

# Supplemental Benefits 101:

Build a stronger business – and  
a better workforce – with  
supplemental insurance

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As a business owner, you're committed to making careful, smart choices to keep your business growing and your employees happy.

But did you know that strong benefits can help you achieve both? Supplemental insurance is a simple, affordable way to help your employees protect their financial security in the event of a serious accident or illness.

Traditional health insurance pays doctors and hospitals, while supplemental insurance pays benefits directly to employees,\* no matter what other insurance they have in place.

If they're sick or hurt, it can be used in any way they see fit – whether that's for leftover medical expenses and other bills threatening their financial security. It's their money to use their way.

\*Unless otherwise assigned.

## Supplemental insurance: more relevant now than ever before

Changes to the health care landscape – including health care reform and rising medical costs – make supplemental insurance more viable than ever. For employees, it is a practical way to help protect their financial security. For employers, it's a smart strategy for controlling expenses while helping employees remain financially secure. What's more, the peace of mind supplemental insurance helps provide can go a long way toward improving employee contentment, morale, productivity and retention.

### How is supplemental insurance bought and sold?

Dental insurance can be purchased through the public health care marketplace. Other supplemental options, such as accident, disability, hospitalization and other choices, are available through private exchanges, insurance agents and brokers.

The good news is that most supplemental insurance premiums are paid by employees who opt to apply, so they can be offered by employers with little or no direct effect on their bottom lines.

Even if employees choose to apply for insurance benefits through the Small Business Health Option Program (SHOP) or the individual exchange, making additional supplemental coverage available at work can help your organization offer more comprehensive benefits packages – driving employee satisfaction and contentment.

### To sum up, supplemental insurance:



Strengthens employers' overall benefits packages.



Helps provide employees with financial peace of mind with cash benefits to pay out-of-pocket medical expenses and other bills.



Improves employees' focus, productivity and job satisfaction by helping reduce financial stress and anxiety.

### Understanding the array of supplemental policies — and what they cover

There are many types of supplemental insurance, and employees can customize their plans to meet their unique needs and financial circumstances. If they're sick or injured, benefits can be used in any way they see fit.

Here are some of the options employers can make available to their workforce:

## Accident insurance

An accident can happen to anyone at any time – and the financial impact can be significant.

Even minor accidents can lead to large medical bills or missed work, resulting in financial hardship. Regular bills – including mortgage or rent, groceries and utilities – don't stop when an employee is out of work after an accident. Supplemental accident benefits are paid directly to the policyholder\* as cash that can be used however it's needed – even to help with everyday living expenses.

### What's covered?

Accident insurance provides cash benefits for expenses that aren't fully covered by health insurance. These may include:

- ▶ **Benefits for emergency-room treatment** such as emergency-room visits, x-rays, diagnostic exams, physical therapy and follow-ups.
- ▶ **Benefits for ambulance**, including ambulance transportation or air-ambulance transportation to a hospital.
- ▶ **Benefits for hospitalization**, including each day the policyholder is confined in a hospital due to injuries sustained in a covered accident..
- ▶ **An optional lump-sum death benefit rider** for covered common-carrier accidents and other accidents, if the policyholder has purchased an optional accidental death benefit rider.

### Who needs accident insurance?

Almost everyone can benefit from accident insurance – after all, no one is immune to accidental injury.

Accident: In Arkansas, Policy A37000AR. In Idaho, Policy A37000ID. In New York, Policy NY37000. In Oklahoma, Policy A37000OK. In Oregon, Policy A37000OR. In Pennsylvania, Policy A37000PA. In Texas, Policy A37000TX. In Virginia, Policies A35100VA–A35400VA, A35B24VA & A35B0FVA.

This is a brief product overview only. Coverage may not be available in all states. Benefits/premium rates may vary based on plan selected. Optional riders may be available at an additional cost. The policy/rider has limitations and exclusions that may affect benefits payable. Refer to the specified policy/rider form(s) for complete details, benefits, limitations, and exclusions. For availability and costs, please contact your local Aflac agent.

