

# The Critical Truth About Critical Care Insurance

*J. Keith Pellerin*

Americans love to play the odds. They'll bet on anything: a roll of the dice, a turn of the cards, the outcome of the Super Bowl, and even who will win American Idol or the pie-eating contest at the county fair.

It's no surprise that we're a nation of risk-takers. Our country was built by the bold—people who weren't afraid to search for better lives by sailing across the ocean, traveling west in Conestoga wagons, or rushing off to mine for gold in California.

Unfortunately, American daring has a downside, too, as many an imprudent gambler has discovered. Experienced risk-takers quickly learn to bet only what they can afford to lose, avoiding wagers that might result in financial ruin.

## A Bad Bet

It's a lesson every American can learn from, but too many people take financial risks they can ill-afford, especially when it comes to their health. According to the Society of Critical Care Medicine, more than 5 million Americans are admitted to hospital intensive care units each year. Of course, a large percentage of those individuals never imagine they'll be hospitalized for a critical illness and are not prepared to absorb the costs that mount during hospitalization and recovery.

It's no wonder they're caught unprepared, when you consider that half of all U.S. households are "financially fragile" and would have trouble coming up with \$2,000 in fewer than 30 days.

Results from the 2013 Aflac Workforces Report<sup>3</sup> confirm that many are teetering on the edge when it comes to savings, and one major illness or injury could send them tumbling over the financial precipice. According to the survey:

- Just 24 percent of workers completely agree or strongly agree that they will be financially prepared in the event of an unexpected emergency or serious illness.
- Forty-six percent of employees have less than \$1,000 on hand to pay the out-of-pocket expenses associated with an unexpected serious illness or accident—and 25 percent have less than \$500.
- Forty percent of workers would have to borrow from their 401(k), friends or family to pay out-of-pocket costs stemming from an unexpected serious illness or accident, while 28 percent would have to pay by credit card.

## Helping Workers Hedge Their Bets

One way brokers can help is by encouraging their clients to add critical care insurance to their insurance options. Critical care insurance covers a variety of different illnesses, typically including cancer, heart disease and stroke. Other ailments are sometimes covered, too, depending upon the policy.

Critical care insurance provides covered patients with lump-sum payments that can help with medical bills that aren't covered by major medical plans. Because the benefits can be used as the insured sees fit, they can go toward daily living expenses such as the monthly mortgage or rent, utility bills, car or credit card payments, or even grocery costs.

These benefits are crucial, especially when you consider that medical costs are a major cause of bankruptcy in the United States. A recent analysis of records from sources including the U.S. Census Bureau, Centers for Disease Control and the federal court system predicted bankruptcies result-resulting from unpaid medical bills would affect nearly 2 million people in 2013—making health

care costs the number one cause of such filings. The analysis also predicted that 15 million Americans would empty their savings accounts to cover medical bills, while another 10 million would not have the money needed to pay for rent, food or utilities because of those bills.

When speaking with clients about critical care insurance, keep in mind that 60 percent of employees surveyed as part of the Aflac study said they would be interested in applying for voluntary insurance if it were offered by their employers. Here are several other reasons companies should consider offering critical care insurance:

- Employees are provided with a financial safety net that helps keep their minds on their jobs and not on money concerns.
- There is little or no cost to employers offering the product.
- Workers get cash benefits that can be used to help pay unexpected health care costs that aren't covered by major medical insurance.
- Benefits are paid regardless of any other insurance coverage employees have in place, including policies available through state health care exchanges.
- Employees who are offered and enrolled in voluntary insurance plans feel more empowered at work, report increased job satisfaction and believe they're more financially prepared to cope with unexpected medical expenses.

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J. KEITH PELLERIN a 27-year financial and insurance industries veteran, is Aflac's vice president of product management and innovation. He oversees product strategy, development, design and implementation, including competitive intelligence.