3 STEPS TO UNDERSTANDING ACCIDENT & CRITICAL ILLNESS INSURANCE
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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 Are Accident and Critical Illness Insurance Products?

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!

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Your Health Plan Covers</th>
<th>Personal Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss of income while unable to work</td>
<td>$5,000</td>
<td>$0</td>
</tr>
<tr>
<td>Monthly Bills &amp; Other Expenses</td>
<td>$2,500</td>
<td>$0</td>
</tr>
<tr>
<td>Total Medical Bill (1 Month Hospital Stay)</td>
<td>$55,000</td>
<td>$5,000 (deductible)</td>
</tr>
</tbody>
</table>

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

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.

EXCEPT 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

1. 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.

2. 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?

<table>
<thead>
<tr>
<th>Medical Bill</th>
<th>Scheduled Payout Reimbursement</th>
<th>Accident Medical Expense Reimbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>Cost</td>
<td>How much the insurance pays you</td>
</tr>
<tr>
<td>Ambulance</td>
<td>$150</td>
<td>$200</td>
</tr>
<tr>
<td>Doctor Services</td>
<td>$200</td>
<td>$175</td>
</tr>
<tr>
<td>X-Ray</td>
<td>$98</td>
<td>$100</td>
</tr>
<tr>
<td>Medication</td>
<td>$75</td>
<td>$50</td>
</tr>
<tr>
<td>Total Bill</td>
<td>$523</td>
<td>Total Reimbursement: $450</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Reimbursement: $498</td>
</tr>
</tbody>
</table>

(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?**

<table>
<thead>
<tr>
<th>Frequently Ask Questions</th>
<th>Major Medical Coverage</th>
<th>Accident Insurance</th>
<th>Critical Illness Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. When can coverage start?</td>
<td>Usually within 2-6 weeks</td>
<td>Usually within 2 weeks</td>
<td>Usually within 2 weeks</td>
</tr>
<tr>
<td>2. Can I buy it year-round at any time?</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>3. Does the plan pay me or my doctor?</td>
<td>Your doctor</td>
<td>You</td>
<td>You</td>
</tr>
<tr>
<td>4. Will it pay me directly if I suffer a covered injury?</td>
<td>No</td>
<td>Yes</td>
<td>Not in most cases</td>
</tr>
<tr>
<td>5. Will it pay me directly if I'm diagnosed with a covered illness?</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>6. Does it have a dollar limit on coverage?</td>
<td>No</td>
<td>Yes, in most cases</td>
<td>Yes, in most cases</td>
</tr>
<tr>
<td>7. How much does it cost?</td>
<td>$321 per month on average (before subsidies in 2016)</td>
<td>As low as $15 per month</td>
<td>As low as $50 per month</td>
</tr>
<tr>
<td>8. Can it protect me from an Obamacare tax penalty?</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>9. Will it cover me for pre-existing medical conditions?</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>10. Can the doctor bill my insurance company directly?</td>
<td>Yes, in most cases</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>11. Does it cover general or preventive medical care?</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

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.
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.

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 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.

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!

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

<table>
<thead>
<tr>
<th>Health Insurance Deductible</th>
<th>Savings Account Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4,000</td>
<td>$3,750</td>
</tr>
</tbody>
</table>

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.

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.

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.
ANSWERS
to Common Questions

"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.

"Where can I get accident or critical illness 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.

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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.

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.