ones you have? Perhaps you should disenroll from the one you have through your employer and enroll in your spouse’s plan. You get a special 30-day enrollment [period] right after you get married to enroll into your spouse’s health plan.

The same 30-day enrollment right applies if you have a child or if you adopt a child. You have a special 30-day window to enroll your newborn child or your adopted child regardless of age up to 18. You can enroll them within 30 days into your plan and they will cover all their medical needs. There will be no preexisting condition exclusion.

Also, divorce is a big aspect. And one thing to consider in divorce is once you get a divorce or you’re legally separated, your spouse can drop you from their plan. If they do, you will be offered COBRA.

So you see, life events can have a big affect on the health insurance. Life changes require health choices. The same can be said of work -- work changes require health choices. And it’s important that you get that plan
document or employee handbook from your employer and see what your options are, what are your responsibilities as these changes occur in your life.

And I know it’s a lot of information in my 10 minutes. But I just wanted to kind of touch on certain things, so that you can think about them as your life events occur. And we’re available at the Employee Benefits Security Administration to answer any and all questions you should have regarding your employer-based benefits. And I think that pretty much uses up my 10 minutes.

Jane Walstedt: Thank you very much, Sarah. That was also very useful information.