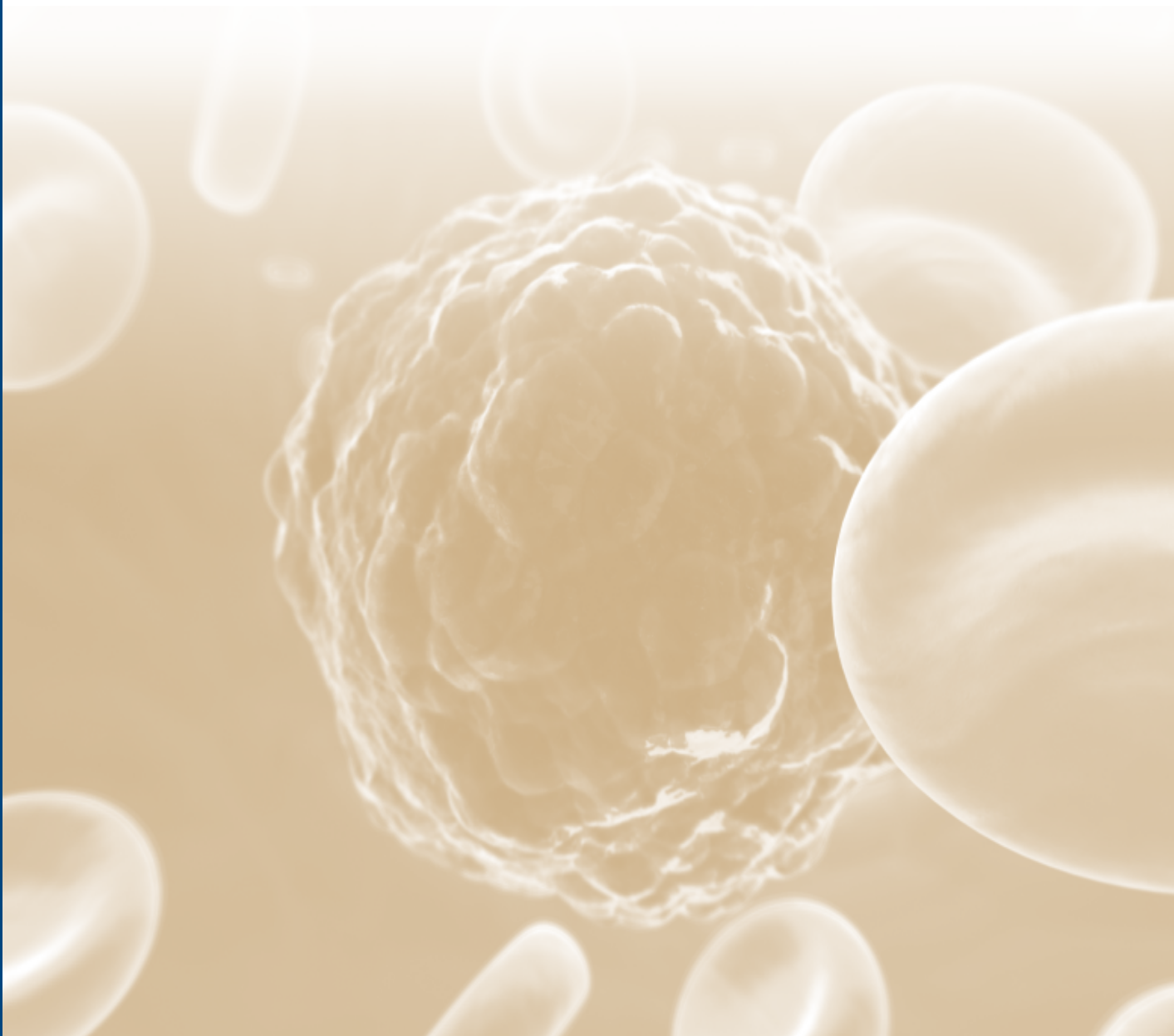


# **A CONSUMER'S GUIDE TO CANCER INSURANCE**

from YOUR North Carolina Department of Insurance



**CONSUMER'S GUIDE**

### ■ WHAT IS CANCER INSURANCE?

Cancer insurance provides benefits only if you are diagnosed with cancer, as defined by the terms of the policy contract. These policies offer limited benefits for the diagnosis and/or treatment of cancer. Most cancer policies provide benefits based upon specified health care costs and expenses incurred in conjunction with the treatment of cancer, though some policies may pay a lump-sum benefit upon diagnosis. Cancer policies that provide more comprehensive benefits and coverages will cost more than policies with limited coverage. In addition, premiums may increase as you get older, or may increase if total claims paid for consumers covered under a company's specific cancer policy increase beyond the company's expectations.

Cancer insurance is sometimes referred to as a "specified disease" or "dread disease" policy. Typically, policy contract provisions found in this type of coverage are very specific and limit benefits to narrowly- defined covered illness and/or injury. Specified disease policies generally exclude benefits for any disease or sickness that is diagnosed prior to the policy effective date. Examples of other specified disease policies are heart attack or stroke policies. Much of the information in this document may be applicable not only to cancer policies, but also to these other types of specified disease policies as well.

