



Section 3

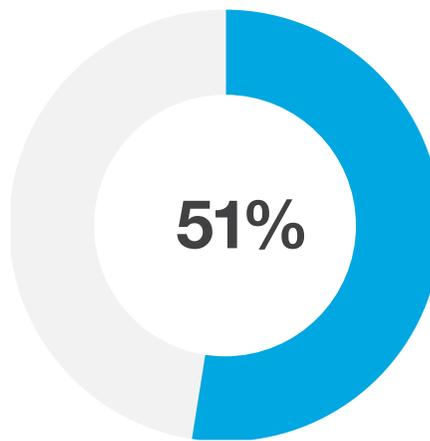
Employee financial instability

Employees continue to experience a high degree of financial fragility, which causes anxiety about potential future medical events.

The report found several bright spots related to individuals' financial security. More employees have additional cash on hand to cover a medical emergency and many are finding comfort in what their insurance plans cover. Still, the state of financial wellness among Americans remains fragile. The survey finds that just half (51%) have the resources to pull from savings for a medical bill. This is slightly up from last year (45%) but still concerning because 50% couldn't afford more than \$1,000 in OOP costs, while the [average deductible for a single person in an employer health plan is \\$2,004, according to the Kaiser Family Foundation](#). Employees are understandably nervous about inflation and the economy and afraid of the financial impact of an unexpected medical diagnosis. Americans are increasingly turning to crowdfunding sites like GoFundMe to support not just their medical bills, but also the secondary day-to-day costs related to being sick and needing to take time off work. In fact, GoFundMe hosts more than 250,000 medical fundraisers each year, with [health care-related fundraising as one of its largest categories](#).

Half (51%) of all employees say they would pull from a checking or savings account to cover unexpected medical bills — more than would have been able to do so in 2022 (45%).

Question: How would you pay for high out-of-pocket expenses associated with an unexpected serious illness or accident?



would be able to pull from checking or savings for an unexpected cost.

Half (50%) of all employees would not be able to pay more than \$1,000 in out-of-pocket costs for an unexpected medical event; over a quarter (27%) cannot afford a \$500 expense.

Question: How much would you be able to pay for out-of-pocket expenses if an unexpected serious illness or accident occurred today?

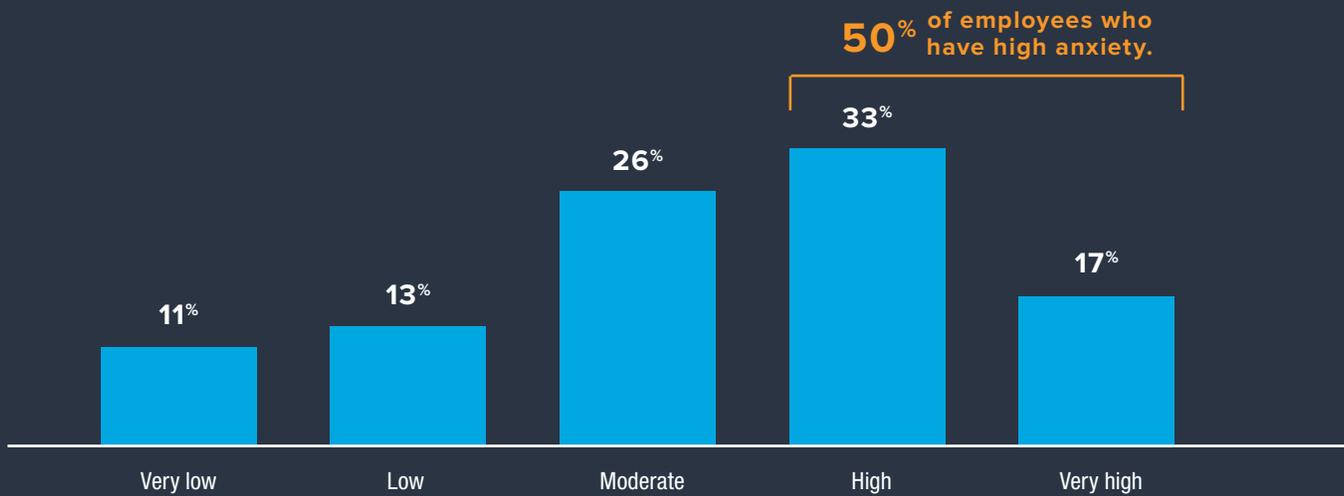


Financial instability disproportionately impacts Hispanic workers.

