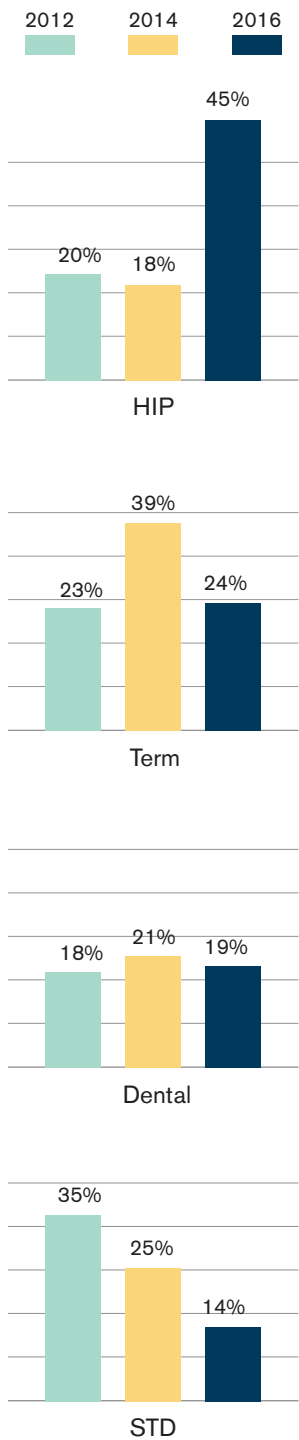


PLOT POINTS

By Gil Lowerre and Bonnie Brazzell

Hospital indemnity: Do you know what's new?

Growth Products for Carriers



NEARLY 50 PERCENT of carrier respondents in a 2016 Eastbridge survey indicated that hospital indemnity (HI) will be a growth product for their companies in the next one to two years, more than double the number from the same survey in 2014. Employers participating in a separate study ranked hospital indemnity second in terms of new sales product potential. This jump in expectations at both the carrier and employer levels suggest that many carriers may be preparing to bring more HI plans to market or at least focus on them more, and employers will be open to adding these products to their employee benefits offering.

Despite this trend, however, most brokers have yet to consider hospital indemnity as a “go-to” product. A recent broker survey conducted jointly by Eastbridge and BenefitsPRO found both voluntary and employee benefit brokers did not rank HI plans among their top five most commonly sold voluntary products, but did list four of the top five products the same. With both voluntary and benefit brokers selling such similar portfolios, exploring HI products with clients may give you some welcomed differentiation.

Brokers who have chosen to capitalize on today's HI plans find they can become better solution provid-



Gil Lowerre and Bonnie Brazzell, Eastbridge Consulting Group, Inc.

ers, given the product's ability to fit with an employer's medical plan and its flexibility to customize the design for a specific employee. Today's hospital indemnity plans are more like supplemental medical plans, as they are much broader than a simple daily hospital confinement benefit. The new plans are structured to help cover deductibles and out-of-pocket expenses when someone is hospitalized and include benefits such as hospital admissions, imaging and diagnostics, surgery, physician visits and outpatient treatment, and wellness or preventive/screening procedures. Some HI plans also contain coverage options for prescription drugs, daily inpatient treatment, daily skilled nursing and private nurse care—and all on an indemnity basis so as to remain an “excepted” plan under ACA.

As the expectations for growth in hospital indemnity plans continue, those who explore these products with current and potential employer clients could set themselves apart from other brokers. These plans not only bring more options and customizable solutions to each employer's specific medical plan, but allow employees to offset some of the high out-of-pocket medical expenses associated with inpatient and outpatient hospital care.

Product	Percent interested	Not offering	Potential index
Long-term care	14%	72%	10.21
Hospital indemnity/Supp medical	14%	68%	9.87
Critical illness	15%	62%	9.59
Cancer	14%	66%	9.14
Whole/Universal life	13%	65%	8.85
Legal	11%	76%	8.42
ID protection	10%	80%	8.18
Pet	10%	81%	8.06