

# STRATEGIES FOR ADDING CRITICAL ILLNESS INSURANCE TO YOUR BENEFITS PLAN



The health care landscape in the United States has changed significantly over the last few years, impacting the health care coverage, as well as the finances, of many employees. Critical illness insurance (CII) can play a role in helping to close coverage gaps, and improve financial wellness in the event of a critical illness.

CII is designed to complement health insurance by helping to provide financial protection against direct and indirect out-of-pocket costs associated with a specified critical illness—it is not a substitute for medical or disability insurance. Claims are usually paid upon diagnosis in a lump sum that employees may use for any medical or non-medical expenses.

The following strategies can help your company as you add this valuable coverage to your benefits plan.

## **1** Design products to effectively help improve employees' financial wellness.

A simple product design lends itself to easy enrollment processing, streamlined claims management, minimal administrative support, and streamlined communications. Employers generally can customize CII features to balance employee needs, affordability, and simplicity. For example, employers may be able to lower costs by eliminating CII features that are redundant with other available benefit offerings.

When considering how a CII benefit could be funded, employers should keep in mind that CII is generally used to complement health insurance by helping to provide financial protection against out-of-pocket expenses, and should be affordable to encourage adoption and improve employees' overall financial wellness.

## **2** Position CII as a “core” protection benefit that addresses key universal financial risks.

CII may be most effectively used when positioned as a core benefit alongside medical, life, and disability insurance during enrollment, in order to highlight how the products complement each other, such as helping to fill the out-of-pocket coverage gaps created by the shifting of costs to employees. Key to positioning CII as a core benefit is to keep the product design simple, making it an easy “add-on” to other core protection products that employees are more familiar with, such as medical, life, and disability insurance.

CII issued by The Prudential Insurance Company of America (Prudential) covers more than the customary one or two serious illnesses. Our standard offering is seven conditions, with the flexibility to customize for individual employers by covering additional conditions. Typically, we cover cancer in situ, invasive cancer, coronary artery bypass surgery, heart attack, major organ transplant, stroke, and renal failure.



### **3 Educate employees on the increasing need to protect against medical and other related out-of-pocket expenses.**

Because employees are not very familiar with CII, education is especially important to position CII as a solution. Education should help employees understand how CII can help fill their coverage gaps during a critical illness. Education should also clarify which expenses CII is designed to protect against that are not covered by medical or disability insurance.

Employers can customize education for employees, and provide an integrated online enrollment system with automated functions and educational videos. Providers may also offer customized enrollment support via the phone or online chat with licensed representatives to answer product questions, conduct needs analyses, and provide personalized coverage recommendations.

### **4 Emphasize CII as a core protection solution in communications programs.**

Communications programs should emphasize CII along with the other core protection solutions, such as medical, life, and disability insurance, that help improve employees' financial wellness, and indicate how CII complements those other coverages. To that end, incorporating a compelling case study may help to make the problem and solutions relevant for employees.

Similar to communications for other benefit offerings, communications should be tailored for different employee segments and personalized for each employee. Eighty-eight percent of employees say they have an interest in receiving benefits communications that are tailored to their personal situations.<sup>1</sup>

### **5 Partner with a provider to leverage its experience with education, communications, marketing, and administration.**

Employers may consider offering CII as a group product so that they can more easily customize their CII product design, promote CII as a core benefit alongside health, life, and disability insurance, potentially fund all or part of the premium, and have a more holistic understanding of their employees' benefits coverage.

In addition, if employers add CII to their group benefits offerings, they may leverage existing enrollment processes and available tools and access administrative and reporting capabilities offered by their group benefits providers. Further, they can look to the provider for "turnkey" enrollment campaigns and education.

<sup>1</sup> Topline survey results for Prudential Financial's "Fifth Annual Study of Benefits: Today & Beyond," October 2010.

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