

# Voluntary Benefits Insights

## Combat Rising Healthcare Costs through Voluntary Benefits

Chris Wilson

There are a few people who enjoy relatively perfect health, who manage to eat well, exercise regularly and don't have to worry about how they're going to pay their medical bills. But even these fortunate, healthy people are one accident, injury or surprise trip to the hospital away from being saddled by hefty medical bills.

Even for people who make a solid household income, unexpected medical bills can create real financial hardship. The fact is, no matter how financially secure or healthy someone is, the rising cost of healthcare is an issue that worries many people throughout the U.S.

### Health insurance isn't enough

Too often, people mistakenly believe that their health insurance will cover any and all medical expenses. While health insurance is an invaluable necessity, it does not protect us against many of the financial hardships that can result from a medical emergency.

When you consider that [only 37 percent of all Americans](#) say they have funds to cover a \$500 or \$1,000 emergency, and with the average deductible on a health insurance plan being a few thousand dollars, you start to see how health insurance may not protect against routine medical expenses.

And it doesn't just end with paying out-of-pocket cash to cover the deductible. Lost wages, the cost of a hospital stay and more can increase a family's financial troubles.

### Talk their talk

Anyone who has been paying attention to the news for the past decade knows that healthcare is a hotly contested and much debated issue. Rather than wait around for the system to change, employees should look to voluntary benefits to fill in the healthcare gaps and help relieve some of the anxiety associated with the cost of healthcare. Here's a brief overview of the voluntary benefit products that can help:

**Hospital indemnity insurance.** According to the [Agency for Healthcare Research and Quality](#), inpatient hospital care constitutes almost one-third of all healthcare expenditures in the U.S. The average hospital stay is 4.5 days, at an average cost of \$10,400 per stay. While the cost of a hospital stay can be truly staggering, most people don't realize that their health insurance policy probably won't cover all of it. [Voluntary hospital indemnity insurance](#) can help cover these costs and can be used for other expenses related to a stay in the hospital.

**Short-term and long-term disability.** As expensive as healthcare might be, the additional costs associated with lost wages are what can make the cost absolutely staggering. Not being able to work due to an injury or illness could spell financial ruin for many, and that's why voluntary group short- and long-term disability plans are so popular. They help soften the blow by paying afflicted individuals who are out of work as much as 60 percent of their salary. Maternity leave is also covered under this benefit.



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**Accidental death and dismemberment (AD&D).** For accidents that take one's life or leave them disabled, an [AD&D](#) plan can cover the expenses such as lost income and funeral costs that may arise in the wake of your death, or, in the case of a major accident, to help you purchase medical equipment such as prosthetics. This can prevent a tragedy from becoming financially ruinous for you and your loved ones.

**Voluntary accident insurance.** No one likes to think about what would happen if they or a loved one suffered a severe injury and couldn't go to work, but we all know that no matter how careful you are, every time you drive your car, your child plays sports or you go out for a family ride on your bike, an accident is waiting to happen. Even for those with health insurance, the cost of medication, insurance deductibles, the added financial burden that comes with having to take time off from work and more can put a dent in one's savings. [Voluntary accident insurance](#) helps defray these costs by paying out a fixed lump sum amount for specific injuries and treatments.

Different plans are available for different budgets and families. Just like employees are likely to use dental and medical insurance, so too are they likely to have an accident, and use voluntary accident insurance.

**Critical illness.** When critical illnesses such as a heart attack, stroke, paralysis or cancer strike, the associated costs, whether it's in lost wages, outpatient care or rehabilitation services, can be staggering. [Critical illness insurance](#) offers a fixed, lump sum benefit in the case that one of these illnesses strikes. This amount can range from \$5,000 to \$50,000, depending on what the employee wishes to pay in. Coverage for dependents is also available.

What it boils down to is this: The monthly cost to buy into these voluntary benefits programs can be less than many spend on coffee each morning before work. From an employer's perspective, it's a win-win situation, for it costs them nothing.

By filling the gaps in traditional health insurance plans, voluntary benefits can help employees in their time of need and give them the peace of mind that will make them happier, less stressed workers.



## About the author

**Chris Wilson, Regional Practice Leader, Voluntary Markets**, has 22 years of sales and sales management success - as well as product and process expertise - in the Voluntary/ Worksite benefits marketplace. Prior to joining Reliance Standard in 2017, he was a Regional Manager for AIG Group Benefits, where he spent 18 years in escalating sales and sales management roles.