

Everything You Need to Know About Chronic Illness Coverage



According to [the CDC](#), six of every 10 adults in the United States have a chronic illness, and four of every 10 adults have more than one. These illnesses can range from being manageable with medication to requiring significant lifestyle changes, like those caused by no longer being able to work as a result of the condition. These changes may make it necessary for you to live in a facility than can provide onsite, 24-hour care or move into a single-story home to accommodate decreases in mobility. Treatment and maintenance of chronic and mental illnesses account for [90% of the nation's health care bill](#) each year. While health insurance may cover some of the costs associated with chronic illnesses, it will normally not cover all of them, and you should have a plan in place to pay the bills if you end up needing chronic illness care.

What is a chronic illness?

A chronic illness is one that is long-lasting with a minimum duration of at least one year, though many chronic illnesses are permanent and will affect an individual for the remainder of their life. Common chronic illnesses include cancer, diabetes, heart disease, and dementia, though the list of chronic illnesses that may affect a given individual is quite extensive. Arthritis, depression, and high blood pressure also make the list. Chronic diseases often affect older individuals, but not always.

What is chronic illness coverage?

Chronic illness coverage, often in the form of a chronic illness rider on a life insurance policy, is intended to help the insured pay for costs associated with a chronic illness diagnosis. It allows the insured to access all or a portion of their death benefit prior to their passing to help offset the cost of lifestyle changes, medical care and medication, or long-term care that may be required as a result of their illness.



To receive payments, the insured must be diagnosed with a qualifying chronic illness and the diagnosis must be verified by the life insurance company. The definition of a chronic illness varies by company, but generally the illness must be permanent and affect the insured's ability to complete two or more activities of daily living.

What is an activity of daily living?

There are six activities of daily living: eating, bathing, dressing, toileting, transferring, and continence.

Who would benefit from chronic illness coverage?

Chronic illnesses affect six in 10 adults, so the math suggests that 60% of the adult population could benefit from chronic illness coverage. While not all chronic illnesses will allow for receipt of an accelerated death benefit, having coverage is a smart idea given the costs associated with maintaining a lifelong illness, having to move into an assisted-living facility or nursing home, or needing to utilize in-home health care.

Chronic illness riders are often added to whole life insurance policies at no additional cost, so if you have that option, you should take it. Similar riders can be added to term insurance policies, but there may be an associated cost. Again, given the costs of maintaining a chronic illness and the possibility that the need for ongoing care could come at any time, it's wise to consider adding a chronic illness rider to your insurance policy despite additional costs.

If adding a chronic illness rider to your life insurance policy is not feasible, understand that you are assuming the risks involved with the potential of having to pay for care required due to a chronic illness. With the right coverage, the life insurance company assumes the risk – and consequentially, the required care payments. Without it, you are liable. Health insurance is unlikely to cover the full cost of long-term or chronic illness care – which is quite expensive – and whatever amount is left over must be paid by you with existing savings, money from a pension, or Social Security benefits. Setting aside dedicated investments or purchasing an annuity or long-term care insurance policy may provide additional coverage.

Read more: [New Advantages to Long Term Care Planning](#)

What can a payout be used for?

Depending on the company you have a life insurance policy with, a payout may be used to pay for anything from retrofitting your home for a wheelchair to physical therapy appointments to replacing lost income if your illness forces you to leave the workforce. Before making any purchases, talk to your insurance provider to ensure you have a clear understanding of your coverage. You may be asked to submit receipts for incurred expenses, and there may be a limit to what is covered.

Does Navy Mutual offer chronic illness coverage?

Navy Mutual's [Flagship Whole Life](#) coverage features an accelerated death benefit – called the Chronic Illness Option – at no additional cost. If the insured is at least 60 years old and develops a need for



assistance with two or more activities of daily living *or* supervision due to a cognitive impairment, the plan's death benefit can be paid out over 48 or 60 months.

Our policies define a chronic illness as one that causes an individual to require assistance with at least two activities of daily living or a significant cognitive impairment lasting for at least 90 days. To receive tax-free payments under the Chronic Illness Option, the insured's condition must be expected to be permanent and it must be reverified annually.

If you are interested in learning more about our Flagship Whole Life product, contact a representative by scheduling an appointment [here](#) or emailing us at counselor@navymutual.org.