



Fun Facts and Sad Truths about Hospitals (and Hospital Bills)

If you were a medieval traveler in, say, 1300 or so, you'd spend many a night searching for a hospital. Would you be seeking treatment for the Black Plague? A jousting injury? Perhaps leprosy, one of the period's most-feared diseases?

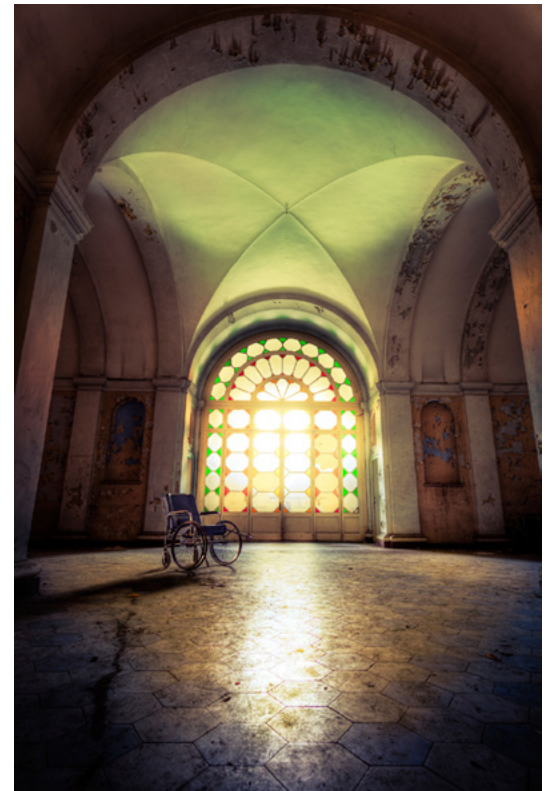
Actually, your quest wouldn't be nearly so dramatic: In the Middle Ages, a hospital was a hotel or hostel where pilgrims could rest their weary heads. The word "hospital" wasn't defined as a place for medical care until around 1600, when modern treatment plans included using leeches for bloodletting and hot irons to cure hemorrhoids.

Hospitals, then and now, were places of both fear and hope. A quick look at the history of hospitals includes these intriguing tidbits, some ominous and others light-hearted:

- » London's Bethlem Royal Hospital was Europe's first center specializing in the treatment of mental illness. Infamous for its inhumane practices, it became the definition of madness: The word "bedlam" is derived from "Bethlem." The hospital was a leading tourist attraction for more than a century, drawing curiosity-seekers who wanted to get a first-hand look at its patients, their behavior and living conditions.
- » Many hospitals in China don't label the fourth floors of their buildings because the words "four" and "death" are too similar in Chinese.
- » As part of an ongoing study of out-of-body experiences, 25 hospitals have special messages strategically placed near ceilings so they can only be read from above.
- » Patients in Taiwan can check into a Hello Kitty-themed hospital.
- » You can pretend to be a patient at the Heart Attack Grill in Las Vegas. Diners must wear hospital gowns and wrist bands, and menu items include the quadruple bypass burger and flat-liner fries. Drinks are served in mock syringes and giant pill bottles.

Here's a more sobering set of facts:

Doctors in the Middle Ages billed on a sliding scale, depending on the patient's wealth and status. While a nobleman might pay 10 livres, a king would pay 10 times that amount. Today, costs vary by country: In 2012, a one-day stay in a U.S. hospital averaged \$4,287. In France, the average was \$853; in Argentina, \$429. Expenses also differ by treatment. A hip replacement in the United States cost an average of \$40,364 in 2012. The tab for the same treatment in the United Kingdom was \$11,889.¹



Health care costs: Almost as scary as being sick

Today's hospital costs are enough to make you sick – or sicker, if you're the one receiving treatment. Most people's stomachs do flips when they open their mailboxes to find their final invoices lurking inside.

It's no surprise that hospital bills are so scary when you consider that many families are living paycheck to paycheck. Americans' track record when it comes to saving money isn't exactly stellar: Half of all households are "financially fragile."² Results from the 2013 Aflac WorkForces Report³ confirmed many are teetering on the edge when it comes to savings, and one major illness or injury could send them tumbling over the financial precipice. According to the report:

- » 24 percent of workers completely agree or strongly agree they will be financially prepared in the event of an unexpected emergency or serious illness.
- » 46 percent of employees have less than \$1,000 on hand to pay out-of-pocket expenses associated with an unexpected serious illness or accident, and 25 percent have less than \$500.
- » 40 percent of workers would have to borrow from their 401(k)s, friends or family to pay out-of-pocket costs stemming from an unexpected serious illness or accident, while 28 percent would have to pay by credit card.

A prescription for fighting back

One tool some Americans use in their efforts to cope with mounting health care costs is hospital indemnity insurance. This type of voluntary coverage helps with out-of-pocket costs associated with serious accidents or illnesses. If policyholders are hospitalized, they receive cash benefits that can be used to help cover daily living expenses, including the mortgage or rent, utility bills, groceries, credit cards, child care and other necessities.

These plans provide predetermined hospital benefits that are paid even if the policyholder has other insurance coverage in place, such as a major medical policy. Their popularity is increasing as employers implement consumer-driven plans, including high-deductible health plans and health savings accounts, which shift more out-of-pocket costs to workers. It's important to note that some hospital indemnity plans offer only hospitalization benefits, while others also cover diagnostic procedures, outpatient surgery and travel by ambulance.

The voice of experience

Often, someone who's experienced the benefits of a product first-hand provides the most compelling evidence of its value. Daniel, who purchased a voluntary hospital indemnity policy through his employer before experiencing a collapsed lung, had this to say:

"I was told that I would need surgery to correct my lung as it was the second time the lung collapsed. Since I'd only been employed for 8 months, I was not covered by FMLA and had not accrued enough vacation or sick time to cover the 2½ weeks I would be recovering. That meant I would receive zero pay from my employer while I was sitting at home. I live paycheck to paycheck, so this was not something I was looking forward to.

"Just when I thought I was going to fall behind on my rent and other bills, my insurance agents came to the rescue. The benefits check helped me to pay my rent, my other bills and pay off a portion of my huge deductible at the hospital. I will always keep my policy active because it really pulled me through during my time of need."

Stressing the importance of hospital indemnity insurance

As a broker, remember to stress the value of hospital indemnity insurance when meeting with accounts. If you are an employer, consider adding this important protection to the insurance options you make available to your workforce.

Employees who sign up for hospital indemnity insurance coverage can focus less on the prospect of frightening health care costs and more on something really scary such as the creepy goings on at the most haunted hospital in America, Waverly Hills Sanatorium in Louisville, Ky. Visitors who check in at the former tuberculosis hospital are greeted by glowing orbs, shadowy movements and unseen whisperers warning them to “go away.”

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Sources

¹ International Federation of Health Plans 2012 Comparative Price Report, accessed Sept. 11, 2013 - http://static.squarespace.com/static/518a3cfee4b0a77d03a62c98/t/51dfd9f9e4b0d1d8067dcde2/1373624825901/2012_IFHP_Price_Report_FINAL_April_3.pdf

² Financially Fragile Households: Evidence and Implications, National Bureau of Economic Research Working Paper 17072, accessed May 14, 2013 - http://www.brookings.edu/~media/projects/bpea/spring%202011/2011a_bpea_lusardi.pdf

³ The 2013 Aflac WorkForces Report, accessed Sept. 11, 2013 - www.aflacworkforcesreport.com