Health Insurance after College: 4 Things Grads Need to Know

If you have been getting your health insurance through your college or university health plan, you will lose your health insurance coverage upon graduating or soon after. Under the Affordable Care Act of 2010, everyone in the U.S. now must have health insurance. That means recent grads like yourself face new requirements for getting insurance coverage and, if you don’t you could face some financial penalty or fine. The good news, however, is that graduates now have more options than in the past. If you’re about to graduate from college (or are the parent of someone who is), here are four things to know about getting a health plan after school ends.

1) Losing student coverage counts as a “qualifying life event.” Purchasing insurance for all of us is limited to a certain enrollment per during the year. Once that enrollment period closes, you can no longer get health insurance until the following year. However, certain qualifying life events allow you to buy an insurance policy outside of the usual open enrollment period. Although graduating from college is not a qualifying event on its own, losing a student health plan because of graduation does count as a qualifying event and makes you eligible to sign up for insurance outside of the normal enrollment period.

2) You have multiple insurance options. There are a number of options you can choose from to replace the insurance coverage you’re losing.

- If you have a job waiting for you after graduation, you should ask whether your new company offers employee health benefits.
- If you are younger than 26 and your parents have health insurance, you can join or stay on their policy—up until the age of 26. Just keep in mind that many health plans require you to use a network of health care providers within the area where the policy was issued. That means if you don’t live near your parents, this may not be the best option for you.
- You can also buy coverage on your own. The Affordable Care Act created new online Marketplaces where you can shop for private health insurance. If you earn less than a certain amount of money each year, you may qualify for tax subsidies that help lower your costs. You can also buy a health plan directly from an insurance company or with the help of a broker. However, you can only take advantage of tax subsidies if your plan is purchased through one of the government-run Marketplaces (some brokers can help you do this). Check the internet for more details about the Affordable Care Act.
- Also, if you earn less than a certain dollar amount each year, you may also be eligible for Medicaid coverage. Check state government website for Medicaid details.

3) You may need to take action now. You must sign up for a new health plan within 60 days of the date of your qualifying event. That means if you’ve been covered by your university’s student health plan, you’ll have 60 days from the date the insurance policy coverage ends to choose and buy a new health plan. If you miss your window of opportunity, you won’t be
eligible again for a new plan until the following year. The one exception is for people who qualify for Medicaid. You can enroll in Medicaid at any time during the year.

4) **There’s also now a tax penalty for being uninsured.** If you go uninsured for more than 3 consecutive months in the same calendar year, you may have to pay a penalty on your federal income taxes next year.