## Cancer insurance

It's important to consider how your employees would manage if they or a family member were diagnosed with cancer and missed work for treatment. The reality is that financial barriers can often delay care, and that can have serious repercussions. Nearly 2 million new cancer cases were diagnosed in 2018<sup>1</sup> and medical bills contribute to more than 58% of bankruptcies.<sup>2</sup> The financial impact of cancer doesn't go away.

### What does cancer insurance cover?

Cancer insurance policies not only help with the treatment costs of cancer, but allow your employees to focus on getting well instead of on the bills. In the event of a cancer diagnosis, policyholders receive cash benefits\* to use as they like. A cancer insurance policy can also help protect the policyholder's finances from expenses that aren't covered by health insurance, including experimental cancer treatments, out-of-network specialists, deductibles and more.

### Who needs cancer insurance?

Cancer insurance is an option everyone should consider. That's because individuals and families affected by cancer shouldn't have to decide between medical treatments and making ends meet. Yet this could be the case for a growing number of workers who are facing high out-of-pocket expenses, despite having comprehensive health insurance. A supplemental cancer insurance policy could make a difference to their personal well-being, families and future. With cancer insurance, treatment and recovery can be the primary focus

Cancer: In Arkansas, Policies B70100AR, B70200AR, B70300AR, B7010EPAR, B7020EPAR. In Idaho, Policies B70100ID, B70200ID, B70300ID, B7010EPID, B7020EPID. In Oklahoma, Policies B70100OK, B70200OK, B70300OK, B7010EPOK, B7020EPOK. In Oregon, Policies B70100OR, B70200OR, B70300OR, B7010EPOR, B7020EPOR. In Pennsylvania, Policies B70100PA, B70200PA, B70300PA. In Texas, Policies B70100TX, B70200TX, B70300TX, B7010EPTX, B7020EPTX. In Virginia, Policy A72200VA.

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## Hospital confinement indemnity insurance

If you've ever experienced an injury or illness that required a hospital visit or stay, you know how expensive the bill can be — even after health insurance pays its share. And that price tag keeps rising as costs associated with inpatient hospital services increase and a greater share of deductibles and copays shift to individuals. In fact, many adults are financially vulnerable and would have difficulty handling an emergency expense as small as \$400.<sup>3</sup>

A hospital indemnity insurance policy gives cash benefits to your employees\* for covered hospitalizations, because even with the best health insurance, an entire hospital bill may not be covered.

### What does hospital indemnity insurance cover?

Some hospital indemnity plans provide only hospitalization benefits, while others provide benefits for diagnostic procedures, outpatient surgery and ambulance costs. Features of these plans include:

- ▶ No deductibles or copayments
- ▶ HSA compatibility
- ▶ No networks, so the insured can be treated at the hospital of their choice
- ▶ No precertification requirements
- ▶ Individuals own the policy — even if they change jobs or retire, it stays with them

### Who needs hospital indemnity insurance?

Generally speaking, everyone is susceptible to injuries or illnesses that could require a hospital stay and, therefore, everyone's a good candidate for supplemental hospital indemnity insurance.

If your employees are among the 58 percent of today's workers who have less than \$1,000 to pay for unexpected out-of-pocket medical expenses,<sup>4</sup> one visit to the hospital could impact their families' finances. Hospital indemnity plans can help alleviate the short- and long-term effects of certain inpatient hospital costs.

Hospital: In Arkansas, Policies B40100AR & B401HAR. In Idaho, Policies B40100ID & B4010HID. In New York, Policies NYB40100 & NYB4010H. In Oklahoma, Policies B40100OK & B4010HOK. In Oregon, Policies B40100OR & B4010HOR. In Pennsylvania, Policies B40100PA & B4010HPA. In Texas, Policies B40100TX & B4010HTX. In Virginia, Policies A-45100-VA-A-45300-VA.

