

Consumer Counselor

Insurance Information for Michigan Consumers

Specified Disease Insurance

Most major medical plans provide health coverage for all diseases and conditions. There are, however, many types of **limited** medical insurance policies including **specified disease** policies that do not pay for all diseases and conditions. Specified disease policies provide coverage and benefits only for specified causes of sickness, disease or injury, such as a heart attack or stroke, and coverage is often in limited amounts. These policies provide per day, per medical service, expense-incurred, and/or lump-sum benefit payments upon the occurrence of medical events or diagnoses related to the treatment of a disease or condition named in the policy. ***Specified disease policies will not provide coverage for any disease or condition that was diagnosed prior to purchase of the specified disease policy.***

Specified Disease Coverage Is Not a Substitute for Comprehensive Coverage

Recent statistics show that the cost of cancer treatment accounts for less than 5% of the United States health care expenses. No single disease or condition accounts for more than a small percentage of the American public's health care bill. These facts illustrate why it is essential to have health coverage for all diseases or conditions, and not just one.

If you or your family are not protected against catastrophic medical costs, you should first consider a **major medical plan**. These plans usually pay the cost of inpatient hospital care and outpatient medical bills, such as lab tests, office visits, physical therapy, x-rays and may include prescription coverage. You pay any contractual copayment and deductible. Major medical policies will cover you for all diseases or conditions. They cost more than a specified disease policy, but they are generally considered a better buy because they offer more coverage.

Should You Buy Specified Disease Insurance? Many People Don't Need It

If you are considering specified disease insurance, consider these questions first:

1. Is my current health insurance coverage adequate for the cost of any disease or condition treatment?
2. How much could the treatment cost if I do get a specific disease or condition?
3. How likely am I to contract a specific disease or condition based on my history and my family history? Is there a family history of a specific disease or condition?
4. If I need experimental or investigational treatment, will a specified disease policy cover these treatments?

If you have Medicare and want more coverage, a Medicare supplement policy is what you need.

Medicaid recipients do not need any more insurance. If you think you might qualify, contact your county office of the Michigan Department of Community Health to determine your eligibility.

Duplicate Coverage Is Expensive and Unnecessary

Before you purchase a specified disease policy, buy basic coverage or major medical coverage first. Make sure any specified disease policy you are considering will meet needs **not** met by your major medical or basic health coverage. You cannot assume that duplicate coverage will result in double benefits even though many specified disease policies advertise that they will pay benefits no matter what your other health coverage pays.



Some Expenses May Not Be Covered Even By a Specified Disease Policy

The cost of disease treatment varies. The expenses most likely include surgeries and hospitalization, physician services and other professional services such as prescriptions, and nursing home care. Some patients may face large non-medical expenses not covered by a specified disease policy. Examples include home care, travel and transportation, and rehabilitation costs.

Caution: Limitations of Specified Disease Insurance

Specified disease policies vary in cost and coverage. Contact several different companies and agents, and compare the policies before you buy. Here are some common limitations:

1. **Some policies pay only for hospital care.** Today many disease treatments, including radiation, chemotherapy and some surgery, are often performed on an outpatient basis. Because a stay in the hospital may be a very short time period, a policy which pays only when you are hospitalized has limited value.
2. **Many policies promise to increase benefits after a patient has been in the hospital for many days.** However, patients are spending less time in the hospital. Large dollar amounts for extended hospital stays may have very little value for most patients.
3. **Many specified disease policies have fixed dollar limits.** For example, a policy might pay up to \$1,500 for surgery costs or \$1,000 for radiation therapy or it may have fixed payments such as \$50 or \$100 for each day in the hospital. The actual cost of the services is much higher. Other specified disease policies limit total benefits to a fixed amount such as \$5,000 or \$10,000.
4. **No policy will cover a disease or condition diagnosed before you apply for the policy.** Some policies will deny coverage if you are later found to have had the specific disease or condition at the time of purchase, even if you did not know it.

5. **Most specified disease policies do not cover other related illnesses.** A disease or its treatment may lead to other physical problems, such as infection, diabetes, pneumonia or cancer.
6. **Many specified disease policies contain time limits.** Some policies require waiting periods of 30 days or several months before you are covered. Others stop paying benefits after a fixed period of two or three years.

Remember, Before You Consider Specified Disease Insurance, Do the Following:

1. Find out what your benefits would be under your present health care plan if you should get a specific disease or condition.
2. If you do not presently have basic health care coverage, look into the coverages you might be able to obtain.
3. If you are on Medicare, consider a Medicare supplement policy instead of a specified disease policy.
4. If you are on Medicaid, you probably do not need any other health coverage.
5. If you decide to purchase specified disease insurance, shop around for the best coverages and cost and make sure you read the contract and understand:
 - (a) the "waiting period" before coverage goes into effect,
 - (b) what your benefits will be, and
 - (c) what the policy will **not** cover.

What To Do if You Have a Question or a Problem:

If you have an insurance question or problem, call your insurance agent or company. If your questions are not answered, contact DIFS at the address or telephone number below. DIFS is the state department that regulates insurance in Michigan.

