

# Understanding supplemental health insurance

**Illness and injury happen—  
and it pays to be prepared**





You strive  
to make healthy  
choices for yourself  
and for your family.

**Eating well, drinking water, staying active and getting plenty of sleep are simple ways to maintain your health.**

But despite your best efforts to make the right choices, reality sometimes has other plans. You or a family member could one day experience a health crisis, such as a heart attack, stroke, cancer or accidental injury. And in any major health event, the physical, financial and emotional costs can take a toll.

***But there is a solution.***

### *Inside this guide:*

- ✓ Learn about the risks of critical illnesses and injuries.
- ✓ Understand the costs of treating today's most prevalent health problems.
- ✓ Find out how supplemental insurance can help provide financial protection and peace of mind.



# The words you don't want to hear

## Heart disease. Stroke. Cancer. Traumatic injury.

Every year, millions of Americans seek medical care for heart disease, stroke, cancer and injuries. These conditions often require people to make life-changing decisions, undergo complex medical care and endure lengthy recoveries.



### Heart disease & stroke

Heart disease remains the **No. 1** cause of death among men and women in the U.S.<sup>1</sup> Someone in the U.S. has a stroke **every 40 seconds**, and it's a leading cause of disability.<sup>2</sup>



### Cancer

More than **1 in 3** Americans will be diagnosed with cancer during their lives.<sup>3</sup> There are **5,200 new cases** diagnosed **every day** in the U.S.<sup>4</sup>



### Injuries

Every year, **48.3 million** Americans—**about 1 in 7**—seek medical attention for accidental injuries.<sup>5</sup> Over **81%** of accidents in the U.S. happen **outside of the workplace** and aren't covered by workers' compensation.<sup>6</sup>

ANYONE, *any time*

### Every year, millions of people require hospital care for accidents and illnesses across the U.S.

It may be hard to imagine experiencing one of these conditions, but statistics show that most of us will face the unthinkable at some point in our lives.







## The cost of care

**When most people think about the high cost of health care, they imagine expensive hospital stays—which is accurate.**

The average **hospital stay** costs on **average \$11,700**,<sup>7</sup> and your employer health plan, private health insurance or Medicare may only cover a portion of the costs, leaving your family's budget stretched thin while you're trying to recover from an illness or injury.

### COMMON OUT-OF-POCKET EXPENSES CAN INCLUDE:

**DEDUCTIBLES** » What you must pay before your medical insurance starts paying benefits. The average annual deductible for family coverage costs \$8,439.<sup>8</sup>

**COPAYMENTS** » Cost-sharing payments you make each time you get a medical service after reaching your annual deductible. For example, you may need to pay \$30 for every medical service after you meet your deductible.

**COINSURANCE** » A percentage of covered health care services that you pay after you meet your deductible. For example, you may need to pay 20% for covered services after you met your deductible.

**NONCOVERED TREATMENTS** » Sometimes major medical insurance refuses to pay for certain claims. This can happen if a treatment is deemed unnecessary by the insurance company, or if you're treated by an out-of-network medical professional. Noncovered treatments can leave you with big bills to pay.

# IT ALL ADDS UP

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Transportation costs, housing expenses and income loss due to breast cancer cost patients \$535 a month on average.<sup>9</sup>

## Medical bills are just part of the picture

### Nonmedical costs make a financial impact too...

These are costs you face as the result of an illness, and they are typically harder to anticipate than medical bills.

### NONMEDICAL COSTS MAY INCLUDE:

- Lost income when someone is ill or injured and can't work.
- Transportation to and from medical facilities.
- Parking fees.
- Extra care for children or other family members.
- Assistance from a home health aide.
- Modifications to make your home more accessible.

## Supplemental health insurance: a solution

Supplemental health insurance is a practical solution for protecting your finances from the high costs of medical bills and nonmedical costs.

These products can help cover the unexpected expenses related to heart disease, stroke, other critical illnesses, injuries and hospital stays. Supplemental health insurance doesn't replace your major medical insurance, but rather supplements it.

