



TO UNDERSTANDING  
**ACCIDENT &  
CRITICAL ILLNESS  
INSURANCE**

# 3

## STEPS TO UNDERSTANDING ACCIDENT AND CRITICAL ILLNESS INSURANCE

What are accident and critical illness insurance products and how do they work? When does it make sense to purchase this kind of coverage? The purpose of this booklet is to introduce you to these often-overlooked insurance products and help you understand the value they offer.

---

## What's Inside

### Step 1: What

What are accident and critical illness insurance products?

4

### Step 2: How

How do accident and critical illness insurance plans work?

12

### Step 3: When

When should I consider an accident or critical illness plan?

18

---

**STEP**  
**1**

# What Are Accident and Critical Illness Insurance Products?

Accident insurance and critical illness insurance are typically sold as separate insurance products that provide financial assistance for specific, unexpected life events. In this section we'll provide you with a brief introduction to both types of coverage.

## How to Think About Accident and Critical Illness Insurance

Accident and critical illness insurance plans are most helpful when used in conjunction with a major medical health insurance plan – the kind you might get through an employer or purchase on your own. Say you're hospitalized for a month and face a \$55,000 medical bill. You have health insurance, but you still have to pay for copayments and your deductible. In the month you're hospitalized you may also lose out on income or need to pay your rent or mortgage, or other monthly expenses. This is where accident and critical illness insurance can help!

	 Expenses	 Your Health Plan Covers	 Personal Costs	} This is Where Accident and Critical Illness Plans Can Help!
	\$5,000	\$0	\$5,000	
	\$2,500	\$0	\$2,500	
	\$55,000	\$50,000	\$5,000 (deductible)	

See note at the end of this booklet for important disclaimers.

# Accident Insurance



A serious injury can cost you a lot of money – not only in medical bills but in things like income from lost work hours. Some injuries are minor, but others are debilitating and require significant medical care. If you get hurt, accident insurance pays you money that you can use to cover personal expenses, bills, and out-of-pocket medical costs.

## Who Gets Paid?

**You get paid.** When you have a covered accident or injury, your health insurance company pays your doctor or hospital, but your accident insurance company pays you.

## What's Covered

Not all accidents are “qualifying injuries.” The kinds of accidents that are covered can vary by plan but accident insurance plans typically cover things like:



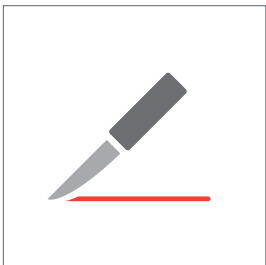
Breaking a limb



Loss of a digit or limb



Burns



Lacerations



Paralysis



Accidental death  
(money is paid to your designated beneficiary)

If you have a covered injury, accident insurance can help you pay for things like:

- Emergency Room Visits
- Ambulance transportation
- Emergency helicopter transportation
- Hospital admissions and per diem charges
- Intensive care and rehabilitation unit care
- Diagnostic exams
- Follow-up treatments
- Physical therapy

## The Cost of Accident Insurance

Depending on your age, where you live, and how much coverage you want, the cost of accident insurance can vary widely. Some plans may be available for as little as \$15 per month. Others with richer benefits may cost \$50 per month or more.



**EXPECT TO PAY SOMEWHERE BETWEEN  
\$15 & \$50 PER MONTH**

## What it Doesn't Cover

Accident insurance will not typically cover things like check-ups or hospitalization due to illness. Accident insurance will not cover you for injuries suffered before you purchased the plan.

See note at the end of this booklet for important disclaimers.

# Two Types of Accident Plans



## Scheduled Payout Accident Plan

A scheduled payout plan will typically reimburse you a set dollar amount for specific services you received. These reimbursements may be more or less than your actual costs. Some scheduled payout plans may provide you with a lump-sum payment.