Hispanic workers are more financially fragile than their non-Hispanic counterparts. Nearly two-thirds (66%) of all Hispanic workers could not go more than a month without a paycheck (compared to 51% of non-Hispanic workers). More than half (57%) could not afford \$1,000 in unexpected OOP health care-related costs, compared to 49% of non-Hispanic workers. When faced with an unexpected medical expense, Hispanic workers also would be more likely to have to rely on family or friends (29% vs. 24%) or seek a second job for supplemental income (26% vs. 18%). They are less likely than their non-Hispanic counterparts to be able to pull from a checking or savings account to cover these expenses (43% vs. 53%).

Half of all American workers have high anxiety about health care costs beyond what their insurance covers — though this is a decline compared to 2022 levels (57%).

Question: How much anxiety do you feel about health care costs beyond what is covered by your health insurance?

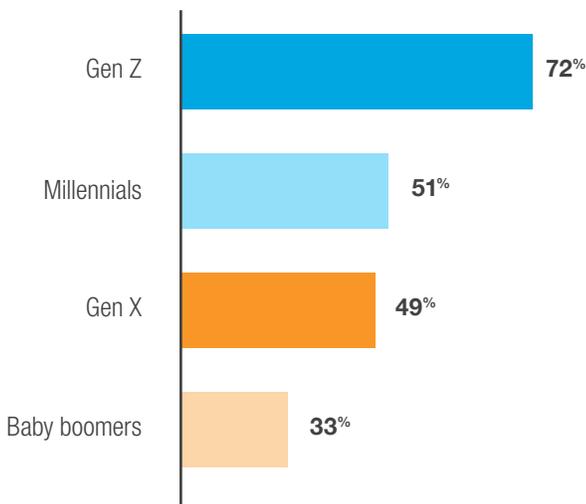


Younger generations are particularly hard hit by these anxieties, as they are less financially secure than their older counterparts.

Gen Z, who have not yet had the time or salary increases to build their savings, are the most financially fragile – nearly three-quarters (72%) cannot afford to pay \$1,000 in out-of-pocket health care expenses.

Question: How much would you be able to pay for out-of-pocket expenses if an unexpected serious illness or accident occurred today?

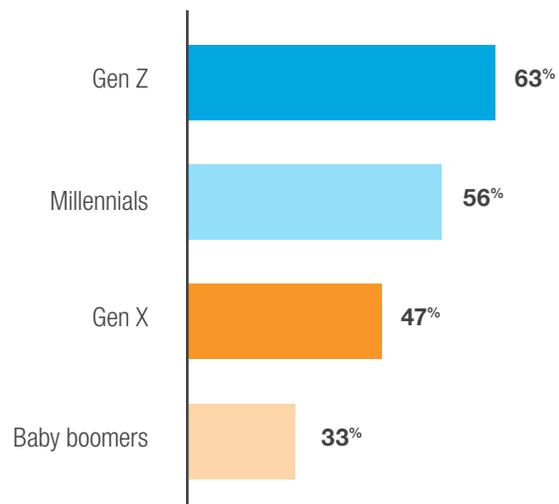
Percent of Employees Who Cannot Afford a \$1,000 OOP Expense



This rise in financial instability contributes to increased anxiety among these groups.

Question: How much anxiety do you feel about health care costs beyond what is covered by your health insurance?