### WITH SUPPLEMENTAL HEALTH INSURANCE, YOU CAN EXPECT:

- Benefits to be **paid directly to you** or your beneficiaries, not doctors or hospitals.
- The freedom to use your benefits **however you choose**.
- Benefits to be **paid regardless** of other insurance, including major medical.

Policyholders can use benefits for maintaining wellness, getting needed care, paying medical bills not covered by insurance, keeping up with regular bills and household expenses, replacing lost wages and more!



## Cheaper than fast food?

Supplemental health insurance is far more affordable than most people think. The premiums vary by plan and carrier, but the average cost compares with nonessential items like **coffee, restaurant meals and cigarettes**:



**\$416**

*Two lattes a week  
for one year.*



**\$832**

*Two fast-food meals  
a week for one year.*



**\$780**

*Digital TV streaming  
for one year.*



**\$2,190**

*A pack of cigarettes  
a day for one year.*

## For a better outcome

With **supplemental health insurance**, more people can get medical care and still balance their household budget. Policies can even include **wellness benefits** for **routine medical** care and **screenings**. Even better, supplemental insurance is affordable for many budgets.

Now more than ever—in a climate of rising medical costs and increasing health concerns—individuals should **protect themselves and their families with supplemental insurance products**.

# Types of supplemental insurance

## Heart/stroke

These benefits help when an insured person requires a heart- or stroke-related hospitalization, heart transplant, surgery, nursing care and medications.

### *Richard*



Richard knew the statistics. One day he finally took them to heart, literally, and applied for a heart/stroke policy at work. Nearly two years later, Richard suffered a massive heart attack. He received an immediate \$1,000 payment from his supplemental policy, along with other benefits. The cash was a big help as Richard slowly but completely recovered.

## Cancer

Supplemental cancer coverage pays a lump-sum amount when cancer is diagnosed. It pays an additional benefit each day the insured person is hospitalized for treatment. Benefits also help with related transportation and lodging for the insured person and family.

### *Jennifer*



Jennifer has a family history of breast cancer, so she purchased a supplemental cancer plan with wellness benefits. The policy's benefits helped her pay for an annual mammogram beginning at age 35. When her physician diagnosed early-stage breast cancer, Jennifer received a lump-sum cash benefit of \$10,000, plus \$200 for each prescribed radiation treatment. These funds were especially helpful because she had to take sick leave from work without pay.

## Critical illness

Critical illness plans offer more complete protection against common diseases like cancer, heart attack, stroke and end-stage renal failure. The plan's lump-sum benefit can help support the policyholder and his or her family after a diagnosis.

### *Gary*



Gary's employer offered a critical illness policy, and he signed up right away securing coverage for himself and for his wife. Several months later, his wife was diagnosed with Stage IV lung cancer. The policy immediately paid \$37,500, which they used to arrange the best care and supplement their household income.



## Accident

Policyholders choose accident coverage for help with the costs of accidental death, dismemberment, disabilities, fractures and dislocations. Benefits help with inpatient hospital stays, ICU care, transportation and family lodging during treatment.

### *Diane*



Diane was excited to land her dream job as a police officer in her hometown. When choosing her new benefits, she signed up for an accident policy “just in case.” Two weeks later, Diane was broadsided at an intersection on her drive to work. As she recovered, her insurance carrier paid benefits for the air ambulance, emergency room care, surgery, hospital stay and physical therapy.

## Hospital

This coverage type helps pay for hospital stays, with a lump-sum payment and other benefit options.

### *Joe*



Joe, a factory worker, always feared hospitals and avoided them whenever possible. He didn't even like visiting close friends and family when they were hospitalized. Still, he felt he should buy a supplemental hospital policy to complement his major medical coverage. When Joe's appendix was removed, his policy's \$200 daily hospitalization benefit covered a variety of medical and nonmedical expenses.

## Short-term disability

When someone's sick or injured, they might not be able to keep working and receiving an income. The weekly benefits of a short-term disability plan help the policyholder pay for ongoing treatment and regular household expenses.

### *Steve*



Steve hurt his back recently and his physician ordered extended bed rest. Steve's short-term disability policy paid \$1,500 each week, allowing him to read and watch movies while his back healed.