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## Short-term disability insurance

As workers strive to safeguard their finances, one area that garners little attention is disability insurance. Many Americans underestimate their personal vulnerability to experiencing a disability and overestimate the resources available to them in such a predicament. In fact, just over one in four of today's 20-year-olds will become disabled before reaching age 67.<sup>5</sup> And considering that only 48% of American adults indicate they have enough savings to cover three months of living expenses in the event they're not earning any income.<sup>6</sup> There's a growing need for supplemental disability insurance.

### What does short-term disability insurance cover?

Disability insurance can play a vital role in financial planning and safeguarding your employees' financial future. It can help ensure employees maintain an income during a short-term disability, and can help with bills while they're focusing on getting better.

In the event of a covered disability, a supplemental short-term disability insurance policy pays benefits (i.e., a monthly amount that is a percentage of a worker's gross income) for a set period of time while the policyholder is disabled. Depending on an individual's situation and short-term disability coverage policy, they may be able to receive benefits for up to 24 months.

### Who needs short-term disability insurance?

Any working adult who is not currently covered by private or supplemental short-term disability insurance is a candidate for applying for such coverage. According to the Council for Disability Awareness, 1 in 3 Americans don't have adequate disability coverage.<sup>7</sup>

The need for disability insurance protection may be crucial, particularly for household breadwinners. Disabling injuries or illnesses can lead to significant medical bills, changes to the family's home or transportation and more. Therefore, anyone who works — regardless of whether they are single, married, with children or without — should consider supplemental disability coverage.

Short-Term Disability: In Arkansas, Policies A57600AR & A57600LBAR. In Idaho, Policy A57600IDR. In New York, Policy NY57600. In Oklahoma, Policies A57600OK & A57600LBOK. In Oregon, Policies A57600OR & A57600LBOR. In Pennsylvania, Policies A57600PA & A57600LBPA. In Texas, Policies A57600TX & A57600LBTX. In Virginia, Policies A57600VA & A57600LBVA.

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As the health care industry continues to evolve and businesses strive to retain valuable employees while maintaining the bottom line, supplemental benefits will play an ever-increasing role in protecting workers in times of need. Isn't it time to find out how supplemental benefits can help your organization?

For more information on how supplemental benefits can help your business succeed, visit **[aflac.com/smallbusiness](https://aflac.com/smallbusiness)**.

<sup>1</sup> American Cancer Society. Cancer Facts & Figures 2017. Atlanta: American Cancer Society; 2018. Accessed: February 13, 2018. <https://www.cancer.org/content/dam/cancer-org/research/cancer-facts-and-statistics/annual-cancer-facts-and-figures/2018/cancer-facts-and-figures-2018.pdf>.

<sup>2</sup> Himmelstein, M.D., David U., Woolhandler, M.D., Steffie, and Fauke, Clare, "New Medical Bankruptcy Study: Two-Thirds of Filers Cite Illness and Medical Bills as Contributors to Financial Ruin," February 7, 2019.

<sup>3</sup> Report on the Economic Well-Being of U.S. Households in 2018 <https://www.federalreserve.gov/publications/files/2018-report-economic-well-being-us-households-201905.pdf> Accessed Oct. 25, 2019.

<sup>4</sup> Aflac. "2018 Aflac WorkForces Report."

<sup>5</sup> U.S. Social Security Administration. "Social Security Basic Facts," 2019, accessed Oct. 25, 2019. <http://www.ssa.gov/news/press/factsheets/basicfact-alt.pdf>

<sup>6</sup> Council for Disability Awareness Disability Statistics, last updated on March 2018. <https://disabilitycanhappen.org/disability-statistic/> Accessed Oct. 25 2019.

<sup>7</sup> How many working Americans Have Adequate Disability Coverage? <https://blog.disabilitycanhappen.org/how-many-americans-have-disability-coverage/> Accessed Oct. 25, 2019.

Coverage is underwritten by American Family Life Assurance Company of Columbus. In New York, coverage is underwritten by American Family Life Assurance Company of New York. WWHQ | 1932 Wynnton Road | Columbus, GA 31999.