Percent of Employees Experiencing High Anxiety About Health Care Costs



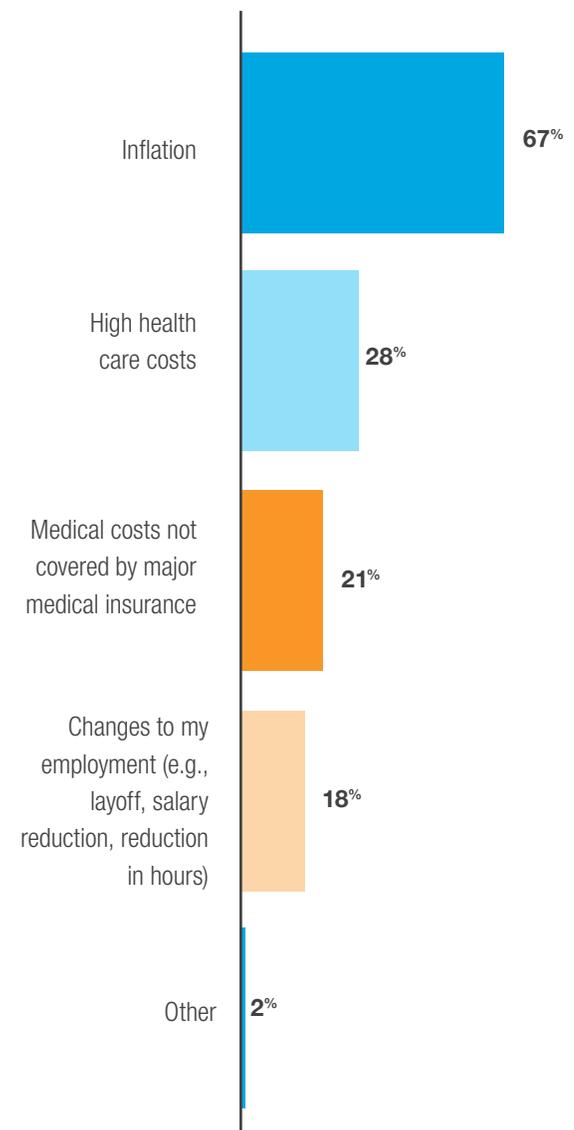
Inflation continues to significantly impact employees and their financial situations, forcing them to make difficult choices about their health care.

Although the annual inflation rate in the U.S. slowed to 3% in June 2023, the 9.1% inflation rate in the year prior has had a measurable impact on employees' financial well-being. As inflation continues to cool and consumer confidence continues to grow over the coming months, it will be important for organizations to understand the impact the economy is having on employees' state of mind and confidence in handling future medical expenses.



