

## Getting Health Insurance Coverage After College

In addition to finding a job and housing college graduates who were covered by their university's student health insurance may also need to replace that coverage. Financial planners point out that obtaining health insurance is basic to being able to budget and manage money responsibly. "Most young people think of health insurance as something that allows you to pay for treatment for an illness or accident," says Dr. Dena Wise, Professor and Consumer Economics Specialist with UT Extension. "What they may not realize is that health insurance is a necessary financial management tool as well. Health insurance makes health care costs predictable and controllable so you can actually plan for them in your budget rather than having each medical event or issue become a financial emergency." UT health insurance experts offer the following advice to new graduates.

For graduates who live in Tennessee, there are three basic options for health insurance after college: (1) continuing to be covered on a parent's traditional plan, (2) purchasing a traditional plan through a private insurer, or (3) purchasing a catastrophic health plan.

Provisions of the Affordable Care Act made it possible for young people, regardless of whether they are students or living independently, to remain on their parent's insurance policy until their 26<sup>th</sup> birthday. Remaining on a parent's plan is often a more economical way to maintain coverage and it's especially helpful if the new graduate has not yet landed a job with health insurance benefits. Even if the graduate's new job offers health insurance, they can still opt for continuing coverage under the parent's policy. New employees should be aware, however, that if they initially decline employee coverage, they may pay a sizable penalty if they decide to enroll in employee coverage at a later time.

If graduates have a job that offers employee health insurance coverage, it generally offers the next-best alternative to remaining on a parent's policy. Particularly if the graduate only needs individual—rather than family—coverage, premiums may be affordable.

If an employer's health insurance plan is not available, a graduate may be able to find private insurance through the Health Insurance Marketplace. Graduates whose student health plan is ending may qualify for a Special Enrollment Period to sign up for private insurance or evaluate other options.

If they're under 30, graduates can purchase a catastrophic health plan through the Marketplace. The catastrophic plan's high deductible makes it a good plan only for those whose health is good enough to expect they would just need basic preventive care, which is covered without the deductible applying. The low premiums make it affordable, and even though the high deductible may be a burden in the case of a serious medical issue or emergency, it protects a young person's future earnings from very large medical costs or debt.

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