

Expanding Horizons:
**The Benefits of
Supplemental
Insurance**





EXPANDING HORIZONS: THE BENEFITS OF SUPPLEMENTAL INSURANCE

With **62.1% of personal bankruptcies being tied to medical expenses**, it is no wonder that supplemental health insurance is quickly becoming one of the fastest-growing and most sought-after kinds of insurance benefits. With supplemental health insurance, Employees can have the peace of mind that comes from knowing that not only is their health protected, but their finances are too.

As a health insurance Broker, when you understand the ins and outs of supplemental insurance, you ensure that you are providing your Employees personalized recommendations and specialized health plans and coverage that fits their lifestyle. Your knowledge of ancillary insurance products will help you quote more business and build stronger, lasting relationships with your Groups.

Why is Supplemental Health Insurance Important?

Without comprehensive coverage, an unforeseen medical emergency can result in substantial out-of-pocket costs. These costs significantly increase if the emergency is not covered by an individual's standard insurance policy. Optional supplementary insurance plans address healthcare costs and gaps in coverage that are not traditionally included in conventional health insurance plans.

Similar to standard insurance policies, supplemental health insurance is unique to each consumer's specific needs. Typically, plans are selected by Employees who then pay a premium for the additional coverage. Individuals must know exactly what they are getting to ensure their needs will be met. As a Broker, you will want to **present Employees with a comprehensive list of plans and products that are most relevant to their lifestyle.**



Copays, deductibles and other related bills that occur when a serious illness or accident happens can quickly add up. When an individual chooses to supplement their employer-provided insurance plan with additional benefits such as vision, dental, hospital and accidental insurance, they are more prepared to shoulder unexpected medical costs.

If an Employee is unsure whether supplemental health insurance is right for them, there are three things they should be aware of:

- Primary health insurance alone does not cover all medical expenses.
- Everyday costs such as utility bills and mortgages are not put on hold when an accident happens.
- Supplementary insurance plans are cost-effective.

Health insurance Broker's that are working with Employees to help decide which supplemental insurance plan is right for them should consider an individual's health and medical records, their risk factors, the monetary cost of the plan and the specific benefits of the policy.

Who Needs Supplemental Insurance?

When unexpected injuries lead to unforeseen expenses, not everyone has the savings or the financial means to pay the bills. It is important to remember standard insurance plans are not blanket policies. Even though they often cover portions of medical expenses, typically standard insurance payouts are far from the total sum of costs accrued by someone who has become seriously ill or injured.

Supplemental health insurance may be worth considering if an Employee's current financial situation does not allow them the flexibility to afford deductibles, copays, or the loss of income associated with chronic illness and disability. When individuals work with a Broker, it can take the time and headache out of identifying financial discrepancies and possible gaps in coverage.

Reasons why supplemental health insurance may be a good fit:

- An individual's deductible is greater than their savings account.
- They have children that will need extra childcare expenses if they become ill or injured.
- They don't have savings to cover being off work for illness/injury.



Common Types of Supplemental Insurance

Currently, there are multiple supplemental health insurance plans available to Employees and Groups. These plans cover general topics such as vision insurance and disability insurance, while others can be for specific conditions like cancer, stroke, or accidental death. Oftentimes, these supplemental health benefits help protect individuals from medical bankruptcy and economic hardship by covering unique payments such as rehabilitation expenses, treatment costs, grocery bills and household needs.

With supplemental health coverage, there is a wide range of plans and options that help fill coverage gaps:



Dental and Vision Insurance

As two of the more familiar types of supplemental insurance plans, vision insurance and dental insurance coverage can be a good place to begin the conversation when discussing supplemental insurance.

85.9% of children aged 2-17 years will need a dental visit this year. 64.9% of adults aged 18 and over will need an appointment as well. Someone with a supplemental dental insurance plan will have a percentage of these treatment costs covered, helping them offset the unpredictable expenses of dental care.



According to the American Dental Association, **the average cost of braces is around \$6,000.** Employees with children or a history of dental procedures should strongly consider having some form of supplemental dental insurance to help offset the costs.

Similarly, for someone who does not have vision coverage, **the average cost of a pair of prescription glasses is just under \$1,000.** With vision insurance ranging in cost from as little as \$5 to \$35 a month, this type of supplemental insurance may be the obvious choice for some individuals.



Accident Insurance

39.5 million annual ER visits are related to accidental injuries. With the **cost of an emergency room visit averaging \$1,389**, more people are electing to have accident insurance.

Through the use of cash benefits, accident insurance plans help individuals pay for treatment and hospitalization expenses that are associated with any policy-covered accidents. Additionally, these plans can help offset the cost of several services during care and recovery, such as ambulance transportation, physical therapy and X-rays.

Accident insurance only covers qualifying injuries, which include emergencies such as broken limbs, loss of a limb, burns, lacerations, or paralysis. Brokers should make sure Employees are aware of what is and is not covered under specific accident insurance plans.