## Gap

A gap plan pays benefits to help fill the “gaps” left by major medical plans. Benefit payments can be used toward deductibles, copays, coinsurance and much more.

### *Brenda*

Brenda liked the affordable premiums of her employer’s high-deductible major medical plan, but she wasn’t comfortable with her potential out-of-pocket costs. She was concerned about what would happen if one of her children got sick or injured. Gap coverage is the ideal solution because the benefits will help pay expenses not covered by major medical.



## Combination coverage

This supplemental health insurance combines multiple coverage types and numerous benefits in one policy. A lump-sum cash benefit helps with the costs of cancer, heart attack or stroke, and a recurrence benefit pays if there’s a second diagnosis of the same kind. Other cash benefits help with dozens of critical health conditions and accidental injuries.

### *Emily*

Emily is working full time as a surgical nurse while raising her two daughters and helping her aging parents. She has watched her parents and patients struggle with their health and medical bills. She doesn’t want her own family to have to work harder than they already do, so she chooses a combination supplemental policy with benefits for cancer, heart/stroke, hospital care and accidents.



## SUPPLEMENTAL HEALTH INSURANCE

# How it can *work* for you...

### ① **The unexpected happens**

Your plans to enjoy the weekend are ruined when intense stomach pain sidelines you.

### ② **You go to the hospital**

You go to the ER and are diagnosed with appendicitis. You will need surgery and will need to stay in the hospital for a couple of days.

### ③ **Supplemental health insurance helps when you need it most**

Your hospital insurance pays cash benefits *directly to you*. Use the cash for ANY PURPOSE—to help cover medical bills, lost wages and more.

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### **It PAYS to be prepared for critical illnesses and injuries with supplemental health insurance!**

For more information, contact your Washington National agent or call **(800) 525-7662**.



## ENDNOTES

<sup>1</sup>American Medical Association, *The Leading Causes of Death in the U.S. for 2020*, <https://jamanetwork.com/journals/jama/fullarticle/2778234>, 2021.

<sup>2</sup>Centers for Disease Control and Prevention, *Stroke Facts*, <https://www.cdc.gov/stroke/facts.htm>, 2021.

<sup>3</sup>American Cancer Society, *Cancer Facts & Figures 2021*, 2021, p. 1.

<sup>4</sup>American Cancer Society, *Cancer Statistics Center*, <https://cancerstatisticscenter.cancer.org/#/>, 2021.

<sup>5</sup>National Safety Council, *All Injuries Overview*, <https://injuryfacts.nsc.org/all-injuries/overview/>, 2021.

<sup>6</sup>Ibid.

<sup>7</sup>Department of Health and Human Services, *National Inpatient Hospital Costs: The Most Expensive Conditions by Payer, 2017*, <https://www.hcup-us.ahrq.gov/reports/statbriefs/sb261-Most-Expensive-Hospital-Conditions-2017.jsp>, July 2020.

<sup>8</sup>eHealth, *How Much Does Individual Health Insurance Cost?*, <https://www.ehealthinsurance.com/resources/individual-and-family/how-much-does-individual-health-insurance-cost#:~:text=A%20deductible%20is%20the%20amount,and%20%248%2C439%20for%20family%20coverage.,> 2020.

<sup>9</sup>U.S. National Library of Medicine National Institutes of Health, *The Out-of-Pocket Cost Burden of Cancer Care —A Systematic Literature Review*, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8025828/pdf/curroncol-28-00117.pdf>, April 2021, p. 1230.

## LIMITED-BENEFIT POLICIES:

These policies have limitations and exclusions. For costs and complete details of coverage, contact an agent. Premiums are based on the level of coverage selected.

The benefits described in these policies do not cover all nonmedical expenses. The benefit payment you receive can be used to pay any of your medical or nonmedical costs not paid by any other insurance.

A hospital is not a bed, unit or facility that functions as a skilled nursing facility, nursing home, extended care facility, convalescent home, rest home, home for the aged, sanatorium, rehabilitation center, place primarily for providing care for alcoholics or drug addicts, or facility for the care and treatment of mental disease or mental disorders.

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