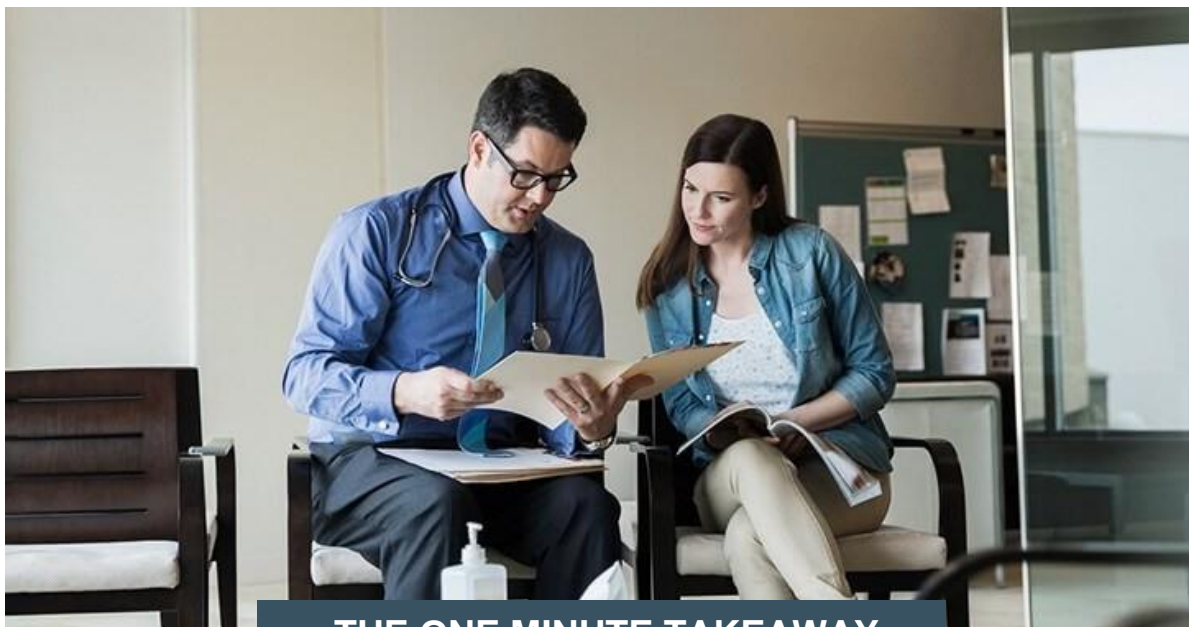




Hospital Indemnity Plans Are a Top Voluntary Benefit with Employers and Employees



THE ONE MINUTE TAKEAWAY

Managing healthcare costs is a major financial concern to employees, especially with higher out-of-pocket expenses for unexpected hospitalizations. However, employers need the savings the move to high deductible health plans creates. Voluntary benefits can ease that transition as a way to fill employees' financial gaps. Hospital indemnity plans are among the most popular.

Here's why.

If there's a hot button among American employees these days as they struggle to stretch their paychecks, it is healthcare costs.

Up to 37% of employees have trouble covering their healthcare insurance premium, while as many as 43% of them struggle to meet their deductibles, and 31% of workers can't afford their copays or **prescriptions**.

In today's healthcare model, higher deductibles – anywhere from \$1,000 to \$10,000 or more – are increasingly common. That's great in the way it saves the employer in total benefits costs. But it leaves a big financial gap for employees. That's especially so when the average daily cost of a hospital stay these days is about \$2,000, and it's accompanied by substantial out-of-pocket

costs, averaging \$1,586 for heart attack-related stays and \$1,509 for a hospitalization for appendicitis.

Recognizing this problem, employers are working closer with consultants and stepping up with ways to help fill the gap without leaving a large financial burden for their employees, which can increase absenteeism and lower productivity. Hospital indemnity plans (HIP) are offered as either **voluntary benefits** or are paid by the employer to help employees overcome the financial divide.

Either way, it's benefits like these that ease the transition to the high deductible plans. Employers win with longer-term benefits savings. And employees have an affordable option that provides them financial support and peace of mind if an unexpected medical event occurs.

Hospital indemnity plans provide specified fixed-dollar-amount benefits for covered hospital services and durations, regardless of the actual cost of the service. The policies are independent of group health insurance coverage.

While some employers are including hospital indemnity plans in their menu of voluntary benefits, a growing number are putting some of their high deductible plan savings to work for their people by paying as much as 100 percent of the premium, often covering an employee's entire family.

Whether the employer pays all or a portion of the premium or it's the employee shouldering the cost, hospital indemnity plan premiums can be quite reasonable. And the policies are well worth the investment for employees who are less stressed, more **engaged** and more **productive** when some financial pressures are removed.

Financial wellness and physical wellness are different sides of one coin. Solutions to better manage them both are as important to financially struggling employees as they are to employers. Adding a layer of voluntary benefits like hospital indemnity plans, accident and critical illness insurance goes a long way towards creating a cure. Your **HUB employee benefits advisor** is ready to help you weigh the options.

Grady Morrison, CPA | 877.309.2224 | grady.morrison@hubinternational.com |