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Why Voluntary Benefits Are More Relevant Now Than Ever

Health care reform and increasing health care costs continue to drive demand for voluntary benefits — and for good reason. As the cost of health insurance rises, employers continue to struggle to control their company's health care expenses. Many have already passed more of the premium costs to employees and have increased deductibles, copayments or out-of-pocket limits. For many organizations, voluntary benefits may help solve a number of concerns and challenges that have surfaced during this time of health care financial insecurity.

Voluntary insurance policies, including critical illness, short-term disability, accident, dental, life insurance and more, pay the policyholder directly for unexpected costs associated with serious illness, injury or loss.

Since many of these costs are not covered by major medical insurance and families often do not have extra cash for these emergencies, voluntary insurance plans help provide a safety net to protect the policyholder's assets. Often, having these policies can save individuals from out-of-pocket costs, unexpected debt and may even prevent bankruptcy – helping them focus on getting better and getting back to work.

	Employer Impact	Employee Impact	Solution
Impact of rising health care costs.	38% of companies say controlling health/medical insurance costs is a top issue.	Average premiums for family coverage have increased by 113% since 2001, and health care spending has exceeded U.S. economic growth in every recent decade.[1]	Voluntary insurance supplements core packages at no direct cost to employers.
Pressure to contain expenses means shifting many costs to employees.	Employers are bracing for more increases in their expenses, driving them to consider Consumer-Driven Health Plans and Health Savings Accounts to avoid excise taxes or halting health benefits completely.	29% of employers say they will increase employees' copayments; 26% will increase share of premiums; and 19% plan to introduce a High Deductible Health Plan.	Voluntary insurance benefits help employees manage rising health care costs by providing them with cash benefits for out-of-pocket medical expenses.
Growing financial stress and anxiety over health reform has consequences.	49% of employees strongly/ somewhat agree that "I believe the number of health care services not covered by health insurance will increase."	Only 22% of workers are saving money for potential increases in medical expenses. 60% say they have "done nothing to prepare" for possible changes to the health care system.	Employees enrolled in voluntary insurance benefits feel better protected by their current insurance coverage (52%) compared to workers who aren't offered voluntary benefits (39%).

	Employer Impact	Employee Impact	Solution
Benefits are still key to job satisfaction and company loyalty.	90% of employers say strong benefits packages influence job satisfaction; 87% believe they influence employee loyalty.	71% of workers say their overall benefits package has an influence on the decision to leave their current employer, and 61% say they'd be likely to accept an employment offer with slightly lower compensation, but a more robust benefits package.	55% of workers who are enrolled in voluntary benefits are extremely/very satisfied with their overall benefits package, compared to only 41% of workers who aren't offered voluntary benefits at all.

Soften the Impact of Rising Health Care Costs

Health care reform has also caused many companies to brace for additional increases in their expenses. To reduce the burden on corporate bottom lines, benefits decision-makers are often forced to pass larger portions of these increases onto their workforce, as well as increase deductibles, copayments and out-of-pocket maximums.

Unfortunately this can result in a workforce unprepared for higher expenses, and growing resentment toward their employer. In fact, 47 percent of workers would feel more negatively about their employer if they shifted an increasing portion of health insurance costs to them.

Most employees (46 percent) are not very/not at all prepared to pay for out-of-pocket expenses related to an unexpected illness or accident, and 28 percent are only able to pay less than $500 for themselves or family members for out-of-pocket expenses. The result is that employees are faced with tough decisions, and 36 percent would have to borrow money.

When an employee faces financial difficulties, an employer feels the impact as well in the form of decreased job performance, absenteeism and dissatisfaction.

More than half of the country's employers provide voluntary insurance, tapping into a remarkably easy way to look after the well-being of their workforce through the following:

- **CUSTOMIZED BENEFITS PACKAGES:** Employees can select coverage relevant to their circumstances and build a benefits plan tailored to their specific needs.
- **CASH BENEFITS:** Voluntary insurance policies pay cash benefits regardless of any other health coverage, helping cover deductibles, copayments and other unexpected expenses. Policyholders can use the money wherever it's needed most.

The Answer is Voluntary Benefits

Adding voluntary insurance products not only increases an employee's insurance options, but also helps give policyholders peace of mind and financial security. In the event of sickness or injury, policyholders receive cash benefits that are often used to help pay for daily living expenses, such as rent, gas, groceries, babysitting and other necessities, or to help cover deductibles and copayments.

Although aspects of health care reform are in effect, most of the new law will be phased in over the next several years. Voluntary options can be counted on to help soften the impact of the inevitable cost-shifting and rising out-of-pocket costs that are part of the current health care landscape.

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SOURCE

[1] Kaiser Family Foundation (May 2012), "Health Care Costs – A Primer," kff.org/insurance/upload/7670-03.pdf, accessed on August 3, 2012.