

Employer-Funded Critical Illness Sales Strategy

By redirecting a portion of employer funds previously allocated to HSA incentive contributions for employees to an employer-paid Critical Illness Insurance policy with a Wellness Rider, employers can reduce their total expenditure while still providing employees with additional benefits to support catastrophic illnesses.

Traditional Incentive Cash only		
Incentive	Annual Employer Cost	Maximum Employee Benefit
Current HSA Contribution	\$500.00	\$500.00
Critical Illness Insurance Annual Premium	\$81.60	Redistribution of \$81.60 to a Critical Illness plan
New HSA Contribution	\$400.00	

Proposed Incentive Cash + Coverage	
Incentive	Maximum Employee Benefit
New HSA Contribution	\$400
Critical Illness Insurance Coverage	<i>Potential Benefit Payments for a Qualified Event/Diagnosis</i>
Critical Illness Module	\$5,000.00
Cancer Module	\$5,000.00
Restoration or Recurrence Rider	\$5,000.00
Wellness Rider	\$100.00
Total Benefit Possible under the Critical Illness Plan	\$15,100.00
Total Possible Cash + Coverage Incentive	New Maximum Employee Benefit \$15,500.00

Illustrative Example

Annual Employer Cost	
2017 Employee HSA Plan Participation	1512 lives
Monthly Employer Cost for Critical Illness Insurance -Critical Illness & Cancer Module Benefit Plan -No Pre-Existing Limitation -Recurrence or Restoration Rider	\$4.20
Monthly Employer Cost for \$100 Wellness Rider	\$2.60
Current Annual Estimated Employer Cost - HSA contribution only) (\$500 contribution x 1512 lives)	\$756,000
Proposed Annual Estimated Employer Cost - HSA contribution + Critical Illness Coverage (\$400 contribution x 1512 lives) + (\$81.60 annual premium x 1512 lives)	\$728,179
Estimated Annual Employer Cost Savings	(\$27,821)

*Critical Illness is a limited benefit policy. This is not health insurance and does not satisfy the requirement of minimum essential coverage under the Affordable Care Act.