



**Maryland**  
INSURANCE ADMINISTRATION

# UNDERSTANDING HEALTH INSURANCE COVERAGE

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## SPECIFIED DISEASE/CRITICAL ILLNESS

### What is Specified Disease/Critical Illness insurance?

Specified Disease/Critical Illness policies generally pay a lump sum cash benefit (one payment) when you are diagnosed with a disease or illness such as cancer, heart attack, or stroke. The benefit paid to you is stated in your policy and is not based on the cost of care for the disease or illness.

**For example, if you are first diagnosed with cancer and your policy pays a benefit for a cancer diagnosis, a Specified Disease/Critical Illness policy may pay a lump sum benefit of \$10,000.** The exact amount of the payment will depend on your policy.

**Specified Disease/Critical Illness plans are not designed to pay the full cost of medical expenses. You are responsible for paying the amount in full to the doctors or hospital.**

Specified Disease/Critical Illness policies are a form of income replacement, more similar to disability insurance than to a health insurance policy. These policies are generally used as a supplement to a Major Medical Health Insurance plan.

### Do Specified Disease/Critical Illness Insurance policies ever include more benefits than a one-time payment?

Some Specified Disease/Critical Illness policies also provide a cash benefit for services such as chemotherapy and certain prescription drugs.

## Specified Disease/Critical Illness Pros & Cons

PROS	CONS
<ul style="list-style-type: none"><li>• Lower premiums than Major Medical, as a direct result of offering less coverage</li><li>• Cash benefit</li><li>• No network</li></ul>	<ul style="list-style-type: none"><li>• Plans designed as income replacement, not as a replacement to health insurance</li><li>• Benefits paid are not related to the cost of care, and may be thousands of dollars less than what is needed to pay for your care and treatments</li><li>• Benefits generally only pay for diagnosis of one specific disease, or for a very small number of diseases.</li><li>• May not include coverage for your pre-existing conditions.</li></ul>



The [National Association of Insurance Commissioners \(NAIC\)](#) and the Maryland Insurance Administration (MIA) are greatly concerned about misleading marketing by non-licensed entities that sell the products described in this document.

If you are looking for MAJOR MEDICAL HEALTH INSURANCE, please contact the Maryland Health Connection or one of the health insurance carriers directly. You can find the most up-to-date contact information for these entities by following this link: <https://insurance.maryland.gov/Consumer/Documents/publications/MD-ACA-Compliant-Individual-and-Family-Health-Insurance-Plans.pdf>

If you receive an unsolicited call regarding health insurance plans, consider ending the phone call immediately. If you must engage with the caller: get a name, phone number to call them back and **contact the Maryland Insurance Administration immediately** at 800-492-6116 to confirm that that caller has a license to sell health insurance in Maryland.

Before you contact an agent or broker selling STDI or Excepted Benefit policies, contact the Maryland Insurance Administration at 800-492-6116 to confirm the agent or broker is licensed to sell health insurance in Maryland.

**Under no circumstances should you skip this step in your search for an STDI or Excepted Benefit product in Maryland.** This one step can save you from hundreds or thousands of dollars by avoiding potential fraud, and save you time spent dealing with the consequences of interacting with a scammer.