## Accident Medical Expense Plan

Accident medical expense plans will typically reimburse you dollar-for-dollar when you experience a covered injury. There are no line-items and your reimbursement may match your costs exactly. Annual payout limits may apply.

How would a “scheduled payout plan” and “accident medical expense plan” work differently for the same medical bill?

Medical Bill		Scheduled Payout Reimbursement	Accident Medical Expense Reimbursement
Service	Cost	How much the insurance pays you	
Ambulance	\$150	\$200	\$523
Doctor Services	\$200	\$175	
X-Ray	\$98	\$100	
Medication	\$75	\$50	
<b>Total Bill</b>	<b>\$523</b>	<b>Total Reimbursement: \$450</b>	<b>Total Reimbursement: \$498</b> (Bill minus the \$25 deductible)

This example is provided for illustration purposes only. Actual costs and coverage levels may vary by plan.

# Critical Illness Insurance



How you would pay your bills if you were suddenly diagnosed with cancer and couldn't work? Critical illness insurance doesn't pay your medical bills. It pays you if you're diagnosed with a covered illness. You can spend the money on whatever you want. Some eHealth agents refer to critical illness insurance as "life insurance for the living."

## What's Covered

Critical illness plans can vary widely from one another. Some may focus on a single specific diagnosis, while others may provide you with coverage for a range of possible diagnoses, such as:



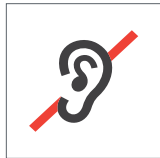
Cancer



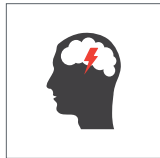
Heart Attack



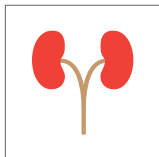
Blindness



Deafness



Stroke



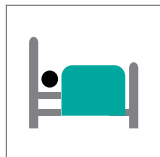
End-stage  
Renal Failure



Major Organ  
Transplant



Severe Burns



Coma



Loss of  
Speech

With critical illness insurance, you can indicate the level of coverage you would like to receive (between \$10,000 and \$100,000, for example). Depending on the details of the plan you choose, some conditions may result in a maximum payout while others may result in only a partial payout. Some conditions may not be covered at all.

## The Cost of Critical Illness Insurance

Depending on your age, where you live, and how much coverage you want, the cost of critical illness insurance can vary significantly. The range is generally between \$50 and \$150 per month.



**EXPECT TO PAY SOMEWHERE BETWEEN  
\$50 & \$150 PER MONTH**

## More Details

Critical illness insurance often has a waiting period before coverage takes effect. So, for example, you may only receive benefits for covered conditions if they're diagnosed 60 days after you purchased your plan. Some plans may also limit your coverage based on age. For example, they may no longer cover you after age 70.




## A Note about Obamacare Requirements

It's important to note that accident insurance and critical illness insurance products are not major medical health insurance. That means they don't protect you from federal tax penalties for not having health insurance under the requirements of the Affordable Care Act. Accident and critical illness products do not provide the minimum essential health benefits that major medical health insurance plans do.

See note at the end of this booklet for important disclaimers.

# How Do Accident and Critical Illness Insurance Plans Work?

Accident and critical illness insurance plans work differently than typical health insurance plans. Different accident or critical illness plans can also vary a lot among themselves. In this section, we'll see how these differences stack up and look at some coverage examples.

Frequently Ask Questions	 Major Medical Coverage	 Accident Insurance	 Critical Illness Insurance
1 When can coverage start?	Usually within 2-6 weeks	Usually within 2 weeks	Usually within 2 weeks
2 Can I buy it year-round at any time?	No	Yes	Yes
3 Does the plan pay me or my doctor?	Your doctor	You	You
4 Will it pay me directly if I suffer a covered injury?	No	Yes	Not in most cases
5 Will it pay me directly if I'm diagnosed with a covered illness?	No	No	Yes
6 Does it have a dollar limit on coverage?	No	Yes, in most cases	Yes, in most cases
7 How much does it cost?	\$269 per month on average (before subsidies)	As low as \$15 per month	As low as \$50 per month
8 Can it protect me from an Obamacare tax penalty?	Yes	No	No
9 Will it cover me for pre-existing medical conditions?	Yes	No	No
10 Can the doctor bill my insurance company directly?	Yes, in most cases	No	No
11 Does it cover general or preventive medical care?	Yes	No	No

