

Supplemental insurance plans help ease the sting of high-deductible health insurance



Overall inflation has gone up over 3% since 2022.¹ But that doesn't mean all costs have risen at that level. In fact, one necessity has risen 7% over the last year: the average annual single and family health insurance premiums.²

You — and your workforce — are paying the price of that inflation.

High-deductible health plans (HDHPs), defined as insurance plans with a deductible of at least \$1,500 for individuals or \$3,000 for a family,³ are one way business leaders have tried to provide coverage for their workforce in this environment of inflation. HDHPs can help employees keep pace with the rising cost of health care and insurance by setting a high deductible in exchange for more affordable premiums.

But high-deductible health plans can have the unintended consequence of pressuring employee finances—even though insurance is designed to avoid putting people in financial risk when faced with health challenges. Employers are then left wondering how they can respond to their employees' health care and financial needs without simply shouldering the entire cost themselves, an untenable prospect for most businesses.

One way through that challenge: supplemental insurance plans, which can benefit employees by interrupting the self-fueling cycle of financial and health stress and have the potential to help employees maintain financial stability and physical wellness.

High-deductible health plans put employers under pressure too

Employers may technically choose to offer high-deductible plans to their workforce, but the cost of health coverage shows that it's not much of a choice at all. They face relentless pressure to contain health insurance costs, if they're able to offer coverage at all. In 2022, similar to the previous year, the cost of annual family premiums for employer-sponsored health insurance rose 4%, again outstripping growth in wages and inflation.¹

Nearly half of employers have stated that remaining competitive with their total benefits package is one of their biggest challenges. The consequences are predictable and growing. In 2023, 75% of employers stated that benefits costs increased in the last year.⁴

¹ Peterson-KFF Health System Tracker. "How does medical inflation compare to inflation in the rest of the economy?" Published 07.26.23. [Accessed 12.04.2023.](#)

² KFF. "2023 Employer Health Benefits Survey." Published 10.80.23. [Accessed 12.04.2023.](#)

³ Department of the Treasury Internal Revenue Service. "Health Savings Accounts and Other Tax-Favored Health Plans." Published 01.31.2023. [Accessed 12.04.2023.](#)

⁴ Aflac. "Workplace Benefits Trends Executive Summary 2023-2024." Published November 2023. [Accessed 12.04.2023.](#)



The benefits of supplemental insurance: Supporting employees with HDHPs

Enter a crash barrier between families and unexpected medical bills: supplemental insurance. Some employees will encounter health bills that overflow the parameters of employer medical benefits, and supplemental insurance can provide assistance. Others will have incidental health needs but won't hit their deductibles, leaving them responsible for most costs—and supplemental insurance can provide help there, by giving employees cash for covered events, even if they don't hit their major medical plan's deductible.

Supplemental coverage also enables employees to concentrate their money where they think they will need it most. Families might go for supplemental accident coverage for added protection for injuries, while empty nesters might prioritize critical illness insurance to help cover serious conditions like heart attacks and strokes.

A supplemental insurance plan also fits in with health savings accounts, or HSAs. People with high-deductible health plans can't use their HSAs to pay for supplemental insurance, but they can use supplemental insurance to help with health-related expenses. Let's say that a staff member who has an HSA has a stroke. She could use her HSA to pay for eligible expenses, such as a blood pressure monitor.⁵ But she also wants to buy things that help her condition and her overall health, such as a gym membership, which is not HSA-eligible. If she has Aflac's critical illness insurance plan, Aflac would pay benefits directly (unless otherwise assigned) that she could use as she sees fit. She could use it to help pay for a fitness program—or put it toward a blood pressure monitor, if she would prefer to reserve her HSA funds for other eligible expenses.

High deductible, high mental toll

The benefits of supplemental insurance go beyond covering costs not paid for by health insurance. Supplemental policies can help protect against the financial burdens caused by illnesses or accidents.⁶

Evidence abounds:



- 50% of all American workers report suffering high levels of anxiety about health care costs beyond what their insurance covers.⁴
- 20% of Americans have stopped saving for their child's college due to medical debt.⁷
- Due to medical debt, 28% of Americans have skipped adding to their emergency savings.⁷

Supplemental insurance coverage doesn't erase all the burdens of high-deductible health plans for you or your workforce, but it can help lessen the burden on their finances. To discuss the supplemental insurance coverage options that are right for your business, contact your Aflac benefits advisor today or visit [Aflac.com/business](https://www.aflac.com/business).

⁵ Cigna. "Which Expenses Are Eligible for HSA, FSA, and HRA Reimbursement?" Updated for 2023. [Accessed 12.04.2023](#).

⁶ Value Penguin. "Supplemental Insurance: What is it, and when do you need it?" Published 8.07.23. [Accessed 12.04.2023](#).

⁷ Discover. "Americans with Medical Debt Are Worried about Making Payments than Getting Better." Published 12.08.21. [Accessed 12.04.2023](#).

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