

Critical Illness Benefits

Critical illness insurance can play an important role in strengthening your employees' financial safety net. Normal medical and disability insurances don't provide adequate protection for critical illness.

In the event that your employees suffer a critical illness, they will not have adequate protection under normal medical and disability insurance plans to cover their expenses, as suffering from a critical injury can be extremely expensive—especially during the recovery process.

Some of the costs associated with critical injuries are not even covered on many plans. But beyond traditional medical costs, your employees and their families may also suffer financially because of the following:

- Home health
- Child care expenses
- Traveling expenses to go to treatment facilities
- Lost wages from taking time off to care for a critically ill relative
- Out-of-network treatment charges
- Alternative treatment charges

Offering critical illness benefits to your employees can help alleviate some of the financial burdens of suffering a major illness or accident.

Critical illness insurance provides a lump sum benefit for six leading health events.

To combat expensive medical costs, consider providing critical illness insurance coverage for your employees. Policies can vary, but standard coverage provides a lump sum benefit for the six leading illnesses and health events:

- Cancer
- Heart attack
- Stroke
- Major organ transplant
- Kidney failure
- Coronary artery bypass graft

Employers and employees can benefit in various ways from critical illness coverage.

- Critical illness insurance complements high deductible health plans (HDHPs) by eliminating the worry of having to pay for a high deductible in the middle of suffering a major illness.
- Critical illness insurance serves as an affordable way to fill a gap in coverage.
- Employees reduce their financial risks in the event that serious illness occurs.
- Employers can offer the benefit as a recruiting tool or as a way to compensate for changes in core medical plans.
- Employers can offer a wellness benefit option under a critical illness plan that reimburses an employee each year for having certain tests and routine exams done.

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The table below illustrates employer contribution costs associated to an employee’s health savings account and critical illness coverage on an annual basis. As you can see, it’s possible for the employer to pay less for an HSA and a critical illness plan combined than for an HSA on its own, and the employee receives a much larger benefit through the combination of both benefits.

COSTS & COVERAGE COMPARISON FOR CANCER ILLNESS	HSA Only		HSA + Critical Illness Coverage	
	Annual Cost to Employer	Maximum Benefit to Employee	Annual Cost to Employer	Maximum Benefit to Employee
Critical Illness Insurance			\$82.00	
Coverage Amount (\$5,000, with restoration)				\$5,000
Cancer Benefit				\$5,000
Wellness Rider				\$100
HSA Contribution	\$500	\$500	\$400	\$400
Total Employer Cost	\$500		\$482.00	
Maximum Employee Benefit		\$500		\$10,500

Chart adapted from Voya Financial.

Overall, a critical illness can have a devastating effect on your employees, both to their health and their pocketbook. Consider offering critical illness coverage in your benefits package to alleviate some of the financial burdens of suffering a major illness or accident.