

## Continuing Education

*Gap protection solutions, presented by Beazley*

### Course Overview

- **Title: Supplemental Medical vs. Hospital Indemnity: What's best for your group?**
- **CE credit:** 2 hour course (2 CE)
- **Presenter: Dan McNeill, [Daniel.McNeill@beazley.com](mailto:Daniel.McNeill@beazley.com), 330-217-5859**
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### CE Credit Outline (2-hours total)

- **Introduction** 5 mn
- **Recommend that each broker thinks of a tough renewal they have had in the past and we can brainstorm at the end** 3mn
- **Understanding the marketplace:** 15 mn
  - US healthcare costs are rising faster than inflation (Forbes 2015)
  - High deductible health plans (HDHP) can have adverse impact if employees forgo care (HealthAffairs, 2015)
  - Odds of delaying care are greater for patients in HDHP (Kaiser Health News, 2016)
  - Consumer in HDHP are no more likely to shop around/negotiate pricing for care (Consumer Reports, 2016)
  - Health care is the No. 1 cause of bankruptcy filings, over credit card balance/mortgages (NerdWallet, 2015)
  - Only 50% of households above poverty level could cover out-of-pocket maximum of \$3000-\$6000 (Kaiser Family Foundation, 2015)
  - Deductibles have climbed from \$900 per year in 2010 to more than \$1,300 for an individual in 2015. One in five workers has a deductible of \$2,000 or more (Kaiser Family Foundation, 2015)
  - Employees' average annual out-of-pocket expenses have grown, from \$1,514.00 in 2012 to \$2,433 in 2016 (AON 2016)
- **Cost saving solutions:** 9 mn
  - **Improving employee health:** Wellness, Disease management, Absence management
  - **Reducing health costs:** HDHP + HSAs, but there are limitations:
    - Relies on employees to make pre-tax contributions to fund HSA.
    - Assumes employees have the initiative and means to save for health care.
    - Assumes employees can anticipate their medical needs and costs.
    - Apt to use for low cost expenses, rather than retain for costlier needs.
    - Requires complex and ongoing education about tax advantages.
    - Covers expenses not eligible under the health plan, thereby contradict it.
    - May need to fund needs early in year before contributions have built up.
  - *The time is right for new solutions*
- **Brokers top ten reasons "gap won't work":** 19 mn
  1. My group will never understand it
  2. What about next year?
  3. Medical carriers don't like it
  4. Employees will never carry two ID cards
  5. There are too many holes in the gap
  6. They don't want to have two insurance companies to deal with
  7. Gap insurance drives utilization
  8. It looks too good to be true; where's the catch?
  9. If it's not my idea...it's a bad idea
  10. Carriers don't give enough discount for it to work

- **About Hospital Indemnity:** 17 mn
  - What it is?
  - What's typically covered, what's not?
  - How it works?
  - What's the cost impact?
    - Plan savings for plan sponsors/employers
  - HSAs compatibility with certain Hosp Indemnity benefits
  - Product differentiation among carriers
  - Benefits of Hosp Indemnity to brokers:
    - Diversifies the market
    - Potential for increasing revenues
    - ACA excepted benefit

**BREAK** 10 mn

- **About Supplemental Medical (Gap):** 35 mn
  - What it is?
  - How plan designs complement the major medical?
  - What's typically covered, what's not?
  - How it works?
  - What's the cost impact?
    - Plan savings for plan sponsors/employers
    - Out-of-pocket savings for employees
  - Advantages of Gap over HSAs
    - Gap is an added benefit on a world of takeaways
    - CFO's love gap
  - Advantages of HSA's over Gap
  - Product differentiation among carriers
    - Why carriers love some gap plans and don't like others
  - Employer paid vs Voluntary
  - Benefits of Gap to brokers:
    - Diversifies the market
    - Works in conjunction with the major medical and core enrollment
    - Potential for increasing revenues
    - ACA excepted benefit
    - Frees up dollars for voluntary
- **Determining what's best for your group:** 12 mn
  - Who is a good prospect for Gap?
  - Who is a good prospect for Hospital Indemnity?
  - Do you do it yourself or pick a partner?