

Consider
these facts:



The average
hospital stay costs
over **\$10,700**.¹



Hospital bills are
the largest out-of-pocket
expense for people who
filed for medical
bankruptcy.²



61% of Americans
wouldn't be able to
cover an unexpected
\$1,000 bill from
their savings.³

Employers: Supplemental insurance is more important than ever.

by Michael Milos, VP, Sales & Distribution Strategy for Washington National

Eight in 10 employers say they care about their employees like family,⁴ yet uncertain times make that a challenge. How can employers best ease the stress of their workforce, while also managing their delicate bottom line?

For many employers, supplemental insurance is the answer.

How supplemental insurance works

As the name implies, it supplements and pays benefits in addition to core benefits employees may receive. Unlike like core benefits, supplemental insurance pays cash benefits directly to employees, not to doctors or hospitals. This means employees can use the money in any way—whether it's covering medical bills or household bills. At a time when around 50% of Americans are worried about affording food and expect to miss bill payments,⁵ cash benefits can mean putting food on the table and keeping the lights on.

There are several types of supplemental insurance products available to employees, including cancer, heart/stroke, critical illness, accident, short-term disability, gap and life insurance. But in today's climate where 52% of employees are concerned about their financial health and another 44% are concerned about their physical health,⁶ one of the most important supplemental insurance products is hospital indemnity insurance.

Hospital indemnity insurance

This type of coverage pays benefits when an employee experiences a hospital stay. It helps ensure employees receive timely care when they need it most, while also protecting them from hospital bills.

And hospital bills can be expensive. The average hospital stay costs over \$10,700.¹ At the same time, 61% of Americans wouldn't be able to cover an unexpected \$1,000 bill from their savings.³ If an employee winds up in the hospital, direct cash benefits can help cover deductibles, copays, surprise billing, or everyday bills and expenses while they are unable to work. For many employees, hospital indemnity insurance is a financial lifeline during a physically and financially draining time.

How much does it cost?

Everyone is watching their pennies right now, but the good news is that supplemental insurance is an affordable way to be a source of support for employees and address their concerns. Employers have the option to pay all, some or none of their employees' premiums, which are typically on par in cost with inexpensive nonessentials such as fast food. Payroll deduction makes it easy for employees to automatically pay their monthly premiums—without the pain of watching money leave the account.



Employers who are able to **support** their teams through trying times will in turn bolster engagement, productivity and loyalty from their workforce.

Additional benefits for employers

Besides affordability, employers will discover many other benefits of supplemental insurance. When employers are able to support their teams through trying times, they will in turn bolster engagement, productivity and loyalty from their workforce. In fact, 78% of employees are more likely to stay with their employer because of their benefits program.⁷ Additionally, supplemental products can help employers appeal to a multigenerational workforce, offer a cost savings for the company, reduce 401(k) and 403(b) loans and withdrawals, and attract new employees.

Another benefit of supplemental insurance for employers is that it can generally be enrolled at any time. This means employers can meet the needs and concerns of their employees in real time. Many employees may have previously discounted voluntary benefits because they didn't understand the value, or because they didn't realize the gaps left by the core benefits they receive. Supplemental insurance allows employers to quickly fill these needs in light of recent events—when they're needed most.

One other important aspect of supplemental insurance that employers should be aware of is portability. Portability is available on many supplemental insurance products and allows employees to keep their coverage even if they change jobs, experience job loss, move to a different state, retire or go on Medicare. Obviously, employee retention is the goal, but features such as portability show your team that you have interest in their personal well-being outside your company, which can go a long way in building loyalty.

Heeding the call

During this challenging time, 41% of employees feel their employer is not currently offering benefits or programs that help support or improve their well-being, while 77% say such benefits or programs would ease their stress and improve their well-being.⁸ Employers who heed this call will foster engagement and loyalty from their workforce that will last far into the future.

LIMITED-BENEFIT POLICIES. Supplemental insurance has limitations and exclusions. For costs and complete coverage, contact your agent.

¹Business Insider, *The 35 most expensive reasons you might have to visit a hospital in the US—and how much it costs if you do*, <http://www.businessinsider.com/most-expensive-health-conditions-hospital-costs-2018-2>, March 1, 2018.

²Healthline, *How Much Does It Cost to Stay in the Hospital*, <https://www.healthline.com/health-news/how-much-does-hospital-stay-cost#6>, July 17, 2017.

³Bankrate, *Most Americans don't have enough savings to cover a \$1k emergency*, <https://www.bankrate.com/banking/savings/financial-security-0118/>, January 18, 2018.

⁴Quickbooks, *Small business employers say they care about employees like family*, <https://quickbooks.intuit.com/payroll/hiring-management/#work-family-survey>, November 2019.

⁵Investopedia, *Americans Expect COVID-19 to Greatly Impact Their Finances*, <https://www.investopedia.com/how-do-americans-expect-covid-19-to-impact-their-finances-4801944>, April 6, 2020.

⁶Yahoo! Finance, *More Than Half of Employees Cite Financial Health as Biggest Concern Amidst the COVID-19 Pandemic*, <https://finance.yahoo.com/news/more-half-employees-cite-financial-120000175.html>, April 28, 2020.

⁷Willis Towers Watson, *Employees are more likely to stay with their employers when offered a group benefit marketplace*, <https://www.willistowerswatson.com/en-US/insights/2018/08/employee-and-employer-satisfaction-with-group-benefit-marketplaces-survey-results>, August 2018.

⁸Yahoo! Finance, *More Than Half of Employees Cite Financial Health as Biggest Concern Amidst the COVID-19 Pandemic*, <https://finance.yahoo.com/news/more-half-employees-cite-financial-120000175.html>, April 28, 2020.