
Hospital indemnity insurance

If you've ever experienced an injury or medical event that required a hospital visit or stay, you are probably acutely aware of how expensive the bill can be even after major medical insurance. And the price tag just keeps rising as costs associated with inpatient hospital services increase and a greater share of deductibles and co-pays shift to individuals. In fact, the average facility price paid for a hospital stay was \$14,662 in 2010, a 5.1 percent increase over 2009. The average out-of-pocket price of a hospital stay rose 10.7 percent from \$632 in 2009 to \$700 in 2010.⁹



Even with the best major medical insurance, an entire hospital bill probably won't be covered. And what about the things health insurance was never intended to cover, like transportation and meals for family members, help with child care or time away from work? Often it's those unexpected expenses that add up quickly and force people to dip into savings or borrow. A hospital indemnity insurance policy is designed to provide cash benefits during a covered hospitalization.

What does hospital indemnity insurance cover?

The hospitalization benefits are predetermined and paid regardless of any other insurance you have, and you have a choice of applying for basic to more robust supplemental hospitalization insurance. Some hospital indemnity plans only provide hospitalization benefits, other may also address diagnostic procedures, outpatient surgery and ambulance transportation.

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Some features of a hospital confinement indemnity plan include:

- » No deductibles or copayments
- » A HSA-compatible policy is available
- » No networks, so you can be treated at the hospital of your choice
- » No precertification requirements
- » You own the policy, even if you change jobs or retire, it stays with you

Who needs hospital indemnity insurance?

Generally speaking, everyone is susceptible to injuries or illnesses that could require a hospital stay and therefore, are good candidates for applying for voluntary hospital indemnity insurance. Anyone who is concerned about the cost of hospitalization and its potential impact on short-term or long-term finances should look into the option of voluntary hospital indemnity insurance.

The high cost of hospital stays combined with the likelihood for any individual to require one in their lifetime, is driving a growing need for supplemental hospital indemnity insurance. These policies are also becoming highly popular as more employers implement consumer-driven plans, including high-deductible health plans and Health Savings Accounts (HSA's), which shift more out-of-pocket costs onto workers.

More than two in five workers (43 percent) say they are not at all or not very prepared to pay for out-of-pocket expenses associated with a serious illness or accident. If your workers are like nearly half of today's (46 percent), which have less than \$1,000 to pay for unexpected out-of-pocket expenses associated with

a medical event,¹ one visit to the hospital could wreak havoc on their families' finances. Policies such as, hospital indemnity plans can help alleviate the short-and long-term effects of these types of inpatient hospital costs.

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To learn more about how voluntary hospital indemnity plans can benefit your workers, visit: aflac.com/hciplan