### ■ DO I NEED CANCER INSURANCE?

If you are considering the purchase of cancer insurance, it is a good idea to carefully review your current health insurance policies and determine how much coverage you would receive from your existing health insurance, if you were to develop cancer. If you do not have comprehensive health insurance coverage, you should consider purchasing a more comprehensive health plan prior to purchasing a cancer policy.

If you are covered under Medicare and desire additional insurance protection, a comprehensive Medicare supplement policy may provide you with adequate coverage. Medicaid recipients may not need any additional insurance; if you think you might qualify for Medicaid, contact your local social service agency.

**Duplicate Coverage is Expensive and Unnecessary.** If possible, buy a comprehensive health insurance plan first. Make sure any cancer policy will meet needs not met by your major medical policy. You cannot assume that duplicate coverage will produce duplicate benefits. Some cancer policies advertise that they will pay benefits no matter what your other insurance will pay. However, your major medical policy may contain a coordination of benefits clause or other provisions that would prohibit duplicate coverage. To find out if you will qualify for benefits from both policies, carefully review the provisions of both policies.

**Cancer Insurance Might Not Cover All Cancer-Related Expenses.** Medical costs of cancer treatment vary. On average, hospitalization accounts for 78 percent of such costs and physician services account for 13 percent. The remainder goes to other goods and services, such as drugs and nursing home care. Cancer patients often incur large medical expenses and non-medical expenses in connection with their treatment. Many times, incurred expenses exceed benefits provided by cancer and/or specified disease coverage. However, some individuals (especially those with a strong family history of cancer or other dreaded diseases) feel more secure with supplementary type coverage provided by cancer and other specified disease policies. Regardless, it is important to carefully review and understand cancer policy provisions, limitations and claim requirements.

**Cancer Insurance is not a Substitute for Major Medical Insurance.** Remember, cancer insurance and other specified disease type policies are no substitute for comprehensive health insurance coverage. However, as indicated above, they can provide valuable supplemental benefits in some instances. Your highest health insurance priority should be the purchase of comprehensive coverage if possible. If supplemental coverage is needed or desired, cancer insurance and/or other specified disease may help meet those needs.

## ■ TYPES OF CANCER INSURANCE POLICIES

**Expense Incurred Policy** – pays a percentage of expenses for all covered treatments listed up to the benefit or policy's maximum dollar limit.

**Indemnity Policy** – is similar to an expense incurred policy. It pays for all covered treatments; however, it places a fixed dollar limit on each individual covered treatment, and the benefit amount is not related to the actual expense incurred.

**First Diagnosis or First Occurrence Cancer Policy** – pays a lump sum upon the first diagnosis of cancer. The benefit under the policy may be any amount, for example \$2,000, \$5,000, \$10,000 or even \$100,000. Benefits cannot be denied due to pre-existing conditions if the cancer is diagnosed after the effective date and applicable waiting period. However, they may contain longer waiting periods than traditional cancer policies. Read the policy carefully to fully understand the benefits and policy limitations.

## ■ POLICY BENEFITS

Cancer policies sold today vary widely in cost and coverage. Since benefits can differ from policy to policy, be sure to read the contract carefully and understand exactly what benefits are being offered. Also, be aware that some cancer policies do not cover all types of cancer. For example, some policies may specifically exclude coverage for skin cancer. Also, some cancer or specified disease policies will not pay benefits unless you are hospitalized.

Most cancer policies will provide some benefits for:

- Hospital room and board;
- Treatment by a legally qualified physician;
- Private duty nursing care while hospital confined;
- Surgery and anesthesia;
- X-ray, radiation therapy, chemotherapy and other therapy procedures used in the treatment of cancer;
- Licensed or professional ambulance service to and from the hospital;
- Blood and blood plasma for transfusions;
- Prescription drugs and medicines recognized by the Food and Drug Administration as medically effective if administered during a hospital confinement.

Some newer cancer policies provide benefits for outpatient treatment; however, many older policies do not.

If you have not yet selected a cancer insurance policy, it may be wise to consider one that provides additional benefits for outpatient treatment. Many cancer treatments are now being provided on an outpatient basis, and new outpatient treatments are being developed.

## ■ POLICY LIMITATIONS

Review and study your policy after you receive it. It is important for you to understand your coverages, rights, and obligations. Some common policy limitations are:

**Covering Treatment Received Only in an Inpatient setting** – Today, cancer treatment, including radiation, chemotherapy, and some surgery, is often rendered on an outpatient basis. Because the average stay in the hospital for a cancer patient is only 13 days, a policy that covers only inpatient treatment might not meet your needs.

**Increasing benefits After 90 Consecutive Days of Inpatient Treatment** – However, since the average stay in a hospital for a cancer patient is 13 days, large dollar amounts for extended benefits have very little value for most patients.

**Fixed Dollar Limits on Policy Benefits** – For example, a policy might pay only 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. Others limit total benefits to a fixed amount such as \$5,000 or \$10,000.

