Employee benefits are undergoing a transformation. Health care reform is resulting in funding shifts and increasing consumer choices. Employers are seeing higher costs — and transferring more of that burden to employees. Lower cost, higher deductible plans, like Consumer-Driven Health Plans (CDHPs), are gaining favor. And, while employees have more choices for coverage, they are also shouldering more of the burden — both in cost and in responsibility. Increasingly, employers and employees alike are turning to voluntary benefits, such as Accidental Injury (AI) and Critical Illness (CI) insurance, as a way to supplement their medical coverage and help provide more financial protection.

**Consumer-Driven Health Plans (CDHPs) see a surge**

The rising cost of health care challenges the budgets of most employers. Over the last two years, 81% of employers report that their company has experienced increases in health care costs. The majority of employers (60%) have passed some of the cost increases on to their employees. This can put strain on the personal budgets of employees and can also restrict their ability to achieve financial wellness.

Employees aren’t only absorbing more of the cost of their health care, they’re also taking on a larger role in understanding, choosing, managing and funding their benefit choices. They face a variety of different benefit options that increase consumer choice, yet add complexity. One option that is gaining popularity is the lower-cost, higher-deductible CDHPs.

And while these plans cost less, they have higher deductibles, which could result in sticker shock for employees if they become sick or injured. To offer increased financial protection, employers are offering voluntary options like AI and CI. With proper education and support, employees can better understand the value these products offer.
Voluntary benefits complement coverage

For employers offering their employees a CDHP, voluntary benefits, such as AI and CI, can provide a cost-effective way to help their employees offset their out-of-pocket expenses and complement their medical coverage.

AI and CI insurance offer employees additional financial protection when unexpected covered accidents and critical illnesses occur. Advantages include:

› Group rates that are often lower than employees can find on their own
› Benefits paid directly to employees – to use as they see fit
› No copays, deductibles, coinsurance or network requirements
› Flexible plans with employer-elected benefit options
› Guaranteed issue available
› Options for coverage portability
› Premiums that can be employee or employer-paid through payroll deductions

Accidental costs

Accidents happen more frequently than you may think. One in eight seek medical treatment for accidents each year.6 And the cost of treating accidents can add up. The average price of an emergency room visit is $1,233.7

The total cost of accidents are approximately $794 billion, which includes wages and productivity losses, medical expenses, administrative expenses and employers’ uninsured costs.6 In addition, the lost quality of life from accidents is approximately $4,176 billion - making total cost a staggering $4,969 billion.6

Critical illness, critical finances

Similar to accidents, a critical illness can happen when you least expect it. A stroke, heart attack or cancer can have a devastating effect on a household budget.

According to a March, 2014 study, one in five American adults will struggle to pay medical bills this year.8 And medical expenses are the leading cause of personal bankruptcies in the United States.8

Ensure a successful start

As with all voluntary offerings, a successful AI and CI rollout starts with a smart strategy, clear employee communications and an easy enrollment process. These steps are particularly important when the voluntary products are being offered in conjunction with a high-deductible plan where the employee might have more significant out-of-pocket expenses.

To ensure success, employers should:

› Raise employee awareness of AI and CI offerings
› Increase education about the products and demonstrate the value – make it relevant for their employees
› Simplify the experience with easy, streamlined employee enrollment

The effort shouldn’t end after enrollment. Throughout the year, employers should continue to educate their employees about the value of their benefit offering.