

Abstract

Evaluation of the ARRA COBRA Subsidy

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COBRA (the Consolidated Omnibus Budget Reconciliation Act of 1985), which requires employers to provide continued health care coverage to workers, was created to help prevent the loss of health insurance among workers and their dependents at the time of job loss. To assist workers who lost their jobs involuntarily during the “great recession” of the late 2000s, the American Recovery and Reinvestment Act (ARRA) provided a 65 percent subsidy for premium payments to most COBRA-eligible individuals who experienced a job loss between September 2008 and May 2010 and did not have access to other group health insurance coverage at the time of job loss. This report uses new survey data collected from unemployed workers who experienced a job loss in 2010 to examine COBRA eligibility and take-up, subsidy eligibility and take-up, and the impact of the ARRA subsidy on COBRA take-up and other outcomes. We found that access to the subsidy significantly increased COBRA take-up by about 5 percentage points (or 15 percent). However, we did not see any reductions in the total number of months these workers lacked health insurance.