

PLOT POINTS

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Why hospital indemnity plans are a “go-to” product

Hospital indemnity plan checklist:

- Flexible benefits that allow me to tailor a plan to my group
- Ability to offer a HSA-compatible plan, if needed
- No medical underwriting, guaranteed issue is the norm
- Competitive pricing
- Streamlined claims process and integration

IN THE 2019 BenefitsPRO/Eastbridge survey, brokers said that, increasingly, their “go-to” voluntary products are accident, critical illness and hospital indemnity, rather than just life and disability. But despite this finding, 72 percent of all employers do not offer a hospital indemnity/supplemental medical plan. Maybe more important, just 27 percent of employees currently own a hospital indemnity plan. That means 73 percent do not own it, but when asked about products they might like to purchase on a voluntary basis, 43 percent of those employees are interested in buying one.

Regardless of whether you are currently selling hospital indemnity plans to your cases, read on to see why you should and why you need to be sure your plan is up-to-date with the latest developments in the product.

Many voluntary carriers are now offering hospital indemnity plans, meaning more competition and more product innovations. In 2014, just 35 percent of the carriers in the voluntary market offered a hospital indemnity plan, but by 2018, that percentage was 61 percent.



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And we expect it has grown even higher today.

In a recent survey, carriers said they are updating their plans to be HSA-compatible and highly flexible to better coordinate with any employer’s medical plan. The latest versions of hospital indemnity plans have many options in both the specific benefits included in the plan and the benefit amounts. In fact, some plans are structured so that all benefits are optional except for the basic hospital confinement benefit. This gives you the ability to tailor a hospital indemnity plan to your employer client’s needs.

Other innovations in benefits design may include a higher benefit payment if the covered person chooses to get care in select hospitals or facilities selected by the employer, as well as more claims integration with the medical plan, although this latter scenario varies by carrier. Some medical carriers may automatically open a hospital indemnity claim if a covered person files a medical claim with them. Others may not open a claim, but do proactively reach out to the person to remind them that they have hospital indemnity coverage and should file a claim. Still others streamline the claims process for hospital indemnity if a medical claim is filed.

So, if you are selecting a hospital indemnity plan to offer, you may consider these benefits and innovations; of course, guarantee-issue underwriting and competitive pricing are still important. There are many options in the market today and these are popular products, so make sure you are staying up-to-date and offering these plans to your accounts.

Employees owning hospital indemnity/supplemental medical