This chart only provides general information about plan types. The specific details of any particular plan can vary. You should always check the plan details to review any specific plan's benefits, limitations, exclusions, and other terms of coverage.



&



# COVERAGE EXAMPLES

The following are examples designed to help you understand how accident and critical illness insurance can work. These examples are not based on real people or specific accident or critical illness insurance products. To learn more about real plan options available to you, work with a licensed agent.

## Accident Insurance



**Joe**

Age 23

Joe is covered under an employer-based health plan but can't afford his high deductible, which is why he bought an accident insurance plan for \$30 a month.

One day while hiking with friends, Joe had a nasty fall and suffered a compound fracture to his leg. Joe rode to the hospital in an ambulance where he was admitted and kept overnight for three days. He was unable to work during that time and lost out on a whole week's wages.

\* This is merely a fictional illustration and not intended to describe an actual plan or to be representative or applicable to your specific situation.

### JOE'S PERSONAL COSTS:

A week of lost wages:	<b>\$680</b>
Ambulance copay under his employer health plan:	<b>\$100</b>
Hospital admission copay under his employer plan:	<b>\$200</b>
Deductible under his employer plan:	<b>\$5,000</b>
Additional coinsurance under his employer plan while in hospital:	<b>\$1,000</b>

Total costs Joe faces:  
**Total \$6,980**

### How Joe's accident insurance plan provides coverage on a scheduled basis:

Scheduled payment for qualifying compound fracture:	<b>\$4,000</b>
Scheduled payment for ambulance ride:	<b>\$150</b>
Scheduled payment for hospital admission:	<b>\$1,750</b>
Scheduled payment for hospital inpatient stay of three days:	<b>\$1,125</b>

Total Scheduled payments to Joe from his accident insurance plan:  
**Total \$7,025**

**Joe's total hospital bill was \$20,000.**

His employer health plan covered **\$13,700** after deductibles and copayments but his injury cost him **\$680** in income, which means the total cost of his injury was **\$6,980**.

Joe's accident plan paid him **\$7,025**, which covered most of the gaps in his major medical health plan and reimbursed him for his lost wages, with a little left over!





# Maggie

Age 55

Maggie was healthy when she bought her critical illness plan, but she wanted extra financial protection after she saw her friend struggle with medical bills related to breast cancer.

Maggie bought a critical illness plan that covered heart attacks and cancer diagnosis, with a maximum reimbursement amount of \$75,000. It cost her about \$130 per month.

One year later, Maggie passed out while walking her dog. She was taken to the emergency room where she was diagnosed with cardiac arrest.

Maggie had bypass surgery, spent two weeks in the hospital and another two weeks at home in recovery. The total cost of her care was \$150,000.

Her health insurance plan covered everything except her \$6,000 deductible, and she missed four weeks of work.

\* This is merely a fictional illustration and not intended to describe an actual plan or to be representative or applicable to your specific situation.

### MAGGIE'S PERSONAL COSTS:

Out-of-pocket costs under her health insurance plan:  
**\$6,000**

Four weeks of lost wages:  
**\$5,000**

Maggie's total costs:

**Total \$11,000**

**After her heart attack, Maggie's critical illness plan paid her:**

**\$75,000**

Maggie's critical illness insurance plan reimbursed her **\$11,000** in medical expenses and lost wages. And, it left her with an additional **\$66,000** she used to take an extended leave of absence from work. During her leave of absence, she spent two weeks in the Caribbean!