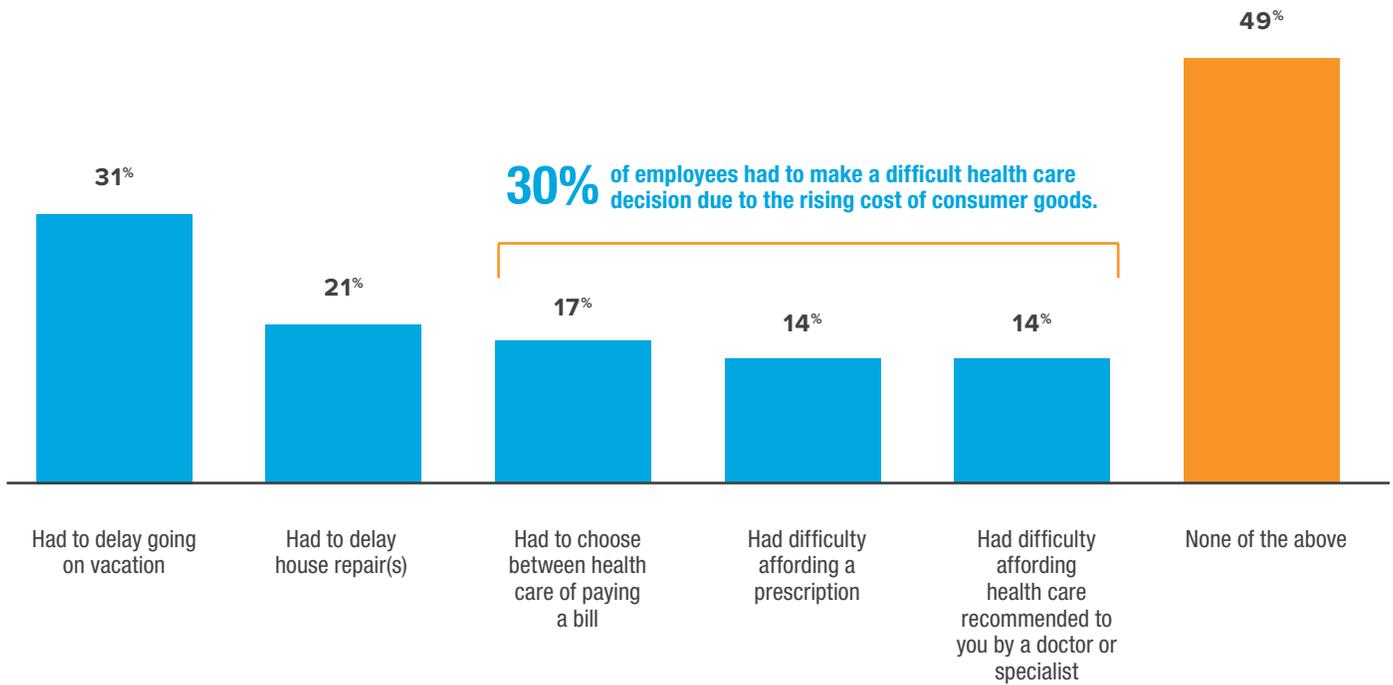
In fact, more employees in 2023 state that inflation has negatively impacted them compared to 2022 — and more than a quarter (28%) have been burdened with high health care costs.

Question: What, if anything, affected your finances negatively in the past 12 months?



Nearly a third of all American workers had to make a difficult health care decision in the past year — whether being able to afford a treatment or prescription, or choosing between paying medical and other bills..

Question: In the past 12 months, have you experienced any of the following due to rising costs (groceries, gasoline, etc.)?



And employees do not fully understand their policies or their health care costs, which makes it extremely difficult for them to prepare for an adverse medical event.

A disconnect is emerging between how well employers believe their employees understand medical costs and how well they do. Nearly 4 out of 5 (79%) employers think their employees understand the total annual costs of their health care “well.” When asked the same question, only 48% of employees agree. This disconnect presents an opportunity for providers equipped with the right solutions and capabilities to help employees better understand the costs of care and how to prepare for the unexpected.

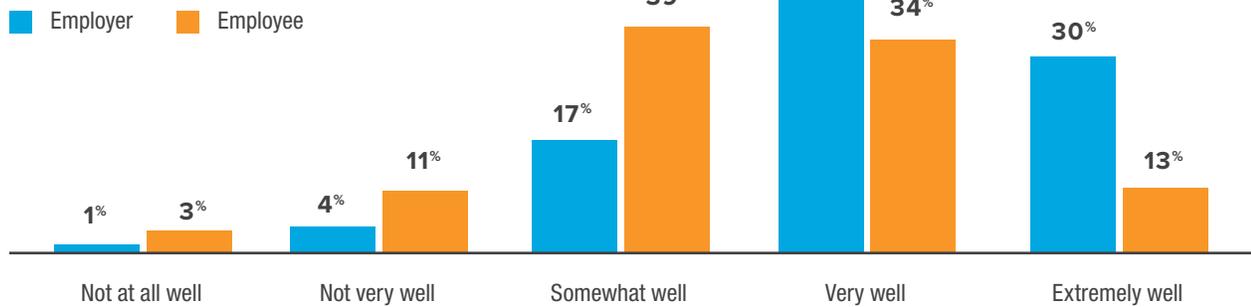
Employers think their employees understand health care costs better than they do.

