

# Hospital indemnity plans help take the sting out of employees' hospital bills



If you've ever experienced an injury or illness requiring a hospital stay, you know just how expensive it can be – even after major medical insurance pays its share. Hospital inpatient care accounts for nearly one-third of U.S. health care costs: The average length of a hospital stay is 4.5 days at an average cost of \$10,400 per stay.<sup>1</sup>

**The sky-high cost of hospitalization is driving a growing need for voluntary hospital indemnity insurance.**



## WHAT IS HOSPITAL INDEMNITY INSURANCE?

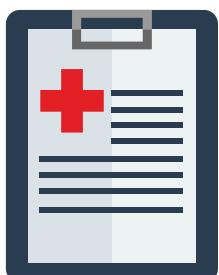


A voluntary hospital confinement indemnity insurance policy is one of many plans employers can make available to help workers cope with costs associated with a hospital stay. These policies help with costs major medical may not pay. In the event of hospitalization, participants receive cash benefits, unless otherwise assigned, that can be used to help pay daily living expenses, such as rent, gas, groceries, utilities and other necessities. Benefits are predetermined and are paid regardless of any other insurance in place. It's important to note that while some hospital indemnity plans provide only hospitalization benefits, other plans may be more far-reaching and provide benefits for diagnostic procedures, outpatient surgery and transportation by ambulance.

Hospital indemnity insurance is becoming more popular as employers implement consumer-driven health care plans. These include high-deductible plans and health savings accounts, or HSAs, which shift more out-of-pocket costs onto workers.

Features of hospital indemnity plans may include:

- » No deductibles or copayments
- » HSA compatibility
- » No networks, so policyholders can be treated at the hospitals of their choice.
- » No precertification requirements.
- » Portability, which means policyholders can retain their coverage even if they change jobs



## WHO NEEDS HOSPITAL INDEMNITY INSURANCE?

Generally speaking, all employees are susceptible to injuries or illnesses requiring a hospital stay – which means they're all candidates for voluntary hospital indemnity insurance. This type of coverage can help give workers confidence that unforeseen difficulties may not have such an impact on their financial security.

Individuals who are concerned about how they'd pay the bills if they were hospitalized should consider hospital indemnity insurance. Why? Because **even the best major medical insurance may not cover an entire hospital invoice.** For example, there are copayments and deductibles to consider. There are also other factors to think about, such as transportation and meals for family members, help with child care costs and sometimes even lost income. These surprise expenses add up quickly and can force people to dip into their savings or borrow money.

According to the 2017 Aflac WorkForces Report, **65 percent of American workers have less than \$1,000 on hand to pay out-of-pocket expenses** associated with an unexpected serious illness or accident. What's more, **53 percent would borrow from a 401(k) and/or use a credit card to cover out-of-pocket expenses for an unexpected medical event.<sup>2</sup>**

Just one hospital stay can impact an employee's finances. It's a simple fact, but it's one that underscores the importance of hospital indemnity insurance and the financial protection it can help provide.

*This article is for informational purposes only and is not intended to be a solicitation.*

## SOURCES

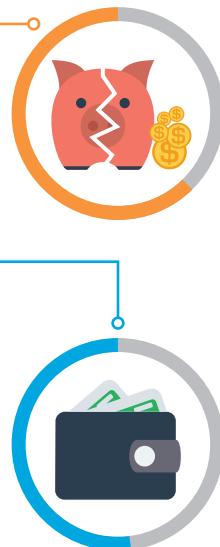
<sup>1</sup> Agency for Healthcare Research and Quality. "Overview of Hospital Stays in the United States, 2012," accessed Sep. 25, 2017 – <http://www.hcup-us.ahrq.gov/reports/statbriefs/sb180-Hospitalizations-United-States-2012.pdf>.

<sup>2</sup> The 2017 Aflac WorkForces Report is the seventh annual study examining benefits trends and attitudes. The study's surveys, conducted by Lightspeed, captured responses from 1,800 benefits decision-makers and 5,000 employees across the United States in various industries. For more information, visit [AflacWorkForcesReport.com](http://AflacWorkForcesReport.com).

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