

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



Overall inflation has gone up 19% since 2010.¹ But that doesn't mean all costs have risen at that level. In fact, one necessity has risen at nearly three times that rate: health insurance premiums.

You—and your workforce—are paying the price of that inflation. Since 2010, the average that families pay for health coverage premiums has increased 55%, compared with a cumulative 27% growth in wages.¹

High-deductible health plans (HDHPs), defined as insurance plans with a deductible of at least \$1,400 for individuals or \$2,800 for a family,² 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. (Cost is the #1 reason that small companies report for not offering health benefits.)³ The cost of annual family premiums for employer-sponsored health insurance rose 4% in 2020 over the year before, again outstripping growth in wages and inflation.¹

The consequences are predictable—and growing. Thirty-four percent of employers now offer high-deductible health plans, compared with 26% in 2018.³ And those high deductibles affect the employer as much as the workforce: In 2020, employers contributed on average 83% of the premium for individual coverage and 74% of the premium for family coverage.⁴

¹ Kaiser Family Foundation. "Average Family Premiums Rose 4% to \$21,342 in 2020, Benchmark KFF Employer Health Benefit Survey Finds." Published 10.8.2020. [Accessed 1.14.2021.](#)

² HealthCare.gov. "High Deductible Health Plan (HDHP)." Updated for 2020. [Accessed 1.14.2021.](#)

³ Aflac WorkForces Report. "Workplace Benefits Trends Executive Summary." Published September 2020. [Accessed 1.5.2021.](#)

⁴ Kaiser Family Foundation. "2020 Employer Health Benefits Survey: Section 6." Published 10.8.2020. [Accessed 1.5.2021.](#)



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 fight the chronic spiral of financial stress and health that consequently can undermine mental health—and the workplace productivity—of many Americans.^{6,7}

Even as a part of a well-considered health insurance plan, high deductibles can cause financial stress. That in turn can cause health troubles,⁸ which forces employees to face stressful decisions about when and how to access health care that may or may not be covered, further fueling the cycle of financial and health stress.

Evidence abounds:



- Americans who face financial stress are seven times more likely to be dealing with depression and six times more likely to be suffering from anxiety.⁹
- Health care or insurance bills cause 17% of Americans to lose sleep at least occasionally.¹⁰
- Twenty-two percent of employees have avoided going to the doctor because of high medical costs; 18% have delayed a medical procedure.³

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.

⁵ Cigna. "Which Expenses Are Eligible for HSA, FSA, and HRA Reimbursement?" Updated for 2020. [Accessed 1.14.2021](#).

⁶ American Psychological Association. "Stress in America 2020." Published 10.2021. [Accessed 1.14.2021](#).

⁷ Morgan Stanley and Financial Health Network. "Better for Employees, Better for Business: The Case for Employers to Invest in Employee Financial Health." Published 2019. [Accessed 1.14.2021](#).

⁸ Psychosomatic Medicine. "The Psychosocial Context of Financial Stress: Implications for Inflammation and Psychological Health." Published February 2016. [Accessed 1.14.2021](#).

⁹ Salary Finance. "Inside the Wallets of Working Americans." Published 2.12.2020. [Accessed 1.14.2021](#).

¹⁰ Bankrate. "Survey: Surprisingly Fewer People Losing Sleep Over Money Issues Right Now." Published 6.23.2020. [Accessed 1.14.2021](#).

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