# When Should I Consider an Accident Or Critical Illness Plan?

## When you can't afford your health insurance deductible

For some folks, their major medical health insurance plan's annual deductible is close to, or more than, what they have saved. An accident or critical illness plan can help you protect your savings by paying you directly for qualifying accidents or diagnoses. You can then use that money to help cover the deductible under your health insurance plan.



Health Insurance  
Deductible

**\$4,000**



Savings Account  
Balance

**\$3,750**

## When you have a family history of cancer or heart disease (or some other medical issue)

If you're at high risk for heart disease or cancer, critical illness insurance is a good shield against the expenses you may face if you receive a dire diagnosis. This goes for lots of other medical conditions too (check the plan details to see which conditions are covered). Some plans may limit coverage or exclude applicants based on their personal medical history or other indications of increased risk for developing certain conditions.

*Is accident and critical illness insurance right for you? In this section we'll look at when it makes sense to consider one of these health insurance products. We'll also answer some common consumer questions.*

## When you're living paycheck-to-paycheck

Very few Americans can afford to miss work for an extended period of time. You still need to pay your mortgage or rent. If you're seriously hurt yourself or need to spend time in the hospital, how will you continue to pay your rent or mortgage and other bills? Accident and critical illness insurance plans can help.

## Whenever you think a little extra cash in an emergency might come in handy

Unlike traditional health insurance plans, accident and critical illness plans pay money directly to you rather than to your doctor. This means you're free to use that money in any way you like. Sure, you can use it to pay your out-of-pocket medical expenses or other bills, but you can also use it to pad your savings account, fund a vacation, or invest for the future.



# ANSWERS

## to Common Questions



“  
**Where can I get accident or critical illness insurance plans?**  
”

You can find these products online through licensed marketplaces like eHealth, but not through government-run insurance exchanges. Licensed health insurance agents in your area may also sell them.

“  
**Can I get a single plan that will cover both accident and critical illness together?**  
”

These products are typically sold separately, though some critical illness plans will cover certain injuries (like burns for example). However, there are plans available in some areas that may cover both qualified accidents and qualified medical diagnoses. Work with an agent to find the plan that works best for you.

“  
**Will my accident or critical illness plan cover regular doctor visits?**  
”

Typically, no. Accident and critical illness plans are not designed to provide you with the kind of benefits you might expect to receive through a traditional health insurance plan.

“  
**Will my accident or critical illness plan save me from a tax penalty under Obamacare?**  
”

No. Accident and critical illness plans can help you fill in some of the gaps in your major medical coverage but they will not meet your coverage requirements under the law or shield you from a tax penalty.

“  
**Can I use Obamacare subsidies to help me buy an accident or critical illness plan?**  
”

No. The Affordable Care Act provides subsidies for qualifying consumers when they purchase major medical coverage, but these subsidies cannot be used to pay for things like critical illness or accident coverage.

“  
**Do I need to have a regular health insurance plan already before I can buy an accident or critical illness plan?**  
”

No. You can purchase an accident or critical illness insurance plans whether or not you already have a major medical health insurance plan. Some people simply cannot afford or don't qualify for major medical coverage. In that case, a short-term health insurance plan, accident insurance plan, or critical illness insurance plan could be better than nothing.

## To Learn More

We hope this brief booklet answered some of your questions about accident and critical illness insurance coverage. To learn more about your personal coverage options, visit eHealth online at [eHealth.com](http://eHealth.com).



© 2015 eHealth, Inc.  
[www.ehealth.com](http://www.ehealth.com)

**eHealth<sup>®</sup>**

This booklet provides general information only about accident and critical illness insurance products. Your actual coverage will depend on the specific plan you buy and your specific circumstances. You should check the coverage details of any plan you are considering to understand that specific plan's benefits, limitations, exclusions, and other terms of coverage. You can also work with a licensed agent to better understand a specific plan's coverage.