Critical Illness or Disease-Specific Insurance

Critical illness diagnoses affect 77% of us in our lifetime, so it is no wonder that as of 2020, over 5 million Americans have critical illness insurance.

Critical illness insurance and disease-specific insurance payout a lump sum directly to covered individuals in order to facilitate the payment and treatment of serious medical conditions. Stroke, heart attack, cancer, Alzheimer's and Parkinson's disease are all illnesses covered under disease-specific insurance.



Critical illness and disease-specific insurance costs tend to be more affordable than many may think, with some payments averaging between \$25-\$30 per month for a single plan benefit of \$30,000. The lump sum amount for these plans is determined at the time the coverage is written, with some including other benefits, such as daily payouts in specified amounts.

Since these serious illnesses require extensive medical care and treatment, their costs without supplemental insurance can quickly outweigh standard medical insurance policies. The lump sums from critical illness insurance can alleviate financial worry and provide substantial flexibility in treatment and recovery.



Hospital Indemnity Insurance

When someone is admitted to the hospital, there are already enough unknowns to worry about.

With the average three-day hospital stay costing around \$30,000, hospital indemnity insurance gives Employees the peace of mind to know those unexpected bills are covered.

This specific type of coverage supplements existing health insurance and is designed to help provide a daily, weekly, or monthly lump-sum payment to reduce the impact of high deductibles and bills associated with hospital stays.

Broker's can address specific questions to help Employee's better understand their needs and which hospital indemnity insurance plan, if any, is right for them.

Questions Broker's should be prepared to answer are:

- If hospitalized, how soon will the cash payment be received?
- Will the payment be in one lump sum or monthly payments?
- How many days of hospitalization are covered in this plan?
- Does the plan cover anyone other than the policyholder?

Disability Insurance

According to the Social Security Administration, 25% of all 20-year-olds will become disabled and unable to work sometime before reaching the age of 67. Disability insurance offers Employees long-term monetary benefits to help pay bills and replace lost wages due to illness or injury.

Disability can refer to an illness or injury, either physical or mental, that prevents an Employee from performing their job. Employees should understand that disability insurance can include elective surgery, pregnancy and childbirth.

According to the Council for Disability Awareness, the top causes for long-term disability claims are:

- Muscle, back and joint disorders
- Spine and nervous system-related disorders
- Cardiovascular and circulatory diseases
- Cancer and tumors
- Accidents and injuries

With few exceptions, disability insurance covers a variety of unexpected conditions, illnesses and injuries that can keep Employees and their families financially stable while they recover.



Life Insurance

While there are several types of life insurance, two of the most common are term and whole life insurance. These types of life insurance benefits can offer financial support for things like funeral expenses, family living expenses, school tuition and more.

Today, some employers will offer life insurance as a benefit, but it isn't always enough to cover all the financial responsibilities left to the surviving family members.



If your Employee has life insurance but has not recently reevaluated their policy, it may be a good time to discuss their options. Reasons to change their policy include:

- Their family has grown in size.
- Their career and/or income has changed.
- Their financial obligations have changed.

Employees must review and adjust their life insurance coverage to help ensure their policy is keeping pace with the significant changes in their life. Fluctuations in income, expenses and family size will all affect future financial security.



How You Can Help

As a health insurance Broker, you have the knowledge, experience and expertise to simplify supplemental health insurance for your Groups and Employees and offer personalized recommendations to find the right strategy that is best suited for their needs.

While you manage their standard health insurance selection process from start to finish, you can help them identify possible gaps in coverage as well as risk factors that make them a good candidate for certain types of supplemental insurance. Make sure to consider the scenarios in which the Employee may need coverage, the likelihood of that scenario happening and the overall cost.



Benefits of Selling Supplemental Insurance with FormFire

Supplemental insurance offers benefits for Broker's from a business perspective as well as helping clients. Cross-selling traditional health insurance and supplemental health insurance allows Brokers to generate more revenue and add value to their service by delivering solutions to the unique challenges their clients are facing. By offering supplemental insurance, Brokers can expect to quote more business, increase profits and improve client relationships.

Brokers who want to expedite their growth can utilize [FormFire's quoting tools and selling features](#) to streamline their sales approach. Our [Intelligent Employee Interview\[SB1\]\[AM2\]](#) tool is one feature specifically designed to help collect information relevant to an Employee's unique situation. This information can then be used to help identify potential gaps in coverage and open the door to discuss supplemental insurance plans.

We help take the pain out of the process so Brokers can make cross-selling easy, secure and efficient.

FormFire is proud to offer a comprehensive Marketing Resource Center for health insurance Brokers. Whether you're looking for ways to streamline the quoting process, tips for a successful enrollment period, or how to work on customer retention, the resource center offers a variety of resource guides that will make you become the Broker that clients never want to leave.

To learn more about the benefits of FormFire, [request a demo](#) or check out our [pricing page](#) to get started.