

Grads, are you covered?

Thinking of forgoing health insurance? Don't. It's not worth the risks to your well-being and your wallet, experts say.

By Francesca Lunzer Kritz

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Class work and finals aren't the only things that end when a college grad swings that tassel over the mortarboard. For many students who have had health insurance through a parent's employer or the college they attended, that coverage generally stops on or shortly after graduation day.

And while previous generations handled the transition by opting for health coverage that came with their first job, the shrinking benefits picture and current recession have kept many graduates from finding any job, much less one that comes with insurance.

Employers expect to hire 22% fewer recent college graduates this year than they did in 2008, according to the National Assn. of Colleges and Employers, reducing still further the likelihood that those former students will have health insurance.

In fact, 30% of young adults ages 19 to 29 are uninsured, making them the age group most likely to lack health coverage, according to a recent Gallup poll.

A study published last year by the Commonwealth Fund, a private health research group, found that 34% of college graduates do not have health insurance for at least some part of the year after graduation.

The situation is even bleaker given that the percentage of firms offering health insurance fell by 3% last year, to 60% from 63% in 2007, according to the Kaiser Family Foundation. The number is even lower for smaller companies, with only 48% of firms with three to nine employees offering coverage last year.

With so many graduates going without health insurance, Sara Collins, a vice president at the Commonwealth Fund and a co-author of that study, worries about the potential health and financial implications. "Lack of coverage . . . puts the health of young adults at risk, and can subject them, as well as their families, to potentially dire financial consequences," she says.

Cost is another key reason so many recent graduates go without. Young adults may be prepared to bet their health against a job around the corner with ample health coverage, or even double down on that bet by not signing up for employer-sponsored coverage once they start working.

But that wager could be expensive.

Sure, a newly minted graduate could stay healthy and accident-free -- and wonder why he or she had spent money on health insurance in the first place. But, according to the federal Agency for Healthcare Research and Quality in Rockville, Md., people with coverage are more likely to have a regular doctor and to get care when they need it.

Insurance also provides financial protection in the event of an unexpected, and expensive, serious illness or injury.

A Harvard study released in early June found that medical expenses were behind 62% of all personal bankruptcies filed in the U.S. in 2007, and that 78% of people filing for bankruptcy had at least some insurance.

Mark Rukavina, executive director of the Access Project, a health reform advocacy group in Boston, strongly urges college grads to research their options. He adds, "Pay out for the best insurance possible."

See the accompanying article for how to get started.