

ANCILLARY COVERAGE

HOW TO HELP YOUR STAFF COVER RISING OUT-OF-POCKET COSTS

AS MORE workers struggle with rising medical and pharmaceutical costs, one emergency room visit or hospital stay can leave them paying large amounts out of pocket for deductibles, coinsurance and copayments even when they have employer-sponsored health insurance.

Those expenses can be particularly difficult for workers with limited savings or interrupted income. Employers can help by offering insurance that pays predetermined cash benefits for covered events or services, such as hospitalization or an emergency room visit.

Employees can use these benefits to cover medical expenses and everyday bills. As medical costs grow, insurers are introducing more of these plans.

Types of plans

- **Hospital indemnity plans:** These pay set cash benefits for a covered hospital admission, each eligible day hospitalized or both. Some include additional benefits for intensive care.
- **Emergency services indemnity plans:** These pay fixed benefits for covered emergency room visits, ambulance transportation or other specified emergency services.
- **Hospital and doctor fixed benefit plans:** These combine scheduled benefits for a range of covered services, which may include physician visits, urgent care, emergency treatment, hospitalization, surgery, diagnostic testing and prescription medications.
- **Accident indemnity plans:** These pay a set cash benefit for covered accidental injuries and related care, such as treatment for fractures, emergency visits, surgery or hospitalization.
- **Critical illness plans:** These typically pay a lump sum following the diagnosis of a covered condition, such as cancer, a heart attack or a stroke.

How the coverage works

Fixed indemnity insurance pays a scheduled amount when an insured person experiences a covered event. The payment generally does not depend on the actual medical bill or how much the employee's primary health insurance pays.

For example, a policy might pay \$1,000 for a covered hospital admission and \$200 for each covered day of hospitalization. An employee admitted for three eligible days would receive \$1,600, subject to the policy's terms.

Benefits are typically paid directly to the insured, although some policies allow payment to a provider.

These policies provide supplemental protection. They do not replace comprehensive health insurance and may pay only a portion of the expenses arising from a serious illness or injury.

Combining coverage

Employees may be able to combine policies to address different expenses. Someone with emergency treatment coverage and hospital indemnity insurance could receive an emergency room benefit followed by admission and daily confinement benefits if the event qualifies under each policy.

Each insurer determines coverage under its policy. Buying multiple plans does not guarantee that every service will trigger multiple payments.

Before offering coverage, employers should review benefit amounts, covered events, waiting periods, pre-existing condition restrictions and limits on payments or covered days.

Enrollment materials should explain these details with examples employees can understand. Employers can offer coverage as an employee-paid voluntary benefit or contribute toward premiums.

Who may benefit most

These plans may be especially useful for employees who:

- Have substantial deductibles or coinsurance under their existing health plan.
- Have limited emergency savings to absorb an unexpected medical expense.
- Would struggle to pay household bills after an unexpected event or medical service.

Employees should weigh premiums against the available benefits. Someone expecting regular care should also check whether waiting periods, exclusions or benefit limits would restrict payments.



Contact us to learn more about these increasingly important plans.

Call us today! (707) 789-3048