

# Understand the ins and outs of hospital indemnity insurance

Coverage that helps pay the expenses related to hospitalization and treatment due to a sickness or injury

Life doesn't always go as expected. Serious illnesses and injuries happen that require hospitalization and treatment. While health insurance helps pay for medical expenses, it doesn't cover all the costs associated with treatment.

That's why Principal® offers a way to help employees financially prepare for their expenses if the unexpected happens. With hospital indemnity insurance, the employee can focus on recovery and worry less about the cost of hospitalization or treatment. When a covered employee or family member is admitted to the hospital for a sickness or injury, they get a lump-sum cash benefit to use any way they choose—regardless of other insurance they may have, or actual expenses incurred.

## Available benefits<sup>1</sup>

We offer both Health Savings Account (HSA) and non-HSA compatible plans.<sup>2</sup> Our flexible designs offer a wide range of benefits and days payable, allowing you to design coverage that meets your needs. Here's an example of an HSA compatible plan that may be selected:

Benefit	Benefit payable	Days payable
First day hospital confinement	\$1,000	1
Daily hospital confinement <sup>3</sup>	\$100	30
First day Intensive Care Unit (ICU) confinement	\$2,000	1
Daily ICU confinement	\$200	30
Newborn nursery confinement	\$100	1
Health screening benefit	\$50	1

### → Tiered benefit

Offering a tiered benefit allows a higher daily hospital and daily ICU benefit payable the longer the stay in the hospital. This feature is available with daily hospital benefits payable with 30, 60, and 90 days. Using the example HSA plan, here's how the tiered benefit could be paid:

Days payable	Daily hospital benefit	Daily ICU benefit	Days hospitalized
30 days	\$100 daily	\$200 daily	2-10 days
	\$150 daily	\$300 daily	11-20 days
	\$200 daily	\$400 daily	21-30 days

## Enhanced injury

Offering enhanced injury allows a benefit to be payable at a higher benefit amount for an injury vs a sickness.

Benefit	Sickness	Injury
First day hospital confinement	\$100	\$200
First day ICU confinement	\$2,000	\$4,000
Daily hospital confinement	\$1,000	\$2,000
Daily ICU confinement	\$200	\$400
Emergency room	\$200	\$400

## Additional options for non-HSA plans

- Air ambulance
- Chiropractic care
- Companion lodging
- Doula care
- Durable medical equipment
- Emergency room
- Family care
- General anesthesia
- Ground or water ambulance
- Home health service
- Hospice care
- Inpatient surgery
- Invasive diagnostic procedure
- Lab tests or x-ray
- Major diagnostic procedures
- Medical travel
- Mental disorder inpatient treatment facility
- Mental disorder outpatient
- Observation unit
- Outpatient surgery
- Pet care
- Physician visits and telemedicine
- Prescription drugs
- Rehabilitation facility<sup>4</sup>
- Skilled nursing facility
- Substance abuse inpatient treatment facility
- Substance abuse outpatient
- Therapy services
- Urgent care facility

## Product specifics

Hospital indemnity insurance is only available with another Principal group product.

<b>Plan type<sup>5</sup></b>	Plans can be chosen to cover the following: <ul style="list-style-type: none"><li>• Sickness and injury</li><li>• Sickness only</li><li>• Injury only</li></ul>
<b>Coverage type</b>	<ul style="list-style-type: none"><li>• Injury can be on or off the job</li><li>• Spouse coverage matches that of the covered employee.</li></ul>
<b>Spouse/child coverage</b>	<ul style="list-style-type: none"><li>• Employees must enroll to elect coverage for their spouse or children</li><li>• Spouse and children's benefits can be up to 100% of employee benefit</li></ul>
<b>Funding options</b>	<ul style="list-style-type: none"><li>• Employee-paid</li><li>• Contributory</li><li>• Employer-paid</li></ul>
<b>Enrollment type</b>	<ul style="list-style-type: none"><li>• Annual open enrollment</li><li>• Evidence of insurability (EOI) is not required</li></ul>
<b>Maternity options</b>	<ul style="list-style-type: none"><li>• Full maternity</li><li>• Complications only</li><li>• Full maternity after 10 months<sup>6</sup></li></ul>
<b>Pre-existing conditions</b>	<ul style="list-style-type: none"><li>• 12/12, 6/12, 3/12</li><li>• Pre-existing can be removed if full maternity after 10 months is selected<sup>7</sup></li></ul>
<b>Health screening benefit for preventive care</b>	<ul style="list-style-type: none"><li>• Employers have option to remove</li><li>• \$50/\$100/\$150 year for each employee, covered spouse, and dependent child</li></ul>
<b>Portability<sup>8</sup></b>	<ul style="list-style-type: none"><li>• Employers have option to remove</li><li>• Duration to age 70</li><li>• Must be insured for 12 months and under age 70</li><li>• EOI is not required</li></ul>

- <sup>1</sup> Benefits not available in every state: Connecticut allows hospitalization benefits only - skilled nursing, hospice, mental and substance abuse facility allowed if follow hospitalization. Maryland always requires a second opinion benefit. New Jersey allows hospitalization benefits only. General anesthesia not allowed in Massachusetts and North Carolina. Medical travel, companion lodging family care, pet care, and mental disorder inpatient treatment facility not allowed in North Dakota. Family care, pet care, and blood products not allowed in Pennsylvania.
- <sup>2</sup> The Internal Revenue Service (IRS) limits the types of supplemental insurance that an individual who participates in an HSA may have while maintaining the tax-exempt status of HSA contributions. If you have or plan to open an HSA, please consult your tax and legal advisors about the features offered in this plan as there may be tax implications of combining these plans.
- <sup>3</sup> Daily hospital confinement is always required.
- <sup>4</sup> Hospitalization required.
- <sup>5</sup> Sickness only and injury only not available in New Jersey or Pennsylvania.
- <sup>6</sup> 10-month maternity not available in Maryland, pre-existing required.
- <sup>7</sup> Any case of 10 lives or less requires pre-existing.
- <sup>8</sup> Not available in Kentucky or Utah.



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