Employer Question: Thinking about health care-related expenses, how well do you think your employees understand their total annual costs for health care?

79% of employers think employees understand costs well.

48% of employees say they understand costs well.

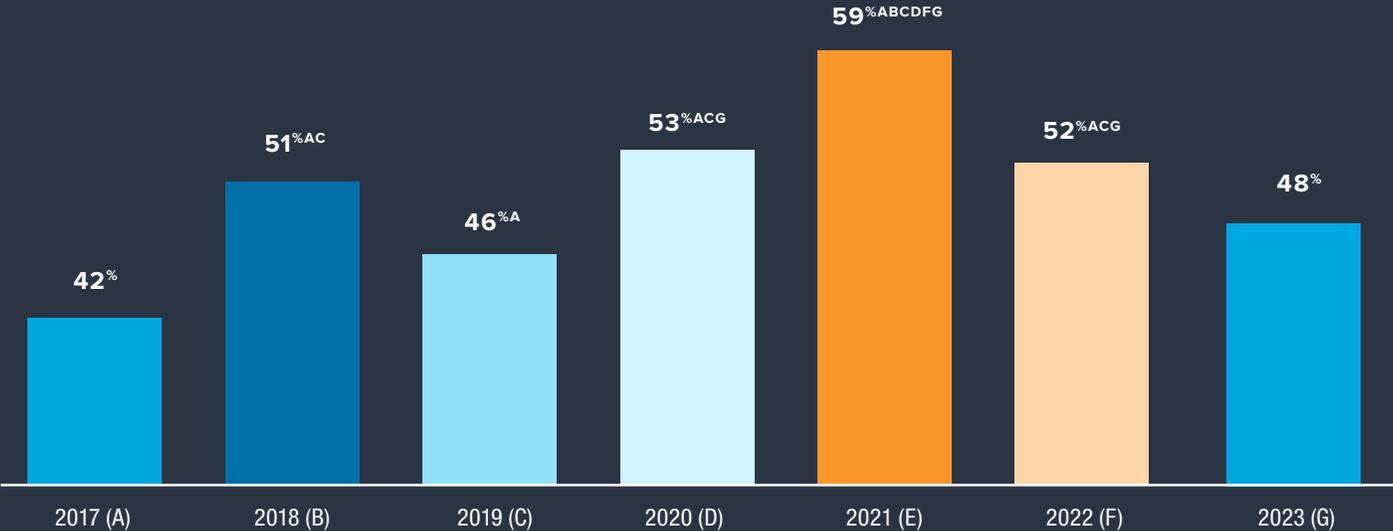
Employee Question: Thinking about all of your health care-related expenses for you and your family, how well do you understand your total annual costs for health care.



Since reaching a high in 2021, the percentage of employees who say they understood their annual health care costs has dropped by 11 percentage points. What could be causing this trend? For one, with health care costs steadily on the rise, employers are looking for new ways to offer their employees the same benefits but they now come at a higher cost. This can result in complexities that employees can't be expected to fully grasp without some education. Providers have a clear opportunity to step into the role of educator and facilitator, helping employees better understand their benefits and how supplemental insurance options work.

Employee understanding of medical care costs is getting worse, not better.

