

 THE MCCORMICK AGENCY

Hospital Indemnity 101

Cash Benefits That Pay You Directly
When You're Hospitalized

Supplemental Coverage for Hospital Stays

Coverage You Can Trust for the Life You Love

 Dallas, TX · Licensed in 16 States



INTRODUCTION

What Is Hospital Indemnity Insurance?



Cash Paid Directly to YOU

Hospital indemnity plans pay a fixed daily cash benefit directly into your pocket when you're admitted to the hospital — no bills to submit, no reimbursement wait.



Fully Stackable with Medicare

Benefits are paid in addition to whatever Medicare or Medicare Advantage already pays. The cash is yours to use however you need it — deductibles, copays, groceries, rent.



A Supplement, Not a Replacement

These plans sit alongside your existing Medicare coverage. They do not replace Medicare — they fill the financial gaps that Medicare leaves behind.



✓ NO CLAIMS HASSLE

Fixed cash benefit paid directly to *you* — no coordination with Medicare required.

What Medicare Costs You When You're Hospitalized



\$1,736

PART A DEDUCTIBLE PER BENEFIT PERIOD

Owed once per benefit period, which resets every **60 days**. Two hospitalizations 61 days apart = two full deductibles owed.

Most beneficiaries pay this multiple times per year

\$60 increase from 2025 per CMS 2026 announcement. This is the single largest out-of-pocket exposure most Medicare beneficiaries face.



\$0

DAYS 1–60 (AFTER DEDUCTIBLE)

Medicare pays **100%** of covered inpatient costs after you've met the \$1,736 deductible for that benefit period.



\$434/day

DAYS 61–90 PER BENEFIT PERIOD

Each inpatient day from day 61 to 90 costs you **\$434 out of pocket** — on top of your deductible.



\$868/day

LIFETIME RESERVE DAYS (DAY 91+)

Each lifetime reserve day costs \$868. You only get **60 lifetime reserve days total — ever.**



\$217/day

SKILLED NURSING FACILITY DAYS 21–100

SNF coinsurance kicks in on day 21 and runs through day 100 of each benefit period — a gap most seniors don't expect.

A hospital indemnity plan paying \$200–\$300/day can offset these costs significantly — putting cash back in your pocket when Medicare falls short.

On a Medicare Advantage Plan? Your Exposure May Be Even Higher.



What MA Plans Typically Charge (2026)



\$300–\$400/day copay for Days 1–5 of a hospital stay
Highest cost window — before daily charges drop



After Day 5: often \$0 — but **the first 5 days are the most expensive**
Maximum Day 1–5 exposure: up to \$2,000 out of pocket



\$300–\$400 ER copay for visits that don't lead to admission
Observation status adds another layer of risk



Prior authorization sometimes required before admission
Delays, denials, and stress when you can least afford it



Network restrictions — only approved hospitals covered at full benefit
Out-of-network care may cost significantly more

VS



How Hospital Indemnity Helps MA Members



Cash benefit offsets those per-day copays directly
\$200–\$300/day indemnity benefit vs. \$300–\$400/day MA copay



No network — benefit pays regardless of which hospital
Your cash comes to you, not the hospital billing department



No prior authorization required from the indemnity plan
You qualify. You're hospitalized. You get paid. That simple.



Admission benefit can cover the ER copay gap
First-admission lump sum helps when ER visits pile up fast



Use **leftover cash** for transportation, lost income, home care after discharge
No receipts. No restrictions. Spend it exactly where you need it.

Simple. Fast. **Cash in Your Hands.**

From hospital admission to cash in your pocket — here's exactly how it works.

1



You're Admitted to the Hospital

An illness or injury results in a qualifying inpatient admission. Observation status usually does not count — confirm inpatient status with hospital staff.

2



Admission Is Verified

Your hospital stay must meet the admission and confinement requirements stated in your policy.

3



You File a Simple Claim

Submit the claim form and required hospital records. Processing time depends on the policy and complete documentation.

4



Cash Benefit Is Paid to You

Your plan pays a fixed daily cash benefit directly to you — plus a first-admission lump sum and ICU benefit if applicable — regardless of other insurance.

5



Use It However You Need

Pay your Medicare deductible, MA copays, prescriptions, transportation, lost income, utility bills, or mortgage.

No receipts required.

Hospital Indemnity Benefit Options

Fixed cash benefits paid per day — directly to you, not the hospital.



Inpatient Hospital Confinement

Daily cash benefit for each qualifying inpatient hospital day. Admission and duration requirements depend on the policy.



Intensive / Cardiac / Burn Unit

Some policies offer an additional benefit for qualifying intensive or critical care stays. Limits vary by policy.



First Hospital Admission

Some policies include a lump-sum benefit for a qualifying hospital admission. Frequency and eligibility vary.



Emergency & Ambulance

Some policies offer benefits for covered emergency visits or ambulance transport. Check available riders and limits.



Skilled Nursing Facility

An optional skilled nursing benefit may help with qualifying recovery stays. Covered days and limits vary by policy.



Optional Riders & Enhancements

Optional benefits may include cancer, outpatient surgery or accident coverage. Availability and added premiums vary.

A Hypothetical Claims Example

Illustrative benefits for a four-day hospital stay and ambulance transport

HYPOTHETICAL EXAMPLE
Actual benefits vary by policy



The Medical Situation

Out-of-pocket cost breakdown

PATIENT	COVERAGE	EVENT
71-year-old	Medicare Advantage	Hip Replacement

Hospital stay (4 inpatient days) **\$1,400**

\$350/day × 4 days (MA Plan copay)

Ground ambulance to hospital **\$450**

Lost income (part-time work) **\$300**

Household bills during recovery **\$250**

TOTAL OUT-OF-POCKET EXPOSURE

Sum of all costs above

\$2,400

vs



What the Indemnity Plan Paid

Illustrative cash benefit payout

EXAMPLE	DAILY BENEFIT	FIRST ADMISSION
Benefits	\$200/day	\$2,000/yr

✓ First Hospital Admission Benefit **+\$2,000**

✓ Hospital Confinement (4 × \$200/day) **+\$800**

✓ Ambulance Rider Benefit **+\$150**

TOTAL CASH RECEIVED

Paid directly to you

\$2,950

Net Result: You received **\$550 MORE** than your total out-of-pocket exposure.



Cash in hand. Bills covered. Peace of mind. That is the power of hospital indemnity.



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Your Health Shouldn't Cost You Everything.

A hospital stay can bring unexpected expenses, even with Medicare. Hospital indemnity insurance can pay cash benefits for covered hospital stays to help with everyday bills and eligible care costs.

Hospital Indemnity Coverage

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