**Excluding Coverage for Pre-Existing Conditions** – Always review the terms of the application and policy, and always answer all application questions completely and truthfully.

**Excluding Coverage for Cancer-Related Illnesses** – Cancer or its treatment may lead to other health problems, such as infection, diabetes or pneumonia. Some cancer policies might not cover these other conditions.

**Policy Waiting Periods and/or Coverage Time Limits** – Some policies require waiting periods of up to 30 days. If cancer is diagnosed during the waiting period, you may not be covered. Also, depending on contract provisions, benefits may cease after a period of time (such as two or three years).

**Requiring Documentation of Diagnosis** – Most insurance companies require a pathology report (usually obtained from a tissue sample or biopsy) to verify the diagnosis of cancer. If a biopsy cannot be performed due to medical reasons, a clinical diagnosis may be acceptable.

**Renewability** – Some cancer policies are guaranteed renewable and may not be canceled by the company. Others are renewable at the company's option.

## ■ CONSUMER TIPS

### Before shopping for cancer insurance:

- Find out what coverages are available under your present health care policy if you are diagnosed with cancer.
- If you do not presently have comprehensive health insurance coverage, consider obtaining that coverage.
- If you are on Medicare, consider purchasing a Medicare supplement policy.
- If you are on Medicaid, you may not need any other health insurance.
- If you decide to consider cancer insurance, shop around for the policy that best meets your needs at the most affordable premium rate.

### When shopping for cancer insurance:

- Verify that the agent and company you choose to do business with are licensed in North Carolina.
- Find out what is covered and what is not covered by the policy. For example: hospital stays, prescriptions and medicine, surgery, doctors' visits, radiation and chemotherapy treatment.
- Ask if there is coverage for related medical problems, such as infections, diabetes and pneumonia that can result from cancer or the treatment of cancer.
- Find out if the insured's travel expenses covered? Will travel expenses of a companion be covered.
- Ask if the benefits provided by your other health insurance policies be reduced or impacted.
- Make sure you fully understand any policy you are considering and that you are comfortable with the company, agent and product.

**If you decide to purchase cancer insurance:**

- Do not sign an insurance application until you review it carefully to be sure all of your answers are complete and accurate.
- DO NOT PAY CASH. When you purchase a policy, make your check or money order payable to the insurance company, NOT THE AGENT. Be sure to get a receipt.
- READ YOUR POLICY and keep it in a safe and secure place.
- Ask a family member or trusted friend to review the policy. Sometimes, another pair of eyes can be of great assistance in spotting items for further questioning.
- Keep in mind that you have a 10-day “free look” period, in case you decide that you do not want the policy. If you cancel during the free look period, the company must return your premium without penalty.
- Make sure that all claim forms are filled out promptly, completely and accurately.

**IF YOU HAVE QUESTIONS...**

The Consumer Services Division of the Department of Insurance is here to help.

800-546-5664	Toll free
919-807-6750	Outside of North Carolina
919-715-0319	TDD (Telephone Device for Deaf Callers)
919-733-0085	Fax

You can find additional information as well as a downloadable copy of our complaint form on the North Carolina Department of Insurance Web site at [www.ncdoi.com](http://www.ncdoi.com).

North Carolina Department of Insurance  
Consumer Services Division  
430 North Salisbury Street  
1201 Mail Service Center  
Raleigh, NC 27699-1201  
[www.ncdoi.com](http://www.ncdoi.com)

# NORTH CAROLINA DEPARTMENT OF INSURANCE

(Please type or print. You may also use the online version of this form at www.ncdoi.com)

DR.  
MR.  
MRS.  
MS.

\_\_\_\_\_ my name

\_\_\_\_\_ my address

\_\_\_\_\_ second address line (if needed)

\_\_\_\_\_ city \_\_\_\_\_ state \_\_\_\_\_ zip

\_\_\_\_\_ county

\_\_\_\_\_ name of insured

\_\_\_\_\_ insurance company

\_\_\_\_\_ agent

\_\_\_\_\_ adjuster

\_\_\_\_\_ policy or group number

\_\_\_\_\_ claim or certificate number

\_\_\_\_\_ date of loss

**Phone:** Work \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ Ext. \_\_\_\_\_

Home \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Alternate \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

**Type of Insurance** (please check one): Life  Health  Auto  Homeowners  Other

**If Life or Health policy, show the state in which your policy/certificate was purchased:** \_\_\_\_\_

**Are you represented by an attorney in this matter?** No  Yes  Name \_\_\_\_\_  
*(if yes, we must have your attorney's consent in writing)*

**Details of complaint** *(attach copies of papers relating to this matter)*

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The Insurance Department is authorized to send a copy of this document(s) to any company or agency involved. I authorize the release of all relevant information to the North Carolina Department of Insurance for its use in the review of this matter. Please note that consumer complaints become public records in accordance with North Carolina General Statute 58-2-100.

**SIGNATURE** \_\_\_\_\_ **DATE** \_\_\_\_\_

**Mail to:**

**Consumer Services Division, NC Department of Insurance, 1201 Mail Service Center, Raleigh, NC 27699-1201**