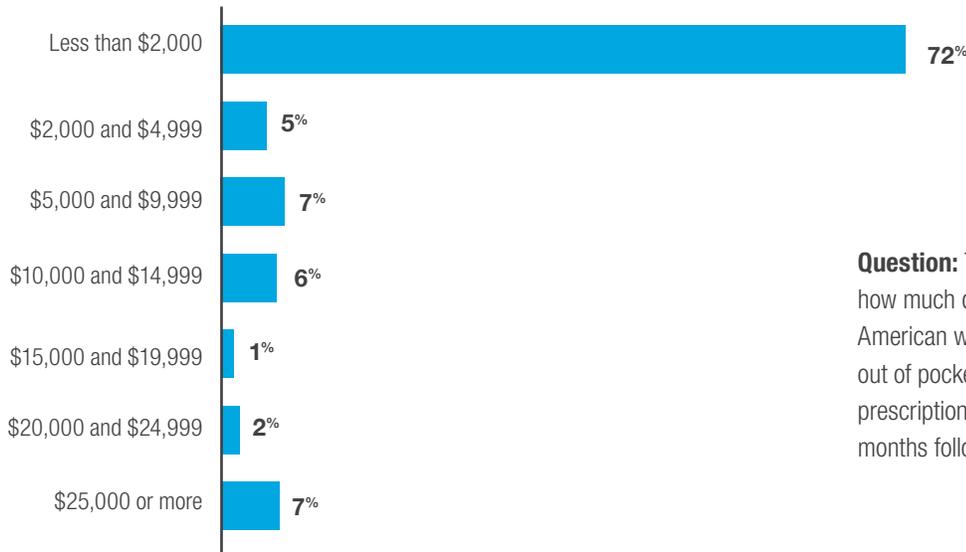
Question: Thinking about all your health care-related expenses for you and your family, how well do you understand your total annual costs for health care?*



*Figures represent the highest two responses selected.

American workers are woefully underprepared to weather the storm in the event of a major medical diagnosis. Most workers expect the out-of-pocket costs in the 12 months following a cancer diagnosis to remain under \$2,000 and few (24%) could support \$5,000 in out-of-pocket costs. This difficult environment places providers in a position to offer employers ways of easing employee fears about future bills and helping them stay healthy. Supplemental insurance helps cover care in the event of certain diagnoses that regular plans typically don't.

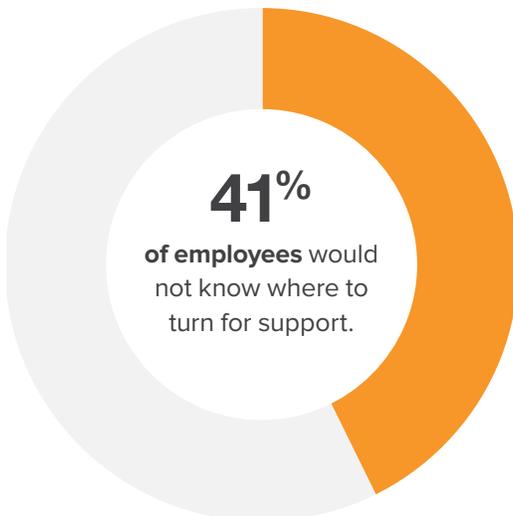
Nearly three-quarters (72%) of all employees expect that the out-of-pocket costs in the 12 months following a cancer diagnosis would be less than \$2,000.



Question: To the best of your knowledge, how much do you expect the average American with health insurance pays out of pocket for medical care and prescription medications for the 12 months following a cancer diagnosis?

Many (41%) employees state that they would not know where to turn for support in the event of a serious medical diagnosis.

Question: Do you know where to turn to for information and resources if you or a loved one were diagnosed with a serious illness such as cancer?



Pro tip: Supplemental support should be more than financial. Supplemental insurance serves as an added safety net, lessening the financial strain of a serious medical diagnosis by helping cover OOP expenses and providing added peace of mind. But beyond financial support, it also should offer invaluable informational resources that aid patients and families in understanding and coping with the diagnosis. By helping combine financial protection with empathetic guidance, supplemental insurance can become a crucial tool in navigating the challenges of medical conditions, fostering resilience and helping enable individuals to focus on their health and well-being.

About the Study

The 2023-2024 Aflac WorkForces Report is the 13th annual Aflac employee study examining benefits trends and attitudes. Conducted by Kantar on behalf of Aflac, the employer survey took place online between June 2 and June 25, 2023, and the employee survey took place online between June 2 and June 27, 2023. Throughout this report, some percentages may not add up to 100% due to rounding. The surveys captured responses from 1,201 employers and 2,000 employees across the United States.

For more information, visit aflac.com/awr.

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